CNMV
Comisión Nacional del Mercado de Valores

CNMV BULLETIN
Quarter I
2014

CNMV BULLETIN

Quarter I
2014

The CNMV publishes this Quarterly Bulletin to spread research in order to contribute to the best knowledge of the stock markets and their regulation.

The opinions in these articles are the sole responsibility of the authors and they do not necessarily coincide with those of the CNMV.

The CNMV distributes its reports and publications via the Internet at www.cnmv.es.

ISSN (digital edition): 1988-253X

Layout: Composiciones Rali, S.A.

Table of contents

Abbreviations

ABS	Asset-Backed Security
AIAF	Asociación de Intermediarios de Activos Financieros (Spanish market in fixed-income securities)
ANCV	Agencia Nacional de Codificación de Valores (Spain's national numbering agency)
ASCRI	Asociación española de entidades de capital-riesgo (Association of Spanish venture capital firms)
AV	Agencia de valores (broker)
AVB	Agencia de valores y bolsa (broker and market member)
BME	Bolsas y Mercados Españoles (operator of all stock markets and financial systems in Spain)
BTA	Bono de titulización de activos (asset-backed bond)
BTH	Bono de titulización hipotecaria (mortgage-backed bond)
CADE	Central de Anotaciones de Deuda del Estado (public debt book-entry trading system)
CCP	Central Counterparty
CDS	Credit Default Swap
CEBS	Committee of European Banking Supervisors
CEIOPS	Committee of European Insurance and Occupational Pensions Supervisors
CESFI	Comité de Estabilidad Financiera (Spanish government committee for financial stability)
CESR	Committee of European Securities Regulators
CMVM	Comissão do Mercado de Valores Mobiliários (Portugal's National Securities Market Commission)
CNMV	Comisión Nacional del Mercado de Valores (Spain's National Securities Market Commission)
CSD	Central Securities Depository
EAFI	Empresa de Asesoramiento Financiero (financial advisory firm)
EBA	European Banking Authority
EC	European Commission
ECB	European Central Bank
ECLAC	Economic Commission for Latin America and the Caribbean
ECR	Entidad de capital-riesgo (venture capital firm)
EIOPA	European Insurance and Occupational Pensions Authority
EMU	Economic and Monetary Union (euro area)
ESA	European Supervisory Authorities
ESMA	European Securities and Markets Authority
ESRB	European Systemic Risk Board
ETF	Exchange-Traded Fund
EU	European Union
FI	Fondo de inversión de carácter financiero (mutual fund)
FIAMM	Fondo de inversión en activos del mercado monetario (money-market fund)
FII	Fondo de inversión inmobiliaria (real estate investment fund)
FIICIL	Fondo de instituciones de inversión colectiva de inversión libre (fund of hedge funds)
FIL	Fondo de inversión libre (hedge fund)
FIM	Fondo de inversión mobiliaria (securities investment fund)
FSB	Financial Stability Board
FTA	Fondo de titulización de activos (asset securitisation trust)

FTH	Fondo de titulización hipotecaria (mortgage securitisation trust)
IAASB	International Auditing and Assurance Standards Board
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IIC	Institución de inversión colectiva (UCITS)
IICIL	Institución de inversión colectiva de inversión libre (hedge fund)
IIMV	Instituto Iberoamericano del Mercado de Valores
IOSCO	International Organization of Securities Commissions
ISIN	International Securities Identification Number
LATIBEX	Market in Latin American securities, based in Madrid
MAB	Mercado Alternativo Bursátil (alternative stock market)
MEFF	Spanish financial futures and options market
MFAO	Mercado de Futuros del Aceite de Oliva (olive oil futures market)
MIBEL	Mercado Ibérico de Electricidad (Iberian electricity market)
MiFID	Markets in Financial Instruments Directive
MMU	CNMV Market Monitoring Unit
MoU	Memorandum of Understanding
OECD	Organisation for Economic Co-operation and Development
OICVM	Organismo de inversión colectiva en valores mobiliarios (UCITS)
OMIP	Operador do Mercado Ibérico de Energía (operator of the Iberian energy derivatives market)
P/E	Price/earnings ratio
RENADE	Registro Nacional de los Derechos de Emisión de Gases de Efectos Invernadero (Spain's national register of greenhouse gas emission permits)
ROE	Return on Equity
SCLV	Servicio de Compensación y Liquidación de Valores (Spain's securities clearing and settlement system)
SCR	Sociedad de capital-riesgo (Venture capital company)
SENAF	Sistema Electrónico de Negociación de Activos Financieros (electronic trading platform in Spanish government bonds)
SEPBLAC	Servicio Ejecutivo de la Comisión de Prevención del Blanqueo de Capitales e infracciones monetarias (Bank of Spain unit to combat money laundering)
SGC	Sociedad gestora de carteras (portfolio management company)
SGECR	Sociedad gestora de entidades de capital-riesgo (venture capital firm management company)
SGFT	Sociedad gestora de fondos de titulización (asset securitisation trust management company)
SGIIC	Sociedad gestora de instituciones de inversión colectiva (UCITS management company)
SIBE	Sistema de Interconexión Bursátil Español (Spain's electronic market in securities)
SICAV	Sociedad de inversión de carácter financiero (open-end investment company)
SII	Sociedad de inversión inmobiliaria (real estate investment company)
SIL	Sociedad de inversión libre (hedge fund in the form of a company)
SIM	Sociedad de inversión mobiliaria (securities investment company)
SME	Small and medium-sized enterprise
SON	Sistema Organizado de Negociación (multilateral trading facility)
SV	Sociedad de valores (broker-dealer)
SVB	Sociedad de valores y Bolsa (broker-dealer and market member)
TER	Total Expense Ratio
UCITS	Undertaking for Collective Investment in Transferable Securities

I Securities markets and their agents: situation and outlook

Contents

List of exhibits

1 Executive summary

- Economic activity strengthened in most advanced economies between the end of 2013 and the first months of 2014, while visibly losing pace in a number of emerging markets. In the United States, the Federal Reserve continued to taper its monetary stimulus measures, while the European Central Bank (ECB) stuck with its monetary stance, despite what some analysts saw as a looming deflationary risk. International financial markets were perturbed in the first quarter by the turbulence affecting certain emerging economies, a series of weak indicators in China, and political tensions between Russia and Ukraine.

- Against this backdrop, leading stock indices turned downward after the run-up of the preceding months, to the extent that most ended the first quarter in negative terrain.[1] In debt markets, benchmark yields headed lower in the first three months of 2014.

- Spain's GDP resumed growth in the third quarter of 2013. An analysis of key GDP components reveals a degree of rebalancing between domestic and foreign demand, while recent labour market data suggest that job destruction and rising unemployment may be coming to an end. At the same time, inflation is nearing zero rates on a combination of demand weakness, falling energy prices and the unwinding of the VAT effect. On the fiscal front, public debt closed the year at 93.9% of GDP, while the public deficit remains at challenging levels. Finally, output growth is forecast to stand at around 1% in 2014.

- The programme of financial assistance to the Spanish banking sector – most prominently the transfer of problems assets to the asset management company for assets arising from bank restructuring (SAREB) and a step-up in provisioning requirements for individual entities – concluded satisfactorily in January 2014. The sector nonetheless still faces major challenges, not least a frail economic recovery which is further eroding the quality of system assets. On the upside, improved income statements and lower funding needs have enabled banks to reduce recourse to the Eurosystem.

- The aggregate profits of non-financial listed companies rose by 7.3% in the year to 11.15 billion euros. Retail and service companies were at the forefront of earnings growth, while construction and real estate operators reined in their losses. A decrease in gross debt to 270 billion euros, 10% less than at year-end 2012, nudged these firms' average leverage ratio down from 1.41 to 1.38.

1 The closing date for this report is 14 March.

- In domestic equity markets, the share price rally initiated in mid-2013 was pulled up short in the first quarter of 2014 by the instability of some emerging economies and political tensions between Russia and Ukraine. The Ibex 35, finally, shed 1.1% of its value over the first three months, though small and medium cap indices continued their ascent. Market volatility and liquidity conditions remained generally favourable, while trading volumes expanded 16.6% in contrast to the lethargy of recent years.

- Domestic fixed-income markets have continued to benefit this year from the easing of tensions on Europe's debt markets and the improved prospects for national economies in the shape of falling public and private debt yields and lower credit spreads. The spread between the Spanish and German long-term bond narrowed from 220 basis points (bp) in December 2013 to 180 bp in mid-March. This reduction in the perceived risk of Spanish borrowers, and the public sector in particular, was corroborated by rating agency Moody's decision, at the end of February, to upgrade the sovereign debt from Baa3 to Baa2, in what was the country's first upward revision since the sovereign debt crisis erupted in Europe. Finally, private debt issuance was relatively subdued over the year's opening months in tune with banks' lower funding needs.

- Investment funds grew their combined assets by 26% in 2013 as far as 156.7 billion euros, after five years' relentless decline. Three-quarters of the increase was sourced from net subscriptions, which exceeded 24 billion in the year, and the rest from portfolio returns. Unit-holder numbers, meantime, moved back above the five million mark. Another stand-out was the expanding business of foreign UCITS marketed in Spain, whose assets under management swelled by 44% to 55 billion at the 2013 close. The industry's improved fortunes were also apparent in the 58% increase in UCITS management companies' pre-tax profits and the smaller number of loss-making entities, down from 28 in 2012 to 11 last year.

- Investment firms too did improved business in the year thanks to the stronger performance of key business lines like order processing and execution, UCITS marketing, financial advice and portfolio management. As with the collective investment industry, the comeback came after five years of earnings decline and extended to all key sector variables, with pre-tax profits up four fold (to 217 million euros), the number of loss-making companies down from 31 to 12, and capital adequacy holding well above the regulatory requirement. Investment advisory firms also expanded their business, with assets under advice climbing 19% to 17.6 billion euros. The outlook for the sector is generally fair, though note that investment firms face growing competition from other investment service providers like domestic banks and foreign companies passported to operate in Spain.

- The report includes six exhibits:

  - Exhibit 1 looks at the impact on emerging financial markets of the US' decision to phase out its monetary stimulus.

  - Exhibit 2 summarises the main features of bank asset funds (BAFs), closed asset pools lacking legal personality that number among the SAREB's main instruments for the disinvestment process.

– Exhibit 3 examines the role of the Registro Mercantil in issuing and managing the codes that form part of the legal entity identifier (LEI) endorsed by the G-20 and now being rolled out worldwide.

– Exhibit 4 describes the content of ESMA's guidelines on assessing interoperabilty arrangements between central counterparties, as applied by the CNMV since September 2013.

– Exhibit 5 deals with the entry into force of the rules and obligations contained in Regulation (EU) No. 648/2012 (EMIR).

– Finally, exhibit 6 runs through the main points in ESMA's opinion on investment firm practices in the sale of complex products.

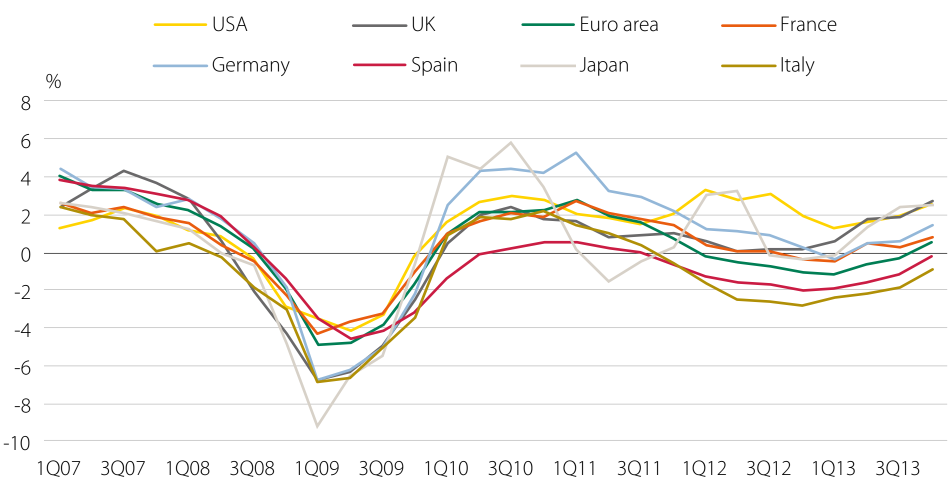
2 Macro-financial background

2.1 International economic and financial developments

Activity gathers speed in most advanced economies through the closing months of 2013…

The latest activity data, corresponding to the fourth quarter of 2013, confirm that most of the advanced economies are set on a recovery path. The United States and the United Kingdom retained the lead observed in previous quarters, closing the year with growth rates near or exceeding 2.5%, while euro-area growth was on a considerably more modest scale. Nonetheless the area's GDP expanded 0.5% in annual terms in last year's closing quarter, as activity gained speed in the majority of economies, including the most fragile (see figure 1).

Gross domestic product (annual % change) FIGURE 1



Source: Thomson Datastream.

…in a context of reduced inflation expectations, especially in the euro area.

Price behaviour in the advanced economies over the last few months evidences the absence of inflationary pressures. In the euro area, however, the speed with which prices have fallen has set some analysts talking about a risk of deflation. Specifically, euro-area headline rates have tumbled from nearly 3% at the 2011 close to less than

1% in recent months, due to weak domestic demand in a context of moderating commodity prices.[2]

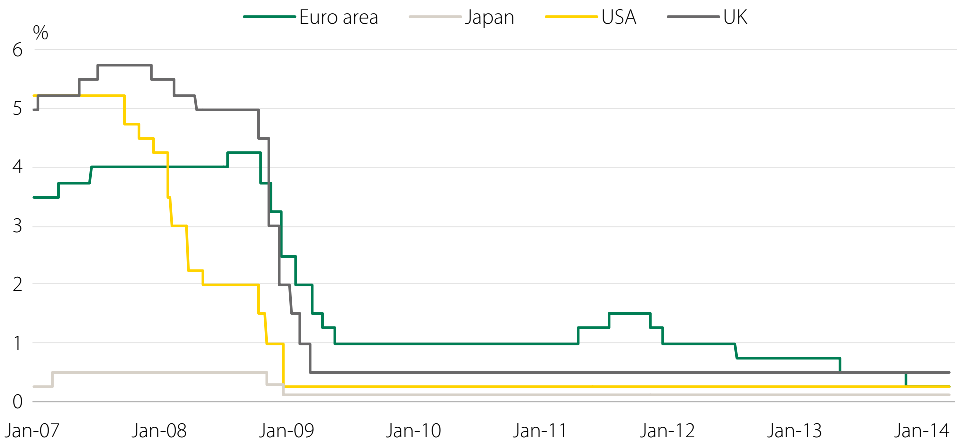
Monetary expansion in Japan has lifted inflation rates to levels comparable with other advanced economies.

Japan was the sole advanced economy where inflation advanced on a significant scale, from around 1% in spring 2013 to almost 1.5% this year to date. The aggressive monetary expansion promoted by the central bank has placed Japanese inflation rates on a par with those of other advanced economies like the United States or the United Kingdom.

In the United States, the Federal Reserve began to withdraw its monetary stimulus in January.

Although US inflation has tended to fluctuate more, rates have held within the 1% to 2% range for practically the last two years. The anchoring of inflation expectations in the economy, and the greater impetus of activity and employment led the Federal Reserve to confirm the phased withdrawal of its monetary stimulus programme in December 2013, with effect from the following month. Its initial announcement included a ten-billion-dollar reduction in the bond buying programme to a monthly rate of 75 billion. This was followed in late January and the middle of March by announcements of two new "tapering" moves of ten billion dollars each, scaling monthly purchase volumes down to 55 billion dollars. As regards interest rates, the message from both forward contracts and analysts' forecasts is no rates upcycle in the current year.

Official interest rates FIGURE 2



Source: Thomson Datastream. Data to 14 de March.

In international debt markets, the yields of US, UK and German benchmarks head lower in the first quarter…

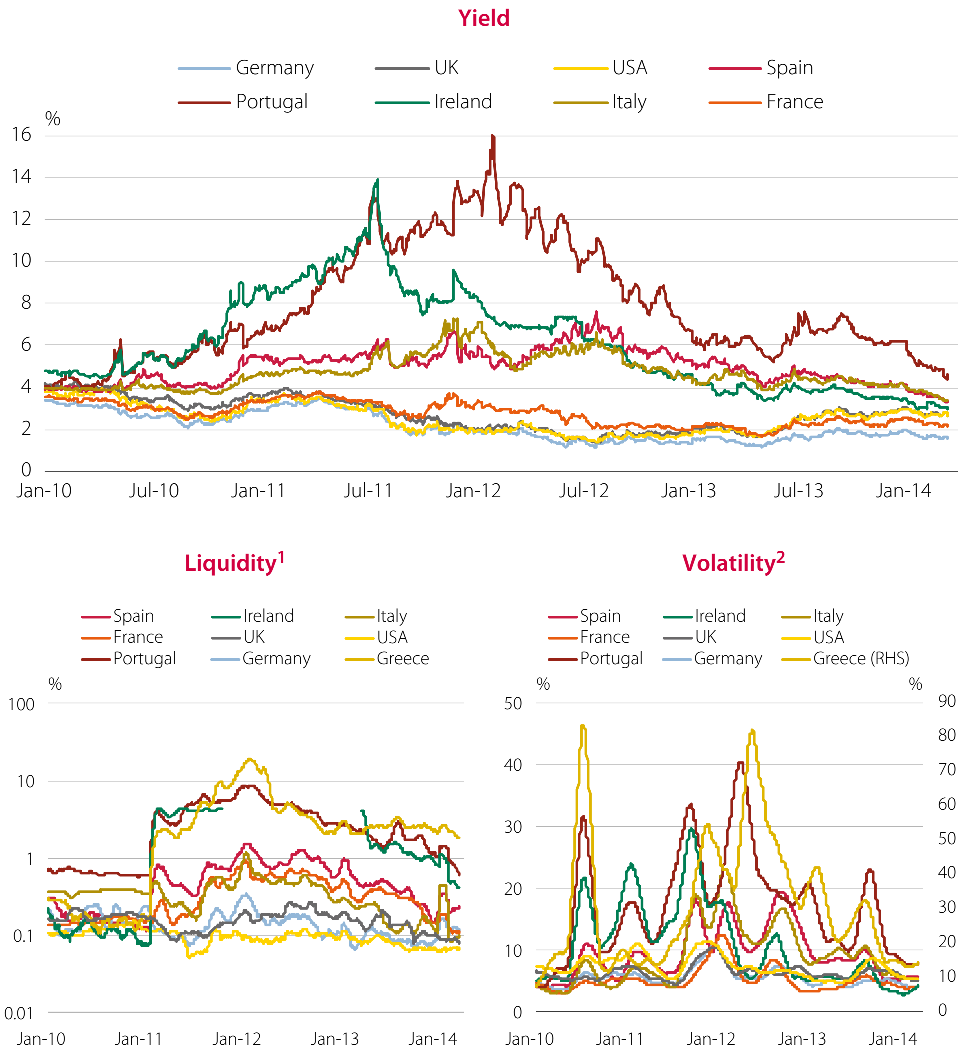
Some of the trends emerging on world debt markets in the second half of 2013 have subsequently run their course. In particular, the rise in the long-term bond yields of the United States, United Kingdom and Germany, spurred by their greater economic buoyancy and the increasingly attractive debt prices of more fragile European economies, gave way to a renewed run-down in the opening quarter of 2014, when they dropped around 0.4 points vs. year-end levels (see figure 3). The turmoil affecting markets in the year's first weeks – provoked by instability among the emerging economies (see exhibit 1) and, later, political tensions in Ukraine – has reignited the "flight to quality" and ramped up purchases of these countries' debt.

2 Core inflation in the euro area dropped from 2.0% to 1.1% in the same period.

…accompanied this time by Europe's more fragile economies.

The improved risk tone of Europe's more fragile economies was sustained through the opening months of 2014, enhancing the attractiveness of their debt, above all for yield-seeking investors. The long-term bond yields of Ireland, Spain, Italy and Portugal fell in consequence to mid-March levels of 3.0%, 3.3%, 3.4% and 4.6% respectively, from 42 bp to 158 bp lower than at year-end 2013. With the exception of Portugal, this movement restored yields to their levels preceding the economic and financial crisis.

Ten-year sovereign bond market indicators FIGURE 3



Source: Bloomberg, Thomson Datastream and CNMV. Data to 14 March.

1 Monthly average of the daily bid-ask spread of ten-year sovereign yields. Y axis on a logarithmic scale.

2 Annualised standard deviation of daily changes in 40-day sovereign bond prices. Moving average of 50 periods.

Lesser uncertainty regarding the weakest European economies and investor yield-seeking strategies spur further reduction in sovereign spreads.

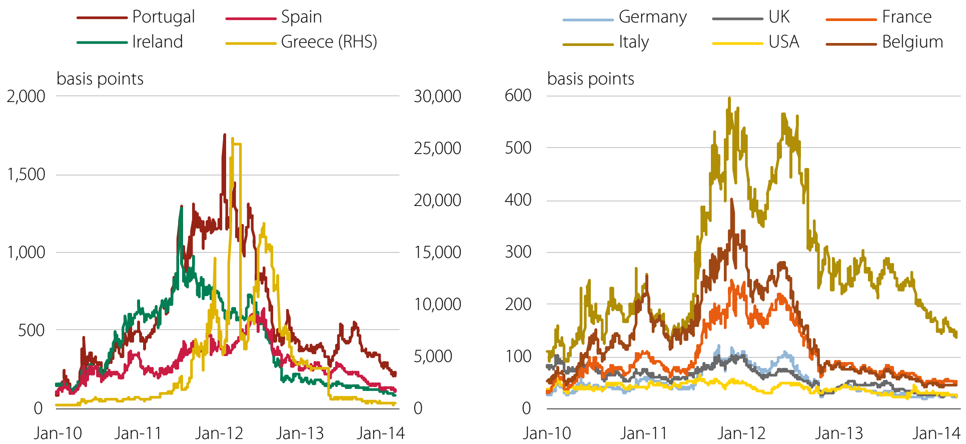
Sovereign risk premiums reflected this fading of concerns over Europe's weaker economies in the first quarter of 2014. As we can see from figure 4, the sovereign spreads of Ireland, Spain and Italy, as derived from five-year CDS, were running at mid-March levels of 86 bp, 115 bp and 147 bp respectively; between 20 bp and 38 bp lower than at end-2013. In the case of Portugal, the run-down was even more intense, with CDS spreads narrowing by 120 bp as far as 225 bp at the first-quarter close.

Corporate bond spreads also feel the benefit, especially those of the lowest-rated instruments.

The spreads being charged on corporate bonds in the United States and Europe (see figure 5) testified to their continuing attractiveness vs. alternative investments. Buyers have been rushing into corporate debt for several quarters now, with a preference for the riskier assets that fulfil the goals of high-yield investment strategies. The result has been a historic fall in the risk premiums of certain categories of debt. Hence the spreads of the lowest-rated debt have dropped to almost 350 bp in the United States and 380 bp in Europe, zeroing in on the pre-crisis levels of mid-2007.

Sovereign credit spreads (five-year CDS) FIGURE 4

Countries that have sought financial assistance | **Other countries**

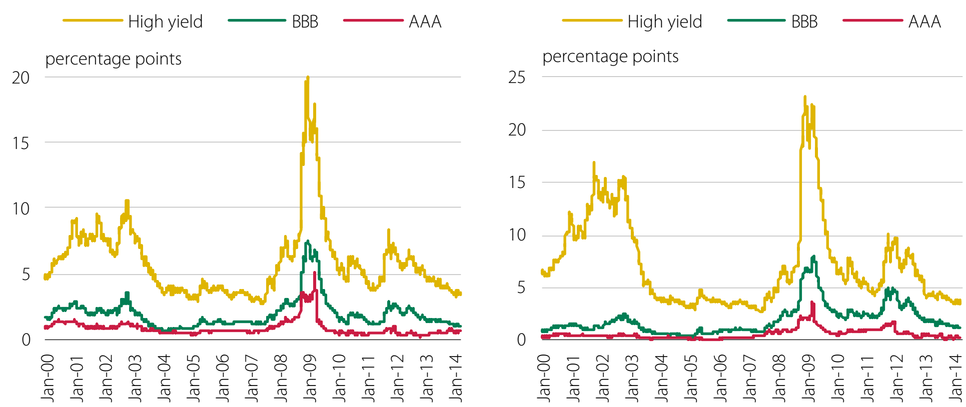


Source: Thomson Datastream. Data to 14 March.

Corporate bond spreads FIGURE 5

Spread vs. the ten-year government bond[1]

United States | **Euro area**



Source: Thomson Datastream and CNMV.

1 In the euro area, versus the German benchmark.

Net sovereign debt issuance in full-year 2013 sinks from 3.7 to 2.5 trillion dollars.

Net issuance on international debt markets summed 3.6 trillion dollars in the full-year period, 23.7% less than in 2012. Leading the decline was net sovereign debt issuance, which dropped to 2.5 trillion dollars from 3.7 trillion the previous year as governments in main world regions, the United States especially, continued to apply the brakes (see figure 6). Among private-sector borrowers, salient developments were the upswing in net debt financing by both US and European banks, after several years in negative terrain. Finally, the net issue volumes of non-financial corporations fell slightly in the United States, and notably in Europe.

Most of last year's issuance trends have persisted through the opening quarter.

Data for the opening months of 2014 point to the persistence of most of these trends, i.e., a further decrease in net sovereign issuance, especially in Europe, positive net debt financing by financial institutions in the United States and Europe, and a run-down in issuance by non-financial corporations that has been particularly intense in Europe.

Net international debt issuance FIGURE 6

Source: Dealogic. Half-year data. Data for the first half of 2014 run to 14 March, but are restated on a semiannual basis to facilitate comparison.

Bull trend exhaustion sets in during the first quarter of 2014.

After a year that closed with strong gains on leading advanced economy stock indices, the first three months of 2014 brought a reversal of the trend. The price rally buckled as concerns mounted about the vulnerability of emerging economies, the more negative activity data coming out of China, and political tensions between Russia and Ukraine. Against this backdrop, US indices closed the first-quarter period strung out between the -3.1% of the Dow Jones and the 1.6% of the Nasdaq, and

European indices between the -5.2% of Germany's Dax and the 6.9% of Italy's Mib 30 (see table 1). Falls were steeper still on Japanese indices (from the -10.6% of the Topix index to the -12.1% of the Nikkei 225), whose volatility readings also climbed to the neighbourhood of 30% (see figure 7).

Performance of main stock indices[1] (%)

TABLE 1

%	2010	2011	2012	2013	1Q13	2Q13	3Q13	4Q13	1Q14 (to 14 March) % prior quarter	1Q14 (to 14 March) % y/y[2]
World										
MSCI World	9.6	-7.6	13.2	24.1	7.2	-0.1	7.7	7.6	-1.2	14.0
Euro area										
Euro Stoxx 50	-5.8	-17.1	13.8	17.9	-0.5	-0.8	11.2	7.5	-3.4	9.5
Euronext 100	1.0	-14.2	14.8	19.0	4.7	-1.3	10.3	4.4	-1.6	9.3
Dax 30	16.1	-14.7	29.1	25.5	2.4	2.1	8.0	11.1	-5.2	12.4
Cac 40	-3.3	-17.0	15.2	18.0	2.5	0.2	10.8	3.7	-1.9	8.9
Mib 30	-8.7	-24.0	10.2	18.8	-2.6	-0.4	11.8	9.4	6.9	26.8
Ibex 35	-17.4	-13.1	-4.7	21.4	-3.0	-2.0	18.3	8.0	-1.1	13.3
United Kingdom										
FTSE 100	9.0	-5.6	5.8	14.4	8.7	-3.1	4.0	4.4	-3.3	0.0
United States										
Dow Jones	11.0	5.5	7.3	26.5	11.3	2.3	1.5	9.6	-3.1	10.5
S&P 500	12.8	0.0	13.4	29.6	10.0	2.4	4.7	9.9	-0.4	17.8
Nasdaq-Cpte	16.9	-1.8	15.9	38.3	8.2	4.2	10.8	10.7	1.6	30.3
Japan										
Nikkei 225	-3.0	-17.3	22.9	56.7	19.3	10.3	5.7	12.7	-12.1	15.7
Topix	-1.0	-18.9	18.0	51.5	20.3	9.6	5.3	9.1	-10.6	12.2

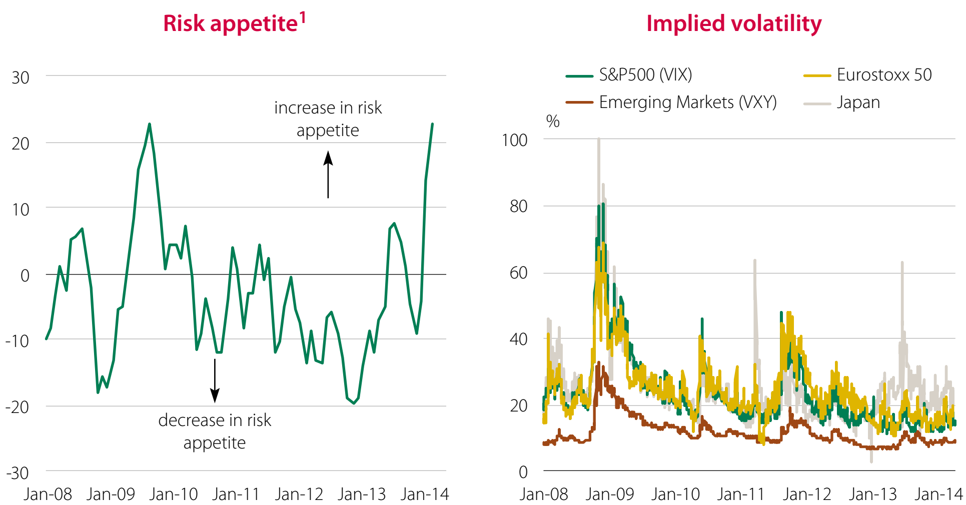
Source: Datastream.

1 In local currency.

2 Year-on-year change to the reference date.

Financial market indicators

FIGURE 7



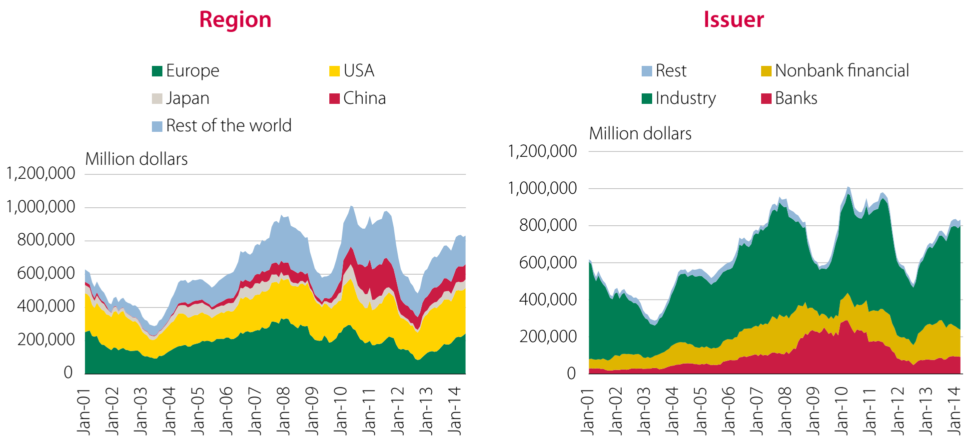
Source: Thomson Datastream and CNMV.

1 State Street indicator.

The value of equity issues on world financial markets rose by 25.7% in 2013 as far as 834 billion dollars. Although all main economic areas participated in the increase to some extent, the stand-outs were the 67% rebound in European issuance to 224 billion dollars, and placement volumes in Japan nearly doubling the previous year's. US companies, meantime, raised 280 billion dollars in equity capital, 13.7% more than in 2012. A breakdown by sector shows that industrial firms accounted for the lion's share of the 2013 increase, with issuance up by 38.3% to 535 billion dollars, while financial institutions raised 96 billion, an annual increase of 26.1%. Issuance has held up strongly through the first quarter of 2014, particularly in Europe, fuelled, it would appear, by investors' keener appetite for risk (see left-hand panel of figure 7).

Equity issuance keeps up a brisk pace after the 26% increase of 2013.

Global equity issuance FIGURE 8



Source: Dealogic. Accumulated twelve-month data to 14 March. For comparative purposes, the figure for March is restated on a monthly basis.

The tapering of the US monetary stimulus and its impact on emerging market economies

EXHIBIT 1

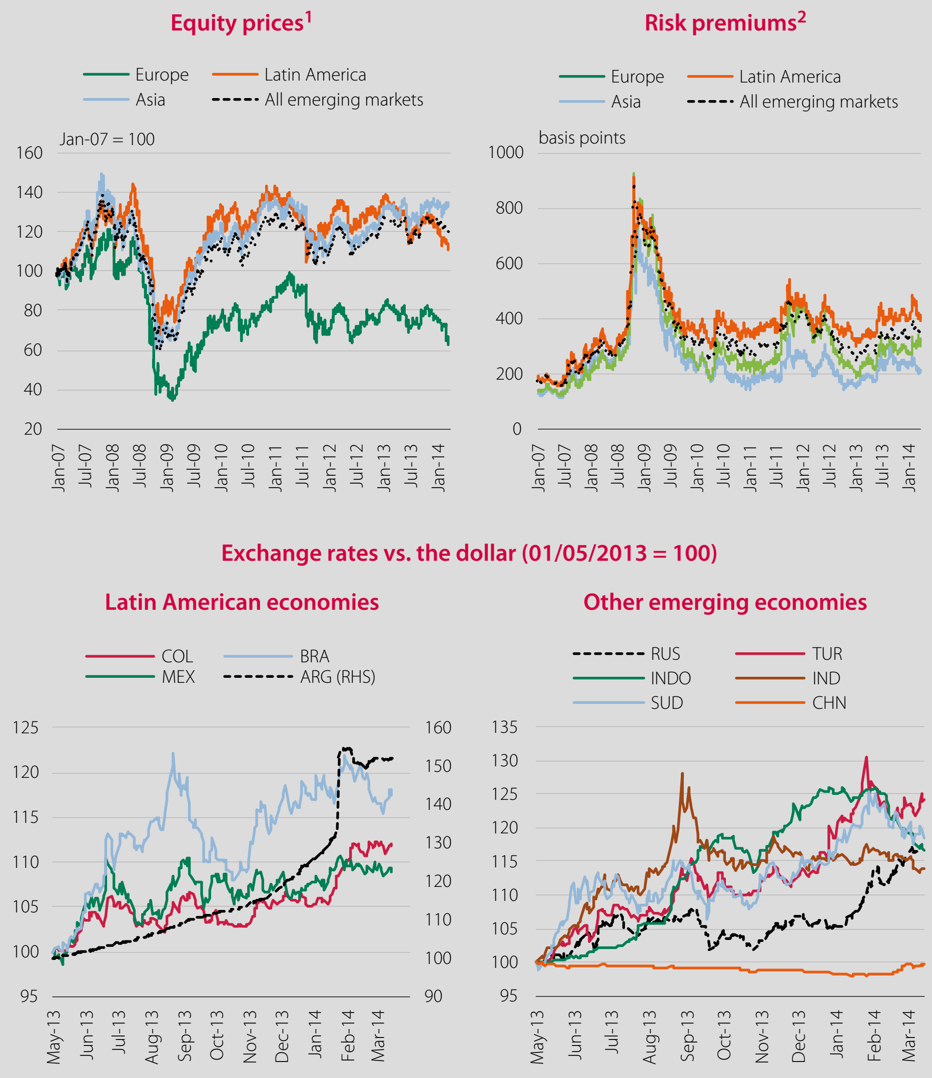
Interest rates in major advanced economies fell to historic lows during the recent economic and financial crisis. In some countries, also, the monetary authorities adopted non-conventional measures which pumped extra liquidity into global financial markets. The US Federal Reserve went so far as to plough 85 billion dollars a month into its bond-buying programme, as part of the package known as quantitative easing. Part of the surplus liquidity generated by these measures, in a reduced interest rate environment, found its way into emerging market economies, which offered attractive yields at a time when most of the advanced economies remained mired in recession.

However, things changed in May 2013, when the Federal Reserve declared its readiness to "taper" its monetary stimulus programme in line with the progress of domestic activity and employment indicators, which were just then beginning to emit positive signals. This tapering talk had a sharp negative impact on emerging regions, causing financial conditions to tighten considerably in the year's middle weeks. Capital inflows underwent a noticeable reversal,[1] with the result that stock markets fell, risk premiums rose and, graver still, some currencies depreciated sharply (see figure E.1.1).

Turbulence returned to financial markets at the start of 2014, with the news that the Fed had moved from readiness to action and would start scaling down its monthly bond purchases from January onwards.[2] The emerging economies that have suffered most from the phased withdrawal of the US monetary stimulus are those most dependent on external financing (current account deficit), though other factors that have proved decisive are reserve levels, the extent of credit expansion and the specific directions of national policies.

Brazil, Turkey, Indonesia, India, South Africa and Russia have been the worst affected so far. The depreciation of their currencies against the US dollar at the height of market tensions ranged in most cases from 10% to 15%.[3] At times, the decline in value of local currencies has reached such a pitch that central banks have had no choice but to hike interest rates to stem the outflow of capital, despite the potential dampening effect on economic activity.

Performance of emerging financial markets FIGURE E1.1



Source: Thomson Datastream.

1 FTSE indices.

2 EMBI indices.

The economic and financial outlook for emerging market economies remains generally positive despite a minor slowdown in activity, and the flow of investment to these regions should hold up reasonably well in the short and medium term. However, the switch in US monetary policy will continue to promote a natural rebalancing of investor portfolios, which may reduce the volume of financial investments in emerging nations compared to the recent past.

1 BIS (2013), *Quarterly Review*, December.
2 The Federal Reserve's initial announcement included a 10-billion-dollar reduction in bond purchases to 75 billion a month. At the end of January, it announced a further cut to 65 billion dollars a month, followed in mid-March by a third cut to 55 billion dollars.
3 Since the start of May 2013, i.e., on a broader time scale, some currencies have accumulated losses deeper than 20%.

2.2 National economic and financial developments

GDP growth of 0.2% in the fourth quarter of 2013 marked the second quarter in positive territory and contained the full-year decline at 1.2%.

According to the latest data from Quarterly National Accounts, corresponding to the fourth quarter of 2013, the Spanish economy expanded 0.2% in quarterly terms, a 0.1 point improvement on the previous quarter. This advance contained the full-year decline in GDP at 1.2%, 0.4 points less than in 2012 but also 0.8 points worse than the euro area, which contracted 0.4%.

Analysis of main GDP components reveals a better balance between domestic demand and the external sector.

Analysis of main GDP components shows a progressive realignment between domestic and external demand. Specifically, domestic demand detracted only 0.6 points from growth in the fourth quarter compared to 4.3 points in the first three months, while the positive contribution of net exports dropped from 2.4 to 0.4 points. The two main components of domestic demand gained speed in the second-half period, but not enough to deliver a positive full-year outcome. Hence final household consumption contracted by 2.1% (2.8% in 2012) and gross fixed capital formation by 5.0% (7.0% in 2012). Note the divergent progress within this last component of construction investment, down by 9.6%, and equipment investment, which expanded 2.3% in the full-year period (see table 2). In the external sector, both exports and imports increased at a faster pace in the year's closing quarter for average growth of 4.9% and 0.4% respectively (2.1% and -5.7% in 2012).

The rate of decline in most branches of activity slows towards year end.

A supply side analysis of GDP shows that all main branches of activity slowed their rate of decline, with some even registering year-on-year growth in the year's closing quarter. Finally, the average gross added value of industry shrank by 1.3% against the 0.5% of services and the 7.7% of the struggling construction sector. By contrast, the GVA of primary activities expanded 1.2% in the full-year period.

Spain's dwindling inflation rate lifts the negative differential vs. the euro area to almost one full point in February 2014.

Spanish inflation prolonged the downward course of 2013, with renewed falls in the opening months of 2014 as far as a February rate of near 0% against almost 3% twelve months before (see figure 9). Core inflation, meantime, eased from 2.3% to 0.1%. This strong drop in inflation has its origins in weak domestic demand, moderating energy prices and the unwinding of the effect of the 2012 hike in VAT. Finally, Spain's inflation differential vs. the euro area turned negative last September after starting the year at one full point, and by February 2014 was running at -0.8 points.

Spain: main macroeconomic variables (annual % change)

TABLE 2

	2010	2011	2012	2013	EC[1] 2014F	EC[1] 2015F
GDP	**-0.2**	**0.1**	**-1.6**	**-1.2**	**1.0**	**1.7**
Private consumption	0.1	-1.2	-2.8	-2.1	0.6	1.1
Government consumption	1.5	-0.5	-4.8	-2.3	-0.9	-0.2
Gross fixed capital formation, of which:	-5.5	-5.4	-7.0	-5.0	0.1	2.0
Construction	-9.9	-10.8	-9.7	-9.6	n.a.	n.a.
Equipment and others	5.0	5.6	-3.9	2.3	5.8	6.7
Exports	11.7	7.7	2.1	4.9	5.4	6.4
Imports	9.4	0.0	-5.7	0.4	3.3	4.9
Net exports (growth contribution, p.p.)	0.4	2.1	2.5	1.4	0.8	0.7
Employment[2]	**-2.3**	**-2.2**	**-4.8**	**-3.4**	**0.1**	**1.1**
Unemployment rate	**20.1**	**21.6**	**25.0**	**26.4**	**25.7**	**24.6**
Consumer price index	**1.8**	**3.2**	**2.4**	**1.4**	**0.3**	**0.9**
Current account balance (% GDP)	**-4.5**	**-3.8**	**-1.1**	**0.7**	**1.6**	**1.8**
General government balance (% GDP)[3]	**-9.6**	**-9.6**	**-10.6**	**-7.1**	**-5.8**	**-6.5**
Public debt (% GDP)	**61.7**	**70.5**	**86.0**	**93.9**	**98.9**	**103.3**
Net international investment position (% GDP)[4, 5]	**-92.0**	**-82.6**	**-67.1**	**-78.9**	**n.a.**	**n.a.**

Source: Thomson Datastream, European Commission, Banco de España and National Statistics Office (INE).

1 European Commission forecasts of February 2014.

2 In full-time equivalent jobs.

3 Figures for 2011, 2012 and 2013 include government aid to credit institutions amounting to 0.5%, 3.8% and 0.5% of GDP respectively.

4 For the third quarter in the case of 2013.

5 Ex. Banco de España.

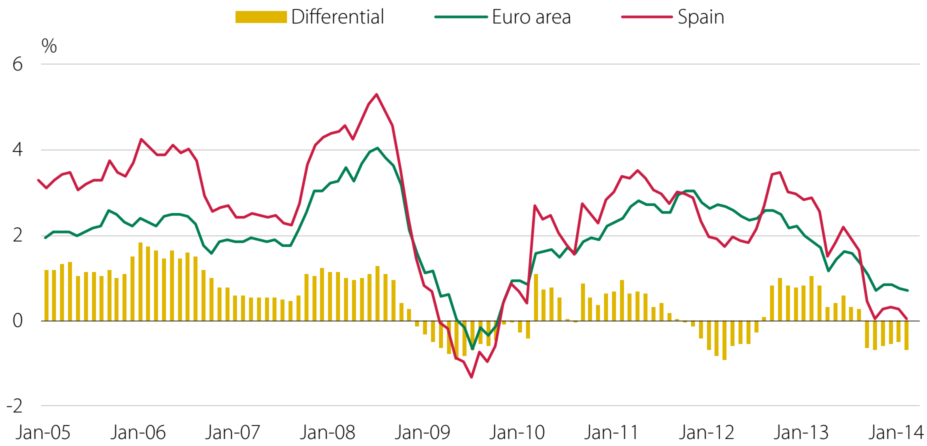
n.a.: not available.

Recent labour-market figures hint at a change of trend.

The latest labour-market figures suggest job destruction and the advance of unemployment may be coming to an end. Jobless rates retreated from their first-quarter peak of 27.2% to 26% at the annual close, while the decline in employment slowed to a fourth-quarter rate of 1.2%. The statistic of 199,000 jobs lost in 2013 (121,400 in the public and 77,500 in the private sector) compares favourably to the 850,000 of 2012 and the 600,000 of 2011. Another positive note was the first annual increase since mid-2008 in the number of social security contributors, up by 0.38% to 16.2 million in February 2014. Unit labour costs, finally, fell by 1.5% on average, prolonging the descent initiated in 2010, on higher productivity per worker (up by 2.3%) and a small rise in employee wages (0.7%).

Harmonised index of consumer prices: Spain vs. the euro area (annual % change)

FIGURE 9



Source: Thomson Datastream. Data to February.

According to available budgetary execution figures for 2013, the public deficit closed at 6.62% of GDP[3] (7.08% if we factor in aid to the financial sector), marking a bare 0.1 point overshoot of the official target. Multiannual budgetary objectives for 2014-2016 pursue additional deficit shrinkage to below 3% of GDP in 2016. Meantime, general government debt swelled from 86% at end-2012 to 93.9% in December 2013.

The general government deficit closed 2013 at 6.62% of GDP, a bare 0.1 points above the full-year target.

The Spanish banking industry remained immerse in a root-and-branch restructuring further to the terms of the Memorandum of Understanding (MoU) concluded between Spanish and European authorities in July 2012. As part of the financial assistance facility envisaged in the MoU and finalizing in January 2014, entities have stepped up their levels of provisioning, and over 50 billion euros in impaired assets have been taken off bank balance sheets and transferred to the asset management company for assets arising from bank restructuring (SAREB), starting with Group 1 entities in December 2012, and continuing with Group 2 entities in February 2013. In recent months, the focal point of activity has shifted from these restructuring and resolution management activities to others relating to the disposal of the FROB's stakes in financial institutions and the promotion of corporate transactions.

The programme of financial assistance to the Spanish banking sector finalised in January 2014, but major challenges still remain…

Even after allaying doubts about the quality of its assets, the Spanish banking sector has struggled to contend with weak economic activity at home on top of the fragmentation that characterises European financial markets. Hence the seeming discrepancies in the latest data on its economic and financial health. On the one hand, NPL ratios continued to escalate to a December 2013 high of 13.6%. But on the other, sector income statements appear to be in decidedly better shape. To the month of September, financial institutions had obtained aggregate profits of 2.13 billion euros, contrasting with the 5.80 billon losses of the same period in 2012. Although declines in net interest income and income from equity instruments took gross operating income down from 14.44 billion euros to 12.16 billion, sharply falling impairment losses on financial

…among them, a weak economy and the fragmented state of European markets.

3 The deficit of central government, the social security system and autonomous communities stood at 4.33%, 1.16% and 1.54% of GDP respectively, while local corporations turned in a surplus of 0.41%.

and other assets (down from 13.53 to 5.02 billion and 2.62 billion to 391 million respectively) did enough to propel the sector back into positive numbers.

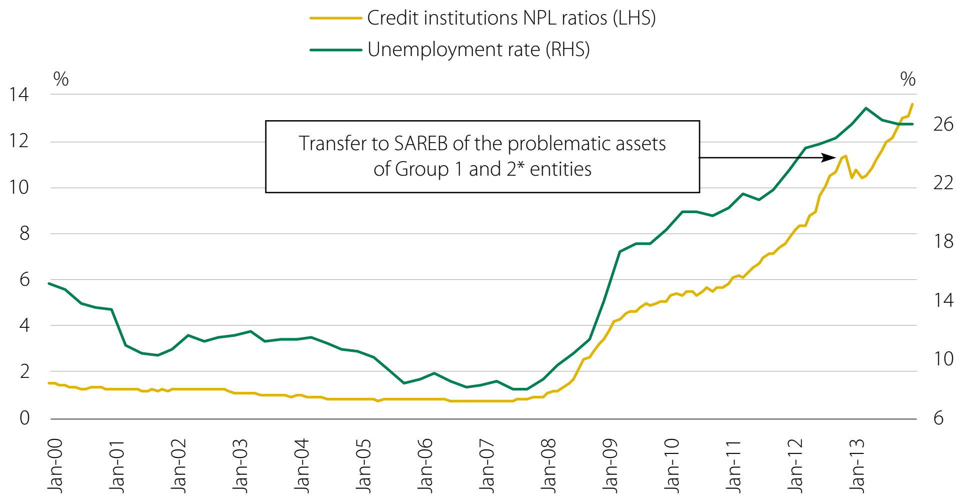
Bank lending to non-financial resident sectors starts the year down by close to 5%.

In this context, bank lending to non-financial resident sectors continued to dwindle through 2013 and the first months of 2014, albeit with large differences between sectors. Outstanding loans under this caption fell by 5.1% to December 2013 (-5.0% to December 2012) and by end-January 2014 were still 4.8% down on the year-ago amount. Although the annual decline was on a similar scale for businesses (-4.6%) and households (-5.0%), it actually slowed in the first case and accelerated in the second, reflecting the slump in consumer loans. In the euro area, lending to non-financial corporations fell by 2.9% year on year to January 2014, while lending to households receded 0.2%.

Despite easier conditions, bank sector debt issuance has tended to recede thanks to its lower funding needs.

The funding conditions of Spanish credit institutions continued to improve in line with the calmer mood of financial markets, though, again, the persisting fragmentation of Europe's markets tended to make issuance costlier for smaller banks compared to their same-sized European peers. In any event, ongoing deleveraging has sizeably reduced the sector's funding needs and made it less reliant on debt financing and Eurosystem loans.

Credit institution NPL ratios and the unemployment rate[1] FIGURE 10



Source: Banco de España and National Statistics Office (INE). Data to December 2013.

1 Percentage of the active population.

* Group 1 transfers took place in December 2012 (36.70 billion euros) and those of Group 2 in February 2013 (14.09 billion euros).

Bank asset funds EXHIBIT 2

Bank asset funds or BAFs are closed pools of assets and liabilities, without legal personality, set up as part of the restructuring of Spain's banking sector. They are instruments unique to the asset management company for assets arising from bank restructuring[1] (the SAREB, in its Spanish initials) for the purpose of helping the company to dispose of its assets. BAFs, which share some features with existing investment vehicles like securitisation funds, draw their assets and liabilities exclusively from the SAREB and may only be marketed to institutional investors.

They are regulated by Royal Decree-Law 24/2012 of 31 August, Law 9/2012 of 14 November, which reserves them the name "bank asset funds",[2] and the latter's implementing regulations (Royal Decree 1559/2012 of 15 November, establishing the legal framework for the asset management company).

Creation of BAFs and rules for the transfer of assets and liabilities

BAFs are established by public deed and entered in a register held by the CNMV. Their management and representation is entrusted, on an exclusive basis, to securitisation fund management companies that meet the requirements of Law 9/2012 and Royal Decree 1559/2012. BAFs' initial assets may comprise both assets and, where applicable, liabilities, deriving from the SAREB. It will also be possible for the SAREB to transfer assets and liabilities to an existing BAF, provided its articles of association so permit.

The transfer of assets, to be governed by the general framework for asset management companies established in Law 9/2012, will be full and unconditional, and for the entire remaining period up to maturity, as the case may be. Moreover, the transferor will not grant any guarantees to the BAF, nor insure in any other way the satisfactory outcome of the credit claims transferred or, in general, the value or quality of the assets or rights transferred. Transfers will be formalised in a contractual document. With each new incorporation of assets, the BAF management company will furnish the CNMV with a document signed by the SAREB, setting out their details and characteristics.

Securities issues and sub-funds

BAFs may issue securities[3] admissible for trading on official secondary markets. These securities can only be marketed to professional investors, and will have a minimum denomination unit of 100,000 euros. Further, the BAF's articles of association may envisage the creation of a syndicate holding securities issued by the fund, which will come under the provisions of the Corporate Enterprises Law with certain adaptations.

When contemplated in its articles of association, BAF assets may be divided into various independent sub-funds, against which securities may be issued or obligations assumed. The share of the BAF's assets assigned to each sub-fund will meet only the costs, expenses and obligations expressly attributable to that sub-fund. And likewise the creditors of a sub-fund may only enforce their claims against the sub-fund in question.

Taxation

The seventeenth additional provision of Law 9/2012 lays down a special tax regime for BAFs and their investors, to apply over the period when the Fund for Orderly Bank Sector Restructuring (FROB) is exposed to the BAFs (a period circumscribed to the life of the SAREB).[4] In this phase, BAFs will be liable for corporate income tax at a rate of 1%, and will come under the tax regime envisaged for collective investment institutions.

BAF investors who are liable for Spanish corporate income tax, personal income tax or non-resident income tax and operate a permanent establishment in Spain will be subject to the tax rules applicable to shareholders or investors in collective investment institutions. Payers of non-resident income tax who do not operate a permanent establishment in Spain can enjoy the exemption envisaged in non-resident tax legislation for the holders of Spanish public debt.

Reporting obligations

The management company must disclose any circumstances with a material bearing on the asset value or prospects of each BAF it handles. To this end, it must publish on its website the articles of association and other public deeds issued subsequently in relation to each fund, along with detailed documentation of subsequent asset contributions, significant information relating to the transfers of assets and liabilities by the SAREB and, periodically, the corresponding half-yearly and annual reports. These reporting obligations will cease the moment the securities issued by a BAF are admitted to listing on an official secondary market, to be replaced by the provisions of article 35 of Securities Market Law 24/1988 and its implementing regulations.

The content and format of these reporting obligations is enlarged upon in CNMV Circular 6/2013, which provides models for the half-yearly financial statements and annual accounts that managers must publicly disclose as well as filing with the CNMV. The circular also sets out the minimum content for each BAF's management report and notes to the annual accounts. In addition to the key financial statements regulated in the General Chart of Accounts, half-yearly reports will incorporate others offering a more detailed breakdown of BAF assets and liabilities in the interest of maximising transparency and investor information.

Number of BAFs registered and activity to date

At the time of writing, three BAFs had been set up and registered with the CNMV, following the transfer from the SAREB of 4,128 properties and four office buildings with a combined value of 326 million euros. These funds have so far carried out securities issues for the sum of 184 million euros, none of which are listed on official secondary markets.

1 Established in November 2012 pursuant to the Memorandum of Understanding (MoU) signed by the Spanish government and its European partners in July 2012.
2 Tenth additional provision.
3 FAB securities issues come under the terms of Securities Market Law 24/1988 and its implementing provisions.
4 15 years counting from its incorporation in November 2012.

Non-financial corporations grow their combined profits by 7.3% to 11.15 billion euros…

Non-financial listed companies grew their aggregate profits by 7.3% in 2013 to 11.15 billion euros. Heading the list were companies in retail and services, whose earnings swelled from 4.72 billion in 2012 to almost six billion in 2013, followed by industrial firms with a combined advance from 31 million to 609 million respectively. A positive contribution too from construction and real estate companies, which managed to reduce their losses from 4.93 billion in 2012 to 3.92 billion in 2013. Energy stands out as the only sector whose earnings fell short of the previous year's (down 19% to 8.39 billion euros), though it conserved its lead in straight-money terms (see table 3).

Earnings by sector:[1] non-financial listed companies TABLE 3

	EBITDA[2]		EBIT[3]		Net profit	
Million euros	2012	2013	2012	2013	2012	2013
Energy	27,241	24,114	16,968	13,829	10,346	8,392
Industry	3,466	3,830	1,853	2,273	31	609
Retail and services	28,647	28,378	14,045	14,213	4,716	5,990
Construction and real estate	5,540	3,445	2,199	373	-4,933	-3,921
Adjustments	51	-72	190	20	231	79
TOTAL	**64,945**	**59,695**	**35,256**	**30,709**	**10,391**	**11,149**

Source: CNMV.

1 Year to date.

2 Earnings before interest, taxes, depreciation and amortisation.

3 Earnings before interest and taxes.

…while debt levels close the year 10% lower at 270 billion.

The aggregate debt of non-financial listed companies dropped by 10% in 2013 to 270 billion euros. The largest fall was in construction and real estate, which lowered its debt to the tune of 11.10 billion euros,[4] followed by retail and services with 9.38 billion and energy with 9.09 billion. Aggregate leverage, after trending lower for several years, declined moderately from 1.41 in 2012 to 1.38 in 2013 (see table 4). Companies' debt coverage ratio, measuring the years needed to repay existing debt assuming constant EBITDA, edged up from 4.3 to 4.5, while their interest cover (EBIT/interest expenses) worsened slightly (from 2.1 to 1.8). Both indicators deteriorated in 2013 across all sectors followed with the exception of retail and services, where improvement drew on both debt reduction and higher inflows under key earning heads.[5]

Household saving rates settle at close to their pre-crisis levels (10.5% of disposable income)…

The latest indicators on the financial position of households reveal that saving rates have settled at around 10.5% of disposable income. After a strong build-up over 2008-2009, when precautionary saving drove this variable to historic highs approaching 18%, rates have more or less returned to their pre-crisis levels. Household debt-to-income and debt service ratios dropped to just under 120% and 14% of gross disposable income respectively, as households reduced their stock of liabilities.

…while their financial investments have recovered slightly with a preference for mutual funds.

Households enlarged both their volume of financial investment (0.9% of GDP[6] vs. -0.7% in 2012) and the variety of assets acquired. As we can see from figure 11, investment monies found their way into shares, cash, transferable deposits, investment funds and insurance products, while divestments centred on fixed-income instruments. The big news, however, was the renewed popularity of mutual fund investment (0.8% of GDP in 2013), which had been stuck in negative terrain since 2007 on a wave of unit-holder withdrawals.

4 The decline here relies in part on Metrovacesa's exclusion from the 2013 sample. Stripping out this effect, the reduction in debt between 2012 and 2o13 stands at nearly six billion euros.

5 Retail and services firms grew their net profits and EBIT by 27% and 1.2% respectively, while EBITDA held practically flat at -0.9%.

6 Cumulative four-quarter data to the third quarter of 2013.

Gross debt by sector: listed companies

TABLE 4

Million euros		2009	2010	2011	2012	2013
Energy	Debt	100,572	98,283	95,853	91,233	82,146
	Debt/ Equity	1.08	0.95	0.92	0.85	0.75
	Debt/ EBITDA[1]	3.46	2.81	3.27	3.26	3.41
	EBIT[2]/ Interest expenses	3.38	4.15	3.30	3.14	2.90
Industry	Debt	15,953	14,948	17,586	17,232	16,586
	Debt/ Equity	0.69	0.58	0.63	0.63	0.95
	Debt/ EBITDA	3.05	2.11	2.54	2.38	4.33
	EBIT/ Interest expenses	3.15	5.00	3.90	3.82	1.99
Retail and services	Debt	108,579	115,413	113,142	117,359	107,983
	Debt/ Equity	1.78	1.60	2.01	2.00	1.98
	Debt/ EBITDA	3.70	3.38	3.78	4.01	3.81
	EBIT/ Interest expenses	3.28	3.94	2.45	2.02	2.12
Construction and real estate	Debt	104,762	99,917	83,716	76,236	65,134
	Debt/ Equity	4.08	3.42	2.98	3.51	4.45
	Debt/ EBITDA	22.48	11.18	15.00	15.17	18.90
	EBIT/ Interest expenses	0.31	0.98	0.52	0.32	0.09
Adjustments[3]	Debt	-1,908	-1,792	-1,404	-1,429	-1,395
TOTAL	**Debt**	**327,958**	**326,769**	**308,893**	**300,633**	**270,454**
	Debt/ Equity	1.63	1.43	1.44	1.41	1.38
	Debt/ EBITDA	4.82	3.84	4.29	4.32	4.53
	EBIT/ Interest expenses	2.42	3.12	2.30	2.06	1.83

Source: CNMV.

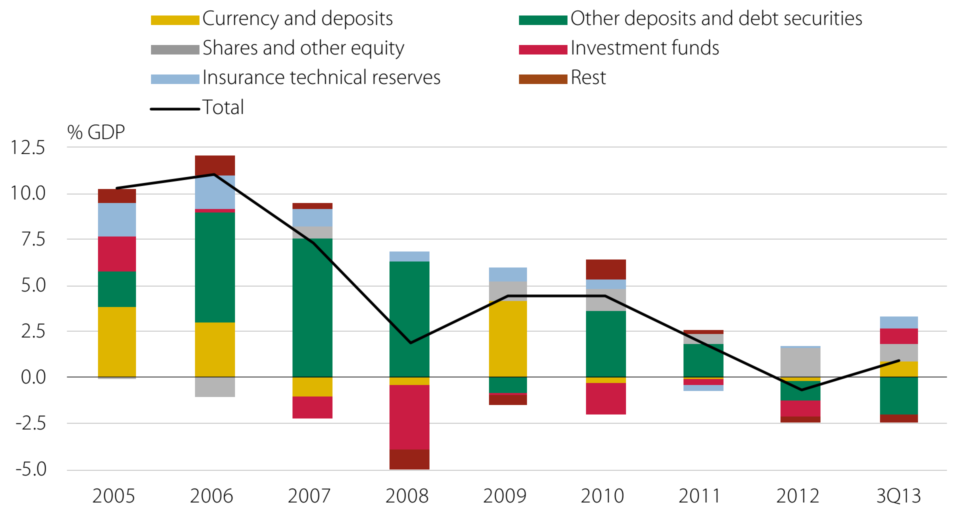
1 Earnings before interest, taxes, depreciation and amortisation.

2 Earnings before interest and taxes.

3 In drawing up this table, we eliminated the debt of issuers consolidating accounts with some other Spanish listed group. The figures in the adjustments row include eliminations corresponding to subsidiary companies with their parent in another sector.

Households: financial asset acquisitions

FIGURE 11



Source: Banco de España, *Cuentas financieras*. Cumulative four-quarter data.

2.3 Outlook

In its latest forecasts, the International Monetary Fund (IMF) augurs world growth of 3.7% in 2014 and 3.9% in 2015, almost one full point above the 2013 rate. The gathering pace of global economic activity will draw on both the advanced economies, projected to grow by 2.2% in 2014 and 2.3% in 2015 (1.3% in 2013), and the emerging markets, with annual advances of 5.1% and 5.4% respectively (4.7% in 2013).

World GDP growth is set to reach 3.7% in 2014 and 3.9% in 2015, one full point more than in 2013.

Gross Domestic Product (annual % change) TABLE 5

					IMF[1]	
	2010	2011	2012	2013	2014F	2015F
World	5.3	3.9	3.1	3.0	3.7 (+0.1)	3.9 (=)
United States	2.5	1.8	2.8	1.9	2.8 (+0.2)	3.0 (-0.4)
Euro area	1.9	1.8	-0.6	-0.4	1.0 (+0.1)	1.4 (+0.1)
Germany	3.9	3.4	0.9	0.5	1.6 (+0.2)	1.4 (+0.1)
France	1.6	2.0	0.0	0.3	0.9 (=)	1.5 (=)
Italy	1.7	0.6	-2.4	-1.8	0.6 (-0.1)	1.1 (+0.1)
Spain	-0.2	0.1	-1.6	-1.2	0.6 (+0.4)	0.8 (+0.3)
United Kingdom	1.7	1.1	0.3	1.8	2.4 (+0.6)	2.2 (+0.2)
Japan	4.7	-0.4	1.5	1.5	1.7 (+0.4)	1.0 (-0.2)
Emerging economies	7.5	6.2	4.9	4.7	5.1 (=)	5.4 (+0.1)

Source: Thomson Datastream and IMF.

1 In brackets, change vs. the previous forecast. IMF, forecasts published January 2014 with respect to October 2013.

The risks confronting both groups are of an essentially different nature. Among the advanced economies, the main risk factors are still the frailty of economic activity and, in some areas, the prospect of deflation, plus, in Europe, the need to complete the financial sector clean-up and move ahead with banking union. Finally, there is the danger that financial markets may suffer new waves of turbulence in the event of an abrupt run-up in risk premiums and interest rates. For the emerging economies, the fear is that the switch in US monetary policy could reignite financial market tensions, with the corollary of capital outflows, falling share prices, rising risk premiums and currency depreciation. Some of these economies face the added task of rebalancing growth between the domestic and external sector.

Downside risks derive primarily from the economic weakness of certain zones and the impact of a rebound in risk premiums.

The IMF's projections for the Spanish economy point to growth of 0.6% in 2014 and 0.8% in 2015 after last year's 1.2% contraction. These estimates mark an upward revision of 0.3 and 0.4 points respectively, but still stand slightly below the consensus forecasts of various Spanish private institutions. Meantime, activity and employment indicators suggest the economy is slowly recovering, and should be able to exploit its improved competitiveness without losing sight of fiscal consolidation and bank sector restructuring goals. The main risks for this scenario are those deriving from prolonged labour market weakness and the constraints still weighing on private-sector credit.

The analyst consensus is that Spain's economy will expand around 1% in 2014, but major challenges remain (labour market, fiscal adjustment, bank sector restructuring…).

3 Spanish markets

3.1 Equity markets

Spanish share prices falter on signs of instability in emerging economies and the ripples from political tensions between Russia and Ukraine.

The performance of Spanish equity markets in the first quarter of 2014 was marked by minor price falls and higher trading volumes, against a backdrop of reduced volatility and strong liquidity. Initially, prices had progressed within the bull trend initiated in the second half of 2013, with the support of generally favourable activity and employment indicators. However, from the end of February they were increasingly pressured by the instabilities affecting certain emerging markets and political tensions between Russia and Ukraine. Meantime, trading volumes on Spanish markets surged by 16.6% in the opening quarter, in stark contrast to the lethargy of recent years. Trading of Spanish shares on non-domestic markets continued its ascent to almost 14% of total volumes. Equity issuance to March stood at 4.59 billion euros, below last year's figures, with two IPOs as the main events.

The Ibex 35 sheds 1.1% in the opening quarter, in contrast to the continuing advance of small and medium cap indices.

After a strong late run in 2013, the Ibex 35 began to level off in the first months of 2014 and finally ended the quarter down by 1.1%[7] due to price falls in mid-March (see table 6). Other domestic stock indices, however, managed to prolong last year's advance, with medium and small cap indices gaining 3.8% and 14.5% respectively. The indices tracking the Latin American stocks traded on domestic platforms fared decidedly worse, after the US' decision to taper its monetary stimulus caused a wave of turmoil in the region (see exhibit 1). Finally, the FTSE Latibex All-Share and FTSE Latibex Top registered quarterly losses of 17.4% and 16.7%.

Sectors end the first quarter in differing form.

The quarter's top-performing sectors were, firstly, basic materials, industry and construction (4.6%, after gains of 28.9% in 2013), followed by oil and energy (3.2% vs. 19% in 2013) and financial and real estate services (1.3% vs. 19.9% in 2013). Conversely, losses were deepest in consumer goods (-9.1% against a rise of 17.1% in 2013), technology and telecommunications (-5.9% vs. 22.8% in 2013) and consumer services (-1.1%, in contrast to the 58.9% advance of 2013).

7 Data to 14 March.

Performance of Spanish stock market indices and sectors (%)

TABLE 6

Index	2010	2011	2012	2013	3Q13[1]	4Q13[1]	1Q14 (to 14 March) % prior quarter	1Q14 (to 14 March) % y/y
Ibex 35	-17.4	-13.1	-4.7	21.4	18.3	8.0	-1.1	13.3
Madrid	-19.2	-14.6	-3.8	22.7	19.4	8.4	-0.7	14.8
Ibex Medium Cap	-5.6	-20.7	13.8	52.0	22.5	12.5	3.8	48.8
Ibex Small Cap	-18.3	-25.1	-24.4	44.3	22.8	13.0	14.5	47.8
FTSE Latibex All-Share	9.0	-23.3	-10.7	-20.0	5.4	-5.4	-17.4	-32.3
FTSE Latibex Top	9.7	-17.1	-2.6	-12.4	4.2	-1.4	-16.7	-30.0
Sector[2]								
Financial and real estate services	**-31.7**	**-18.9**	**-4.7**	**19.9**	**28.1**	**10.1**	**1.3**	**17.1**
Banks	-33.1	-20.3	-4.8	18.8	28.7	9.9	1.2	16.5
Insurance	-26.4	12.5	-2.0	47.3	12.7	17.1	-1.5	20.5
Real estate and others	-53.3	-47.5	-14.4	38.3	23.6	24.0	34.2	92.6
Oil and energy	**-8.6**	**-2.7**	**-16.0**	**19.0**	**6.5**	**7.4**	**3.2**	**14.4**
Oil	10.2	14.9	-35.4	19.5	13.0	0.0	-5.1	0.1
Electricity and gas	-14.2	-10.8	-5.4	18.7	3.5	11.1	6.5	20.6
Basic materials, industry and construction	**-15.2**	**-14.3**	**-8.0**	**28.9**	**16.1**	**8.0**	**4.6**	**28.9**
Construction	-14.9	-6.9	-9.3	26.5	15.6	5.9	7.0	29.4
Manufacture and assembly of capital goods	-29.2	-12.2	-8.8	55.4	22.1	10.3	-2.3	48.5
Minerals, metals and metal processing	-9.1	-33.7	-8.7	11.5	18.4	12.3	0.9	14.8
Engineering and others	-0.1	-29.0	3.8	7.6	5.3	9.7	12.9	15.5
Technology and telecommunications	**-12.8**	**-20.9**	**-18.3**	**22.8**	**15.5**	**5.4**	**-5.9**	**3.2**
Telecommunications and others	-12.8	-20.8	-23.0	17.1	17.5	2.8	-6.3	-2.7
Electronics and software	-12.0	-21.3	39.4	56.8	7.2	17.6	-4.1	40.3
Consumer goods	**17.0**	**5.7**	**55.6**	**17.1**	**16.6**	**6.7**	**-9.1**	**5.6**
Textiles, clothing and footwear	28.6	12.7	66.2	13.5	20.1	5.2	-15.1	-2.2
Food and drink	25.3	-6.3	25.0	4.7	8.4	1.7	-7.5	1.6
Pharmaceutical products and biotechnology	-22.2	-7.3	68.3	39.6	8.4	13.6	10.5	34.4
Consumer services	**-0.1**	**-24.2**	**12.7**	**58.9**	**19.6**	**12.2**	**-1.1**	**34.1**
Motorways and car parks	-10.1	-3.7	5.7	36.5	12.6	12.4	-2.2	21.9
Transport and distribution	55.3	-34.9	29.7	116.4	30.9	19.8	3.7	67.6

Source: BME and Thomson Datastream.

1 Change vs. the previous quarter.

2 IGBM sectors. Under each sector, data are provided for the most representative sub-sectors.

Endorsement of the Registro Mercantil as the Pre-Local Operating Unit (pre-LOU) for Spain

EXHIBIT 3

The international financial crisis brought to light difficulties caused by the lack of a centralised system of entity identification. Concerns centred on agents' inability in certain cases to identify the counterparty in financial transactions, which hinders development of effective risk management models while complicating the resolution of financial firms.

Following its discussions on the problem, the G-20 decided to endorse the rollout of a universal system of legal entity identifiers (LEIs), to be issued and managed by local operating units (LOUs). LEI codes will boost the transparency of financial markets as well as facilitating the management of counterparty exposure and the orderly resolution of failing entities. Responsibility for the performance and oversight of the global LEI system lies with the Regulatory Oversight Committee (ROC).

LEI codes are still in the development phase. However, as an interim measure, a system of pre-LEI codes has been set in train. These identifiers will be issued by organisations known as Pre-LOUs, who will provisionally act as local registries assigning and registering codes. Once the LEI system is ready for launch, these organisations will formally become LOUs, provided certain conditions are met.

In Spain's case, the Registro Mercantil (Central Mercantile Register) is the designated pre-LOU. On 23 November 2013, it obtained the prefix that the ROC grants to each prospective pre-LOU. This prefix, which occupies the first four digits of the identifiers issued, is a way of ensuring their uniqueness. The Registro Mercantil began assigning codes with this prefix on 11 February 2014, and received the ROC's formal designation as a Pre-LOU on 5 March. What this signifies is that all the pre-LEIs issued by the Registro Mercantil will be automatically accepted by all other authorities belonging to the ROC for the purpose of complying with existing regulatory requirements.[1] And also, that any entity holding a pre-LEI code from another jurisdiction can, if it chooses, apply for it to be transferred to the Registro Mercantil.

This project is framed in Europe by EU rules, in force as of 12 February 2014, specifying that the counterparties in derivative transactions must furnish a series of data to trade repositories and be unequivocally identified through the medium of a LEI code, as laid down in Regulation (EU) No. 648/2102 of the European Parliament and of the Council[2] and its implementing measures.

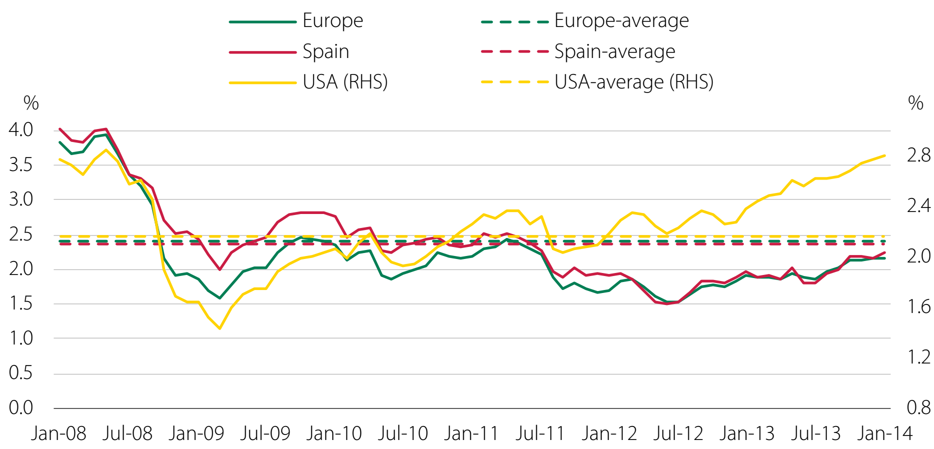
1 Further information on how to apply to the Registro Mercantil for pre-LEI codes can be found at https://www.lei.mjusticia.gob.es/es

2 Known as the EMIR.

The price/earnings ratio (P/E) of the Ibex 35, which escalating share prices had powered higher (from 11.7 to 14.2) in the second half of 2013, kept up its advance over the first quarter of 2014 as far as mid-March levels of 15.3. On a broader time frame, this earnings multiple is now zeroing in on its historical average in both its traditional formulation[8] and the more sophisticated cycle-related version[9] charted in figure 12. This performance is approximately echoed by other European indices, in contrast to certain US indices whose P/E (cycle-adjusted or otherwise) stands substantially above the average of recent years.

The P/E of the Ibex 35 climbs to levels testing its historical average.

Cycle-adjusted P/E[1] of representative stock market indices in the United States, euro area and Spain FIGURE 12



Source: Thomson Datastream and CNMV. Data to 31 January 2014.

1 The figure shows a monthly P/E adjusted using the Kalman filter, which splits the series into its cyclical and trend component. Units stated in terms of standard deviation. Monthly averages from March 1987 to January 2014 for representative indices in the United States, euro area and Spain. The index is constructed following the methodology put forward in the ESMA report.[10]

The earnings yield gap, which reflects the return premium required to be invested in equity versus long-term government bonds, narrowed sharply (from 4% to 2.8%) between mid-2013 and January 2014, as escalating P/E ratios more than offset the drop in sovereign yields. In mid-March, the gap widened again to 3.3%, in line with its historical average since 1999 (3.2%), on the levelling-off of share prices and consistently falling long bond yields. Note that not since the start of the financial crisis had this indicator come anywhere near its historical readings (see also the case of P/Es).

After narrowing significantly in second-half 2013, the equity risk premium settles in March at close to its historical average.

Ibex 35 volatility readings have kept up the settled levels of recent months, within a band running from 10% to 25%. The only incident of note was a small upswing at the end of January, when share prices dipped on the instability affecting certain emerging markets (see figure 13).

Despite a small upswing at the end of January, Ibex 35 volatility remains subdued…

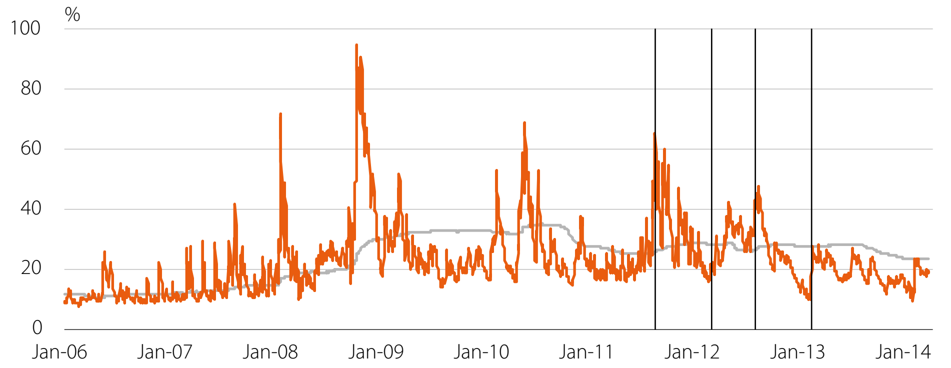
8 Calculated as the ratio between share price and expected earnings per share (based on historical earnings on some occasions).

9 A more detailed explanation is provided in the footnote to figure 12.

10 ESMA (2013). *Trends, Risks and Vulnerabilities No. 2*, September. Available from http://www.esma.europa.eu/system/files/2013-1138_trends_risks_vulnerabilities_no._2_2013_0.pdf

Historical volatility of the Ibex 35

FIGURE 13



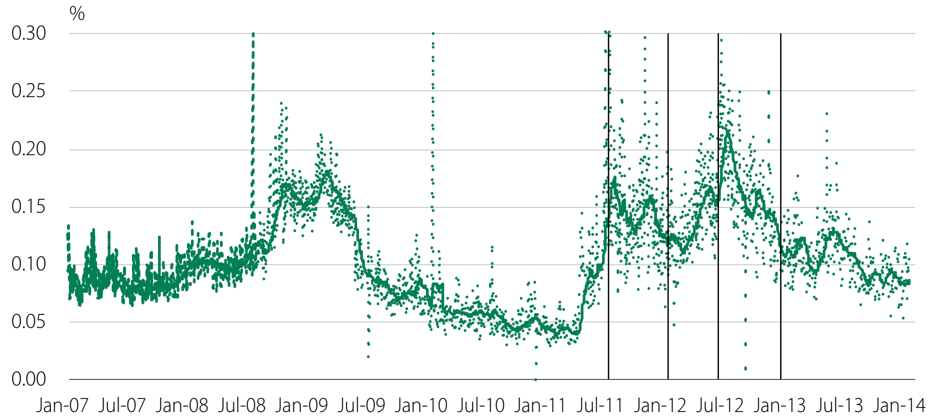
Source: Thomson Datastream and CNMV. Data to 14 March. The red line shows conditional volatility and the grey line unconditional volatility. The vertical lines refer to the introduction and lifting of the short-selling ban running from 11 August 2011 to 16 February 2012, and the later ban starting on 23 July 2012 and ending on 1 February 2013.

…while liquidity continues to improve.

Improvement in Ibex 35 liquidity conditions carried over into this year's opening months, as evidenced by the small decrease in the bid-ask spread. This indicator has been heading lower almost uninterruptedly since mid-2012 and by end-March was down to 0.08%, below the 0.11% of the 2013 close and in line with its historical average since 2003 (see figure 14).

Ibex 35 liquidity. Bid-ask spread

FIGURE 14



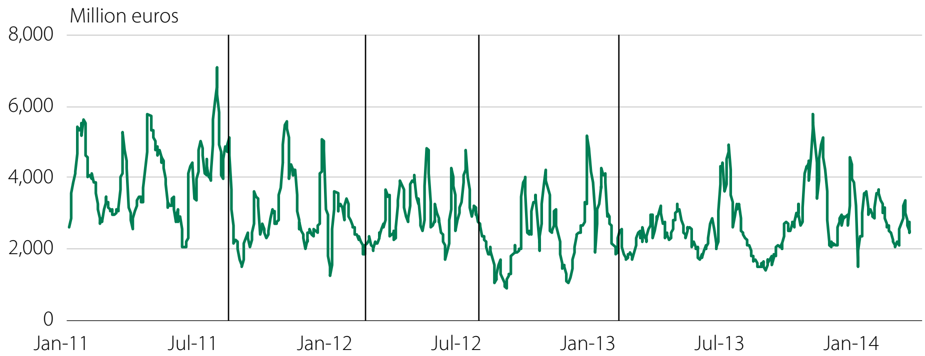
Source: Thomson Datastream and CNMV. Data to 14 March. The curve represents the bid-ask spread of the Ibex 35 along with the average of the last month. The vertical lines refer to the introduction and lifting of the short-selling ban running from 11 August 2011 to 16 February 2012, and the later ban starting on 23 July 2012 and ending on 1 February 2013.

Trading on national exchanges surged by 16.6% in the first quarter, an increase matched by Spanish share trades in non-domestic venues.

Trading volumes on Spanish stock markets swelled by 16.6% year on year to 155 billion euros in the first quarter of 2014. The daily average, at just under three billion euros, was slightly down versus last year's closing months but sizeably above the average figure for both 2013 (2.76 billion) and 2012 (2.73 billion). This upswing in trading in Spanish stocks, in contrast to the dwindling volumes of the past few years, was mirrored moreover on other regulated markets, MTFs and alternative trading platforms. As we can see from table 7, trades in non-domestic venues summed 23.77 billion euros in the first quarter of 2014, giving them a 13.8% share of the total amount (10.1% en 2013). Among the most prominent of these alternative venues were Chi-X and BATS.

Daily trading on the Spanish stock market[1]

FIGURE 15



Source: CNMV. Data to 14 March 2014. The vertical lines refer to the introduction and lifting of the short-selling ban running from 11 August 2011 to 16 February 2012, and the later ban starting on 23 July 2012 and ending on 1 February 2013.

1 Moving average of five trading days.

Trading in Spanish shares listed on Spanish exchanges[1]

TABLE 7

Million euros	2010	2011	2012	2013	1Q14[3]
Total	**1,030,498.6**	**926,873.7**	**709,902.0**	**764,986.6**	**172,839.4**
Listed on SIBE (electronic market)	**1,030,330.2**	**926,828.6**	**709,851.7**	**764,933.4**	**172,818.9**
BME	1,020,063.2	912,176.9	687,456.1	687,527.6	149,047.9
Chi-X	8,383.6	11,120.3	16,601.3	53,396.7	17,341.4
Turquoise	269.1	707.7	3,519.6	11,707.9	1,904.0
BATS	272.4	1,276.4	2,261.9	10,632.1	3,587.0
Others[2]	1,341.9	1,547.3	12.8	1,669.2	938.6
Open outcry	**165.4**	**42.8**	**49.9**	**51.4**	**20.3**
Madrid	15.7	16.1	3.0	7.3	0.9
Bilbao	3.9	0.1	8.5	0.1	14.2
Barcelona	143.9	26.4	37.7	44.1	5.1
Valencia	1.9	0.3	0.7	0.0	0.0
Second market	**3.0**	**2.3**	**0.4**	**1.7**	**0.2**
Pro memoria					
BME trading of foreign shares[1]	6,415	5,206	4,102	5,640	2,090
MAB	4,147.9	4,379.9	4,329.6	5,896.3	1,662.6
Latibex	521.2	357.7	313.2	367.3	115.5
ETFs	5,968.2	3,495.4	2,736.0	4,283.9	2,276.6
Total BME trading	1,037,284.3	925,661.3	698,987.5	703,768.7	155,213.5
% Spanish shares on BME vs. total SIBE	99.0	98.4	96.8	89.9	86.2

Source: Bloomberg and CNMV.

1 Spanish shares listed on Spanish exchanges are those with a Spanish ISIN that are admitted to trading in the regulated market of Bolsas y Mercados Españoles, i.e., not including alternative investment market MAB. Foreign shares are those admitted to trading in the regulated market of Bolsas y Mercados Españoles whose ISIN is not Spanish.

2 Difference between the turnover of the EU Composite estimated by Bloomberg for each share and the turnover of the markets and MTFs listed in the table, i.e. including trading on other regulated markets, MTFs and OTC systems.

3 Data to 14 March.

Equity issuance contracts 40% in the first quarter, with two IPOs as the main events.

Equity issuance on domestic markets amounted to almost 4.60 billion euros in the first quarter of 2014, 39.4% less than in the year-ago period. Around 91% of this total corresponded to just six companies: Banco Santander, Banco Popular, Iberdrola, Repsol, Lar España Real Estate, Socimi and Hispania Activos Inmobiliarios. The last two cases were initial public offerings (IPOs) timed to take advantage of the period's more buoyant markets (two similar operations are currently in the pipeline). Together, the financial institutions on the list raised more than 2.50 billion euros, while capital increases to cover scrip dividend payments accounted for 57% (2.63 billion) of the quarterly total (see table 8).

Capital increases and public offerings

TABLE 8

	2010	2011	2012	2013	3Q13	4Q13	1Q14[1]
CASH AMOUNTS (million euros)	**17,542.4**	**20,970.3**	**29,557.4**	**39,171.9**	**8,010.3**	**4,982.5**	**4,589.7**
Capital increases	16,932.8	20,843.3	28,326.0	39,171.9	8,010.3	4,982.5	4,589.7
Of which, scrip dividend alternative	2,021.2	3,862.0	8,357.8	9,869.4	2,607.9	2,466.6	2,629.4
Of which, through IPO	958.7	6,238.8	2,457.3	1,744.6	689.8	0.0	900.0
National tranche	61.6	5,827.1	2,457.3	1,744.6	689.8	0.0	98.7
International tranche	897.2	411.7	0.0	0.0	0.0	0.0	801.3
Public offering of shares	609.5	127.0	1,231.4	0.0	0.0	0.0	0.0
National tranche	79.1	124.7	1,231.4	0.0	0.0	0.0	0.0
International tranche	530.4	2.3	0.0	0.0	0.0	0.0	0.0
NUMBER OF FILINGS	**69**	**90**	**106**	**159**	**43**	**49**	**33**
Capital increases	66	90	103	159	43	49	33
Of which, bonus issues	16	24	24	38	13	7	6
Of which, through IPO	11	8	7	6	3	0	2
Public offering of shares	3	1	3	0	0	0	0
NUMBER OF ISSUERS	**46**	**44**	**39**	**47**	**27**	**23**	**21**
Capital increases	45	44	39	47	27	23	21
Of which, through IPO	11	8	7	6	3	0	2
Public offering of shares	2	1	3	0	0	0	0

Source: CNMV.

1 Data to 15 March 2014.

CNMV's adoption of ESMA guidelines on the assessment of interoperability arrangements between central counterparties

EXHIBIT 4

On 10 June 2013, the European Securities and Markets Authority (ESMA) published a consultation paper[1] on the European Market Infrastructures Regulation (EMIR),[2] in order to clarify the responsibilities of the competent national authorities in defining standards and requirements for existing or new interoperability arrangements between central counterparties (CCP). Central counterparties enter into this type of agreement so users are able to execute trades with counterparties choosing a different CCP. On 12 September, the CNMV announced its intention to adopt the ESMA guidelines and recommendations.

The EMIR stipulates that, as of 2013, all CCPs must seek authorisation to operate in the European Union. And the rigor and uniformity provided by common guidelines or standards for CCP interoperability arrangements will serve to promote "equal conditions of competition" for clearing activity in the internal market.

The guidelines provide a checklist for national competent authorities to assess interoperability arrangements in the interests of their safety and prudent management. The report, specifically, outlines five areas which the regulator should verify:

1. **Legal risk**

   In order to properly manage and mitigate legal risk, it is vital that all rights and obligations arising from interoperabilty arrangements, and all processes and procedures followed by CCPs, can be easily identified at any time. National competent authorities should accordingly assess that the interoperability arrangement is clearly defined, transparent, valid and enforceable in all relevant jurisdictions.

2. **Fair and open access**

   The future expansion of interoperability arrangements to other CCPs may not be restricted other than on grounds of risk, which should also be considered sufficient grounds for the arrangement's termination. To this end, national authorities should check that denial or restrictions on entering into an interoperability arrangement are based exclusively on risk grounds.

3. **Risk identification, monitoring and management**

   These functions are critical to ensure the prudent management of the interoperability arrangement and thereby guarantee the safety of interoperable CCPs, whose agreements mean they end up sharing exposures. National competent authorities should assess that a CCP has put in place a general framework to identify, monitor and manage the potential risks before entering into an interoperability arrangement and thereafter on a regular basis.

4. **Deposit of collateral**

   Collateral should be ring-fenced and available in all circumstances, including upon the default of an interoperable CCP. National competent authorities should assess that an interoperable CCP deposits collateral in a way that satisfies these conditions.

5. **Cooperation**

   Cooperation between national competent authorities is considered vital to ensure a smooth approval process for interoperability arrangements.

The report includes two annexes, the first comprising the relevant excerpts from the EMIR, and the second a cost/benefit analysis.

1 Report available from http://www.esma.europa.eu/system/files/2013-323_annex_1_esma_final_report_on_guidelines_on_interoperability.pdf
http://www.esma.europa.eu/es/system/files/esma_2013_00080000_es_tra.pdf (Spanish version)

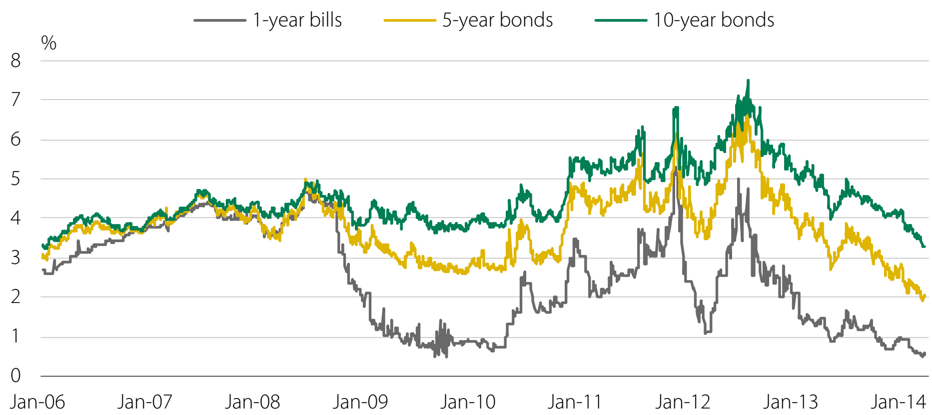
2 Regulation (EU) No. 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories.

3.2 Fixed-income markets

The dying-down of European debt market tensions and lesser perceptions of country risk prolong the period of calm in domestic fixed-income markets.

Spanish fixed-income markets again felt the benefit of dwindling debt market tensions and inflation expectations in Europe, along with decreased perceptions of country risk. Heavy government bond purchasing in the first quarter by resident and non-residents investors helped to further ease the financing conditions of domestic borrowers. Public and private debt yields and sovereign spreads prolonged their now lengthy downward trend while contagion indicators stayed subdued (see figures 16, 17 and 18). Rating agency Moody's weighed all these factors in its late February upgrade of Spanish debt from Baa3 to Baa2 (with a positive outlook). This upward revision, the first since the eruption of the sovereign debt crisis, endorses the country's changing macroeconomic and financial outlook.

Spanish government debt yields FIGURE 16



Source: Thomson Datastream. Data to 14 March.

Yields continue heading lower in short-dated instruments…

Against this backdrop, short-term treasury yields closed the year at 0.54%, 0.70% and 0.91% in three-month, six-month and twelve-month tenors respectively, then went on falling over the first quarter of 2014 as far as March averages of 0.25%, 0.40% and 0.54% (see table 9). This first-quarter decrease was fairly evenly paced across curve segments, in the range of 29 bp to 37 bp. Private debt instruments broadly mirrored the downtrend, which has continued, almost without interruption, since the end of 2012. Hence commercial paper yields, which fell more swiftly in the first half of 2013, continued heading lower, at the long end primarily, over the first months of 2014 (with average falls of 15 bp).

…and in longer maturities, for both public and private borrowers.

Medium and long-term bond yields moved sharply lower in the opening months in both the public and the private sector. As we can see from table 10, the average March rates of three, five and ten-year government bonds were 1.3%, 2.0% and 3.3% respectively, substantially below the year-end levels of 2011, 2012 and 2013. Long corporate bond yields also decreased as far as 2.0%, 2.3% and 3.7% in three, five and ten-year tenors respectively, to stand an average 4.7 points below the peak levels of mid-2012.

Short-term interest rates[1] (%)

TABLE 9

	Dec 11	Dec 12	Dec 13	Sep 13	Dec 13	Mar 14[3]
Letras del Tesoro						
3 month	2.20	1.14	0.54	0.26	0.54	0.25
6 month	3.47	1.68	0.70	0.92	0.70	0.40
12 month	3.27	2.23	0.91	1.23	0.91	0.54
Commercial paper[2]						
3 month	2.74	2.83	1.09	1.28	1.09	0.94
6 month	3.52	3.58	1.36	1.49	1.36	1.25
12 month	3.77	3.83	1.59	1.77	1.59	1.39

Source: Thomson Datastream and CNMV.

1 Monthly average of daily data.

2 Interest rates at issue.

3 Data to 14 March.

Medium and long bond yields[1] (%)

TABLE 10

	Dec 11	Dec 12	Dec 13	Sep 13	Dec 13	Mar 14[2]
Government bonds						
3 year	4.01	3.40	2.00	2.45	2.00	1.28
5 year	4.65	4.22	2.68	3.21	2.68	2.00
10 year	5.50	5.33	4.14	4.42	4.14	3.35
Corporate bonds						
3 year	5.43	4.19	2.63	2.71	2.63	1.96
5 year	5.91	4.66	2.84	3.58	2.84	2.26
10 year	8.06	6.79	4.46	5.26	4.46	3.70

Source: Thomson Datastream, Reuters and CNMV.

1 Monthly average of daily data.

2 Data to 14 March.

Sovereign spreads continued to tighten in the year's opening stretch…

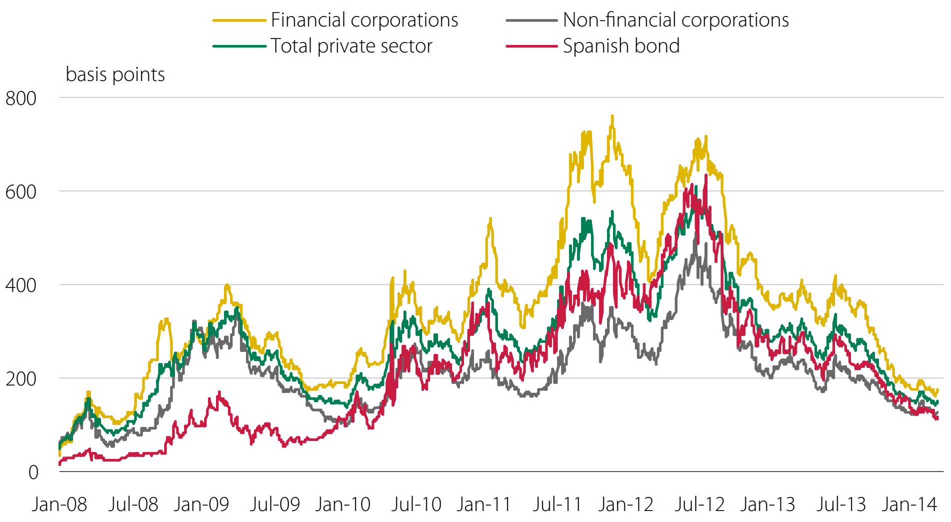
Spain's sovereign risk premium, as derived from five-year CDS spreads and the yield spread between the Spanish and German benchmarks, held to a narrowing trend over the first quarter of 2014, in tune with the better risk tone of domestic debt markets and an improved macroeconomic outlook. CDS spreads, specifically were down to 115 bp by mid-March compared to 153 bp at the 2013 close (see figure 17), while the Spanish/German spread narrowed in the period from 220 bp to 180 bp.

…while the narrowing movement in corporate spreads was accompanied by a gathering convergence between financial and non-financial issuers.

Corporate bond spreads inched higher in January only to fall back thereafter, with financial paper to the fore. The average CDS spreads of Spanish corporate borrowers narrowed from 158 bp at the 2013 close to 154 bp in mid-March, just slightly above the sovereign CDS (see figure 17). Note that the average credit spreads of financial and non-financial issuers have increasingly converged with respect to the 400 bp gap observable at the height of market turbulence. So while the average CDS spreads of financial corporations dropped from 186 bp in December last to mid-March levels of 178 bp, those of non-financial corporations held broadly flat at just under 130 bp.

Aggregate risk premium[1] based on the five-year CDS of Spanish issuers

FIGURE 17

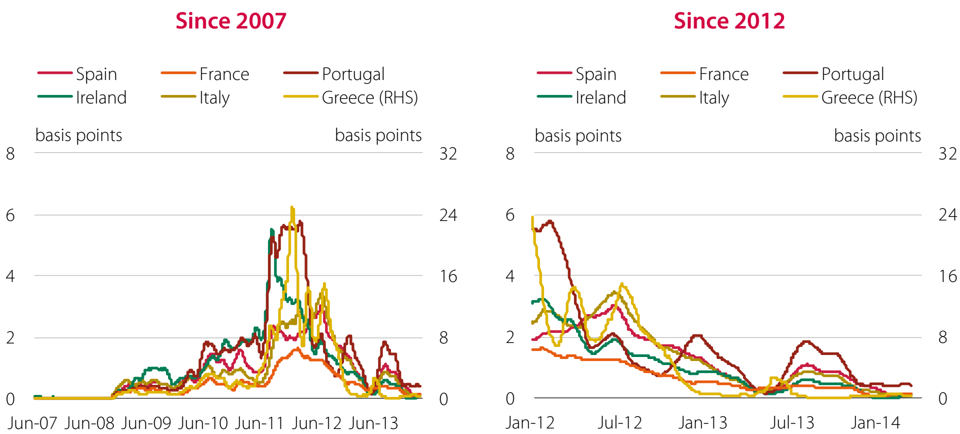


Source: Thomson Datastream and CNMV.

1 Simple average. Data to 14 March.

Indicators of sovereign credit risk contagion in the euro area[1]

FIGURE 18



Source: Thomson Datastream and CNMV. Data to 10 March 2014.

1 Defined as the impact on German sovereign CDS of contemporaneous shocks in the CDS of Spain, Italy, Ireland, Portugal, Greece and France equivalent to 1% of the CDS spread at that point in time. Results are the product of two components. The first measures the degree of contagion from one country to another taken as the percentage change in the German sovereign CDS that is exclusively explained by a contemporaneous variation in the CDS spread of one of the above six countries. This percentage is based on the decomposition of the variance of the estimated prediction error using an autoregressive vector model (ARV) with two variables – the impacted variable (change in the German sovereign CDS) and the shock-generating variable (change in the sovereign CDS of Spain, Italy, Ireland, Portugal, Greece or France) – and two retardations. Estimates are implemented through a moving window of the 100 periods prior to the first prediction period. The second component measures the credit risk of the shock emitter, as approximated from its CDS. Finally, the resulting series is smoothed using a moving average of 30 trading sessions.

Reduced funding needs drive issuance down by 61% despite the cheaper financing available…

Private-sector issuance activity slowed considerably in 2013, despite the easier financial conditions available, due to generally reduced funding needs, especially in the banking sector. Overall, the gross volume of fixed-income issues registered with the CNMV came to 138.84 billion euros, 61.2% less than in 2012 (see table 11).

Non-financial corporations again accounted for a small share of the annual total, but were considerably more active than in 2012, with non-resident subsidiaries, in particular, stepping up their issuance. Note also that inter-year comparison is distorted by the atypically high figures for 2012.[11] The shrinkage in issuance extended to all fixed-income products except asset-backed securities, whose sales climbed by 20.1%.

…a trend that has persisted through the first months of 2014.

Most of these trends persisted through the opening quarter of 2014, with issuance still contracting despite increasingly benevolent debt financing conditions. The volume of debt issues registered with the CNMV totalled 16.40 billion to mid-March, compared to the 40.80 billion euros of the same period in 2013.

The 28% decrease to March in commercial paper sales may be partially offset by higher issuance abroad.

Commercial paper sales dropped by 28% year on year to 6.65 billion euros. Among possible reasons, aside from lower borrowing needs, is that issuers are placing more short-term issues on foreign markets (see table 11) and/or are switching to longer-dated instruments in order to lock into lower rates.

Lower issuance of non-convertible bonds (traceable partly to the SAREB), asset-backed securities…

Issuance of non-convertible bonds and asset-backed securities also fell sharply in the opening quarter. Non-convertible bond sales to mid-March summed 5.65 billion, 64% less than in the same period in 2013, with some of the decline attributable to lower issuance by the SAREB.[12] Meantime, activity in asset-backed securities died down considerably, with the quarter's 1.85 billion paling in comparison to the 7.38 billion euros of the same period in 2013.

…and mortgage covered bonds.

Mortgage bond sales in the first quarter of 2014, at 2.25 billion euros, were 73% down vs. the year-ago period. No issues were reported of either territorial bonds (secured on loans to public authorities) or hybrid debt instruments (convertible bonds and preference shares).

International issuance also retreats due to reduced sales of longer-term instruments.

Finally, the 10.92 billion placed abroad by Spanish issuers to February 2014 represented a 16% decline with respect to the same period in 2013 (13.04 billion euros). The reduction owed exclusively to sales of longer-dated instruments, down by 34% to 7.22 billion, while short-term sales expanded from 2.09 billion to 3.71 billion euros.

11 For instance, government-backed issues summed 42.64 billion in 2012, but dried up entirely in 2013.

12 SAREB issues came to 14.09 billion in the first quarter of 2013 vs. 4.09 billion in the first quarter of 2014.

Gross fixed-income issues

TABLE 11

filed[1] with the CNMV	2010	2011	2012	2013	2013 3Q	2013 4Q	2014 1Q[2]
NUMBER OF ISSUES	**349**	**353**	**334**	**277**	**50**	**92**	**66**
Mortgage bonds	88	115	94	40	6	5	4
Territorial bonds	9	42	18	6	2	1	0
Non-convertible bonds and debentures	154	87	134	170	33	63	54
Convertible/exchangeable bonds and debentures	3	9	7	8	0	4	0
Asset-backed securities	36	45	35	33	3	14	3
Commercial paper facilities	59	53	46	20	6	5	5
Securitised	2	2	1	0	0	0	1
Other commercial paper	57	51	45	20	6	5	4
Other fixed-income issues	0	0	0	0	0	0	0
Preference shares	0	2	0	0	0	0	0
NOMINAL AMOUNT (million euros)	**226,449**	**288,992**	**357,830**	**138,839**	**21,545**	**42,425**	**16,399**
Mortgage bonds	34,378	67,227	102,170	24,800	6,015	2,250	2,250
Territorial bonds	5,900	22,334	8,974	8,115	4,000	2,500	0
Non-convertible bonds and debentures	24,356	20,192	86,442	32,537	172	12,633	5,647
Convertible/exchangeable bonds and debentures	968	7,126	3,563	803	0	363	0
Asset-backed securities	63,261	68,413	23,800	28,593	904	14,695	1,850
Domestic tranche	62,743	63,456	20,627	24,980	904	12,802	1,389
International tranche	518	4,957	3,173	3,613	0	1,893	461
Commercial paper[3]	97,586	103,501	132,882	43,991	10,455	9,983	6,652
Securitised	5,057	2,366	1,821	1,410	440	400	200
Other commercial paper	92,529	101,135	131,061	42,581	10,015	9,583	6,452
Other fixed-income issues	0	0	0	0	0	0	0
Preference shares	0	200	0	0	0	0	0
Pro memoria:							
Subordinated issues	9,154	29,199	7,633	4,776	92	2,149	0
Covered issues	299	10	0	193	0	0	196

abroad by Spanish issuers	2010	2011	2012	2013	2013 3Q	2013 4Q	2014 1Q[4]
NOMINAL AMOUNT (million euros)	**127,731**	**120,043**	**91,882**	**47,852**	**7,081**	**10,366**	**10,924**
Long-term	51,107	51,365	50,312	34,452	3,494	7,436	7,215
Preference shares	0	0	0	1,653	0	500	1,500
Subordinated debt	0	242	307	750	0	750	0
Bonds and debentures	50,807	51,123	50,005	32,049	3,494	6,186	5,715
Asset-backed securities	300	0	0	0	0	0	0
Short-term	76,624	68,677	41,570	13,400	3,587	2,930	3,708
Commercial paper	76,624	68,677	41,570	13,400	3,587	2,930	3,708
Securitised	248	322	11,590	0	0	0	0

Pro memoria: Gross issuance by subsidiaries of Spanish companies resident in the rest of the world

	2010	2011	2012	2013	2013 3Q	2013 4Q	2014 1Q[4]
NOMINAL AMOUNT (million euros)	**191,266**	**108,396**	**49,123**	**48,271**	**10,312**	**12,497**	**6,626**
Financial corporations	161,897	79,199	18,389	8,071	953	3,443	2,435
Non-financial corporations	29,369	29,197	30,734	40,200	9,359	9,053	4,192

Source: CNMV and Banco de España.

1 Incorporating issues admitted to trading without a prospectus being filed.

2 Data to 15 March.

3 Figures for commercial paper issuance correspond to the amount placed.

4 Data to 28 February.

Rules and obligations of Regulation (EU) No. 648/2012 (EMIR) EXHIBIT 5

Regulation (EU) No. 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties (CCPs) and trade repositories (hereafter EMIR) came into force on 16 August 2012. Its obligations extend to all investors trading in derivatives, regardless of their degree of expertise and whether they are financial or non-financial corporations. Their force, however, tends to be proportional to the use made of derivative instruments and the corresponding volume of activity. Also, certain transactions are exempt from its provisions, such as the hedging of risks inherent to the conduct of a company's business and contracts entered into with counterparties within the same group. The regulatory technical standards supplementing EMIR and permitting its effective application are being drawn up by the European Securities and Markets Authority (ESMA). Most of these standards were published on 23 February 2013 and became effective on 15 March. European institutions continue to work on the remainder of EMIR's implementing measures, which mainly affect the exchange of collateral for non-centrally cleared derivatives.

Main requirements under the EMIR framework

1. CCP clearing will be mandatory for certain derivative contracts. The entry to force of this rule will depend on the final authorisation of CCPs and on whether the European authorities decide in favour of its application. At a rough estimate, it should become effective as of mid-2014. Meantime, non-financial counterparties exceeding any of the clearing thresholds set in the technical standards have been required to report this fact to the competent national authorities and ESMA since 15 March 2013.

2. All derivate contracts traded by financial and non-financial counterparties should be reported to trade repositories authorised or recognised by ESMA. This obligation accordingly starts with the existence of an ESMA-approved trade repository. On 7 November 2013, the European regulator authorised four entities to act as trade repositories, and the associated reporting requirement took effect on 12 February 2014.

3. Use of risk mitigation techniques for the trading of non-centrally cleared derivate contracts, including:

   – Timely confirmation of the terms of the contract and the existence of formalised processes for the early identification and resolution of disputes between the parties.

   – Portfolio reconciliation or compression, regular marking-to-market of contracts, and exchange of collateral, when certain clearing thresholds are exceeded.

   These obligations came into force on 16 August 2012. Note, however, that since 15 March 2013, the risk mitigation techniques used by financial and non-financial counterparties must comply in full with the technical standards published to date.

4. Establishment of stringent organisational, business conduct and prudential requirements to be complied with by CCPs.

   Issue of new ESMA rules for the authorisation and operation of trade repositories. On 7 November 2013, ESMA authorised the following EMIR trade repositories: four in the United Kingdom: CME Trade Repository Ltd. (CME TR), DTCC Derivatives Repository Ltd. (DDRL), ICE Trade Vault Europe Ltd. (ICE TVEL), UnaVista Ltd.; one in Poland: Krajowy Depozyt Papierów Wartosciowych S.A. (KDPW); and one in Luxembourg (Regis-TR S.A.), a joint venture between Clearstream and Iberclear.

Scope of application

All OTC derivate contracts – that is, derivative contracts the execution of which does not take place on a regulated market as defined by the MiFID – will be subject to central clearing requirements as of the date decided by the European authorities. In remaining cases, transactions should be subject to risk mitigation techniques.

All derivative contracts, whether traded OTC or on regulated markets, should be reported to a trade repository authorised or recognised by ESMA.

Financial counterparties are defined as: investment firms, credit institutions, insurance and reinsurance undertakings, UCITS and their management companies, pension funds enjoying certain temporary exemptions and alternative investment funds.

Non-financial counterparties are defined as any undertaking other than those listed above. Non-financial counterparties are deemed to have exceeded the clearing threshold when the gross notional value of their OTC derivative contracts is above one of the following limits, taken individually: one billion euros for credit and equity derivatives and three billion euros for derivatives based on foreign exchange, interest rates, commodities or any other underlying asset.

In aggregating the value of their contracts, non-financial counterparties should include all OTC derivative contracts entered into by them or entities within their group, other than those employed to reduce risks directly related to their commercial activity or treasury financing activity.

4 Market agents

4.1 Investment vehicles

Financial UCITS[13]

After five years' decline, assets under management in investment funds expand 26% in 2013 on the strength of net unit-holder subscriptions…

After five years of non-stop decline, investment funds grew their combined assets by 26.3% to 156.68 billion euros at the 2013 close (see table 13). Around three-quarters of the increase owed to net subscriptions, which summed over 24 billion in the full-year period (see table 12), with almost 15 billion entering in the second half. Fixed-income and passively managed funds were those registering the largest inflows (13.41 and 12.68 billion respectively), followed at a distance by balanced equity and balanced fixed-income products (2.67 and 2.37 billion euros respectively). The only categories experiencing net outflows were guaranteed funds, in both their fixed-income and equity variants, where net redemptions summed 6.72 and 2.69 billion euros respectively. This marks a sea change with respect to preceding years, when guaranteed funds, especially fixed-income products, attracted in most subscriptions at the expense of fixed-income funds.

Net investment fund subscriptions TABLE 12

				2013			
Million euros	2011	2012	2013	1Q	2Q	3Q	4Q
Total investment funds	**-10,853.1**	**-14,597.3**	**24,086.2**	**4,224.4**	**5,205.5**	**5,847.4**	**8,808.9**
Fixed income[1]	-10,423.6	-7,739.7	13,405.0	1,729.5	3,934.9	3,329.4	4,411.2
Balanced fixed income[2]	-1,980.4	-18.8	2,369.7	419.0	668.7	132.6	1,149.4
Balanced equity[3]	-375.5	35.8	2,673.3	349.0	315.7	668.0	1,340.6
Euro equity [4]	142.0	-115.4	1,733.5	275.0	104.6	328.0	1,025.9
International equity[5]	-796.0	-425.3	865.9	122.3	133.3	175.4	434.9
Guaranteed fixed-income guaranteed	7,809.3	-338.8	-6,717.5	537.8	-602.6	-2,334.0	-4,318.7
Guaranteed equity[6]	-4,053.9	-4,225.9	-2,689.1	-651.9	-952.7	-593.3	-491.2
Global funds	972.2	-1,021.0	-176.7	-61.0	-197.9	42.0	40.2
Passively managed[7]	60.8	823.8	12,675.2	1,477.0	1,851.1	4,150.7	5,196.4
Absolute return[7]	-2,207.9	-1,571.9	-53.2	27.7	-49.5	-51.4	20.0

Source: CNMV. Estimates only.

1 Includes: Euro and international fixed income and money market funds (as of 3Q 2011, money market funds encompass those engaging in money market and short-term money market investments, Circular 3/2011).
2 Includes: Euro and international balanced fixed income.
3 Includes: Euro and international balanced equity.
4 Includes: Euro equity.
5 Includes: International equity.
6 Includes: Guaranteed and partial protection equity funds.
7 New categories as of 2Q 09. Absolute return funds were previously classed as global funds.

13 Although this classification includes hedge funds and funds of hedge funds, we make no separate reference to them here, since they are the subject of their own sub-section further ahead.

Main investment fund variables*

TABLE 13

Number	2011	2012	2013	2013 1Q	2013 2Q	2013 3Q	2013 4Q
Total investment funds inversión	**2,310**	**2,185**	**2,045**	**2,185**	**2,117**	**2,070**	**2,045**
Fixed income[1]	508	454	384	448	408	388	384
Balanced fixed income[2]	140	125	122	126	129	125	122
Balanced equity[3]	128	117	128	120	124	128	128
Euro equity[4]	148	127	108	126	116	113	108
International equity[5]	220	211	193	209	198	192	193
Guaranteed fixed-income	351	398	374	409	402	391	374
Guaranteed equity[6]	420	361	308	348	336	316	308
Global funds	203	192	162	182	174	168	162
Passively managed[7]	59	85	169	103	126	148	169
Absolute return[7]	133	115	97	114	104	101	97
Assets (million euros)							
Total investment funds	**132,368.6**	**124,040.4**	**156,680.1**	**130,295.4**	**135,933.5**	**145,168.5**	**156,680.1**
Fixed income[1]	46,945.5	40,664.6	55,058.9	42,690.3	46,736.8	50,381.0	55,058.9
Balanced fixed income[2]	5,253.6	5,500.9	8,138.0	5,965.6	6,618.4	6,873.4	8,138.0
Balanced equity[3]	2,906.1	3,179.9	6,312.4	3,593.6	3,911.9	4,783.4	6,312.4
Euro equity[4]	4,829.2	5,270.2	8,632.8	5,691.8	5,867.8	7,021.5	8,632.8
International equity[5]	6,281.2	6,615.0	8,849.0	7,224.0	7,297.3	7,967.6	8,849.0
Guaranteed fixed-income	35,058.0	36,445.0	31,481.2	37,653.1	37,316.1	35,504.7	31,481.2
Guaranteed equity[6]	18,014.5	14,413.2	12,503.8	13,925.5	13,032.2	12,767,2	12,503.8
Global funds	5,104.7	4,358.6	4,528.1	4,366.9	4,157.3	4,352.8	4,528.1
Passively managed[7]	1,986.2	2,991.2	16,515.9	4,511.4	6,402.4	10,926.5	16,515.9
Absolute return[7]	5,989.7	4,601.9	4,659.9	4,673.3	4,593.4	4,590.4	4,659.9
Unit-holders							
Total investment funds	**4,835,193**	**4,410,771**	**5,050,719**	**4,523,140**	**4,646,619**	**4,799,719**	**5,050,719**
Fixed income[1]	1,384,946	1,261,634	1,508,009	1,283,052	1,347,295	1,410,867	1,508,009
Balanced fixed income[2]	206,938	188,574	240,676	194,084	203,705	205,034	240,676
Balanced equity[3]	145,150	138,096	182,223	140,132	141,715	161,099	182,223
Euro equity[4]	237,815	220,450	293,193	231,881	239,309	254,009	293,193
International equity[5]	448,539	398,664	457,606	409,552	427,789	435,571	457,606
Guaranteed fixed-income	1,042,658	1,075,852	1,002,458	1,114,875	1,124,209	1,091,051	1,002,458
Guaranteed equity[6]	912,298	727,880	608,051	703,587	655,760	628,100	608,051
Global funds	127,336	101,321	128,741	104,718	111,567	117,838	128,741
Passively managed[7]	100,416	125,003	441,705	170,399	224,481	321,669	441,705
Absolute return[7]	229,097	173,297	188,057	170,860	170,789	174,481	188,057
Return[8] (%)							
Total investment funds	**-0.08**	**5.50**	**6.50**	**1.65**	**0.36**	**2.50**	**1.85**
Fixed income[1]	1.56	3.54	2.28	0.76	0.31	0.65	0.54
Balanced fixed income[2]	-1.34	4.95	4.16	0.83	-0.19	1.85	1.62
Balanced equity[3]	-5.64	7.83	10.85	2.02	0.17	4.78	3.52
Euro equity[4]	-11.71	12.31	28.06	2.95	1.30	13.71	7.99
International equity[5]	-10.83	13.05	20.30	7.40	-0.69	6.87	5.54
Guaranteed fixed-income	3.28	4.85	4.96	1.82	0.70	1.46	0.89
Guaranteed equity[6]	0.14	5.07	6.15	1.16	0.42	2.62	1.83
Global funds	-4.64	7.44	8.71	1.70	-0.26	3.80	3.25
Passively managed[7]	-7.33	7.10	8.88	1.06	0.86	4.13	2.58
Absolute return[7]	-1.87	3.84	2.77	0.96	-0.32	1.07	1.04

Source: CNMV.

* Data for funds that have filed financial statements (i.e., not including those in the process of winding-up or liquidation).

1 Includes: Euro and international fixed income and money market funds (as of 3Q 2011, money-market funds encompass those engaging in money market and short-term money market investments, Circular 3/2011).

2 Includes: Euro and international balanced fixed income.

3 Includes: Euro and international balanced equity.

4 Includes: Euro equity

5 Includes: International equity.

6 Includes: Guaranteed equity and partial protection equity funds.

7 New categories as of 2Q09. All absolute return funds were previously classed as global funds.

8 Annual return for 2011, 2012 and 2013. Quarterly data comprise non-annualised quarterly returns.

Advancing returns provided a quarter of the increase in industry assets, with gains of 6.5% in the full-year period, and 4.4% in the second half (see table 13). In a year of rising stock markets, the strongest performers were euro equity and international equity funds, whose portfolios gained 28.1% and 20.3% respectively (22.8% and 12.8% in the last six months). Despite the expansion in their assets, fund numbers shrank once more in 2013, as management companies' prolonged drive to rationalise their offerings received fresh impetus from the restructuring of the Spanish financial system. At year-end, a total of 2,045 funds remained in operation, 140 fewer than at end-2012. Leading the decline were fixed-income and guaranteed equity funds, whose numbers dropped by 70 and 53 respectively. Passively managed funds were a notable exception, doubling their numbers from 85 at the 2012 close to 169 in 2013.

…and, in smaller measure, increased portfolio returns.

The industry's improved fortunes were also apparent in unit-holder numbers. These climbed by 640,000 to over five million at year-end 2013, with passively managed and fixed-income funds as the principal beneficiaries (an additional 317,000 and 246,000 unit-holders respectively). The sole exception was the guaranteed funds category, which lost 200,000 unit-holders overall in the course of 2013.

Unit-holder numbers climb to over five million at the 2013 close.

Preliminary data for January suggest the expansion trend has lasted into 2014. Assets under management are estimated to have risen by 2.4% in the month to 160.4 billion euros, accompanied by a 120,000 increase in unit-holder numbers to almost 5.2 million. Meantime, fund mergers have continued to take their course.

Preliminary data for January 2014 point to continuing expansion.

Estimated liquidity of investment fund assets TABLE 14

	Less-liquid investments					
	Million euros			% total portfolio		
Type of asset	**Jun 13**	**Sep 13**	**Dec 13**	**Jun 13**	**Sep 13**	**Dec 13**
Financial fixed income rated AAA/AA	210	185	177	21	18	18
Financial fixed income rated below AAA/AA	3,114	2,696	2,457	17	16	15
Non-financial fixed income	186	179	177	8	7	6
Securitisations	541	489	509	30	24	23
AAA-rated securitisations	35	31	33	99	100	100
Other securitisations	506	458	476	28	23	22
Total	**4,051**	**3,549**	**3,320**	**17**	**16**	**15**
% of investment fund assets	**3.0**	**2.5**	**2.1**			

Source: CNMV.

The liquidity conditions of fund fixed-income portfolios prolonged the improvement of the two previous years, with the amount of less-liquid assets down by two billion euros (700 million in the second-half period) to just over 3.30 billion (see table 14). On this showing, the ratio of less-liquid assets dropped from 4.4% of total fund assets in 2012 to 2.1% in 2013. Note also that the least liquid assets made up less of the total in both fixed-income and asset-backed securities.

A renewed decline in the balance of less-liquid assets as far as 2.1% of the industry total.

Real estate schemes

The ongoing adjustment in Spanish construction and real estate continued to weigh on the sector throughout 2013. That said, the year also saw a widening performance

In a year marked by the ongoing adjustment in Spanish real estate…

gap between funds, whose main variables continued in decline, and investment companies, which managed a solid advance.

…funds continued to struggle, with all main variables in decline…

The year ended with six real estate funds in operation, the same number as at end-2012. Only four, however, can be regarded as active, with the other two in the process of winding up. Main fund variables performed in line with the previous years, that is, with further decline in assets, investors and portfolio returns. Specifically, assets under management contracted 12.4% to less than 3.7 billion euros, while unit-holder numbers dropped below six thousand, a fall of 77.2%. The scale of this slide is due to investors in one fund redeeming their holdings in the fourth-quarter period, in the course of the last liquidity window preceding its de-merger. Fund returns, finally, were again negative in every quarter delivering an annual loss of 11.28% (see table 15).

…in contrast to real estate investment companies, which kept up their expansion trend.

Conversely, the number of real estate investment companies increased from eight to ten in 2013 (see table 15), accompanied by a leap in assets from 284 to 854 million euros between December 2012 and 2013. This increase, however, was exclusively due to the entry of one company, which changed its form in January 2013 from that of a public limited company. Shareholder numbers, finally, closed at 1,023, after an increase of 86.

Main real estate scheme variables[1] TABLE 15

					2013			
	2010	2011	2012	2013	1Q	2Q	3Q	4Q
FUNDS								
Number[1]	7	6	6	6	6	6	6	6
Unit-holders	75,280	29,735	25,218	5,750	24,048	21,541	21,466	5,750
Assets (million euros)	6,116	4,495	4,202	3,683	4,071	3,986	3,899	3,683
Return (%)	-4.74	-3.23	-5.53	-11.28	-2.59	-1.88	-2.13	-5.15
COMPANIES								
Number	8	8	8	10	9	10	10	10
Shareholders	943	943	937	1,023	1,021	1,017	1,018	1,055
Assets (million euros)	322	313	284	854	844	854	860	855

Source: CNMV.

1 Schemes filing financial statements.

Hedge funds

Funds of hedge funds lose further business in 2013, while hedge fund expansion falters.

This category includes both funds of hedge funds and hedge funds *per se*. By and large, the trends dominating the industry landscape throughout the crisis persisted over 2013, with the funds of hedge funds segment contracting sharply and the recent-year expansion in the hedge funds segment apparently running out of steam. Also, the number of schemes in operation fell from 60 to 51, with the fund of funds segment losing two competitors (both de-registrations) and the pure hedge funds segment losing seven (ten de-registrations and three new entries). A significant number of funds were in the process of liquidation at the end of the year (13 funds of hedge funds and three hedge funds).

Fund of hedge fund assets fell by 21.6% to 423 million euros in the first 11 months of 2013, while unit-holder numbers decreased by 6.7% to 3,114 (see table 16). Despite this contraction, portfolio returns in the same period were a positive 4.2%.

Funds of hedge funds lose 22% of their assets but manage positive returns…

Pure hedge funds, by way of contrast, grew their assets 10.9% to over one billion euros between December 2012 and November 2013, with expansion driven by both net subscriptions and a surge in portfolio returns (14.6%) that was most intense from July to November (9.4%). Unit-holder numbers, finally, slipped by 1.8% to close the year at 2,383.

…while hedge funds grow their assets 11% on net subscriptions and portfolio gains.

Main hedge fund and fund of hedge fund variables TABLE 16

	2010	2011	2012	2013 1Q	2013 2Q	2013 3Q	2013 4Q[2]
FUNDS OF HEDGE FUNDS							
Number[1]	28	27	24	24	22	22	22
Unit-holders	4,404	3,805	3,338	3,211	3,230	3,218	3,114
Assets (million euros)	694.9	573.0	540.0	536.2	468.0	418.3	423.3
Return (%)	3.15	-1.70	0.60	2.73	-0.52	0.25	1.75
HEDGE FUNDS							
Number[1]	33	36	36	33	33	33	29
Unit-holders	1,852	2,047	2,427	2,384	2,374	2,323	2,383
Assets (million euros)	646.2	728.1	918.6	964.8	981.3	993.2	1,018.7
Return (%)	5.37	-2.60	3.03	3.72	1.03	5.34	3.81

Source: CNMV.

1 Schemes filing financial statements.

2 Data to November 2013.

Foreign UCITS marketed in Spain

This segment kept up the strong expansion initiated in 2012, with a fresh surge that propelled assets under management to almost 55 billion euros, an increase of 43.7%. Both funds and companies shared in the advance with growth of 35.9% and 45.3% as far as 8.5 and 46 billion euros respectively. Investor numbers topped the one million mark after climbing 30.3% in the year. Finally, the number of companies rose by a hefty 39 to 372, while fund numbers declined by 13 to 408.

Foreign UCITS marketed in Spain grow their assets 44% in 2013, as far as 55 billion euros.

Outlook

It appears that the collective investment industry may finally be clear of the slump endured since the start of the crisis, whose principal symptom was a continuous outpouring of investor funds. This is especially true in the case of financial UCITS, whose key variables (assets and unit-holder numbers), to judge from the data available at the time of writing, have kept up their improvement through the first months of 2014. A series of factors could help sustain the recovery going forward, particularly investors' renewed confidence in this kind of product now financial markets have effectively stabilised. Support may also come from the fading appeal of other lower-risk investment products like bank deposits, whose yields have been declining in the past few months.

Hope for a firming recovery in 2014 as investors regain confidence in collective investment products.

ESMA opinion on investment firm practices in the sale of complex products EXHIBIT 6

On 7 February 2014, ESMA issued an opinion pursuant to the terms of article 29, paragraph 1, point (a) of Regulation (EU) No. 1095/2010 setting out the minimum standards of conduct it would expect from firms selling complex products. ESMA expressed concern that although the existing requirements of the Investment Services Directive (MiFID) should be sufficient to this purpose, it appeared that compliance with conduct of business rules may have fallen short in some cases. Accordingly, without prejudice to any other legislative initiatives, ESMA has delivered this opinion to remind supervisors about the relevant MiFID provisions governing selling practices, which they should monitor with special care in the course of their supervisory duties.

The opinion covers a series of points regulated in the MiFID, with special attention to the following:

– **Organisation and internal controls.** Firms should implement adequate internal controls over product development. If analysis reveals that a particular product will never meet clients' best interests, or there is insufficient information to determine its real features and risks, the product in question should not be recommended or sold. Firms should ensure that those responsible for establishing the target market, drafting marketing material and providing financial services to clients fully understand the nature and workings of complex products, and that staff are properly trained in their use. They should also weigh up whether complex products should be sold on an advised or a non-advised basis. ESMA urges firms to identify and manage possible conflicts of interest, especially when the selling entity is the issuer or is acting as the counterparty of the transaction. In particular, the compliance function should check whether incentives relating to the product (including remuneration) create conflicts of interest, with special attention to whether such incentives are more lucrative than those for standard investments.

– **Assessment of the product's suitability for the client.** Firms should carry out a detailed evaluation of the product before deciding to recommend it. They should also consider the degree of additional information to be sought from clients, over and above that required for less complex products, so they can correctly assess their ability to understand the investment and bear the related risks. As examples of the kind of data firms should gather, the report suggests investment objectives and attitude to risk, the investment time horizon, and whether the client can afford potential investment losses and foreseeable future commitments as well as the charges and costs involved, all the time considering the possibility that an alternative, cheaper and less complex investment might better serve his or her needs. Firms should also guard against being over-reliant on clients' self-assessment, and ensure that the information they have is correct and up-to-date. At the sale stage, firms using standardised processes to assess appropriateness should not use this process as a self-certifying exercise. Finally, when a firm judges that a product is not appropriate or lacks sufficient information, yet is still making it available, ESMA stresses that it should warn the client specifically that he or she is unlikely to understand the risks involved.

– **Disclosure.** All communication to the client should be fair, clear and not misleading. ESMA insists particularly that clients should be informed of the total amount of applicable costs and charges (to include estimated cash values, impact on investment performance and an indication of disinvestment value immediately after the transaction), as well as the potential consequences of seeking to sell or exit early. It also lays down certain principles firms should follow in explaining products to their clients, with reference, for instance, to the impact of any leveraging or embedded derivatives, and the scope and nature of any guarantee or capital protection. Finally, non-advised sales of complex products should be accompanied by a clear and specific warning on their main risk characteristics.

– **Monitoring and assessment**. The sale of complex products should be identified as a priority for firms' compliance function – the more complex the product the greater the scrutiny. Assessments should also focus on the issues brought up in customer complaints.

4.2 Investment firms

The better performance of financial markets through 2013…

The greater buoyancy of financial markets in 2013 provided a more favourable climate for the investment firm sector, whose aggregate earnings responded accordingly. The year ended with 82[14] firms, five fewer than in 2012, listed on the CNMV registers, which also recorded six changes of control (affecting four broker-dealers and two brokers). The number of operators engaging in cross-border business was practically unchanged with respect to the previous year, with seven passported to operate in other EU countries via a branch and 40 doing so under the free provision of services (one fewer than in 2012). It bears mention too that 284 firms registered in other Member States informed the CNMV in 2013 of their intention to provide investment services in Spain (most of them under the free provision of services).

…powers investment firm earnings four times higher to 217 million euros.

Investment firms reported aggregate pre-tax profits of 217.4 million euros in 2013 (see figure 19), four times more than the figure for 2012 (50.1 million euros). Note that the scale of increase here is due to one broker-dealer's 2012 losses, without which the difference drops to a more modest 19%.

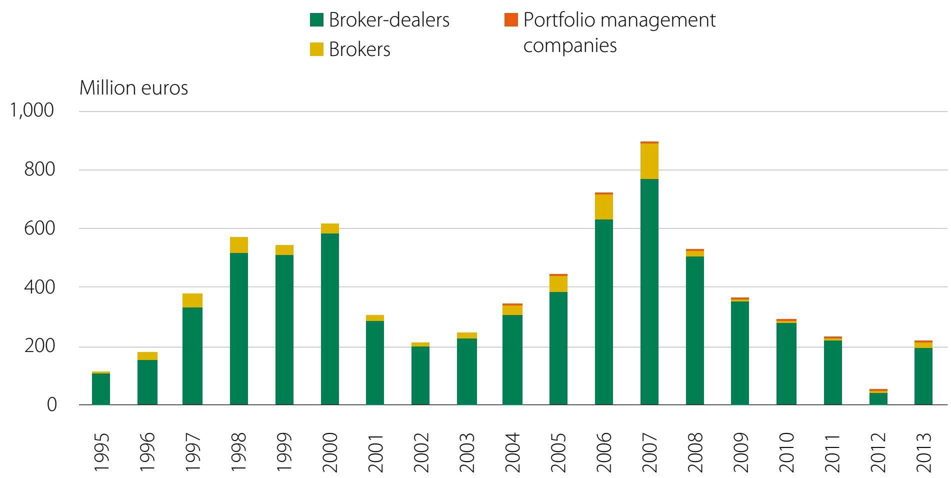
Broker-dealer profits are boosted by income from financial investments and lower depreciation charges and asset impairment losses.

The pre-tax profits of broker-dealers, which accounted for almost 90% of the sector total, stood almost 153 million higher than in 2012 at 194.5 million euros. Improvement was driven by higher net inflows at some income statement lines – outstandingly the results of financial investments – coupled with falling depreciation charges and financial asset impairment losses. Gross income rose by 27.8% in aggregate terms to 572 million euros, though not all items contributed to the same extent,

14 Excluding investment advisory firms, which are dealt with separately in a later section in view of their different characteristics.

while both income from financial investments and net interest income climbed sharply in the year. However, firms also registered copious exchange losses, while fees on investment services, broker-dealers' biggest earning item above the gross income line, receded 3.9% to 565.8 million euros. Operating expenses, finally, increased by 2.3% to 384.6 million euros.

Investment firm pre-tax profits[1] FIGURE 19



Source: CNMV.

1 Except investment advisory firms.

Brokers too manage to grow their profits on the revival of fee income from investment services and operating cost contention.

Brokers managed pre-tax profits of 19.3 million euros, substantially ahead of the less than seven million reported in 2012. By contrast to broker-dealers, fee inflows were the main source of this improvement, with net fee income from the provision of investment services up by 18.4% vs. the previous year to 130.7 million euros. Importantly, all key investment services played a part in the advance, with order processing fees up by 5.5%, UCITS marketing fees up 38.1%, portfolio management fees up 12.4%, and those from investment advice and issue placement and underwriting swelling by 85% and 50.7% respectively (see table 17). Overall, brokers' gross margin closed the year at 110.6 million euros, 16.5% more than in 2012, while operating expenses rose by a subdued 2.4% to 89.7 million euros.

Portfolio management companies also raise their earnings thanks to fee income growth and lower operating expenses.

Finally, the aggregate pre-tax profits of portfolio management companies closed the year at 3.56 million, almost two million euros more than in 2012 (see table 17). Behind the advance was a sturdy increase in net fee income (up by 18.8%) accompanied by a 10.3% reduction in operating expenses. Portfolio management companies, whose numbers, according to CNMV registers, were down to five at the 2013 close,[15] have endured growing competition in recent years from the likes of investment advisory firms and UCITS management companies.

15 Compared to the more than 20 registered in 2004.

Aggregate income statement (Dec 13)

TABLE 17

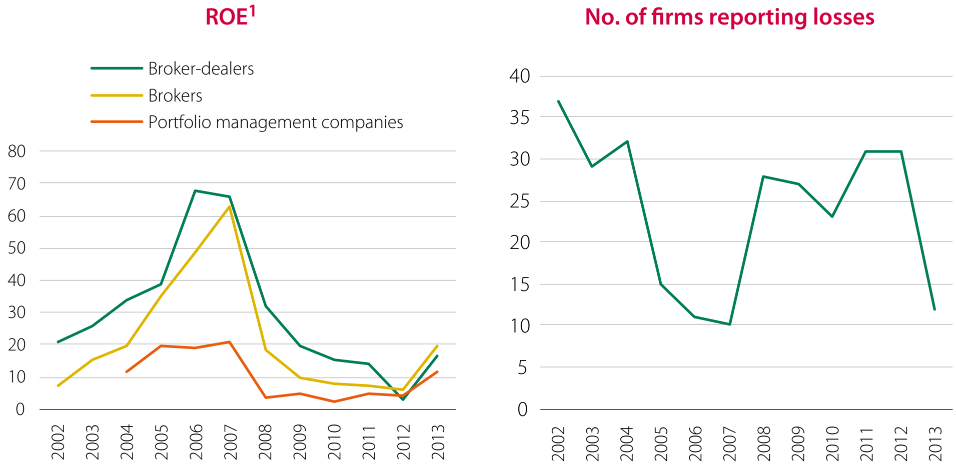
	Broker-dealers			Brokers			Portfolio managers		
Thousand euros	Dec 12	Dec 13	% var.	Dec 12	Dec 13	% var.	Dec 12	Dec 13	% var.
1. Net interest income	56,161	67,333	19.9	1,912	1,799	-5.9	733	667	-9.0
2. Net fee income	410,740	387,216	-5.7	93,246	110,422	18.4	7,879	9,362	18.8
2.1. Fee income	589,027	565,787	-3.9	108,198	130,738	20.8	17,887	18,603	4.0
2.1.1. Order processing and execution	348,403	347,522	-0.3	38,112	40,196	5.5	–	–	–
2.1.2. Issue placement and underwriting	6,869	4,824	-29.8	3,128	4,715	50.7	–	–	–
2.1.3. Securities custody and administration	19,775	17,987	-9.0	576	505	-12.3	–	–	–
2.1.4. Portfolio management	14,883	15,581	4.7	14,476	16,267	12.4	16,307	17,028	4.4
2.1.5. Investment advising	5,137	10,500	104.4	3,092	5,707	84.6	1,579	1,575	-0.3
2.1.6. Search and placement	50	8,659	17,218.0	88	55	-37.5	–	–	–
2.1.7. Margin trading	8	22	175.0	30	11	-63.3	–	–	–
2.1.8. UCITS marketing	45,050	51,766	14.9	25,949	35,823	38.1	0	0	–
2.1.9. Others	148,854	108,926	-26.8	22,746	27,459	20.7	1	0	-100.0
2.2. Fee expense	178,287	178,571	0.2	14,952	20,316	35.9	10,008	9,241	-7.7
3. Result of financial investments	9,403	256,110	2,623.7	1,255	5	-99.6	4	9	125.0
4. Net exchange income	-37,363	-149,033	-298.9	-105	-237	-125.7	-30	-24	20.0
5. Other operating income and expense	8,841	10,566	19.5	-1,354	-1,396	-3.1	29	-8	–
GROSS INCOME	**447,782**	**572,192**	**27.8**	**94,954**	**110,593**	**16.5**	**8,615**	**10,006**	**16.1**
6. Operating expenses	376,019	384,638	2.3	87,587	89,726	2.4	7,122	6,388	-10.3
7. Depreciation and other charges	23,556	-609	–	2,781	2,420	-13.0	87	64	-26.4
8. Impairment losses	12,903	3,123	-75.8	-12	25	–	0	0	–
NET OPERATING INCOME	**35,304**	**185,040**	**424.1**	**4,598**	**18,422**	**300.7**	**1,406**	**3,554**	**152.8**
9. Other profit and loss	6,449	9,529	47.8	2,371	854	-64.0	5	9	80.0
PROFITS BEFORE TAXES	**41,753**	**194,569**	**366.0**	**6,969**	**19,276**	**176.6**	**1,411**	**3,563**	**152.5**
10. Corporate income tax	53,810	53,764	-0.1	3,386	4,955	46.3	458	1,091	138.2
PROFITS FROM ONGOING ACTIVITIES	**-12,057**	**140,805**	**–**	**3,583**	**14,321**	**299.7**	**953**	**2,472**	**159.4**
11. Profits from discontinued activities	0	0	–	0	0	–	0	0	–
NET PROFIT FOR THE YEAR	**-12,057**	**140,805**	**–**	**3,583**	**14,321**	**299.7**	**953**	**2,472**	**159.4**

Source: CNMV.

The investment sector's profits growth in 2013 boosted profitability ratios while making sizeable inroads into the number of loss-making firms. Hence the return on equity (ROE) of broker-dealers jumped from 3% in 2012 to 16.4% in 2013, that of brokerage firms from 6.3% to 19.3% and that of portfolio management companies from 4.2% to 11.4%. The number of firms reporting losses dropped from 31 in December 2012 to 12 at the 2013 close, of which five were broker-dealers (15 in 2012) and seven brokers (14 in 2012). Two portfolio managers posting losses in 2012 entered profit in 2013. The result was eight million euros aggregate losses in 2013 compared to 155.4 million the year before (31.3 million stripping out the heavy losses of one broker-dealer).

Sector ROE expands on profits growth and the smaller number of loss-making firms.

Pre-tax ROE of investment firms and loss-making entities FIGURE 20



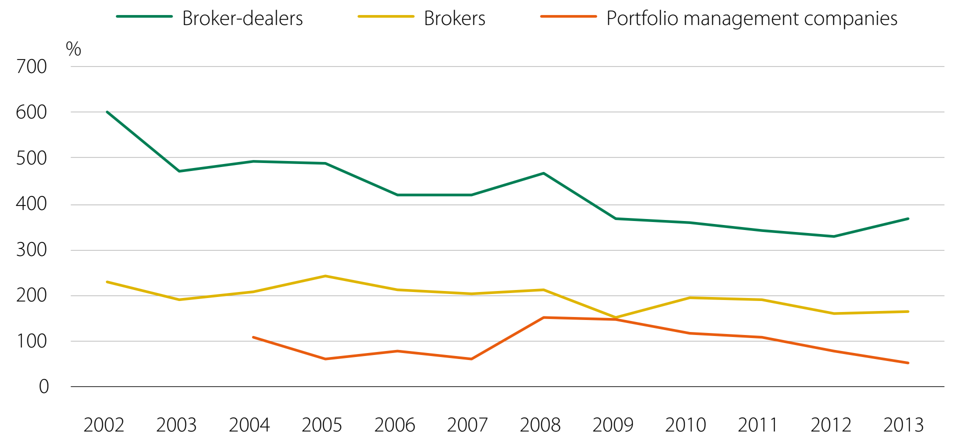
Source: CNMV.

1 ROE based on pre-tax earnings.

Firms remain comfortably compliant with capital standards albeit with certain disparities.

Investment firms remained comfortably compliant with capital standards throughout 2013, albeit with some disparities between sub-sectors (see figure 21). Hence the surplus of qualifying equity funds to the minimum requirement rose from 3.3 to 3.7 among broker-dealers, held at a flat 1.6 in the case of brokers, and slipped back slightly in the portfolio management sub-sector, from 0.8 to 0.5. The one broker-dealer presenting an equity shortfall at the 2013 close is in the process of liquidation.

Investment firm capital adequacy (surplus of qualifying equity to the minimum requirement) FIGURE 21



Source: CNMV.

IAF business resumes expansion after the lull of 2012, with assets under advice up by almost 20% to 17.6 billion euros.

Investment advisory firms (IAFs) came back strongly after their 2012 contraction, due to that year's turbulent markets. The number of IAFs registered rose from 101 to 126, while assets under advice climbed to 17.6 billion euros from the 14.8 billion of 2012. One notable development was the 52.8% increase in the assets corresponding to retail clients (see table 18), which lifted their share to 28% of the IAF sector total compared to 22% in 2012. Fee income advanced in parallel with the above noted growth in assets under advice as far as 33.3 million euros, 27.1% more than in 2012.

Main investment advisory firm variables

TABLE 18

Thousand euros	2011	2012	2013	2012 2H	2013 1H	2013 2H	% var. in year
NUMBER OF FIRMS	**82**	**101**	**126**	**101**	**112**	**126**	**24.8**
ASSETS UNDER ADVICE[1]	**16,033,108**	**14,776,498**	**17,630,081**	**14,776,498**	**15,442,297**	**17,630,081**	**19.3**
Retail customers	2,181,943	3,267,079	4,991,653	3,267,079	3,975,400	4,991,653	52.8
Professional customers	3,151,565	3,594,287	3,947,782	3,594,287	3,476,305	3,947,782	9.8
Others	10,699,600	7,915,132	8,690,646	7,915,132	7,990,593	8,690,646	9.8
NUMBER OF CONTRACTS[1]	**3,677**	**3,484**	**4,002**	**3,484**	**3,672**	**4,002**	**14.9**
Retail customers	3,542	3,285	3,738	3,285	3,446	3,738	13.8
Professional customers	119	175	235	175	195	235	34.3
Others	16	24	29	24	31	29	20.8
FEE INCOME[2]	**31,053**	**26,177**	**33,273**	**26,177**	**14,700**	**33,273**	**27.1**
Fees received	**30,844**	**26,065**	**33,066**	**26,065**	**14,676**	**33,066**	**26.9**
From customers	26,037	20,977	26,530	20,977	12,074	26,530	26.5
From other entities	4,807	5,088	6,537	5,088	2,601	6,537	28.5
Other income	209	112	206	112	25	206	83.9
EQUITY	**12,320**	**13,402**	**21,498**	**13,402**	**15,119**	**21,498**	**60.4**
Share capital	3,895	4,365	5,156	4,365	4,820	5,156	18.1
Reserves and retained earnings	950	4,798	9,453	4,798	7,251	9,453	97.0
Profit/loss for the year[2]	7,474	4,239	6,890	4,239	3,048	6,890	62.5

1 Period-end data at market value.

2 Cumulative data for the period.

Outlook

The outlook for investment firms is brighter than for some time, thanks to the improved tone of their main business lines including order processing and execution, UCITS marketing, financial advice and portfolio management. But a new threat has emerged in the form of growing competition from, among others, foreign investment firms authorised to operate in Spain and domestic banks, which continue to rake in the lion's share of investment service fees.[16]

A better outlook for investment firms, anchored on the recovery of their main business lines.

4.3 UCITS management companies

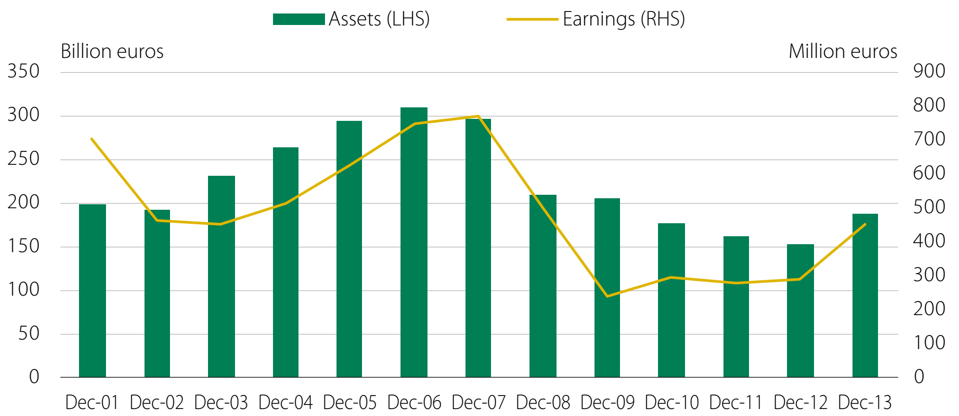
UCITS management companies returned to growth for the first time since the start of the crisis in 2007, with a 22.5% rise in assets under management to over 187 billion euros (see figure 22). Over 90% of the advance was sourced from the mutual fund segment, though investment companies too contributed on the upside.

Assets under management in UCITS management companies rise by 22.5% in 2013 to 187 billion euros…

16 From January to September 2013, credit institutions took in 77% of total fees from the provision of investment services, against the 22% going to brokers and broker-dealers and the 1% to portfolio management companies.

UCITS management companies: assets under management and pre-tax profits

FIGURE 22



Source: CNMV.

…delivering an advance in income and, therefore, earnings to 453 million euros, 58% more than in 2012.

This increase in assets under management helped boost management companies' pre-tax profits by 58.4% to 453 million euros. The largest income statement caption, fee income from UCITS management, climbed 12.5% to just under 1.60 billion euros (see table 19), despite the average management fee dropping from 0.93% to 0.87% – a decline due partly to asset growth in fixed-income funds, where management charges tend to be lower. Meantime, sector-wide return on equity (ROE) jumped from 23.1% in 2012 to 38.7% in 2013, in line with the annual advance in earnings. The improved landscape for UCITS managers was also apparent in the smaller number of loss-making entities, down by 17 to 11, and the reduced volume of their losses, at 2.1 million, a full 79.3% less than at year-end 2012.

Bank sector restructuring continues to thin the ranks of UCITS managers, whose numbers drop to 96, nine fewer than in 2012.

Although the sector now seems to be recovering steadily after the bad patch of the past few years, its reorganization, much of it tied in with credit institution restructuring, shows no signs of letting up. Specifically, the year's one new entrant versus ten retirals, five of them due to changes in the banking sector, reduced the number of operators to 96 at the 2013 close.

UCITS management companies: assets under management, management fees and fee ratio

TABLE 19

Million euros

	Assets under management	UCITS management fee income	Average UCITS management fee (%)	Fee ratio (%)[1]
2006	308,476	3,281	1.06	71.50
2007	295,922	3,194	1.08	70.50
2008	209,014	2,302	1.10	70.80
2009	203,730	1,717	0.84	68.08
2010	177,055	1,639	0.93	67.24
2011	161,481	1,503	0.93	65.60
2012	152,959	1,416	0.93	64.62
2013	187,347	1,594	0.85	61.94

Source: CNMV.

1 Ratio of fee expenses for fund marketing to fee income from UCITS management.

4.4 Other intermediaries: venture capital

The number of venture capital entities (VCEs) on the CNMV register fell from 340 in 2012 to 334 at the 2013 close. Of this number, 126 were funds (VCFs), 130 were companies (VCCs) and the remaining 78 were VCE management companies. In all, 19 entities joined the register in 2013 (nine VCFs, nine VCCs and one VCE manager) against 25 retirals (two VCFs, 18 VCCs and five VCE managers).

In 2013, the number of venture capital entities decreases slightly, from 340 to 334…

Movements in the VCE register in 2012 TABLE 20

	Situation at 31/12/2012	Entries	Retirals	Situation at 31/12/2013
Entities	**340**	**19**	**25**	**334**
Venture capital funds	119	9	2	126
Venture capital companies	139	9	18	130
Venture capital management companies	82	1	5	78

Source: CNMV.

According to preliminary data furnished by industry association Asociación Española de Entidades de Capital Riesgo (ASCRI), venture capital investment in Spain receded 31% in 2013 to 1.70 billion euros. As much as 91% of this total corresponded to transactions of under five million euros, and 74% to those of under one million euros. This evidences the scale of the investment effort being made in Spanish SMEs, especially at the early development stage. Specifically, 96% of the year's transactions involved early-stage concerns, breaking down 60% in capital expansion investments and 36% in seed and start-up finance. International funds were again prominent, as the source of 51% of the total invested (60% in the same period last year). The sectors attracting most investment were industrial products and services (43%), followed at a distance by "other services" (11.6%), medicine and health (11.5%) and information technology (11%). The IT sector, once again, was first on the list by reference to transaction numbers (36.4%). Finally, the venture capital sector raised 1.35 billion euros for its investments, 33.5% less than in 2011, of which 64% corresponded to international funds investing in Spain.

…while sector investment recedes by 31% to 1.70 billion euros…

The short-term outlook for the venture capital sector remains generally unsettled, though it seems activity has been reviving of late in line with the slowly improving performance of the domestic economy. What the industry needs to grow, however, is the revival of credit and an end to the current obstacles to bank lending. One step in this direction is the launch of the FOND-ICO Global fund of funds, a government initiative that would bring a welcome injection of liquidity – provided the sector can persuade private investors to contribute between 50% and 70% of the funds required. Already its start-up has encouraged many management companies to take the first steps in setting up new venture capital funds.

The mild recovery in domestic activity should favour venture capital business this year, though growth will continue to be constrained by the credit shortage.

II Reports and analyses

Annual Corporate Governance Report of listed companies in 2012

Sara Ruiz de la Vega (*)

(*) Sara Ruiz de la Vega is a member of the CNMV's Financial and Corporate Reports Department. This article is based on the Annual Corporate Governance Report of listed companies (2012) published in January 2014 by the CNMV.

1 Introduction

In January 2014, the CNMV presented the Annual Corporate Governance Report (ACGR) of Entities with Securities Admitted to Trading on Regulated Markets for 2012.[1] This article is based on the aforementioned report, the ninth report published to date, in order to describe the key features of the corporate governance structures in 2012, focusing exclusively on listed companies.[2]

The article is structured as follows: section 2 describes the ownership structure, comparing it with the participation in the general shareholders' meeting; section 3 details the structure of the board of directors, providing information specifically on the presence of independent directors, gender diversity and the functioning of the board and its committees; section 4 summarises the most important aspects of the remuneration of the boards of listed companies; sections 5 and 6 describe the main characteristics of the risk control systems used by companies and the internal control and risk management systems relating to financial reporting (ICFR); section 7 analyses application of the "comply or explain" principle, both with regard to the level of compliance with the recommendations of the Unified Code reported by companies, and relating to the quality of the explanations offered when they do not comply with those recommendations; finally, the article closes with the key conclusions in section 8.

2 Ownership structure and attendance at general shareholders' meeting

One of the key aspects determining a company's corporate governance practices is its ownership structure, particularly relating to the composition of its board and board committees. This aspect is also very important because historical data show that the level of shareholder attendance at general meetings is directly linked to the concentration of ownership.

Attendance at general meetings

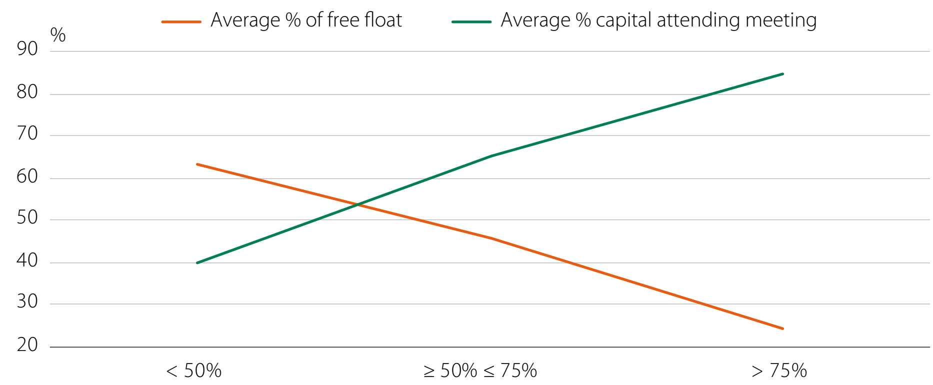
The average percentage of capital taking part in general meetings held in 2012 was 71.1% (73% in 2011). This attendance rate was again inversely proportional to the

1 Available at http://www.cnmv.es/DocPortal/Publicaciones/Informes/IAGC_2012F.pdf

2 The information is obtained by analysing the 2012 ACGRs published by 146 listed companies in 2013, with the exception of the chapter relating to internal control and risk management systems relating to financial reporting (section 6 herein), in which part of the information is obtained from a sample which includes income issuers.

companies' free float. In other words, as shown in figure 1, the highest participation rates in meetings were seen in companies with the lowest percentages of free float.

General meeting attendance vs. free float FIGURE 1



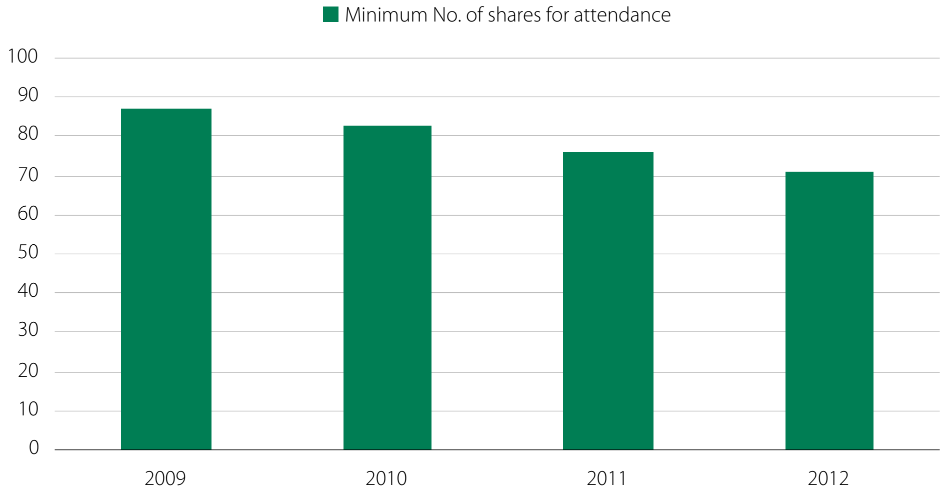
Source: Companies' ACGRs and CNMV.

Similarly, with regard to attendance at the general shareholders' meeting, two trends seen in previous years were repeated:

– Although physical attendance remained the most popular option for participation, the percentage of firms whose shareholders make use of remote voting systems has progressed steadily since 2009 (from 17.3% in 2009 to 29.5% in 2012).

– In parallel, an increasingly small proportion of companies impose a minimum ownership threshold for attendance at general meetings. Figure 2 shows this fall.

Limits to attendance at general meetings FIGURE 2



Source: Companies' ACGRs and CNMV.

Ownership structure

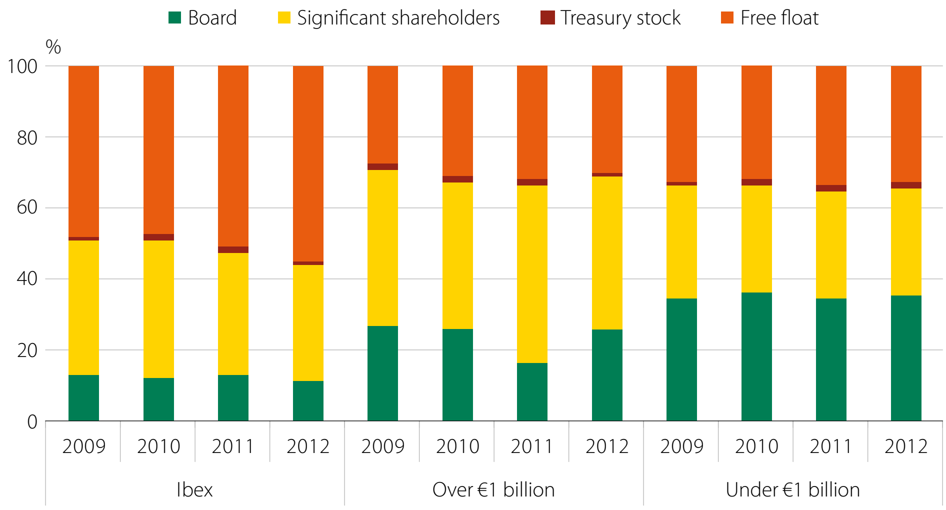
The aggregate share capital amounted to 48.99 billion euros, an increase of 14.8% on 2011. However, market capitalisation fell by 1.3%, following the downward trend seen over recent years.

With regard to the distribution of capital, the proportion held by non-director significant shareholders fell to 31.6% (32.5% in 2011) and the proportion held by the board of directors increased slightly to 28.8% of the share capital (28.3% in 2011). Treasury stock accounted for 1.5% (1.7% in 2011). Therefore, free float rose slightly to 38.1% (37.5% in 2011). This increase was most significant among Ibex members, in which free float rose by 4.5 percentage points to 55.1%.

It is noteworthy that in 67.8% of the companies, free float was higher than 25%, while in 6.2% of the companies it was lower than 5%. Seven of the 17 companies which had free float lower than 10% belong to the real estate sector.

Figure 3 tracks the capital distribution by stock market capitalisation groups.[3]

Percentage distribution of capital by capitalisation group FIGURE 3



Source: Companies' ACGRs and CNMV.

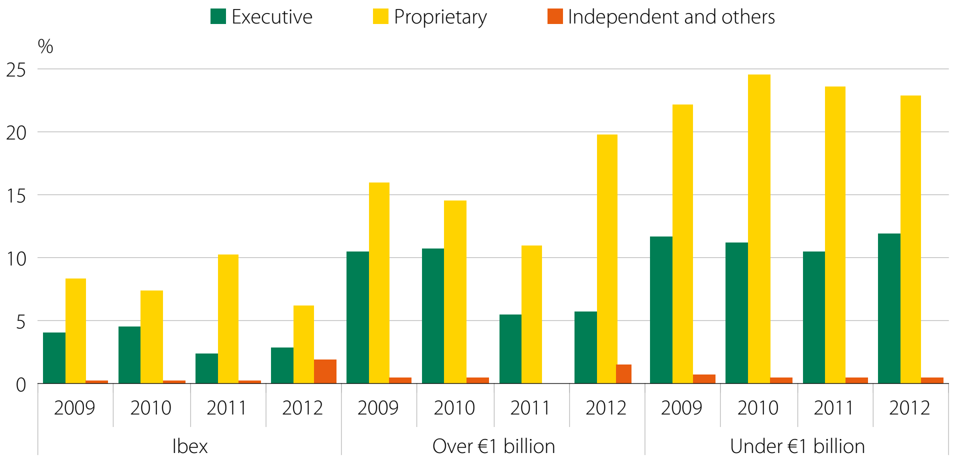
In 39 companies (26.7% of the total), there was a natural or legal person that held most of the voting rights or that exercised or could exercise control, compared with 37 companies in this situation in 2011 (24.8%).

The sum of significant shareholdings, including the share packages in the hands of the board, exceeded 50% of the share capital in 107 companies (73.3% of the total).

3 The figures represent the arithmetic mean of the capital distribution of listed companies, taking as the calculation base the corresponding percentages for each company of the different categories included in the figure. The percentage representing non-director significant shareholders has been obtained after deducting the share packages in the hands of members of the board of directors.

Figure 4 tracks, in percentage terms, the distribution of capital in the hands of the board according to the category of board members, grouping companies by stock market capitalisation.

Distribution of capital by director category FIGURE 4



Source: Companies' ACGRs and CNMV.

75% of executive directors held equity stakes in the capital of the companies in which they worked. Of this number, nine declared holdings of over 50%, and a further 25 declared holdings of between 10% and 50%.

In the case of proprietary directors, 57.8% held shares in listed companies (61.5% in 2011), while the percentage for independent directors fell to 53.9% (58.4% in 2011).

3 Board of Directors

3.1 Structure of the Board of Directors

The figures relating to the average size of the board remain similar to those of previous years (10.2 compared with 10.5 in 2011). Among Ibex companies, this average stood at 14 directors.

In 87.7% of companies, the board size ranged between a minimum of five and a maximum of 15 as recommended in the Unified Code. Most of the boards exceeding this limit belong to Ibex companies, while the boards with fewer than five members were mainly among companies with lower capitalisation.

However, there was a significant change in the category of board members: for the first time in the last four years, the proportion of independent directors passed the figure of one third recommended by the Unified Code (33.9%). The following section discusses the presence and trend with regard to independent directors.

Table 1 tracks the percentage of each type of director on listed company boards according to their level of capitalisation:

Percentage share of each type of director

TABLE 1

	% Executive				% Proprietary				% Independent				% Other external			
	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
Ibex	16.9	15.9	15.4	16.0	38.4	38.8	37.2	36.1	40.4	40.2	40.2	42.0	4.3	5.0	7.1	5.9
Over €1 billion	19.5	18.6	18.9	20.5	50.6	48.1	48.6	45.6	25.3	28.2	23.4	23.2	4.5	5.1	9.0	10.7
Under €1 billion	18.8	17.2	16.9	17.0	48.4	49.6	48.4	47.6	26.3	26.9	29.0	30.8	6.4	6.3	5.7	4.6
Total	**18.3**	**17.0**	**16.6**	**16.9**	**45.6**	**46.1**	**44.8**	**43.7**	**30.5**	**31.2**	**32.2**	**33.9**	**5.6**	**5.8**	**6.4**	**5.5**

Source: Companies' ACGRs and CNMV.

3.2 Independent directors

As stated above, 2012 was the first of the last four years in which the overall proportion of independent directors exceeded the one third mark recommended by the Unified Code, rising from 32.2% in 2011 to 33.9% 2012. With regard to this increase, it is important to remember that in 2012 there was also an increase in free float, although to a lesser extent.

Independent directors were in the majority on the boards of 15.1% of the analysed companies. The proportion of firms reporting no independent directors on their boards fell by 53.3%, from 10.1% of the total in 2011 to 4.8% in 2012.

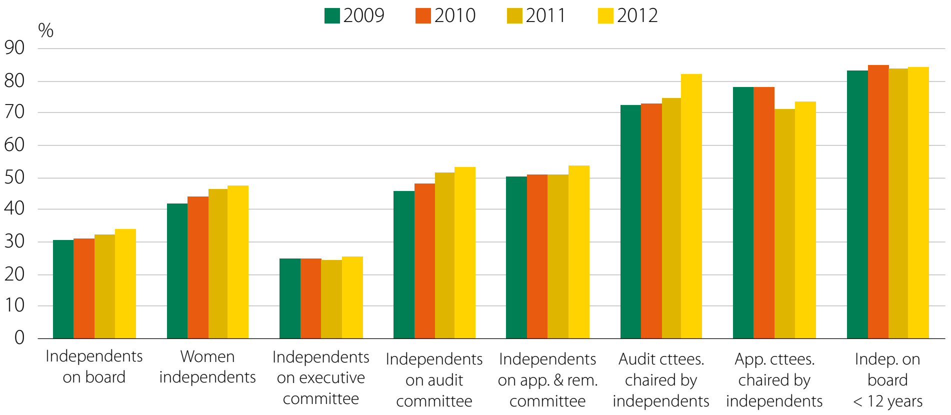
The board chair and vice-chair positions were only occupied by independent directors in 5.5% (4% in 2011), and 21.7% (22.6% in 2011) of companies, respectively.

As in previous years, independent directors are better represented on the audit committee (53.3%) and the appointments and remuneration committee (54%) than on the board (33.9%). Executive committees again featured the lowest percentage of independent directors (25.4%).

Figure 5 tracks the progress of the main variables indicating the presence of independent directors on the governing bodies of listed companies:

Presence of independent directors on governing bodies

FIGURE 5



Source: Companies' ACGRs and CNMV.

In 2012, the percentage of companies with an independent director chairing the audit committee and, to a lesser extent, the appointments committee rose considerably: 81.9% and 71.4% in 2012, compared with 74.8% and 71.2% in 2011, respectively.

3.3 Gender diversity

The Unified Code considers that gender diversity is an efficiency objective which listed companies should work towards. It recommends that companies with few or no women on their boards should make a specific effort to find possible candidates whenever they need to cover a vacancy.

In 2012, the percentage of women board members stood at 10.4%, the same percentage as in 2011, while the number of firms with at least one woman on their boards decreased by 4.1 percentage points (62.3%). The proportion of female executive directors rose in 2012, while the proportion of proprietary directors fell.

Table 2 shows the changes over the period 2009-2012 in the number of board positions occupied by women and the number of companies which had women on their boards:

Presence of women on boards TABLE 2

	No. of women directors				% of total				No. of companies with women				% of total			
	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012	2009	2010	2011	2012
Ibex	50	53	60	66	10.2	10.6	11.9	13.5	27	29	31	31	79.4	82.9	88.6	88.6
Over €1 billion	13	17	11	12	8.4	10.9	9.9	9.8	6	9	7	7	42.9	64.3	70.0	70.0
Under €1 billion	87	88	91	77	8.8	9.4	9.6	8.7	58	60	61	53	53.7	57.7	58.7	52.5
Total	**150**	**158**	**162**	**155**	**9.2**	**9.9**	**10.4**	**10.4**	**91**	**98**	**99**	**91**	**58.3**	**64.1**	**66.4**	**62.3**

Source: Companies' ACGRs and CNMV.

With regard to the positions held by women directors on the governing bodies of listed companies, we can highlight the following:

– The percentage of women chairing the board stood at 3.2% (3.1% in 2011).

– Of the 155 women directors on boards, 15.5% sit on the executive committee, 36.1% sit on the audit committee, and 32.9% on the appointments and remuneration committee.

– The number of women directors who are not members of any committee rose in 2012 (38.7% compared with 36.4% in 2011).

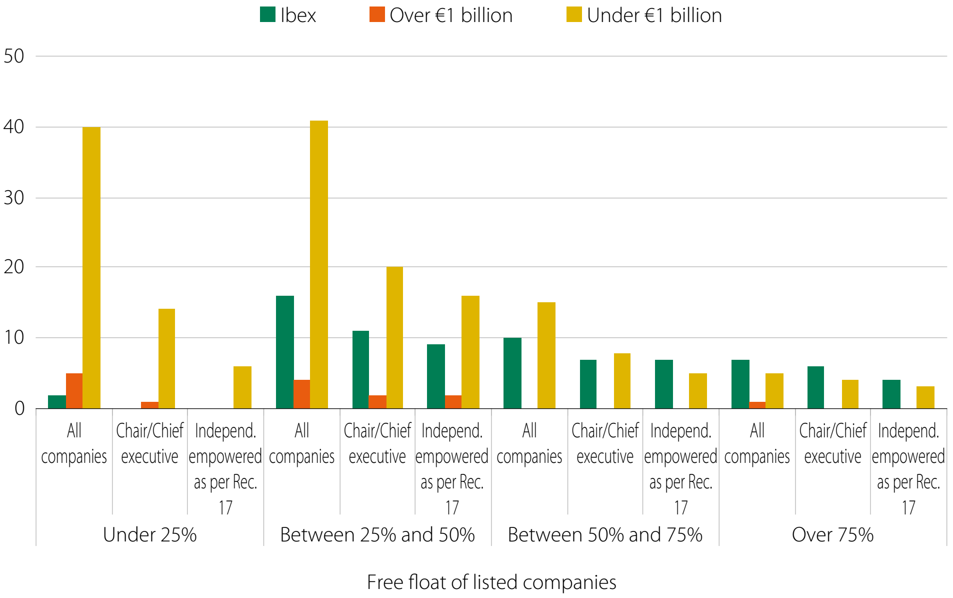
3.4 Functioning of the board

The Unified Code issues no opinion on separating the offices of chair of the board and chief executive officer, and recognises that both options offer advantages and disadvantages. However, it recommends that when the chairperson is also the chief executive, an independent director should be empowered to request the calling of board meetings or the inclusion of new business on the agenda to coordinate and give voice to the concerns of external directors and to lead evaluation of the chairperson (Recommendation 17 of the Unified Code).

In this regard, the trend seen in Spanish listed companies over the last four years has been away from the same person occupying both offices: from 58.3% of companies in 2009 to 50% in 2012. Of the 73 companies in this situation, 52 (20 Ibex companies) have established measures to prevent the concentration of excessive power in the hands of one single person.

Figure 6 shows the number of companies combining the offices of chairperson and chief executive officer and those where an independent director is empowered as specified in Recommendation 17.[4]

Number of companies with executive chairperson and independent director empowered as per Recommendation 17 FIGURE 6



Source: Companies' ACGRs and CNMV.

The Unified Code issues no opinion as to whether the secretary should also be a board member, but recommends safeguarding his or her independence, impartiality and professionalism in the discharge of this function, and that his or her appointment and removal should be subject to a report from the appointments committee and be approved by a full meeting of the board.

4 Recommendation 17 of the Unified Code: "When a company's Chairman is also its chief executive, an independent director should be empowered to request the calling of board meetings or the inclusion of new business on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the board's evaluation of the Chairman".

Figure 7 shows the percentage of companies whose secretary is also a board member. As shown in this figure, the percentage remained practically the same as the previous year (21.2% in 2012 compared with 21.5% in 2011).

Companies with secretary/board member FIGURE 7

Source: Companies' ACGRs and CNMV.

3.5 Board committees

As in previous years, the executive committee was the least common committee created by companies[5] (39.7% compared with 89% for the appointments and remuneration committee). However, this percentage rises to 74.3% if we only consider Ibex companies.

The Unified Code recommends that the appointments and remuneration committee be formed entirely of external directors, independent in their majority, and chaired by an independent.

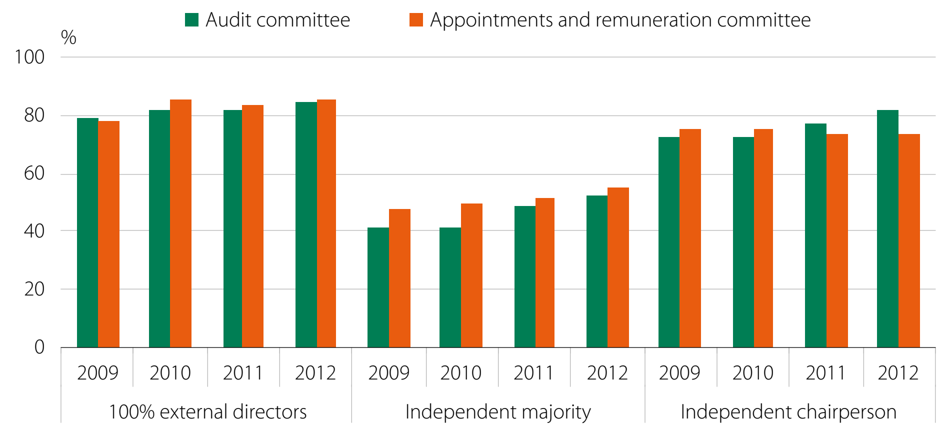
A total of 59 companies (45.4%) complied with these recommendations. In 21 companies (eight Ibex companies), all the members of the appointments and remuneration committee were independent directors.

The Unified Code also recommends that the audit committee be formed entirely by external directors and chaired by an independent director (it makes no reference to a majority of independent directors). The audit committees of 84.8% of listed companies were made up exclusively of external directors, and 81.7% were chaired by independent directors.

The following figure charts the weight of different director categories in both committees.

5 Nevertheless, it should not be forgotten that all issuers of securities admitted to trading on regulated markets are legally required to create an audit committee, as established in the 18th additional provision of the Securities Market Act.

Number of companies according to the composition of the audit committee and the appointments and remuneration committee FIGURE 8



Source: Companies' ACGRs and CNMV.

4 Board remuneration

2012 was the second year in which companies had to draw up and submit to an advisory vote, as a separate item on the agenda, an annual directors' remuneration report. However, given the absence of a standard format, companies have drawn up these reports in a variety of manners. In order to remedy this situation, the CNMV published a circular last year establishing the standard form for the annual directors' remuneration report in listed companies.[6] The reports which must be submitted to a vote at the ordinary general meetings held as from 1 January 2014 must use the aforementioned standard form.

In addition to the requirement to draw up an annual directors' remuneration report, companies must include aggregate quantitative information on the remuneration accrued by the board of directors in the report. The statistical data shown below have been prepared using aggregate information which companies included in their 2012 annual directors' remuneration reports.

Average remuneration per board in 2012 amounted to 2.9 million euros. It is important to bear in mind that one company reported an exceptional increase of 24.7 million euros as a result of a severance payment for one director relieved of executive responsibilities. Without taking into account this extraordinary remuneration, the average board remuneration would have fallen by 5.5% on the previous year. Otherwise, average remuneration rose by 1%.

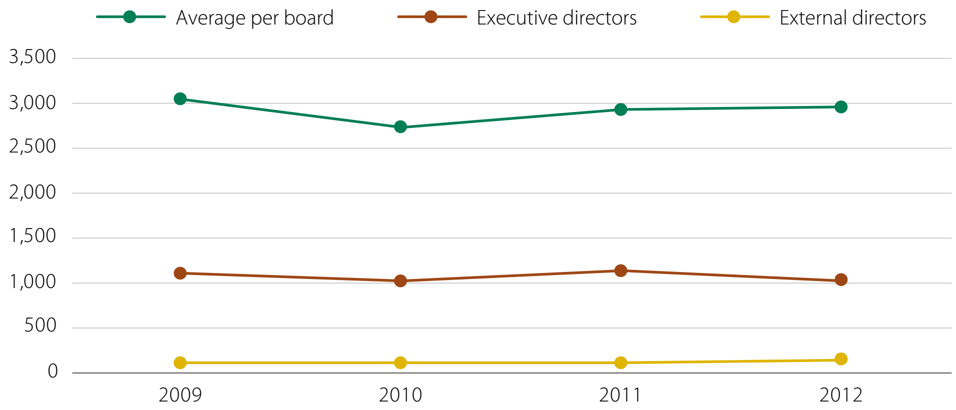
This extraordinary increase will not be taken into account in the comparisons with the previous year shown below.

The following figure tracks the average remuneration of listed companies' boards, executive directors and external directors for the last four years.

6 CNMV Circular 4/2013, of 12 June.

Average remuneration

FIGURE 9



Source: Companies' ACGRs and CNMV.

The average remuneration per director amounted to 288,500 euros, a fall of 2.6% on 2011.

The average remuneration per executive director was one million euros, 8.4% down on 2011, while the average for external directors was 138,000 euros, a year-on-year increase of 1.3%.

The remuneration structure in aggregate terms remains at similar proportions to those reported in previous years. With regard to the different remuneration items, analysed separately, we can highlight the following:

– Fixed remuneration was once again the most important item in total remuneration, standing at an average of 1.3 million euros. Ibex company directors accounted for 61% of the aggregate amount.

– Directors are paid variable remuneration in 54.8% of companies, with the average per board amounting to 1.3 million euros. The variable remuneration of Ibex companies accounted for 72.6% of the total paid for this item in 2012.

  In line with the fall in profits, variable pay components were down an average of 10.1% on 2011.

– 61.6% of companies paid expenses to their directors for an average amount of 432,000 euros, 3.6% down on 2011.

– 30.1% of companies reported paying directors' fees in 2012. Of this group, 81.8% paid no more than two million euros for this item.

– The remuneration systems include share option schemes mainly aimed at executive directors. However, in 2012 only eight companies made use of this remuneration format, with Ibex companies accounting for 77.4% of total annual outlays.

5 Risk control systems

Risk management has been one of the most questioned aspects relating to corporate governance over recent years. Aware of its importance, the European Commission launched an action plan[7] in December 2012, with one of the key objectives being to increase transparency in companies with regard to risk management policies.

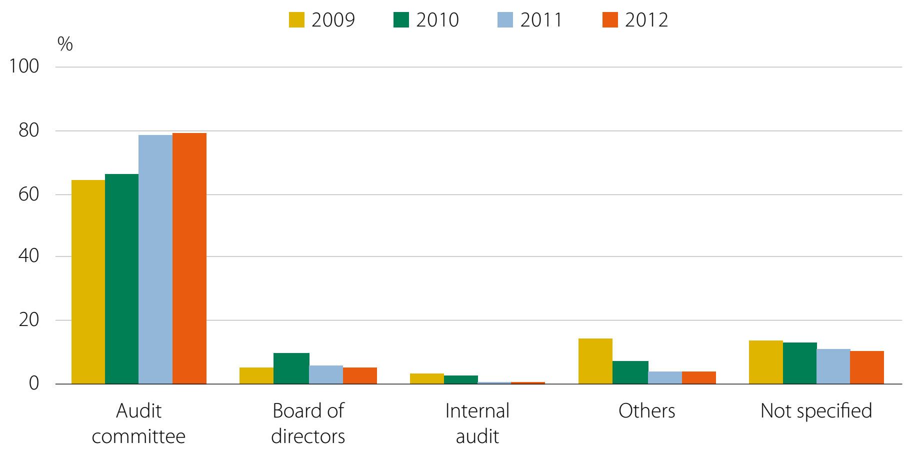
One of the main initiatives of this action plan was to disseminate provisions on risk management by amending the Accounting Directive in 2013.

Consequently, in April 2013, the European Commission published the Proposal for a Directive of the European Parliament and of the Council amending Council Directives 78/660/EEC and 83/349/EEC. This proposal introduces, among other aspects, the requirement for the consolidated management report to contain a description of the principal risks and uncertainties faced by the company. This Directive was published in the Official Journal of the European Union on 29 June 2013.

With regard to the 2012 ACGRs, the Unified Code recommends that audit committees should review the internal control and risk management systems on a regular basis, so the main risks are properly identified, managed and disclosed. Furthermore, Audit Law 12/2010, of 30 June, amended the 18th additional provision of the Securities Market Act, extending the functions of the audit committee to include overseeing the effectiveness of the company's internal control and risk management systems.

Figure 10 shows the distribution of listed companies based on the body responsible for establishing and supervising control mechanisms.

Number of companies according to the body establishing and supervising control systems FIGURE 10



Source: Companies' ACGRs and CNMV.

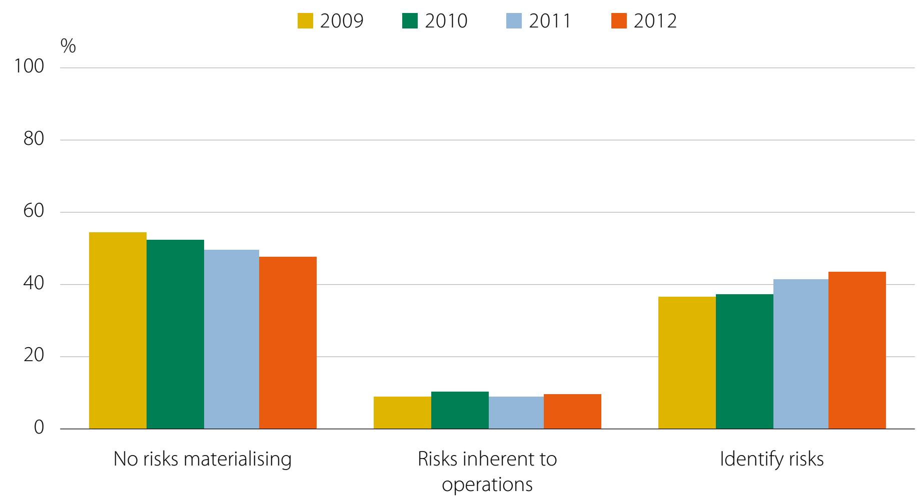
7 Action plan: European company law and corporate governance - a modern legal framework for more engaged shareholders and sustainable companies. Available at http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2012:0740:FIN:EN:PDF

The proportion of companies charging the audit committee to oversee risk control systems remained practically stable as in 2011, at 79.5%. This proportion has risen by 15 percentage points since 2009.

Companies are asked to disclose in ACGRs any specific risks materialising over the year, the circumstances triggering such events and whether existing control systems have reacted effectively.

Figure 11 charts the information provided by companies relating to the different types of materialised risks over the last four years.

Number of companies according to materialised risks FIGURE 11



Source: Companies' ACGRs and CNMV.

The percentage of companies reporting no materialised risks fell for the fourth consecutive year (69 companies in 2012 compared with 74 companies in 2011). Both the number of companies reporting only having been affected by risks inherent to their activity and the number of companies reporting that they have identified specific risks increased by only one (14 and 63 companies, respectively).

Although the identification of risks is usually generic and orientated towards a description of the characteristics of the sector in which each company operates, all sectors highlighted risks resulting from funding constraints, as well as credit risk and the impact of the reduction in public spending and investment.

6 Internal risk control and management systems relating to financial reporting (ICFR)

Article 61 *bis* of the Securities Market Act introduced the requirement for company ACGRs to include a description of the main features of the internal risk control and management systems relating to financial reporting. This new requirement entered into force for financial years starting on or after 1 January 2011.

In June 2010, the CNMV published a document prepared by a group of experts which contains a series of recommendations on these systems for listed companies.

On 24 June 2013, the CNMV published its Circular 5/2013, of 12 June, establishing, *inter alia*, the ACGR form for listed companies. This form contains a chapter detailing the information which companies must include on their control systems for financial reporting.

Therefore, bearing in mind that the aforementioned circular is applicable to ACGRs filed as from 1 January 2014, the 2012 reports were still not subject to a specific format to report on these issues. In 2012, around 70% of listed companies followed the format proposed by the group of experts (21%) or in the circular (49%). The remaining companies followed a loose structure, although 13.4% of the total opted to use the five components defined by the COSO.[8]

Most of the companies provided a description of their ICFR systems in their ACGRs, thus complying in a general manner with the Securities Market Act.

The recommendations of the group of experts included submitting the ICFR descriptions to the auditor for review. A total of 32 companies followed this recommendation, while another 13 performed more extensive reviews. In total, these companies account for 26% of the total (approximately 75% in the case of Ibex companies).

Beyond the merely formal aspects, the level of itemisation of the information was as a rule acceptable, though in some cases the content was overly general. For 15% of the companies included in the sample,[9] the content was deemed to be plainly insufficient, above all with regard to the description of control activities and system monitoring.

The most significant aspects reported by the companies in the aforementioned sample are listed below:

– The entity's control environment for financial reporting: 90% of companies identified the board of directors as responsible for the existence and maintenance of ICFR, and the audit committee as responsible for its oversight.

– Evaluation of financial reporting risk: 89% of companies provided information on the characteristics of their risk identification processes, although the descriptions were excessively vague in some 30% of cases.

– Control activities: 92% of companies reported the existence of control activity to mitigate the risk of errors or irregularities in financial reporting, although not all of them provided a description.

8 Committee of Sponsoring Organizations of the Treadway Commission: control environment, risk assessment, control activities, information and communication, and monitoring.

9 ICFR disclosures were analysed in greater depth in the sample comprising mainly Ibex companies and other issuers of fixed-income and equity securities selected for substantive review in 2012 (some 100 companies in all).

- Information and communication: around 85% of companies say channels are in place for communicating accounting policies to the teams preparing the financial statements, along with information systems to collect supporting information.

- Monitoring of system operation: in general, companies identified the audit committee as the body responsible for monitoring, and a large number of companies indicated that they also have an internal audit function which supports the audit committee in its monitoring role.

7 "Comply or explain" principle

Under the "comply or explain" principle, companies must state in the ACGRs their degree of compliance with each one of the Unified Code's 58 recommendations – indicating whether they comply with them fully, partially or not at all – giving reasons, as the case may be, for any practices or criteria departing from the recommendations.

The main conclusions obtained from the declarations included in the 2012 ACGRs are as follows:

- Listed companies complied on average with 82.4% of the Unified Code's recommendations (81.3% in 2011) and partially with a further 7.1% (7.6% in 2011). Therefore, on an aggregate level, they did not follow, even partially, 10.5% of the recommendations.

- Over half of the listed companies (53.4%) reported higher compliance with the Unified Code than in the previous year.

- A total of 53 companies (36.3% of the total) followed over 90% of Unified Code recommendations, with five claiming to be 100% compliant. Conversely, 4.1% of listed companies reported a degree of compliance with the recommendations below 50%.

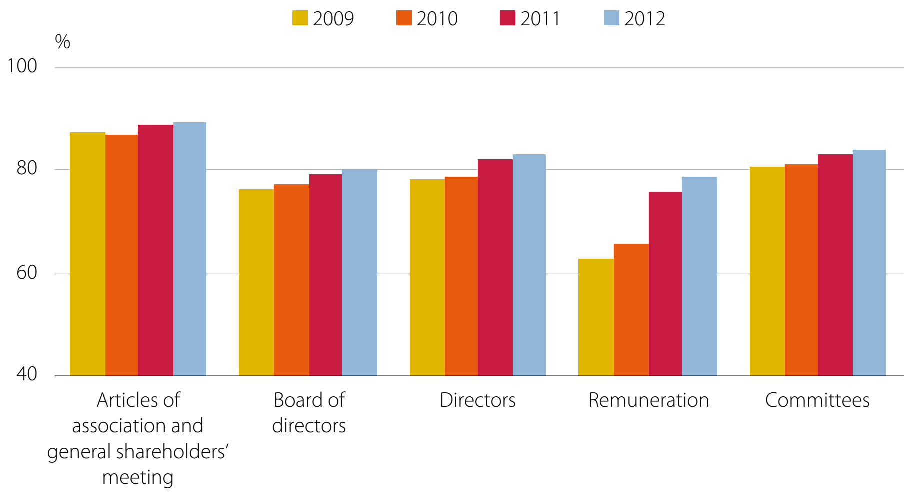
- The only recommendations followed by every company were Recommendation 7 (the board should perform its duties with unity of purpose and independent judgement, guided at all times by the company's best interests) and Recommendation 53 (the board of directors should seek to present accounts to the general meeting without auditor reservations or qualifications).

- Even though, as already mentioned in this article, the percentage of independent directors was the highest in the last four years, the least followed recommendations were those concerning the presence of independent directors on the companies' governing bodies.

- Recommendation 13 (that the number of independent directors should represent at least one third of all board members) and Recommendation 54 (that the majority of the members of the appointments and remuneration committee should be independent directors) were not followed by 49.3% and 42.1% of the companies, respectively.

The following figure shows the average level of compliance with all the recommendations of the Unified Code, grouped by category, for the last four years:

Degree of compliance with Unified Code recommendations FIGURE 12

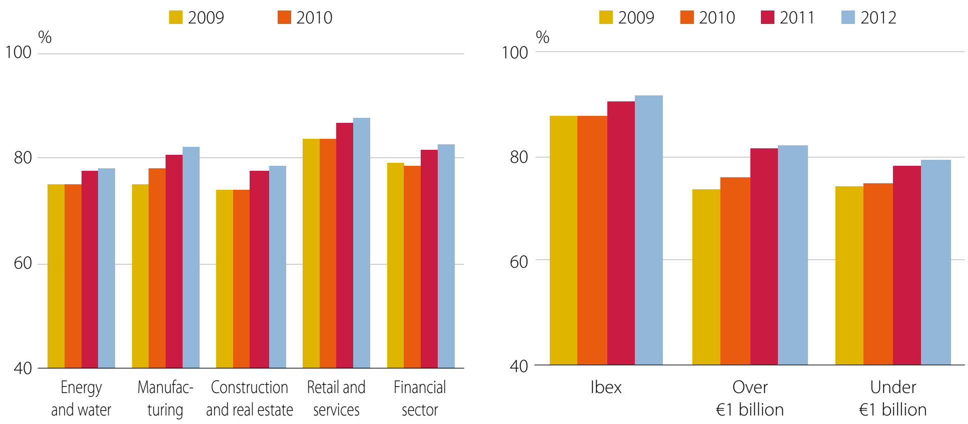


Source: Companies' ACGRs and CNMV.

All the categories recorded increases in compliance, although the most significant progress was made with regard to recommendations on director remuneration (78.9% compared with 76% in 2011).

As shown in the following figure, the level of compliance with recommendations is linked to the business sector and market capitalisation.

Level of compliance with the recommendations of the Unified Code by business sector and capitalisation FIGURE 13



Source: Companies' ACGRs and CNMV.

Ibex companies report a level of non-compliance of around one third of that of other companies. All business sectors recorded increases in the level of compliance with the Unified Code, with all sectors recording compliance of over 80%, except the energy and water sector, and the construction and real estate sector.

With regard to the second part of the "comply or explain" principle, for five years the CNMV has been analysing the quality of the explanations offered by companies when they do not comply with the recommendations of the Unified Code.

These explanations should contain the information necessary for shareholders, investors and markets in general to be able to reach an informed judgement on the reasons for deviating from the Code's recommendations.

For the analysis, the 466 explanations which form part of the sample[10] were classified into the following categories:[11]

– Invalid: those which repeat the fact of non-compliance or only indicate the existence of the deviation with regard to the recommendation.

– Limited: in which companies do not explain the reasons for their non-compliance, but include additional, specific information on what they consider an alternative procedure, pursuing the same goal as the Unified Code recommendation.

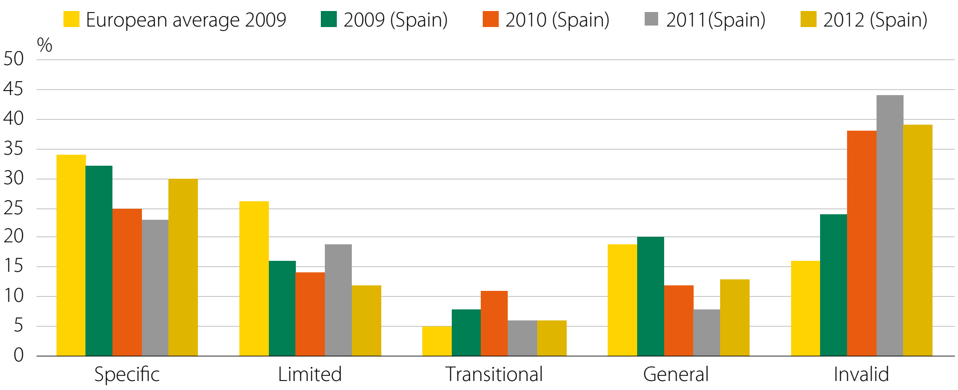
– General: in which companies indicate general disagreement with the recommendation without identifying a company-specific solution.

– Transitional: in which companies undertake to apply the recommendation from which they currently deviate at a later stage.

– Specific: in which a company describes its specific situation and explains why these circumstances bar it from fully complying with the recommendation.

The following figure tracks the classification of the explanations for the last four years, set alongside the European average for 2009:

Classification of explanations: 2009-2012 FIGURE 14



Source: Companies' ACGRs and CNMV.

10 In 2012, a total of 503 explanations were analysed, of which 37 were discarded for containing errors. These explanations correspond to the ten least followed recommendations of the Code (Recommendations 12, 13, 15, 17, 26, 29, 36, 47, 48 and 54).

11 Categories taken from the report on Risk Metrics (2009). *Study on Monitoring and Enforcement Practices in Corporate Governance in the Member States*.

As shown in the figure, there was no general significant improvement in the quality of the explanations in 2012. If we consider the invalid and general explanations as a whole (which will be those which provide the information of the lowest quality), we can see that they account for the same percentage as in the previous year, still far from the European average recorded in 2009.

8 Conclusions

The main conclusions which can be drawn from the analysis of the 2012 corporate governance reports of listed companies are as follows:

– From 2006, when the Unified Code was approved, up to 2012,[12] the last year in which it was applied, there have been significant improvements in the ACGRs of listed companies, especially in relation to the general information offered in these reports, greater compliance with the binding definitions included in the Code and greater compliance with the recommendations.

– One of the main advances seen in 2012 was that for the first time in the last four years the proportion of independent directors has, in aggregate, exceeded the one third recommended by the Unified Code.

– In addition, the level of compliance with the recommendations of the Unified Code continues the growth seen over the last few years, rising to a level of 82.4%.

  Over half the companies (53.4%) reported higher compliance with the Unified Code than in the previous year.

– Nevertheless, there are significant areas for improvement. One of these is the quality of the explanations offered by companies when they deviate from the recommendations in the Code, which did not improve compared with the previous year.

  A large part of the analysed explanations did not contain sufficient information for shareholders, investors and markets in general to be able to reach an informed judgement on the reasons for deviating from the Code's recommendations. This led to the sending of notices with individualised guidelines as to how they could improve the quality of the explanations in future years.

– Neither was there any progress in 2012 with regard to the presence of women on company boards, with the proportion remaining stagnant at 10.4%, the same percentage as the previous year.

– Another significant figure relating to the board of directors is the fall, for the fourth consecutive year, in the number of companies in which the chairperson is also the chief executive (50% in 2012 compared with 58.3% in 2009).

12 In June 2013, the CNMV Board approved an updated version of the Unified Code on good governance of listed companies.

– Physical attendance remained the most widespread type of participation, although the upward trend in the percentage of companies whose shareholders use remote voting systems continued (29.5% in 2012, compared with 17.3% in 2009).

– Average remuneration per board amounted to 2.9 million euros, a fall of 5.5% on the previous year. The average remuneration per director was 288,500 euros, 2.6% down on 2011, deducting in both cases the effect of an extraordinary one-off increase of 24.7 million euros in severance payment for one director relieved of executive responsibilities.

Trends in entities and products registered with the CNMV in 2013

Pilar Grande, Marta Lorenzo, Pilar del Pozo, Alberto Pérez and Emilia Tamargo (*)

(*) Pilar Grande, Marta Lorenzo, Pilar del Pozo, Alberto Pérez and Emilia Tamargo are members of the CNMV's Entity Registration and Authorisation Department.

1 Introduction

The aim of this article is to highlight the main trends seen in entities registered with the CNMV (venture capital entities and their management companies, investment firms and collective investment scheme management companies), as well as in collective investment products over 2013.

The information used herein mainly comes from the experience of the CNMV's Entity Authorisation and Registration Department in processing files relating to the aforementioned entities.

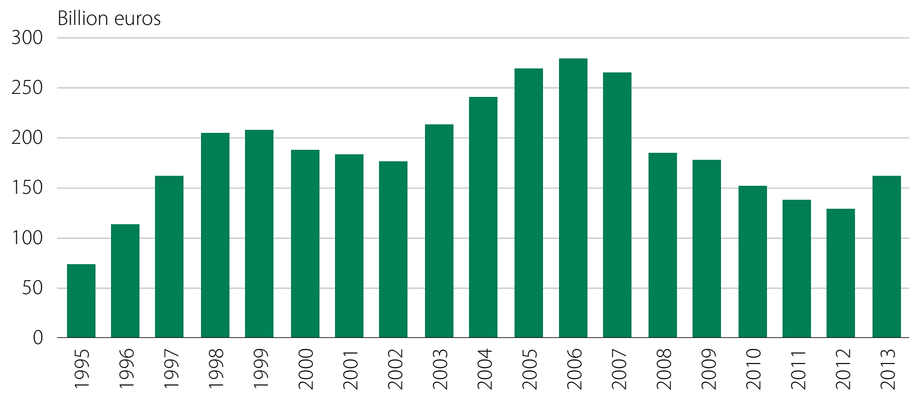
The article is structured as follows: section 2 addresses collective investment schemes; section 3 covers venture capital entities and their management companies; section 4 deals with investment firms, grouped into broker-dealers, dealers and portfolio management companies on the one hand, and financial advisory firms on the other; section 5 focuses on collective investment scheme management companies.

2 Collective investment schemes

2.1 Assets, subscriptions and redemptions

Last year saw the first increase in total assets of Spanish investment funds (financial and non-financial) since 2006. At year end, the assets of these vehicles amounted to 157.55 billion euros, 24.5% up on the previous year.

Investment fund assets FIGURE 1



Source: CNMV.

The assets of financial investment funds, which accounted for 97.6% of the total at year end, grew by 25.8%. This sharp rise was a result of both the increase in price of the assets during the period and, above all, the fact that subscriptions outstripped redemptions. Following a long period of net redemptions for the sector, in 2013 positive net subscriptions were recorded for 23.05 billion euros, equivalent to 18.8% of the assets at the start of the period and 73.2% of the increase in assets at the end of the year. The number of unit-holders rose by 13.91% to 5.1 million.

Most of the fund categories recorded positive net inflows, but with some important exceptions. Passively managed funds recorded the greatest volume of net subscriptions, which was essentially the result of a sharp increase in the number of funds with a specific non-guaranteed target return, which are included within this category. Net subscriptions in this type of fund amounted to 8.96 billion euros, 38.9% of the total. The category with the next highest level of net subscriptions was that of euro short-term fixed-income funds, amounting to 8.23 billion euros (35.7% of the total). With regard to the exceptions, the categories that suffered the most net redemptions were those relating to guaranteed funds, as was the case in the previous year. Net outflows amounted to 3.81 billion euros in fixed-return guaranteed funds and 1.76 billion euros in variable-return guaranteed funds.

For their part, open-ended financial investment companies (SICAVs) also underwent significant growth in terms of assets, which amounted to 27.33 billion euros, 14.7% up on the previous year, while the number of shareholders of these companies rose by only 0.1% to 407,442.

As shown in table 1, the most significant increases in assets from among the different categories of financial investment funds were those seen in passively managed collective investment schemes and euro fixed-income funds. In the former, the increase was particularly sharp, with the relative weight of these CIS in total fund assets rising from 2.4% in 2012 to 10.5% to 2013. Even though euro fixed-income funds started from a much higher level of assets, the relative weight of these funds increased by almost 3 percentage points to 29.0% of the total. There was also a noteworthy sharp percentage increase on the previous year in international mixed-equity funds, whose assets rose to 3.0% of the total compared with 1.3% the previous year.

The most significant reductions in assets were those suffered by variable-return and fixed-return guaranteed funds. This fall lead to a reduction in the relative weight of these funds in the total assets of the sector, which is traditionally very high. The relative importance of variable-return guaranteed funds fell from 11.3% in 2012 to 7.7% in 2013, while the relative weight of fixed-return guaranteed funds fell from 29.4% to 20.1%.

Even though guaranteed funds continued accounting for a significant part of the assets in the sector, their weight in the total has fallen significantly in favour of other categories, among which we can highlight euro fixed-income funds – which remain the most important – and passively managed funds.

Assets of investment funds by category TABLE 1

Category	Assets 2012 Amount (thousand euros)	2012 % Total	Assets 2013 Amount (thousand euros)	2013 % Total	Change (%)
Money market	6,983,331	5.6	8,420,948	5.4	20.6
Euro fixed-income	32,558,705	26.2	45,409,480	29.0	39.5
International fixed-income	1,122,590	0.9	1,228,427	0.8	9.4
Euro mixed fixed-income	2,912,429	2.4	4,008,324	2.6	37.6
International mixed fixed-income	2,588,427	2.1	4,129,717	2.6	59.6
Euro mixed-equity	1,610,511	1.3	1,555,665	1.0	-3.4
International mixed-equity	1,569,368	1.3	4,756,767	3.0	203.1
Euro equity	5,270,202	4.3	8,632,840	5.5	63.8
International equity	6,614,977	5.3	8,849,035	5.7	33.8
Passively managed CIS	2,991,188	2.4	16,515,867	10.5	452.2
Fixed-return guaranteed	36,445,005	29.4	31,481,216	20.1	-13.6
Variable-return guaranteed	14,040,648	11.3	12,044,757	7.7	-14.2
Partial guarantee	372,502	0.3	459,071	0.3	23.2
Absolute return	4,601,903	3.7	4,659,874	3.0	1.3
Global	4,358,603	3.5	4,528,072	2.9	3.9
Total	**124,040,389**	**100.0**	**156,680,060**	**100.0**	**26.3**

Source: CNMV.

Considering the data obtained by INVERCO, in 2013 hedge funds increased their assets by 4.01% to 879.47 billion euros, and funds of hedge funds reduced their assets by 15.36% to a total of 288.45 billion euros at the end of the year.

With regard to non-financial investment funds, the assets of real estate funds at year-end 2013 totalled 3.68 billion euros, a fall of 12.35% on 2012.

2.2 Return

Returns for the year, weighted by assets, were positive in all categories. In line with the upward trend of prices in equity markets, the funds with the highest returns were equity funds, both euro (with a return of 28.06%, more than double the return in 2012) and international (20.3%). There was also a notable increase in the return of partial guarantee funds (10.99%, more than triple the figure recorded in the previous year).

In the most significant categories with regard to their weight in total assets of the sector, the return: i) fell in euro fixed-income funds (from 3.78% in 2012 to 2.48% in 2013), ii) remained at a level (4.96%) similar to that of the previous year in fixed-return guaranteed funds, and iii) increased in passively managed funds (from 7.04% to 8.88%) and in variable-return guaranteed funds (from 4.55% to 6%). As shown in table 2, the average weighted return in 2013 of the funds as a whole increased by one percentage point on 2012.

Asset weighted return of investment funds (%) TABLE 2

Category	2010	2011	2012	2013
Money market	0.47	1.68	2.20	1.36
Euro fixed-income	0.61	1.14	3.78	2.48
International fixed-income	4.16	1.75	7.74	0.82
Euro mixed fixed-income	0.90	-1.49	5.20	5.77
International mixed fixed-income	0.46	-2.11	4.73	2.68
Euro mixed-equity	-0.12	-6.23	6.81	14.97
International mixed-equity	2.25	-6.33	9.38	9.32
Euro equity	2.05	-12.59	12.31	28.06
International equity	5.34	-11.80	13.05	20.30
Passively managed CIS	2.21	-7.47	7.04	8.88
Fixed-return guaranteed	0.78	3.04	4.85	4.96
Variable-return guaranteed	0.46	0.35	4.55	6.00
Partial guarantee	-1.36	-2.26	3.44	10.99
Absolute return	0.92	-2.14	3.85	2.46
Global	1.88	-5.21	7.42	8.71
Total	**0.35**	**-0.07**	**5.50**	**6.50**

Source: CNMV.

According to the data provided by INVERCO, hedge funds also enjoyed a significant increase in returns, with their weighted average rising from 6.91% in 2012 to 19.3% in 2013.

Real estate investment funds suffered another year of negative returns. The weighted average return for the sector stood at -11.28%, compared with -5.5% the previous year.

2.3 Investment policies

Despite the increase in assets and unit-holders, there was a fall in the number of vehicles in all categories of financial investment funds, except the category of passively managed funds, where the number practically doubled (197 at year-end 2013 compared with 99 at year-end 2012). Excluding hedge funds, funds of hedge funds and real estate funds, the total numbers of funds registered with the CNMV fell by 11.64% to 2,307. The largest falls in percentage terms compared with the previous year were seen in the mixed categories, both in mixed fixed-income (-31.58%) and in mixed equity (-30.77%). These were followed in order of importance by the fall seen in long-term fixed-income funds (-27.63%), money market funds (-24.05%) and variable-return guaranteed funds (-21.70%).

With regard to the changes in investment policy of the registered funds, 2013 saw the conversion of many fixed-income funds (both guaranteed and non-guaranteed) into fixed-income funds with a non-guaranteed target return. The CNMV adopted measures after it detected that, as from the first few months of 2013 a large number of funds with expired guarantees modified their investment policy to another very similar policy, with a specific target return, but one which was not guaranteed.

Specifically, in July 2013 the CNMV published a notice warning about the risk that investors were not aware of the modification in the nature and risk of their investment and urging firms to avoid replacing guaranteed investment funds with non-guaranteed funds. The CNMV also introduced additional transparency measures to support investors affected by the replacement.

2.4 Registrations and de-registrations of CIS

As shown in table 3, a total of 144 traditional financial investment funds were registered in 2013, 25% more than in 2012. The number of de-registrations was higher mainly as a result of the ongoing product merger processes sweeping the industry over the last few years. Consequently, the number of funds registered with the CNMV fell by 7.5% on the previous year to a total of 2,040.

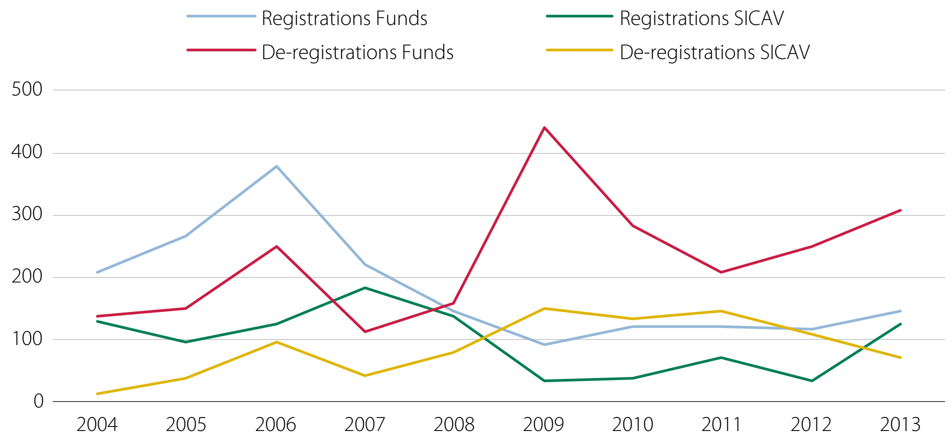
As shown in figure 2, the increase in the number of new registrations of SICAVs was even sharper than the increase in the registration of funds (124 in 2013 compared with only 35 in 2012) and was accompanied by a sharp reduction in the number of de-registrations, which is reflected in the significant increase in the number of registered companies. The growth in the number of new registrations of CIS, together with the increase in assets linked to the net inflow of funds following several years of net outflows, suggests that this sector has also benefited from the lowered perception of risk and the improvement in expectations regarding the Spanish economy. In the case of SICAVs, the tax regularisation process which took place in Spain in 2012 may have also had a positive impact on their growth.

Number of registered CIS and depositories TABLE 3

	Number of entities				
Type of entity	Registered at 31/12/2012	New registrations	De-registrations	Registered at 31/12/2013	Change (%)
Total financial CIS	**5,246**	**271**	**391**	**5,126**	**-2.3**
Investment funds	2,205	147	309	2,043	-7.3
Investment companies	2,981	124	70	3,035	1.8
Funds of hedge funds	24	0	2	22	-8.3
Hedge funds	36	3	10	29	-19.4
Total non-financial CIS	**14**	**2**	**0**	**16**	**14.3**
Real estate investment funds	6	0	0	6	0.0
Real estate investment companies	8	2	0	10	25.0
Total foreign CIS marketed in Spain	**754**	**90**	**62**	**782**	**3.7**
Foreign funds	421	39	51	409	-2.9
Foreign companies	333	51	11	373	12.0
Depositories	**84**	**0**	**7**	**77**	**-8.3**
Total CIS	**6,098**	**363**	**460**	**6,001**	**-1.6**

Source: CNMV.

Registrations and de-registrations of Spanish CIS with the CNMV FIGURE 2



Source: CNMV.

As indicated above, mergers are the main reason for the drop in the number of financial investment funds registered with the CNMV. The number of funds involved in merger processes rose to 451 in 2013 from 371 in 2012. The reasons behind this increase were the streamlining of the range of products and managers and, although to a lesser extent than in recent years, the bank restructuring process.

Of the 309 traditional financial investment funds which de-registered last year, nine (two of which were ETF) were liquidated as a result of dissolution (four in 2012). In the case of hedge funds, of the eight de-registrations in the year, four took place as a result of conversions into traditional investment funds, three as a result of dissolution and the last one as a result of a merger. Two funds of hedge funds were de-registered in 2013, both as a result of mergers, and two hedge fund companies for the same reason. No real estate fund was de-registered.

The number of mixed mergers, i.e. those which involved funds and CIS in the form of companies, rose on the previous year: seven mergers in 2013 (six of these affected six funds and eight SICAVs and one involved a hedge fund absorbing two hedge fund companies) compared with four mergers in 2012.

Three investment funds with multiple compartments were established in 2013. The first fund of this type was registered in 2012.

Seven SICAVs had their authorisation revoked in 2013 (none in 2012) due to a failure to comply with their regulatory requirements.

The number of foreign CIS marketed in Spain registered with the CNMV rose by 4%. At the end of the year, a total of 782 foreign CIS were registered (409 funds and 373 companies).[1] Most of the CIS were established in Luxembourg, France and Ireland, accounting for 89% of the total.

1 According to data from INVERCO, the assets of foreign CIS at 31/12/2013 amounted to 65 billion euros (53 billion euros in 2012).

The bank restructuring process led to the number of depositories registered with the CNMV falling once again, although to a lesser extent than in 2012. Seven depositories de-registered in 2013, compared with 19 in the previous year. At year-end 2013, a total of 77 CIS depositories were registered, seven down on 2012.

2.5 New legislation

The most significant new piece of legislation in 2013 was Circular 2/2013, of 9 May, on the key investor information document and the prospectus of collective investment schemes. The main noteworthy new aspects are that the Circular extends the key investor information document (KID) to CIS which are not considered as harmonised in accordance with European legislation (although with certain exceptions for real estate CIS and hedge funds); it establishes the standard format of the KID and the CIS prospectus; it establishes new circumstances which give the right of separation to unit-holders and finally, it includes a revision of the list of essential elements of CIS.

1 July 2013 was the deadline set by Royal Decree 1082/2013[2] for the CIS which wanted to register as harmonised to adapt their investment portfolios to the provisions of Directive 2009/65/EC.[3] As a result, at year-end 2013 approximately 50% of all the financial funds (excluding hedge funds and funds of hedge funds) were registered as harmonised. The high proportion of guaranteed funds and funds with a specific target return in the Spanish industry explains the significant number of non-harmonised traditional financial CIS. These funds are not subject to some of the diversification limits established by Directive 2009/65/EC, such as having the public debt portfolio diversified into more than six issues. Around 14% of SICAVs were registered as harmonised at year-end 2013.

3 Venture capital entities

3.1 Movement in number of entities over the year

A total of 256 venture capital entities (VCEs) – 126 of which were funds (VCFs) and 130 were companies (VCCs) – were registered with the CNMV at the end of the year. A total of 78 VCE management companies were also registered. There was therefore a slight fall on the previous year (around 2%) in the total number of VCEs and VCE management companies. The number of registered VCEs fell by six, the first fall since the entry into force of Law 25/2005 regulating venture capital entities and their management companies.

2 Royal Decree 1082/2012, of 13 July, approving the implementing Regulation of Law 35/2003, of 4 November, on collective investment schemes.

3 Directive 2009/65/EC of the European Parliament and of the Council, of 13 July 2009, on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS Directive).

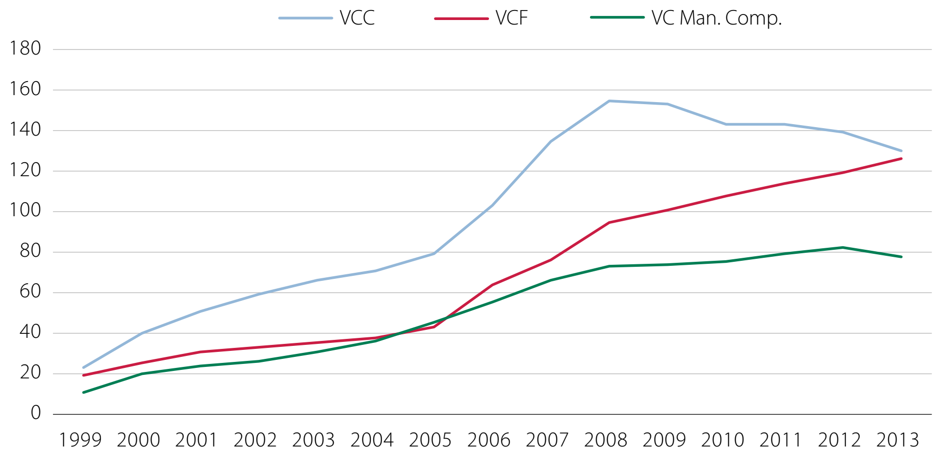
The drop in the number of entities was mainly concentrated in VCCs, where there were 18 de-registrations, and in VCE management companies, which recorded five de-registrations. All of these took place in the context of the bank restructuring processes as a result of changes in control in credit institutions and reorientation of their investment policies, which in many cases has led to divestments in industrial portfolios. The new regulatory framework for renewable energies has also had some impact on the number of de-registrations.

Movements in the VCE register TABLE 4

Type of entity	Entities registered at 31/12/2012	New registrations	De-registrations	Entities registered at 31/12/2013
Total VCEs and VCE management companies	**340**	**19**	**25**	**334**
Venture capital management companies	82	1	5	78
Venture capital companies	139	9	18	130
Venture capital funds	119	9	2	126

Source: CNMV.

Venture capital entities registered with the CNMV FIGURE 3



Source: CNMV.

However, it should be highlighted that the last quarter of the year was very active in terms of authorisations. Specifically at the end of the year, six VCFs and five VCCs were authorised and pending registration and are not therefore included in table 4. Four of the six authorised funds were promoted by the public sector in the Autonomous Region of the Basque Country.

As has been the case in recent years, over 70% of the new VCEs opted for the simplified regime. Over 65% of the VCEs are based in Madrid.

3.2 Fall in investment volume[4]

Venture capital investment remained low in 2013, amounting to 1.7 billion euros, 31% down on 2012 and very close to the historic lows in the sector (1.67 billion euros in 2009). However, it should be pointed out that most of the investment (over 1.2 billion euros) was made in the second half of the year, which could indicate that a turning point has been reached. International funds accounted for 51% of total investments.

90.7% of the investments made were for under five million euros, and of this percentage, 74% corresponded to very small investments of less than one million euros mainly aimed at Spanish SMEs in the start-up and expansion stages. Only three investments exceeded 100 million euros.

New funds raised for investment amounted to 1.35 billion euros, 33.5% down on 2012. Of this amount, 864 million euros corresponded to international funds, 312 million euros were raised by private Spanish operators and the rest by public Spanish operators.

Divestments amounted to 1.45 billion euros, an increase of 21.3% on 2012, spread over a total of 268 operations.

3.3 Investment strategies of the new entities

The investment policies of the nine new VCCs registered in 2013 focus mostly on the technological sector, although the health sector also accounts for a notable proportion of the investment.

Of the nine new VCFs registered, six are funds of funds, which have mostly been established with the aim of investing in the secondary market, acquiring holdings from institutional investors with liquidity problems. These funds will mainly operate in the United States and Latin America.

With regard to the investment stages, most of the new entities have focused on the first stages (seed and start-up), as well as the expansion stage.

3.4 Registration of FOND-ICO Global

A significant milestone last year was the registration of FOND-ICO Global, the first fund of public funds created in Spain. This fund was established with a capital of 1.2 billion euros, with the aim of promoting the creation of private venture capital funds which invest in all stages of development. The ultimate aim is to mobilise resources for an amount greater than 3 billion euros. The fund is managed by Axis, which is also responsible for selecting the most appropriate venture capital funds.

4 The data in this section have been furnished by the Asociación de Entidades Españolas de Capital-Riesgo (ASCRI).

By means of a tender process, in December the management company selected the first six funds in which FOND-ICO Global will invest, three of which are aimed at pure venture capital investments and the other three at expansion capital investments. In this first tender process, the total investment commitments amounted to 685 million euros, of which 189 million correspond to the contribution from FOND-ICO Global.

Furthermore, a new tender process is expected to close in the first quarter of 2014 with the aim of selecting eight new funds. Further tender processes will follow in June and in the last quarter of the year.

3.5 New legislation

Directive 2011/61/EU on Alternative Investment Fund Managers significantly affects venture capital entities. It will be transposed to Spanish law in the framework of a new venture capital law which is currently being processed and which is expected to appear in the first half of 2014. This law will allow managers which meet the requirements to obtain the European passport to market alternative funds throughout the European Union.

The future legislation, currently in the form of a draft bill regulating venture capital entities and other closed-ended investment entities, introduces new requirements for management companies with regard to their structure and organisation so as to ensure control of risks, liquidity and conflicts of interest. In particular, the new legislative framework establishes requirements to prevent the remuneration policy of management companies being an incentive to excessive risk-taking. It also introduces a reduction in administrative burdens in the regime for venture capital entities.

Furthermore, the draft bill creates the category of SME venture capital entity, applicable to those entities that place at least 70% of their investment in SMEs, to which they will also provide advisory services.

4 Investment firms

4.1 Broker-dealers, brokers and portfolio management companies

Excluding financial advisory firms, which are referred to later (see table 5 and figure 4), 2013 closed with a total of 87 investment firms registered with the CNMV, six fewer than in the previous year. These entities had a total of 29 branches and 6,811 agents throughout Spain. In order to provide investment services in the European Economic Area (EEA), they had 253 passports for the free provision of services regime and seven branches. They also had six authorisations to operate under the free provision of services regime in third countries.

Therefore, the number of registered entities in the sector continued to fall, as it has since the end of the 1990s. There were four new registrations during the year and ten de-registrations. The entities most affected by the de-registrations were broker-dealers, which recorded six de-registrations. Three brokers also de-registered and one portfolio management company. There is expected to be a slight fall in the number of registered entities in 2014, in line with the trend seen over recent years.

Two of the aforementioned de-registrations were the result of entities which ceased to operate in Spain. The others were the result of adjustments in the structure of the financial group to which they belonged. In this case, the entities remain linked to the financial sector either because they were transformed into another type of entity or because they were absorbed by another financial entity in the group. Most of the de-registered entities, specifically seven, were owned by Spanish or foreign financial institutions (banks, investment firms or CIS management companies).

With regard to the entities registered over the year, there was a clear preference for brokers compared with other types of investment firm, and a significant role played by independent professionals previously linked to the financial sector in promoting new entities. Of the four registrations over the year, three corresponded to brokers and one to a broker-dealer. Three of the new entities had independent shareholders, while the fourth was owned by a Spanish insurance company.

At the end of the year, broker-dealers and brokers accounted for 94% of the total number of registered investment firms, with portfolio management companies accounting for the remaining 6%.

Following the registrations and de-registrations recorded in 2013, the shareholder breakdown of investment firms was as follows: 61% independent entities, 25% owned by Spanish financial institutions (credit institutions or insurance companies), 8% owned by non-EU financial institutions and the rest with a diverse set of shareholders. The main changes in holdings in investment firms recorded over the year were driven, on the one hand, by financial groups from both inside and outside the EEA and, on the other hand, by the restructuring process conducted by financial institutions under Law 09/2012, of 14 November, on the restructuring and resolution of credit institutions.

It is important to highlight that the restructuring of the Spanish financial system and the internal corporate processes in the groups linked to savings banks have affected investment firms in recent years, mainly as regards the shareholder base. Nevertheless, the number of registered investment firms has hardly been affected by this restructuring.

It should also be pointed out that Andorran financial institutions, which entered the Spanish market for the first time in 2009, reduced their presence in Spanish investment firms in 2013, although they remain linked to this sector through other financial institutions (CIS management companies or banks).

With regard to the cross-border activities of Spanish investment firms, the main movements have taken place under the free provision of services, where there has been a slight reduction in the number of registered passports as the investment firms that de-registered in 2013 had a considerable European presence. At 31 December, over 47% of the registered entities enjoyed a passport for the provision of investment services, either through free provision of services or through a permanent establishment. Over the year, two brokers requested authorisation to operate in third countries, specifically Chile, Panama, Peru and Switzerland.

4.1.1 Foreign investment firms

Foreign investment firms continue increasing their presence in Spain, although now at a more moderate pace. The United Kingdom is the country which contributes the greatest number of foreign passports in Spain, with 80% of the total (2,136 passports). There was a notable presence of passports registered in Cyprus. This is the country with the second highest number of passports (104 in total), with an increase of 28.4% on the previous year.

4.2 Financial advisory firms

The number of financial advisory firms registered at 31 December 2013 totalled 126, of which 96 corresponded to legal persons and 30 to natural persons. Financial advisory firms on that date had nine branches and 11 passports to provide services in the EEA under the free provision of services regime.

A total of 29 new entities registered in 2013. The upward trend in the number of registered entities seen since 2009 thus continued (16 entities in 2009, 36 in 2010, 31 in 2011 and 23 in 2012).

A total of 50 registration applications were received during the year. This number is somewhat higher than in the last three years (37 in 2010, 30 in 2011 and 36 in 2012).

In 2013, a total of 16 applications did not prosper; in four cases they were rejected because they did not meet the requirements for their establishment as financial advisory firms and in the remaining 12 cases because the interested parties withdrew the application. The number of rejections remains in line with those recorded in the last three years (two rejections in 2010 and three rejections in 2011 and in 2012).

There were four de-registrations in 2013. Three of these de-registrations were the result of a legal person financial advisory firm converting into a natural person financial advisory firm and one was the result of voluntary withdrawal by the financial advisory firm. The number of de-registrations is the same as in the previous year. The first de-registration in the register of financial advisory firms was recorded in 2011.

There is expected to be moderate growth in the number of financial advisory firms registered with the CNMV in 2014, as a result of the trend both in 2013 and in previous years and the fact that the number of applications received in 2013, although higher than in the three preceding years, is not so high so as to anticipate strong growth.

Registrations and de-registrations of investment firms

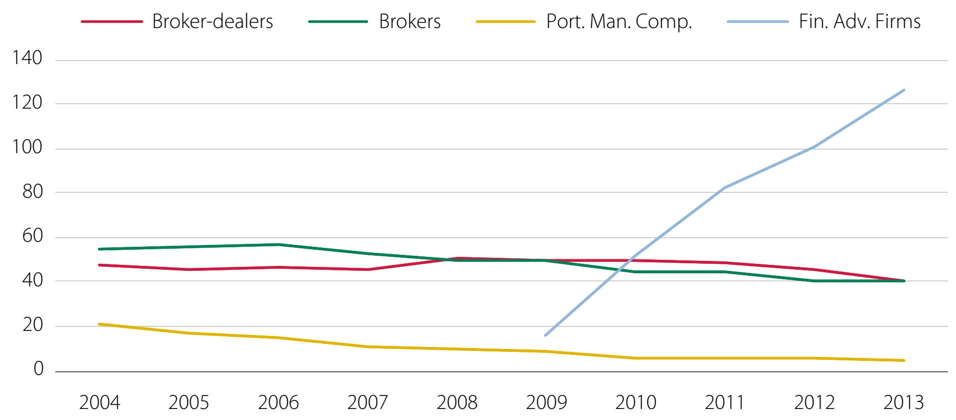
TABLE 5

Type of entity	Number of entities: Registered at 31/12/2012	New registrations	De-registrations	Registered at 31/12/2012	Change (%)
Broker-dealers	46	1	6	41	-11
Brokers	41	3	3	41	0
Portfolio management companies	6	0	1	5	-17
Financial advisory firms	101	29	4	126	25
Branches	37	7	6	38	3
Free provision	2,496	279	132	2,643	6
Total	**2,727**	**319**	**152**	**2,894**	**6**

Source: CNMV.

Number of registered investment firms

FIGURE 4



Source: CNMV.

5 CIS management companies

During 2013, the number of CIS management companies fell by nine on the previous year. One entity engaged in the management of CIS and discretionary portfolios registered and ten management companies de-registered, six of which belonged to Spanish banks and four to foreign financial groups. There were therefore the same number of registrations and de-registrations recorded as in 2011 and 2012 (see table 6). It was also mainly the same type of entity which de-registered as in previous years, i.e. entities linked to the banking sector.

Registrations and de-registrations of CIS management firms TABLE 6

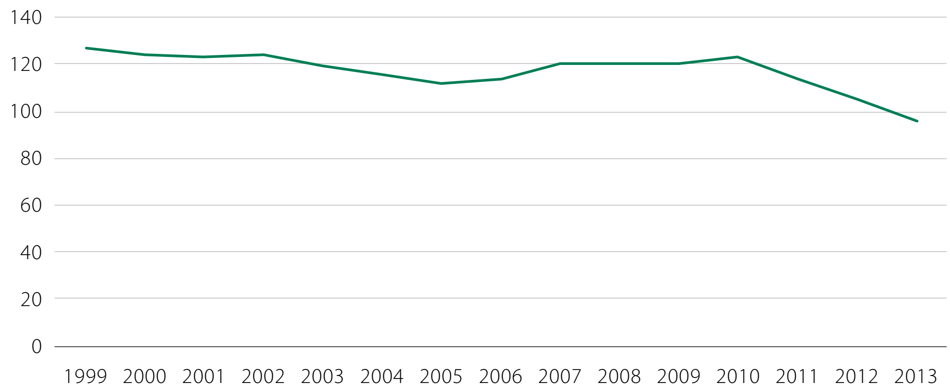
	Number of entities				
	Registered at 31/12/2012	New registrations	De-registrations	Registered at 31/12/2013	Change (%)
2011	123	1	10	114	-7.3
2012	114	1	10	105	-7.9
2013	105	1	10	96	-8.6

Source: CNMV.

The number of registered entities stood at 96 at the end of the year, which means that the sector is currently at similar levels to those seen at the end of the 1980s. Since 2011, the sector has been suffering a sharp drop in the number of entities, which is mainly associated with the restructuring of credit institutions, and last year was no exception. Over the last three years a total of 30 CIS management companies have de-registered, i.e. one quarter of those registered in 2007. However, the adjustment process seems to be reaching an end given that as of the preparation date of this report there are only four de-registrations of CIS management companies expected in the coming months.

Over the coming months, registration of the transformation of one financial advisory firm into a CIS management company is expected so as to undertake the comprehensive management and marketing of specific CIS to which it currently provides advice. Similarly, four CIS management companies are expected to de-register, two belonging to Spanish banking groups, one belonging to an Andorran banking group and another belonging to a broker-dealer.

Number of registered CIS management companies FIGURE 5



Source: CNMV.

Four changes of control were recorded over the year. Two Spanish CIS management companies controlled by foreign financial groups were transferred to the control of another foreign financial group in one case and to a Spanish bank in the other. In the third case, a Spanish bank controlling a CIS management company began to share control with American venture capital groups. Finally, control of another CIS management company was transferred from a Spanish bank to an Andorran bank as a prior step to its de-registration as a result of a merger.

With regard to results, the aggregate profit of the sector rose by 66% on the previous year, despite the number of entities falling by almost 9%. The number of loss-making entities fell from 28 in 2012 to 11 in 2013 and the accumulated losses of these companies fell by 79%. There were 85 profit-making entities (77 in 2012), and the profit of these entities increased by 60% on the previous year.

The number of employees in the CIS management company sector totalled 2,087 at the end of 2013, 3% up on the previous year.

III Regulatory novelties

Notes on the Alternative Fixed-Income Market and its Regulation

Rafael Sánchez de la Peña (*)

(*) Rafael Sánchez de la Peña is the Director Attached to the President of the CNMV.

1 Introduction

The Alternative Fixed-Income Market (MARF) has been in operation since October 2013. The CNMV Board had authorised its Regulation a few months previously, on 22 May 2013.

The authorisation of this Regulation put an end to the analysis which the heads of the fixed-income area of the Bolsas y Mercados Españoles (BME) group had been conducting over several months with regard to the operating configuration to be adopted in an alternative market aimed at the financing of companies through fixed-income securities that may not easily fit into official secondary markets.

The most relevant aspects of these discussions will be referred to later in this article. First of all, it would be useful to outline the most characteristic features of the MARF, using for this purpose its Regulation, which represents a multifaceted figure with each side corresponding to the different aspects which characterise this trading infrastructure. In order to understand the MARF better, it would be appropriate to discuss each one of these facets.

The notes on the Regulation of the MARF which are presented in this article refer to the following aspects: the legal and functional configuration of the new market (section 2); the entities which may be trading members (section 3); the type of issuers and issues which form the basis for its design (section 4); the securities which may be admitted to trading (section 5); the conditions which must be met by issuers and issues in order to access the market (section 6); and, finally, the circumstances which have been taken into consideration when establishing the trading model and dissemination of information (section 7). The article closes with some final points on the reasons which, in the author's opinion, have led to the creation of this market (section 8).

2 The legal and functional configuration of the MARF

The MARF is a multilateral trading facility established in accordance with the provisions of Articles 118 to 126 of the Securities Market Act 24/1988, of 28 July.

As a trading facility it does not have company form and lacks its own legal personality separate from its governing entity, in this case: AIAF Mercado de Renta Fija S. A. (hereinafter, AIAF), which is the governing company of official secondary markets under the Securities Market Act.

The AIAF board of directors is the ultimate governing body of the MARF. It has all the authority to administer and manage this trading facility. As is to be expected, the Regulation of the MARF which was sent to the CNMV for authorisation had been previously approved by the AIAF Board, in the same way as the different circulars implementing the Regulation which were subsequently published. It should be noted that these circulars do not require the supervisor's formal approval, although they must be communicated to the supervisor prior to publication.

Daily management of the facility is delegated to a general manager appointed by the board. The MARF also has three committees: the Securities Admission Committee, the Supervisory Committee and the Arbitration Committee. The first two of these committees are made up exclusively of members of the AIAF board of directors, while the third may include market representatives. The main functions of these committees are as follows:

– The Securities Admission Committee proposes to the board of directors the admission of securities and issuers to the facility, monitors the evolution of the listed securities and analyses the demands of issuers and trading members of the facility.

– The Supervisory Committee ensures compliance with the rules established with regard to trading and the use of the technical and computing resources which the market makes available to its members. It is also responsible for preventing any conduct that constitutes market abuse, for taking the appropriate measures in this regard and for deciding on the interruptions in trading of securities, the precautionary suspensions of the activities of a trading member or the revocation of dealers.

– The Arbitration Committee is responsible for deciding on claims which may be filed by trading members and any disputes which may arise between them.

A comparison of the legal structure of the MARF and that of the Alternative Stock Market (MAB) would show more similarities than differences. The MARF is controlled directly by a governing company of official secondary markets, as is the MAB, although indirectly, as its governing entity is entirely owned and controlled by the four governing companies of the stock markets. As indicated, the MARF board of directors is the same as that of the governing company of the AIAF official secondary market, while the board of the MAB is the board of the Bolsas y Mercados Sistemas de Negociación S. A. This entity is not the governing company of any official secondary market as it was created by the four governing entities of Spanish stock markets to manage multilateral trading facilities.

There are only minor differences between the MARF and the MAB with regard to functional organisation. Both markets have a general manager in charge of daily management. The MAB also has three commissions or committees whose functions are similar to those of the MARF described above (admissions, supervision and arbitration).

3 Trading members

The MARF accepts as members of its market any credit institution or investment firm authorised to execute orders for third parties or to trade on their own behalf on official markets. Consequently, both the members of AIAF and those of any Spanish stock market may become members of the MARF.

The MARF also accepts as members of its facility the Secretary General of the Treasury and Financial Policy, the Social Security General Treasury and the Bank of Spain, as well as those entities which in the opinion of the market's board of directors meet the conditions laid down in Article 37, section 2, point (f) of the Securities Market Act.

In addition to the above, the MARF allows entities referred to as "mediators" in its Regulation to execute orders in its facility. Mediators are entities authorised to provide investment services of order execution on behalf of third parties and which, without being members of the trading facility, act exclusively on behalf of market members.

With regard to the conditions for becoming a member of the MARF and the corresponding obligations and rights, neither the Regulation nor the circular on members implementing the Regulation contain specific features which differentiate the MARF from other markets or trading facilities.

The requirements deal with mandatory compliance with the principles of the Securities Market Act and the rules established in the MARF Regulation and circulars, as well as the need to have the technical and human resources necessary to act on the trading platform and in the clearing and settlement processes of the traded securities. However, the MARF provides that its members may appoint other entities which are active participants in that field to carry out the clearing and settlement processes. The MARF therefore admits entities which are solely trading members.

The rights and obligations of the members are similar to those in other markets. Accordingly, for example, as is the case in the MAB, the members of the MARF are required to submit their disputes to the Arbitration Committee.

4 Issuers and issues for which the MARF is designed

This is where we will find the most specific features of the MARF. In order to explain these features and better understand the origin of this facility and its intended use, first of all we need to clarify or refute, as the case may be, some ideas which have been spread about the new market and which are not necessarily accurate. Specifically, we will consider the following ideas:

1. The idea of the MARF as an alternative fixed-income market designed for SMEs or better put, for medium-sized companies, is true, but only to a certain extent.

2. The idea that the MARF aims to specify or establish limits with regard to the size of the issuers which use it is incorrect.

3. The idea that the MARF excludes retail investors and it is only aimed at professional or qualified investors (however these may be referred to) is one of the few accurate things that have been claimed about the new market.

4. The idea that an issue aimed at the MARF may not be admitted on other markets or trading facilities is partially true. The MARF does admit issues from markets or trading facilities located outside Spain, although it does exclude other markets or facilities which form part of the BME group, which currently only operates in Spain.

With regard to the first, second and third points above, Article 1 of the MARF Regulation indicates that "the purpose [of the alternative fixed-income market (or "the Market")] is to provide capital-market based corporate financing using held-for-trading fixed-income securities, issued by institutions whose circumstances require them to seek out a single or alternative channel to the official secondary markets. The securities are aimed at qualified investors, as defined by Spanish securities legislation."

At no time does it use the term small or medium-sized enterprises, nor does it define any size of the companies which may obtain financing in the MARF. Another issue is the assessment made by different people of what may or may not interest a qualified professional investor and whether or not this type of investor would demand from the issuers of securities in which the investor may be interested certain conditions with regard to size, EBIT, cash generating ability, or with regard to the size of the batch or the issue of which these securities form part. These are assessments which may also vary depending on the circumstances of the macro and micro situation of the markets.

The only true thing is that the dominant approach in the design of the MARF has been for flexibility and therefore there are many possible assessments, many types of issuers and many types of fixed-income securities, although on the premise that these are aimed at qualified investors. This is, perhaps, the most specific and differentiating feature of the MARF.

5 Types of securities that may be admitted

The full range of the spot fixed-income negotiable securities, including asset-backed securities, may be admitted to the MARF. This market also allows admission of units or shares of collective investment schemes (CIS), including shares issued by SICAV, providing their investment policy preferably aims to invest in fixed-income securities which are the equivalent or similar to those for which MARF considers itself the target market or trading system. This last point may seem surprising given that the units or shares issued by CIS are considered equity securities, but it should not actually be surprising as investing in such CIS would be the equivalent of buying pooled parts or shares of a portfolio of the same fixed-income securities as those aimed at the new market. The development of this type of CIS would be desirable and, obviously, their admission to the MARF would be beneficial for the growth of a market which aims to promote fixed-income financing.

With regard to the types of securities, the MARF only provides for two exclusions:

– Based on the rights and obligations inherent to the type of security: it excludes shares and securities equivalent to shares, as well as those which incorporate transformation mechanisms (swap or conversion) in order to access shares, in the terms provided for in Article 30 *ter* of the Securities Market Act.

– With regard to the amount and type of investor: it expressly excludes that the direct individual holders of the securities subject to be listed may be non-qualified, for which it requires that the nominal amount of such securities be at least 100,000 euros (Circular 7/2013 of the MARF on listing of securities) so that they will not be subsequently broken down into securities of a lower amount.

It should be pointed out that the MARF Regulation uses the expression "qualified investor" deliberately, giving it the same meaning as appears in Article 39, section 1 of Royal Decree 1310/2005, of 4 November. Accordingly, this term is considered to cover all types of investors which, by common sense, would not be considered retail investors.

The most differentiating aspects of the market compared with other Spanish markets can undoubtedly be found in the combination of securities and investors which the new market is aimed at. In this regard, the MARF is very different from the markets and trading facilities currently operating in Spain.

6 The conditions of access for issuers and issues

As a first step, we should indicate that, as it is not an official secondary market, the listing of securities on the MARF does not require preparation of a prospectus of the type regulated by European legislation and in the Securities Market Act and its implementing legislation. The CNMV is not required to verify any document for listing on the MARF. The board of directors of the MARF is solely responsible for approving the listing of issues on the market.

The points referred to in the previous paragraph and the details on the MARF described in previous sections seemed to indicate that in theory the conditions for access were going to be a straightforward and uncontroversial issue with regard to the procedure. This has not been entirely the case, as will be discussed later in the article. What was seen as a significant stumbling block was the fact that certain powers granted to official secondary markets were not applied to alternative markets (including the MAB equity market). Certain legal amendments were called for in order to extend some of the following powers to the MARF:

– Exempting issues aimed at the MARF from the execution of a notarised document and, therefore, subsequent filing of the document in the Companies Registry.

– Applying to securities on the MARF the exemption from the limit on indebtedness with issues which is provided for in Article 405 of the Capital Companies Act.

– Considering the fixed-income issues aimed at the MARF as admissible for entities in the insurance sector.

– Applying favourable treatment to MARF securities in the case of non-residents and extending to the securities the possibility of eliminating withholdings when paying interest.

The aforementioned measures are clearly important for developing the market, but they are also difficult to adopt as they refer to legal provisions which exceed the scope of technical regulation in securities markets.

It is enough to highlight the effect of lower external relevance resulting from the aforementioned measures, specifically the exemption from a notarised document, whose informational content in the case of admissions to official markets is replaced by the regulatory public prospectus approved by the CNMV. However, no such prospectus is required in the MARF. Depending on whether or not such an exemption is eventually applied, the functions and duties to be performed by the MARF when listing securities on the system may change significantly given that in the event of an exception, a rigorous procedure will be required for reviewing and safekeeping the documentation providing evidence of the issuer's identity, the issue resolutions and aspects relating to the securities to be admitted, with a formal registry set up by the MARF for this purpose. Finally, it should be stated that the exemption referred to herein has materialised in legislation and, therefore, the MARF has created this full registry, which is a novel aspect in any Spanish trading infrastructure.

The listing process designed for the MARF started on the basis that all the aforementioned facilities would sooner or later have legal standing so that the conditions for listing and maintaining issues were adapted to the following requirements:

1. Although there is no regulatory listing prospectus, a listing document with pre-established and mandatory required content is established, in addition to the requirement to provide all the aforementioned supporting documentation to be registered and safe-guarded in the MARF.

2. In theory, understanding that the issuers will be companies with an indefinite duration and already involved in an ongoing regular activity, the audited annual accounts of the last two financial years will be required. Different accounting standards will be accepted: specifically, they may choose between IAS/IFRS, US GAAP and EEA standards.

3. As these are usually issuers using secondary markets for the first time and therefore who were assumed not to have a thorough knowledge of reporting practices and conduct in such markets, each issuer is required to previously designate a registered adviser to advise it on compliance with reporting obligations and its relationships with investors. The adviser chosen must be one registered and recognised by the MARF. It should be pointed out that no mutual recognition mechanisms have been established between the MARF and the MAB with regard to their respective registered advisers.

4. After taking into account that the securities to be listed on the MARF must have a minimum nominal value or price of 100,000 euros per unit and that their holders must be qualified investors, issuers are exempt from interim

financial reporting, thus extending the exception which the Securities Market Act already recognises for listings of these characteristics on official secondary markets.

5. Emphasis is placed on the condition which issuers accessing the MARF must accept with regard to the importance of punctually reporting information relevant to the market and the milestones or events which, as a minimum, trigger the requirement to report said information, are expressly defined. The non-mandatory nature of interim financial reporting places even further emphasis on this obligation as shown in Article 16 of the Regulation, which indicates "[...] as soon as any relevant information that affects their economic activity or financial position becomes known, or implies a significant change in the path and progress of the results and cash flows disclosed in the financial statements for recent years, the issuers must submit the corresponding information to the Market."

None of the requirements presented in the previous five points may be considered as a differentiating characteristic of the MARF compared with other markets. Accordingly, the exemption from interim financial reporting is not new, but derives from EU legislation applicable to official secondary markets. However, the following two requirements are specific to the MARF:

6. It is necessary to have a prior credit and risk assessment report on the issue or a solvency report issued by one of the rating agencies registered and certified by ESMA. Beyond the need to have and maintain this assessment, the MARF does not define or require a minimum rating for securities to be listed.

7. The MARF board of directors reserves the right to establish, if experience or circumstances so advise, that the securities and issues have, upon their initial listing on the market, an assessment report from an independent expert of renowned prestige, regarding the price, return and interest rate. Once the issue is listed, the board of directors, based on the frequency and volumes traded, may set the need and frequency of periodic assessments which must be made as regards the aforementioned points.

It is not necessary to be an expert to understand the appropriateness of these two differentiating requirements as, although it is true that the MARF is a market for qualified investors and that these investors have the means to analyse the issuers and securities they issue on their own behalf, the existence of a rating is a factual requirement for these types of investors and it is therefore logical that obtaining a rating has been established as mandatory.

With regard to the interest-rate assessment reports, although it is also reasonable to assume that professional investors have the means to calculate or obtain, on their own behalf, the rate curves matching different credit rating ranges, the possibility of having reports prepared by independent experts, in circumstances which the governing body of the market believes necessary, seems to be a prudent measure.

7 The trading model and dissemination of information

It is firstly necessary to indicate that both the MARF Regulation and its circulars address the trading model and dissemination of information in detail, which is understandable given that the MARF is an unofficial secondary market. In short, the MARF is a trading facility, and it is therefore to be expected that these aspects are regulated, which indeed they are.

Secondly, there are no differentiating aspects to highlight with regard to trading and dissemination of information compared with other national fixed-income markets. The aspects which are regulated in the MARF with regard to these issues and their treatment do not differ substantially from those in force in the AIAF and in other platforms operated by that market. Indicating the regulations of the MARF in these issues would be a repetition of the general regulation of BME on trading and dissemination of information in the area of fixed-income securities, and we therefore believe it is not necessary to do so here.

Thirdly, as a result of the characteristics of the issues and investors in the securities which are to be listed on the MARF market, we can expect a predominance of held-to-majority investments and, therefore, relatively low and infrequent secondary trading. The MARF Regulation is complete and correct but there will probably be no opportunity to use a good number of the rules.

One feature which should be highlighted is that the intervention of liquidity providers is an option and not an obligation in the MARF Regulation. Article 23 of the Regulation indicates that "[...] where the characteristics of the issuers or of the securities listed on the Market should so require, the board of directors may make it compulsory to take the measures necessary in order to provide liquidity for the securities". The explanation is simple: when the unsupported liquidity is scarce, the liquidity provision mechanisms for fixed-income securities, in addition to being technically complex, reach a cost which is in no way insignificant. Regulation does not prevent an issuer, if it so desires, to decide to use a liquidity provision mechanism. If they choose this option, they should report this and the actions of the provider will be subject to supervision by the MARF. We believe that making the use of liquidity providers optional makes sense.

8 Final considerations

Any patient reader who has reached this paragraph may still ask themselves what is the reason behind setting up an unofficial secondary fixed-income market such as the MARF, whose securities are not expected to be subject to a high level of trading; and in fact just the opposite, trading is expected to be relatively limited once they are issued.

The following considerations may help to answer this question:

1. Fixed-income markets generally have a wholesale orientation which is clearly accentuated in alternative markets which, like the MARF, are aimed at qualified

or professional investors. In these markets, nobody should expect that trading is necessarily the only mechanism, or rather the preferential mechanism, for price discovery of financial instruments, unlike in stock markets, which have a trading system based on competing orders in which a variety of agents participate, whose costs for accessing the market are affordable. Accordingly, few people could expect the price of the financial instruments admitted to the MARF to be formed based solely on limited trading.

2. The above does not mean that the MARF has given up on the possibility of reasonably regular or frequent trading. The fact is that the MARF has been designed as a forum which makes it possible to exchange (buy and sell) securities at least occasionally and, if possible, preferably regularly under pre-established and orderly rules. In addition, the MARF is designed to provide a discipline of transparency and regulated information which has a certain value and which facilitates anonymous investors, in this case qualified investors, in adopting well-founded decisions. This is generally difficult outside a secondary market which is not led by a professional governing entity. The usefulness of the MARF does not lie, *a priori*, in the expected turnover rate of the listed securities, but in the possibility that the market might constitute a vehicle for access to relevant information on debt instruments and their issuers, something which could not otherwise be obtained in a fluid and regular manner.

3. We cannot analyse the MARF from the point of view of a typical infrastructure. The MARF fills gaps in the infrastructure of Spanish markets, specifically the following two gaps: i) that of fixed-income issues designed not for a generic placement but for a professional group (even when it is not necessarily personalised) or for a certain investor profile, which obviously excludes the non-personal nature of what is known as the "general public"; and, obviously, ii) that of companies which do not have the size or at a particular time sufficient capacity to perform generic issues aimed at impersonal investors, or those which do not wish to take this option.

In the context of business financing which is clearly dominated by bank brokerage, market platforms or facilities created as alternatives to the dominant financing model do not need to be similar to typical trading models which, it must be said, have not functioned as effective alternatives for many companies up to now.

I hope that these considerations have helped the reader to have a better understanding of the reasons behind the creation of the MARF. As a final help for the reader, it could be beneficial to round off with these three points:

– The new trading facility has the capacity to adapt its rules to changes in the environment without delay as updating its circulars and even its Regulation does not require extensive or lengthy administrative or authorisation procedures. At the same time, the body of rules offers guarantees of consistency, rationality and rigour resulting from it being managed by a professional governing entity and the mandatory intervention of the CNMV in authorisation of its fundamental principles and criteria. In addition, it should be pointed out that the conduct which represents market abuse (price manipulation and improper use of inside information) are subject to the discipline and penalty procedures administered by the supervisor.

– The trading facility is truly flexible in the way it has been designed.

  - It is flexible with regard to the type of securities which it admits as it does not rule out any security which directly or indirectly represents business debt by means of fixed-income securities.

  - It is flexible with regard to the issuers which may use the MARF for their issues as there is no limit as regards size, profile or sector. Issuers may be small, medium-sized or large companies. The facility allows access both for issuers which have never used the securities market and those who have experience in such markets.

  - It is flexible in that it does not impose prior requirements on trading frequency or volumes which must be met but without ruling these out, i.e. without giving up on the possibility of issues of a certain depth. At the same time, it provides for information transparency, adapting itself to the customary regulatory requirements in a pragmatic manner.

  - The only required condition, a logical counterweight to the flexibility referred to in the above points, is that the playing field is for professional investors, as the opposing players on the business pitch, who are essential for the game to take place, must be suitably qualified to understand the rules of the competition.

– Business financing in Spain has not undergone excessive innovation over the last quarter of a century. The design and start-up of a trading facility such as the MARF, which offers a novel combination of security type/issue type/investor type represents an opportunity for the fixed-income tables of Spanish financial intermediaries to search for new business opportunities and activity, which they should take advantage of straight away, without leaving it until later, given the current financing needs of companies. An additional incentive to do so is the fact that the cost of accessing and operating in this facility for the different participants is far from prohibitive.

The author of this article declares his optimism with respect to the future of the MARF as extremely interesting new aspects have been made available in the market, although they may not yet have been sufficiently valued. Perhaps the most difficult thing is to start up and get going but my conviction, if not my hope, is that it will surely move forward.

IV Legislative annex

New legislation since publication of the CNMV bulletin for the fourth quarter of 2013 is as follows:

Spanish legislation

– Resolution of 18 December of the CNMV Board delegating certain powers.

  The power to authorise the filing of annual corporate governance reports and annual remuneration reports in the CNMV's Electronic Register under the option in PDF format of the "IGC" process of the CIFRADOC/CNMV service is delegated to the President and Vice-President of the CNMV indistinctly.

– Order ECC/2515/2013, of 26 December, implementing Article 86.2 of the Securities Market Act 24/1988, of 28 July.

  The aim of this Ministerial Order is to grant to the CNMV the authority referred to in Article 86.2 of the Securities Market Act 24/1988, of 28 July, in its new wording given by Law 2/2011, of 4 March, on the Sustainable Economy. It authorises the CNMV, following a report from the Institute of Accounting and Auditing, to establish and modify, with regard to the entities referred to in Article 84.1, the accounting standards and forms which their annual and interim financial statements must follow, as well as those relating to any ratios which may be established. Similarly, it authorises the CNMV to regulate the registers, internal databases or statistics and documents which must be kept by these entities and which must be kept by credit institutions with regard to their trading on the securities market.

  Furthermore, it updates the current legal framework of the Order of the Ministry of Economy and Finance, of 26 July 1989, regarding the developments in account auditing which have taken place as a consequence of the new Spanish General Chart of Accounts, approved by Royal Decree 1514/2007, of 16 November, and other implementations of the Code of Commerce and of the consolidated text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of 2 July, on the Standards for the Preparation of Consolidated Annual Accounts, approved by Royal Decree 1159/2010, of 17 September.

  Similarly, its final provisions include amendments which affect two ministerial orders:

  • Firstly, an amendment is made to Order EHA/3537/2005, of 10 November, which implements Article 27.4 of the Securities Market Act 24/1988, of 28 July.

    The aim of this amendment is to make technical adjustments following the amendments made in Law 24/1988 and in Royal Decree 1310/2005, of 4 November, as a result of the transposition of Directive 2010/73/EU, of the European Parliament and of the Council, of 24 November 2010, amending Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and Directive 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

Following this same line, Order EHA/3537/2005, of 10 November, implementing Article 27.4 of the Securities Market Act 24/1988, of 28 July, introduces the definition of financial contracts provided by CNMV Circular 3/2000, of 30 May, which amends CNMV Circular 2/1999, of 22 April, for the first time. Similarly, it replaces the format of the national prospectus established for non-standard contracts in Circular 3/2000 by that provided for debt securities or derivatives in Commission Regulation No. 809/2004, of 29 April.

- Furthermore, an amendment is made to Order ECC/461/2013, of 20 March, which determines the content and structure of the annual corporate governance report, the annual report on director remuneration and other disclosure instruments of listed companies, savings banks and other entities which issue securities admitted to trading on official securities markets.

  The aim of this amendment is to clarify the functioning of the second transitional provision of the aforementioned Ministerial Order ECC/461/2013, with regard to the mandate of independent directors.

In accordance with the single repealing provision of this Ministerial Order, the Order of the Ministry of Economy and Finance, of 26 July 1989, and CNMV Circular 3/2000 are expressly repealed.

– Law 26/2013, of 27 December, on savings banks and bank foundations (Corrigendum published on 8 March 2014).

  With the aim of creating stability and one single legislative text, this Law brings together the future legal regime for savings banks. It is structured into two Titles, the first of which establishes the legal regime applicable to savings banks, and the second establishes the regulation relating to bank foundations.

  With the aim of guaranteeing the stability of the financial system, Title I aims to prevent savings banks from reaching a size which makes them systemic. To this end, it introduces the requirement for savings banks to perform their actions locally and to maintain a small size.

  The scope of the activities of savings banks is confined to the single Autonomous Region where they are located so that the social function of the entity is linked to a geographic area with common characteristics, unique features and needs, and hence they may not operate at a national level.

  Similarly, savings banks are expressly forbidden from having a sufficiently large size for them to become systemic and so any savings banks which grow above the permitted limits will lose their banking licence and must transfer their financial activity to a credit institution and be transformed into bank foundations.

Furthermore, the law also focuses on professionalising the governing bodies of savings banks. It extends the requirement for knowledge and experience necessary to perform their functions to all the members of the board of directors, and it also introduces significant modifications to the composition of the general assembly, by reducing the percentage of participation of the Public Authorities and strengthening the role of depositors by providing for a new mechanism for designating their representatives.

Title II is aimed at addressing the basic regulation of bank foundations and starts by establishing the definition of bank foundations as those foundations which have a holding of at least 10% in a bank. It therefore regulates the regime for converting both savings banks and bank foundations into a bank foundation.

It also introduces rules relating to the governing bodies of bank foundations and the regime for the holdings of bank foundations in credit institutions, as well as obligations on corporate governance and transparency.

Finally, Law 26/2013 establishes a series of provisions, which include those relating to amendments to the Securities Market Act 24/1988, of 28 July, and Law 9/2012, of 14 November, on the restructuring and resolution of credit institutions.

The sixth final provision makes changes to several articles of the Securities Market Act 24/1988, of 28 July: it amends Article 61 *ter*, relating to the annual report on director remuneration, it eliminates letter z) *sexies* of Article 100 and it amends the second paragraph of Article 104 and letter f) of Article 106 *ter*.

The ninth final provision adds a new section 10 to the seventh additional provision of Law 9/2012 so as to determine the specific features applicable to the Sociedad de Gestión de Activos procedentes de la Reestructuración Bancaria, S. A. (SAREB) in relation to the preparation of its annual accounts.

– Law 1/2014, of 28 February, on the protection of part-time workers and other urgent social and economic measures.

This law principally establishes reforms which contribute towards the recovery of economic growth and job creation, and at the same time it adopts significant reforms in the infrastructure and transport sector and in the housing sector so as to improve their competitiveness and their efficiency.

In this regard, it is important to highlight the amendments relating to the Social Security protection applicable to part-time workers and the amendments aimed at granting greater legal certainty to the recipients of unemployment benefits and subsidies.

Similarly, sections 2 and 6 of Article 64 of Law 22/2003, of 9 July, on Bankruptcy is amended by means of Article 10 of Law 1/2014, relating to the processing of procedures for substantial modification of collective work conditions, including collective transfers, and the collective suspension or termination of employment once bankruptcy is declared, and to the changes which affect the negotiating committee in consultation procedures.

The additional provisions of Law 1/2014 regulate and clarify various issues, including the new provision relating to considering the SAREB as a collaborating entity in the management of the support given under State housing plans so that the loans agreed with said entity can maintain the associated State support.

This new provision is necessary due to the fact that the transfer of assets from the different financial institutions to the SAREB has led to the transfer of different agreed loans which are beneficiaries of some type of State support. However, the fact that the SAREB was not in itself considered a collaborating financial institution led to the unwanted consequence of the loss of this support, which needed to be rectified.

– Royal Decree-Law 4/2014, of 7 March, adopting urgent measures on business debt refinancing and restructuring.

The main objective of Royal Decree-Law 4/2014 is to adopt measures to promote the financial restructuring of companies so as to allow them to continue meeting their commitments in the course of trade, respecting legitimate expectations of creditors, who must participate actively in the process and with the highest guarantees.

This reform aims to improve the debtor's asset position and it therefore focuses on improving the pre-bankruptcy legal framework of the financing agreements. This is due to the fact that, although this pre-bankruptcy stage is truly decisive for a company's financial restructuring, bankruptcy legislation was somewhat rigid, which made it impossible to achieve the desired results.

Thus, several amendments are made to the Bankruptcy Act, which include:

- An amendment is made to Article 5 *bis* of the Bankruptcy Act in the sense that the notification of the start of negotiations to achieve certain agreements may lead to a suspension of certain enforcements, except those which result from public law loans. This amendment aims to promote effective negotiation without accelerating the debtor's insolvency situation as a result of the hurried enforcement of guarantees on certain assets.

- An amendment is made to Article 56 with the aim of limiting the suspension of the enforcement of secured assets when said assets are necessary for the continuity of the professional or business activity.

- A specific article is established (Article 71 *bis*) to regulate the special regime for the non-termination of certain refinancing agreements.

- With the aim of encouraging the granting of new financing, the loans which involve new sources of cash and which are being granted in the framework of a refinancing agreement are given the classification of claims against the estate on an extraordinary and temporary basis for a period of two years.

At the end of the two-year period following granting the loan, they will be considered claims against the estate in the terms indicated in section 2.11 of Article 84 of the Bankruptcy Act.

- Measures are established with the aim of favouring the transformation of debt into capital, reducing the majorities required by the Capital Companies Act and establishing, with the due precautions and guarantees, the presumption of guilt of any debtor who refuses without reasonable cause to execute a recapitalisation agreement.

The final provisions of this Royal Decree-Law 4/2014 amend several rules, among which we can highlight the amendment included in the eighth final provision. By virtue of this provision, an amendment is made to Article 8 of Royal Decree 1066/2007, of 27 July, on rules applicable to takeover bids for securities, removing the need for a takeover bid and the need, as the case may be, for a request for an exemption from the CNMV in the case of operations performed as a direct consequence of a court-approved refinancing agreement providing a favourable report is given by an independent expert.

Similarly, the main amendments included on the other final provisions include the following:

- The first final provision amends Article 568 of Law 1/2000, of 7 January, on Civil Procedure, to adapt the suspension regime in the case of bankruptcy or pre-bankruptcy situations to the amendments introduced to Article 5 *bis* of the Bankruptcy Act.

- The fifth final provision amends Law 3/2009, of 3 April, on structural modifications of commercial companies, with the aim of abolishing the requirement for a director's report on the draft terms of a merger in the case of a merger by acquisition with a company in which a holding of over 90% is held in the case of cross-border EU mergers.

- The sixth final provision introduces an amendment to Law 3/2004, of 29 December, on combating late payment in commercial transactions. Specifically, it amends the last paragraph of section 1 of Article 9 for the purposes of adapting it to current legislation.

- The seventh final provision amends Royal Decree-Law 10/2008, of 12 December, adopting financial measures to improve the liquidity of small- and medium-sized enterprises, and other supplementary economic measures to prevent companies incurring in a legal reason for capital reduction and, as the case may be, of dissolution as a result of losses. This new provision will only be applicable on an exceptional basis in financial years which close in 2014.

European legislation

- Guidelines on the model MoU concerning consultation, cooperation and the exchange of information related to the supervision of AIFMD entities (European Securities and Markets Authority, 28 November 2013).

  The objective of these guidelines is to guarantee consistent application of the provisions of the delegated act adopted by the European Commission relating to cooperation agreements in the area of supervision which are required in accordance with Directive 2011/61/EU, of the European Parliament and of the Council, of 8 June 2011, on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No. 1060/2009 and (EU) No. 1095/2010 (AIFMD).

- Commission Implementing Regulation (EU) No. 1423/2013, of 20 December 2013, laying down implementing technical standards with regard to disclosure of own funds requirements for institutions according to Regulation (EU) No. 575/2013, of the European Parliament and of the Council.

  This Implementing Regulation (EU) No. 1423/2013 establishes a series of disclosure templates, including an own funds disclosure template, a capital instruments' features template, as well as a template for the transitional period.

  It also includes a balance sheet reconciliation methodology providing information on the reconciliation between balance sheet items used to calculate own funds and regulatory own funds.

- Commission Delegated Regulation (EU) No. 183/2014, of 20 December 2013, supplementing Regulation (EU) No. 575/2013, of the European Parliament and of the Council, on prudential requirements for credit institutions and investment firms, with regard to regulatory technical standards for specifying the calculation of specific and general credit risk adjustments.

  This Delegated Regulation (EU) No. 183/2014 is complementary to Regulation (EU) No. 575/2013 establishing specific rules for differentiating between specific credit risk adjustments and general credit risk adjustments.

- Commission Delegated Regulation (EU) No. 241/2014, of 7 January 2014, which is complementary to Regulation (EU) No. 575/2013, of the European Parliament and of the Council, with regard to regulatory technical standards for own funds requirements for institutions.

  This Delegated Regulation (EU) No. 241/2014 brings together into one single text all the regulatory technical standards for own funds required by Regulation (EU) No. 575/2013.

  Accordingly, with the aim of providing greater convergence with regard to the manner in which dividends have to be deducted from interim or year-end profits, it provides a hierarchy of ways to evaluate the deduction.

It also clarifies the conditions under which the competent authorities may extend to certain institutions the specific own funds requirements where the institution does not possess features which are common to European Union co-operative banking sector institutions.

It also defines the treatment of the concept of gain on sale associated with a future margin income in the context of securitisation, in order to adapt it to international practices and to ensure that no revocable gain on sale is included among the own funds of an institution. It also standardises both the deduction of certain elements from the own funds and the way incentives to redeem are assessed.

Finally, it establishes a detailed and comprehensive process for competent authorities to grant the supervisory permission for reducing own funds and it provides for temporary waivers for deduction from own funds.

V Statistics annex

1 Markets

1.1 Equity

Share issues and public offerings[1]

TABLE 1.1

				2013				2014
	2011	2012	2013	I	II	III	IV	I[2]
CASH VALUE (million euro)								
Total	20,970.3	29,557.4	39,171.9	7,577.9	18,601.2	8,010.3	4,982.5	3,689.4
Capital increases	20,843.3	28,326.0	39,171.9	7,577.9	18,601.2	8,010.3	4,982.5	3,689.4
Of which, scrip dividend	3,862.0	8,357.8	9,869.4	2,573.7	2,221.1	2,607.9	2,466.6	2,629.4
Of which, primary offerings	6,238.8	2,457.3	1,744.6	0.0	1,054.8	689.8	0.0	0.0
With Spanish tranche	5,827.1	2,457.3	1,744.6	0.0	1,054.8	689.8	0.0	0.0
With international tranche	411.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Secondary offerings	127.0	1,231.4	0.0	0.0	0.0	0.0	0.0	0.0
With Spanish tranche	124.7	1,231.4	0.0	0.0	0.0	0.0	0.0	0.0
With international tranche	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NOMINAL VALUE (million euro)								
Total	5,702.3	4,705.5	20,150.9	4,987.3	12,094.6	2,400.1	668.8	434.9
Capital increases	5,696.3	4,594.8	20,150.9	4,987.3	12,094.6	2,400.1	668.8	434.9
Of which, primary offerings	2,070.6	613.1	989.4	0.0	568.2	421.2	0.0	0.0
With Spanish tranche	1,888.4	613.1	989.4	0.0	568.2	421.2	0.0	0.0
With international tranche	182.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Secondary offerings	6.0	110.6	0.0	0.0	0.0	0.0	0.0	0.0
With Spanish tranche	5.9	110.6	0.0	0.0	0.0	0.0	0.0	0.0
With international tranche	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NO. OF FILES								
Total	90	106	159	29	38	43	49	30
Capital increases	90	103	159	29	38	43	49	30
Of which, bonus issues	24	24	38	9	9	13	7	6
Of which, primary offerings	8	7	6	0	3	3	0	0
Secondary offerings	1	3	0	0	0	0	0	0
NO. OF ISSUERS								
Total	44	39	47	18	20	27	23	19
Capital increases	44	39	47	18	20	27	23	19
Of which, primary offerings	8	7	6	0	3	3	0	0
Secondary offerings	1	3	0	0	0	0	0	0

1 Includes registered offerings with issuance prospectuses and listings admitted to trading without register issuance prospectuses.
2 Available data: February 2014.

Primary and secondary offerings. By type of subscriber

TABLE 1.2

				2013				2014
Million euro	2011	2012	2013	I	II	III	IV	I[1]
PRIMARY OFFERINGS								
Total	6,238.8	2,457.3	1,744.6	0.0	1,054.8	689.8	0.0	0.0
Spanish tranche	5,815.7	6.8	1.8	0.0	0.0	1.8	0.0	0.0
Private subscribers	2,206.3	4.1	0.0	0.0	0.0	0.0	0.0	0.0
Institutional subscribers	3,609.4	2.8	1.8	0.0	0.0	1.8	0.0	0.0
International tranche	411.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Employees	11.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	2,450.5	1,742.8	0.0	1,054.8	688.0	0.0	0.0
SECONDARY OFFERINGS								
Total	127.0	1,231.4	0.0	0.0	0.0	0.0	0.0	0.0
Spanish tranche	124.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private subscribers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Institutional subscribers	124.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
International tranche	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	1,231.4	0.0	0.0	0.0	0.0	0.0	0.0

1 Available data: February 2014.

Companies listed[1]

TABLE 1.3

	2011	2012	2013	2013 I	II	III	IV	2014 I[2]
Total electronic market[3]	130	127	123	127	125	123	123	123
Of which, without Nuevo Mercado	130	127	123	127	125	123	123	123
Of which, Nuevo Mercado	0	0	0	0	0	0	0	0
Of which, foreign companies	7	7	7	7	7	7	7	7
Second Market	7	8	7	8	8	8	7	7
Madrid	2	2	2	2	2	2	2	2
Barcelona	5	6	5	6	6	6	5	5
Bilbao	0	0	0	0	0	0	0	0
Valencia	0	0	0	0	0	0	0	0
Open outcry ex SICAVs	27	23	23	23	23	23	23	23
Madrid	13	11	11	11	11	11	11	11
Barcelona	17	13	13	13	13	13	13	13
Bilbao	8	7	7	7	7	7	7	7
Valencia	6	4	4	4	4	4	4	4
Open outcry SICAVs	0	0	0	0	0	0	0	0
MAB[4]	3,083	3,015	3,066	3,011	3,029	3,065	3,066	3,077
Latibex	29	27	26	27	27	27	26	26

1 Data at the end of period.
2 Available data: February 2014.
3 Without ETFs (Exchange Traded Funds).
4 Alternative Stock Market.

Capitalisation[1]

TABLE 1.4

Million euro	2011	2012	2013	2013 I	II	III	IV	2014 I[2]
Total electronic market[3]	531,194.2	532,039.7	705,162.3	539,926.0	539,813.9	626,782.9	705,162.3	718,050.8
Of which, without Nuevo Mercado	531,194.2	532,039.7	705,162.3	539,926.0	539,813.9	626,782.9	705,162.3	718,050.8
Of which, Nuevo Mercado	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which, foreign companies[4]	61,317.5	99,072.0	141,142.4	108,982.0	109,934.0	119,037.5	141,142.4	138,569.1
Ibex 35	322,806.6	324,442.0	430,932.9	321,700.5	318,272.0	383,121.6	430,932.9	442,035.9
Second Market	109.9	20.6	67.5	72.8	74.6	72.0	67.5	54.4
Madrid	22.8	20.3	18.3	23.6	25.3	22.7	18.3	17.6
Barcelona	87.1	0.3	49.3	49.3	49.3	49.3	49.3	36.8
Bilbao	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valencia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Open outcry ex SICAVs	5,340.7	3,233.0	2,906.2	3,165.6	3,027.3	2,898.2	2,906.2	2,813.9
Madrid	1,454.7	667.1	519.4	629.0	584.5	532.3	519.4	521.8
Barcelona	3,580.2	2,945.9	2,749.5	2,874.6	2,781.9	2,734.8	2,749.5	2,652.2
Bilbao	45.9	77.8	183.6	248.7	320.2	236.6	183.6	172.7
Valencia	760.4	350.9	342.5	344.6	347.1	282.4	342.5	344.1
Open outcry SICAVs[5]	126.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MAB[5, 6]	24,718.6	23,776.0	27,572.2	24,669.2	24,812.8	26,181.9	27,572.2	28,599.7
Latibex	210,773.5	350,635.5	270,926.9	342,939.4	283,689.4	297,925.7	270,926.9	248,099.0

1 Data at the end of period.
2 Available data: February 2014.
3 Without ETFs (Exchange Traded Funds).
4 Foreign companies capitalisation includes their entire shares, whether they are deposited in Spain or not.
5 Calculated only with outstanding shares, not including treasury shares, because capital stock is not reported until the end of the year.
6 Alternative Stock Market.

Trading

TABLE 1.5

Million euro	2011	2012	2013	2013 I	II	III	IV	2014 I[1]
Total electronic market[2]	917,383.3	691,558.3	693,168.0	160,019.8	162,326.4	155,689.7	215,132.1	122,415.4
Of which, without Nuevo Mercado	917,383.3	691,558.3	693,168.0	160,019.8	162,326.4	155,689.7	215,132.1	122,415.4
Of which, Nuevo Mercado	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which, foreign companies	5,206.3	4,102.1	5,640.5	1,168.9	1,197.1	1,445.7	1,828.8	1,587.0
Second Market	2.3	0.4	1.7	0.0	0.4	0.5	0.8	0.2
Madrid	1.7	0.4	1.4	0.0	0.2	0.4	0.8	0.2
Barcelona	0.5	0.0	0.3	0.0	0.2	0.1	0.0	0.0
Bilbao	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valencia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Open outcry ex SICAVs	42.8	49.9	51.4	5.6	3.9	29.5	12.5	19.9
Madrid	16.1	3.0	7.3	2.5	0.4	0.5	3.9	0.8
Barcelona	26.4	37.7	44.1	3.1	3.5	29.1	8.5	4.8
Bilbao	0.1	8.5	0.1	0.0	0.0	0.0	0.0	14.2
Valencia	0.3	0.7	0.0	0.0	0.0	0.0	0.0	0.0
Open outcry SICAVs	5.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MAB[3]	4,379.9	4,329.6	5,896.3	1,238.1	1,170.9	1,269.5	2,217.7	1,324.2
Latibex	357.7	313.2	367.3	98.9	100.2	81.7	86.4	99.6

1 Available data: February 2014.
2 Without ETFs (Exchange Traded Funds).
3 Alternative Stock Market.

Trading on the electronic market by type of transaction[1]

TABLE 1.6

Million euro	2011	2012	2013	2013 I	II	III	IV	2014 I[2]
Regular trading	873,485.4	658,891.4	668,553.2	153,802.1	157,392.4	150,925.4	206,433.3	119,932.9
Orders	505,870.1	299,022.0	346,049.6	85,760.3	82,041.4	80,420.5	97,827.4	77,871.1
Put-throughs	69,410.4	80,617.0	56,565.3	13,449.6	15,845.9	12,329.6	14,940.2	10,395.4
Block trades	298,204.9	279,252.4	265,938.3	54,592.1	59,505.1	58,175.3	93,665.7	31,666.3
Off-hours	9,801.8	9,630.0	7,654.7	2,959.0	1,927.0	1,048.4	1,720.3	633.2
Authorised trades	3,492.6	7,936.9	4,839.9	1,099.4	705.5	2,029.7	1,005.3	928.8
Art. 36.1 SML trades	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tender offers	4,216.8	9.6	326.5	0.0	222.3	104.3	0.0	0.0
Public offerings for sale	3,922.1	0.0	396.1	0.0	2.6	0.0	393.5	0.0
Declared trades	2,212.7	545.0	379.7	3.0	0.0	0.0	376.6	108.5
Options	11,730.3	9,603.4	7,083.5	964.4	1,064.5	908.9	4,145.7	362.8
Hedge transactions	8,521.5	4,942.0	3,934.4	1,192.0	1,012.0	672.9	1,057.4	449.2

1 Without ETFs (Exchange Traded Funds).
2 Available data: February 2014.

Margin trading for sales and securities lending

TABLE 1.7

Million euro	2011	2012	2013	2013 I	II	III	IV	2014 I[1]
TRADING								
Securities lending[2]	493,602.4	395,859.3	464,521.5	103,130.3	113,739.3	93,603.3	154,048.6	78,255.0
Margin trading for sales of securities[3]	518.3	199.2	326.8	62.3	84.3	110.6	69.5	39.9
Margin trading for securities purchases[3]	73.0	44.4	34.1	12.4	7.8	8.8	5.2	5.7
OUTSTANDING BALANCE								
Securities lending[2]	35,626.7	34,915.1	43,398.9	33,761.3	36,758.8	43,274.9	43,398.9	45,328.4
Margin trading for sales of securities[3]	7.0	1.2	7.3	4.9	5.6	20.9	7.3	11.4
Margin trading for securities purchases[3]	3.9	2.5	0.6	1.9	2.7	3.2	0.6	0.9

1 Available data: February 2014.
2 Regulated by Article 36.7 of the Securities Market Law and Order ECO/764/2004.
3 Transactions performed in accordance with Ministerial Order dated 25 March 1991 on the margin system in spot transactions.

1.2 Fixed-income

Gross issues registered[1] at the CNMV

TABLE 1.8

	2011	2012	2013	2013 I	II	III	IV	2014 I[2]
NO. OF ISSUERS								
Total	101	71	49	19	22	14	23	13
Mortgage covered bonds	30	26	12	9	8	1	5	4
Territorial covered bonds	7	11	5	1	2	1	1	0
Non-convertible bonds and debentures	23	24	11	6	10	3	5	6
Convertible bonds and debentures	5	3	4	1	1	0	2	0
Backed securities	34	16	18	5	3	3	9	1
Commercial paper	49	35	20	4	5	6	5	4
Of which, asset-backed	2	1	0	0	0	0	0	1
Of which, non-asset-backed	47	34	20	4	5	6	5	3
Other fixed-income issues	0	0	0	0	0	0	0	0
Preference shares	1	0	0	0	0	0	0	0
NO. OF ISSUES								
Total	353	334	277	61	74	50	92	42
Mortgage covered bonds	115	94	40	15	14	6	5	4
Territorial covered bonds	42	18	6	1	2	2	1	0
Non-convertible bonds and debentures	87	134	170	27	47	33	63	31
Convertible bonds and debentures	9	7	8	3	1	0	4	0
Backed securities	45	35	33	11	5	3	14	3
Commercial paper	53	46	20	4	5	6	5	4
Of which, asset-backed	2	1	0	0	0	0	0	1
Of which, non-asset-backed	51	45	20	4	5	6	5	3
Other fixed-income issues	0	0	0	0	0	0	0	0
Preference shares	2	0	0	0	0	0	0	0
NOMINAL AMOUNT (million euro)								
Total	288,992.0	357,830.2	138,838.6	44,462.4	30,405.9	21,545.1	42,425.2	15,344.4
Mortgage covered bonds	67,226.5	102,170.0	24,799.7	9,195.0	7,340.0	6,014.7	2,250.0	2,250.0
Territorial covered bonds	22,334.2	8,974.0	8,115.0	95.0	1,520.0	4,000.0	2,500.0	0.0
Non-convertible bonds and debentures	20,191.7	86,441.5	32,536.9	15,595.4	4,136.3	171.9	12,633.4	5,550.9
Convertible bonds and debentures	7,125.9	3,563.1	803.3	424.8	15.0	0.0	363.4	0.0
Backed securities	68,412.8	23,799.6	28,592.9	8,052.0	4,942.0	904.0	14,694.9	1,850.0
Spanish tranche	63,455.9	20,627.1	24,980.1	6,965.1	4,308.7	904.0	12,802.3	1,388.8
International tranche	4,956.9	3,172.5	3,612.8	1,086.9	633.3	0.0	1,892.6	461.2
Commercial paper[3]	103,501.0	132,882.0	43,990.8	11,100.2	12,452.6	10,454.6	9,983.5	5,693.5
Of which, asset-backed	2,366.0	1,821.0	1,410.0	180.0	390.0	440.0	400.0	200.0
Of which, non-asset-backed	101,135.0	131,061.0	42,580.8	10,920.2	12,062.6	10,014.6	9,583.5	5,493.5
Other fixed-income issues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Preference shares	200.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pro memoria:								
Subordinated issues	29,198.9	7,633.5	4,776.0	1,556.5	978.5	91.9	2,149.0	0.0
Underwritten issues	10.0	0.0	193.0	0.0	193.0	0.0	0.0	195.8

1 Includes issuance and trading prospectuses.
2 Available data: February 2014.
3 The figures for commercial paper refer to the amount placed in the year.

Issues admitted to trading on AIAF[1]

TABLE 1.9

Nominal amount in million euro	2011	2012	2013	2013 I	II	III	IV	2014 I[2]
Total	278,656.0	363,952.5	130,468.8	44,982.5	29,756.7	25,032.3	30,697.4	19,161.3
Commercial paper	102,042.0	134,346.9	45,228.6	12,581.9	11,955.5	10,578.4	10,112.8	5,616.3
Bonds and debentures	12,311.9	92,733.5	22,415.6	15,610.2	2,946.1	1,668.2	2,191.2	11,743.5
Mortgage covered bonds	68,346.5	103,470.0	25,399.7	9,395.0	7,240.0	7,114.7	1,650.0	1,350.0
Territorial covered bonds	20,334.2	8,974.0	8,115.0	0.0	1,615.0	4,000.0	2,500.0	0.0
Backed securities	75,421.4	24,428.1	29,309.9	7,395.5	6,000.0	1,671.0	14,243.4	451.5
Preference shares	200.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Matador bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1 Includes only corporate bonds.
2 Available data: February 2014.

AIAF. Issuers, issues and outstanding balance

TABLE 1.10

	2011	2012	2013	2013 I	II	III	IV	2014 I[1]
NO. OF ISSUERS								
Total	613	568	494	545	521	511	494	488
Corporate bonds	613	568	493	545	520	510	493	487
Commercial paper	45	42	30	36	34	28	30	25
Bonds and debentures	91	95	90	93	95	92	90	90
Mortgage covered bonds	43	49	48	50	50	48	48	48
Territorial covered bonds	13	18	12	12	12	12	12	11
Backed securities	437	385	341	369	361	356	341	337
Preference shares	60	60	34	58	39	35	34	34
Matador bonds	12	11	9	11	10	10	9	9
Government bonds	–	–	1	–	1	1	1	1
Letras del Tesoro	–	–	1	–	1	1	1	1
Long Government bonds	–	–	1	–	1	1	1	1
NO. OF ISSUES								
Total	3,630	4,382	3,345	4,459	4,092	3,653	3,345	3,155
Corporate bonds	3,630	4,382	3,192	4,459	3,944	3,505	3,192	3,003
Commercial paper	958	1,778	1,130	2,150	1,761	1,377	1,130	970
Bonds and debentures	645	624	495	564	519	506	495	500
Mortgage covered bonds	253	296	283	326	311	298	283	273
Territorial covered bonds	26	49	39	43	43	40	39	38
Backed securities	1,641	1,527	1,188	1,272	1,240	1,224	1,188	1,165
Preference shares	93	94	47	92	59	49	47	47
Matador bonds	14	14	10	12	11	11	10	10
Government bonds	–	–	153	–	148	148	153	152
Letras del Tesoro	–	–	12	–	12	12	12	12
Long Government bonds	–	–	141	–	136	136	141	140
OUTSTANDING BALANCE[2] (million euro)								
Total	882,395.1	879,627.5	1,442,270.2	848,906.4	1,512,424.9	1,479,979.9	1,442,270.2	1,430,482.3
Corporate bonds	882,395.1	879,627.5	708,601.8	848,906.4	797,945.9	754,998.9	708,601.8	681,407.0
Commercial paper	37,549.1	64,927.5	28,816.3	50,854.3	41,434.2	33,196.5	28,816.3	25,876.0
Bonds and debentures	131,756.8	161,225.4	132,076.6	168,809.8	155,079.3	150,121.9	132,076.6	131,130.5
Mortgage covered bonds	241,149.7	293,142.8	246,967.9	288,052.8	273,972.8	262,277.9	246,967.9	233,892.9
Territorial covered bonds	31,884.2	33,314.3	29,793.5	31,014.3	31,527.3	29,532.3	29,793.5	28,268.5
Backed securities	407,908.0	315,373.5	269,176.8	299,019.5	289,848.8	277,947.6	269,176.8	260,468.4
Preference shares	31,088.6	10,813.4	1,076.2	10,325.1	5,633.2	1,128.2	1,076.2	1,076.2
Matador bonds	1,058.8	830.7	694.6	830.7	794.6	794.6	694.6	694.6
Government bonds	–	–	733,668.3	–	714,479.0	724,981.0	733,668.3	749,075.3
Letras del Tesoro	–	–	89,174.4	–	89,000.0	90,987.0	89,174.4	85,231.4
Long Government bonds	–	–	644,493.9	–	625,479.0	633,994.0	644,493.9	663,843.9

1 Available data: February 2014.
2 Nominal amount.

AIAF. Trading

TABLE 1.11

Nominal amount in million euro	2011	2012	2013	2013 I	II	III	IV	2014 I[1]
BY TYPE OF ASSET								
Total	7,388,185.7	3,119,755.1	1,400,757.7	445,730.4	381,979.5	276,318.4	296,729.3	257,059.2
Corporate bonds	7,388,185.7	3,119,755.1	1,400,601.6	445,730.4	381,949.1	276,274.6	296,647.5	257,016.8
Commercial paper	227,534.5	199,794.9	112,559.8	30,211.6	38,208.6	22,824.1	21,315.6	14,120.2
Bonds and debentures	484,705.8	164,098.6	295,191.7	104,970.8	64,485.4	67,158.7	58,576.8	41,606.4
Mortgage covered bonds	662,177.0	994,071.3	341,674.0	115,745.9	91,793.5	46,754.0	87,380.6	63,182.8
Territorial covered bonds	544,780.9	595,599.6	86,758.6	22,225.5	37,393.4	10,242.1	16,897.7	28,988.2
Backed securities	5,462,806.2	1,136,966.1	538,064.8	172,164.5	134,113.6	119,412.6	112,374.1	109,101.0
Preference shares	6,065.0	28,781.3	26,256.0	403.9	15,871.6	9,883.0	97.5	14.8
Matador bonds	116.3	443.2	96.7	8.3	83.1	0.0	5.3	3.4
Government bonds	–	–	156.1	–	30.5	43.8	81.8	42.3
Letras del Tesoro	–	–	11.6	–	4.8	3.5	3.4	3.3
Long Government bonds	–	–	144.4	–	25.7	40.3	78.4	39.1
BY TYPE OF TRANSACTION								
Total								
Outright	7,388,185.7	3,119,755.1	1,400,757.6	445,730.4	381,979.5	276,318.4	296,729.3	257,059.2
Repos	343,099.6	428,838.0	290,633.0	66,158.8	96,923.3	61,297.8	66,253.1	52,720.0
Sell-buybacks/Buy-sellbacks	198,514.7	108,771.9	69,063.3	18,095.0	16,629.1	17,733.1	16,606.1	5,673.9

1 Available data: February 2014.

AIAF. Third-party trading. By purchaser sector

TABLE 1.12

Nominal amount in million euro	2011	2012	2013	2013 I	II	III	IV	2014 I[1]
Total	487,543.3	454,385.7	275,939.0	71,301.0	79,714.0	61,279.3	63,644.7	45,955.9
Non-financial companies	131,765.2	77,452.1	45,351.7	16,710.7	11,854.3	7,336.2	9,450.5	7,078.5
Financial institutions	256,975.8	282,733.9	163,671.3	33,736.1	50,902.8	40,443.1	38,589.3	23,141.6
Credit institutions	139,538.2	207,555.6	97,674.3	21,555.2	35,887.5	21,786.8	18,444.9	15,309.7
IICs[2], insurance and pension funds	103,899.9	69,568.7	59,371.8	10,460.9	13,014.0	16,958.6	18,938.3	6,655.1
Other financial institutions	13,537.7	5,609.6	6,625.2	1,720.0	2,001.3	1,697.8	1,206.2	1,176.9
General government	2,602.7	5,448.2	2,438.8	479.4	885.4	621.9	452.1	707.7
Households and NPISHs[3]	10,230.3	11,517.9	8,598.4	1,106.1	4,384.1	1,943.3	1,164.8	573.5
Rest of the world	85,969.3	77,233.7	55,878.8	19,268.7	11,687.4	10,934.8	13,988.0	14,454.6

1 Available data: February 2014.
2 IICs: Instituciones de Inversión Colectiva / CIS: Collective Investment Schemes.
3 Non-profit institutions serving households.

Issues admitted to trading on equity markets[1]

TABLE 1.13

	2011	2012	2013	2013 I	II	III	IV	2014 I[2]
NOMINAL AMOUNTS (million euro)								
Total	2,681.6	7,522.0	779.3	779.3	0.0	0.0	0.0	0.0
Non-convertible bonds and debentures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Convertible bonds and debentures	2,681.6	7,522.0	779.3	779.3	0.0	0.0	0.0	0.0
Backed securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NO. OF ISSUES								
Total	6	7	2	2	0	0	0	0
Non-convertible bonds and debentures	0	0	0	0	0	0	0	0
Convertible bonds and debentures	6	7	2	2	0	0	0	0
Backed securities	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0

1 Includes only corporate bonds.
2 Available data: February 2014.

Equity markets. Issuers, issues and outstanding balances

TABLE 1.14

	2011	2012	2013	2013 I	II	III	IV	2014 I[1]
NO. OF ISSUERS								
Total	59	52	40	52	51	47	40	40
Private issuers	46	39	27	39	38	34	27	27
Non-financial companies	4	3	2	3	3	2	2	2
Financial institutions	42	36	25	36	35	32	25	25
General government[2]	13	13	13	13	13	13	13	13
Regional governments	3	3	3	3	3	3	3	3
NO. OF ISSUES								
Total	240	220	197	220	216	209	197	199
Private issuers	133	122	89	122	122	109	89	88
Non-financial companies	6	3	2	3	3	2	2	2
Financial institutions	127	119	87	119	119	107	87	86
General government[2]	107	98	108	98	94	100	108	111
Regional governments	74	67	64	67	65	62	64	64
OUTSTANDING BALANCES[3] (million euro)								
Total	43,817.5	37,636.4	25,284.5	36,778.1	28,447.7	28,021.9	25,284.5	24,546.1
Private issuers	17,759.6	13,625.4	8,317.5	12,965.5	9,607.8	9,035.1	8,317.5	7,555.7
Non-financial companies	375.4	194.9	2.0	195.0	2.0	2.0	2.0	2.0
Financial institutions	17,384.2	13,430.6	8,315.5	12,770.6	9,605.9	9,033.1	8,315.5	7,553.7
General government[2]	26,057.8	24,010.9	16,967.0	23,812.6	18,839.9	18,986.8	16,967.0	16,990.4
Regional governments	24,014.4	22,145.0	15,716.3	22,047.3	17,377.2	17,519.0	15,716.3	15,716.5

1 Available data: February 2014.
2 Without public book-entry debt.
3 Nominal amount.

Trading on equity markets

TABLE 1.15

Nominal amounts in million euro	2011	2012	2013	2013 I	II	III	IV	2014 I[1]
Electronic market	386.1	1,198.3	1,592.6	974.5	138.8	100.9	378.5	286.4
Open outcry	4,942.5	3,746.6	3,388.3	111.0	1,955.7	63.4	1,258.2	68.4
Madrid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Barcelona	4,885.4	3,407.8	3,197.4	7.2	1,890.9	49.8	1,249.5	65.3
Bilbao	0.5	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Valencia	56.6	338.7	190.9	103.8	64.8	13.6	8.7	3.1
Public book-entry debt	883.4	1,189.0	137.1	6.5	32.1	44.0	54.4	0.0
Regional governments debt	63,443.7	54,015.1	41,062.2	8,393.9	13,945.9	7,751.3	10,971.0	4,222.6

1 Available data: February 2014.

Organised trading systems: SENAF y MTS. Public debt trading by type

TABLE 1.16

Nominal amounts in million euro	2011	2012	2013	2013 I	II	III	IV	2014 I[1]
Total	84,090.9	40,034.0	64,011.0	11,401.0	14,382.0	13,881.0	24,347.0	19,592.0
Outright	81,905.0	40,034.0	64,011.0	11,401.0	14,382.0	13,881.0	24,347.0	19,592.0
Sell-buybacks/Buy-sellbacks	2,185.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1 Available data: February 2014.

1.3 Derivatives and other products

1.3.1 Financial derivatives markets: MEFF

Trading on MEFF

TABLE 1.17

Number of contracts	2011	2012	2013	2013 I	II	III	IV	2014 I[1]
Debt products	18	45,240	13,667	6,019	3,208	3,080	1,360	562
Debt futures[2]	18	45,240	13,667	6,019	3,208	3,080	1,360	562
Ibex 35 products[3, 4]	5,819,264	5,410,311	6,416,073	1,375,908	1,861,259	1,471,795	1,707,112	1,299,102
Ibex 35 plus futures	5,291,956	4,745,067	5,578,607	1,238,369	1,509,726	1,305,317	1,525,195	1,140,115
Ibex 35 mini futures	307,411	242,477	198,736	47,616	51,176	45,600	54,344	42,794
Ibex 35 dividend impact futures	3,154	2,162	3,520	584	94	128	2,714	5,638
Call mini options	86,096	225,704	308,084	49,390	92,675	80,239	85,780	71,372
Put mini options	133,801	194,902	327,126	39,949	207,587	40,511	39,079	39,184
Stock products[5]	55,082,944	55,753,236	35,884,393	8,253,014	7,317,714	8,596,470	11,717,195	7,489,427
Futures	24,758,956	21,220,876	14,927,659	4,199,543	3,421,046	2,770,452	4,536,618	2,695,432
Stock dividend futures	–	25,000	66,650	24,300	0	12,350	30,000	21,190
Call options	12,050,946	14,994,283	10,534,741	1,966,022	1,691,096	3,234,368	3,643,255	1,409,487
Put options	18,273,042	19,513,077	10,355,343	2,063,149	2,205,572	2,579,300	3,507,322	3,363,318
Pro-memoria: MEFF trading on Eurex								
Debt products[6]	267,713	161,376	167,827	49,336	38,749	39,075	40,667	33,201
Index products[7]	451,016	266,422	111,924	35,316	26,103	22,543	27,962	7,454

1 Available data: February 2014.
2 Contract size: 100 thousand euros.
3 The number of Ibex 35 mini futures (multiples of 1 euro) was standardised to the size of the Ibex 35 plus futures (multiples of 10 euro).
4 Contract size: Ibex 35, 10 euros.
5 Contract size: 100 Stocks.
6 Bund, Bobl and Schatz futures.
7 Dax 30, DJ EuroStoxx 50 and DJ Stoxx 50 futures.

1.3.2 Warrants, option buying and selling contracts, and ETF (Exchange-Traded Funds)

Issues registered at the CNMV

TABLE 1.18

				2013				2014
	2011	2012	2013	I	II	III	IV	I[1]
WARRANTS[2]								
Premium amount (million euro)	5,544.6	3,834.3	3,621.2	1,505.4	824.0	307.5	984.2	773.5
On stocks	3,211.7	2,231.7	2,211.8	909.9	514.9	196.4	590.5	394.6
On indexes	1,786.8	1,273.5	1,122.6	516.3	236.5	81.6	288.2	318.9
Other underlyings[3]	546.0	329.1	286.8	79.1	72.7	29.5	105.5	60.0
Number of issues	9,237	7,073	8,347	3,326	1,612	1,165	2,244	1,605
Number of issuers	9	7	7	6	5	3	5	5
OPTION BUYING AND SELLING CONTRACTS								
Nominal amounts (million euro)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
On stocks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
On indexes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other underlyings[3]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of issues	0	0	0	0	0	0	0	0
Number of issuers	0	0	0	0	0	0	0	0

1 Available data: February 2014.
2 Includes issuance and trading prospectuses.
3 Includes the following underlying: baskets of stocks, exchange rates, interest rates and commodities.

Equity markets. Warrants and ETF trading

TABLE 1.19

				2013				2014
	2011	2012	2013	I	II	III	IV	I[1]
WARRANTS								
Trading (million euro)	1,550.2	762.9	752.7	207.4	199.8	178.8	166.7	133.0
On Spanish stocks	654.2	349.0	379.4	94.3	89.7	97.0	98.3	78.0
On foreign stocks	97.8	87.6	86.3	34.0	20.0	13.7	18.6	11.5
On indexes	518.2	268.6	255.4	70.1	81.2	60.9	43.1	40.2
Other underlyings[2]	280.0	57.7	31.6	9.0	8.9	7.1	6.7	3.3
Number of issues[3]	8,328	7,419	7,299	3,106	3,206	2,969	2,966	2,572
Number of issuers[3]	10	10	8	7	7	7	8	8
CERTIFICATES								
Trading (million euro)	92.1	16.8	1.0	0.1	0.7	0.1	0.1	0.3
Number of issues[3]	13	4	2	1	2	2	1	1
Number of issuers[3]	2	2	1	1	1	1	1	1
ETFs								
Trading (million euro)	3,495.4	2,935.7	2,736.0	454.0	639.1	1,170.1	472.8	563.0
Number of funds	75	74	72	75	75	75	72	72
Assets[4] (million euro)	327.2	274.7	382.0	264.3	282.1	320.4	382.0	n.a.

1 Available data: February 2014.
2 Includes the following underlying: baskets of stocks, exchange rates, interest rates and commodities.
3 Issues or issuers which were traded in each period.
4 Assets from national collective investment schemes is only included because assets from foreign ones are not available.
n.a.: No available data.

1.3.3 Non-financial derivatives

Trading on MFAO[1]

TABLE 1.20

				2013				2014
Number of contracts	2011	2012	2013	I	II	III	IV	I[2]
On olive oil								
Extra-virgin olive oil futures[3]	63,173	78,566	88,605	30,818	23,957	20,561	13,269	7,252

1 Olive oil futures market.
2 Available data: February 2014.
3 Nominal amount of the contract: 1,000 kg.

2 Investment services

Investment services. Spanish firms, branches and agents

TABLE 2.1

	2011	2012	2013	2013 I	II	III	IV	2014 I[1]
BROKER-DEALERS								
Spanish firms	49	46	41	46	46	45	41	41
Branches	78	16	20	17	21	20	20	18
Agents	6,589	6,264	6,269	6,222	6,283	6,252	6,269	6,302
BROKERS								
Spanish firms	45	41	41	41	40	42	41	40
Branches	14	12	11	12	11	11	11	15
Agents	655	590	520	531	538	539	520	519
PORTFOLIO MANAGEMENT COMPANIES								
Spanish firms	6	6	5	6	6	5	5	5
Branches	5	5	5	5	5	5	5	5
Agents	2	2	1	1	1	1	1	1
FINANCIAL ADVISORY FIRMS								
Spanish firms	82	101	126	107	112	121	126	131
CREDIT INSTITUTIONS[2]								
Spanish firms	187	147	141	147	144	143	141	142

1 Available data: February 2014.
2 Source: Banco de España.

Investment services. Foreign firms

TABLE 2.2

	2011	2012	2013	2013 I	II	III	IV	2014 I[1]
Total	2,814	2,992	3,132	3,036	3,065	3,109	3,132	3,136
European Economic Area investment services firms	2,377	2,534	2,678	2,578	2,606	2,649	2,678	2,682
Branches	36	37	38	35	35	37	38	38
Free provision of services	2,341	2,497	2,640	2,543	2,571	2,612	2,640	2,644
Credit institutions[2]	437	458	454	458	459	460	454	454
From EU member states	429	448	444	448	449	450	444	444
Branches	55	55	52	55	55	55	52	52
Free provision of services	374	390	392	393	394	395	392	392
Subsidiaries of free provision of services institutions	0	0	0	0	0	0	0	0
From non-EU states	8	10	10	10	10	10	10	10
Branches	7	8	8	8	8	8	8	8
Free provision of services	1	2	2	2	2	2	2	2

1 Available data: February 2014.
2 Source: Banco de España and CNMV.

Intermediation of spot transactions[1]

TABLE 2.3

Million euro	2011	2012	2013	2012 IV	2013 I	II	III	IV
FIXED-INCOME								
Total	13,609,652.0	10,508,139.1	10,492,026.8	2,616,273.8	2,468,066.1	2,718,987.5	2,552,857.9	2,752,115.3
Broker-dealers	3,759,229.2	2,900,770.8	5,217,059.4	815,092.5	1,186,861.5	1,410,101.5	1,250,338.3	1,369,758.1
Spanish organised markets	436,875.9	556,756.0	2,597,608.6	241,643.5	601,621.9	683,222.7	618,834.2	693,929.8
Other Spanish markets	2,764,344.5	1,943,730.6	2,310,403.7	477,969.5	499,387.4	644,733.3	568,187.4	598,095.6
Foreign markets	558,008.8	400,284.2	309,047.1	95,479.5	85,852.2	82,145.5	63,316.7	77,732.7
Brokers	9,850,422.8	7,607,368.3	5,274,967.4	1,801,181.3	1,281,204.6	1,308,886.0	1,302,519.6	1,382,357.2
Spanish organised markets	2,931,505.5	2,521,310.9	69,066.6	410,948.1	14,619.9	15,521.4	11,980.2	26,945.1
Other Spanish markets	6,741,733.6	4,883,226.6	5,007,723.4	1,355,643.5	1,231,050.3	1,246,976.9	1,224,718.9	1,304,977.3
Foreign markets	177,183.7	202,830.8	198,177.4	34,589.7	35,534.4	46,387.7	65,820.5	50,434.8
EQUITY								
Total	977,126.1	736,602.3	692,872.0	169,249.7	158,648.2	166,996.5	160,370.5	206,856.8
Broker-dealers	952,388.7	692,058.6	650,094.9	147,036.2	150,429.3	158,671.5	149,469.9	191,524.2
Spanish organised markets	882,143.3	639,498.2	590,027.1	134,707.5	138,226.7	144,150.0	136,808.0	170,842.4
Other Spanish markets	3,418.3	1,806.3	2,585.4	568.3	479.7	735.9	555.7	814.1
Foreign markets	66,827.1	50,754.1	57,482.4	11,760.4	11,722.9	13,785.6	12,106.2	19,867.7
Brokers	24,737.4	44,543.7	42,777.1	22,213.5	8,218.9	8,325.0	10,900.6	15,332.6
Spanish organised markets	19,372.7	14,532.5	14,677.2	4,492.8	4,967.8	2,880.2	3,095.1	3,734.1
Other Spanish markets	508.5	6,695.5	9,140.4	2,892.4	625.2	1,592.4	2,764.7	4,158.1
Foreign markets	4,856.2	23,315.7	18,959.5	14,828.3	2,625.9	3,852.4	5,040.8	7,440.4

1 Period accumulated data. Quarterly.

Intermediation of derivative transactions[1, 2]

TABLE 2.4

Million euro	2011	2012	2013	2012 IV	2013 I	II	III	IV
Total	11,827,144.3	6,536,223.6	6,316,221.8	1,228,532.3	1,676,070.3	1,428,048.1	1,495,263.5	1,716,839.8
Broker-dealers	9,113,831.5	5,777,847.8	6,110,753.4	1,143,602.4	1,600,131.2	1,387,106.6	1,451,485.8	1,672,029.8
Spanish organised markets	3,005,801.7	1,819,388.6	2,410,367.9	361,123.2	576,888.1	572,353.3	537,497.8	723,628.7
Foreign organised markets	5,658,687.9	3,718,052.1	3,423,638.5	719,909.4	954,427.8	765,383.5	834,843.8	868,983.4
Non-organised markets	449,341.9	240,407.1	276,747.0	62,569.8	68,815.3	49,369.8	79,144.2	79,417.7
Brokers	2,713,312.8	758,375.8	205,468.4	84,929.9	75,939.1	40,941.5	43,777.7	44,810.0
Spanish organised markets	6,818.6	5,371.0	4,668.8	1,114.4	1,700.9	1,198.5	732.7	1,036.8
Foreign organised markets	2,451,637.6	566,337.3	29,584.9	41,781.0	7,803.0	8,837.8	9,357.0	3,587.0
Non-organised markets	254,856.6	186,667.5	171,214.7	42,034.5	66,435.2	30,905.2	33,688.0	40,186.2

1 The amount of the buy and sell transactions of financial assets, financial futures on values and interest rates, and other transactions on interest rates will be the securities nominal or notional value or the principal to which the contract reaches. The amount of the transactions on options will be the strike price of the underlying asset multiplied by the number of instruments committed.
2 Period accumulated data. Quarterly.

Portfolio management. Number of portfolios and assets under management[1]

TABLE 2.5

	2011	2012	2013	2012 IV	2013 I	II	III	IV
NUMBER OF PORTFOLIOS								
Total	13,409	10,985	11,380	10,985	10,983	11,909	11,907	11,380
Broker-dealers	6,483	4,122	4,001	4,122	3,987	3,986	3,931	4,001
IIC[2]	89	68	59	68	67	71	66	59
Other[3]	6,394	4,054	3,942	4,054	3,920	3,915	3,865	3,942
Brokers	3,637	3,680	3,699	3,680	3,887	4,371	4,385	3,699
IIC[2]	53	51	57	51	51	54	58	57
Other[3]	3,584	3,629	3,642	3,629	3,836	4,317	4,327	3,642
Portfolio management companies	3,289	3,183	3,680	3,183	3,109	3,552	3,591	3,680
IIC[2]	5	5	12	5	5	5	5	12
Other[3]	3,284	3,178	3,668	3,178	3,104	3,547	3,586	3,668
ASSETS UNDER MANAGEMENT (thousand euro)								
Total	9,554,589	9,350,841	10,692,140	9,350,841	9,860,712	10,225,139	10,744,372	10,692,140
Broker-dealers	4,166,167	3,578,436	4,171,331	3,578,436	3,678,390	3,768,661	4,018,413	4,171,331
IIC[2]	961,931	965,479	1,160,986	965,479	1,053,238	1,100,775	1,185,098	1,160,986
Other[3]	3,204,236	2,612,957	3,010,345	2,612,957	2,625,150	2,667,886	2,833,315	3,010,345
Brokers	2,361,944	1,927,219	2,284,773	1,927,219	2,063,302	2,219,817	2,790,102	2,284,773
IIC[2]	863,856	417,981	610,839	417,981	451,901	506,408	568,414	610,839
Other[3]	1,498,088	1,509,238	1,673,934	1,509,238	1,611,401	1,713,409	2,221,688	1,673,934
Portfolio management companies	3,026,478	3,845,186	4,236,036	3,845,186	4,119,020	4,236,661	3,935,857	4,236,036
IIC[2]	98,645	107,691	195,735	107,691	113,476	108,919	111,496	195,735
Other[3]	2,927,833	3,737,495	4,040,301	3,737,495	4,005,544	4,127,742	3,824,361	4,040,301

1 Data at the end of period. Quarterly.
2 IIC: Instituciones de Inversión Colectiva / CIS: Collective Investment Schemes. Includes both resident and non resident IICs management.
3 Includes the rest of clients, both covered and not covered by the Investment Guarantee Fund, an investor compensation scheme regulated by Royal Decree 948/2001.

Financial advice. Number of contracts and assets advised[1]

TABLE 2.6

	2011	2012	2013	2012 IV	2013 I	II	III	IV
NUMBER OF CONTRACTS								
Total	7,748	9,362	9,918	9,362	9,654	9,977	10,113	9,918
Broker-dealers. Total[2]	1,509	1,198	1,221	1,198	1,341	1,426	1,437	1,221
Retail clients	1,492	1,183	1,197	1,183	1,295	1,407	1,415	1,197
Professional clients	12	13	17	13	13	14	17	17
Brokers. Total[2]	4,855	6,445	6,961	6,445	6,604	6,829	6,933	6,961
Retail clients	4,736	6,019	6,674	6,019	6,337	6,552	6,658	6,674
Professional clients	102	406	264	406	245	254	251	264
Portfolio management companies. Total[2]	1,384	1,719	1,736	1,719	1,709	1,722	1,743	1,736
Retail clients	1,374	1,712	1,731	1,712	1,703	1,717	1,738	1,731
Professional clients	10	7	5	7	6	5	5	5
ASSETS ADVISED (thousand euro)								
Total	8,156,953	7,589,555	8,547,601	7,589,555	7,843,675	7,669,724	7,808,777	8,547,601
Broker-dealers. Total[2]	1,213,014	820,465	739,401	820,465	978,055	917,210	922,948	739,401
Retail clients	863,386	568,359	452,458	568,359	619,965	660,825	657,597	452,458
Professional clients	61,711	27,613	44,804	27,613	24,231	24,259	42,916	44,804
Brokers. Total[2]	2,963,397	5,598,708	6,828,313	5,598,708	5,641,826	5,609,395	5,884,830	6,828,313
Retail clients	1,875,867	3,590,416	3,897,689	3,590,416	3,955,705	3,885,782	4,026,339	3,897,689
Professional clients	1,018,647	1,899,566	1,908,486	1,899,566	1,568,975	1,601,814	1,743,956	1,908,486
Portfolio management companies. Total[2]	3,980,542	1,170,382	979,887	1,170,382	1,223,794	1,143,119	1,000,999	979,887
Retail clients	594,195	705,185	742,043	705,185	723,678	715,290	740,544	742,043
Professional clients	3,386,347	465,197	237,844	465,197	500,116	427,829	260,455	237,844

1 Data at the end of period. Quarterly.
2 Includes retail, professional and other clients.

Aggregated income statement. Broker-dealers

TABLE 2.7

Thousand euro[1]	2011	2012	2013	2013 I	II	III	IV	2014 I[2]
I. Interest income	91,542	56,161	67,333	8,317	28,021	46,461	67,333	2,193
II. Net commission	490,517	410,740	387,216	97,329	187,136	277,293	387,216	37,107
Commission revenues	776,641	589,027	565,787	142,577	278,910	411,478	565,787	54,613
Brokering	529,711	348,403	347,522	88,820	175,257	254,621	347,522	33,915
Placement and underwriting	7,446	6,869	4,824	1,580	4,168	4,518	4,824	3,759
Securities deposit and recording	21,060	19,775	17,987	4,308	8,944	13,151	17,987	1,519
Portfolio management	16,186	14,883	15,581	3,544	6,960	10,521	15,581	1,943
Design and advising	60,712	12,067	18,597	4,551	8,410	13,294	18,597	2,034
Stocks search and placement	485	50	8,659	2,807	4,623	7,973	8,659	21
Market credit transactions	8	8	22	6	84	19	22	0
IICs[3] marketing	59,588	45,050	51,766	11,374	24,433	37,532	51,766	4,719
Other	81,446	141,924	100,829	25,586	46,032	69,847	100,829	6,704
Commission expenses	286,124	178,287	178,571	45,248	91,774	134,185	178,571	17,506
III. Financial investment income	271,956	9,403	256,110	35,801	182,949	229,454	256,110	31,006
IV. Net exchange differences and other operating products and expenses	-194,355	-28,522	-138,467	-5,908	-126,975	-155,814	-138,467	-22,323
V. Gross income	659,659	447,782	572,192	135,539	271,131	397,395	572,192	47,983
VI. Operating income	207,379	35,304	185,040	29,470	70,127	113,752	185,040	17,037
VII. Earnings from continuous activities	148,553	-12,057	140,805	27,353	62,100	96,165	140,805	13,626
VIII. Net earnings of the period	148,553	-12,057	140,805	27,353	62,100	96,165	140,805	13,626

1 Accumulated data from the beginning of the year to the last day of every quarter. It includes companies removed throughout the year.
2 Available data: January 2014.
3 IIC: Instituciones de Inversión Colectiva / CIS: Collective Investment Schemes.

Results of proprietary trading. Broker-dealers

TABLE 2.8

Thousand euro[1]	2011	2012	2013	2012 IV	2013 I	II	III	IV
TOTAL								
Total	158,070	21,318	192,753	21,318	33,556	81,363	126,456	192,753
Money market assets and public debt	16,458	18,936	17,163	18,936	6,465	11,646	14,421	17,163
Other fixed-income securities	79,041	16	55,096	16	18,743	38,246	50,933	55,096
Domestic portfolio	67,052	-14,813	42,328	-14,813	16,168	31,665	42,557	42,328
Foreign portfolio	11,989	14,829	12,768	14,829	2,575	6,581	8,376	12,768
Equities	-406,742	356,595	17,869	356,595	-152,244	-148,956	-145,147	17,869
Domestic portfolio	10,381	8,003	44,517	8,003	1,937	3,474	39,373	44,517
Foreign portfolio	-417,123	348,592	-26,648	348,592	-154,181	-152,430	-184,520	-26,648
Derivatives	669,747	-308,833	207,347	-308,833	169,543	304,823	344,568	207,347
Repurchase agreements	785	-3,871	1,378	-3,871	-436	-514	-520	1,378
Market credit transactions	0	0	0	0	0	32	48	0
Deposits and other transactions with financial intermediaries	16,668	5,383	3,405	5,383	615	1,463	2,610	3,405
Net exchange differences	-198,307	-37,363	-149,034	-37,363	-8,399	-132,712	-163,785	-149,034
Other operating products and expenses	3,952	8,841	10,565	8,841	2,490	5,737	7,970	10,565
Other transactions	-23,532	-18,386	28,964	-18,386	-3,221	1,598	15,358	28,964
INTEREST INCOME								
Total	91,541	56,160	67,333	56,160	8,317	28,021	46,460	67,333
Money market assets and public debt	2,327	4,055	4,356	4,055	2,232	3,560	4,796	4,356
Other fixed-income securities	20,241	17,089	4,572	17,089	1,643	1,870	3,239	4,572
Domestic portfolio	17,903	15,180	3,149	15,180	746	1,223	2,264	3,149
Foreign portfolio	2,338	1,909	1,423	1,909	897	647	975	1,423
Equities	54,249	35,220	40,163	35,220	3,869	18,541	30,343	40,163
Domestic portfolio	36,991	19,064	14,672	19,064	48	2,741	8,739	14,672
Foreign portfolio	17,258	16,156	25,491	16,156	3,821	15,800	21,604	25,491
Repurchase agreements	785	-3,871	1,378	-3,871	-436	-514	-520	1,378
Market credit transactions	0	0	0	0	0	32	48	0
Deposits and other transactions with financial intermediaries	16,668	5,383	3,405	5,383	615	1,463	2,610	3,405
Other transactions	-2,729	-1,716	13,459	-1,716	394	3,069	5,944	13,459
FINANCIAL INVEST INCOME								
Total	271,956	9,404	256,109	9,404	35,802	182,949	229,454	256,109
Money market assets and public debt	14,131	14,881	12,807	14,881	4,233	8,086	9,625	12,807
Other fixed-income securities	58,800	-17,073	50,524	-17,073	17,100	36,376	47,694	50,524
Domestic portfolio	49,149	-29,993	39,179	-29,993	15,422	30,442	40,293	39,179
Foreign portfolio	9,651	12,920	11,345	12,920	1,678	5,934	7,401	11,345
Equities	-460,991	321,375	-22,294	321,375	-156,113	-167,497	-175,490	-22,294
Domestic portfolio	-26,610	-11,061	29,845	-11,061	1,889	733	30,634	29,845
Foreign portfolio	-434,381	332,436	-52,139	332,436	-158,002	-168,230	-206,124	-52,139
Derivatives	669,747	-308,833	207,347	-308,833	169,543	304,823	344,568	207,347
Other transactions	-9,731	-946	7,725	-946	1,039	1,161	3,057	7,725
EXCHANGE DIFFERENCES AND OTHER ITEMS								
Total	-205,427	-44,246	-130,689	-44,246	-10,563	-129,607	-149,458	-130,689
Net exchange differences	-198,307	-37,363	-149,034	-37,363	-8,399	-132,712	-163,785	-149,034
Other operating products and expenses	3,952	8,841	10,565	8,841	2,490	5,737	7,970	10,565
Other transactions	-11,072	-15,724	7,780	-15,724	-4,654	-2,632	6,357	7,780

1 Accumulated data from the beginning of the year to the last day of every quarter. It includes companies removed throughout the year.

Aggregated income statement. Brokers

TABLE 2.9

				2013				2014
Thousand euro[1]	2011	2012	2013	I	II	III	IV	I[2]
I. Interest income	2,481	1,912	1,799	391	923	1,327	1,799	98
II. Net commission	97,886	93,246	110,422	24,515	51,268	75,050	110,422	11,483
Commission revenues	112,351	108,198	130,738	28,394	59,205	87,618	130,738	13,613
Brokering	36,354	38,112	40,196	10,384	20,177	28,429	40,196	6,345
Placement and underwriting	2,870	3,128	4,715	199	1,957	2,764	4,715	139
Securities deposit and recording	441	576	505	138	306	394	505	68
Portfolio management	12,352	14,476	16,267	3,044	6,341	10,090	16,267	1,317
Design and advising	5,349	3,123	5,894	1,065	1,879	3,345	5,894	418
Stocks search and placement	61	88	55	55	55	55	55	0
Market credit transactions	42	30	11	3	11	11	11	0
IICs[3] marketing	21,381	25,949	35,823	7,111	15,402	23,835	35,823	3,310
Other	33,500	22,715	27,272	6,396	13,076	18,694	27,272	2,014
Commission expenses	14,465	14,952	20,316	3,879	7,937	12,568	20,316	2,130
III. Financial investment income	622	1,255	5	91	35	273	5	69
IV. Net exchange differences and other operating products and expenses	-1,539	-1,459	-1,633	-208	-675	-1,307	-1,633	-18
V. Gross income	99,450	94,954	110,593	24,789	51,551	75,343	110,593	11,632
VI. Operating income	7,758	4,598	18,422	3,375	8,736	11,500	18,422	3,624
VII. Earnings from continuous activities	5,489	3,583	14,321	3,373	8,546	11,064	14,321	3,573
VIII. Net earnings of the period	5,489	3,583	14,321	3,373	8,546	11,064	14,321	3,573

1 Accumulated data from the beginning of the year to the last day of every quarter. It includes companies removed throughout the year.
2 Available data: January 2014.
3 IIC: Instituciones de Inversión Colectiva / CIS: Collective Investment Schemes.

Aggregated income statement. Portfolio management companies

TABLE 2.10

				2013				2014
Thousand euro[1]	2011	2012	2013	I	II	III	IV	I[2]
I. Interest income	682	733	667	182	341	501	667	-142
II. Net commission	7,988	7,879	9,362	2,014	4,102	6,413	9,362	867
Commission revenues	18,477	17,887	18,603	4,625	9,384	14,385	18,603	872
Portfolio management	16,582	16,307	17,028	4,226	8,564	13,170	17,028	755
Design and advising	1,894	1,579	1,575	399	819	1,214	1,575	118
IICs[3] marketing	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Commission expenses	10,489	10,008	9,241	2,611	5,282	7,972	9,241	5
III. Financial investment income	186	4	9	-7	-11	26	9	7
IV. Net exchange differences and other operating products and expenses	-11	-1	-32	19	5	1	-32	31
V. Gross income	8,845	8,615	10,006	2,208	4,437	6,941	10,006	763
VI. Operating income	1,526	1,406	3,554	474	1,024	2,116	3,554	396
VII. Earnings from continuous activities	1,042	953	2,472	316	687	1,473	2,472	284
VIII. Net earnings of the period	1,042	953	2,472	316	687	1,473	2,472	284

1 Accumulated data from the beginning of the year to the last day of every quarter. It includes companies removed throughout the year.
2 Available data: January 2014.
3 IIC: Instituciones de Inversión Colectiva / CIS: Collective Investment Schemes.

Surplus equity over capital adequacy requirements

TABLE 2.11

				2012	2013			
	2011	2012	2013	IV	I	II	III	IV
TOTAL								
Total amount (thousand euro)	1,219,553	1,085,783	1,033,669	1,085,783	1,106,049	1,043,016	1,059,449	1,033,669
% surplus[1]	321.37	300.76	322.58	300.76	319.33	293.44	315.41	322.58
Number of companies according to its surplus percentage								
≤100%	36	37	34	37	37	31	32	34
>100- ≤300%	23	24	22	24	26	30	28	22
>300- ≤500%	19	17	17	17	14	16	19	17
>500%	22	15	14	15	16	15	13	14
BROKER-DEALERS								
Total amount (thousand euro)	1,134,406	1,017,597	960,624	1,017,597	1,040,039	969,750	977,300	960,624
% surplus[1]	345.52	329.03	367.43	329.03	355.90	321.70	346.46	367.43
Number of companies according to its surplus percentage								
≤100%	12	7	9	7	10	10	10	9
>100- ≤300%	10	17	11	17	16	15	14	11
>300- ≤500%	13	12	13	12	10	12	13	13
>500%	14	10	8	10	10	9	8	8
BROKERS								
Total amount (thousand euro)	68,007	53,531	62,199	53,531	53,556	59,966	66,126	62,199
% surplus[1]	189.22	161.23	164.46	161.23	160.50	184.41	175.77	164.46
Number of companies according to its surplus percentage								
≤100%	21	27	22	27	24	18	20	22
>100- ≤300%	12	6	10	6	9	14	12	10
>300- ≤500%	5	4	3	4	3	3	5	3
>500%	7	4	6	4	5	5	5	6
PORTFOLIO MANAGEMENT COMPANIES								
Total amount (thousand euro)	17,140	14,655	10,846	14,655	12,454	13,300	16,023	10,846
% surplus[1]	112.61	79.01	51.21	79.01	59.97	61.94	98.92	51.21
Number of companies according to its surplus percentage								
≤100%	3	3	3	3	3	3	2	3
>100- ≤300%	1	1	1	1	1	1	2	1
>300- ≤500%	1	1	1	1	1	1	1	1
>500%	1	1	0	1	1	1	0	0

1 Average surplus percentage is weighted by the required equity of each company. It is an indicator of the number of times, in percentage terms, that the surplus contains the required equity in an average company.

Return on equity (ROE) before taxes[1]

TABLE 2.12

	2011	2012	2013	2012 IV	2013 I	II	III	IV
TOTAL								
Average (%)[2]	13.22	3.19	16.49	3.19	9.99	12.18	13.12	16.49
Number of companies according to its annualized return								
Losses	32	31	13	31	29	25	22	13
0-≤15%	44	33	37	33	34	32	41	37
>15-<45%	14	24	22	24	20	24	21	22
>45-≤75%	5	3	9	3	7	5	4	9
>75%	5	2	6	2	3	6	4	6
BROKER-DEALERS								
Average (%)[2]	13.79	2.97	16.39	2.97	9.72	11.78	12.98	16.39
Number of companies according to its annualized return								
Losses	13	14	5	14	13	13	12	5
0-≤15%	24	18	15	18	19	17	17	15
>15-<45%	7	11	16	11	11	12	13	16
>45-≤75%	2	2	4	2	2	2	1	4
>75%	3	1	1	1	1	2	2	1
BROKERS								
Average (%)[2]	7.46	6.25	19.34	6.25	15.20	20.26	15.92	19.34
Number of companies according to its annualized return								
Losses	18	15	8	15	14	10	9	8
0-≤15%	16	11	18	11	12	11	21	18
>15-<45%	6	13	5	13	8	12	7	5
>45-≤75%	3	1	5	1	5	3	3	5
>75%	2	1	5	1	2	4	2	5
PORTFOLIO MANAGEMENT COMPANIES								
Average (%)[2]	4.70	6.59	11.41	6.59	5.43	5.87	9.25	11.41
Number of companies according to its annualized return								
Losses	1	2	0	2	2	2	1	0
0-≤15%	4	4	4	4	3	4	3	4
>15-<45%	1	0	1	0	1	0	1	1
>45-≤75%	0	0	0	0	0	0	0	0
>75%	0	0	0	0	0	0	0	0

1 ROE has been calculated as:

$$ROE = \frac{\textit{Earnings before taxes (annualized)}}{\textit{Own Funds}}$$

Own_Funds= Share capital + Paid-in surplus + Reserves – Own shares + Prior year profits and retained earnings – Interim dividend.

2 Average weighted by equity, %.

Financial advisory firms. Main figures

TABLE 2.13

Thousand euro	2011	2012	2013	2012 I	2012 II	2013 I	2013 II
ASSETS ADVISED[1]							
Total	16,033,108	14,776,498	17,630,081	14,694,319	14,776,498	15,442,297	17,630,081
Retail clients	2,181,943	3,267,079	4,991,653	2,443,271	3,267,079	3,975,400	4,991,653
Professional	3,151,565	3,594,287	3,947,782	3,396,260	3,594,287	3,476,305	3,947,782
Other	10,699,600	7,915,132	8,690,646	8,854,788	7,915,132	7,990,593	8,690,646
COMMISSION INCOME[2]							
Total	31,053	26,177	33,273	13,915	26,177	14,700	33,273
Commission revenues	30,844	26,065	33,066	13,833	26,065	14,676	33,066
Other income	209	112	206	82	112	25	206
EQUITY							
Total	12,320	13,402	21,498	13,123	13,402	15,119	21,498
Share capital	3,895	4,365	5,156	4,328	4,365	4,820	5,156
Reserves and retained earnings	950	4,798	9,453	5,912	4,798	7,251	9,453
Income for the year[2]	7,474	4,239	6,890	2,883	4,239	3,048	6,890

1 Data at the end of each period. Half-yearly.
2 Accumulated data from the beginning of the year to the last day of every semester.

3 Collective investment schemes (IICs)[a, b]

Number, management companies and depositories of collective investment schemes registered at the CNMV

TABLE 3.1

				2013				2014
	2011	2012	2013	I	II	III	IV	I[1]
Total financial IICs	5,460	5,246	5,129	5,243	5,224	5,178	5,129	5,141
Mutual funds	2,341	2,205	2,043	2,207	2,163	2,084	2,043	2,043
Investment companies	3,056	2,981	3,035	2,979	3,006	3,039	3,035	3,047
Funds of hedge funds	27	24	22	24	22	22	22	22
Hedge funds	36	36	29	33	33	33	29	29
Total real estate IICs	14	14	16	15	16	16	16	16
Real estate investment funds	6	6	6	6	6	6	6	6
Real estate investment companies	8	8	10	9	10	10	10	10
Total foreign IICs marketed in Spain	739	754	782	753	753	772	782	788
Foreign funds marketed in Spain	426	421	409	417	406	409	409	410
Foreign companies marketed in Spain	313	333	373	336	347	363	373	378
Management companies	114	105	96	105	102	101	96	96
IIC depositories	97	84	77	83	80	78	77	76

1 Available data: February 2014.

Number of IICs investors and shareholders

TABLE 3.2

				2013				2014
	2011	2012	2013	I	II	III	IV[1]	I[2]
Total financial IICs	5,249,813	4,815,628	5,463,820	4,927,974	5,054,520	5,209,038	5,463,820	5,584,421
Mutual funds	4,835,193	4,410,763	5,050,556	4,523,130	4,646,584	4,799,634	5,050,556	5,170,303
Investment companies	414,620	404,865	413,264	404,844	407,936	409,404	413,264	414,118
Total real estate IICs	30,678	26,155	6,773	25,069	22,558	22,484	6,773	6,794
Real estate investment funds	29,735	25,218	5,750	24,048	21,541	21,466	5,750	5,739
Real estate investment companies	943	937	1,023	1,021	1,017	1,018	1,023	1,055
Total foreign IICs marketed in Spain[3]	761,380	819,485	1,067,708	889,361	935,431	1,002,131	1,067,708	–
Foreign funds marketed in Spain	177,832	163,805	204,067	186,598	181,158	194,697	204,067	–
Foreign companies marketed in Spain	583,548	655,680	863,641	702,763	754,273	807,434	863,641	–

1 Provisional data for foreign IICs.
2 Available data: January 2014.
3 Exchange traded funds (ETFs) data is not included.

IICs total net assets

TABLE 3.3

				2013				2014
Million euro	2011	2012	2013	I	II	III	IV[1]	I[2]
Total financial IICs	155,982.6	147,722.2	184,300.9	154,845.3	160,704.6	171,271.9	184,300.9	188,332.3
Mutual funds[3]	132,368.6	124,040.4	156,680.1	130,295.4	135,933.5	145,168.5	156,680.1	160,387.7
Investment companies	23,614.0	23,681.8	27,620.8	24,549.9	24,771.1	26,103.4	27,620.8	27,944.6
Total real estate IICs	4,807.1	4,485.5	4,536.2	4,915.2	4,839.5	4,759.1	4,536.2	4,506.5
Real estate investment funds	4,494.6	4,201.5	3,682.6	4,071.4	3,985.5	3,899.2	3,682.6	3,651.3
Real estate investment companies	312.5	284.1	853.7	843.8	854.0	859.9	853.7	855.3
Total foreign IICs marketed in Spain[4]	29,969.5	38,075.3	54,727.2	44,557.3	47,202.7	50,468.8	54,727.2	–
Foreign funds marketed in Spain	6,382.9	6,271.5	8,523.2	7,558.2	7,537.5	8,284.4	8,523.2	–
Foreign companies marketed in Spain	23,586.6	31,803.8	46,204.0	36,999.1	39,665.2	42,184.4	46,204.0	–

1 Provisional data for foreign IICs.
2 Available data: January 2014.
3 For December 2013, mutual funds investments in financial IICs reached 4.26 billion euro.
4 Exchange traded funds (ETFs) data is not included.

a IICs: Instituciones de Inversión Colectiva / CIS: Collective Investment Schemes.
b In this document, neither hedge funds nor funds of hedge funds are included in the figures referred to mutual funds.

Mutual funds asset allocation[1]

TABLE 3.4

Million euro	2011	2012	2013	2012 IV	2013 I	II	III	IV[2]
Asset	132,368.6	124,040.4	156,680.1	124,040.4	130,295.4	135,933.5	145,168.5	156,680.1
Portfolio investment	126,370.0	118,446.5	149,343.3	118,446.5	123,616.6	129,370.9	137,908.9	149,343.3
Domestic securities	90,394.4	82,929.6	108,312.7	82,929.6	88,257.3	94,936.5	100,289.7	108,312.7
Debt securities	72,076.1	65,999.1	79,480.4	65,999.1	67,522.7	71,448.3	74,391.7	79,480.4
Shares	3,087.0	3,140.8	5,367.4	3,140.8	3,327.5	3,518.9	4,328.2	5,367.4
Investment collective schemes	6,038.5	3,170.7	4,498.1	3,170.7	3,563.9	3,913.4	4,066.6	4,498.1
Deposits in Credit institutions	8,961.2	10,333.3	18,443.7	10,333.3	13,647.7	15,750.8	17,078.0	18,443.7
Derivatives	231.5	285.7	523.0	285.7	195.5	305.1	425.1	523.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign securities	35,968.1	35,512.7	41,029.5	35,512.7	35,355.8	34,430.8	37,616.5	41,029.5
Debt securities	22,713.5	20,493.9	20,312.8	20,493.9	18,969.8	18,053.8	19,303.0	20,312.8
Shares	7,037.3	7,668.6	11,034.2	7,668.6	8,241.2	8,458.3	9,531.3	11,034.2
Investment collective schemes	6,061.6	7,112.3	9,286.0	7,112.3	7,904.4	7,725.9	8,461.8	9,286.0
Deposits in Credit institutions	23.0	45.8	45.6	45.8	36.9	39.3	36.2	45.6
Derivatives	131.6	191.6	350.9	191.6	203.1	153.3	284.0	350.9
Other	1.1	0.6	0.0	0.6	0.5	0.1	0.0	0.0
Doubtful assets and matured investment	7.5	4.2	1.2	4.2	3.6	3.2	2.4	1.2
Intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash	5,837.6	5,374.7	7,062.3	5,374.7	6,397.1	6,264.0	7,034.6	7,062.3
Net balance (Debtors - Creditors)	161.1	219.2	274.4	219.2	281.6	298.7	225.0	274.4

1 Hedge funds and funds of hedge funds are not included in these figures due to the entry into force, on 31 December 2008, of Circular CR CNMV 3/2008 which establishes a different deadline in reporting accounting information to CNMV.
2 Provisional data.

Investment companies asset allocation

TABLE 3.5

Million euro	2011	2012	2013	2012 IV	2013 I	II	III	IV[1]
Asset	23,614.0	23,681.8	27,620.8	23,681.8	24,549.9	24,771.1	26,103.4	27,620.8
Portfolio investment	22,521.9	22,512.4	26,105.6	22,512.4	23,310.1	23,438.8	24,596.6	26,105.6
Domestic securities	12,385.3	11,568.0	12,118.9	11,568.0	11,859.7	11,939.5	12,370.8	12,118.9
Debt securities	7,460.8	6,021.4	6,304.3	6,021.4	5,937.5	6,092.5	6,342.6	6,304.3
Shares	2,508.5	2,271.7	3,005.5	2,271.7	2,336.8	2,332.0	2,696.3	3,005.5
Investment collective schemes	667.4	701.0	1,134.9	701.0	800.6	805.7	1,031.8	1,134.9
Deposits in Credit institutions	1,721.7	2,531.9	1,645.4	2,531.9	2,740.9	2,671.3	2,258.6	1,645.4
Derivatives	-5.2	7.7	1.4	7.7	10.0	4.9	9.9	1.4
Other	32.2	34.3	27.4	34.3	33.9	33.1	31.6	27.4
Foreign securities	10,131.1	10,940.2	13,985.1	10,940.2	11,446.1	11,495.1	12,223.4	13,985.1
Debt securities	3,070.6	2,489.2	2,613.7	2,489.2	2,217.1	2,041.9	2,154.8	2,613.7
Shares	3,384.3	3,587.8	5,085.5	3,587.8	3,822.5	3,955.9	4,372.5	5,085.5
Investment collective schemes	3,516.3	4,700.2	6,119.8	4,700.2	5,261.0	5,359.0	5,536.6	6,119.8
Deposits in Credit institutions	10.8	14.0	5.5	14.0	13.5	10.6	8.6	5.5
Derivatives	145.1	147.1	152.5	147.1	130.2	125.9	144.7	152.5
Other	3.9	1.8	8.1	1.8	1.7	1.8	6.2	8.1
Doubtful assets and matured investment	5.5	4.3	1.5	4.3	4.3	4.7	2.4	1.5
Intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net fixed assets	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Cash	854.6	959.7	1,302.0	959.7	1,076.2	1,127.9	1,300.3	1,302.0
Net balance (Debtors - Creditors)	237.4	209.6	213.1	209.6	163.4	204.2	206.4	213.1

1 Provisional data.

Financial mutual funds: number, investors and total net assets by category[1]

TABLE 3.6

				2013				2014
	2011	2012	2013	I	II	III	IV	I[2]
NO. OF FUNDS								
Total financial mutual funds	2,310	2,185	2,045	2,185	2,117	2,070	2,045	2,033
Fixed-income[3]	508	454	384	448	408	388	384	378
Mixed fixed-income[4]	140	125	122	126	129	125	122	120
Mixed equity[5]	128	117	128	120	124	128	128	124
Euro equity	148	127	108	126	116	113	108	108
Foreign equity	220	211	193	209	198	192	193	190
Guaranteed fixed-income	351	398	374	409	402	391	374	366
Guaranteed equity[6]	420	361	308	348	336	316	308	309
Global funds	203	192	162	182	174	168	162	161
Passive management	59	85	169	103	126	148	169	179
Absolute return	133	115	97	114	104	101	97	98
INVESTORS								
Total financial mutual funds	4,835,193	4,410,771	5,050,719	4,523,140	4,646,619	4,799,719	5,050,719	5,170,496
Fixed-income[3]	1,384,946	1,261,634	1,508,009	1,283,052	1,347,295	1,410,867	1,508,009	1,542,147
Mixed fixed-income[4]	206,938	188,574	240,676	194,084	203,705	205,034	240,676	262,459
Mixed equity[5]	145,150	138,096	182,223	140,132	141,715	161,099	182,223	194,108
Euro equity	237,815	220,450	293,193	231,881	239,309	254,009	293,193	318,769
Foreign equity	448,539	398,664	457,606	409,552	427,789	435,571	457,606	479,761
Guaranteed fixed-income	1,042,658	1,075,852	1,002,458	1,114,875	1,124,209	1,091,051	1,002,458	934,657
Guaranteed equity[6]	912,298	727,880	608,051	703,587	655,760	628,100	608,051	610,501
Global funds	127,336	101,321	128,741	104,718	111,567	117,838	128,741	134,322
Passive management	100,416	125,003	441,705	170,399	224,481	321,669	441,705	500,813
Absolute return	229,097	173,297	188,057	170,860	170,789	174,481	188,057	192,959
TOTAL NET ASSETS (million euro)								
Total financial mutual funds	132,368.6	124,040.4	156,680.1	130,295.4	135,933.5	145,168.5	156,680.1	160,387.7
Fixed-income[3]	46,945.5	40,664.6	55,058.9	42,690.3	46,736.8	50,381.0	55,058.9	56,849.8
Mixed fixed-income[4]	5,253.6	5,500.9	8,138.0	5,965.6	6,618.4	6,873.4	8,138.0	8,882.2
Mixed equity[5]	2,906.1	3,179.9	6,312.4	3,593.6	3,911.9	4,783.4	6,312.4	6,816.8
Euro equity	4,829.2	5,270.2	8,632.8	5,691.8	5,867.8	7,021.5	8,632.8	9,128.8
Foreign equity	6,281.2	6,615.0	8,849.0	7,224.0	7,297.3	7,967.6	8,849.0	8,759.9
Guaranteed fixed-income	35,058.0	36,445.0	31,481.2	37,653.1	37,316.1	35,504.7	31,481.2	29,536.1
Guaranteed equity[6]	18,014.5	14,413.2	12,503.8	13,925.5	13,032.2	12,767.2	12,503.8	12,548.6
Global funds	5,104.7	4,358.6	4,528.1	4,366.9	4,157.3	4,352.8	4,528.1	4,641.6
Passive management	1,986.2	2,991.2	16,515.9	4,511.4	6,402.4	10,926.5	16,515.9	18,378.3
Absolute return	5,989.7	4,601.9	4,659.9	4,673.3	4,593.4	4,590.4	4,659.9	4,845.7

1 Sub-funds which have sent reports to the CNMV, excluding those in process of dissolution or liquidation.
2 Available data: January 2014.
3 From III 2011 on includes: Fixed income euro, Foreign fixed-income, Monetary market funds and Short-term monetary market funds. Until II 2011 included: Fixed income euro, Foreign fixed-income and Monetary market funds.
4 Mixed euro fixed-income and Foreign mixed fixed-income.
5 Mixed euro equity and Foreign mixed equity.
6 Guaranteed equity and partial guarantee.

Financial mutual funds: Detail of investors and total net assets by type of investors

TABLE 3.7

				2013				2014
	2011	2012	2013	I	II	III	IV	I[1]
INVESTORS								
Total financial mutual funds	4,835,193	4,410,771	5,050,719	4,523,140	4,646,619	4,799,719	5,050,719	5,170,496
Individuals	4,706,193	4,293,071	4,906,380	4,400,031	4,517,632	4,665,265	4,906,380	5,023,614
Residents	4,645,384	4,237,534	4,848,184	4,344,170	4,461,680	4,608,356	4,848,184	4,964,786
Non-residents	60,809	55,537	58,196	55,861	55,952	56,909	58,196	58,828
Legal entities	129,000	117,700	144,339	123,109	128,987	134,454	144,339	146,882
Credit Institutions	490	473	521	500	506	520	521	566
Other resident Institutions	127,765	116,589	143,083	121,922	127,784	133,198	143,083	145,569
Non-resident Institutions	745	638	735	687	697	736	735	747
TOTAL NET ASSETS (million euro)								
Total financial mutual funds	132,368.6	124,040.4	156,680.1	130,295.4	135,933.5	145,168.5	156,680.1	160,387.7
Individuals	106,627.6	101,963.8	125,957.2	106,634.4	110,298.6	117,097.2	125,957.2	128,624.7
Residents	105,088.0	100,515.7	124,175.3	105,154.3	108,795.3	115,454.6	124,175.3	126,779.6
Non-residents	1,539.6	1,448.0	1,781.9	1,480.1	1,503.4	1,642.5	1,781.9	1,845.1
Legal entities	25,741.1	22,076.6	30,722.9	23,661.0	25,634.9	28,071.3	30,722.9	31,763.0
Credit Institutions	1,446.7	1,075.4	547.6	610.5	496.7	568.2	547.6	643.9
Other resident Institutions	23,880.7	20,657.1	29,743.3	22,662.2	24,719.9	27,044.1	29,743.3	30,680.5
Non-resident Institutions	413.7	344.1	431.9	388.2	418.2	459.0	431.9	438.6

1 Available data: January 2014.

Subscriptions and redemptions of financial mutual funds by category[1]

TABLE 3.8

				2012	2013			
Million euro	2011	2012	2013	IV	I	II	III	IV
SUBSCRIPTIONS								
Total financial mutual funds	58,145.0	51,006.7	91,115.7	8,724.7	17,899.8	24,368.4	19,197.3	29,650.2
Fixed-income	27,206.2	32,924.2	50,154.7	4,884.3	9,266.2	15,803.3	10,626.0	14,459.2
Mixed fixed-income	1,332.4	1,440.2	4,569.8	391.6	784.9	1,009.0	766.6	2,009.3
Mixed equity	815.7	590.0	3,021.8	197.7	396.6	496.0	656.0	1,473.2
Euro equity	2,085.0	1,257.5	4,082.8	310.3	699.9	866.6	793.8	1,722.5
Foreign equity	3,835.1	1,693.8	3,697.4	354.1	698.3	984.9	826.5	1,187.7
Guaranteed fixed-income	13,965.7	7,976.3	5,964.0	1,245.8	2,956.0	1,763.8	908.8	335.4
Guaranteed equity	2,570.7	1,420.7	1,937.5	179.0	469.3	502.7	524.5	441.0
Global funds	3,261.6	1,270.9	2,175.2	338.2	500.8	496.7	439.0	738.7
Passive management	924.7	1,402.2	13,627.5	522.2	1,689.9	1,969.8	3,274.0	6,693.8
Absolute return	2,147.7	1,031.0	1,885.0	301.5	437.9	475.6	382.0	589.5
REDEMPTIONS								
Total financial mutual funds	68,983.6	63,744.4	66,982.7	12,295.4	13,654.7	19,151.6	13,330.5	20,845.9
Fixed-income	37,633.9	38,767.8	36,371.6	6,157.7	7,353.2	11,758.0	7,187.6	10,072.8
Mixed fixed-income	3,258.1	2,215.4	2,510.5	508.1	471.7	599.6	572.2	867.0
Mixed equity	1,136.2	973.1	1,139.9	251.0	185.2	277.5	236.2	441.0
Euro equity	1,933.0	1,421.2	2,352.5	334.2	425.3	764.4	466.1	696.7
Foreign equity	4,652.7	2,114.4	2,797.2	540.6	583.0	827.3	629.2	757.7
Guaranteed fixed-income	6,737.4	8,829.3	10,433.2	2,220.3	2,427.3	2,099.3	1,864.9	4,041.7
Guaranteed equity	5,632.3	4,944.2	4,007.7	1,294.8	1,030.3	1,357.1	836.3	784.0
Global funds	2,316.3	1,278.4	1,327.8	330.7	301.1	316.0	260.7	450.0
Passive management	1,199.2	830.1	4,089.3	161.8	467.2	599.4	847.5	2,175.2
Absolute return	4,484.7	2,370.4	1,952.8	496.2	410.4	553.0	429.8	559.6

1 Estimated data.

Financial mutual funds asset change by category: Net subscriptions/redemptions and return on assets

TABLE 3.9

Million euro	2011	2012	2013	2012 IV	2013 I	II	III	IV
NET SUBSCRIPTIONS/REDEMPTIONS								
Total financial mutual funds	-10,853.1	-14,597.3	24,086.2	-3,579.6	4,224.4	5,205.5	5,847.4	8,808.9
Fixed-income	-10,423.6	-7,739.7	13,405.0	-1,297.8	1,729.5	3,934.9	3,329.4	4,411.2
Mixed fixed-income	-1,980.4	-18.8	2,369.7	-107.1	419.0	668.7	132.6	1,149.4
Mixed equity	-375.5	35.8	2,673.3	-38.0	349.0	315.7	668.0	1,340.6
Euro equity	142.0	-115.4	1,733.5	24.7	275.0	104.6	328.0	1,025.9
Foreign equity	-796.0	-425.3	865.9	-188.7	122.3	133.3	175.4	434.9
Guaranteed fixed-income	7,809.3	-338.8	-6,717.5	-873.0	537.8	-602.6	-2,334.0	-4,318.7
Guaranteed equity	-4,053.9	-4,225.9	-2,689.1	-1,258.9	-651.9	-952.7	-593.3	-491.2
Global funds	972.2	-1,021.0	-176.7	-5.5	-61.0	-197.9	42.0	40.2
Passive management	60.8	823.8	12,675.2	420.0	1,477.0	1,851.1	4,150.7	5,196.4
Absolute return	-2,207.9	-1,571.9	-53.2	-255.3	27.7	-49.5	-51.4	20.0
RETURN ON ASSETS								
Total financial mutual funds	-673.3	6,289.3	8,566.5	2,513.4	2,035.2	433.0	3,395.2	2,703.1
Fixed-income	744.9	1,459.6	990.0	450.4	296.4	111.7	315.0	266.9
Mixed fixed-income	-85.1	266.1	267.6	95.0	45.8	-15.8	122.4	115.2
Mixed equity	-189.0	238.2	459.3	101.8	64.7	2.6	203.5	188.5
Euro equity	-666.9	558.8	1,629.1	354.9	146.5	71.4	825.7	585.5
Foreign equity	-947.2	759.1	1,368.1	140.5	486.7	-60.0	494.9	446.5
Guaranteed fixed-income	1,070.4	1,727.4	1,754.3	828.4	670.5	265.8	522.7	295.3
Guaranteed equity	21.8	624.5	779.8	289.0	164.2	59.4	328.4	227.8
Global funds	-307.8	274.9	346.2	75.7	69.3	-11.7	153.5	135.1
Passive management	-163.9	196.8	861.0	115.0	47.4	39.9	380.7	393.0
Absolute return	-150.5	184.1	111.1	62.9	43.7	-30.4	48.4	49.4

Financial mutual funds return on assets. Detail by category

TABLE 3.10

% of daily average total net assets	2011	2012	2013	2012 IV	2013 I	II	III	IV
MANAGEMENT YIELDS								
Total financial mutual funds	0.45	6.03	7.46	2.31	1.86	0.69	2.67	2.05
Fixed-income	2.28	4.33	3.07	1.34	0.92	0.58	0.84	0.70
Mixed fixed-income	-0.15	6.05	5.21	2.06	1.09	0.06	2.10	1.87
Mixed equity	-4.30	9.20	11.92	3.68	2.25	0.57	4.93	3.72
Euro equity	-10.77	12.84	28.54	7.49	3.10	2.08	13.16	7.93
Foreign equity	-11.05	13.51	21.46	2.60	7.57	-0.22	6.94	5.82
Guaranteed fixed-income	3.77	5.30	5.85	2.50	2.00	0.98	1.66	1.09
Guaranteed equity	1.29	5.26	7.34	2.26	1.45	0.77	2.89	2.05
Global funds	-4.55	7.80	9.87	2.11	1.97	0.06	4.03	3.51
Passive management	-6.27	7.99	9.95	4.23	1.42	1.02	4.20	2.99
Absolute return	-0.90	4.93	3.54	1.67	1.24	-0.47	1.35	1.39
EXPENSES. MANAGEMENT FEE								
Total financial mutual funds	0.93	0.94	1.01	0.24	0.24	0.27	0.25	0.25
Fixed-income	0.64	0.66	0.72	0.17	0.17	0.22	0.17	0.16
Mixed fixed-income	1.17	1.10	1.18	0.27	0.28	0.32	0.28	0.29
Mixed equity	1.59	1.51	1.56	0.36	0.37	0.42	0.40	0.36
Euro equity	1.80	1.77	1.88	0.44	0.43	0.47	0.50	0.47
Foreign equity	1.77	1.74	1.88	0.42	0.46	0.48	0.47	0.46
Guaranteed fixed-income	0.72	0.79	0.88	0.21	0.21	0.23	0.22	0.22
Guaranteed equity	1.24	1.23	1.25	0.31	0.30	0.31	0.31	0.32
Global funds	1.11	1.01	1.36	0.22	0.31	0.32	0.36	0.36
Passive management	0.75	0.81	0.73	0.19	0.18	0.19	0.17	0.19
Absolute return	1.08	1.03	1.18	0.24	0.29	0.30	0.29	0.29
EXPENSES. DEPOSITORY FEE								
Total financial mutual funds	0.08	0.08	0.08	0.02	0.02	0.02	0.02	0.02
Fixed-income	0.08	0.08	0.09	0.02	0.02	0.03	0.02	0.02
Mixed fixed-income	0.12	0.08	0.09	0.02	0.02	0.03	0.02	0.02
Mixed equity	0.12	0.12	0.12	0.03	0.03	0.03	0.03	0.03
Euro equity	0.12	0.12	0.10	0.03	0.03	0.03	0.02	0.02
Foreign equity	0.12	0.12	0.12	0.03	0.03	0.03	0.03	0.03
Guaranteed fixed-income	0.08	0.08	0.08	0.02	0.02	0.02	0.02	0.02
Guaranteed equity	0.08	0.08	0.08	0.02	0.02	0.02	0.02	0.02
Global funds	0.08	0.08	0.09	0.02	0.02	0.03	0.02	0.02
Passive management	0.08	0.08	0.08	0.02	0.02	0.02	0.02	0.02
Absolute return	0.08	0.08	0.08	0.02	0.02	0.02	0.02	0.02

Mutual funds quarterly returns. Detail by category

TABLE 3.11

In %	2011	2012	2013	2012 IV	2013 I	II	III	IV
Total financial mutual funds	-0.08	5.50	6.50	2.08	1.65	0.36	2.50	1.85
Fixed-income	1.56	3.54	2.28	1.12	0.76	0.31	0.65	0.54
Mixed fixed-income	-1.34	4.95	4.16	1.75	0.83	-0.19	1.85	1.62
Mixed equity	-5.64	7.83	10.85	3.30	2.02	0.17	4.78	3.52
Euro equity	-11.71	12.31	28.06	7.28	2.95	1.30	13.71	7.99
Foreign equity	-10.83	13.05	20.30	2.32	7.40	-0.69	6.87	5.54
Guaranteed fixed-income	3.28	4.85	4.96	2.27	1.82	0.70	1.46	0.89
Guaranteed equity	0.14	5.07	6.15	1.99	1.16	0.42	2.62	1.83
Global funds	-4.64	7.44	8.71	2.03	1.70	-0.26	3.80	3.25
Passive management	-7.33	7.10	8.88	4.04	1.06	0.86	4.13	2.58
Absolute return	-1.87	3.84	2.77	1.36	0.96	-0.32	1.07	1.04

Hedge funds and funds of hedge funds

TABLE 3.12

	2010	2011	2012	2012	2013			
				IV	I	II	III	IV[1]
HEDGE FUNDS								
Investors/shareholders	1,852	2,047	2,427	2,427	2,384	2,374	2,333	2,383
Total net assets (million euro)	646.2	728.1	918.6	918.6	964.8	981.3	994.8	1,018.7
Subscriptions (million euro)	236.6	201.1	347.6	132.4	95.9	76.3	132.6	73.3
Redemptions (million euro)	268.6	92.5	212.7	68.2	82.2	69.4	167.0	78.1
Net subscriptions/redemptions (million euro)	-32.0	108.6	134.8	64.2	13.6	6.9	-34.4	-4.7
Return on assets (million euro)	26.3	-26.5	55.7	25.7	31.9	9.6	47.9	30.2
Returns (%)	5.37	-2.60	7.17	3.03	3.72	1.03	5.33	3.81
Management yields (%)[2]	6.33	-1.88	8.00	3.01	3.91	1.73	6.10	3.49
Management fee (%)[2]	1.91	1.66	1.38	0.36	0.54	0.58	1.01	0.54
Financial expenses (%)[2]	0.07	0.06	0.04	0.01	0.01	0.01	0.01	0.01
FUNDS OF HEDGE FUNDS								
Investors/shareholders	4,404	3,805	3,338	3,338	3,211	3,230	3,218	3,114
Total net assets (million euro)	694.9	573.0	540.0	540.0	536.2	468.0	418.3	423.3
Subscriptions (million euro)	47.9	10.6	23.6	0.5	0.8	3.6	0.0	–
Redemptions (million euro)	184.8	120.1	74.3	26.4	19.0	69.0	50.8	–
Net subscriptions/redemptions (million euro)	-136.9	-109.6	-50.8	-25.9	-18.2	-65.4	-50.8	–
Return on assets (million euro)	21.7	-12.3	17.6	4.5	14.4	-2.8	1.2	–
Returns (%)	3.15	-1.70	0.88	0.60	2.73	-0.52	0.25	1.75
Management yields (%)[3]	4.38	-0.47	4.56	1.22	3.03	-0.21	0.59	–
Management fee (%)[3]	1.25	1.25	1.28	0.33	0.32	0.31	0.31	–
Depository fee (%)[3]	0.08	0.08	0.08	0.02	0.02	0.02	0.02	–

1 Available data: November 2013. Return refers to the period September-November.
2 % of monthly average total net assets.
3 % of daily average total net assets.

Management companies. Number of portfolios and assets under management[1]

TABLE 3.13

	2011	2012	2013	2013				2014
				I	II	III	IV	I[2]
NUMBER OF PORTFOLIOS[3]								
Mutual funds	2,341	2,207	2,043	2,207	2,163	2,093	2,043	2,044
Investment companies	3,002	2,922	2,975	2,922	2,945	2,977	2,975	2,979
Funds of hedge funds	27	24	22	24	22	22	22	22
Hedge funds	35	33	29	33	33	33	29	28
Real estate investment fund	6	6	6	6	6	6	6	6
Real estate investment companies	8	9	10	9	10	10	10	10
ASSETS UNDER MANAGEMENT (million euro)								
Mutual funds	132,368.6	130,295.4	156,680.1	130,295.4	135,933.4	145,168.5	156,680.1	160,387.7
Investment companies	23,037.6	23,936.4	26,830.1	23,936.4	24,098.1	25,374.0	26,830.1	27,140.5
Funds of hedge funds[4]	573.0	536.2	423.3	536.2	468.0	418.3	423.3	–
Hedge funds[4]	694.7	964.8	1,018.7	964.8	981.3	993.2	1,018.7	–
Real estate investment fund	4,494.6	4,071.4	3,682.6	4,071.4	3,985.5	3,899.2	3,682.6	3,651.3
Real estate investment companies	312.5	843.8	853.7	843.8	854.0	859.9	853.7	855.3

1 It is considered as "assets under management" all the assets of the investment companies which are co-managed by management companies and other different companies.
2 Available data: January 2014.
3 Data source: Collective Investment Schemes Registers.
4 Available data for IV Quarter 2013: November 2013.

Foreign Collective Investment Schemes marketed in Spain[1]

TABLE 3.14

	2011	2012	2013	2012 IV	2013 I	II	III	IV[2]
INVESTMENT VOLUME[3] (million euro)								
Total	29,969.5	38,075.3	54,727.2	38,075.3	44,557.3	47,202.7	50,468.8	54,727.2
Mutual funds	6,382.9	6,271.5	8,523.2	6,271.5	7,558.2	7,537.5	8,284.4	8,523.2
Investment companies	23,586.6	31,803.8	46,204.0	31,803.8	36,999.1	39,665.2	42,184.4	46,204.0
INVESTORS/SHAREHOLDERS								
Total	761,380	819,485	1,067,708	819,485	889,361	935,431	1,002,131	1,067,708
Mutual funds	177,832	163,805	204,067	163,805	186,598	181,158	194,697	204,067
Investment companies	583,548	655,680	863,641	655,680	702,763	754,273	807,434	863,641
NUMBER OF SCHEMES								
Total	739	754	780	754	753	753	772	780
Mutual funds	426	421	408	421	417	406	409	408
Investment companies	313	333	372	333	336	347	363	372
COUNTRY								
Luxembourg	297	310	320	310	307	308	317	320
France	284	272	260	272	276	271	274	260
Ireland	87	90	102	90	90	93	97	102
Germany	20	31	32	31	31	30	30	32
UK	19	22	22	22	22	22	22	22
The Netherlands	1	1	2	1	1	2	2	2
Austria	25	23	24	23	21	22	24	24
Belgium	5	3	4	3	3	3	4	4
Malta	1	1	1	1	1	1	1	1
Denmark	0	1	1	1	1	1	1	1

1 Exchange traded funds (ETFs) data is not included.
2 Provisional data.
3 Investment volume: participations or shares owned by the investors/shareholders at the end of the period valued at that moment.

Real estate investment schemes[1]

TABLE 3.15

	2011	2012	2013	2013 I	II	III	IV	2014 I[2]
REAL ESTATE MUTUAL FUNDS								
Number	6	6	6	6	6	6	6	6
Investors	29,735	25,218	5,750	24,048	21,541	21,466	5,750	5,739
Asset (million euro)	4,494.6	4,201.5	3,682.6	4,071.4	3,985.5	3,899.2	3,682.6	3,651.3
Return on assets (%)	-3.23	-5.53	-11.28	-2.59	-1.88	-2.13	-5.15	0.80
REAL ESTATE INVESTMENT COMPANIES								
Number	8	8	10	9	10	10	10	10
Shareholders	943	937	1,023	1,021	1,017	1,018	1,023	1,055
Asset (million euro)	312.5	284.1	853.7	843.8	854.0	859.9	853.7	855.3

1 Real estate investment schemes which have sent reports to the CNMV, excluding those in process of dissolution or liquidation.
2 Available data: January 2014. In this case, return on assets is monthly.