CNMV
Comisión Nacional del Mercado de Valores

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Initials and acronyms

AA. PP.	Public administration service
ABS	Asset-Backed Security
AIAF	Spanish Market in Fixed-income Securities
AIF	Alternative Investment Fund
ANCV	Spanish National Securities Numbering Agency
APA	Approved Publication Arrangement
APR	Annual Percentage Rate
ASCRI	Spanish Venture Capital & Private Equity Association
AV	Broker
BIS	Bank For International Settlements
BME	Spanish Stock Markets and Financial Systems
CADE	Public Debt Book-entry Trading System
CC. AA.	Autonomous regions
CCP	Central Counterparty
CDS	Credit Default Swap
CFA	Atypical financial contract
CFD	Contract for Differences
CIS	Collective Investment Company/Collective Investment Scheme
CISMC	CIS Management Company
CNMV	(Spanish) National Securities Market Commission
CP	Crowdfunding Platforms
CS	Customer Service
CSD	Central Securities Depository
CSRD	Central Securities Depositories Regulation
CTP	Consolidated Tape Provider
DLT	Distributed Ledger Technology
EAF	Financial advisory firm
EBA	European Banking Authority
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
EC	European Commission
ECA	Credit and savings institution
ECB	European Central Bank
ECR	Venture capital firm
EFAMA	European Fund and Asset Management Association
EFSM	European Financial Stabilisation Mechanism
EICC	Closed-ended collective investment company
EIOPA	Occupational Pensions Authority
EIP	Public interest entity
EMIR	European Market Infrastructure Regulation
EMU	Economic and Monetary Union
ESEF	European Single Electronic Format
ESFS	European System of Financial Supervision
ESG	Environment, Social and Governance
ESMA	European Securities and Markets Authority
ESRB	European Systemic Risk Board

ETF	Exchange Traded Fund
EU	European Union
EUSEF	European Social Entrepreneurship Fund
FICC	Closed-ended collective investment fund
FII	Real estate investment fund
FIN-NET	Financial Dispute Resolution Network
FINTECH	Financial Technology
FOGAIN	Investment Guarantee Fund
FRA	Forward Rate Agreement
FROB	Fund for Orderly Bank Restructuring
FSB	Financial Stability Board
FTA	Asset securitisation fund
FTH	Mortgage Securitisation Fund
GDP	Gross Domestic Product
HF	Hedge Fund
HFT	High Frequency Trading
IAGC	Annual corporate governance report
IARC	Annual report on director remuneration
IAS	International Accounting Standards
ICO	Initial Coin Offering
IF	Investment Firm / Investment Fund
IFRS	International Financial Reporting Standards
IIMV	Ibero-American Securities Market Institute
IMF	International Monetary Fund
IOSCO	International Organization of Securities Commissions
IPO	Initial Public Offering (for sale/subscription of securities)
IPP	Periodic public information
IRR	Internal Rate of Return
ISIN	International securities identification number
KIID/KID	Key Investor Information Document
LATIBEX	Market of Latin American Securities
LEI	Legal Entity Identifier
LIIC	Spanish Collective Investment Companies Act
LMV	Spanish Securities Market Act
MAB	Alternative Stock Market
MAD	Market Abuse Directive
MAR	Market Abuse Regulation
MARF	Alternative Fixed-Income Market
MBS	Mortgage-Backed Securities
MEFF	Spanish Financial Futures Market
MFP	Maximum Fee Prospectus
MiFID	Markets in Financial Instruments Directive
MiFIR	Markets in Financial Instruments Regulation
MOU	Memorandum of Understanding
MREL	Minimum Requirement for Own Funds and Eligible Liabilities
MTF	Multilateral Trading Facility
MTS	Market for Treasury Securities
NCA	National Competent Authority
NDP	National Domestic Product
OECD	Organisation for Economic Cooperation and Development
OIS	Overnight Indexed Swaps
OTC	Over The Counter
OTF	Organised Trading Facility

PER	Price-to-Earnings Ratio
PRIIP	Packaged Retail and Insurance Based Investment Product -
PUI	Loan of last resort
RAROC	Risk-Adjusted Return On Capital
REIT	Real Estate Investment Trust
RENADE	Spanish National Registry for Greenhouse Gas Emission Allowances
RFQ	Request for Quote
RFR	Risk Free Rate
ROA	Return On Assets
ROE	Return On Equity
SAMMS	Advanced Secondary Market Tracking System
SAREB	Asset Management Company for Assets Arising from Bank Restructuring
SENAF	Electronic Trading Platform for Spanish Government Bonds
SEND	Electronic Debt Trading System
SEPBLAC	The Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences
SGC	Portfolio management company
SGECR	Venture capital firm management company
SGEIC	Closed-ended investment scheme management company
SGFT	Asset securitisation fund management company
SIBE	Electronic Spanish Stock Market Interconnection System (SIBE)
SICAV	Open-ended collective investment company
SICC	Closed-ended collective investment company
SII	Real estate investment company
SIL	Hedge fund with legal personality
SME	Small and Medium Enterprise
SOC	National Electronic Clearing System
SPV/SFV	Special purpose/financial vehicle
SRB	Single Resolution Board
SREP	Supervisory Review and Evaluation Process
STOR	Suspicious Transaction and Order Report
SV	Broker-dealer
T2S	Target2-Securities
TER	Total Expense Ratio
TOB	Takeover Bid
TRLMV	Recast Text of the Spanish Securities Market Act
TVR	Theoretical Value of the Right
UCITS	Undertaking for Collective Investment in Transferable Securities
VCF	Venture Capital Fund
XBRL	Extensible Business Reporting Language

I Market survey (*)

(*) This report has been prepared by the Department of Research and Statistics of the Directorate General for Strategic Policy and International Affairs of the CNMV.

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1 Overview

Recent market developments both domestically and internationally have been influenced by changes in monetary policy direction, the outlook for such policies in the coming months, and the recent intensification of the geopolitical conflict in the Middle East. This conflict's potential impact on economic activity is challenging to predict. While inflation rates have mostly been favourable throughout the year, aligning more closely with central banks' targets and encouraging interest rate cuts, the recent escalation of tensions in the Middle East could impact energy and commodity prices. This may lead to further price increases and delay the anticipated additional interest rate cuts. Simultaneously, economic activity is evolving unevenly across regions. The US economy is showing signs of vitality, but both the euro area and China are experiencing weak growth. In this context, economic activity could be further weakened by the slowdown in the euro area and the high debt levels of major economies.

The year 2024 has been marked by a shift in monetary policy, with the European Central Bank (ECB) leading the way in cutting interest rates. The ECB preempted its US counterpart by implementing its first rate cut in eight years in June, reducing rates by 25 basis points (bp). Then, in September, it further cut the deposit facility rate[1] by 25 bp, the new benchmark on which its new monetary policy is based.[2] In contrast, the Federal Reserve delayed its rate cut until late September, when it reduced rates by 50 bp, bringing them to the 4.75-5% range. Other central banks, such as the Bank of England, which cut rates by 25 bp in July, and the People's Bank of China, have also adjusted their rates. Meanwhile, the Bank of Japan has moved to normalise its rates, implementing two increases that have lifted them from negative territory to 0.25%.

Financial markets have responded positively to this scenario of improving inflation, shifts in monetary policy, and the prospect of further rate cuts, despite the fact that some of these adjustments have been delayed. The impact of economic activity indicators, particularly relating to the labour market, has been more pronounced in the United States than in Europe. Stock markets saw significant gains in the first quarter of the year, which partly corrected in the second quarter, before picking up again in the third quarter following interest rate cuts by central banks. This led to cumulative gains for the year in the euro area ranging from 1.2% for France's Cac 40 to 17.6% for Spain's Ibex 35 (with the Eurostoxx 50 up 10.6%), while US stocks rose between 12.3% and 21.2% and Japanese stocks climbed slightly over 13%. However, there is a growing perception that some risks might be

1 In October, a third additional cut of 25 bp was made.

2 The spread between the main refinancing rate and the deposit facility rate was also adjusted to 15 bp.

underestimated and that certain markets could be overvalued. If this is the case, future shocks, not necessarily financial in nature, could prompt a reassessment of asset risks, resulting in market corrections and potentially leading to new episodes of volatility.

During the third quarter, long-term sovereign bond markets saw a decline in yields, with decreases of 35-50 bp in the euro area and 58 bp in the United States, spurred by rate cuts and expectations for future yields over the next few months. Yields fluctuated throughout the year, as initial expectations for rate cuts were delayed. Consequently, the fall in yields only became consistent once the cuts were implemented, having a more pronounced effect on the shorter end of the curve and causing some flattening. By the end of the quarter, 10-year bond yields had fallen below 3.8% in the United States, while in the euro area they ranged between 2% and 3.5% (with Spain at 2.93%).

In this context, the stress indicator for Spanish financial markets[3] generally remained at a low-risk level (below 0.27) throughout the last quarter, reaching 0.20 in the first week of October.[4] This was comparable to the levels seen in the first half of the year, remaining under 0.25 for much of the quarter (see Figure 1). Only at the beginning of August did the stress indicator rise to a medium risk level (0.30) following a significant drop in global stock prices. Among individual segments, the money market segment (short-term fixed income) showed the highest risk levels, maintaining a level of around 0.60 throughout the period and occasionally peaking at 0.65. In the bond market (long-term fixed income), on the contrary, with the relative stabilization of interest rates, the stress level was slightly reduced, oscillating between 0.35 and 0.50.

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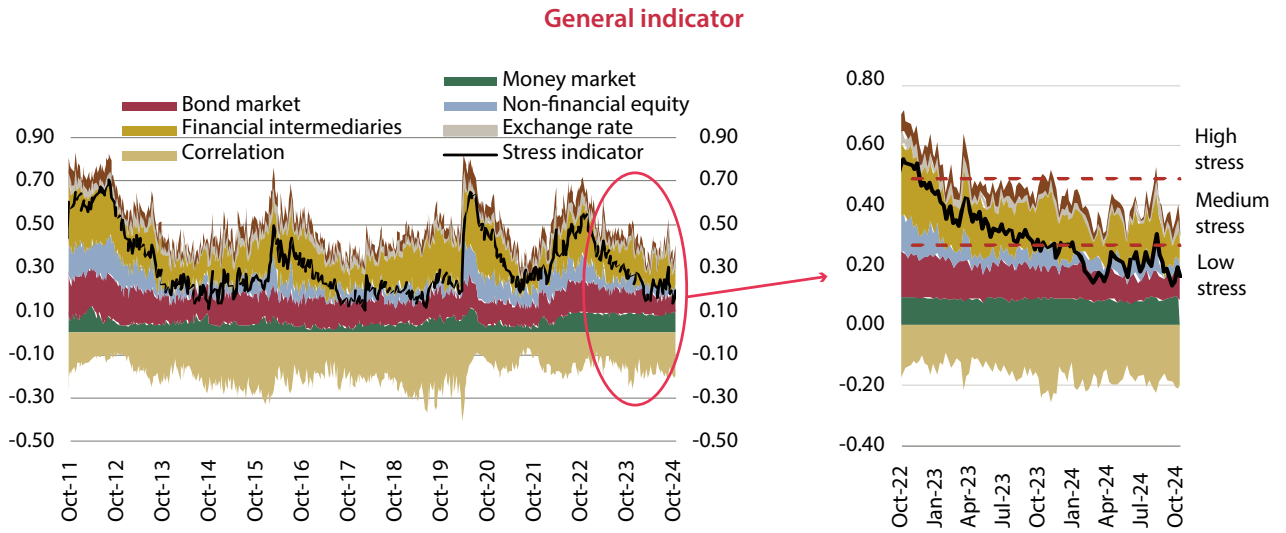
3 The stress indicator calculated by the CNMV provides a real-time measure of systemic risk in the Spanish financial system that ranges from zero to one. To do this, it evaluates stress in six segments of the financial system and makes an aggregate, obtaining a single figure that takes into account the correlation between these segments. Econometric estimates indicate that index values below 0.27 correspond to periods of low stress, while scores between 0.27 and 0.49 correspond to periods of medium stress, and values above 0.49 indicate periods of high stress. For further details on recent movements in this indicator and its components, see the half-yearly publication of the Financial Stability Note, and the CNMV's statistical series (market stress indicators), available at: http://www.cnmv.es/portal/menu/Publicaciones-Estadisticas-Investigacion.aspx. For more information on the methodology of this indicator, see Cambón, M.I. and Estévez, L. (2016). "A Spanish Financial Market Stress Index (FMSI)". *Spanish Review of Financial Economics*, Vol. 14, no. 1, pp. 23-41, or as CNMV Working Paper No. 60 (http://www.cnmv.es/DocPortal/Publicaciones/MONOGRAFIAS/Monografia_60_en.pdf).

4 This indicator has a weekly frequency. The data presented in this report corresponds to 4 October.

Stress indicator of the Spanish financial markets

FIGURE 1



Source: CNMV.

Summary of financial indicators

TABLE 1

	Dec-23	Mar-24	Jun-24	Sep-24
Short-term interest rates[1] (%)				
Official interest rate	4.50	4.50	4.25	3.65
3-month €STR rate	3.90	3.92	3.91	3.68
12-month €STR rate	3.16	3.63	3.87	3.91
Exchange rates[2]				
Dollar/euro	1.11	1.08	1.07	1.12
Yen/euro	156.30	163.50	171.90	159.80
Medium- and long-term government bond yields[3]				
Germany				
3 years	2.44	2.57	2.69	2.07
5 years	2.06	2.38	2.51	2.04
10 years	2.11	2.36	2.49	2.18
United States				
3 years	4.19	4.38	4.51	3.52
5 years	4.00	4.20	4.32	3.51
10 years	4.01	4.21	4.30	3.73
Risk premiums on private debt: spread over 10-year government bonds[3] (bp)				
Euro area				
High yield	552	509	514	496
BBB	184	161	158	148
AAA	74	74	83	79
United States				
High yield	409	368	373	366
BBB	159	141	137	129
AAA	71	68	56	53
Equity markets				
Performance of the main international stock market indices[4] (%)				
Euro Stoxx 50	8.3	12.4	-3.7	2.2
Dow Jones	12.5	5.6	-1.7	8.2
Nikkei 225	5.0	20.6	-1.9	-4.2
Performance of other indices (%)				
Merval (Argentina)	65.3	30.5	32.8	5.3
Bovespa (Brazil)	15.1	-4.5	-3.3	6.4
Shanghai Comp. (China)	-4.4	2.2	-2.4	12.4
BSE (India)	11.2	4.1	9.0	7.6
Spanish stock market				
Performance of the Ibex 35 (%)	7.1	9.6	-1.2	8.5
P/E ratio of the Ibex 35[5]	10.8	10.6	10.8	10.7
Volatility of the Ibex 35[6] (%)	13.3	11.3	10.1	11.4
Trading on SIBE[7]	1,144	1,213	1,526	973

Source: CNMV, Refinitiv Datastream and Madrid Stock Exchange.

1 Monthly average of daily data. The official interest rate corresponds to the marginal rate of the weekly auction on the last day of the period.
2 Data at the end of period.
3 Monthly average of daily data. In the euro area, the spread is calculated with respect to the German government bond.
4 The cumulative quarterly returns for each period are provided.
5 Price-earnings ratio (P/E).
6 Implicit volatility. Arithmetic mean for the quarter.
7 Daily average, in millions of euros.

2 Fixed-income markets

2.1 Interest rates

During the third quarter of 2024, short-term interest rates in major economies saw significant declines, following rate cuts by key central banks. These banks have chosen to adopt such monetary policies to stimulate the economy, now that inflation is considered under control and close to their targets. These central bank rate cuts mark a departure from the restrictive policies that have been in place since the end of 2021, aimed at combating high inflation levels. During this period, the ECB took the lead over its US counterpart by implementing the first rate cuts in June, thereby narrowing the 3-month interest rate spread between the United States and the euro area. At mid-year, this spread stood at 166 bp and decreased to 147 bp by the end of September (see Figure 2).

This reduction occurred on 6 June and involved a 25 bp cut in the ECB's official rates. Following this, a further 25 bp reduction[5] for the deposit facility rate was decided on 12 September, continuing the bank's monetary policy direction. Additionally, the spread between the interest rate on the main refinancing operations and the rate on the deposit facility was adjusted to 15 bp. By the end of the third quarter of 2024, the European monetary authority had set rates at 3.65% for main refinancing operations, 3.50% for the marginal deposit facility, and 3.90% for the lending facility.

In line with these policies, three-month interest rates[6] in the euro area have fallen by 27 bp since the start of the year, reaching 3.65% at the end of September. The interest rate cuts by the monetary authority considered factors such as a slowdown in economic growth compared to initial forecasts and inflation, which, although still elevated, has moderated in recent periods. Despite this, the ECB maintains that its medium-term goal is to ensure inflation returns to its 2% target, which involves keeping policy rates at sufficiently restrictive levels.

The ECB's asset purchase programmes have seen a continued decrease in the size of the APP[7] portfolio, which was anticipated following the cessation of principal reinvestments. Under the PEPP[8] programme, the Eurosystem has stopped fully reinvesting maturing securities, leading to an average monthly

5 On 17 October, there was an additional rate cut of 25 bp, bringing the rate down to 3.25%, its lowest since May 2023. The ECB also highlighted that recent data confirms the decline in inflation and expressed some concern over weak economic figures.

6 €STR rates.

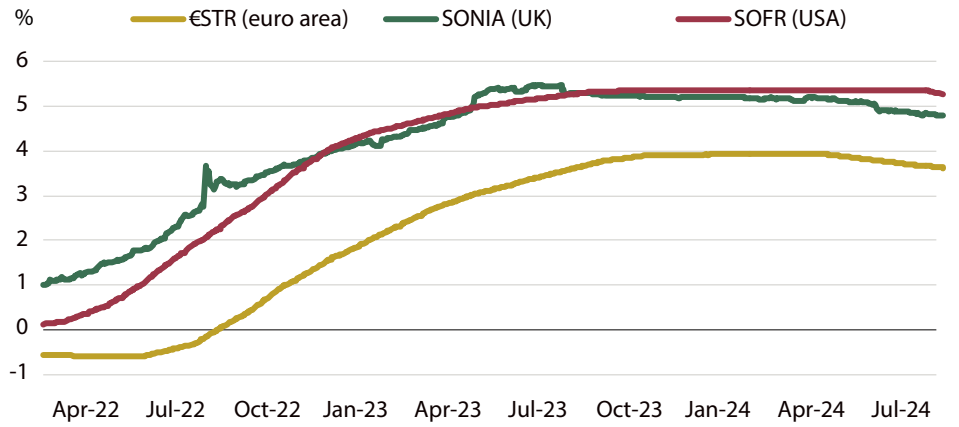
7 APP: Asset Purchase Programme.

8 PEPP: Pandemic Emergency Purchase Programme.

reduction of €7.5 billion in the programme's portfolio. These reinvestments are expected to be fully phased out by the end of the year.

In the United States, 3-month interest rates[9] fell by just 5 bp during the last quarter, settling at 5.31%. This slight decline resulted from the Federal Reserve's (Fed) recent rate cut of 50 bp in mid-September, which lowered the policy rate from 5.25-5.50% to 4.75-5.00%. Interest rates are expected to continue declining in the coming months as the market absorbs the Fed's new measures. Alongside this reduction, the monetary authority signalled that it will maintain its policy of reducing its asset portfolio.

3-month interest rates FIGURE 2



Source: Refinitiv Datastream. Data until 30 September.

The Bank of England lowered rates by 25 bp at the end of July, from 5.25% to 5%. At its last meeting in September, it decided against implementing further rate cuts. Short-term interest rates fell compared to mid-year, with the 3-month SONIA benchmark closing September at 4.82%, down 39 bp from 30 June.

In China, official interest rates were reduced by 10 bp in the third quarter, aimed at boosting domestic demand and increasing price pressures in the Chinese economy, which was experiencing deflation early in the year. As a result of this policy, short-term interest rates have slightly decreased across the board, with the 3-month SHIBOR closing September at 1.84%, down by 8 bp since mid-year.

9 SOFR rates.

Short-term interest rates[1]

TABLE 2

%

	Dec-20	Dec-21	Dec-22	Dec-23	Dec-23	Mar-24	Jun-24	Sep-24
Euro area								
Official	0.00	0.00	2.50	4.50	4.50	4.50	4.25	3.65
3 months	-0.54	-0.58	2.07	3.90	3.90	3.92	3.91	3.68
6 months	-0.52	-0.54	2.57	3.73	3.73	3.93	3.94	3.81
12 months	-0.50	-0.50	3.03	3.16	3.16	3.63	3.87	3.91
United States								
Official	0.25	0.25	4.50	5.50	5.50	5.50	5.50	5.00
3 months	0.23	0.21	4.74	5.35	5.35	5.35	5.35	5.36
6 months	0.26	0.31	5.16	5.33	5.33	5.39	5.39	5.39
12 months	0.34	0.52	5.47	n/a	n/a	n/a	n/a	n/a
United Kingdom[2]								
Official	0.10	0.25	3.50	5.75	5.75	5.25	5.25	5.00
3 months	0.03	0.16	3.78	5.22	5.22	5.20	5.16	4.84
6 months	0.04	0.36	4.30	5.19	5.19	5.13	5.11	4.66
12 months	0.10	0.72	4.39	4.93	4.93	4.94	4.96	4.30
China[3]								
Official	3.85	3.80	3.65	3.45	3.45	3.45	3.45	3.35
3 months	2.93	2.49	2.32	2.57	2.57	2.16	1.94	1.85
6 months	3.01	2.59	2.42	2.60	2.60	2.21	1.99	1.90
12 months	3.14	2.74	2.55	2.62	2.62	2.27	2.07	1.95

Source: Refinitiv Datastream.

1 Monthly average of daily data, except official rates, corresponding to the close of the period. Since 2023, alternative benchmarks to Libor have been recommended: €STR rates in the euro area, SOFR in the United States, and the SONIA benchmark in the United Kingdom. Data until 30 September.

2 The 12-month SONIA benchmark was also included in the December 2022 data due to the discontinuation of sterling LIBOR at this maturity.

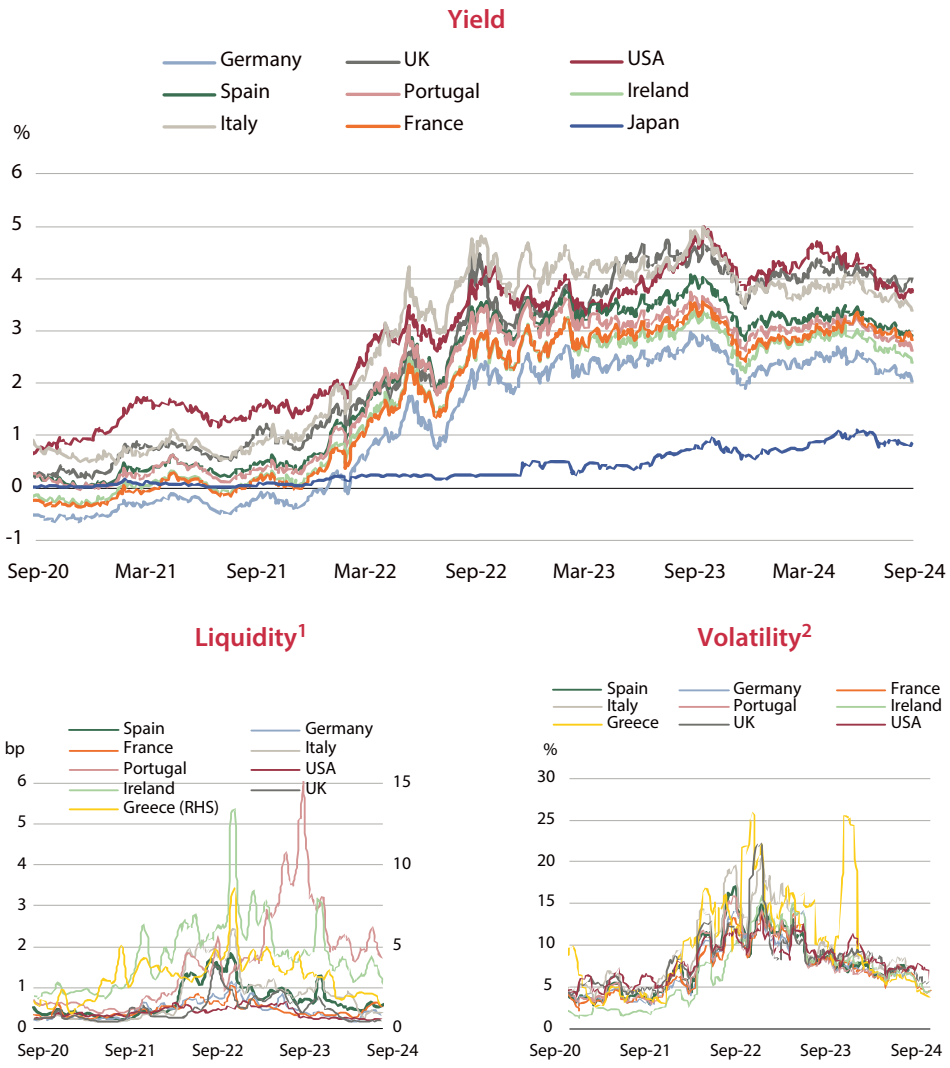
3 SHIBOR is used as the benchmark rate for 3-, 6-, and 12-month periods.

In this context, 10-year sovereign bond yields generally moved downward over the last quarter in both Europe and the United States. These declines reflect the monetary policies enacted by various central banks and the market expectations surrounding them, influenced by the strength of their economies and inflation figures. In the United States, sovereign bond yields fell by 58 bp during the quarter, closing at 3.79%. Within the euro area, quarterly rate cuts were relatively uniform, mostly ranging from 35 bp to 50 bp. In the United Kingdom, the yield on the 10-year government bond fell from 4.18% to 4.01%, a smaller drop of 17 bp compared to other economies mentioned.

On an annual basis, there was little change in bond yields for the euro area and the United States, whereas the United Kingdom saw an increase. This is due to expectations at the end of 2023 for rate cuts, which were ultimately postponed

to mid-year. In the euro area, there was relative stability, with most countries experiencing rate changes between -10 bp and +10 bp. Outside this range, Italy saw a decrease of 25 bp, while France experienced an increase of 36 bp. In the United States, **there was only a slight drop of 8 bp,** while in the United Kingdom the increase reached 47 bp.

10-year sovereign bond market indicators FIGURE 3



Source: Bloomberg, Refinitiv Datastream and own calculations. Data until 30 September.

1 Monthly deviation of the daily bid-ask spread of 10-year sovereign bond yields.

2 Annualised standard deviation of daily changes in the prices of 40-day sovereign bonds.

The decline in yields in the shorter tranches is producing a correction in the yield curve in most of the benchmark economies. This situation breaks with the trend of the curves towards inversion, produced in previous periods as a result of the rate hike policies applied by the central banks.

Medium- and long-term government bond yields[1]

TABLE 3

%

	Dec-20	Dec-21	Dec-22	Dec-23	Dec-23	Mar-24	Jun-24	Sep-24
Germany								
3 years	-0.78	-0.72	2.23	2.44	2.44	2.57	2.69	2.07
5 years	-0.75	-0.56	2.16	2.06	2.06	2.38	2.51	2.04
10 years	-0.57	-0.31	2.13	2.11	2.11	2.36	2.49	2.18
United States								
3 years	0.19	0.95	4.05	4.19	4.19	4.38	4.51	3.52
5 years	0.38	1.23	3.77	4.00	4.00	4.20	4.32	3.51
10 years	0.93	1.46	3.62	4.01	4.01	4.21	4.30	3.73
United Kingdom								
3 years	-0.07	0.61	3.37	3.92	3.92	4.02	4.13	3.68
5 years	-0.04	0.67	3.41	3.77	3.77	3.93	4.03	3.76
10 years	0.26	0.83	3.38	3.77	3.77	4.01	4.15	3.90
China								
3 years	2.96	2.58	2.51	2.42	2.42	2.13	1.80	1.48
5 years	3.10	2.72	2.69	2.52	2.52	2.25	1.99	1.71
10 years	3.43	2.94	2.97	2.67	2.67	2.32	2.29	2.13

Source: Refinitiv Datastream.

1 Monthly average of daily data. Data until 30 September.

Episode of volatility in financial markets in August

EXHIBIT 1

Following a strong first half of the year in the world's major stock markets (see Table E1.1), with most reaching historic highs, fears of an economic recession in the United States sparked significant turmoil, leading to sharp declines in early August. Although the situation quickly stabilised, it increased expectations of a rate cut by the Federal Reserve in September and highlighted certain risks to financial stability.

The initial catalyst for this turmoil was a sharp decline in Japanese stock indices, combined with the carry trade phenomenon discussed later. However, the groundwork for these declines was laid by the release of a weaker-than-expected US jobs report in July,[1] which disappointed investors who had been confident in the country's economic strength and growth, despite persistently high interest rates. This situation was exacerbated by the decline in Japanese indices, with the Nikkei dropping 12.4% on Monday 5 August– its largest decline since 1987 –erasing the year's gains. These falls also spread to other Asian markets. The Bank of Japan's interest rate hike in late July, which brought rates to their highest level since 2008, led to a rapid appreciation of the yen. This affected investors who had borrowed in yen to fund investments in markets like the United States and Europe, where they expected higher returns. The losses from

this strategy, known as the carry trade, forced many Asian investors to sell off their risky assets.

Additionally, the decline in major technology companies, whose shares were highly priced and valued at demanding levels, contributed to the turmoil. The so-called "Magnificent Seven"[2] – excluding Tesla – had seen substantial gains throughout the year, fuelled by growth expectations surrounding artificial intelligence. However, investors have begun to question the high valuations, as some companies have reported results below expectations and it will take longer to achieve the anticipated returns.

This created a volatile trading environment,[3] amplified by reduced liquidity and trading volumes on stock exchanges in August, resulting in significant price drops across all sectors. Many stock markets experienced their biggest declines in two years.[4] Later, statements from Federal Reserve members[5] reassured investors by indicating that the institution would address any economic downturn in the United States and ruling out an imminent recession. Together with the release of the ISM services sector indicator for July,[6] this helped calm fears about weak US economic growth. Consequently, investors regained confidence in sustained growth, leading to a recovery in stock markets (see Table E1.1).

The impact of this market turmoil was felt in bond yields, which dropped due to the possibility that central banks might hasten rate cuts to counter economic weakness. US Treasury yields, for example, fell back to levels similar to those seen in the first half of 2023.[7] Currency exchange rates also experienced significant fluctuations. Additionally, prices for the two most liquid cryptocurrencies, Bitcoin and Ethereum, saw substantial corrections.

Following this financial market upheaval, both the European Central Bank (ECB) and the Federal Reserve implemented further rate cuts.[8] There is a growing perception that the continuation of restrictive monetary policies might be hampering growth. Furthermore, investors are beginning to question whether they have been underestimating certain risks and whether specific markets, companies, or sectors, such as the big tech firms, might be overvalued.[9] There is also a growing perception that current low levels of volatility are failing to adequately reflect rising geopolitical risks, weak growth in certain regions, poor fiscal discipline, and high public debt in many economies. This scenario suggests that future shocks – whether financial or otherwise (such as the worsening growth outlook in the United States) – could prompt a reassessment of asset risks and lead to fresh bouts of volatility.

Performance of the main stock market indices

TABLE E1.1

	Jan-1 Aug-24	1-5 Aug-24	Jan-5 Aug-24	Jan-15 Aug-24
Euro area				
Eurostoxx 50	5.4	-4.1	1.1	6.3
Dax 30	7.9	-4.1	3.5	8.5
Cac 40	-2.3	-3.0	-5.2	-1.6
Ibex 35	7.4	-4.0	3.2	7.8
United States and Japan				
Dow Jones	7.1	-4.1	2.7	7.6
S&P 500	14.2	-4.8	8.7	16.2
Nasdaq	14.5	-5.8	7.9	17.2
Nikkei 225	13.9	-17.5	-6.0	9.7
Topix	14.3	-17.6	-5.9	9.9

Source: Refinitiv Datastream.

1 The July employment report, released on 2 August, indicated only 114,000 new jobs, falling short of the 175,000 expected. Moreover, the unemployment rate rose by 0.2 percentage points to 4.3%, marking four consecutive months of rises.
2 The so-called Magnificent Seven – Amazon, Apple, Alphabet (Google), Meta (Facebook), Microsoft, Nvidia, and Tesla – saw gains ranging from 11.4% to over 135% by the end of July, except for Tesla, which fell by more than 8%. These gains were in addition to the substantial advances made over the course of 2023.
3 The VIX volatility index reached its highest level since the pandemic.
4 On Monday 5 August, indices such as the Nasdaq fell by over 6%.
5 In addition, Bank of Japan officials have indicated that they will not raise interest rates if financial markets are unstable.
6 The ISM services index for July rose to 51.4, up from 48.8 in the previous month.
7 The yield on 10-year US Treasury bonds dropped below 3.8%.
8 On 12 September, the ECB cut interest rates by 25 bp, and the Federal Reserve followed suit with a 50 bp reduction on 18 September.
9 In the United States, the highest price-to-earnings (P/E) ratios are found in the technology, pharmaceutical, healthcare, and real estate sectors. In contrast, in the Spanish market, high P/E ratios are concentrated in the pharmaceutical, real estate, and consumer goods sectors.

In Spain, yields on short-term public and private debt declined during 2024, following the ECB's interest rate cuts in the latter half of the year. As the ECB implemented these rate reductions, public debt assets offered lower yields. By September, the average monthly yields on 3-, 6-, and 12-month Treasury bills were 3.02%, 3.09%, and 2.83% respectively, marking quarterly declines of between 32 and 55 bp and annual decreases of between 44 and 55 bp.

Short-term interest rates[1]

TABLE 4

%

	Dec-20	Dec-21	Dec-22	Dec-23	Dec-23	Mar-24	Jun-24	Sep-24
Treasury bills								
3 months	-0.70	-0.78	1.49	3.56	3.56	3.62	3.50	3.02
6 months	-0.59	-0.63	2.16	3.57	3.57	3.63	3.41	3.09
12 months	-0.63	-0.60	2.47	3.28	3.28	3.46	3.38	2.83
Corporate commercial paper[2]								
3 months	0.49	0.38	2.27	4.24	4.24	3.87	3.70	3.60
6 months	0.55	0.50	0.98	5.21	5.21	3.18	3.77	3.43
12 months	1.44	0.81	1.46	4.06	4.06	2.96	3.27	2.98

Source: Refinitiv Datastream and CNMV.

1 Monthly average of daily data.

2 Issuance interest rates.

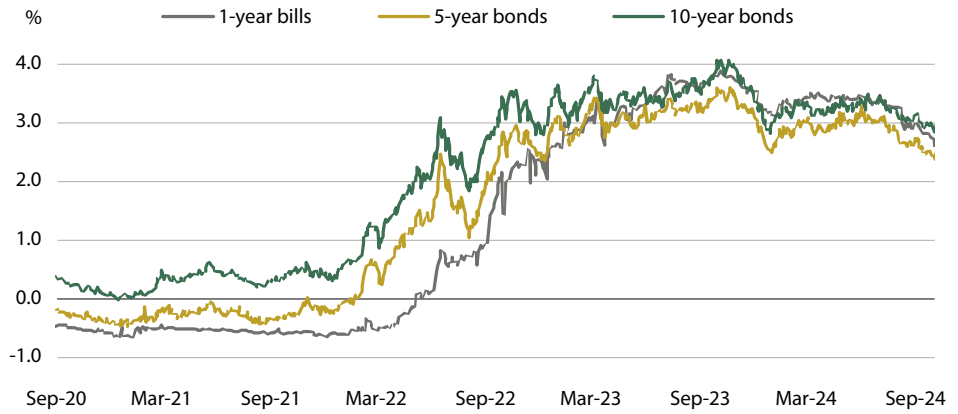
In September, yields on short-term private debt stood at 3.60%, 3.43%, and 2.98% for 3-, 6-, and 12-month maturities, respectively. These figures represent a drop of between 10 and 34 bp compared to the previous quarter and up to 1.8 percentage points (pp) over the year. These changes reflect the impact of the ECB's official interest rate cuts.

Yields on medium- and long-term government debt also decreased during the last quarter, mirroring the declines seen in short-term public debt assets. In September, the average monthly interest rates for Spanish government bonds stood at 2.48% for 3-year bonds, 2.54% for 5-year bonds, and 2.98% for 10-year bonds. These figures represent a decrease from June, ranging from 37 bp for 10-year bonds to 58 bp for 3-year bonds. Over the course of the year, yields showed a smaller change, varying between 10 and 27 bp. As a result, these rate cuts, concentrated on the shorter end of the curve, have led to a flattening of the yield curve, correcting its previous inversion (see panels in Figure 4).

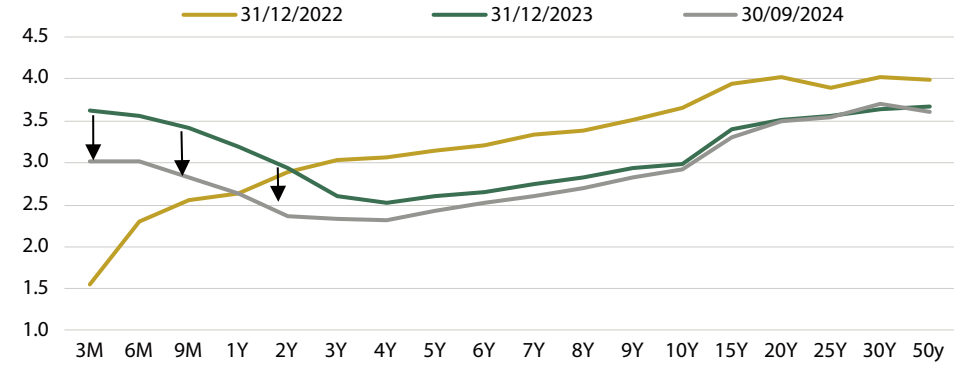
Spanish government debt yields

FIGURE 4

1, 5 and 10-year rates



Rate curve



Source: Refinitiv Datastream and Bloomberg. Data until 30 September.

Medium- and long-term fixed-income yields[1]

TABLE 5

	Dec-20	Dec-21	Dec-22	Dec-23	Dec-23	Mar-24	Jun-24	Sep-24
Public fixed income								
3 years	-0.53	-0.48	2.54	2.75	2.75	2.97	3.06	2.48
5 years	-0.42	-0.20	2.71	2.76	2.76	2.89	3.05	2.54
10 years	0.05	0.39	3.18	3.08	3.08	3.18	3.35	2.98
Private fixed income								
3 years	-0.19	0.12	3.07	3.96	3.96	4.03	4.03	3.43
5 years	-0.13	0.13	2.93	4.16	4.16	3.95	3.90	3.55
10 years	0.41	0.56	3.11	4.16	4.16	4.12	4.17	3.94

Source: Refinitiv Datastream, Refinitiv Eikon and CNMV.

1 Monthly average of daily data.

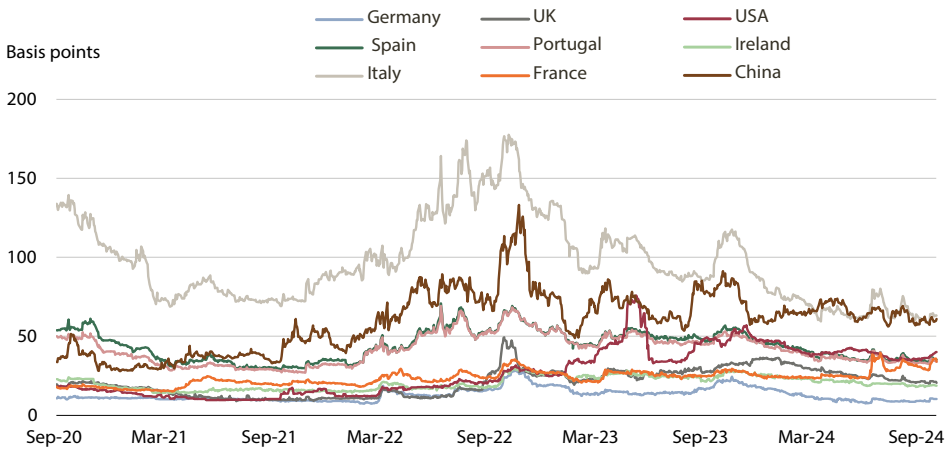
The decline in long-term private debt yields has mirrored that of government debt, both in the last quarter and throughout the year. In September, the average monthly yields for these assets were 3.43%, 3.55%, and 3.94% for 3-, 5-, and 10-year maturities, respectively. These figures were between 22 bp and 60 bp lower than in June and between 21 bp and 60 bp higher than in December 2023. Overall, there was very little change in long-term yields throughout the year, except during the last quarter when the ECB's rate-cutting measures were implemented.

2.2 Risk premiums

Sovereign credit risk premiums in advanced economies, assessed through 5-year CDS (credit default swap) contracts, generally decreased during the third quarter of 2024. In the euro area, there were mostly reductions, with notable declines in Italy (-16.8 bp) and Greece (-14.7 bp), bringing them to 63.4 bp and 65.3 bp, respectively. The exception was Germany, where the premium remained almost unchanged, rising by just 0.2 bp. Outside the euro area, sovereign CDS also showed decreases in major economies, with reductions of 4.0 bp, 1.5 bp, and 6.5 bp in the United Kingdom, Japan, and China, respectively. However, the United States was an exception here, experiencing an increase of 1.8 bp. Overall, these changes were generally modest, except in the notable cases of Italy and Greece, where economic and fiscal outlooks have significantly improved.

The annual summary of risk premiums derived from these CDSs indicates a decline across all major economies, except for France, which saw an increase of 11.7 bp due to political instability. The most significant decreases were observed in the United Kingdom and Italy, with reductions of 14.1 and 12.8 bp, respectively. Spain also experienced a decrease of 9.3 bp.

Credit risk premiums on government bonds (5-year CDS) FIGURE 5

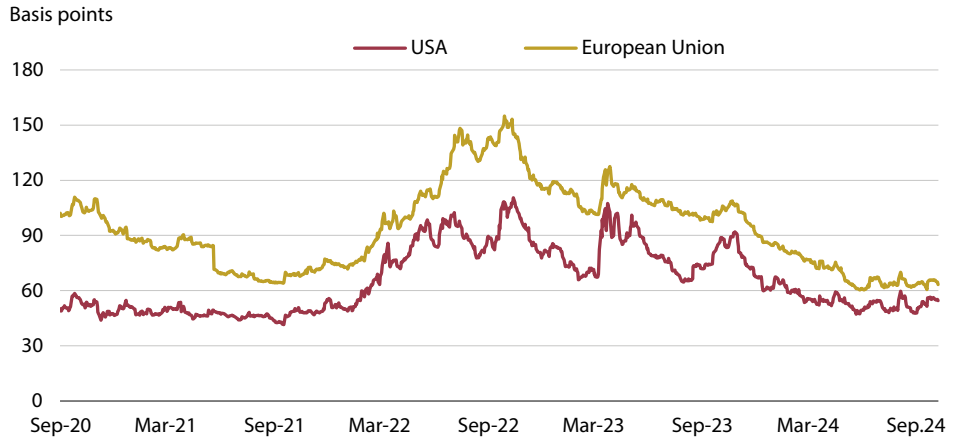


Source: Refinitiv Datastream. Data until 30 September.

Regarding the banking sector, risk premiums, assessed through 5-year CDS movements, showed minimal changes, with a slight increase of 1.7 bp in the United States and a minor decline of 1.4 bp in Europe. Nevertheless, as illustrated in Figure 6, both regions experienced downward trends over the year, with Europe's

decline being more pronounced. Consequently, the year-end figures reveal drops of 5.6 bp for US banking sector risk premiums and 18.7 bp for those in Europe. On the last day of September, the recorded values stood at 56.2 bp for the United States and 65.8 bp for Europe.

Credit risk premiums to the banking sector (5-year CDS) FIGURE 6



Source: Refinitiv Datastream, indices prepared by CMA. Data until 30 September.

Throughout the year, credit risk premiums in corporate fixed income markets have decreased in both the United States and the euro area, except for AAA debt assets in the latter, where the increase was modest. As shown in Table 6, other asset classes experienced only slight rises during the second quarter, which were counterbalanced in the subsequent quarter. Overall, for 2024, riskier assets are expected to see declines of approximately 40 bp in the United States and 60 bp in the euro area, while BBB-rated assets are projected to decrease by 30 to 40 bp. For AAA debt, euro area companies saw a minor increase of 5 bp, whereas US companies experienced a drop of 18 bp.

Private debt risk premiums[1] TABLE 6

Spread over 10-year government bonds, basis points

	Dec-20	Dec-21	Dec-22	Dec-23	Dec-23	Mar-24	Jun-24	Sep-24
Euro area[2]								
High yield	443	428	620	552	552	509	514	496
BBB	124	121	227	184	184	161	158	148
AAA	53	66	81	74	74	74	83	79
United States								
High yield	418	350	501	409	409	368	373	366
BBB	126	119	202	159	159	141	137	129
AAA	47	39	74	71	71	68	56	53

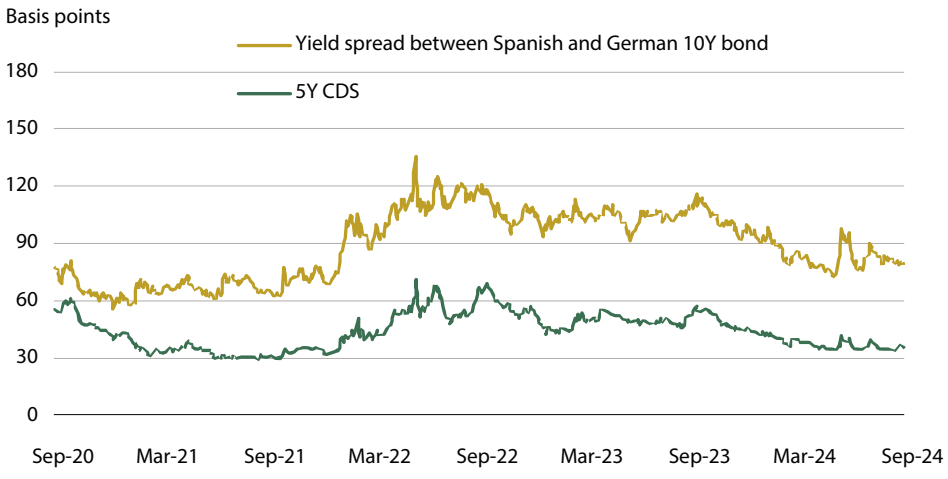
Source: Refinitiv Datastream.

1 Monthly average of daily data. Data until 30 September.

2 Spread with respect to the German bond.

In Spain, the sovereign risk premium steadily decreased over the year, with minimal fluctuations. By the end of September, the premium – calculated as the difference between the 10-year government bond yield and German sovereign debt of the same maturity – was 79.8 bp. This marked a reduction of 6.8 bp since the beginning of the quarter and 17.3 bp from the start of the year. The 5-year Spanish sovereign CDS exhibited lower volatility, reaching 35.3 bp at the end of the third quarter. This is a decrease of 4.8 bp from the previous quarter and 9.5 bp from the end of last year.

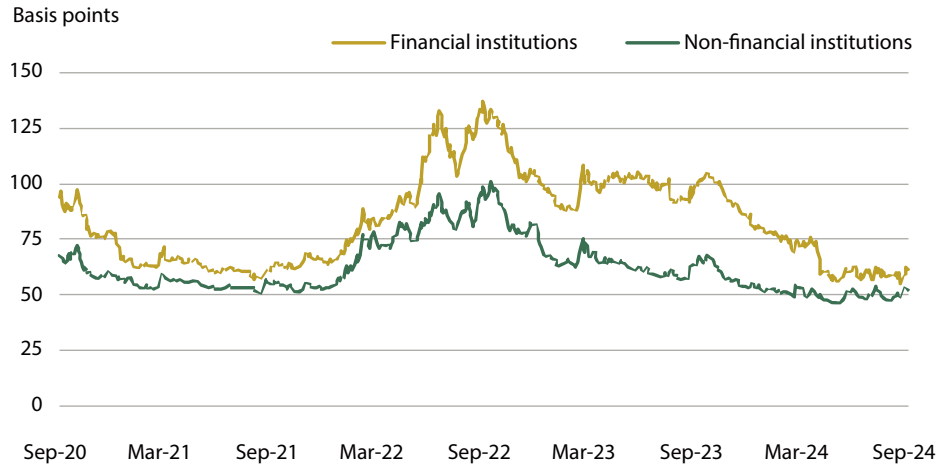
Spanish issuer risk premium: public sector FIGURE 7



24 Source: Refinitiv Datastream and own calculations. Data until 30 September.

In Spain's private sub-sectors, risk premiums remained largely unchanged during the third quarter. As illustrated in Figure 8, the average CDS for financial institutions was 61.3 bp at the end of September, nearly identical to the end of the second quarter and 23.5 bp lower than at the end of 2023. For non-financial companies, contracts were trading at an average of 52.1 bp at the end of the quarter, almost the same as at the end of the second quarter and at the end of the previous year. The positive trend in the risk premium for financial institutions may be attributed to falling interest rates. While these lower rates negatively impact net interest margins, they also contribute to a decrease in non-performing loans.

Risk premium on Spanish issuers: private sector[1] FIGURE 8



Source: Refinitiv Datastream and own calculations. Data until 30 September.

1 Simple average of the 5-year CDS of a sample of entities.

2.3 Debt issues and trading

From the start of the year to the end of September, gross issuance of long-term debt securities in international markets rose by 22.9% year-on-year, reaching just over $11.6 trillion.[10] These increases reverse the trends of previous years and can be partly attributed to the recent rate-cutting policies implemented by central banks.

There is notable variation between sectors and regions. In the private sector, both financial and non-financial institutions experienced a significant rise in issuance volumes, up 31.6% compared to the same period last year. In contrast, public sector issuance increased by a smaller margin, showing an 18.3% year-on-year growth.

Regional differences have emerged in the primary debt markets of Europe and the United States. In the United States, debt issuance reached $5.6 trillion by September, marking a 35.9% increase year-on-year. In contrast, Europe saw an issuance of $2.6 trillion, representing an 8.9% **rise compared to 2023**. The main driver of these disparities is sovereign debt, with European issuance increasing by a mere 0.4% from the previous year, whereas the United States saw a significant increase of 29.8%.

Overall, gross sovereign debt issuance rose by 18.3% in the first nine months of 2023, reaching $7.4 trillion. These figures are heavily influenced by the substantial rise in US sovereign debt issuance over the past year. This is a stark contrast to last year, when European sovereign debt issuance increased by 24.9% while US issuance dropped by 15.4%.

10 The surge in net debt issuance since the beginning of the year was even more pronounced, at 191.1%, leading to net issuances of $3.157 trillion. This growth is almost entirely driven by the increase in issuance.

In 2024, gross debt issuance by companies in the financial sector grew by 31.6%. Much of this growth is attributed to the United States, where financial institutions saw a 78% rise in issuance, reaching $912.40 billion. This increase occurred amid expectations that the Federal Reserve would cut interest rates starting at the end of 2023. Europe also experienced growth in debt issuance by financial institutions, but at a more modest rate of 8.6%, while Japan saw a year-on-year decline of 16.3%.

In the non-financial private sector, debt issuance rose across the board, nearly returning to 2021 levels before interest rate hikes took place. The increases in debt issuance were 30.6% in the United States, reaching $812.90 billion, 43.1% in Europe, totalling $490.10 billion, and 31.3% in Japan, amounting to $111.80 billion. The numbers in Japan's non-financial sector are particularly significant, standing out against the backdrop of reductions in other sectors.

International gross fixed-income issues

FIGURE 9

Source: Dealogic. Half-yearly data until 30 September. The data for the remaining months of 2024 have been semi-annualised.

For private fixed income securities issued by Spanish entities, it is noteworthy that the value of those issued domestically in the third quarter (both registered with the CNMV and transacted on the MARF) was nearly €10.06 billion, while those issued abroad in July and August reached approximately €21.90 billion. Within the domestic market, issues registered with the CNMV dropped by 32% compared to the same period last year. Meanwhile, the MARF recorded admissions totalling €3.27 billion, figures that closely matched the third quarter of the previous year. During this period, 68% of domestic issues were recorded with the CNMV, with the remainder being listed on the MARF.

Year-to-date, fixed income issues registered in Spain totalled €37.56 billion, down 55% from 2023 figures (€26.09 billion with the CNMV and €11.48 billion with the MARF). Similar to the previous year, there was a notable decrease in the issuance of covered bonds, with no issuances during the second and third quarters, as well as in both convertible and non-convertible bonds and debentures. In contrast, asset-backed securities were the only assets to see an increase in issuance, **rising by 44%** compared to the same period in 2023. The issuance of commercial paper also dropped significantly, totalling €9.53 billion between January and September – 59% less than in 2023.

By September, issuances admitted to the MARF reached €11.48 billion, which is a 5.1% increase compared to the same period in 2023 (€10.93 billion). Throughout the year, the relative importance of commercial paper in this market grew further, accounting for 98% of total registrations.

Gross issues of private fixed-income securities registered in Spain

TABLE 7

Nominal amounts in millions of euros

					2024			
CNMV	2020	2021	2022	2023	Mar	Jun	Sep	Jan-Sep
Long-term	**81,353**	**59,533**	**59,073**	**45,446**	**6,050**	**8,131**	**2,370**	**16,551**
Non-convertible bonds[2]	4,945	3,080	1,739	3,620	0	0	0	0
Convertible bonds	0	1,210	1,800	1,130	600	0	0	600
Covered bonds	22,960	28,920	31,350	20,550	2,700	0	0	2,700
Regional covered bonds	9,150	5,500	3,540	750	0	0	0	0
Securitisation bonds	36,281	18,376	20,645	14,666	2,000	8,131	2,370	10,131
Preference shares	1,750	1,625	0.0	1,350	750	0	0	750
Other issues	6,266	823	0.0	3,380	0	0	0	0
Short-term[1]	**22,257**	**20,157**	**39,524**	**25,706**	**2,450**	**2,655**	**4,421**	**9,536**
Commercial paper	22,257	20,157	39,524	25,706	2,451	2,655	4,421	9,536
Asset securitisation	0	0	0	0	0	0	0	0
Total	**103,610**	**79,690**	**98,598**	**70,522**	**8,500**	**10,796**	**6,791**	**26,087**
Pro memoria:								
Subordinated issues:	14,312	5,727	1,825	3,864	950	525	304	1,779
Admitted to the MARF	**9,651**	**13,968**	**13,772**	**15,272**	**4,440**	**3,768**	**3,269**	**11,477**
Total	**113,261**	**93,658**	**112,370**	**85,824**	**12,940**	**14,564**	**10,060**	**37,564**

Source: CNMV.

1 The figures for commercial paper issues correspond to the amounts placed.

2 The CNMV registry also incorporates the issues of the SAREB (Asset Management Company for Assets Arising from Bank Restructuring, Sociedad de Gestión de Activos procedentes de la Reestructuración Bancaria), which, as it belongs to the public sector, are not included in this table. In 2023, this company issued €8.44 billion, all during the first quarter.

Spanish issuers' debt issued abroad in the third quarter (July and August) was close to €21.90 billion, bringing the total for the year to €89 billion. This total is 8.2% lower than the figure for the same period last year, due to a significant decrease in short-term issuance (42.8%), which was not compensated by a 22.2% increase in long-term issuance. There appears to be a distinct focus in the type of long-term issues conducted abroad compared to those in Spain: abroad, issuances are predominantly conventional bonds and debentures, whereas those registered with the CNMV are mainly securitisation bonds.

Gross issuance of private fixed-income securities by Spanish issuers abroad

TABLE 8

Nominal amounts in millions of euros

					2024			
	2020	2021	2022	2023	Mar	Jun	Sep	Jan-Sep
Long-term	**46,282**	**64,089**	**48,037**	**64,119**	**34,792**	**13,703**	**10,237**	**58,733**
Preference shares	1,850	3,820	0	2,744	0	0	1,407	1,407
Subordinated bonds	0	1,350	0	1,368	0	0	2,000	2,000
Bonds and debentures	44,432	58,920	48,037	59,013	34,792	13,703	6,830	55,325
Securitisation bonds	0	0	0	994	0	0	0	0
Short-term	**45,714**	**63,104**	**64,834**	**70,104**	**8,904**	**8,939**	**11,631**	**29,473**
Commercial paper	45,714	63,104	64,834	70,104	8,904	8,939	11,631	29,473
Asset securitisation	0	0	0	0	0	0	0	0
Total	**91,996**	**127,194**	**112,871**	**134,222**	**44,446**	**22,641**	**21,869**	**88,956**
***Pro memoria*: gross issues of subsidiaries of Spanish companies in rest of the world**								
Financial institutions	42,120	40,597	58,750	57,213	17,296	12,183	4,985	34,466
Non-financial companies	28,928	29,036	24,093	24,231	8,373	6,563	2,993	17,931
Total	**71,048**	**69,633**	**82,843**	**81,434**	**25,670**	**18,746**	**7,979**	**52,397**

Source: Bank of Spain. Data for the third quarter are for July and August.

In the third quarter, the volume of debt issues with environmental, social, and governance (ESG) criteria by Spanish private sector issuers was €3.11 billion, lower than the €3.91 billion recorded in the same period in 2023. By September, the cumulative issuance had surpassed the 2023 figure of €10.85 billion, reaching €12.27 billion. There were 11 issues from financial entities and 23 from non-financial companies. Green issues were the most prevalent, totalling 34, compared to three social and five sustainable issues.[11]

Regarding activity on various Spanish trading platforms, there was noticeable variation among them. Significant declines were seen in debt trading on the Spanish Electronic Debt Trading System (SEND) and in multilateral trading facilities (MTFs), while organised trading facilities (OTFs) experienced aggregate growth. Trading volume in the SEND dropped sharply during the first three quarters, falling to around €4.30 billion – 75% less than in the same period of 2023. Within MTFs, trading activity on SENAF decreased from €141.80 billion between January and September 2023 to €74.10 billion in the same period of 2024.

11 Throughout the year, ESG issuances by public administrations amounted to €4.94 billion, representing a 27% increase from 2023.

Conversely, OTFs reported an increase compared to the same period last year. Overall, trading on these platforms rose by 14.4%, reaching €813.70 billion. Trading of Spanish government bonds across OTFs increased by 6.1%. CAPI maintained trading levels similar to the same period in 2023, staying around €138 billion issued. In contrast, CIMD and TEUR experienced increases over the previous year, with growth rates of 8.8% and 21%, respectively, resulting in year-to-date trading figures of €150 billion and €526 billion. TEUR continues to be the leading trading venue within the OTFs, accounting for 64.7% of total trading.

The CNMV has published the corporate governance and directors' remuneration reports for listed companies for the 2023 financial year

EXHIBIT 2

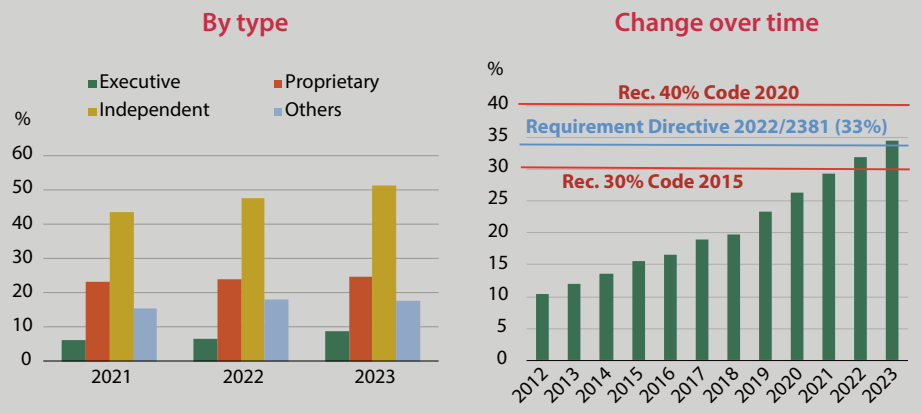
These reports are released annually, covering corporate governance (IAGC) and directors' remuneration (IARC) for listed companies. The primary aim of the IAGC is to provide comprehensive and well-reasoned information on the corporate governance practices of issuers of listed securities, enabling investors and other stakeholders to form informed opinions. The IARC, meanwhile, summarises the key features of the remuneration policies and practices applied by listed companies to their directors. The reports for the end of 2023 were made available on the CNMV website at the start of September this year.[1] Below is a summary of the main findings and conclusions from both documents.

Annual corporate governance report

Compliance with the Good Governance Code reached 88.1% of the recommendations, an improvement of 1.3 percentage points from the previous year. This figure rises to 94.3% when considering recommendations that were partially followed. All listed companies adhered to eight specific recommendations, including the guideline that Boards should act in the corporate interest. Conversely, the least adopted recommendations included the separation of nomination and remuneration committees, applicable only to large-cap companies, and the linking of directors' variable remuneration to the awarding of shares.

The average size of a Board of Directors in 2023 was 10 members. Among Ibex 35 companies, 78.8% had at least half of their directors as independent, while 77.4% of other companies had at least one-third independent directors. The representation of women on Boards has significantly increased over the past 20 years, within a framework of voluntary guidelines. Women's participation rose from 5.9% in 2004 to 34.5% in 2023. However, it is crucial to highlight that this growth has primarily occurred among independent directors (see right panel of Figure E2.1).

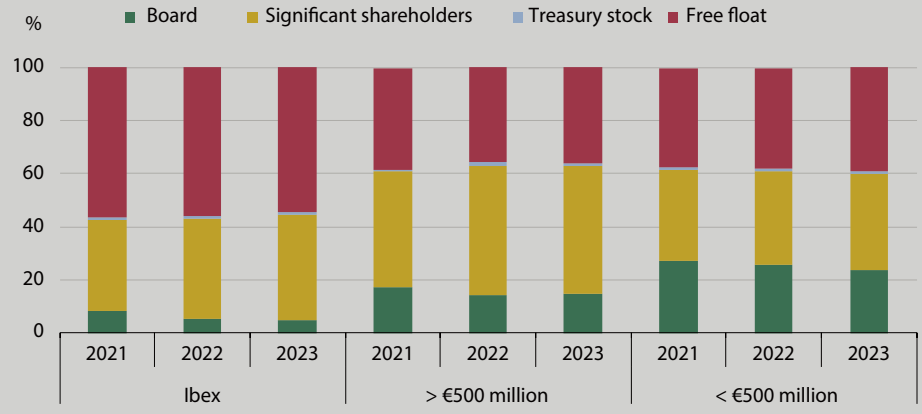
Female directors as a percentage of total number of board members FIGURE E2.1



Source: IAGCs of the companies and CNMV.

The ownership structure remained largely unchanged in 2023 compared to previous years. On average, the free float stood at 42.4%, with 28 companies having a free float below 25%. In 35 companies, accounting for 29.9% of the total, there was an individual or entity that held a majority of the voting rights or exercised – or had the potential to exercise – control.

Percentage distribution of capital by type of shareholder FIGURE E2.2



Source: IAGCs of the companies and CNMV.

Finally, it is worth noting that, for the second consecutive year, a final section has been included in the report. This section outlines the main issues identified during the supervisory process and provides guidelines to help institutions improve the quality of their reports.

Annual directors' remuneration report

In 2023, the average remuneration for executive directors rose by 7% to €1.8 million, while non-executive directors saw a 4.6% increase to €160,000. As shown in Table E2.1, there are significant differences between companies in the Ibex 35 and those outside of it.

Regarding the structure of remuneration, 48% was fixed, 32% was variable, and the remaining 20% was allocated to fees (per diems), savings schemes, and other forms of payment. Within variable remuneration, sustainability factors have become increasingly significant in both short-term and long-term remuneration plans.

Remuneration accrued by directors

TABLE E2.1

	2022			2023		
	Ibex 35	Non-Ibex 35	Total	Ibex 35	Non-Ibex 35	Total
Amount of remuneration (thousands of euros)						
Average per board	9,307	1,998	**4,069**	9,094	2,080	**4,059**
Average per director	775	225	**383**	708	240	**404**
Executive directors	3,347	836	**1,658**	3,433	977	**1,775**
External directors	254	99	**153**	263	103	**160**
Breakdown by categories (%)						
Fixed remuneration	45	57	**49**	47	52	**48**
Variable remuneration	35	26	**32**	38	22	**32**
Directors' fees	3	8	**5**	3	7	**4**
Vested savings systems	4	0	**2**	5	0	**3**
Other remuneration	14	8	**12**	8	18	**13**

Source: IAGCs of the companies and CNMV.

Executive directors' remuneration in 2023 was 31.5 times the average pay of employees in listed companies. This ratio rises to 53 times when considering only Ibex 35 companies. For companies not in this index, the ratio was 19 times.

1 See press release of 9 September 2024 on the CNMV website: https://www.cnmv.es/webservices/verdocumento/ver?t=%7b7359109f-8adb-42a1-befb-7aa9bfcb561c%7d

3 Equity markets

3.1 Prices and returns

After a strong first half of the year, gains in the main equity indices began to slow and even declined towards the end of the period. This was due to the delay and reduction in the anticipated rate cuts. However, the indices picked up again in the latter part of the third quarter, following initial rate cuts by central banks[12] amid concerns over a possible deterioration in the economic situation. The impact of economic activity indicators, particularly in the labour market, was more pronounced in the United States, which showed a greater sensitivity to negative data in this area. Despite the market turbulence at the beginning of August, the swift action by central banks to cut rates led to significant gains in stock markets, aided by favourable price performance. The strong market gains allowed nearly all major indices to post significant yearly growth. This sets the stage for potential further increases in the coming months, provided that expectations for additional interest rate cuts materialise and the stabilisation of price trends continues. However, these gains could face obstacles from rising geopolitical risks, weak economic outlooks in certain regions, and declining corporate profits in sectors like automotive and consumer goods.

Apart from the Japanese Topix and Nikkei 225 indices, all major indices saw gains over the quarter, which were similar in size for the European indices (including most notably the German Dax 30 and the Spanish Ibex 35, which recorded increases three to four times larger than the Eurostoxx 50) and the US indices, but heterogeneous across markets and countries, (ranging from 2.6% for the Nasdaq to 8.2% for the Dow Jones). The Ibex 35, as mentioned, led the charge among major European indices with an impressive 8.5% rise.

12 See under the heading "Interest rates".

Performance of the main stock market indices[1]

TABLE 9

%

	2020	2021	2022	2023	Mar-24	Jun-24	Sep-24	Jan-Sep-24
World								
MSCI World	14.1	20.1	19.5	21.8	8.5	2.2	6.0	17.5
Euro area								
Eurostoxx 50	-5.1	21.0	-11.7	19.2	12.4	-3.7	2.2	10.6
Euronext 100	-3.6	23.4	-9.6	13.3	9.4	-2.8	0.0	6.4
Dax 30	3.5	15.8	-12.3	20.3	10.4	-1.4	6.0	15.4
Cac 40	-7.1	28.9	-9.5	16.5	8.8	-8.9	2.1	1.2
Mib 30	-5.4	23.0	-13.3	28.0	14.5	-4.6	2.9	12.4
Ibex 35	-15.5	7.9	-5.6	22.8	9.6	-1.2	8.5	17.6
United Kingdom								
FTSE 100	-14.3	14.3	0.9	3.8	2.8	2.7	0.9	6.5
United States								
Dow Jones	7.2	18.7	-8.8	13.7	5.6	-1.7	8.2	12.3
S&P 500	16.3	26.9	-19.4	24.2	10.2	3.9	5.5	20.8
Nasdaq-Comp	43.6	21.4	-33.1	43.4	9.1	8.3	2.6	21.2
Japan								
Nikkei 225	16.0	4.9	-9.4	28.2	20.6	-1.9	-4.2	13.3
Topix	4.8	10.4	-5.1	25.1	17.0	1.5	-5.8	11.8

Source: Refinitiv Datastream.

1 In local currency. Data until 29 September.

The performance of major stock market indices this year shows gains across all regions (see Table 9), with the US markets experiencing slightly stronger growth, driven by the robust performance of technology companies. Most indices reached either all-time highs or their highest levels in a decade. In the euro area, gains varied, with the French Cac 40 up by 1.2% and the Spanish Ibex 35 surging by 17.6%, while the German Dax 30 increased by 15.4%. The Eurostoxx 50 rose by 10.6%, whereas the UK's FTSE slowed to 6.5%. US indices also displayed a range of performances, with the Nasdaq and the S&P 500[13] climbing by 21.2% and 20.8%, respectively, both benefiting from the technology sector's growth, particularly due to advances and prospects in artificial intelligence. Meanwhile, the Dow Jones, which has a broader focus and a higher concentration of traditional economy companies like banks and industrial firms, increased by 12.3%. Japan's indices saw strong gains, albeit partially dampened by the rise in interest rates at the end of July. The Topix increased by 11.8% and the Nikkei 225 by 12.2%, with

13 This index is the most representative of the US economy, covering all sectors from technology to finance and industry. The weight of technology companies represents more than a third of their capitalisation. Of the top 10 companies by weighting in the index, eight are technology companies, accounting for more than 32% of the total.

the latter surpassing its all-time high from 1990, marking an end to more than two decades of losses.

In Spain, the Ibex 35 posted a quarterly gain of 8.5%, the best performance among major euro area indices, and for the year, it rose by 17.6%, outpacing the Eurostoxx 50 by 7 pp. This annual growth brings the index close to the 12,000-point value, its highest level in the last 15 years, though still below the peaks reached before the 2007 financial crisis.

The Ibex 35's performance this quarter was significantly better than that of small-cap (-1.6%) and mid-cap companies (1.3%), which showed losses and slight gains, respectively. Small-cap and mid-cap companies have been more affected by weaker growth conditions, primarily due to their strong ties to the manufacturing sector and the downturn in the European economy. They also face increasing production costs in an ever more competitive and complex environment. Additionally, they are hindered by a slower improvement in financing conditions compared to larger companies. Nevertheless, both small-cap and mid-cap companies have shown positive performance throughout the year, with gains of 5.2% and 8.8%, respectively. However, their growth significantly lags behind that of large companies, continuing a trend seen over the past three years. Latin American indices for euro-denominated companies, such as the FTSE Latibex All-Share and FTSE Latibex Top, recorded mixed outcomes, with the former declining by 2.4% and the latter gaining 1.8%. These results were influenced by losses in major Latin American stock markets[14] and the depreciation of several regional currencies[15] during the quarter.

14 Brazil's main stock market index, Bovespa, fell by 1.8% in the third quarter, while Mexico's IPC index dropped by 8.6%.

15 During this period, the Brazilian real depreciated by 1.2% against the euro, and the Mexican peso weakened by 10.1%.

Performance of Spanish stock market indices and sectors

TABLE 10

Indices	2021	2022	2023	Mar-24[1]	Jun-24[1]	Sep-24[1]	Jan-Sep-24
Ibex 35	7.9	-5.6	22.8	9.6	-1.2	8.5	18.6
Madrid	7.1	-4.8	21.6	9.7	-1.3	7.7	16.7
Ibex Medium Cap	8.6	-7.4	5.9	-0.7	8.1	1.3	8.8
Ibex Small Cap	1.8	-12.8	10.6	0.8	6.0	-1.6	5.2
FTSE Latibex All-Share	5.8	10.7	10.4	-4.8	-11.0	-2.4	-17.3
FTSE Latibex Top	13.5	7.8	12.5	-3.3	-15.4	1.8	-16.7
Sectors[2]							
Financial services	**20.3**	**7.9**	**29.3**	**25.0**	**-5.1**	**5.5**	**25.1**
Banking	20.7	9.0	30.7	25.4	-5.3	5.5	25.3
Insurance	7.3	-8.3	2.6	17.3	0.1	7.5	26.2
Oil and energy	**-1.6**	**5.2**	**3.4**	**-2.5**	**3.2**	**8.3**	**8.8**
Oil	26.5	42.2	-9.4	14.8	-4.6	-19.6	-11.9
Electricity and gas	-4.2	-1.0	6.7	-4.3	4.6	13.4	13.5
Basic mats., industry and construction	**9.3**	**-11.3**	**25.5**	**3.5**	**-1.6**	**4.6**	**6.5**
Construction	15.2	-4.3	26.9	2.5	0.3	5.4	8.4
Manufacture and assembly of capital goods	-20.4	-13.8	30.6	-3.2	-0.7	-3.1	-6.8
Minerals, metals and metal products processing	28.7	-14.2	13.5	-1.4	-5.5	1.6	-5.3
Engineering and others	29.2	-46.3	35.3	11.2	5.5	11.1	30.4
Technology and telecommunications	**9.0**	**-22.8**	**17.8**	**0.4**	**-1.2**	**9.3**	**8.4**
Telecommunications and others	15.7	-25.7	9.3	4.9	-4.8	14.4	14.2
Electronics and software	1.2	-17.0	32.9	-5.6	4.3	3.3	1.6
Consumer goods	**0.9**	**-17.0**	**44.3**	**10.8**	**0.4**	**10.9**	**23.4**
Textile, clothing and footwear	9.5	-14.2	58.6	18.3	-0.7	12.0	31.6
Food and drink	-1.6	-12.9	-3.2	6.7	3.4	3.2	13.9
Pharmaceutical products and biotechnology	-17.9	-0.7	19.0	-24.5	3.7	12.4	-12,0
Consumer services	**-1.9**	**-15.9**	**30.4**	**11.4**	**-0.2**	**10.5**	**22.8**
Leisure, tourism and hospitality	27.5	-35.7	49.7	4.9	-0.5	-6.4	-2.3
Transportation and distribution	-2.6	-13.7	32.2	12.4	-0.4	12.0	25.4
Real estate services	**13.0**	**-16.0**	**12.8**	**-4.0**	**4.2**	**11.5**	**11.6**

Source: BME and Refinitiv Datastream.

1 Variation compared to the previous quarter.

2 Sectors belonging to the IGBM (Madrid Stock Exchange General Index). The information corresponding to the most representative subsectors is displayed within each sector.

Almost all sectors saw gains by the end of the quarter, with the electricity, technology, and telecommunications sectors showing the most significant increases. The electricity sector saw the strongest gains, with valuations rising due to interest rate cuts and the expectation of further reductions, lowering the cost of servicing debt. The technology sector also performed well, particularly with Amadeus showing notable revaluation, supported by positive outlooks and high international valuations within the industry.

Beyond electricity and technology, there were also gains in the telecommunications, consumer goods and services, and real estate sectors. Real estate companies responded favourably to the rate cuts, while the consumer goods and services sectors benefited from Inditex's robust financial performance, corporate activity involving Grifols, and positive developments in the airline industry. Noteworthy, albeit to a lesser extent, were the gains in the insurance and banking sectors, which continue to enjoy high margins. Similarly, construction and engineering firms benefited from their dynamism in international activity.

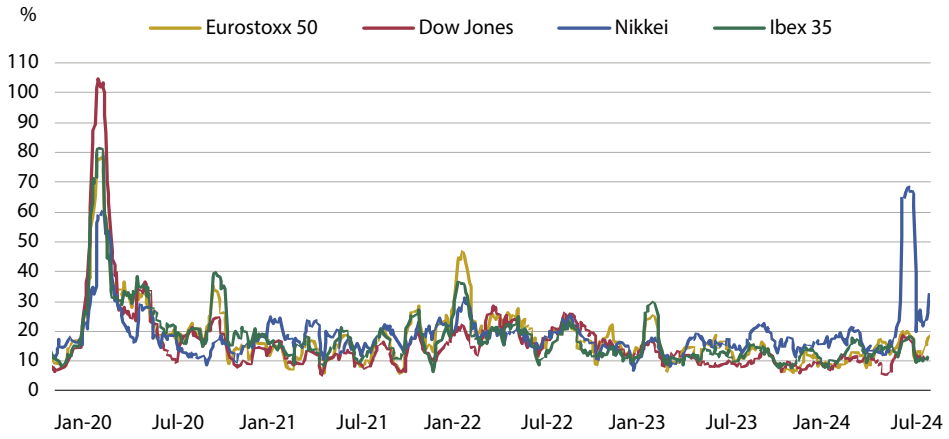
The sectors experiencing the most significant declines were oil, and to a lesser extent, leisure, tourism, and hospitality. The oil sector has been hit by falling prices, now at their lowest since the first half of 2023. The leisure and tourism sector is suffering from the end of the tourist season and a weak European economic outlook, which could impact consumer spending. Throughout the year, the largest drops have remained primarily in the oil sector, but declines have also affected the metals and minerals, capital goods, and pharmaceutical sectors. These industries are facing challenges from lower commodity prices, weak investment in fixed capital goods, and issues faced by the pharmaceutical company Grifols.

3.2 Volatility

The historical volatility of the major stock market indices has been rising for much of the year, though it remains relatively low. The most notable increases occurred in the third quarter, primarily in the Japanese Nikkei 225 index (see Figure 10). The Eurostoxx 50 also saw a slight uptick in volatility during the third quarter, coinciding with market instability in August and interest rate cuts in September. This led the index to finish the quarter at moderate levels (exceeding 18%), and for the first time in a year, its volatility surpassed that of the Ibex 35. In the third quarter, volatility averaged around 12% for the Dow Jones and below 16% for the Eurostoxx, both coming in under their historical averages. Meanwhile, the Nikkei 225 saw volatility soar above 34%, surpassing its historical average.

Historical volatility of the main stock market indices

FIGURE 10

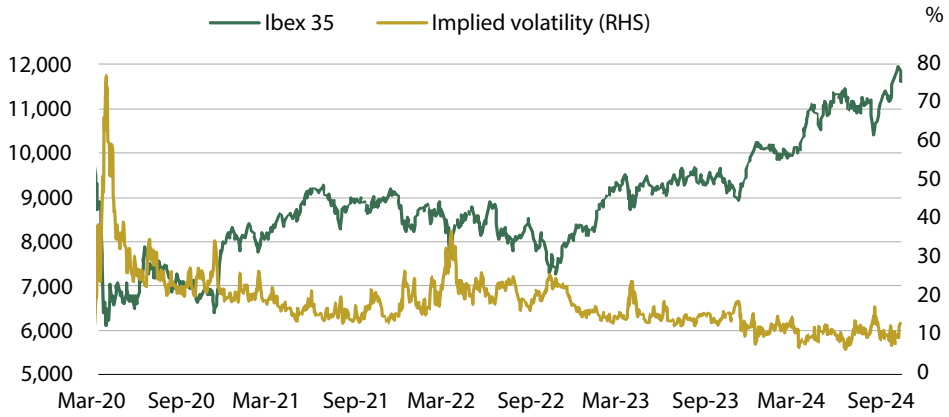


Source: Refinitiv Datastream. Data until 29 September.

The Ibex 35 experienced two consecutive quarters of rising volatility, reaching its highest level in the past year at 13.72%. This is above both the annual average of 12.78% and the 13.13% recorded in 2023. Unlike usual patterns, the Ibex 35 was less volatile than the Eurostoxx 50 and several other European markets, which have been more affected by market uncertainties. As Figure 11 illustrates, the low levels of volatility – measured by the implied volatility of options on this index – are due to the Ibex 35's consistent upward trend throughout the year. Daily fluctuations were generally restrained, typically staying under 100 points and rarely exceeding 200 points.

Performance of the Ibex 35 and implied volatility[1]

FIGURE 11



Source: Refinitiv Datastream and MEFF. Data until 29 September.

1 Implied volatility at the money (ATM) of the first maturity.

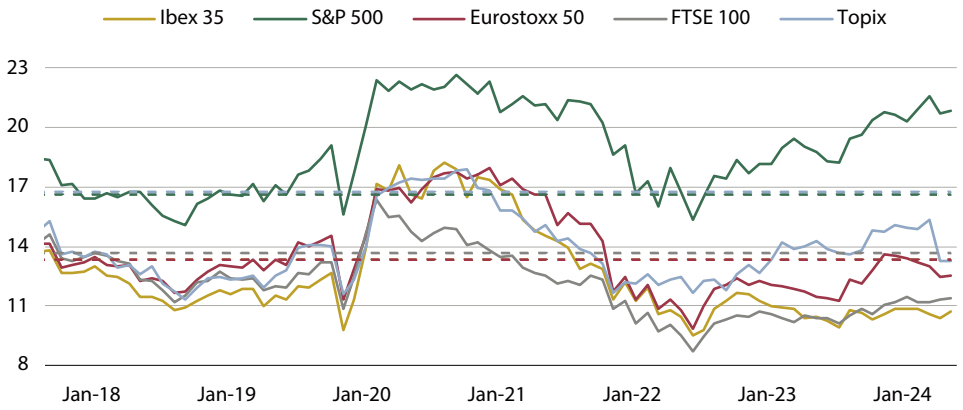
3.3 Dividend yield and price-to-earnings ratio (PER)

Despite most companies and sectors increasing shareholder payouts, dividend yields slightly decreased in many major indices due to rising share prices throughout the year. However, some European indices, like the Ibex, saw an increase in dividend yields as the growth in dividends paid out surpassed the indices' own appreciation. Over the year, this indicator generally fell across most indices. However, the rate of decline slowed as market gains were matched by similarly sized increases in dividend payments.

European indices continue to offer higher dividend yields than their US and Japanese counterparts, with the gap widening slightly. The dividend yield of the US S&P 500 index stood at 1.5% at the end of September (compared to 1.9% at the end of 2022), while that of the European Eurostoxx 50 reached 3.1% (3.2% at the end of 2022). Among the European indices, the largest declines were seen in Italy's FTSE MIB, which fell by 0.4 pp to 4.1%, followed by Germany's Dax 30, which dropped by 0.3 pp to 2.9%. The Eurostoxx 50 also saw a smaller decrease of 0.1 pp to 3.1%. These declines were primarily due to the indices' valuations rising faster than dividend growth. Conversely, the Spanish Ibex 35 and the French Cac 40 experienced increases in dividend yields, rising by 0.6 and 0.2 pp to 4.2% and 3.1%, respectively. Consequently, the Ibex 35 now leads the major European indices with the highest dividend yield, surpassing the Italian FTSE Mib (4.1%) and closely followed by the UK's FTSE 100 (3.1%). The German Dax 30, with a yield of 2.9%, remains at the lower end.

The price-to-earnings (P/E) ratios of major equity indices rose slightly in most markets, with a more pronounced increase observed in the United States and the United Kingdom (see Figure 112). In the third quarter, this ratio dipped slightly in the euro area, which could impact expected corporate earnings growth in the coming months. However, it remained relatively stable in the United States and the United Kingdom. The most notable fall was observed in Japanese indices due to their decline over the quarter. As of the end of September, the P/E ratio for US indices was significantly higher than that of European indices, with the S&P 500 at 20.8 times, compared to 12.5 times for the Eurostoxx 50 and 11.4 times for the UK's FTSE 100. The Japanese Topix 500, meanwhile, recorded an intermediate value of 13.2 times. Except for the S&P 500, all P/E ratios remain below the average values reached in the past decade, as shown in Figure 12.

P/E ratio[1] of the main stock market indices FIGURE 12



Source: Refinitiv Datastream. Data for the last session of each month. Data until 30 September.

1 Earnings per share in the denominator of this ratio are based on 12-month forecasts. The dotted lines represent the historical averages for each index since 2000.

In Spain, the P/E ratio of the Ibex 35 has seen little change over recent months, holding steady at 10.7 times from January to September, with only minor fluctuations in between. This stability is because the expected growth in corporate earnings has been matched by a comparable revaluation of the index. The Spanish index's P/E ratio remains below that of the Eurostoxx 50 by 1.8 times and has widened its gap since the beginning of the year due to the latter's lower revaluation (see Figure 12).

3.4 Trading, issuance and liquidity

Trading volumes have seen notable increases in major stock markets[16] across the United States and Japan, though the growth is more subdued in European markets. Stock market rallies, increased corporate earnings, and anticipated interest rate cuts have driven up trading activity on the exchanges (see Table 11). In the United States, trading expanded by nearly 17%,[17] with all markets experiencing growth. The Nasdaq saw the most significant rise, with activity up by 22.2%. In Europe, growth was more restrained at 4.7%. Some markets, like Euronext and Cboe Equities Europe, experienced slight declines of 0.9% and 5.1%, respectively. However, these were balanced out by gains on the London Stock Exchange and Deutsche Börse, which saw increases of 14.6% and 1.5%. Japan's markets experienced a surge in trading activity, increasing by 27.7%, buoyed by their recovery and accumulated gains.

16 According to data published by the World Federation of Exchanges and the European Federation of Exchanges.

17 Data until 30 September for BME, until 31 July for London Stock Exchange Group, Euronext and Cboe Equities Europe, and until 31 August for other market participants.

Trading on the main international exchanges

TABLE 11

Thousands of millions of euros

	2020	2021	2022	2023	Mar-24	Jun-24	Sep-24[1]	Jan-Sep-24[1]
Market operator								
United States[2]	61,492	65,954	72,051	60,169	17,580	17,359	11,385	46,325
Nasdaq OMX	21,840	23,553	25,703	21,914	6,603	6,718	4,369	17,690
NYSE[3]	22,991	24,637	28,399	24,364	6,963	7,040	4,575	18,578
Cboe Global Markets	16,661	17,764	17,949	13,891	4,014	3,601	2,442	10,057
Japan Exchange Group	5,399	5,555	5,551	5,851	1,861	1,672	1,302	4,835
London Stock Exchange Group	1,837	1,320	1,175	911	243	289	88	621
Euronext[3]	2,193	2,493	2,698	2,334	591	622	370	1,584
Deutsche Börse	1,812	1,686	1,437	1,031	276	284	156	716
BME[4]	429	378	352	301	75	97	65	238
Cboe Equities Europe[5]	1,462	1,568	2,268	2,011	503	513	169	1,185

Source: World Federation of Stock Exchanges, Federation of European Securities Exchanges and CNMV.

1 Data until 30 September for BME and until 31 August for other market participants, except for Cboe Global Markets, which are as at 30 June. The year-on-year changes shown in this column cover the cumulative periods up to the last month mentioned in each case.

2 Since 2009, the sum of Nasdaq OMX, New York Stock Exchange (NYSE) and Cboe Global Markets (formerly BATS) is considered.

3 Includes Belgium, the Netherlands, France, Portugal, Ireland and, from May 2021, Borsa Italiana.

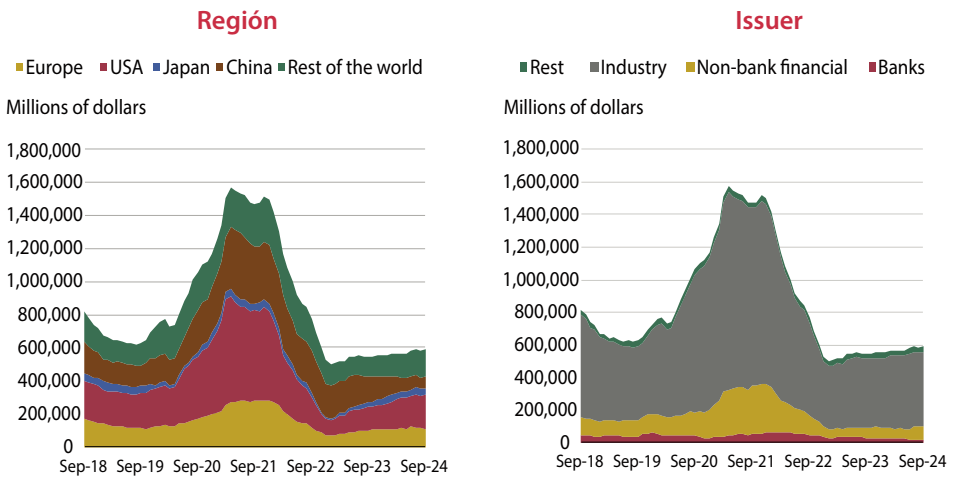
4 Bolsas y Mercados Españoles. Does not include Latibex.

5 BATS Europe until February 2017, when it was acquired by Cboe Global Markets Group.

Meanwhile, equity issuance in international financial markets, which grew by just 5% in 2023, continues its slow recovery this year. However, volumes remain less than half of those seen in 2020 and 2021 (see Figure 13). Between January and September, the total value of shares issued exceeded $464 billion, marking an 8.5% rise compared to the same period in 2023. A regional analysis reveals that this growth was largely driven by increased issuance in the United States (49%) and other regions (44.1%), which compensated for a significant drop in China (-58.6%). Issuance in the United States and other regions amounted to $167.90 billion and $133.20 billion, respectively. In contrast, the growth in issuance volume in Europe and Japan was modest.

Sector-wise, industrial companies remain the frontrunners, representing over 77% of total issuance. Banks and other financial institutions have displayed contrasting trends, with banks experiencing notable declines (-33.3%), while non-bank financial institutions posted substantial gains of 22.5% over the year. Industrial companies issued more than $458 billion from January to September, an increase of 8%, whereas banks and other financial institutions issued just $98.30 billion, accounting for scarcely 17% of the total.

International equity issues FIGURE 13



Source: Dealogic. Accumulated data for 12 months to 30 September.

In the third quarter, trading in Spanish equities reached nearly €151 billion, marking an 18.2% increase compared to the same quarter in 2023, and representing the highest figure for a third quarter since 2021. This growth was primarily driven by a 29.6% increase in volume at BME's competitor trading venues, although BME itself also saw a smaller rise of 4.8%.

The total trading volume for Spanish securities so far this year has amounted to almost €523 billion, nearly 10% higher than during the same period in 2023. As noted earlier in the context of international market trading, Spain too has experienced an uptick in equity trading, supported by significant index revaluation. Of the total amount, €227.80 billion was traded on the Spanish regulated market, an **increase of 3.5%**, while **€294.91 billion** was traded on competing venues, **up by 15.2%. As indicated in the table**, and consistent since 2022, the total trading volume on competitor venues has exceeded that of BME in every quarter of the year, and this pattern persists in the third quarter. For further details on market fragmentation trends and the current landscape, refer to the forthcoming article "Fragmentation, price formation and liquidity of Spanish shares in a European context".

Trading in Spanish equities admitted to trading on Spanish stock exchanges[1]

TABLE 12

Amounts in millions of euros

	2020	2021	2022	2023	Mar-24	Jun-243	Sep-24[6]	Jan-Sep-24
Total	**780,343.5**	**689,603.1**	**738,361.6**	**630,337.0**	**170,451.5**	**201,382.0**	**150,890.1**	**522,723.7**
Admitted to SIBE electronic platform	778,341.0	689,595.7	738,353.3	630,334.7	170,449.0	201,381.1	150,889.2	522,719.3
BME	418,512.6	368,608.5	351,801.8	290,101.3	73,745.1	92,361.3	61,689.7	227,814.2
Cboe Equities[2]	275,682.4	209,463.7	297,530.2	247,337.2	69,543.7	83,545.2	67,987.4	221,076.3
Turquoise	23,242.2	22,624.5	19,251.4	15,886.0	4,427.5	4,783.0	4,776.2	13,986.7
Equiduct[3]	-	5,963.9	7,104.6	18,135.8	7,017.8	7,193.7	5,707.9	19,919.3
Aquis[3]	-	23,545.0	25,275.5	22,390.5	7,668.0	8,083.1	7,616.4	23,367.5
Portfolio Exchange	-	-	-	0.4	0.1	4.0	0.0	4.2
Other	62,903.8	59,389.0	40,389.8	36,483.5	8,046.6	5,410.8	3,111.7	16,551.0
Open outcry	2.5	7.5	8.3	2.3	2.5	0.9	0.9	4.3
Pro memoria								
Trading of foreign equities through BME	4,273.8	4,364.3	4,770.9	6,394.7	2,637.1	4,018.3	2,530.8	9,186.2
BME MTF Equity[4]	3,929.0	3,559.2	3,837.3	2,871.5	862.2	750.5	612.8	2,225.6
Latibex	79.5	48.9	93.4	65.7	35.5	45.0	32.6	113.1
ETF	2,551.1	1,556.0	1,604.8	1,297.3	298.4	243.6	770.1	770.1
Total trading through BME	429,348.5	378,144.4	362,116.5	300,732.8	77,500.9	97,419.6	69,094.9	240,113.5
% Spanish equities traded through BME/total Spanish equities	53.9	53.3	48.0	46.4	43.6	46,1	41.2	43.9
Systematic internalisers[5]	**144,694.4**	**48,469.9**	**42,059.5**	**43,460.2**	**14,022.6**	**15,096.8**	**12,123.0**	**41,242.3**

Source: Bloomberg and CNMV.

1 This includes the trading of Spanish equities subject to market rules or MTF (lit plus dark). Spanish shares on Spanish stock exchanges are those with a Spanish ISIN that are admitted to trading on the regulated market of Bolsas y Mercados Españoles (BME), i.e., not including the Alternative Stock Market (MAB). Foreign equities are those admitted to trading in the regulated BME market with an ISIN that is not Spanish.

2 Includes trading that until 2020 was carried out through Chi-X and BATS, which since January 2021 has moved to Amsterdam as a result of Brexit.

3 Until 2020, it was reported under the name "Others".

4 Called MAB (Alternative Stock Exchange) until September 2020. This MTF has three segments: BME Growth (in which growth companies and Spanish real estate investment funds are listed), BME IIC (in which the open-ended CISs and hedge funds are listed) and BME ECR (in which the venture capital firms are listed).

5 Data estimated by the CNMV with data from transaction reporting.

6 The third-quarter trading figures from BME's competitor venues are sourced from BMLL.

Trading by systematic internalisers reached €12.12 billion in the third quarter and totalled €41.24 billion for the entire year. These figures indicate a year-on-year growth of 40% and 26.7%, respectively, highlighting the recovery and continued significance of this trading type, which now constitutes around 8% of the total[18] (up from 6.55% in 2023 and 5% in 2022).[19]

In the third quarter, equity issuance in domestic markets totalled €3.53 billion, nearly 55% more than a year ago. Capital raising in its various forms accounted for €1.56 billion, or nearly 45%, while the remaining €1.96 billion was issued through the dividend-election format, which maintained similar values to the same quarter in 2023. The latter format helps strengthen company balance sheets by limiting cash outflows. Over the year so far, cumulative equity issuance has grown to €7.30 billion, more than doubling the €3.51 billion recorded in the same period in 2023. The second quarter featured an initial public offering (IPO) by Puig Brands, raising €2.77 billion – the largest on the Spanish stock exchanges since Aena. In September, food company Europastry filed its IPO prospectus for a deal valued at over €500 million. However, the IPO was cancelled just two days before its planned launch. BME Growth saw a decline in activity, adding only two companies this year compared to eight in the same period of 2023. This contrasts with the vibrant issuing activity in the BME Scaleup and MTF Portfolio Stock Exchange, which now have 19 and 13 companies, respectively, most of which are SOCIMIs.

Liquidity conditions on the Ibex 35, assessed via the bid-ask spread, remained satisfactory and consistent with previous quarters. An increase in trading volume and moderate volatility during the quarter allowed the spread to average 0.059%, slightly below the previous quarter's average of 0.063%, and in line with the year's overall average of 0.060%. Consequently, market liquidity conditions are considered favourable.

18 Total trading is defined as the sum of trading subject to non-discretionary market rules and that carried out through systematic internalisers.

19 Between 2018 and 2020, trading through systematic internalisers was estimated to account for between 13% and 15%, dropping to 6.5% in 2021.

Capital increases and public offerings

TABLE 13

	2021	2022	2023	Mar-24	Jun-24	Sep-24	Jan-Sep-24
NUMBER OF ISSUERS[1]							
Total	**32**	**27**	**20**	**8**	**14**	**12**	**34**
Capital increases	31	27	29	8	15	12	35
Public offerings (for subscription of securities)	1	1	0	0	1	0	1
Initial public offerings (IPOs)	1	0	0	0	1	0	1
NUMBER OF ISSUES[1]							
Total	**50**	**55**	**39**	**9**	**26**	**14**	**49**
Capital increases	49	55	39	9	25	14	48
Public offerings (for subscription of securities)	1	1	0	0	1	0	1
Initial public offerings[2] (IPOs)	1	0	0	0	1	0	1
CASH AMOUNT[1] (millions of euros)							
Capital increases with fund-raising	**12,227.7**	**2,520.3**	**396.4**	**147.4**	**2,436.0**	**1,563.1**	**4,146.6**
With pre-emptive rights	7,060.4	254.5	181.1	39.8	42.9	12.0	94.8
Without pre-emptive rights	100.0	200.0	0.0	0.0	1,384.5	0.0	1,384.5
Accelerated book builds	0	251.7	2.9	0.0	0.0	920.8	920.8
Capital increases with non-monetary considerations[3]	3,525.3	1,381.2	5.2	0.0	259.6	0.0	259.6
Capital increases by conversion	109.5	81.6	51.5	12.2	364.1	5.9	382.2
Other	1,432.6	351.6	155.6	95.4	384.8	624.5	1,104.7
Scrip issues[4]	**5,478.1**	**3,591.5**	**3,281.0**	**939.4**	**251.4**	**1,963.0**	**3,153.9**
Of which, scrip dividends	5,478.1	3,590.0	3,279.5	939.4	251.4	1,962.9	3,153.8
Total capital increases	**17,505.8**	**6,111.8**	**3,677.5**	**1,086.9**	**2,687.5**	**3,526.1**	**7,300.5**
Initial public offerings	**2,200.2**	**0.0**	**0.0**	**0.0**	**1,388.1**	**0.0**	**1,388.1**
***Pro memoria:* transactions in BME Growth**[5]							
Number of issuers	44	41	35	14	14	15	43
Number of issues	77	88	111	31	27	23	81
Cash amount (millions of euros)	2,441.0	2,329.5	1,517.9	75.6	67.1	99.5	242.2
Capital increases	2,441.0	2,329.5	1,517.9	75.6	67.1	99.5	242.2
Of which, public offerings (for subscription of securities)	1,654.0	1,487.1	986.7	0.0	30.3	0.0	30.3
Of which, IPOs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: BME and CNMV.

1 Registered transactions at the CNMV. Does not include data from MAB, ETF or Latibex.

2 Trades linked to the exercise of green shoe options are separately accounted for.

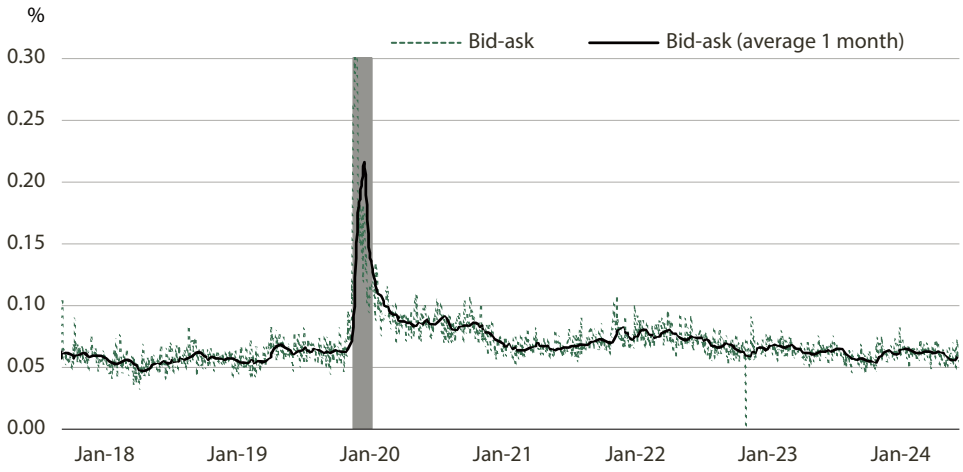
3 Capital increases for non-monetary considerations are valued at market prices.

4 In scrip dividends, the issuer gives existing shareholders the option of receiving their dividend in cash or converting it into shares in a bonus issue.

5 Unregistered transactions at the CNMV. Source: BME and CNMV.

Ibex 35 liquidity indicator (bid-ask spread)

FIGURE 14



Source: Refinitiv Datastream and CNMV. Information on the bid-ask spread of the Ibex 35 and the average of the last month is presented here. The vertical lines of the figure refer to the introduction of the precautionary ban on short-selling dated 11 August 2011, its subsequent lifting on 16 February 2012, the new ban of 23 July 2012 and its lifting on 1 February 2013, as well as the most recent ban, which ran from 16 March to 18 May 2020. The last two bans apply to all entities.

Implementation of the MiCA Regulation, publication of authorisation and notification manuals by the CNMV

EXHIBIT 3

Regulation (EU) 2023/1114 of the European Parliament and of the Council, of 31 May 2023, on crypto-asset markets, and amending **Regulations (EU) No. 1093/2010 and (EU) No. 1095/2010**, along with Directives 2013/36/EU and (EU) 2019/1937 (referred to hereafter as the MiCA Regulation), was published on 23 May 2023 and will be applicable from 30 December 2024. The MiCA Regulation establishes standardised requirements for the public offering and trading of certain crypto-assets on a trading platform, as well as setting out the criteria for the authorisation and oversight of crypto-asset service providers (CSPs).

Although the MiCA Regulation does not come into effect until 30 December 2024, meaning the CNMV will not authorise any entity to provide crypto-asset services until then, the CNMV released the authorisation manual and information notification template for crypto-asset service providers on 23 July. Publishing these documents ahead of MiCA's implementation date is intended to streamline the application process for offering crypto-asset services and to guide applicants on the necessary documentation and information. This publication aligns with one of the goals of the CNMV's Activity Plan for 2024, which is to help financial intermediaries prepare for the Regulation's entry into force.

However, it should be noted that the published manuals cannot be considered definitive, since many of the MiCA implementing rules at the European level are still pending. This includes the regulatory technical standards (RTS) and implementing technical standards (ITS) which are directly related to authorisation and notification procedures. As a result, the authorisation manual and the notification template have been developed based on the latest available drafts of these rules and will need to be updated once the final versions are available.

In the CNMV's press release dated 23 July, which announced the manuals, it was also mentioned that to help with preparing potential applications for crypto-asset services and to clarify any uncertainties, crypto-asset service promoters were recommended to arrange a meeting with the crypto-asset team of the CNMV's Entities Authorisation and Registration Department before formally applying, in order to streamline the notification or authorisation process. The team within the Authorisation and Registration of Entities Department focused on crypto-asset service providers is currently engaging in meetings with a variety of different entities.

Moreover, it should be noted that the release of these manuals ahead of the MiCA implementation date wasn't the CNMV's first action regarding this Regulation. The CNMV's Activity Plan for 2024, under the "Supervision of financial intermediaries" section, outlined additional preparatory steps for implementing MiCA. This included engaging with the sector to gauge its interest in the provision of cryptoasset services, helping to plan the Regulation's rollout effectively. This initiative took shape in March 2024 when the CNMV sent out a communication to the entities listed in the Bank of Spain's register of virtual currency to fiat currency service providers and electronic wallet custody. This was also directed at other potential stakeholders in crypto-asset services, such as credit institutions, e-money institutions, investment service companies, and managers of both open and closed-end collective investment schemes, with the aim of assessing their interest in providing crypto-asset services.

II Reports and analysis

The role of stock markets in Mario Draghi's new European industrial strategy

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(*) The authors belong to the Directorate-General for Strategic Policy and International Affairs of the CNMV. The opinions contained in this article are the sole responsibility of its authors and do not necessarily reflect those of the CNMV.

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Acronyms

AI	Artificial intelligence
CCP	Central counterparty
CMU	Capital Markets Union
CSD	Central security depository
CSRD	Corporate Sustainability Reporting Directive
EBRD	European Bank for Reconstruction and Development
EFRD	European Fund for Reconstruction and Development
EIB	European Investment Bank
ELTIF	European long-term investment funds
ESAP	European Single Access Point
ESM	European Stability Mechanism
ESMA	European Securities and Markets Authority
ETS	Emissions Trading System
EU	European Union
GDP	Gross domestic product
IPCEI	Important projects of common European interest
IPO	Initial public offering
LNG	Liquefied natural gas
MiFID	Markets in Financial Instruments Directive
R&D	Research and development
RIS	Retail Investment Strategy
SMEs	Small- and medium-sized enterprises
US	United States

Tables and figures

Introduction

On 9 September, Mario Draghi released the European Competitiveness Report, offering an in-depth analysis that could play a crucial role in reshaping the continent's industrial policy. Europe boasts strong economic fundamentals: it is an open economy characterised by high business competition, a robust legal framework, and welfare policies that have effectively combined economic growth with social inclusion. However, these strengths have not been enough to sustain its global economic leadership over the past two decades.

The global landscape has shifted dramatically, and Europe has fallen behind major powers like the United States and more recently, China. In 2002, Europe's GDP was only 15% less than that of the United States, but by 2023, the gap had widened to 30%. This disparity isn't just a result of the US's faster population growth. Structural issues within Europe also play a role, including sluggish adoption of key technologies, high energy costs due to reliance on external sources, and the absence of a unified industrial policy.

At the same time, Europe is grappling with three major geopolitical challenges that threaten its long-term growth.

Firstly, the slowdown in global trade not only impacts its imports of essential goods and raw materials but also weakens external demand, hindering long-term growth.

Secondly, rising energy costs due to tensions with Russia have compelled Europe to diversify its energy sources, which has driven up costs and affected its price competitiveness throughout the production chain.

Lastly, global political instability has increased the costs of key raw materials and also poses a threat to the EU's strategic autonomy.

In response to these challenges, Draghi suggests a new industrial strategy for the EU built on four key pillars: fully realising the Single Market, aligning industrial and trade policies, enhancing financing, and reforming European governance. This strategy aims to bridge the innovation gap with the United States and China, ensure a green transition without compromising competitiveness, and strengthen the security of critical resource supplies.

The goal of this approach is to emulate the US model of productivity and innovation while avoiding its social issues, such as high inequality. The EU must ensure that productivity growth is accompanied by social inclusion, particularly as Europe faces rapid technological shifts, sectoral transitions, and a declining workforce.

Draghi enhances this vision with a detailed analysis of 10 strategic sectors that need urgent focus to boost European competitiveness. Additionally, he advocates for broad initiatives across four other sectors to accelerate digitalisation, energy transition, sustainable production, and technological innovation throughout the economy.

A critical aspect of this analysis is the necessity to strengthen European capital markets. To implement all measures of the new industrial plan, the EU requires investment on an unprecedented scale. The report estimates that an additional €750-800 billion per year (4.4-4.7% of EU GDP) will be needed, raising EU investment from 22% to 27% of GDP.

The future of European competitiveness largely hinges on the EU's ability to carry out necessary reforms, attract investment, and swiftly adapt to a constantly evolving global environment. If Europe manages to achieve this ambitious agenda, it has the potential to reclaim its status as a leading global economy while ensuring growth that is both inclusive and sustainable.

1 Competitiveness in Europe

This opening section outlines the main points from Draghi's report and provides additional insights into the situation in Spain. It also underscores the importance of capital markets in enhancing competitiveness.

The economic scenario has evolved, and Europe is falling behind in terms of competitiveness

Europe is dealing with an increasingly complex economic challenge, which threatens its ability to stay ahead in key industries. While Europe remains a leading technological region, its global standing is being challenged by the rise of emerging economies like China and India, and the United States's solidifying technological dominance.

The Global Competitiveness Index indicates that countries like Germany hold strong positions, ranking seventh, while others, such as France and Spain, have slipped in recent years to 22nd and 29th respectively (World Economic Forum, 2024). The decline in competitiveness is particularly pronounced in the high-tech sector; for instance, only 11% of innovative companies in artificial intelligence are European, compared to 20% in the United States and 34% in China (European Commission, 2023).

A significant factor in Europe's relative decline in competitiveness is the fragmented nature of its internal market. Despite numerous efforts by the EU to consolidate the Single Market, challenges such as regulatory hurdles and the lack of harmonised tax and labour systems among Member States remain. These issues prevent European companies from fully benefiting from economies of scale and competing on equal footing with US or Chinese firms, which operate in more unified markets. Key sectors like energy, telecommunications, and financial services are particularly impacted by these fractures, diminishing their global competitiveness.

In Spain, the situation is even more challenging due to long-standing structural issues in its economy, such as low productivity and weak investment in R&D. The Bank of Spain reports that labour productivity in Spain is still 20% below the euro area average, constraining its long-term growth potential (Bank of Spain, 2023). Additionally, investment in R&D falls short of the European average. Consequently, Spain ranks below the EU average in innovation, holding the 16th position out of 27 on the European Innovation Scoreboard in 2023 (European Commission, 2023).

In addition, the Spanish business landscape is dominated by small and medium-sized enterprises (SMEs), which face significant challenges in accessing capital markets for financing.

Enhancing European competitiveness is essential to secure long-term growth

The decline in an economy's competitiveness has repercussions in both the short and long term.

It impacts the potential for economic growth. Romer's endogenous growth model highlights the critical role of accumulating technological and knowledge capital. When an economy becomes less competitive, it struggles to attract R&D investment, leading to slower innovation and, consequently, GDP growth (Romer, 1990). Europe is already falling behind in this area: the United States invests 3.1% of its GDP in R&D and China 2.5%, whereas Europe only reaches 2.2% (European Commission, 2023). The situation is even bleaker in Spain, where R&D investment was just 1.44% of GDP in 2022 (Instituto Nacional de Estadística, 2024).

This is further exacerbated by Europe's unfavourable demographic trends. With an ageing population and falling birth rates, relying on labour accumulation for economic growth is unsustainable in the long term. Therefore, following growth theories, Europe should focus on capital accumulation and enhancing total factor productivity to achieve economic growth. Promoting innovation and investing in high-tech sectors has never been more important.

A decline in competitiveness also hampers a country's ability to innovate. When competitiveness drops, economies struggle to adapt to new technologies, adversely affecting long-term economic development. Countries that manage to innovate early can leverage learning economies and compete on costs, leading to what is known as a "historical accident". This means that even if a country doesn't initially have a comparative advantage, it can become a specialist in high value-added goods simply by being the first to arrive. Such early entry creates barriers that discourage competition from other economies.

Another major consequence of losing competitiveness is the drop in foreign direct investment. According to many economic theories, international capital tends to flow towards economies that offer higher returns (Mundell, 1957). When competitiveness wanes, production costs rise, leading international investors to perceive greater risks and favour markets that promise better returns. Countries like Spain, which lack competitiveness in key sectors, struggle to attract substantial global investments. This scenario hinders economic growth, job creation, and technological advancement, locking the economy into a vicious cycle that weakens its capacity for long-term expansion.

Moreover, both wages and job quality are also affected. The decline in competitiveness squeezes companies' profit margins, restricting their ability to increase real wages. This, paired with a drop in foreign investment and the relocation of key industries, results in more precarious employment conditions. When countries are unable to provide competitive wages and appealing job opportunities, skilled workers often migrate to more dynamic economies (Borjas, 1989). This brain drain harms the accumulation of human capital, which is crucial for long-term economic growth, as highlighted by endogenous growth theories.

Furthermore, the lack of competitiveness not only causes internal issues but also negatively affects a country's trade balance. As competitiveness falls, production costs rise, making domestic products less competitive in international markets, which in turn undermines the trade balance and a country's economic stability.

Finally, the decline in competitiveness has geopolitical consequences. As Europe's influence in the global economy wanes, its leverage in trade and political agreements shrinks, gradually undermining its presence on the world stage and its capacity to lead in global innovations such as artificial intelligence and energy sustainability (Zettelmeyer, 2024; Donnachie, 2024).

Enhancing competitiveness: the key role of capital markets

To counteract this decline in competitiveness, it is crucial to identify the factors driving economic growth and competitiveness. Various economic models have been developed to determine which elements impact the competitiveness of economies.

One of the most significant theories is David Ricardo's concept of comparative advantage, which states that a competitive economy should focus on producing goods and services where it has a lower relative cost. According to this theory, economies should specialise in the goods they can produce more efficiently in comparison to others. In other words, if an economy can produce a good at a lower relative cost than another, it should concentrate on that good. Therefore, to specialise in innovative products, the production costs must be lower than those of competitors.

The Heckscher-Ohlin-Samuelson (HOS) model offers an important perspective on factors of production, suggesting that countries should specialise in goods that intensively use the production factor most abundant in their economy. This model can be viewed in terms of both physical (available resources) and economic terms (costs). For instance, if a country has ample capital but limited labour, it should focus on capital-intensive goods rather than labour-intensive ones.

To remain competitive globally, Europe must concentrate on high value-added goods, which require more capital, particularly given its ageing population and low birth rates that restrict specialisation in labour-intensive products. This means that Europe needs a relatively greater abundance of capital than China or the United States

Enhancing European capital markets is essential, as they lag behind those in the United States and China in terms of volume and capital cost. Currently, the European capital market is valued at about $15 trillion, which is significantly less than the $46.5 trillion in the United States and $18 trillion in China. When considered as a percentage of GDP, the EU's equity markets are still only half the size of those in the United States (Truchet, 2024). In 2016, they represented just 40% of GDP, compared to 110% in the United Kingdom and 158% in the United States (Sapir, Véron, and Wolff, 2018).

The situation is even more concerning for Spain, where the capital market is smaller than the European average, limiting the ability to mobilise capital for innovative projects (Sifma, 2022). According to CNMV data, equity capitalisation at the end of 2023 was about €687 billion, representing 47% of Spain's GDP.

Additionally, capital costs in Europe are higher than in regions like the United States, where the financing structure is more favourable. The cost of equity in Europe is roughly 45% higher than the cost of debt, partly due to the lack of tax incentives for non-bank financing (European Commission, 2020). This disparity is influenced by both structural and cultural factors.

European markets are still fragmented and insufficiently integrated, which prevents European companies from obtaining finance on equal terms, particularly in the technology and sustainability sectors. Moreover, the lack of harmonisation of regulations and the existence of tax barriers complicate cross-border investments. Only 30% of European companies rely on non-bank financing sources, compared to 80% in the United States. In Spain, by the end of the first quarter of 2024, equity and debt financing made up 13.2% of the total liabilities on the balance sheets of non-financial companies, whereas bank loans accounted for 22.2% (Bank of Spain, 2024).

The situation is even more challenging for Spanish SMEs. A 2021 survey by the Bank of Spain, targeting companies with fewer than 50 employees, revealed that only 14% relied on corporate bonds, 5.4% accessed equity markets, 2.8% turned to venture capital, and 2.6% sought funding from business angels. In fact, 68% of SMEs see lack of finance as a barrier to long-term investment, whereas this drops to 50% in France and just 19% in the Netherlands (European Investment Bank, 2023).

Furthermore, the lower financial literacy and greater risk aversion among European investors worsen the situation, making them favour safe options like bank deposits and discouraging investment in equity instruments. In Spain, only 12.5% of households invested in listed shares, compared to 21% in the United States (European Central Bank, 2022; US Federal Reserve, 2022).

Finally, the European pension system, which operates on a pay-as-you-go basis, does not promote saving or portfolio investment. Unlike the US 401(k) model,[1] the European system fails to incentivise citizens to invest in productive projects, thus reducing the capital available to fund innovation.

1 A 401(k) plan is a retirement savings scheme sponsored by an employer, allowing employees to contribute a portion of their salary, often with additional contributions from the employer. The funds are placed in an account offering various investment options and these plans provide significant tax advantages. There is a maximum annual contribution limit for employees, which in 2024 is $23,000, or $30,500 for those aged over 50.

Conclusion

The decline in competitiveness in Europe and Spain has serious repercussions for both economic growth and social welfare. To reverse this trend, it is essential to build robust capital markets, lower financing costs, and boost investment in R&D. Only through a comprehensive strategy that tackles the structural and cultural issues in Europe can global competitiveness be restored and sustainable long-term growth be ensured.

2 Draghi's competitiveness report

The motivation behind Draghi's report is to address the decline in Europe's competitiveness. He suggests overhauling European industrial policy and integrating it with a range of sector-specific and horizontal measures to tackle the three main challenges to Europe's competitiveness. Below is a summary of the key aspects of Draghi's report (from parts A and B).

2.1 The three challenges facing Europe

The report starts by outlining the economic, political, and social paradigm shifts that have occurred in Europe, emphasising the new challenges that present even greater risks in the long term.

Bridging the innovation and technology gap

Europe is confronted with numerous challenges in narrowing the widening innovation and technology gap. Historically, Europe's growth has relied on accumulating labour and capital, but both have begun to slow, exacerbating the productivity gap with other advanced economies. This trend is especially evident when labour productivity in the EU is compared to that in the United States. Between 1945 and 1995, EU labour productivity increased from 22% to 95% of the US level, but it has since dropped to less than 80%, indicating stagnation compared to the United States (Draghi, 2024).

Europe's productivity growth, currently at just 0.7% per year, is insufficient to offset the decline in the labour force, and, if this trend continues, it will only be enough to maintain a constant GDP until 2050. With relatively higher interest rates compared to the past, high initial public debt, and increasing investment demands for the digital and green transitions, Europe may face potential unsustainability in its public debt.

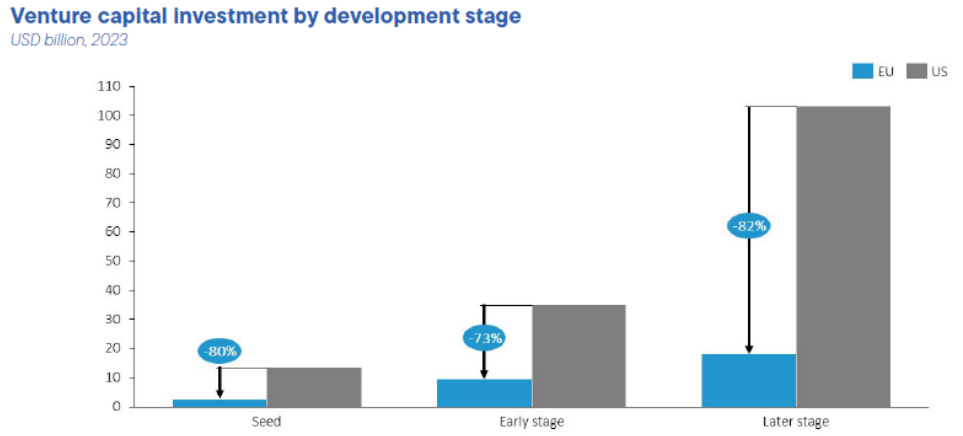
A major factor contributing to the growing gap with the United States is Europe's inability to effectively leverage and capitalise the digital revolution. Excluding the technology sector, productivity growth in both regions has been comparable. However, in disruptive fields like cloud computing, Europe is significantly behind, with local companies holding just 2% of the market compared to 65% controlled by US firms (Draghi, 2024).

Furthermore, the shortage of skilled labour hampers the ability to fully harness new technologies. Education and training programmes have fallen short, hindering the development of the human capital necessary to drive innovation and sustain

long-term economic growth. This issue is exacerbated by two factors: the fragmented nature of the European market, which limits economies of scale, and the tendency to concentrate investment in established sectors, such as automotive and pharmaceuticals, rather than diversifying into emerging and more technologically advanced areas.

Another factor affecting the productivity slowdown is the absence of a coherent strategy for managing the innovation lifecycle. Regulatory and financial obstacles have made accessing finance more difficult. Venture capital investment, particularly in later stages, is also lacking, placing European tech start-ups at a global competitive disadvantage. It is estimated that venture capital investment in Europe is about 80% lower than in the United States (Draghi, 2024).

Venture capital by stage of business development ILLUSTRATION 1



Source: Draghi (2024).

Insufficient public spending on disruptive innovation worsens the situation. In 2021, EU member states spent €108 billion on R&D, compared to €131 billion in the United States (Draghi, 2024). Although this accounts for a higher percentage of GDP (0.74% vs. 0.65%), it is still inadequate to bridge the gap in private sector funding.

Furthermore, the issue is not just the underfunding of R&D; the available funding is focused mainly on traditional industrial sectors like automotive and pharmaceuticals. Although these sectors are crucial to the European economy, they often trail behind in disruptive innovation. This focus restricts diversification into innovative sectors such as artificial intelligence, advanced biotechnology, and clean energy – areas where Europe must advance to remain competitive in the future.

The report also highlights other barriers to innovation, such as the limited success of European universities and research centres in commercialising patents, and the lack of digital infrastructure.

Continuing to advance decarbonisation without compromising European competitiveness

Another challenge for the European economy is balancing decarbonisation goals with maintaining industrial competitiveness. The EU has been at the forefront of the shift towards a green economy, setting stringent emission reduction targets and encouraging the adoption of renewable energy. However, the swift energy transition in Europe presents risks to the competitiveness of European companies, particularly due to high energy costs and a lack of innovation in clean technologies, which hinder competitiveness and deter investment.

Despite leading the market in green technologies, Europe still pays between two to five times more for energy compared to the United States or China. This significant price gap, along with increasing volatility in the energy market, has led approximately 50% of European companies to view energy costs as a major barrier to investment (Draghi, 2024).

The higher energy prices in Europe are driven by both structural and situational factors, including a lack of domestic energy resources, market fragmentation, price volatility, and unfavourable taxation.

On the one hand, Europe lacks sufficient domestic energy resources, such as natural gas and oil, which has made the region heavily reliant on imports and vulnerable to fluctuations in international prices. This dependency increased after the 2022 energy crisis, when access to Russian gas was lost, leading to a rise in imports of liquefied natural gas (LNG), which is more expensive due to additional liquefaction and transport costs.

On the other hand, the European energy market is fragmented and its infrastructure is insufficient, preventing the realisation of economies of scale. Although the EU has made efforts to boost investment in renewable energy, the infrastructure for electricity generation and distribution remains inadequate, causing price spikes, delaying the installation of new capacity, and pushing up energy costs.

In addition, energy taxes are higher than those in other countries and constitute a significant part of the final price: about 65% of the final energy cost for industry and 45% for households are related to grid and taxation costs. The lack of consistent taxation and tariffs across EU Member States leads also to significant variations in energy prices. While some countries impose rates exceeding 30%, others offer exemptions or even have negative tariffs. This inconsistency results in competitive imbalances within the Single Market.

The report also highlights the risk of the EU losing its leading position in the renewable energy industry. Although the EU is the second largest market for photovoltaic solar power, wind energy, and electric vehicles, and has historically been a pioneer in these areas, it has struggled to maintain its leadership consistently and is now losing ground to China. This shift is partly due to China's lower production costs and better access to raw materials, prompting many EU manufacturers to relocate their production to China.

Finally, another reason for higher energy prices in Europe is the significant volatility in gas prices, which has worsened due to the dynamics of derivatives markets and the concentration of market positions among a small number of traders. According to the European Securities and Markets Authority (ESMA), five companies control 60% of the positions in certain European gas markets, with an increase in their short positions. A lack of oversight of these market participants contributes to the issue. While regulated financial institutions are subject to conduct and prudential regulations, these traders can claim ancillary exemptions if trading is not their main activity. In the United States, oversight is more stringent, with commodity firms generally subject to regulation and even limits on their positions, except in some cases.

Security and reliance on imports

Finally, Europe's increasing reliance on imports of essential raw materials and critical technology, particularly from China, poses a major geopolitical risk.

The COVID-19 pandemic and Russia's invasion of Ukraine exposed weaknesses in European supply chains, particularly in sectors like semiconductors and critical raw materials.

About 40% of Europe's imports originate from a limited number of suppliers, many of which are not aligned with European policies. This dependency creates a vulnerability in an environment of growing geopolitical tension. A supply shock in trade could have a severe impact on the European economy. Although full-scale deglobalisation seems unlikely in the short term, escalating geopolitical tensions have heightened the risk of these dependencies being exploited as a means of coercion, threatening the stability of European policies and its industrial autonomy.

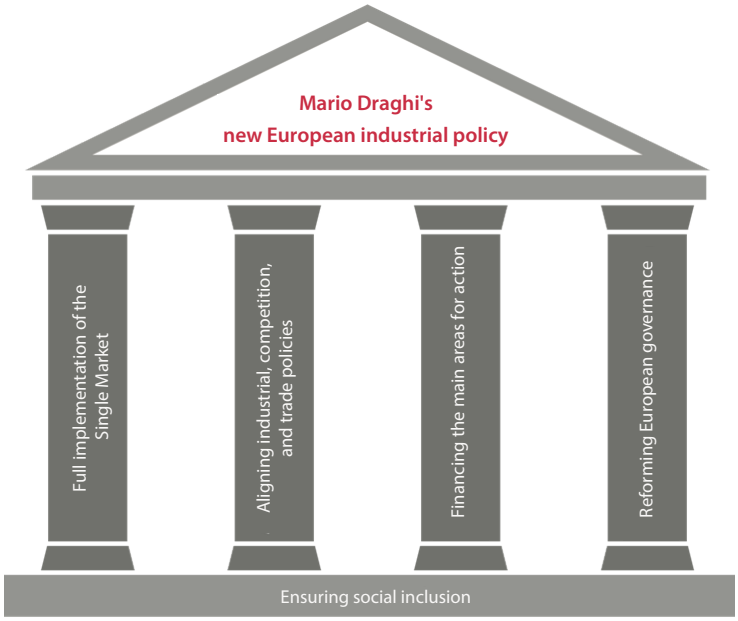
Furthermore, worsening geopolitical relations bring the need to consider increasing Europe's defence and industrial capabilities. Tensions in the East and attacks on energy and telecommunications infrastructure have driven up demand for defence while simultaneously decreasing supply. The European Commission estimates that approximately €500 trillion will be required over the next decade.

2.2 Draghi's new industrial policy

To tackle these challenges and enhance EU competitiveness, Mario Draghi proposes a reform of European industrial policy, supported by both sector-specific and broad-based measures.

The new European industrial policy would rest on four building blocks: the full implementation of the Single Market; aligning industrial, competition, and trade policies; financing the main areas for action; and reforming European governance. These foundations must also emphasise social inclusion, adopting the best practices from other models, like that of the United States, while avoiding their most problematic aspects.

Mario Draghi's industrial policy ILLUSTRATION 2



Source: Compiled by the authors.

Full implementation of the Single Market

The Single Market has been a key aim of the EU since the Treaty of Rome. In an economic and monetary union, it plays a crucial role in compensating for the loss of exchange rate adjustments when facing asymmetric shocks. However, barriers still exist that prevent its full realisation. In today's world, establishing a fully integrated Single Market is even more critical, as it would help drive the growth of innovative companies and large industries, and support the development of a common, diversified energy market, among other benefits. It also paves the way for signing preferential trade agreements, strengthens supply chain resilience, and attracts greater volumes of private investment. However, estimates suggest that the current trade frictions within the EU are holding back up to 10% of its potential GDP. The report cites Enrico Letta's recommendations on how to address this issue.

Aligning industrial, competition, and trade policies

Industrial, competition, and trade policies need to be aligned as part of a cohesive strategy, given their strong interdependence. Draghi emphasises that past mistakes, such as shielding established firms or selecting winners, should be avoided. These policies should target key sectors instead of specific companies and should be continuously assessed using rigorous monitoring mechanisms. Engagement with competition authorities is vital for successful industrial policy because competition boosts productivity, investment, and innovation. In addition, competition policy must keep pace with the rapid changes in innovative sectors such as technology. In these instances, mergers and acquisitions need to be considered not only for their impact on current competition but also for their implications for future competition. In strategic areas like defence, security and resilience criteria should be prioritised. Specifically, important projects of common European interest (IPCEI) should be broadened to include all innovations that can help Europe lead in key sectors.

Financing the main areas for action

Implementing this new strategy will demand investment on an unprecedented scale. It is estimated that to digitalise and decarbonise the economy, as well as to enhance the EU's defence capabilities, investment levels need to rise by about 5% of European GDP. The International Monetary Fund (IMF) and the European Commission have conducted several studies to determine whether this increase in investment could lead to potential macroeconomic imbalances. The findings indicate that this goal can be reached without causing supply-side constraints in the economy, although the public sector will need to work alongside the private sector, which alone cannot meet the new investment demands. Achieving this requires integrating European capital markets to better direct household savings towards productive investments within the EU, as well as boosting productivity to support the investment efforts. It is estimated that a 2% increase in total factor productivity over the next decade could cover roughly one-third of the extra fiscal expenditure needed.

Reforming European governance

The final pillar highlighted in the report is the governance of the EU, which should prioritise political coordination and a reduction in the regulatory burden. The EU was established when there were fewer Member States and different challenges. With today's global challenges and 27 Member States, swifter responses are necessary. Reducing the regulatory burden is also crucial, as over 60% of EU businesses perceive regulation as an obstacle to investment, and 55% of small and medium-sized enterprises consider it their most significant challenge.

2.3 Measures to tackle new challenges

Alongside the reform of industrial policy, Draghi provides an extensive raft of measures.

In his first report, he addresses some of these measures by grouping them thematically according to the three major challenges Europe faces.[2]

The second report breaks down this information sector by sector and across various domains, providing a more thorough analysis of the situation and the necessary policies to implement the new European industrial strategy. It specifically identifies 10 key sectors and 5 horizontal policies, emphasising the necessity for a coordinated strategic approach to enhance Europe's competitiveness. Sectoral policies concentrate on ensuring the energy transition, securing access to critical raw materials, and developing advanced technologies. In contrast, horizontal policies tackle the structural issues related to investment, skills, and competition that impact the entire economy.

2 See Annex 1.

The 10 strategic sectors for enhancing European competitiveness

The report outlines 10 strategic sectors crucial for revitalising the competitiveness of European industry:

- Energy
- Critical raw materials
- Digitalisation and telecommunications
- Defence
- Transport
- Energy-intensive industries
- Clean technologies
- Automotive industry
- Space industry
- Pharmaceutical sector

For each of these sectors, the report provides an analysis of the current situation, the challenges faced, and the measures required to address these new challenges effectively.

The 10 strategic sectors identified by Draghi ILUSTRATION 3

Source: Compiled by the authors.

Analysis of horizontal measures[3]

The report also outlines five horizontal policies that should work alongside sectoral policies to advance the new industrial strategy:

i) Accelerating innovation.

ii) Closing the skills gap.

iii) Sustaining investment.

iv) Revamping competition.

v) Strengthening governance.

Accelerating innovation

Europe holds a strong position when it comes to innovation capabilities. It boasts substantial expertise in key areas and is home to world-renowned research centres and universities. However, Europe faces several challenges that hinder its ability to turn these strengths into disruptive innovations that drive economic growth and employment. Among these challenges are a regulatory environment often seen as overly restrictive, insufficient coordination between Member States, and limited access to finance for the most innovative companies, particularly in their early stages.

The report suggests implementing measures to create a more favourable regulatory landscape, boost public-private collaboration, encourage R&D in disruptive technologies, and enhance digital infrastructure.

It also emphasises the need to improve access to finance. To tackle this issue, the report proposes establishing a pan-European investment fund, partially managed by the European Investment Bank (EIB), aimed at supporting green, digital, and health technology projects from tech start-ups. Additionally, it recommends complementing these efforts with initiatives to attract private investment through tax incentives and public guarantees. The report highlights the EIB's limitations in investing in riskier projects, which hamper its ability to promote innovation. Draghi suggests a reform to equip the bank with the necessary capacity to undertake these investments.

Closing the skills gap

A key horizontal measure is addressing the gap in human skills. Europe faces a skills shortfall in strategic sectors like technology and sustainability, which is essential for fostering long-term competitiveness. The ongoing digital revolution and rise of automation demand that Europe's workforce rapidly adapts to stay competitive.

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3 For a full list of proposals, see Annex 2.

The issue lies in the imbalance between the supply and demand for skills, particularly in fields such as artificial intelligence, cybersecurity, and renewable energy. It is estimated that around 40% of European companies struggle to hire qualified personnel, ultimately reducing innovation potential and limiting economic growth.

To address this issue, the proposed measures include improving the education system and adult training with a stronger focus on skills. Enhancing collaboration between governments, educational institutions, and businesses to design training programmes that meet labour market demands is also recommended. Simplifying the recognition of certifications and promoting retraining programmes aimed at acquiring technological skills are suggested as well. The creation of a European skills data platform is also recommended to coordinate policies among Member States and enhance educational offerings.

Sustaining investment

To implement all measures of the new industrial plan, the EU requires investment on an unprecedented scale. The report estimates that an additional €750–800 billion per year (4.4–4.7% of EU GDP) will be needed, raising EU investment from 22% to 27% of GDP.

The challenge lies in the fact that private investment and household savings are insufficient to carry out the new industrial strategy. Private investment has been on the decline since the 2008 crisis, widening the gap with the United States and not being offset by an increase in public investment. Moreover, household savings are not being efficiently channelled into productive investments. Although European household savings in 2022 were higher than those of US households (€1,390 billion vs. €840 billion), the wealth of European households was significantly lower due to reduced returns in financial markets.

To address this, it will be essential to boost public investment and incentivise private investment by reducing its costs. Achieving the Capital Markets Union alone will not suffice and must be supported by fiscal incentives.

Any reduction in public revenues should be offset by budgetary savings in other areas, until increased investment leads to productivity gains that positively impact output by raising total factor productivity. An estimated 2% increase in total factor productivity over a decade could potentially cover up to one-third of the fiscal expenditure required to implement the plan.

The report identifies several reasons for the lower investment levels:

On the one hand, there is less efficient financial intermediation. According to Draghi, this is attributed to the fragmentation of capital markets and the limited flow of savings into them. Despite the European Commission having introduced various measures to establish a Capital Markets Union, the report highlights three persistent issues:

i) The absence of a single securities market regulator and a unified regulatory framework, resulting in disparities in supervisory practices and rule interpretation.

ii) Reduced efficiency in European clearing and settlement markets.

iii) A misalignment in tax and insolvency regimes.

On the other hand, there is a shortfall in long-term capital compared to other major economies, primarily due to the underdevelopment of pension funds. In 2022, pension plan assets accounted for 32% of GDP in the EU, compared to 142% in the United States and 100% in the United Kingdom (Draghi, 2024). This disparity is due to the dominance of the pay-as-you-go system in Europe, which, unlike the funded system, does not encourage investment as strongly.

Furthermore, there is a heavy reliance on bank financing, complicating the funding of more innovative and riskier ventures that often lack tangible collateral. European banks also struggle with lower profitability, partly because they do not benefit from the economies of scale that a complete Banking Union would provide, and they earn less from fees and charges. In addition, they encounter specific regulatory hurdles that restrict their lending capacity. European banks, in particular, cannot make as much use of securitisation as their US counterparts. In 2022, the EU's annual securitisation issuance was just 0.3% of GDP, compared to 4% in the United States. In Spain, this figure reached €17.4 billion in 2023, which is 1.2% of GDP.

Additionally, European budgets are limited, fragmented, and overly cautious when it comes to investing in riskier projects.

To encourage investment, solutions include joint ventures to fund large-scale projects, advancing the Capital Markets Union (CMU), or implementing measures to enhance banks' financial capacity.

The impact of these measures on capital markets will be examined in more detail in the next section.

Revamping competition

Reforming Europe's competition framework is crucial to establishing an efficient and competitive Single Market that promotes innovation and growth.

Regulatory barriers and fragmentation within the Single Market restrict competition and limit access to emerging technologies. Sectors such as energy and digital markets face notable disparities in pricing and accessibility, which constrain the expansion of European businesses.

One proposed solution is the removal of regulatory barriers that hinder the effective operation of the Single Market, facilitating free competition in key sectors. Additionally, targeted action is necessary in areas where competition is particularly restricted. For example, in the energy sector, there is a pressing need to increase transparency in pricing and enhance competition in both the purchase and

distribution of energy. Updating competition regulations to address new digital challenges is also recommended to support the growth of technology companies and ensure fair competition throughout the EU.

Strengthening governance

To implement the new industrial strategy, the EU requires reforms in its institutional structure and functioning across various areas, including investment, taxation, education, access to finance, regulation, trade, and foreign policy. While other competitors can advance measures in all these fields, the EU's current decision-making rules slow down progress. These rules have not been updated to keep pace with the Union's expansion, which hinders the attainment of newly set objectives.

To strengthen the EU, reforming the Union Treaties is essential. Until that becomes a reality, the EU needs to reconsider its approach, speed up its actions and integration, and streamline its rules.

Specifically, there is a call to concentrate efforts on priority areas and remove redundancies in certain instruments. Although coordination tools exist for some sectoral policies, the processes often remain bogged down by bureaucracy and inefficiency. Consequently, Draghi suggests establishing a new framework that focuses solely on the "EU competitiveness priorities". Moreover, strengthening budgetary resources and enhancing efficiency should accompany the consolidation of coordination mechanisms. Among the proposals is the establishment of a new Competitiveness IPCEI[4] that would provide support for cross-border projects.

To expedite the EU's work, there is a suggestion to extend qualified majority voting to more areas and to adopt a fresh approach to integration.

The report highlights the importance of simplifying regulations and lightening the regulatory load. Specifically, it recommends creating a mechanism to evaluate the impact of European legislation, assess the costs and benefits of various regulations, and calculate the regulatory burden. Additionally, it proposes appointing a new Vice-President of the Commission for Simplification to improve the *acquis communautaire*.

Lastly, specific measures are suggested to alleviate the regulatory burden on SMEs.

4 https://industria.gob.es/es-es/participacion_publica/paginas/detalleparticipacionpublica.aspx?k=312

3 Measures affecting capital markets

Many of the proposals in Mario Draghi's report on European competitiveness have a significant impact on capital markets. These measures not only influence the structure and operation of these markets but also enhance their capacity to attract investment and boost the EU's financial efficiency.

Amidst growing global competition and rapid technological change, the new industrial strategy positions capital markets at the core of the plan. Strengthening the CMU and enabling cross-border investment are crucial to ensuring Europe remains competitive against economic giants like the United States or China.

The report highlights that deeper integration of capital markets will enhance liquidity and diversify risk, while also supporting the financing of innovative and sustainable projects.

3.1 Horizontal measures to boost investment

Advancing the CMU to reduce capital market fragmentation

Draghi suggests transforming ESMA from a coordinator of national regulators into a single unified supervisor for all EU securities markets, akin to the United States Securities Exchange Commission.

Specifically, ESMA should exclusively oversee large multinational issuers,[5] major regulated markets with trading platforms in multiple jurisdictions – like EuroNext – and central counterparties.

The report acknowledges that national supervisors might oppose this idea, recommending a model similar to the European Stability Mechanism (ESM) with central banks.

To achieve greater harmonisation in supervision, he suggests that national regulators should handle the oversight of purely local issuers, as is already the case for the prudential supervision of smaller banks within the Eurosystem.

5 Companies operating across various EU Member States and exceeding a certain threshold in revenue or total assets, such as those included in major indices like the Cac 40, Dax, Eurostoxx 50, FTSE Mib, Ibex 35, or even the broader Stoxx Europe 600, could naturally be identified under this system.

He proposes beginning with the oversight of issuers and market structures. This could later extend to include investment funds, although he acknowledges this expansion may be more contentious.

Finally, joint supervisory teams could be established between ESMA and national supervisors to oversee significant issuers and market structures, with mechanisms in place to ensure a constant and timely exchange of information between them.

For clearing and settlement of transactions, he proposes gradually establishing a single central counterparty (CCP) and a single central securities depository (CSD). Initially, this could involve merging the largest CCPs and CSDs, followed by integrating the smaller ones. He also highlights the importance of harmonising insolvency frameworks, continuing efforts to eliminate tax barriers to cross-border investment, and encouraging retail investors by offering pension schemes.

To implement all these changes, Draghi highlights the necessity for a significant reform of ESMA. First, he suggests revamping ESMA's governance and decision-making processes to align them more closely with those of the European Central Bank's (ECB) Governing Council, aiming to free it from the national interests of EU Member States. He also proposes enhancing ESMA's ability to take swift and decisive action by adding six independent and highly qualified individuals to its Board of Directors, including its Chairperson.

Secondly, he emphasises the need to shift EU securities market legislation towards a principles-based approach, identifying the main strategic priorities of co-legislators and delegating the technical work to ESMA. Achieving this would require strengthening ESMA's authority to develop and amend technical standards, streamlining their adoption, and increasing its funding to effectively fulfil its regulatory and supervisory roles.

Draghi also discusses encouraging retail investors by offering appealing pension schemes. He suggests leveraging the successes of Member States like Sweden and Denmark, which together hold 62% of the EU's pension assets. He recommends evaluating various product and scheme formats and creating simpler, more transparent plans to make it easier for investors to track their investments. The appeal of these schemes could be further enhanced by offering tax exemptions on part of the contributions.

Moreover, Draghi proposes, as part of the strategy to enhance the CMU, issuing a common safe asset to ensure consistent pricing of corporate bonds and derivatives. This would serve as a reference point, helping to standardise financial products throughout the EU, and thus increasing transparency and comparability in the markets. Attracting global investors would also lower costs, leading to more efficient financial markets across the EU, and providing all European households with a secure and accessible retail asset.

Introducing measures to increase the financial capacity of banks

To enhance the financial capacity of banks, revitalising securitisation is recommended. This could involve measures such as reducing capital requirements for certain categories of securitised assets and revising the rules governing transparency and due diligence for these assets, which are considered excessively rigorous compared to other asset types. Additionally, a dedicated platform for securitisation might be established.

Furthermore, completing the Banking Union requires reviewing current prudential regulation to align with Basel III and ensuring it does not create barriers to competitiveness. Another proposal is to establish a separate jurisdiction for European banks with significant cross-border operations.

Reforming the EU budget

The report advocates for overhauling the EU budget to improve its efficiency and adaptability and to better stimulate private investment. One key suggestion is the creation of a "competitiveness pillar" aimed at directing EU resources towards priority projects outlined in the Competitiveness Coordination Framework.

The report also emphasises the importance of streamlining the European budget by reducing the number of funding programmes and concentrating on strategic projects. Additionally, it calls for increased flexibility in the budget to allow resource reallocation across programmes and to boost investment in higher-risk projects.

Other measures

Finally, the report offers further interesting suggestions, such as initiating regular issuance of common secure assets. This could facilitate joint investment projects among Member States and aid in advancing the CMU. It also recommends establishing a stronger framework of fiscal rules. These measures would help ensure that as common debt increases, national debt remains on a sustainable path, allowing Member States to contribute without concerns over their public debt trajectories.

3.2 Sectoral measures impacting capital markets

Beyond the broader investment measure, Draghi outlines specific sectoral actions that significantly influence capital markets. These include enhancing the oversight of certain markets, developing new instruments to stimulate investment, reforming the taxonomy, simplifying regulations, and implementing measures to increase both transparency and investment in certain markets.

Enhancing oversight of energy markets

The report emphasises the energy sector's crucial role, noting its direct impact on the industrial value chain and its subsequent spillover effects. A significant challenge for the sector, mentioned above, is that the EU incurs much higher energy costs compared to competitors like the United States and China. Factors affecting its competitiveness include limited domestic energy resources, market fragmentation, inadequate infrastructure, and higher tax rates.

A key factor behind these elevated costs, as highlighted in the report, is the volatility in financial energy markets. This volatility is partly attributed to significant concentration in terms of trading positions and venues. Furthermore, ESMA reports that short positions held by the top five non-financial companies surged by nearly 200% between February and November 2022.

Similar trends are observed in derivatives markets, with ESMA and the ECB highlighting liquidity and concentration risks as major vulnerabilities in energy futures trading, exacerbated by fragmented transaction data and data shortages. The need to post initial margin, which demands substantial cash flows, also contributes to these issues.

In addition, while regulated financial entities like investment banks, investment funds, and clearing participants must adhere to conduct and prudential regulations, many entities trading in commodity derivatives can take advantage of exemptions, such as the waiver from authorisation as a supervised investment firm. Consequently, energy companies have increasingly stepped into the role of market makers in energy commodity derivatives. This trend, combined with the market's high concentration levels, poses potential risks to financial stability, according to the ECB.

Finally, the legal separation between the oversight of energy futures and the spot market delivery results in a division of responsibilities and splits supervision between energy and financial authorities. This division contributes to fragmented data availability.

In response, Draghi suggests implementing 22 measures focused on gas and electricity, alongside horizontal initiatives such as tax reductions, diversification of raw material sources, and the adoption of longer-term contracts.[6] At the financial level, the following measures stand out:

Enhancing supervision

Firstly, there is a call to gradually reduce spot market purchases by encouraging European companies to adopt long-term contracts with pricing formulas that are independent of spot markets, such as indexing contracts to a fixed predetermined cost.

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6 For details on all measures, see Annex 2.

Secondly, there is an emphasis on the need for tighter regulation of the energy financial market under a unified regulatory framework to curb speculative behaviour. Greater coordination between ESMA and the Agency for the Cooperation of Energy Regulators (ACER) is suggested. In the future, a joint body could be established to integrate the supervision of these markets and streamline oversight by removing any redundancies. This entity would have both investigative and regulatory authority to identify and address anti-competitive practices, market abuses, and other issues that could disrupt the orderly trading of energy. Draghi also considers the possibility of applying basic MiFID requirements to spot markets to enable the implementation of corrective measures.

Additionally, he highlights the necessity of reviewing current regulations on price limits. Specifically, he suggests imposing stricter limits or reducing discretion by allowing trading venues to set these limits. This approach could ensure a maximum price range (either above or below the previous day's settlement price) for a specific futures contract during each trading session.

Finally, the report calls for a reassessment of the exemption that allows non-financial entities to operate in derivatives markets without oversight. It suggests that these entities should face stricter financial regulations to enhance market transparency and mitigate risk.

Other proposals include:

- Approving liquidity and risk management requirements for unregulated participants in derivatives markets, ensuring that, at the very least, they are required to report their positions.

- Granting the authority to demand and collect data on transactions and positions related to over-the-counter (OTC) energy derivatives, allowing regulators to maintain a constant overview of market positions.

- Establishing the potential for introducing or approving dynamic limits to address situations involving extreme price levels.

Increasing investments in strategic markets by using new instruments

A recurring theme in Draghi's report is the imperative of increasing investment in key sectors to bolster European competitiveness.

In the energy sector, to stimulate investments aimed at upgrading the electricity grid, the report suggests offering public guarantees. These guarantees are intended to mitigate the risks of long-term loans for private equity investors and reduce the refinancing risks linked to the grid assets' long economic lifespan. For instance, the report points out that the EIB could create a specific product to support network investments, or a private equity model could be implemented. Draghi's report also suggests creating financial instruments to channel capital into developing energy network infrastructure, such as using syndicated loans from the EIB to spread risk among long-term private investors. Other proposed measures in this sector involve boosting financing through equity or quasi-equity as an alternative financial solution and reforming the tax system by reducing and harmonising taxes.

In energy-intensive sectors like steel, the report emphasises the absence of public financial support for some activities. This lack of support forces the private sector to bear the financing burden, which is risky given that many of these raw materials originate from politically unstable countries.

For this reason, the report suggests a range of solutions, including public-private partnerships and strategic collaborations with institutions such as the European Bank for Reconstruction and Development, aimed at supporting investment in neighbouring countries and increasing influence over them. The report also considers the idea of establishing a "fund of funds" to bring together Member States, financial institutions, major equity investors, national promotional banks, and export agencies. This initiative would pool resources for investing along the value chain of critical commodities, particularly in regions currently unable to access EU financial support. In addition, it suggests that investment in this sector could be spurred by offering tax incentives for venture capital and syndication, or through the use of blended financial instruments and other European programmes such as InvestEU or Horizon Europe.

In the realm of digitalisation and advanced technologies, the EU needs to catch up, making increased investment crucial. This investment is essential not only for the efficient provision of public goods by governments but also to drive decarbonisation and secure Europe's strategic autonomy. As part of Europe's competitiveness strategy for the next decade, it is a priority for policies and initiatives on digitisation and advanced technologies to be robustly supported by public and private funding in three key areas: high-speed broadband networks, computing and artificial intelligence, and semiconductors.

The report also emphasises the importance of directing both public and private capital towards clean technologies. This could involve establishing a new tool to enhance competitiveness through state aid for cross-border projects or boosting overall funding. It also points out the need to mitigate risks and attract private investment. For example, this could be achieved by encouraging the EIB or national promotional banks to create cleantech equity funds, or by providing public guarantee and counter-guarantee schemes through the EIB to other commercial banks.

In the defence sector, the report points out the challenges space SMEs, start-ups, and expanding companies face in accessing finance. To address this, it suggests:

– Allow the EIB to adopt a riskier lending policy.

– Enhancing access to capital particularly in the later stages of investment after venture capital, to support the growth and scaling of European space companies.

– Develop tailored financial instruments to suit the investment size and needs of space SMEs and medium-sized enterprises.

In the pharmaceutical sector, the report highlights the importance of directing R&D investment towards research centres, increasing the budget of the European

Investment Fund (EIF) to strengthen the EU's venture capital ecosystem, and supporting riskier projects through the InvestEU programme. Additionally, it suggests that the EIB should have access to late-stage growth capital as part of the European Technology Champions Initiative (ETCI), which was launched in February 2023.

Reforming the EU taxonomy

Draghi highlights the need to amend the EU's taxonomy to create a sustainable market for critical raw materials, which would involve developing a common standard for environmental, social, and governance (ESG) criteria.

He suggests streamlining the EU taxonomy to promote sustainable financing, particularly for SMEs. Draghi notes that SMEs have not been required to publish sustainability reports, which, although it eases their workload, also limits their access to sustainable investment opportunities. To address this, he suggests extending the requirement to SMEs but providing at the same time the necessary tools, such as software to facilitate efficient and standardised sustainability assessments. Similarly, simplifying the approach is crucial to tackle issues arising from the inconsistency in sustainability reports caused by discretionary or subjective aspects in financial reporting.

In addition, he suggests implementing measures to enhance transparency, such as harmonising certain definitions, like carbon footprint, and clarifying how eco-labels relate to existing certifications. He also mentions that encouraging the use of the European digital passport would increase supply chain transparency and improve data collection, crucial for evaluating risks and opportunities in sustainable investments. Finally, he proposes that aligning reporting requirements across the EU would help avoid trade barriers and lessen administrative demands, benefiting companies listed on capital markets that must adhere to sustainability regulations.

Simplifying regulation

The report highlights the need to streamline certain aspects of regulation, particularly the frameworks for sustainability reporting and due diligence.

These frameworks represent a significant regulatory challenge within the EU. Although they are important for enhancing corporate responsibilities in social and environmental reporting, unclear guidelines and intricate rules result in substantial regulatory costs.

The report estimates that compliance costs could range from €150,000 for unlisted companies to €1 million for those listed.

Factors that contribute to this situation include imprecise definitions and unclear requirements, such as implementing the "do no significant harm" principle within the EU taxonomy and aligning it with related assessments like the EU budget. Moreover, the existence of overlapping methodologies for emissions accounting, the Emissions Trading System (ETS), and product environmental footprinting

increases complexity. Additionally, the lack of coordination in the timing of related reporting requirements further complicates matters. Further modifications to this framework, such as implementing sector-specific reporting standards under the CSRD, might drive compliance costs even higher.

Consequently, Draghi emphasises the need to simplify the current regulations.

Improving transparency in the commodities market

Unlike many other commodities, critical minerals do not have a significant presence on stock exchanges. Minerals such as cobalt and lithium are primarily sold through negotiated bilateral contracts, which often lack transparency. This lack of transparency can result in inefficiencies in price discovery and lead to volatility in regulated markets.

To address these issues, enhancing transparency could be achieved by overseeing wholesale contracts for critical minerals and mandating clear information on supply chains.

Additionally, developing independent metal price benchmarks and encouraging investment in green technologies that incorporate ESG practices would also contribute to improving market transparency.

Boosting innovation finance

The report identifies key measures to enhance funding for start-ups and seed capital. These include introducing tax incentives, where capital gains tax is deferred if profits are reinvested in innovative companies. There is also an emphasis on encouraging early-stage venture capital investment, following the example set by Sweden.

To make European stock markets more appealing for IPOs, the report suggests harmonising rules and the oversight of European companies. It also recommends creating a pan-European stock market and allowing dual-class shares with different voting rights. This would enable founders to retain control of the company after it has gone public.

4 Evaluation of the report and measures

This final section offers an evaluation of the measures outlined in the report. Draghi's recommendations are both comprehensive and impactful. The new roadmap presents a detailed action plan, shaping the EU's strategy for the forthcoming years. Draghi's proposed new industrial strategy indicates a shift towards a more strategic, coordinated, and self-reliant EU.

Capital markets are expected to be pivotal in this transition. This is not only due to the unprecedented levels of funding required for these reforms, but also because the main recommendations suggest significant financial reforms. Furthermore, many of these suggestions and proposals for reform have been circulating in European discussions for months.

A look at Enrico Letta's report from April reveals that many aspects highlighted by Draghi align with the recommendations for reviving the CMU. Both Draghi and Letta emphasise that integrating capital markets is essential for the EU's economic progress. Their reports highlight that greater integration will enable European companies to access a wider range of competitive financing options, reducing their reliance on the banking sector. Draghi also specifically mentions the crucial role of the CMU in enhancing European competitiveness.

Both reports highlight taxation as crucial for encouraging private investor participation in capital markets and stress the need to increase SME involvement, which remains limited. They agree on simplifying the regulatory framework to make it easier for businesses to access capital markets. Additionally, both suggest the potential to centralise certain supervisory roles within ESMA.

4.1 Centralising supervisory activities within ESMA. Is it justified?

The discussion around advancing the CMU by reforming ESMA and increasing the centralisation of its activities is neither new nor sporadic, but a recurring topic. While concentrating supervision of certain aspects of the EU's financial markets under ESMA could offer some advantages, it is not a comprehensive solution for attracting more companies to capital markets or boosting investment. If the goal is to stimulate market growth, centralisation should not be the main policy focus, as its benefits are primarily related to improving investor protection and financial stability. It is worth noting that EU markets have demonstrated dynamism in the past with the existing supervisory framework, and countries like Sweden have seen substantial success despite the fragmented nature of European capital markets and their oversight.

Nonetheless, centralising supervision can offer advantages in specific situations. This approach is likely to be most effective in areas with few systemic players and a strong cross-border presence, where regulation is entirely or primarily governed by European laws, or in fields with a heightened risk of regulatory or supervisory arbitrage. This includes market infrastructures that are systemic or with significant cross-border activity, such as major central securities depositories, central counterparty clearing houses, and certain trading platforms. Crypto-asset service providers might also be considered as part of this group. The inclusion of activities such as large companies issuing fixed income to institutional investors or matters related to the governance and design of financial products, like investment funds aimed at investors across multiple jurisdictions or different from the asset manager's jurisdiction, raises more concerns. Centralised supervision in these instances would require further analysis to balance the potential benefits against possible drawbacks in terms of effectiveness, efficiency, and investor protection. For other activities, such as supervising listed issuers or distributing financial products at the retail level, national supervision seems to have the advantage over centralisation.

Nonetheless, reforming ESMA's governance may be necessary. At present, the process for adopting rules and regulations can be overly bureaucratic and slow. For Europe to lead in global financial innovation, it's essential that its regulatory framework becomes more agile and flexible, able to swiftly adapt to ongoing market changes.

A major challenge ESMA faces is its current structure, which frequently slows down decision-making. In a rapidly evolving landscape of financial innovation, this rigidity could undermine the EU's competitiveness against more dynamic economies like the United States or Asia, which have quicker and more adaptable regulatory systems.

Thus, the reform of ESMA should not be restricted to further centralising supervision but should also focus on streamlining and accelerating regulatory processes. This involves enhancing the authority's capacity to act independently, including in regulatory matters, by reducing the level 1 detail in financial regulations and allowing ESMA to make decisions on these specifics independently. It also means improving coordination with national regulators and cutting back on function overlap that delays the implementation of new regulations.

4.2 Reducing market fragmentation or increasing market volume? Capital Markets Growth over Capital Markets Union

Draghi's report attributes the failure to achieve trading volumes similar to those of other partners to market fragmentation. However, evidence suggests that, for instance, the US equity trading market is at least as fragmented as the European one, yet it boasts very high trading volumes. Additionally, the European capital market appears more cohesive than the banking sector. Rather than focusing solely on reducing fragmentation, it might be more effective to explore other ways to foster market growth and influence, shifting the objective from Capital Markets Union to Capital Markets Growth.

Very few EU companies opt for capital markets to secure financing, and only a small number of Europeans choose financial instruments for investing their savings. These two areas should be the primary focus of EU policies. It is crucial to identify the right incentives to draw more companies and investors to capital markets.

Shifting the discussion towards strategies that boost the growth and dynamism of capital markets would be beneficial. Efforts should concentrate on developing strategies to attract companies to these markets and on establishing a framework that brings in a diverse range of investors to European capital markets.

Specifically, the following proposals are worth exploring:

A) Attracting companies to capital markets

i) Addressing tax asymmetry

Tackling the fiscal imbalance between equity and debt is essential for encouraging companies to opt for equity financing instead of debt. A more favourable tax framework for equity financing can incentivise companies to strengthen their balance sheets through equity, thus contributing to a more robust and comprehensive financial ecosystem.

ii) Promoting pre-market environments

European companies, particularly SMEs, often have limited access to financing through capital markets. This is partly due to cultural factors. Unlike in the United States, European companies have traditionally relied on loans for financing and therefore feel more secure with this method.

Public institutions can actively promote the benefits and advantages of participating in capital markets, encouraging both individuals and businesses to see it as a strategic financial choice. This approach would also incentivise long-term business growth.

iii) Reducing costs and harmonising access rules

To further lower entry barriers, it is important to cut the costs associated with accessing capital markets. In addition, aligning access rules, especially concerning information provided to regulators and promotional materials, can make the process easier for companies and foster a more dynamic and accessible capital market environment.

iv) Creating qualified segments for equities

Establishing qualified segments for equities, with reduced disclosure and trading requirements, could help attract companies looking to enter the public market. This approach would ease the entry process and prevent small, inexperienced, and under-resourced firms from being overwhelmed by strict disclosure and free float requirements.

B) Attracting companies to capital markets

i) Developing a simple, stable, and neutral tax framework for investors

Successful models like the Swedish IPA could provide valuable insights, offering such simplicity, stability, and neutrality, without ruling out additional tax incentives.

One possible idea, drawing from these models, is to establish a European investment account that allows investment in a broad range of financial products, with taxation deferred until funds are withdrawn. There are new proposals currently being discussed that deserve serious consideration.

Another crucial step would be to simplify and optimise the handling of withholding taxes across the EU and among various financial products.

ii) Encouraging pension funds to take a more active role as long-term investors

Aligning pension funds' interests with the growth and stability of capital markets could provide a reliable source of long-term capital, enhancing the financial ecosystem's sustainability and resilience.

In today's economic climate, it's crucial to motivate both Spanish and European citizens to invest more of their savings in financial instruments such as investment funds, pensions, bonds, and equities. Achieving this requires both structural and cultural shifts. Tax incentives for personal investment in financial assets should be pivotal, much like the 401(k) in the United States. Additionally, improving financial literacy for both young people and adults, and creating a framework that promotes investment in long-term-focused funds and pension plans, is essential.

iii) Enhancing investor knowledge and supporting investment advice

A well-informed investor base leads to a healthier and more resilient market. It is important not only to improve financial literacy but also to shift the investor culture towards understanding and considering investments for which they have access to sufficient information and analysis.

iv) Promoting a diversified distribution model

It is worth considering the potential benefits of a more diversified distribution model with a greater range of financial intermediaries. This approach could reduce the risk of conflicts of interest or oligopolistic behaviour and improve the options available to investors.

In conclusion, shifting the focus from consolidation and centralisation to encouraging market growth might be beneficial. Specific policies should be implemented to incentivise both businesses and investors. Addressing the reasons for firms' under-utilisation of capital markets and investors' lack of participation could contribute to creating a more dynamic and resilient market.

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Annexes

Concrete measures to address the challenges listed by Draghi

ANNEX 1

Measures to bridge the innovation and technology gap

1) Programme to bridge the innovation gap:

— Reform the R&D Framework Programme to concentrate on more disruptive innovation.[7]

— Enhance coordination among Member States by establishing a Research and Innovation Union with a unified R&D policy and strategy.

— Establish and strengthen European academic institutions at the cutting edge of global research.[8]

— Promote funding for innovation.[9]

— Improve the financial environment for disruptive innovation:

i. Increase incentives for business angels and seed capital.

ii. Assess whether further changes to capital requirements under Solvency II (for insurance companies) are necessary and issue guidelines for EU pension schemes to encourage institutional investment in innovative companies.

iii. Raise the budget of the European Investment Fund and enhance its coordination with the European Innovation Council.

iv. Expand the EIB's mandate to enable co-investment in companies that require more capital and are willing to take on more risk to attract private investment.

— Boost computational capacity for AI and make the EU's high-performance computing network available to SMEs and AI companies.

— Promote cross-industry coordination and data sharing to speed up the integration of AI in European industry.

— Develop the cloud industry while ensuring access to necessary technologies.

— Implement data security policies at the EU level.

— Consolidate the telecommunications sector and enhance connectivity.

— Sustain and increase R&D in strategic sectors such as pharmaceuticals.

2) Measures to bridge the gap in human capital development:

— Enhance the use of data to identify existing gaps.

— Revise educational curricula.

— Establish a unified skills certification system.

— Ensure stronger accountability with investments.

— Initiate a new Technology Skills Acquisition Programme to attract tech talent from outside the EU.

7 Recommendations also include: narrowing the focus to agreed common priorities, increasing the budget and the percentage allocated to disruptive innovations, and transforming the European Innovation Council into an entity akin to the US Disruptive Innovation agency.

8 Increase funding for basic research twofold through the European Research Council, expand the number of grant recipients, and develop a new competitive, excellence-based programme – "ERC for Institutions" – to provide academic institutions with the necessary resources. Implement a new scheme to attract and retain world-class researchers.

9 Overcome bureaucratic hurdles for universities and institutions regarding intellectual property rights, establish a common EU patent, adapt digital regulations for SMEs, and create an EU legal status that allows innovative companies to have a single digital identity recognised across the EU.

Concrete measures to address the challenges listed by Draghi (*continued*)

ANNEX 1

Measures to advance decarbonisation without compromising competitiveness

1) Measures to reduce energy costs for end-users, including reducing exposure to spot energy markets. Draghi suggests following the US example by allowing regulators to impose limits on financial positions when spot or derivative energy prices significantly deviate from global prices. He also proposes establishing a common set of trading rules for both spot and derivatives markets and ensuring their integrated supervision. Additionally, he suggests implementing policies to better separate gas prices from clean energy costs, such as through a marginal pricing system, or by lowering energy taxes.
2) Measures to accelerate the decarbonisation of energy-intensive industries, including mobilising public and private funding for essential energy infrastructure, establishing a legal framework beyond the 27 EU countries for important projects of common European interest to streamline procedures, and developing necessary governance for a genuine Energy Union.
3) Promotion of clean technology manufacturing by focusing on strategic areas and simplifying the process for applying for funding.
4) Concrete measures for key sectors like the automotive industry.
5) Development of a unified approach with transport and trade policy.

Measures to enhance security and reduce import dependency

1) Measures to decrease reliance on critical raw materials:
   — Implement a strategy covering all stages of the critical minerals supply chain, from extraction to recycling.
   — Establish an EU Critical Materials Platform to coordinate joint purchases and manage future strategic stockpiles at the EU level.
   — Create a true single market for the recycling and circularity of critical materials.
   — Boost R&D in alternative materials or processes that replace critical minerals.
   — Launch a coordinated strategy to strengthen domestic production capacity and protect key infrastructure in strategic sectors such as semiconductors and telecommunications.
   — Provide financial and fiscal incentives.
   — Maximise EU collaboration to drive innovation in semiconductors.
2) Implement measures to bolster industrial capacity in defence and aerospace sectors.

Energy sector

1) Measures targeting the gas sector:

FIGURE 13

	SUMMARY TABLE – ENERGY: NATURAL GAS PROPOSALS	TIME HORIZON[23]
1	Establish partnerships with reliable and diversified trade partners, also reinforcing long-term contracts.	ST
2	**Encourage a progressive move away from spot-linked sourcing.**	MT
3	**Reinforce joint procurement.**	ST
4	Further develop selective strategic import infrastructures and improve the coordination of storage management across Europe.	MT
5	Improve the quality of data and forecasts.	ST
6	**Limit the possibility of speculative behaviours: financial position limits, dynamic caps, an EU trading rule book and an obligation to trade in the EU.**	ST
7	Progressively decarbonise moving to H2 and green gases in the industry when cost-efficient.	LT
8	Ensure natural gas price formation mechanisms are more cost-reflective of different sourcing conditions.	MT
9	Facilitate industries exposed to international competition to get access to competitive energy sourcing.	ST

2) Measures targeting the electricity sector:

FIGURE 15

	SUMMARY TABLE – ENERGY: ELECTRICITY PROPOSALS	TIME HORIZON[28]
1	**Simplify and streamline permitting and administrative processes to accelerate renewables, flexibility infrastructures and grids deployment.**	ST/MT
2	**Foster network upgrades and investments in grids to address the electrification of the economy and avoid bottlenecks.**	ST/MT/LT
3	**Decouple the remuneration of RES and nuclear from fossil-fuel generation though long-term Contracts (PPAs and 2-way CfDs) to limit the impact of natural gas on electricity prices.**	ST/MT
4	Support PPAs for industrial users.	ST
5	Encourage self-generation by energy-intensive users.	ST
6	Reinforce system integration, storage and demand flexibility to keep total system costs in check with a competitive uptake of renewables.	ST/MT
7	Facilitate industry exposed to international competition to get access to competitive EU energy sources.	ST
8	Maintain nuclear supply and accelerate the development of 'new nuclear' (including the domestic supply chain).	ST/MT/LT
9	Promote the role of carbon capture, utilisation and storage (CCUS) technologies as one of the tools needed to accelerate the EU's green transition.	MT/LT

Energy sector

3) Horizontal measures:

FIGURE 16

	SUMMARY TABLE – ENERGY: HORIZONTAL PROPOSALS	TIME HORIZON[30]
1	**Lower and level the energy taxation playing field and the strategic use of taxation measures to reduce the cost of energy.**	ST/MT
2	Harmonise price reliefs and avoid distortions in the Single Market.	ST/MT
3	Foster innovation in the energy sector.	MT/LT
4	**Develop the governance needed for a true Energy Union.**	MT

Critical raw materials

1) Measures for the implementation of the Critical Raw Materials Act:

FIGURE 9

	SUMMARY TABLE – CRMA PRIORITY ACTIONS	TIME HORIZON[96]
1	Enhance domestic production, processing and recycling in the EU along the CRM value chain.	ST
2	Support the diversification of supply chains: international strategic partnerships and strategic projects.	ST
3	Simplify permitting procedures: shorten timeframes and develop national programmes.	ST
4	Advance the Strategic Projects.	ST

2) Other measures:

FIGURE 10

	SUMMARY TABLE – BEYOND CRMA PROPOSALS	TIME HORIZON[98]
1	Develop a comprehensive strategy at the EU level building on the CRMA from mining to recycling.	ST
2	**Establish a dedicated EU Critical Raw Material Platform to deliver on the EU strategy and leverage market power.**	**MT**
3	**Develop financial solutions supporting the critical raw materials value chain.**	**ST/MT**
4	Develop further critical raw materials resource diplomacy for securing supply and diversification.	ST
5	Further develop joint strategies with other global buyers in the G7/OECD (e.g. Japan).	ST/MT
6	**Further promote the untapped potential of domestic resources in the EU linked to better standards and integration with industry at different levels of the value chain.**	**MT**
7	Boost European excellence in research and innovation in alternative materials or processes to substitute critical raw materials in various applications.	MT
8	**Circularity: create a true Single Market for waste and recycling in Europe.**	**ST**
9	Accelerate the creation of a sustainable CRM market in the EU.	ST/MT
10	Develop strategic stockpiles for critical minerals in the EU.	ST
11	Enhance financial market transparency for critical minerals wholesale contracts in the EU.	ST

Digitalisation and telecommunications

1) Measures for the EU Telecoms Act:

FIGURE 5

SUMMARY TABLE HIGH-SPEED / CAPACITY BROADBAND PROPOSALS: A NEW 'EU TELECOMS ACT'		TIME HORIZON[08]
1	**Reform the EU's regulation and competition stance to complete the Digital Single Market for telecommunications, harmonising rules and favouring cross-border mergers and operations**	**ST/MT**
2	**Harmonise EU-wide spectrum licensing also for satellite connectivity, and design EU-wide auctions with longer duration and fewer restrictions**	**MT/LT**
3	Simplify and harmonise the cybersecurity and Lawful Interception regulation, and improve cooperation among EU cybersecurity agencies	ST/MT
4	Incentivise the deployment of new infrastructure, by defining cut-off dates for older technologies	MT
5	Introduce 'passporting' of B2B services to enable operators in one Member State to offer services EU-wide	ST
6	Strengthen EU-based telecom equipment and software providers to underpin the EU's open strategic autonomy	ST/MT
7	Coordinate technical standards for edge computing, network APIs, and IoT at the EU level	MT/LT

To achieve these objectives, the EU should adopt a new 'EU Telecoms Act' to set a new strategic stance on telecommunication services, with the goal to develop state-of-the-art digital networks for citizens and businesses, financed by private capital, with strong security and autonomy in supply chains. Specifically, it is recommended to:

2) Computing and AI:

SUMMARY TABLE HPC / AI / QUANTUM / CLOUD PROPOSALS: A NEW 'EU CLOUD AND AI DEVELOPMENT ACT'		TIME HORIZON[14]
1	**Increase the computational capacity dedicated to the training and fine-tuning of AI models and create an EU-wide framework for providing 'computing capital' to innovative SMEs in the EU**	**ST/MT**
2	Identify priority AI vertical applications for the EU, encouraging EU companies to participate in their development and deployment in key industrial sectors	MT
3	Leverage the EU-wide coordination and harmonisation of national AI sandbox regimes, and ensure harmonised and simplified implementation of the GDPR	ST
4	**Define a single EU-wide policy and residency requirements for public administrations' cloud services, as well as EU-wide sensitive data security policies for collaboration between private cloud providers and hyperscalers**	**ST/MT**
5	Adopt a Single Market 'passporting' regime for all EU-provided cloud services	ST/MT
6	Support data brokers as preapproved data intermediaries with regulatory clearance ensured by a Data Ombudsman	MT/LT
7	Step up cooperation between the EU and the US to ensure access to cloud and data markets	MT

Digitalisation and telecommunications

3) Semiconductors:

FIGURE 12

	SUMMARY TABLE SEMICONDUCTOR PROPOSALS: A REVISED EU CHIPS ACT	TIME HORIZON[16]
1	**Enable the development of a new EU Semiconductor Strategy, by establishing an EU semiconductor budget, coordinating demand requirements, introducing EU preferences in procurement and a new 'fast-track' IPCEI**	**ST/MT**
2	**Launch the new EU Semiconductor Strategy, including: i) funding for innovation and the establishment of testing labs near existing centres of excellence; ii) grants or R&D tax incentives for fabless companies active in chips design and foundries in selected strategic segments; iii) support for the innovation potential of mainstream chips; and iv) coordinated EU efforts in back-end 3D advanced packaging, advanced materials and finishing processes**	**MT**
3	Support consolidation and leadership in manufacturing equipment in response to competitors' export restrictions	ST/MT
4	Foster a friendly EU-wide permitting regime for chips	ST
5	Launch a long-term EU Quantum Chips plan	LT
6	Foresee a chip sub-component of the 'Tech Skills Acquisition Programme' to attract, develop and retain world-class competencies in advanced electronics and semiconductors	ST/MT

Energy-intensive industries

FIGURE 10

	SUMMARY TABLE – ENERGY-INTENSIVE INDUSTRIES (EII) PROPOSALS	TIME HORIZO
1	Increase the level of coordination across the multiple policies impacting the EU's (e.g. energy, climate, enviroment, trade, circularity, and growth).	ST
2	**Ensure access to a competitive supply of natural gas during the transition, and sufficient and competitive decarbonised electricity and clean hydrogen resources** [as detailed in the chapter on energy].	ST/MT
3	Simplify and accelerate permitting, and reduce compliance costs, red tape and regulatory burden.	ST
4	Further develop financial solutions (such as financial guarantees) for the EU's EIIs to improve market financing conditions.	ST
5	Reinforce relevant funding to support the decarbonisation of EIIs, starting by earmarking ETS revenues.	ST/MT
6	**Simplify, accelerate and harmonise subsidy allocation mechanisms. Adopt common instruments across Member States, such as the European Hydrogen Bank and Carbon Contracts for Difference.**	ST/MT
7	**Closely monitor and improve the design of CBAM during the transition phase. Evaluate whether to postpone the reduction of free ETS allowances if CBAM's implementation is ineffective.**	ST/MT
8	Stimulate demand for green products by promoting transparency and by introducing standardised low-carbon criteria for public procurement.	ST
9	Improve the circularity of raw materials (recycling rates, Single Market for circularity, stimulate demand where needed).	ST
10	Ensure the effective design of global trade arrangements and the ability to react, where justified.	ST/MT
11	Coordinate the establishment of green regional industrial clusters around the EU's EIIs.	ST/MT

Clean technologies

FIGURE 9

	SUMMARY TABLE – CLEAN TECHNOLOGIES PROPOSALS	TIME HORIZON[96]
1	Ensure full, accelerated implementation of the NZIA.	ST
2	**Introduce in public procurement and in Contract for Difference auctions an explicit minimum quota for selected locally produced innovative and sustainable products and components** – where needed to reach EU manufacturing targets.	ST
3	Promote other forms of offtake for selected locally produced technologies, such as requirements and rewards in EU and EIB financing schemes, and in national support schemes.	ST
4	**Mobilise private and public financing for clean tech solutions, in particular by: i) streamlining and simplifying access to EU public funding, increasing the level of resources, extending the support to OPEX; ii) reinforcing dedicated financing schemes to attract private capital; iii) introducing dedicated growth equity instruments.**	ST/MT
5	Define clean technologies as one of the strategic priority areas of a refocused 10th EU Framework Programme for research and innovation (with prioritised access to funding for innovation, a dedicated new Competitiveness Joint Undertaking, and breakthrough innovation programmes).	ST
6	**Diversify supply sources and establish industrial partnerships with third countries.**	ST
7	Develop and enforce a single model of sustainable and innovative technology certification.	MT
8	Optimise foreign direct investment and protect EU know-how, by leveraging knowledge transfer clauses and protecting intellectual property rights.	ST/MT
9	Pool a skilled workforce, via mutual recognition of skills across the EU and facilitation of work permits to attract talents.	MT
10	Reinforce EU level coordination, in collaboration with industry and research centers, starting with: supply chain monitoring, definition of standards and minimal critical capacities, and coordination of R&D efforts (e.g. Joint Undertakings and IPCEIs).	ST/MT

Automotive industry

FIGURE 5

	SUMMARY TABLE AUTOMOTIVE PROPOSALS	TIME HORIZON[16]
1	Ensure competitive transformation costs, starting with energy sourcing and labour automation.	ST/MT
2	**Develop an EU industrial action plan for the automotive sector, increasing coordination both vertically and horizontally in the value chain.**	**ST/MT**
3	**Ensure regulatory coherence, predictability and appropriate timing and consultation for upcoming regulation. Adopt a technology-neutral approach in the review of the Fit-for-55 package.**	**ST/MT**
4	Encourage standardisation.	ST
5	Set up reinforced Net-Zero Acceleration Valleys dedicated to the automotive ecosystem.	MT
6	Support the development of recharging and refuelling infrastructure.	MT
7	**Ensure that a coherent digital policy for the automotive sector is in place, encompassing the data ecosystem and AI development needs.**	**MT**
8	Support common European projects in the most innovative areas, such as affordable European EVs, software-defined vehicle and autonomous driving (SDV and AD) solutions of the future, and the circularity value chain.	ST/MT
9	Bridge skills gaps and address reskilling needs.	ST/MT
10	Level the global playing field and enhance market access.	MT

Defence

FIGURE 4

	SUMMARY TABLE DEFENCE PROPOSALS	TIME HORIZON[96]
1	Proceed with the swift implementation of the proposed European Defence Industrial Strategy (EDIS) and the adoption of the European Defence Industry Programme (EDIP).	ST
2	**Substantially increase the aggregation of demand for defence assets between groups of Member States and pursue the further standardisation and harmonisation of defence equipment.**	**ST**
3	**Develop a medium-term EU Defence Industrial Policy which supports cooperation, the Europeanisation and integration of SMEs into supply chains, the structural cross-border integration of defence industrial assets.**	**MT**
4	**Provide EU-level funding for the development of the EU's defence industrial capacities.**	**MT**
5	Improve access to finance for the European defence industry, including by removing restrictions on access to EU-funded financial instruments.	ST
6	Introduce a reinforced European preference principle and substantive incentive mechanisms to valorise European defence solutions and excellence over non-EU solutions.	ST
7	Ensure that EU competition policy enables industrial defence consolidation to reach scale, where needed.	ST
8	Concentrate efforts and resources on common EU R&D/R&T defence initiatives and maximise technological spillover between civil and defence innovation cycles.	LT
9	Deepen competences at the EU level for defence industrial policy to be reflected in the EU institutional set-up.	MT
10	Improve coordination and combine the acquisition of US systems by sub-groups of EU Member States.	ST

Space industry

FIGURE 5

	SUMMARY TABLE SPACE SECTOR PROPOSALS	TIME HORIZON[96]
1	Reform the European space governance framework to reduce complexity, fragmentation and overlap.	MT
2	**Remove the European Space Agency's geographical return principle to reduce the fragmentation of the EU's industrial base and modernise EU procurement rules.**	**ST**
3	**Establish a functioning Single Market for space, through a common EU legislative framework.**	**ST**
4	**Establish a multi-purpose EU Space Fund at the EU level.**	**MT**
5	Improve access to finance for EU space SMEs, start-ups and scale-ups to ensure they can grow in the EU.	ST
6	Introduce targeted European preference rules for the space sector to support the scale up of European companies.	ST
7	Define joint strategic priorities for space research and innovation, to be supported by increased coordination, funding and the pooling of resources at the national and EU levels.	LT
8	Further exploit the synergies between space and defence industrial policies.	MT
9	Define an EU policy framework for launchers aiming to ensure autonomous access to space.	ST
10	Promote further access to international space markets.	MT

Pharmaceutical sector

FIGURE 8

	SUMMARY TABLE PHARMA PROPOSALS	TIME HORIZON[01]
1	**Maximise the impact of the EU Health Data Space**, e.g. by facilitating access to and the sharing of electronic health records, leveraging the DARWIN EU® network and scaling up genome sequencing capacities.	ST/MT
2	**Streamline the set-up and management of multi-country trials in the EU** to advance the EU as an attractive place for conducting clinical R&D.	MT
3	**Expedite access to markets** through coordinated action by medicines agencies, HTA authorities and public payers on guidance to industry, pricing and reimbursement as well as procurement.	MT
4	Provide clear and timely guidance on the use of AI in the lifecycle of medicines.	MT
5	Rapidly and fully implement the HTA regulation and ensure the required resources are allocated to ensure the delivery of joint clinical assessments as of 2025, with the aim of establishing an EU agency in the long term.	ST/LT
6	Improve business predictability through a continuous evidence-based dialogue with stakeholders to underpin EU policy-making on protection mechanisms for novel medicines.	MT/LT
7	Increase and focus public R&D investment in the EU, e.g. supporting a number of world-class innovation hubs in life sciences for advanced therapy medicinal products (ATMPs).	MT
8	Mobilise private R&D investment in the EU and bolster the supporting environment.	MT
9	Develop strategic international partnerships to solidify and bolster the EU's international trade position in pharmaceuticals.	MT/LT

Transport

FIGURE 7

	SUMMARY TABLE TRANSPORT PROPOSALS	TIME HORIZON[13]
1	**Improve infrastructure planning with a primary focus on competitiveness as a complement to cohesion and an evolution towards fully multimodal transport**	**ST**
2	**Mobilise public and private financing: i) increase EU and Member State resources for cross border connectivity, military mobility, climate resilience; ii) introduce or reinforce schemes to attract and de-risk private financing.**	**MT**
3	**Remove barriers to integration and interoperability in all segments.**	**MT**
4	Accelerate digitalisation to enhance efficiency, through the development and enforcement of incentives and standards.	ST/MT
5	Launch dedicated EU innovation projects leveraging public-private partnerships and cross-border cooperation for decarbonisation and automatisation challenges in different segments.	ST/MT
6	Introduce schemes to de-risk and finance decarbonisation solutions in hard-to-abate segments	ST/MT
7	Level the playing field for EU industries leveraging among others public procurement, foreign direct investment screening and an EU export credit facility.	MT
8	Establish international partnerships and develop strategic infrastructure to increase global integration including in climate policy and resilience.	MT
9	Align job profiles to the green and digital transition for diverse and flexible employment opportunities and provide enhanced professional mobility.	MT

Accelerating innovation

FIGURE 16

	SUMMARY TABLE – INNOVATION PROPOSALS	TIME HORIZON[1]
1	**A better financing environment for disruptive innovation, start-ups and scale-ups**: i) increase support to disruptive innovation, through an 'ARPA-type' agency; ii) expand incentives for business 'angels' and private/public seed capital investors; iii) leverage the European Investment Bank (EIB) and National Promotional Banks (NPBs) to mobilise public-private funds and favour co-investment in ventures requiring larger amounts; iv) increase the appeal of European stock markets for IPOs and for companies after going public; v) review Solvency II requirements and issue innovative investment guidelines for EU Pension Plans [as detailed in the sustaining investment chapter].	ST/MT
2	**Design a simpler and more impactful tenth EU R&I Framework Programme**: refocus the next Framework Programme (FP10) on selected priorities (new 'EU Competitiveness Priorities') and increase the budget to EUR 200 billion.	ST
3	**Promote academic excellence and world-leading institutions**: i) scale up the budget for fundamental research through the European Research Council (ERC); ii) launch a highly competitive programme to foster the emergence of world-leading research institutions (an 'ERC for institutions' programme); iii) introduce a favourable regime to attract top researchers ('EU Chair'); iv) promote the mobility of researchers, extending Erasmus+; v) develop a European framework to facilitate private sector fundraising for public universities.	ST/MT
4	**Invest in world-leading research and technology infrastructure**: increase investments.	MT
5	**More R&I and strengthened coordination of policies through a Research and Innovation Union**: i) renew the commitment to increasing the EU's R&D expenditure to 3%; ii) establish an EU R&I Action Plan; coordinate Member States' R&I plans, setting priorities, fostering collaboration and initiating joint projects.	ST
6	**A more favourable and simpler regulatory ecosystem for innovative companies**: i) develop a new blueprint for royalty sharing between researchers and universities or Research and Technology Organisations (RTOs); ii) adopt a Unitary Patent system in all Member States; iii) introduce a new EU-wide statute for innovative ventures ('Innovative European Company'); and iv) review public procurement rules to favour strategic innovation.	ST
7	**Shared prosperity as a fundamental enabler of EU innovation**: i) promote a coordinated reduction of labour income taxation for low- to middle-income workers; ii) address practices that limit labour mobility between companies like the non-compete and no-poach agreements.	ST/MT

Closing the skills gap

FIGURE 9

	SUMMARY TABLE – CLOSING THE SKILLS GAPS PROPOSALS	TIME HORIZON[08]
1	**Collect and leverage granular data on skills needs, stocks and flows ('skills intelligence') to design skills policies.**	ST
2	**Revise curricula** in light of changing skills needs.	ST/MT
3	**Improve and harmonise skills certifications** common to all EU member states, recognising and validating skills acquired through diverse learning pathways, vocational training, and work-based learning.	ST/MT
4	**Rethink the design, funding and implementation of skills policies**: i) dedicating a minimum share towards adult learning and vocational training; ii) focusing on strategic sectors and occupations; iii) including stricter requirements on the design, implementation and desired impact of the programmes; iv) systematically evaluating and comparing the effectiveness of policy initiatives in skills within and across Member States via dedicated evaluation units.	ST/MT
5	**Focus on adult learning** ensuring sufficient available funding by Member States and private organisations (including incentivising companies to allocate more resources to training, for example by offering tax benefits).	ST
6	**Promote and reform vocational educational training (VET)**, in partnership with VET providers, employers, industry associations, and trade unions.	ST/MT
7	**Attract more highly skilled workers from outside the EU** launching a new Tech Skills Acquisition Fund for a new EU-level visa programme; a large number of EU scholarships for undergraduate, graduate and PhD students; student internships and graduate contracts within participating research centres and public institutions.	ST/MT
8	**Reduce the misallocation of future talent**, implementing programmes to support talented children from disadvantaged backgrounds.	ST/MT
9	**Address skills shortages in critical value chains.**	ST/MT
10	**Promote managerial skills in SMEs** by: i) creating accreditation systems and incentives to elevate the quality of managerial training; ii) facilitating the acquisition of managerial skills through the use of vouchers to hire temporary managers.	ST/MT
11	**Improve the availability and working conditions of teachers.**	MT
12	**Increasing labour market participation.**	ST/MT

Sustaining investment

The key objectives for the EU are, therefore, as follows:

- Reduce fragmentation of the Single Market removing barriers for innovation, company growth and large infrastructure projects in Europe – thereby, increasing demand for risk capital and for higher volumes of finance through capital markets.
- Reduce dependence on bank financing in Europe by accelerating the development of the CMU, as well as increasing flows into capital markets by encouraging increased enrolment in private pension plans.
- Expand bank finance, overcoming excessively restrictive regulation on securitisation, and where necessary revisit prudential regulation to have a strong and competitive banking system.
- Make more effective use of the EU budget by focusing funding on strategic priorities, simplifying the administrative burden, improving the leverage of the EU budget and of the overall EU financial architecture to support investment.
- Introduce regular and sizable issuance by the EU of a common safe and liquid asset to enable joint investment projects among Member States and help integrate capital markets.

Enhancing competition

1) Prioritise innovation and future competition in decisions by the Directorate-General for Competition, fostering advancements in areas where new technologies can significantly impact consumers.
2) Offer clear guidance and templates for novel agreements, coordination, and joint deployment among competitors.
3) Develop safety and resilience criteria through expert authorities and incorporate these into assessments by DG COMP.
4) Use state aid control as a tool to enhance industrial policy efficiency.
5) Reform and expand Important Projects of Common European Interest (IPCEIs).
6) Encourage the adoption of open access, interoperability, and EU standards through state aid and other competitive tools.
7) Effectively enforce the new powers linked to the Digital Markets Act (DMA) and the Foreign Subsidies Regulation (FSR).
8) Strengthen ex-post regulation and supervision over ex-ante approaches.
9) Introduce a "New Competition Tool" (NCT) in four key areas.
10) Accelerate decision-making processes and enhance predictability in outcomes.

Improving governance

FIGURE 1

	SUMMARY TABLE GOVERNANCE PROPOSALS	TIME HORIZON
1	**Refocusing: Develop a new Competitiveness Coordination Framework.**	**ST/MT**
2	Launch an EU-wide inquiry to analyse the role of national Parliaments in the scrutiny of the principle of subsidiarity. Reinforce the role and administrative capacity of national Parliaments and Member States in controlling the EU institutions' legislative activity.	ST
3	Filter future initiatives up for adoption, building on proposals under 'Simplifying', such as a single methodology to assess the cost of regulation and a revamped competitiveness test.	ST/MT
4	**Accelerating: Generalise Council votes subject to QMV as opposed to unanimity.**	**ST/MT**
5	Opt for a model of deeper integration based on 'concentric circles', including enhanced cooperation or coalitions of the willing, where action at the EU level is hindered or blocked by existing procedures.	MT/LT
6	Have an Interinstitutional Pact clarify and extend the use of Article 122 TFEU to facilitate swift EU action during crises.	ST/MT
7	**Simplifying: Streamline the EU acquis under a Vice-President for Simplification, including coordinating a new 'evaluation bank' to stress-test existing EU regulations.**	**MT**
8	Use a single, clear methodology to quantify the cost of new legislation for EU institutions and Member States.	MT/LT
9	Minimise the cost of Member State transposition and enhance enforcement of Single Market legislation.	MT
10	Uphold proportionality for SMEs and small mid-caps in EU law, including by extending mitigation measures to small mid-caps.	ST/MT
11	Review the Commission's system of Expert Groups.	ST/MT
12	Create 'EU innovation hubs' to support Member States' efforts to define sandboxes and promote their use across countries, by offering centralised information to EU businesses.	MT/LT

Summary of proposals affecting capital markets

ANNEX 4

Measures related to capital markets	
Enhance supervision of energy securities markets	— Promote long-term contract use. — Regulate the energy financial market within a unified regulatory framework. — Establish a coordinating body between ESMA and the Agency for the Cooperation of Energy Regulators. — Extend basic MiFID requirements to energy spot markets. — Revise rules on financial position limits. — Approve additional risk management and liquidity requirements for unregulated participants. — Review regulations on price limits. — Reassess the exemption that allows energy market participants to operate without supervision.
Increase investment	— Use public guarantees to reduce the risk associated with long-term lending. — Leverage European institutions such as the EIB, to encourage private participation, or the EBRD. — Develop new financial instruments, for example, EIB syndicated loans that dilute risk or pooled debt instruments. — Increase capital or quasi-capital funding options. — Introduce fiscal measures to incentivise investment. — Create a fund of funds that includes Member States, financial institutions, major equity investors, and other banks. — Use European investment programmes like InvestEU or Horizon Europe. — Allow the EIB to finance more risk-prone projects.
Reform the EU taxonomy	— Create a sustainable market for critical raw materials, incorporating a common ESG standard. — Simplify the taxonomy to enhance sustainable financing for SMEs.
Increase market transparency	— Monitor wholesale contracts for critical minerals and require transparency in supply chain information. — Establish metal price benchmarks that are independently developed, not by third parties.
Facilitate capital flow to SMEs	— Allow the EIB to adopt a riskier lending policy. — Improve access to capital, particularly in later investment stages (beyond venture capital), to support the growth and expansion of European space companies. — Develop tailored financial instruments to suit the investment size and needs of space SMEs and medium-sized enterprises.
Advance the CMU	— Centralise supervision of large multinational issuers, major regulated markets with trading platforms, and central counterparty platforms. — Align ESMA's governance and decision-making process more closely with that of the ECB. — Delegate technical tasks to ESMA. — Enhance ESMA's authority to develop and amend technical standards. — Create attractive pension schemes to encourage investment. — Issue a common safe asset.
Increase banks' financial capacity	— Revitalise securitisation. — Implement actions to complete the Banking Union.
Reform the EU budget	— Target it towards priority projects. — Restructure it by reducing the number of programmes and increasing flexibility.

Source: Compiled from Draghi's report.

Derivative contracts in Spain and their contribution to systemic risk: Risk indicators based on the EMIR database

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1 Introduction

Following the beginning of the global financial crisis, the G20 summit in Pittsburgh identified derivatives markets as a potential source of systemic risk. At that summit, it was decided to impose a clearing obligation for standardised over-the-counter (OTC) derivatives and to establish collateral requirement standards for non-centrally cleared transactions. It was also agreed that the parties involved in these markets should report on the derivatives contracts they enter into. This agreement was reflected in EU regulation through Regulation (EU) No. 648/2012 of the European Parliament and of the Council, of 4 July 2012, on OTC derivatives, central counterparties, and trade repositories, commonly known as EMIR.[1] Since February 2014, information on any derivative contract and its subsequent modifications, subject to the exemptions specified by the Regulation, must be submitted to a trade repository, which are registered and supervised by the European Securities and Markets Authority (ESMA). Each counterparty must submit information about the counterparties involved in every derivative transaction, along with detailed information about the transaction's characteristics and conditions. In addition, they must report any changes to the contract, including its termination. Financial and non-financial counterparties, once they exceed a certain threshold in these markets, are also required to provide daily reports on the valuation of individual contracts and changes in collateral at the portfolio level. Consequently, data stemming from EMIR obligations enable an unprecedented level of detailed analysis of derivatives market structures, participant behaviour, and potential liquidity risks related to margin calls.

The EMIR regulatory framework was revised on 20 May 2019 via Regulation (EU) 2019/834 of the European Parliament and of the Council. This amendment, known as EMIR-Refit, introduced several updates, including changes to the clearing obligation for derivatives and risk mitigation techniques for OTC derivative contracts not cleared through central counterparties (CCPs). It also reduced the regulatory burdens for non-financial companies by raising the notional thresholds of their contracts, above which they are not required to clear them through a CCP.

EMIR-Refit significantly expanded the scope of obligations in the derivatives markets by introducing mandatory reporting of data on the contracts entered into. The new reporting requirements, in addition to those in the previous Regulation, demand more detailed information on the contracts, counterparties, and collateral involved in the trades. On 10 June 2022, the Commission Implementing Regulation (EU) 2022/1860 was published, outlining the information that obligated entities must provide. The new reporting requirements will come into effect on 29 April 2024.

1 Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32012R0648

This regulatory framework offers a wealth of data to European securities supervisors, which they can use within their jurisdictions and operational areas to develop indicators that assess how derivatives contracts contribute to systemic risk. This paper introduces a series of indicators designed to evaluate the size and characteristics of these markets through the transactions carried out by national entities and their evolution over time. These indicators are based on those proposed by ESMA within a task force of the Economic and Market Analysis Committee.

The paper proceeds by outlining the database used and detailing its processing for application in the proposed risk indicators. Each indicator is then described. The analysis also covers the main features of the Spanish derivatives market inferred from the indicators derived from the data collected through the EMIR application. The paper conclusions will be presented.

2 Processing of the EMIR database

The data used to develop the risk indicators come from those collected daily by the CNMV from the EMIR records.[2] These data stem from the requirement under EMIR for counterparties and central counterparties to report all details of any derivatives contracts they have entered into, as well as any modifications or terminations, to the trade repositories supervised by ESMA.[3] EMIR enables the CNMV to access data on derivative contracts involving Spanish counterparties, Spanish underlying assets, and trades on pan-European indices.[4]

The period covered extends from January 2021 to the present, with the data for the indicators being compiled monthly. At the end of each month, all positions reported on the last business day are saved as raw data. The CNMV then converts the notional values of these positions from foreign currencies into euros.

Once the data with the notional positions are available in euros, they undergo a process to prepare EMIR data for use in developing the risk indicators. This process adheres to the guidelines set by ESMA for developing the proposed type of risk indices. The first stage involves identifying and removing outliers for each month under consideration. In the second stage, a procedure is implemented to ensure that each derivative position is recorded only once in the database. This adjustment is necessary because, to a significant extent, the derivative positions reported under the EMIR Regulation require both counterparties to report their involvement and the details of the trade. This dual requirement leads to duplicate reporting in the database for these trades.

Addressing outliers is essential because they can introduce significant bias when data are aggregated, particularly affecting the symmetry of the distribution of the notional value, which is the main variable in the proposed indicators. Outliers in the data submitted by entities under EMIR obligations typically arise due to errors in the information provided or technical issues. How outliers are managed depends on the intended use of the data. To develop these risk indicators, ESMA suggests a two-stage process: first, identifying outliers using both static and dynamic

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2 For a detailed description of the data that entities must report under EMIR, refer to Commission Delegated Regulation (EU) 2022/1855, of 10 June 2022. This Regulation supplements Regulation (EU) No. 648/2012 of the European Parliament and of the Council, focusing on regulatory technical standards that define the minimum data elements to be reported to trade repositories and the types of reports required. See footnote 1.

3 Article 9 of Regulation (EU) No. 648/2012 of the European Parliament and of the Council, of 4 July 2012, on OTC derivatives, central counterparties, and trade repositories. See footnote 1.

4 Article 81 of Regulation (EU) No. 648/2012 of the European Parliament and of the Council, of 4 July 2012, on OTC derivatives, central counterparties, and trade repositories. See footnote 1.

thresholds. In the second stage, after identifying these outliers, ESMA recommends excluding them from the calculations of the indicators.

The static threshold set by ESMA targets contracts with a notional value exceeding €10 billion. To determine the dynamic threshold, the database is first segmented, and trades are categorised by derivative type. Trades are categorised based on the following characteristics: asset class, contract type, whether they are intragroup trades, if they are derivatives used for compression, and the original currency of the contract notional. Within each subgroup, any observations where the logarithm of the reported notional exceeds the median by more than four standard deviations are flagged as outliers. Given the strict criteria for subdividing each market, some subgroups may have fewer than 30 data points. For segments with fewer than 30 data points, the dynamic threshold is calculated as follows:

– For each segment with at least 30 observations during each month of the period considered, the median and standard deviation of the natural logarithm of the contract notional are determined.

– Using these medians and standard deviations, the following linear regression is estimated:

$$parameter_i = b_0 + b_1 * intragroup_i + b_2 * compression_i + b_3 * \\ * asset\_class_i + contract\_type_i + u_i$$

where $parameter_i$ represents either the median or the standard deviation of segment i, and the other variables are dummies that take values of 0 or 1, corresponding to the attributes reported in those fields.

Finally, the estimated parameters are used to forecast the median and standard deviation for segments with fewer than 30 observations.

After identifying outliers with both the fixed and dynamic thresholds, these observations are removed from the database to calculate the proposed risk indicators.

The next step in data processing is to address the double reporting inherent in the EMIR reporting obligations. This is done through "matching and reconciliation processes". Under this regulatory framework, whenever both counterparties are from a Member State of the European Economic Area (EEA), they must each report the derivative transaction in which they participated. If one of the counterparties is from outside the EEA, the transaction is reported only by the counterparty that is from an EEA country.

The matching and reconciliation process relies on using the identifiers of both counterparties and the code that identifies each transaction in the database. This process begins by determining whether both counterparties are required to report the transaction under EMIR. The following checks must be conducted for each counterparty:

– The identification code of the counterparty that must report is from an EEA30 country. The jurisdiction associated with the LEI (legal entity identifier) code is verified using the GLEIF (Global Legal Entity Identifier Foundation) database.

– The other counterparty's identification code must be an LEI. If "CLC" appears in the identification field, matching cannot be performed.

– The LEI code of the other counterparty should correspond to an EEA30 country. As with the counterparty required to report, the jurisdiction check is conducted using the GLEIF database, which identifies the jurisdiction of each issued LEI code.

If all three conditions are satisfied simultaneously, the two reported positions must be reconciled. This reconciliation involves removing the reporting line where the reporting entity is not Spanish.

An important factor to consider regarding the matching and reconciliation process is the impact of Brexit. In December 2020, UK entities were no longer subject to EMIR regulations. This change reduced the number of transactions subject to double reporting since the United Kingdom was regarded as a third country under EU regulation.

3 Risk indicators based on the EMIR database

The proposed risk indicators are described as follows:

I.1 Total notional by contract type and asset class

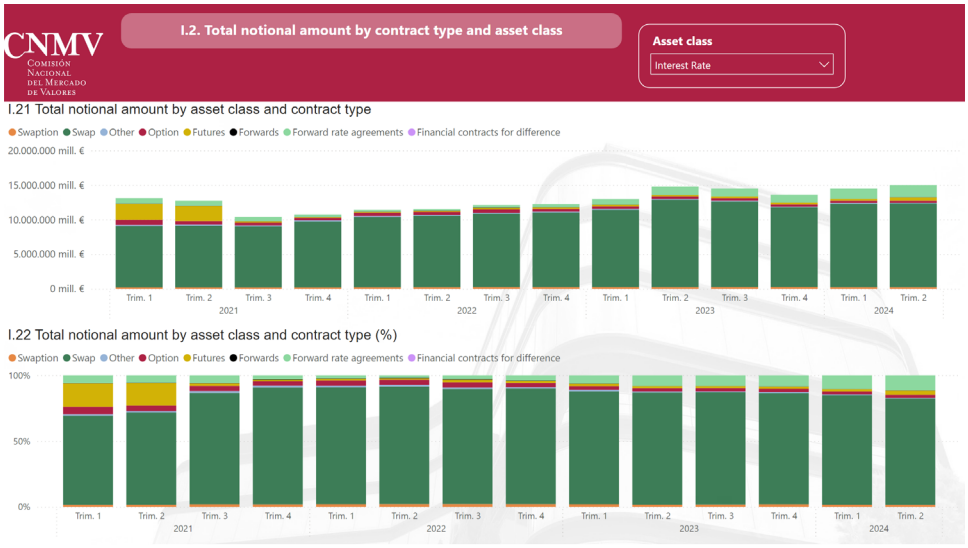
FIGURE 1

Source: CNMV.

This indicator shows the total notional value at the end of each quarter by contract type and asset class. You can select the contract type from a drop-down menu, which includes swaps, swaptions, options, futures, forwards, interest rate forwards, contracts for difference, spreadbets, and others. The covered asset types are interest rates, equities, exchange rates, credit, commodities, and others. The indicator is displayed in two panels: the top panel indicates the total notional amount in euros for each contract type across asset classes for each quarter. The bottom panel illustrates the proportion of each contract type within each asset class relative to the total notional.

I.2 Total notional by contract type and asset type

FIGURE 2

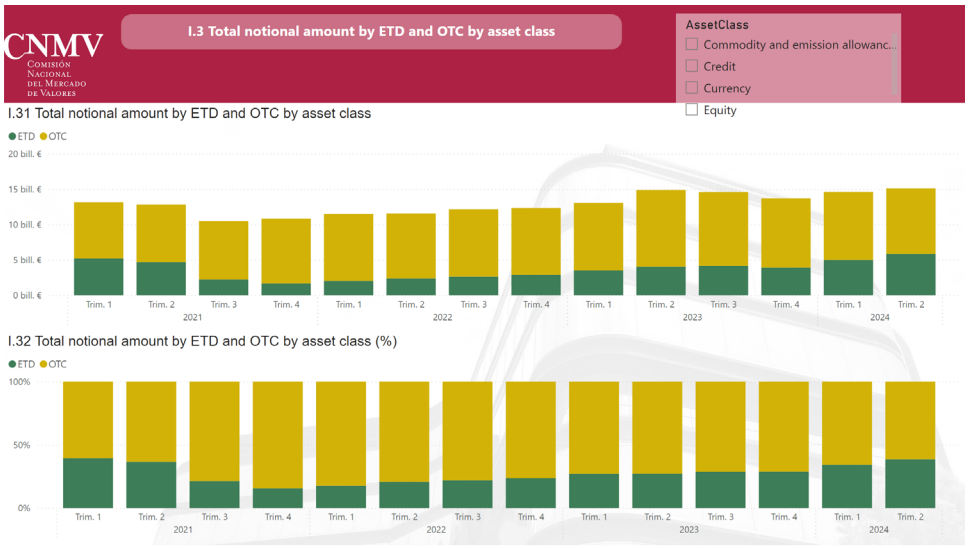


Source: CNMV.

This indicator reveals the total notional amount at the end of each quarter for different asset types and contracts. Users can select the asset class from a dropdown menu, with options including interest rates, equities, exchange rates, credit, commodities, and others. The types of available contracts are: swaps, swaptions, options, futures, forwards, interest rate forwards, contracts for differences, spreadbets, and others. There are two panels within this indicator: the top panel displays the total notional amount in euros for each asset type by contract class for every quarter. The bottom panel illustrates the proportion of each asset type within each contract class as part of the overall total notional.

I.3 Total notional traded on market and OTC by asset class

FIGURE 3

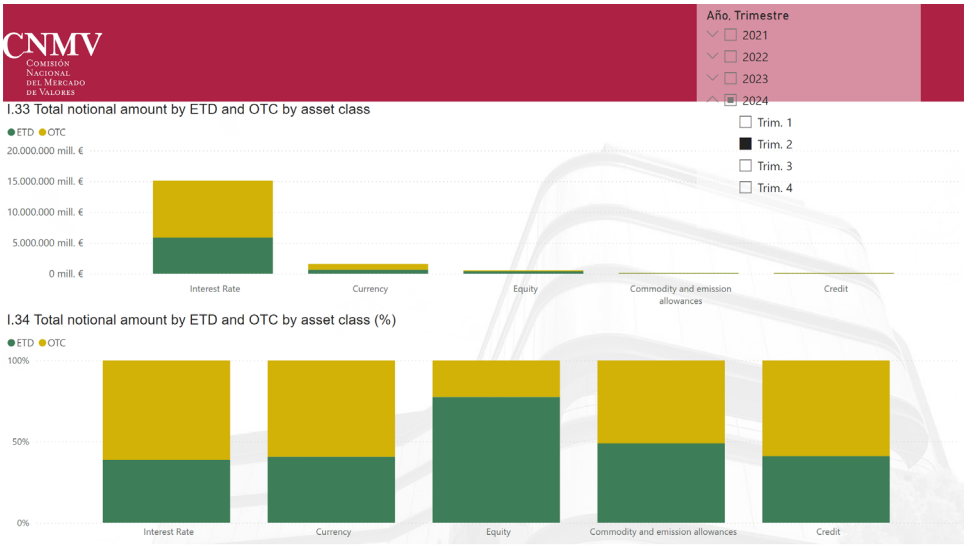


Source: CNMV.

This indicator shows the total notional traded on multilateral and OTC markets at the end of each quarter according to asset class. Users can select the asset class from a dropdown menu, with options including interest rates, equities, exchange rates, credit, commodities, and others. The indicator consists of two panels: the top panel shows the total notional traded in the market and OTC for each asset class in euros. The bottom panel presents the proportion of trading that occurs in either market or OTC for each asset class relative to the total notional amount.

I.32 Total notional traded on market and OTC by asset class

FIGURE 4



Source: CNMV.

This indicator displays the total notional traded on multilateral and OTC markets by asset class for each quarter since the start of 2021. The quarter that appears on the screen can be chosen through a dropdown menu. The indicator consists of two panels: the top panel shows the total notional traded in the market and OTC for each asset class in euros. The bottom panel presents the proportion of trading that occurs in either market or OTC for each asset class relative to the total notional amount.

I.4 Percentage of total cleared and non-cleared notional

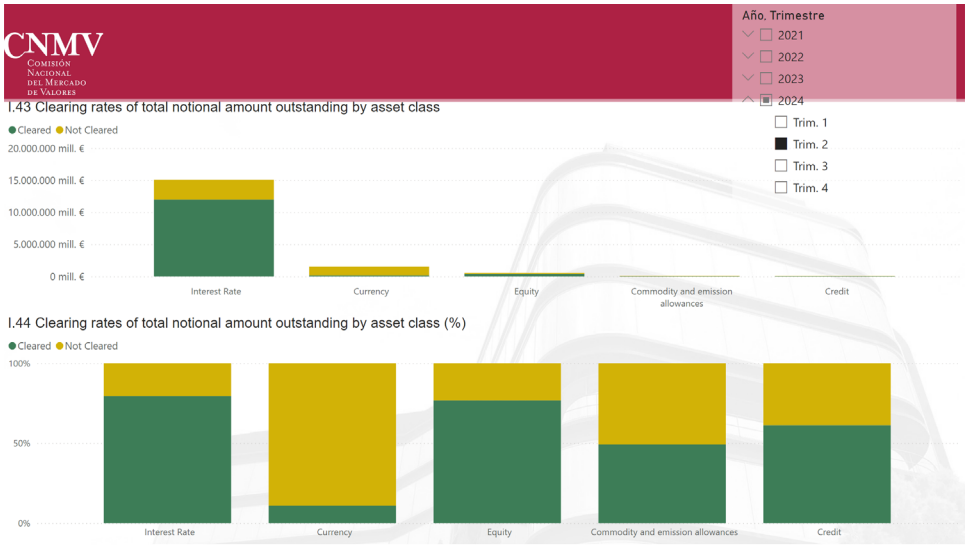
FIGURE 5

Source: CNMV.

This indicator displays the total notional amount at the end of each quarter, distinguishing between amounts cleared due to EMIR obligations and those not cleared, categorised by asset type. Users can select the asset class from a dropdown menu, with options including interest rates, equities, exchange rates, credit, commodities, and others. The indicator consists of two panels: the top panel shows the total cleared and uncleared notional amount for each asset class in euros. The bottom panel illustrates the proportion of notional that is cleared versus not cleared for each asset type.

I.42 Cleared proportion of total notional by asset type

FIGURE 6

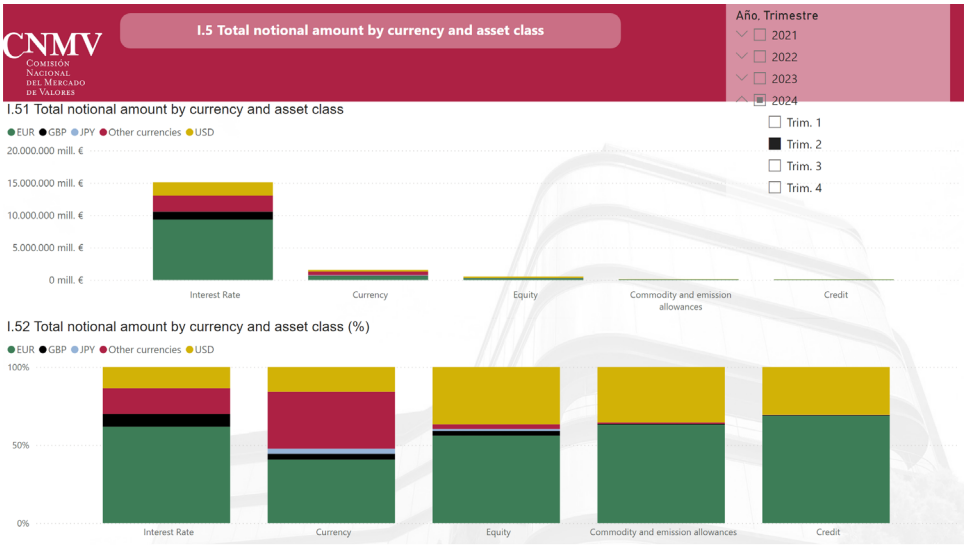


Source: CNMV.

This indicator shows the notional amounts, both cleared and non-cleared due to EMIR obligations, by asset type for each quarter since the start of 2021. The quarter on screen can be selected via a dropdown menu. There are two panels in this indicator: the top panel presents the total cleared and uncleared notional amount for each asset type in euros. The bottom panel shows the percentage of notional that is cleared versus uncleared for each asset type relative to the total notional.

I.5 Total notional by currency and asset type

FIGURE 7

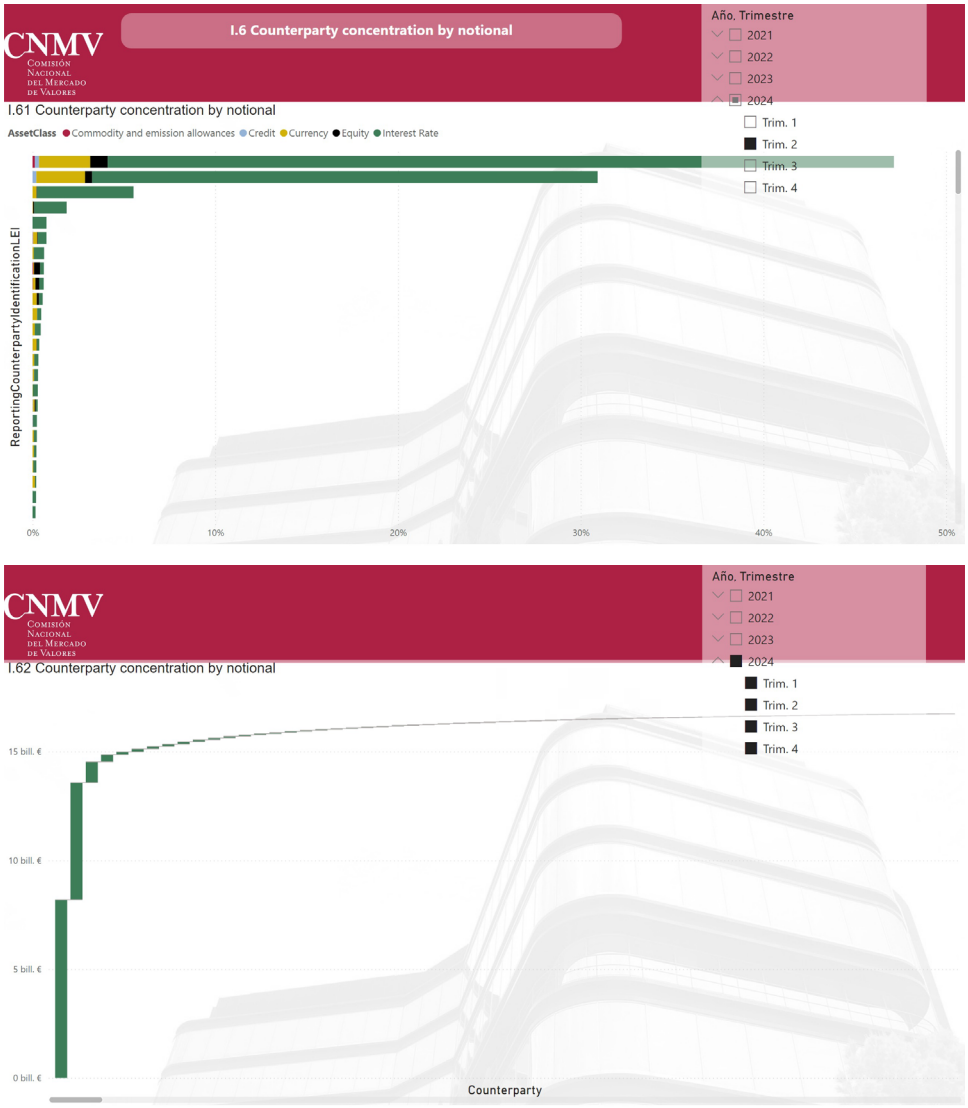


Source: CNMV.

This indicator displays the notional at the end of each quarter, broken down by asset type and the currency in which the derivative was traded since the start of 2021. The currencies shown in the figure are: euro, US dollar, pound sterling, Japanese yen, and other currencies. You can select the displayed quarter from a dropdown menu. The indicator is divided into two panels: the top panel displays the total notional by asset type and currency. The bottom panel shows the proportion of the total notional by asset type and currency.

I.61 and I.62 Notional concentration by reporting counterparty

FIGURE 8



Source: CNMV.

Panel I.61 presents anonymised national entities required to report under EMIR that hold the largest positions in derivatives markets. In this figure, the entities' positions are displayed as a percentage of the total reported notional at the end of each quarter since the start of 2021, categorised by asset class. You can choose the quarter to display using a dropdown menu that lists all available quarters.

Panel I.62 also displays anonymised national EMIR-reporting entities with the largest positions in derivatives markets. In this figure, the entities' positions are expressed in euros, showing the notional amount reported at the end of each quarter since the start of 2021. You can select the quarter to display using a dropdown menu featuring all available quarters.

I.63 and I.64 Notional concentration of other counterparty

FIGURE 9

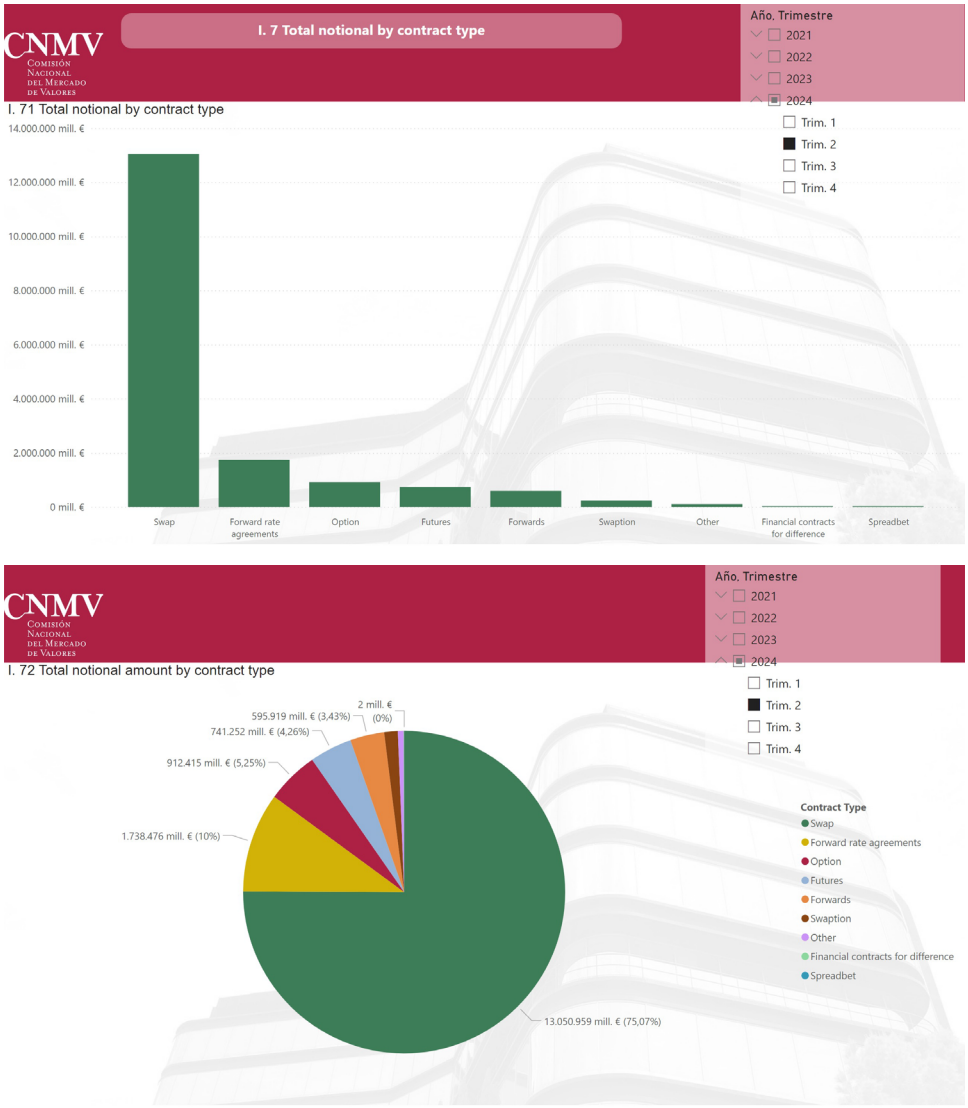
Source: CNMV.

Panel I.63 identifies anonymised institutions with the largest positions in derivatives markets, acting as counterparties to domestic institutions that report under EMIR. In this figure, these institutions' positions are displayed as a percentage of the total notional reported at the end of each quarter since the start of 2021, organised by asset class. You can select the quarter to display using a dropdown menu featuring all available quarters.

Panel I.64 also displays anonymised institutions with significant positions in derivatives markets, serving as counterparties to domestic institutions reporting under EMIR. Here, the positions are expressed in euros, showing the notional amount at the end of each quarter since the start of 2021. You can choose the quarter to display using a dropdown menu that lists all available quarters.

I.72 Notional by contract type

FIGURE 10

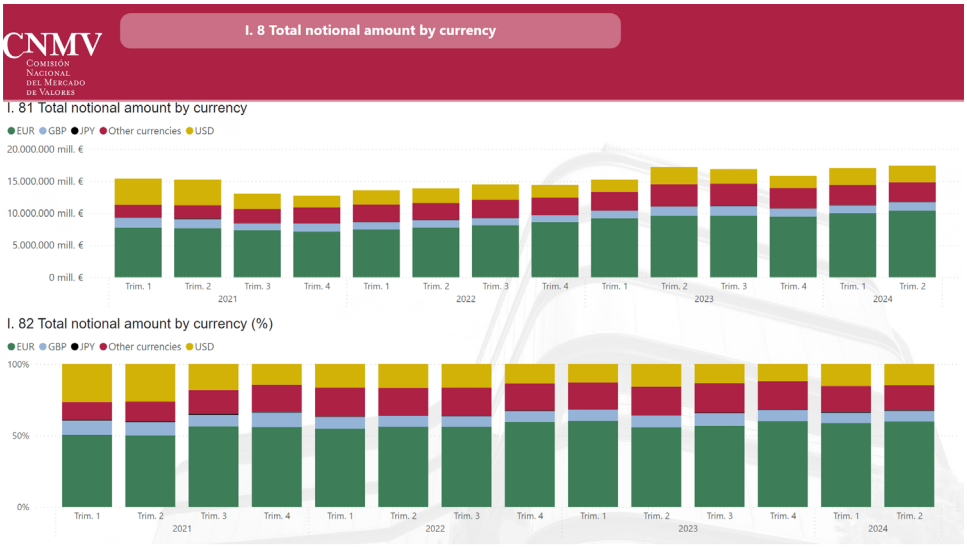


Source: CNMV.

The two figures present the same information but use different types of figures. Both figures display the total notional by contract type at the end of a specified quarter. A dropdown menu allows selection of the quarter you wish to view, starting from the first quarter of 2021.

I.8 Notional by currency

FIGURE 11

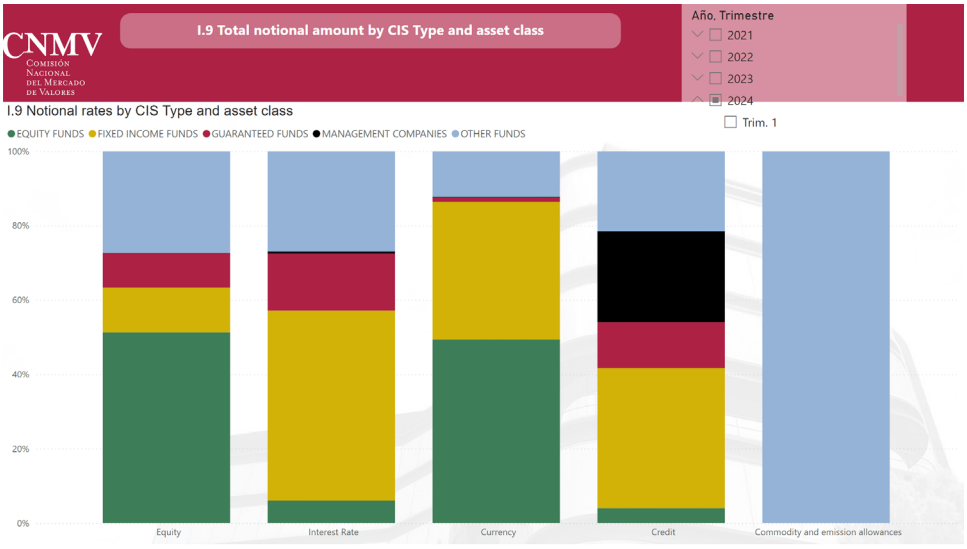


Source: CNMV.

This indicator shows the total notional at the end of each quarter based on the currencies in which derivative contracts have been traded. Currencies are categorised as: euro, US dollar, pound sterling, Japanese yen, and other currencies. The indicator consists of two panels: the top panel displays the total notional amount in euros, detailing the notional amounts in each currency for every quarter. The bottom panel illustrates the proportion of each contract type for each currency within the total notional.

I.9 Percentage of notional by type of collective investment scheme and asset type

FIGURE 12

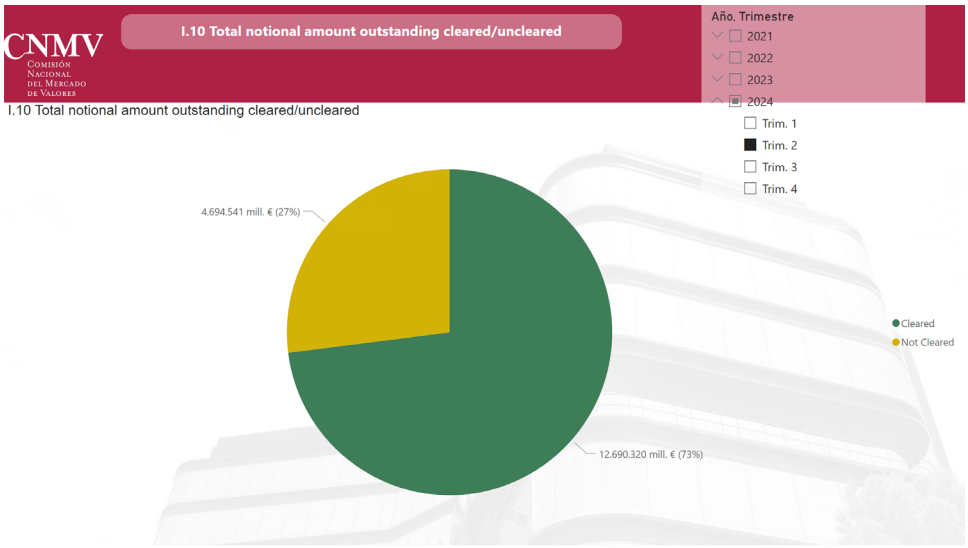


Source: CNMV.

To create this indicator, Spanish collective investment schemes (CISs) have been categorised into four groups: equity, fixed income, guaranteed, and others, based on the confidential reports submitted to the CNMV. This indicator reveals the proportion of derivatives that each type of CIS has engaged in, across the various asset classes into which the derivatives are categorised. The figure illustrates these proportions as of the end of a specific quarter. To select the quarter you wish to view, a dropdown menu is available, offering options from the first quarter of 2021 onwards.

I.10 Total cleared and uncleared notional

FIGURE 13



Source: CNMV.

This indicator displays the cleared and uncleared notional amounts, in euros and as a percentage of the total outstanding notional, due to EMIR obligations. The figure presents the data as recorded at the end of a specified quarter. A dropdown menu allows you to choose from available quarters starting from the first quarter of 2021.

I.11 Country of counterparty: percentage of notional

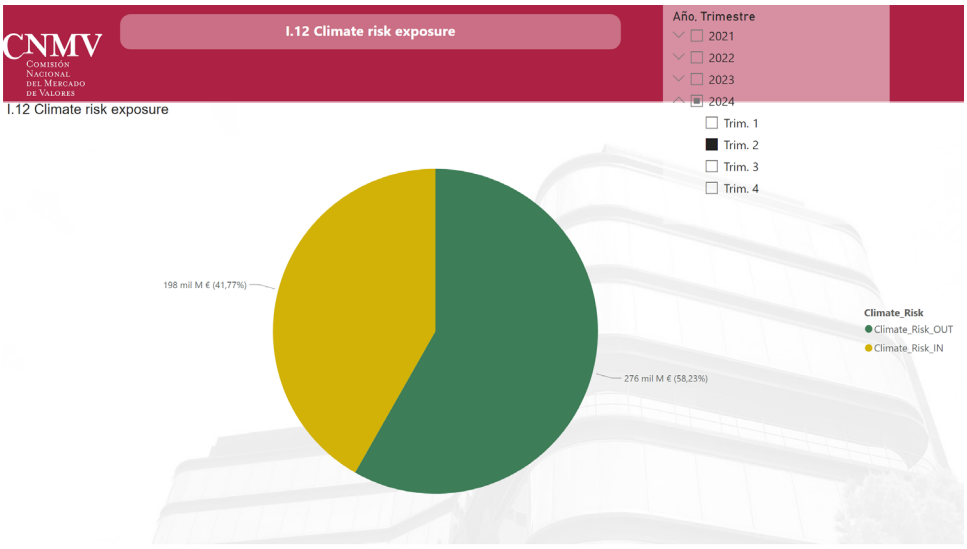
FIGURE 14

Source: CNMV.

This figure groups the notional value of open contracts by the nationality of the counterparty with whom the Spanish entity has entered into the derivative contract. It shows the percentage each country represents of the total outstanding notional at the end of a specified quarter. You can select the quarter to display using a dropdown menu that includes all quarters from the first quarter of 2021.

I.12 Exposure to climate change-related derivatives

FIGURE 15



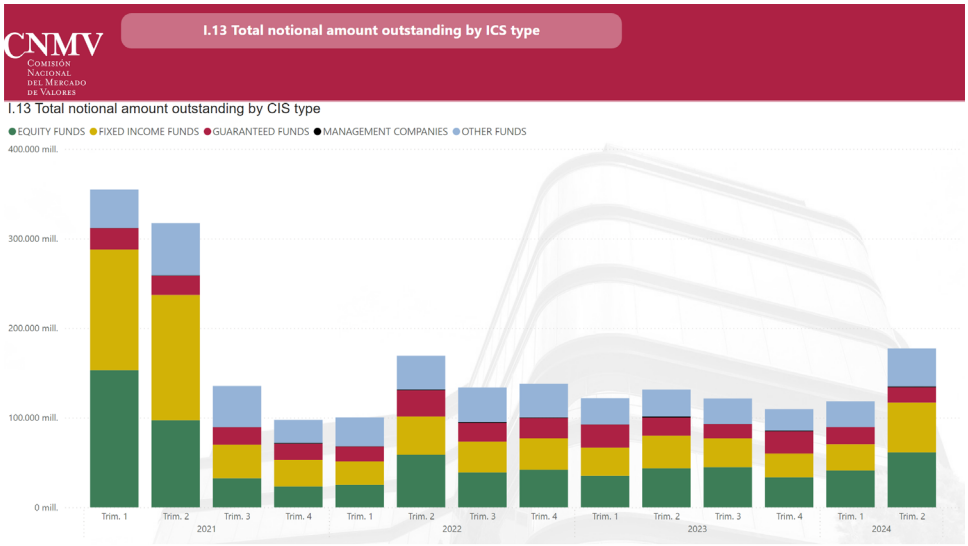
Source: CNMV.

This figure illustrates the exposure of Spanish counterparties to non-financial sectors and their links to climate change. Non-financial sectors are categorised into those with low greenhouse gas emissions (*Climate_Risk_IN*) and those with higher emissions (*Climate_Risk_OUT*). These categories are based on the classification

proposed by ESMA. The figure displays exposure to both types of sectors in euros and as a proportion of the total exposure to non-financial sectors. The data presented corresponds to the end of a specified quarter. A dropdown menu allows you to choose from available quarters starting from the first quarter of 2021.

I.13 Total notional by type of collective investment scheme

FIGURE 16



Source: CNMV.

To create this indicator for Figure 16, Spanish CISs have been categorised into four groups: equity, fixed income, guaranteed, and others, based on the confidential data received by the CNMV. The indicator displays the total outstanding notional in euros for each type of CIS at the end of each quarter since the start of 2021.

4 Characteristics of the Spanish derivatives market from EMIR data

As shown in Figure 17, after Brexit, the EU derivatives market is led by Germany and France. Several other jurisdictions, such as the Scandinavian countries, Ireland, Italy, and centres specialising in trading derivatives with third countries, like Malta and Cyprus, follow at a notable distance. In terms of scale, the Spanish derivatives market is part of this latter group. Despite Brexit, it is important to highlight that Great Britain still holds a dominant position in Europe.[5]

Network of financial derivatives holdings among EEA counterparties[1] FIGURE 17

Source: ESMA.

1 This network illustrates financial derivatives holdings among counterparties, based on the outstanding notional amount of interest rate derivative contracts as of the end of 2022. The bubble size represents the total outstanding notional of counterparties located in EEA Member States. Line thickness indicates the total outstanding notional of contracts between counterparties from two Member States.

5 ESMA (2023). *ESMA Market Report: EU Derivatives Markets 2023*. Available at : https://www.esma.europa.eu/sites/default/files/2023-12/ESMA50-524821-2930_EU_Derivatives_Markets_2023.pdf

Based on EMIR data available at the end of the second quarter of 2024, the notional value of outstanding derivative contracts involving a Spanish counterparty is €15.1 quintillion. According to Figures 3 and 5, this notional value has fluctuated since the start of 2021, increasing from €10.5 quintillion at the end of Q3 2021 to its highest point in Q2 2024. Comparing the size of the Spanish market with the latest figures published by ESMA at the end of 2022, the Spanish market represented 4.0% of the total market size of EEA member countries.[6]

Figures 8 and 9 highlight how a small number of counterparties dominate the notional value of the contracts traded. From the perspective of Spanish counterparties, three institutions account for more than 75% of the total notional value, sometimes exceeding 80% of the market. In terms of the concentration of other counterparties involved in these derivatives, three institutions make up between 55% and 65% of the total market. Figure 14 indicates that the main jurisdictions of these other counterparties are: Great Britain (accounting for 40-55% of the notional value), Spain (15-25%), and the United States (10-15%). When these figures are compared to those provided by ESMA for all EEA countries, it becomes clear that the Spanish market is highly concentrated.[7]

Like other European countries, most derivatives contracts in Spain are OTC (see Figures 3 and 4). However, the proportion of notional value traded on formal markets is higher in Spain compared to the European average. At the end of 2022, this proportion was 23.6% in Spain, while it was only 5.3% for the EEA countries overall.[8] Throughout the period discussed in this article, the percentage of derivatives traded on formal markets ranged from 15.7% to 39.4%. It is notable that the percentage traded on formal markets tends to increase when the total notional amount of derivative contracts rises.

Regarding the types of derivative contracts traded in the Spanish market, the majority – between 75% and 80% of the notional value – are swap contracts. The other significant types of contracts include interest rate forwards, options, and futures (see Figure 10). When compared to figures from the EEA, it becomes apparent that swaps are less dominant across Europe, whereas forwards and options capture a larger market share.[9]

In terms of underlying assets, the majority of derivatives in the Spanish market are based on interest rates (see Figures 6 and 7). This category represents between 60% and 87% of the total outstanding notional amount at the end of each quarter examined. Following interest rate derivatives, the principal underlying assets in the Spanish market are exchange rate and equity derivatives, with credit and commodity derivatives playing a lesser role. When these are compared to European data, interest rates still emerge as the primary underlying asset, although they hold a smaller relative share. At the European level, exchange rate derivatives have a more significant presence.[10]

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6 *Ibidem.*
7 *Ibidem.*
8 *Ibidem.*
9 *Ibidem.*
10 *Ibidem.*

One of EMIR's goals is to increase the percentage of OTC derivatives cleared through central counterparty clearing houses. Figures 5 and 6 indicate that the percentage of notional value cleared ranges from 66% to nearly 73%. When broken down by asset type, interest rate derivatives have the highest clearing rates, at around 80%, followed by equity derivatives at 75%. Exchange rate derivatives have the lowest clearing rates, approximately 12%. When these figures are compared to ESMA data, only the clearing rate for interest rate derivatives is similar. However, for derivatives involving other underlying assets, the clearing rates are higher in the Spanish market.[11]

An additional aspect to consider is the currency in which derivatives contracts are executed. Figures 7 and 11 reveal that most derivatives are denominated in euros, specifically between 50% and 60%. The percentage of contracts in sterling remains quite stable at around 10%. Throughout the period covered in the construction of these indicators, the significance of dollar-denominated derivatives has declined, giving way to derivatives in other currencies. Yen-denominated contracts, on the other hand, have a minimal presence. These figures largely stem from derivatives based on interest rates, which are the most significant in terms of notional value. Euro-denominated contracts hold less relative importance in equity, commodity, and credit derivatives, with a higher percentage being issued in dollars.

Finally, two intriguing aspects highlighted by the EMIR data are the use of derivatives related to climate change and their utilisation by CISs. To explore the first aspect, we analysed data on derivatives held by Spanish non-financial counterparties, which account for between 2% and 5% of the total notional value of the Spanish market, depending on the quarter. These counterparties were categorised into sectors with high greenhouse gas emissions (labelled as *Climate_Risk_IN*) and those with lower emissions (*Climate_Risk_OUT*). The latter comprise 50-60% of the total notional value of derivatives held by non-financial institutions.

Regarding the involvement of CISs in the derivatives market, the notional value held by these entities ranges from 0.7% to 2% of the total. During the first two quarters of the period examined, the notional value of derivatives held by CISs was significantly higher than in the following quarters. This increased use of derivatives may be attributed to their role as a hedge against the uncertainty brought about by COVID-19. Fixed income and equity CISs are the categories that utilise derivatives the most, followed closely by the category of other CISs, and to a lesser extent, guaranteed CISs. This is because most CIS assets are allocated in fixed income and equity schemes. In proportion to their assets, guaranteed CISs and the category of other CISs tend to use derivatives more extensively.

Regarding the underlying assets of derivatives employed by CISs, it's unsurprising that equity CISs predominantly use equity derivatives, while fixed income CISs favour interest rate derivatives. Equity CISs are also the largest users of exchange rate derivatives. The category of other CISs stands out for its more intensive use of credit and commodity derivatives.

11 *Ibidem.*

5 Conclusions

The data obtained from EMIR obligations provide an unprecedented level of detail for analysing the structure of derivatives markets. Among other purposes, these data help in developing indicators to assess how derivatives trading contributes to systemic risk. ESMA has proposed a set of risk indicators, which are the focus of this article.

These indicators help outline the characteristics of the Spanish derivatives market:

- The current size, measured by the notional amount, is €15.1 quintillion, representing 4% of the total market across EEA member countries.

- The market is highly concentrated in terms of participants, with three counterparties accounting for 55% to 65% of the total market.

- Most contracts are OTC, and a significant portion is cleared through central counterparty clearing houses, as mandated by EMIR. Overall, the proportion of contracts traded on formal markets is higher in Spain than in other EEA countries.

- Swaps are the most frequently traded contract type, with interest rate forwards, options, and futures also playing significant roles.

- In terms of underlying assets, interest rates are the most prominent. Exchange rate and equity derivatives also hold a substantial share of the market.

III Legislative Annex

Since the publication of the *CNMV Bulletin* for the first half of 2024, the following legislative developments have occurred:

Spanish legislation

– Royal Decree-Law 4/2024, of 26 June, extending certain measures to address the economic and social impacts of conflicts in Ukraine and the Middle East and implementing urgent fiscal, energy, and social actions.

  Title I includes measures concerning the pay of public sector employees, setting a maximum overall increase of 2% over the remuneration in place on 31 December 2023, effective from 1 January 2024.

  Pursuant to Article 137 of Law 40/2015, of 1 October, on the Legal Regime of the Public Sector, the Social Impact Fund (F.C.P.J.), or "FIS", is established. This Fund, which lacks legal personality and is of indefinite duration, is affiliated with the Ministry of Inclusion, Social Security and Migration through the General Secretariat for Inclusion. It is governed by the provisions of that Law, this Royal Decree-Law, and other applicable general and special administrative law. The FIS aims to bolster investments with social, inclusive, and environmental impacts in Spain. It can use various funding methods, including investing in national or international investment funds specifically focused on impact investment at all stages of social and environmental entrepreneurship projects, leveraging resources from the private sector. The acquisition of shares in the capital by the Fund will be exempt from the requirement to make a takeover bid in the cases outlined in Articles 108 and 109 of Law 6/2023, of 17 March, on the Securities Markets and Investment Services.

  The Sole Repealing Provision removes Article 43 bis of Law 1/2000, of 7 January 2000, on the Civil Procedure, enabling national courts to directly apply the case law of the European Court of Justice, primarily based on Article 267 of the Treaty on the Functioning of the European Union, concerning preliminary questions brought before them.

– Organic Law 2/2024, of 1 August, on equal representation and gender balance between women and men.

  Among various amendments, Chapter V of this Law, comprising Articles 9 and 10, implements Directive (EU) 2022/2381 of the European Parliament and of the Council, of 23 November 2022. This Directive promotes improved gender balance among directors of listed companies and related actions. The first of those articles amends the consolidated text of the Spanish Corporate Enterprises Act, approved by Royal Legislative Decree 1/2020, of 2 July. This includes Article 529 bis/Seventh Additional Provision, on the supervisory powers of the CNMV/Sixteenth Additional Provision regarding gender balance on the Boards of public interest entities. The second article involves

an amendment to Law 6/2023, of 17 March, on Securities Markets and Investment Services (Article 292).

Additionally, the Fourth Additional Provision identifies the bodies responsible for promoting, analysing, monitoring, and supporting gender balance on Boards of Directors. The CNMV and the autonomous body, Instituto de las Mujeres, are tasked with ensuring that listed companies comply with the obligations set out in this Law.

A transitional period is specified for the implementation of Article 529 bis, starting with sections 3 onward, in the revised Spanish Corporate Enterprises Act. This will come into effect on 30 June 2026 for the 35 companies with the highest market capitalisation, based on the closing price on the date this Organic Law takes effect. For all other listed companies, these provisions will apply from 30 June 2027, as stated in the First Transitional Provision.

In addition, Article 71.1, point d) of Law 9/2017, of 8 November, on the Public Sector Contracts, which incorporates Directives 2014/23/EU and 2014/24/EU of the European Parliament and of the Council into Spanish law, is amended (Second Final Provision). Amendments are also made to Law 50/1997, of 27 November, on the Government and Law 40/2015, of 1 October, on the Legal Regime of the Public Sector, concerning a balanced presence of women and men.

Spanish National Securities Market Commission

- CNMV Resolution of 31 May 2024, publishing a collaboration agreement with the Generalitat of Catalonia for the prosecution of financial fraud.

- CNMV Resolution of 31 May 2024, announcing an agreement with the International University of La Rioja to collaborate in areas such as training, research, technology transfer, consultancy, and cultural dissemination.

- Resolution of 26 June 2024, by the Menéndez Pelayo International University, announcing an agreement with the CNMV to conduct the event titled "Fintech and the Challenge of Cryptoassets".

- CNMV Resolution of 26 June 2024, announcing an agreement with the International University of La Rioja to provide external curricular and extracurricular internships for students pursuing official bachelor's and master's degree programmes.

Other

– Resolution of 29 April 2024, of the Bank of Spain, announcing a collaboration agreement with Minsait-Indra Soluciones Tecnologías de la Información, SLU, to outline the general framework for experiments within the Bank of Spain's programme on using digital tokens to settle wholesale payment transactions.

European Securities Markets Authority (ESMA)

– Guidelines on benchmarking of diversity practices, including diversity policies and gender pay gap, under Directive 2013/36/EU and Directive (EU) 2019/2034 (18.12.2023). European Banking Authority (EBA).

– Guidelines on resubmission of historical data under the EBA reporting framework (09.04.2024). European Banking Authority (EBA).

– Guidelines on the application of the group capital test for investment firm groups in accordance to Article 8 of Regulation (EU) 2033/2019 (11.04.2024). European Banking Authority (EBA).

European Union regulations (in order of publication in the *OJEU*)

– Commission Delegated Regulation (EU) 2024/1507, of 22 February 2024, supplementing Regulation (EU) 2023/1114 of the European Parliament and of the Council by specifying the criteria and factors to be taken into account by the European Securities and Markets Authority, the European Banking Authority and the competent authorities in relation to their intervention powers.

  Published in the *OJEU* (L) No. 1507, of 30 May 2024, pp. 1–9.

IV Statistics Annex

1 Markets

1.1 Equity

Share issues and public offerings[1]

TABLE 1.1

	2021	2022	2023	2023 III	2023 IV	2024 I	2024 II	2024 III
NO. OF ISSUERS								
Total	32	27	20	11	6	8	14	12
Capital increases	31	27	20	11	6	8	14	12
Primary offerings	1	1	0	0	0	0	1	0
Bonus issues	14	12	11	7	2	3	0	0
Of which, scrip dividend	10	11	10	7	1	3	4	3
Capital increases by conversion	4	4	3	2	1	2	6	3
For non-monetary consideration	4	2	1	1	0	0	1	0
With pre-emptive subscription rights	4	2	2	0	1	1	1	1
Without trading warrants	10	10	4	1	2	3	4	4
Secondary offerings	1	0	0	0	0	0	1	0
NO. OF ISSUES								
Total	50	55	39	13	7	9	26	14
Capital increases	49	55	39	13	7	9	25	14
Primary offering	1	1	0	0	0	0	1	0
Bonus issues	20	16	15	7	2	3	4	4
Of which, scrip dividend	16	15	14	7	1	3	4	3
Capital increases by conversion	4	14	14	4	2	2	13	5
For non-monetary consideration	5	5	1	1	0	0	2	0
With pre-emptive subscription rights	4	2	2	0	1	1	1	1
Without trading warrants	15	17	7	1	2	3	4	4
Secondary offerings	1	0	0	0	0	0	1	0
CASH VALUE (millions of euros)								
Total	19,906.1	6,111.8	3,677.5	1,996.0	269.5	1,086.9	4,075.5	3,526.1
Capital increases	17,705.8	6,111.8	3,677.5	1,996.0	269.5	1,086.9	2,687.5	3,526.1
Primary offering	100.0	200.0	0.0	0.0	0.0	0.0	1,384.5	0.0
Bonus issues	5,478.1	3,591.5	3,281.0	1,983.7	236.2	939.4	251.4	1,963.0
Of which, scrip dividend	5,451.8	3,590.0	3,279.5	1,983.7	234.6	939.4	251.4	1,962.9
Capital increases by conversion	109.5	81.6	51.5	7.1	2.3	12.2	364.1	5.9
For non-monetary consideration[2]	3,525.3	1,381.2	5.2	5.2	0.0	0.0	259.6	0.0
With pre-emptive subscription rights	7,060.4	254.2	181.1	0.0	31.0	39.8	42.9	12.0
Without trading warrants	1,432.6	603.3	158.5	0.0	0.0	95.4	384.8	1,545.2
Secondary offerings	2,200.2	0.0	0.0	0.0	0.0	0.0	1,388.1	0.0
NOMINAL VALUE (millions of euros)								
Total	4,967.2	529.6	277.3	133.9	21.1	78.9	118.0	438.7
Capital increases	4,884.9	529.6	277.3	133.9	21.1	78.9	99.8	438.7
Primary offering	5.4	0.8	0.0	0.0	0.0	0.0	3.5	0.0
Bonus issues	796.2	334.4	208.8	127.5	1.6	68.2	1.6	114.7
Of which, scrip dividend	770.0	332.9	207.3	127.5	0.1	68.2	1.6	114.5
Capital increases by conversion	46.3	6.5	40.7	5.6	0.1	2.1	18.0	2.8
For non-monetary consideration	3,289.0	19.3	0.8	0.8	0.0	0.0	0.6	0.0
With pre-emptive subscription rights	98.8	22.9	21.8	0.0	19.4	2.6	7.1	8.0
Without trading warrants	649.2	145.6	5.1	0.0	0.0	5.9	68.9	313.3
Secondary offerings	82.3	0.0	0.0	0.0	0.0	0.0	18.2	0.0
***Pro memoria*: transactions BME Growth[3]**								
No. of issuers	44	41	35	15	13	14	14	15
No. of issues	77	88	111	24	36	31	27	23
Cash value (millions of euros)	2,440.8	2,329.5	1,517.9	496.6	350.6	75.6	67.1	99.5
Capital increases	2,440.8	2,329.5	1,517.9	496.6	350.6	75.6	67.1	99.5
Of which, primary offerings	1,654.2	1,487.1	986.7	455.1	50.2	0.0	30.3	0.0
Secondary offerings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1 Registered transactions at the CNMV. Does not include data from BME Growth, ETF or Latibex.
2 Capital increases for non-monetary consideration are valued at market prices.
3 Unregistered transactions at the CNMV. Source: BME and CNMV.

Companies listed[1]

TABLE 1.2

	2021	2022	2023	2023 III	2023 IV	2024 I	2024 II	2024 III[4]
Total electronic market[2]	123	121	120	120	120	120	120	120
Of which, foreign companies	6	6	8	8	8	8	8	8
Second market	0	0	0	0	0	0	0	0
Madrid	0	0	0	0	0	0	0	0
Barcelona	0	0	0	0	0	0	0	0
Bilbao	0	0	0	0	0	0	0	0
Valencia	0	0	0	0	0	0	0	0
Open outcry	10	9	8	8	8	8	8	8
Madrid	3	3	3	3	3	3	3	3
Barcelona	6	6	5	5	5	5	5	5
Bilbao	2	2	0	0	0	0	0	0
Valencia	1	0	2	2	2	2	2	2
BME MTF Equity[3]	2,432	1,349	655	677	655	655	659	652
Latibex	19	19	18	18	18	18	18	18

1 Data at the end of period.
2 Without ETFs (Exchange Traded Funds).
3 Alternative Stock Market.
4 Data available: August 2024.

Capitalisation[1]

TABLE 1.3

Millions of euros

	2021	2022	2023	2023 III	2023 IV	2024 I	2024 II	2024 III[6]
Total electronic market[2]	781,805.0	724,476.0	862,511.2	804,856.2	862,511.2	927,728.4	891,512.5	931,827.3
Of which, foreign companies[3]	147,213.9	141,178.4	195,490.0	179,416.9	195,490.0	218,450.2	182,002.4	193,179.3
Ibex 35	475,870.0	438,222.8	520,388.7	489,171.6	520,388.7	569,051.0	561,223.0	585,646.4
Second market	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Madrid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Barcelona	0.0	0.0	0.0	0.0	0.0	0.0	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	1,319.3	1,227.9	1,366.5	1,242.2	1,366.5	1,417.4	1,508.1	1,585.8
Madrid	23.1	32.8	33.2	34.5	33.2	31.2	29.3	27.7
Barcelona	1,258.7	1,201.5	1,234.0	1,214.2	1,234.0	1,238.1	1,238.1	1,236.5
Bilbao	19.2	0.0	14.7	14.7	14.7	14.7	14.7	13.1
Valencia	45.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BME MTF Equity[4, 5]	48,656.9	39,070.4	34,634.1	34,337.9	34,634.1	36,299.1	37,169.5	36,344.4
Latibex	196.1	228.5	305.9	283.6	305.9	302.5	313.6	317.7

1 Data at the end of period.
2 Without ETFs (Exchange Traded Funds).
3 Capitalisation of foreign companies includes their entire shares, whether they are deposited in Spain or not.
4 Calculated only with outstanding shares, not including treasury shares, because capital stock is not reported until the end of the year.
5 Alternative Stock Market.
6 Data available: August 2024.

Trading

TABLE 1.4

Millions of euros

				2023		2024		
	2021	2022	2023	III	IV	I	II	III[3]
Total electronic market[1]	372,972.8	356,572.7	296,496.0	88,222.7	74,509.6	61,414.8	72,348.9	76,382.2
Of which, foreign companies	4,343.6	4,770.9	3,489.3	885.9	885.9	503.4	2,443.2	2,637.1
Second market	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Madrid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Barcelona	0.0	0.0	0.0	0.0	0.0	0.0	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	7.4	8.3	6.7	1.0	0.9	0.1	0.3	2.5
Madrid	0.1	0.6	0.2	0.0	0.0	0.0	0.0	0.0
Barcelona	7.4	7.7	5.6	0.0	0.0	0.0	0.0	0.0
Bilbao	0.0	0.0	1.0	1.0	0.9	0.1	0.3	2.5
Valencia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BME MTF Equity[2]	3,559.2	3,837.3	3,901.4	996.8	732.5	528.8	613.5	862.2
Latibex	48.9	93.4	93.0	28.9	18.2	11.4	7.2	35.5

1 Without ETFs (Exchange Traded Funds).
2 Alternative Stock Market.
3 Data available: August 2024.

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

TABLE 1.5

Millions of euros

				2023		2024		
	2021	2022	2023	III	IV	I	II	III[2]
Regular trading	355,841.2	342,364.3	290,657.5	60,310.7	70,828.8	73,449.3	90,825.3	41,202.7
Orders	237,430.5	247,439.8	209,439.7	44,760.7	51,875.1	58,228.2	64,012.4	33,410.3
Put-throughs	40,006.0	35,058.8	27,822.5	5,441.9	6,314.9	7,946.7	8,265.7	4,042.7
Block trades	78,404.7	59,865.7	53,395.3	10,108.1	12,638.9	7,274.4	18,547.3	3,749.7
Off-hours	4,890.0	3,873.0	2,291.9	299.5	364.5	1,194.9	518.4	421.1
Authorised trades	1,213.3	867.1	387.0	183.9	52.9	51.4	104.0	199.9
Art. 36.1 SMA trades	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tender offers	5,306.1	5,125.0	0.0	0.0	0.0	994.5	1,168.9	0.0
Public offerings for sale	1,723.2	467.5	72.4	0.0	0.0	0.0	2,997.3	616.7
Declared trades	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Options	2,787.7	2,458.4	2,175.3	461.2	848.5	412.9	555.7	157.9
Hedge transactions	1,211.5	1,417.5	911.9	159.5	254.3	297.3	210.0	162.6

1 No incluye ETF (*Exchange Traded Funds*).
2 Datos disponibles: agosto de 2024.

1.2 Fixed income

Gross long-term issues registered at the CNMV

TABLE 1.6

	2021	2022	2023	2023 III	2023 IV	2024 I	2024 II	2024 III
NO. OF ISSUERS								
Total	30	27	28	8	3	7	4	3
Mortgage-covered bonds	7	8	9	0	0	4	0	0
Territorial-covered bonds	3	3	1	0	0	0	0	0
Non-convertible bonds and debentures	10	7	9	4	0	0	0	0
Convertible bonds and debentures	3	2	3	0	0	2	0	0
Backed securities	12	11	11	3	3	1	4	3
Other fixed-income issues	1	0	2	0	0	0	0	0
Preference shares	3	0	3	1	0	1	0	0
NO. OF ISSUES								
Total	156	127	109	26	10	10	16	18
Mortgage-covered bonds	16	21	18	0	0	5	0	0
Territorial-covered bonds	3	4	1	0	0	0	0	0
Non-convertible bonds and debentures	81	45	29	6	0	0	0	0
Convertible bonds and debentures	4	4	3	0	0	2	0	0
Backed securities	48	53	52	19	10	2	16	18
Other fixed-income issues	1	0	3	0	0	0	0	0
Preference shares	3	0	3	1	0	1	0	0
NOMINAL AMOUNT (millions of euros)								
Total	81,210.7	84,866.9	54,982.6	3,789.8	6,010.5	6,050.0	8,131.1	2,370.2
Mortgage-covered bonds	28,920.0	31,350.0	20,550.0	0.0	0.0	2,700.0	0.0	0.0
Territorial-covered bonds	5,500.0	3,540.0	750.0	0.0	0.0	0.0	0.0	0.0
Non-convertible bonds and debentures	24,756.7	27,532.2	13,156.9	1,489.3	0.0	0.0	0.0	0.0
Convertible bonds and debentures	1,210.0	1,800.0	1,130.0	0.0	0.0	600.0	0.0	0.0
Backed securities	18,375.7	20,644.7	14,665.5	2,050.5	6,010.5	2,000.0	8,131.1	2,370.2
Other fixed-income issues	823.3	0.0	3,380.2	0.0	0.0	0.0	0.0	0.0
Preference shares	1,625.0	0.0	1,350.0	250.0	0.0	750.0	0.0	0.0
Pro memoria:								
Subordinated issues	5,727.2	1,825.1	3,864.3	538.9	836.5	950.0	525.4	303.9

Issues admitted to trading on AIAF[1]

TABLE 1.7

Nominal amount in millions of euros

	2021	2022	2023	2023 III	2023 IV	2024 I	2024 II	2024 III
Total	78,865.8	98,766.9	75,208.8	11,519.0	11,749.6	12,170.3	13,903.8	11,007.0
Commercial paper	20,157.0	39,524.5	25,705.6	8,114.1	2,399.6	2,450.8	2,654.9	4,421.1
Bonds and debentures	3,288.1	3,707.7	6,215.2	961.9	1,139.5	1,719.5	767.8	1,215.7
Mortgage-covered bonds	0.0	0.0	130.0	0.0	0.0	0.0	100.0	0.0
Territorial-covered bonds	28,920.0	31,350.0	22,750.0	0.0	2,200.0	4,500.0	1,750.0	3,000.0
Backed securities	5,500.0	3,540.0	750.0	0.0	0.0	0.0	0.0	0.0
Preference shares	18,375.7	20,644.7	14,808.0	2,193.0	6,010.5	2,000.0	8,131.1	2,370.2
Matador bonds	1,625.0	0.0	1,350.0	250.0	0.0	750.0	0.0	0.0
Other fixed-income issues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1 Only corporate bonds are included.

AIAF. Issuers, issues and outstanding balance

TABLE 1.8

	2021	2022	2023	2023 III	2023 IV	2024 I	2024 II	2024 III
NO. OF ISSUERS								
Total	292	272	265	264	265	259	256	254
Corporate bonds	255	236	231	229	231	225	222	220
Commercial paper	7	6	9	10	9	9	11	11
Bonds and debentures	37	31	31	31	31	31	31	29
Mortgage-covered bonds	27	23	24	23	24	23	23	23
Territorial-covered bonds	6	4	5	5	5	5	4	4
Backed securities	198	187	178	176	178	174	169	169
Preference shares	5	5	5	5	5	5	5	5
Matador bonds	3	3	3	3	3	3	3	3
Government bonds	38	36	34	35	34	34	34	34
Letras del Tesoro	1	1	1	1	1	1	1	1
Long government bonds	1	1	1	1	1	1	1	1
Regional government debt	15	14	12	13	12	12	12	12
Foreign public debt	13	13	12	12	12	12	12	12
Other public debt	11	9	9	9	9	9	9	9
NO. OF ISSUES								
Total	2,451	2,353	2,221	2,258	2,221	2,163	2,196	2,204
Corporate bonds	1,453	1,370	1,228	1,245	1,228	1,199	1,174	1,210
Commercial paper	54	121	146	134	146	140	135	181
Bonds and debentures	469	367	231	264	231	223	218	199
Mortgage-covered bonds	183	156	154	159	154	155	151	153
Territorial-covered bonds	18	13	12	12	12	12	11	11
Backed securities	715	699	671	661	671	654	646	653
Preference shares	11	11	11	12	11	12	10	10
Matador bonds	3	3	3	3	3	3	3	3
Government bonds	998	983	993	1,013	993	964	1,022	994
Letras del Tesoro	12	12	12	12	12	12	12	12
Long government bonds	233	232	227	229	227	231	228	225
Regional government debt	171	155	148	158	148	151	156	155
Foreign public debt	558	560	576	585	576	538	592	566
Other public debt	24	24	30	29	30	32	34	36
OUTSTANDING BALANCE[1] (millions of euros)								
Total	6,261,394.3	6,036,311.1	10,012, 218.8	9,996,668.2	10,012,218.8	9,862,073.3	10,404,616.1	10,365,689.5
Corporate bonds	432,063.7	384,144.5	376,059.6	382,671.8	376,059.6	370,395.4	365,826.1	364,448.1
Commercial paper	5,747.3	8,715.2	7,353.6	6,694.0	7,353.6	6,742.4	6,425.1	6,188.4
Bonds and debentures	43,975.9	37,838.3	43,165.8	43,872.7	43,165.8	42,624.0	42,023.5	41,315.1
Mortgage-covered bonds	199,681.7	175,698.3	175,818.0	181,775.8	175,810.0	175,667.9	174,023.0	176,984.8
Territorial-covered bonds	17,544.0	12,585.0	13,040.0	13,040.0	13,040.0	13,040.0	12,790.0	12,790.0
Backed securities	156,695.2	140,888.0	128,512.5	129,088.7	128,512.5	124,006.4	123,644.9	120,250.2
Preference shares	8,225.0	8,225.0	7,975.0	8,006.0	7,975.0	8,120.0	6,725.0	6,725.0
Matador bonds	194.6	194.6	194.6	194.6	194.6	194.6	194.6	194.6
Government bonds	5,829,330.6	5,652,166.6	9,636,159.3	9,613,996.4	9,636,159.3	9,491,677.9	10,038,790.0	10,001,241.3
Letras del Tesoro	79,409.6	74,881.0	71,599.3	71,485.1	71,599.3	71,590.1	72,659.3	74,445.5
Long government bonds	1,094,574.1	1,184,497.3	1,273,792.3	1,268,136.6	1,273,792.3	1,319,220.7	1,326,567.0	1,344,198.5
Regional government debt	36,131.2	35,109.3	36,592.0	37,590.6	36,592.0	38,009.1	37,742.8	37,265.9
Foreign public debt	4,592,786.5	4,339,951.8	8,214,367.3	8,197,432.5	8,214,367.3	8,021,446.0	8,559,310.6	8,501,693.1
Other public debt	26,429.1	17,727.1	39,808.4	39,351.6	39,808.4	41,412.0	42,510.3	43,638.3

1 Nominal amount.

AIAF. Trading

TABLE 1.9

Nominal amount in millions of euros

	2021	2022	2023	2023 III	2023 IV	2024 I	2024 II	2024 III
BY TYPE OF ASSET								
Total	47,719.0	18,782.9	22,968.1	2,979.1	5,619.6	2,242.1	1,360.3	732.5
Corporate bonds	174.3	106.7	102.1	23.6	26.7	29.6	31.2	19.3
Commercial paper	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bonds and debentures	174.3	105.8	100.2	23.6	26.5	29.4	30.8	19.3
Mortgage-covered bonds	0.0	0.0	0.7	0.0	0.0	0.2	0.0	0.0
Territorial-covered bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Backed securities	0.0	0.9	0.0	0.0	0.0	0.0	0.0	0.0
Preference shares	0.0	0.0	1.2	0.0	0.2	0.0	0.4	0.0
Matador bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Government bonds	47,544.7	18,676.2	22,866.0	2,955.6	5,592.9	2,212.5	1,329.1	713.2
Letras del Tesoro	5,186.3	730.3	803.3	60.9	280.5	54.9	58.6	50.8
Long government bonds	21,997.4	5,623.7	9,337.8	1,808.4	3,288.7	1,213.1	842.7	662.3
Regional government debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign public debt	20,361.0	12,322.3	12,724.9	1,086.3	2,023.7	944.4	427.7	0.0
Other public debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BY TYPE OF TRANSACTION								
Total	47,719.0	18,782.9	22,968.1	2,979.1	5,619.6	2,242.1	1,360.3	732.5
Outright	47,719.0	18,782.9	22,968.1	2,979.1	5,619.6	2,242.1	1,360.3	732.5
Repos	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sell-buybacks/Buy-sellbacks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

AIAF. Third-party trading. By purchaser sector

TABLE 1.10

Nominal amount in millions of euros

	2021	2022	2023	2023 III	2023 IV	2024 I	2024 II	2024 III
Total	47,564.1	18,771.9	22,952.9	2,978.2	5,617.0	2,240.7	1,358.3	730.3
Non-financial companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial institutions	47,564.1	18,771.9	22,952.9	2,978.2	5,617.0	2,240.7	1,358.3	730.3
Credit institutions	278.3	92.6	256.1	49.2	107.6	124.9	87.5	34.7
CIS, insurance and pension funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial institutions	47,285.8	18,679.3	22,696.8	2,929.0	5,509.5	2,115.8	1,270.8	695.6
General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Households and NPISHs[1]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rest of the world	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1 Non-profit institutions serving households.

Equity markets. Issuers, issues and outstanding balances

TABLE 1.11

	2021	2022	2023	2023 III	2023 IV	2024 I	2024 II	2024 III[3]
NO. OF ISSUERS								
Total	10	8	7	8	7	7	7	7
Private issuers	4	4	4	4	4	4	4	4
Non-financial companies	0	0	0	0	0	0	0	0
Financial institutions	4	4	4	4	4	4	4	4
General government[1]	6	4	10	4	10	10	10	10
Regional governments	2	2	2	2	2	2	2	2
NO. OF ISSUES								
Total	49	40	34	36	34	34	33	33
Private issuers	11	11	10	10	10	10	10	10
Non-financial companies	0	0	0	0	0	0	0	0
Financial institutions	11	11	10	10	10	10	10	10
General government[1]	38	29	24	26	24	24	23	23
Regional governments	26	24	22	23	22	22	22	22
OUTSTANDING BALANCES[2] (millions of euros)								
Total	8,399.3	7,717.5	7,076.0	7,213.6	7,076.0	7,067.1	7,046.9	7,042.2
Private issuers	319.4	273.3	232.5	293.1	232.5	223.6	215.4	210.6
Non-financial companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial institutions	319.4	273.3	232.5	293.1	232.5	223.6	215.4	210.6
General government[1]	8,079.9	7,444.2	6,843.5	6,920.6	6,843.5	6,843.5	6,831.5	6,831.5
Regional governments	7,549.3	7,338.6	6,811.5	6,838.6	6,811.5	6,811.5	6,811.5	6,811.5

1 Without public book-entry debt.
2 Nominal amount.

SENAF. Public debt trading by type

TABLE 1.12

Nominal amounts in millions of euros

	2021	2022	2023	2023 III	2023 IV	2024 I	2024 II	2024 III
Total	174,959.0	100,432.0	174,703.0	45,593.0	32,937.0	20,758.0	26,854.0	26,470.0
Outright	174,959.0	100,432.0	174,703.0	45,593.0	32,937.0	20,758.0	26,854.0	26,470.0
Sell-buybacks/Buy-sellbacks	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

1.3 Derivatives and other products

1.3.1 Financial derivative markets: MEFF

Trading on MEFF

TABLE 1.13

Number of contracts

	2021	2022	2023	2023 III	2023 IV	2024 I	2024 II	2024 III
Debt products	0	0	0	0	0	0	0	0
Debt futures[1]	0	0	0	0	0	0	0	0
Ibex 35 products[2, 3]	5,547,599	5,693,086	4,748,749	1,125,685	1,237,465	1,161,815	1,129,368	1,129,376
Ibex 35 plus futures	5,260,568	5,445,516	4,615,051	1,099,672	1,196,818	1,124,189	1,084,864	1,101,407
Ibex 35 mini futures	92,657	93,450	61,215	16,489	15,115	15,000	15,270	16,863
Ibex 35 micro futures	0	0	0	0	0	0	0	0
Ibex 35 dividend impact futures	45,450	19,708	16,640	1,200	9,000	3,675	5,050	2,850
Ibex 35 sector futures	0	0	0	0	0	0	0	0
Call mini options	69,667	42,485	24,192	3,338	8,961	9,792	12,789	3,219
Put mini options	79,257	91,927	31,651	4,986	7,571	9,160	11,396	5,038
Stock products[4]	25,434,719	25,333,109	24,111,351	5,344,556	5,058,517	6,060,113	6,210,667	4,083,066
Futures	11,346,047	10,313,726	11,279,153	3,126,509	1,157,476	3,468,508	3,666,397	953,426
Stock dividend futures	2,100	12,550	1,050	50	450	34,385	35,416	22,350
Stock plus dividend futures	20,800	13,510	20,381	12,224	4,067	8,134	8,134	0
Call options	6,131,488	7,900,379	5,832,613	817,032	1,940,726	1,071,580	1,545,873	1,295,732
Put options	7,934,284	7,092,944	6,978,154	1,388,741	1,955,798	1,477,506	954,847	1,811,558

1 Contract size: €100,000.
2 The number of Ibex 35 mini futures (multiples of €1) and micro futures (multiples of €0.1) was standardised to the size of the Ibex 35 plus futures (multiples of €10).
3 Contract size: Ibex 35, €10.
4 Contract size: 100 stocks.

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

Issues registered at the CNMV[1]

TABLE 1.14

	2021	2022	2023	2023 III	2023 IV	2024 I	2024 II	2024 III
WARRANTS								
Premium amount (millions of euros)	2,142.7	5,233.0	4,482.7	944.5	0.0	0.0	0.0	0.0
On stocks	792.8	1,595.9	752.4	220.3	0.0	0.0	0.0	0.0
On indexes	1,258.6	3,014.2	3,590.3	701.0	0.0	0.0	0.0	0.0
On commodities	87.1	493.6	124.6	22.0	0.0	0.0	0.0	0.0
On exchange rates	4.2	18.2	14.9	0.7	0.0	0.0	0.0	0.0
On derivatives	0.0	111.1	0.5	0.5	0.0	0.0	0.0	0.0
Number of issues	4,581	7,383	6,480	1,391	0	0	0	0
Number of issuers	3	2	2	2	0	0	0	0

1 Due to the entry into force of Security Markets Act (Law 6/2023), as of September, no warrant issuances were registered with CNMV.

Equity markets. Warrants and ETF trading

TABLE 1.15

	2021	2022	2023	2023 III	2023 IV	2024 I	2024 II	2024 III[4]
WARRANTS								
Trading (millions of euros)	289.2	599.6	381.1	109.0	88.3	29.7	33.3	14.2
On Spanish stocks	123.3	86.0	53.4	11.1	9.4	6.1	6.9	1.5
On foreign stocks	18.2	26.4	18.4	3.1	2.0	3.5	1.4	1.3
On indexes	143.4	436.8	293.5	92.6	72.1	18.7	24.7	11.4
Other underlyings[1]	4.3	50.4	12.6	1.8	2.0	0.4	0.1	0.0
Number of issues[2]	3,249	3,938	3,449	852	580	355	238	144
Number of issuers[2]	4	2	3	2	3	2	2	2
CERTIFICATES								
Trading (millions of euros)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of issues[2]	1	0	0	0	0	0	0	0
Number of issuers[2]	1	0	0	0	0	0	0	0
ETFs								
Trading (millions of euros)	1,549.0	1,604.8	1,297.3	361.2	326.7	298.4	243.6	153.3
Number of funds	5	5	5	5	5	5	6	6
Assets[3] (millions of euros)	259.8	241.2	222.5	220.8	222.5	248.8	238.8	240.2

1 It includes the following underlying: baskets of stocks, exchange rates, interest rates and commodities.
2 Issues or issuers which were traded in each period.
3 Only assets from national collective investment schemes are included because assets from foreign schemes are not available.
4 Data available: August 2024.

2 Investment services

Investment services. Spanish firms, branches and agents

TABLE 2.1

	2021	2022	2023	2023 III	2023 IV	2024 I	2024 II	2024 III
BROKER-DEALERS								
Spanish firms	33	34	39	38	39	39	40	40
Branches in Spain	13	15	16	16	16	18	19	19
Agents operating in Spain	1,359	1,222	1,306	1,273	1,306	1,332	1,400	1,415
Branches in EEA[1]	4	5	5	5	5	5	5	5
Firms providing services in EEA[1]	20	23	25	25	25	25	27	24
Passports to operate in EEA[1, 2]	161	204	262	255	262	254	256	255
BROKERS								
Spanish firms	58	61	60	62	60	62	62	61
Branches in Spain	21	20	25	20	25	33	32	34
Agents operating in Spain	729	1,246	1,333	1,312	1,333	1,351	1,371	1,376
Branches in EEA[1]	4	6	3	4	3	3	5	2
Firms providing services in EEA[1]	30	32	34	34	34	35	32	33
Passports to operate in EEA[1, 2]	200	211	234	227	234	237	234	235
PORTFOLIO MANAGEMENT COMPANIES								
Spanish firms	0	0	0	0	0	0	0	0
FINANCIAL ADVISORY FIRMS3								
Spanish firms	140	143	143	144	143	92	89	89
Branches in Spain	21	21	16	21	16	8	8	7
Agents operating in Spain	17	26	24	24	24	23	24	23
Branches in EEA[1]	1	0	0	0	0	0	0	0
Firms providing services in EEA[1]	26	23	22	23	22	23	23	22
Passports to operate in EEA[1, 2]	49	46	46	47	46	47	56	44
NATIONAL FINANCIAL ADVISORY FIRMS[3]								
Spanish firms	-	-	-	-	-	47	49	51
Branches in Spain	-	-	-	-	-	0	0	0
Agents operating in Spain	-	-	-	-	-	0	0	0
CREDIT INSTITUTIONS[4]								
Spanish firms	108	108	108	109	108	108	107	107

1 EEA: European Economic Area.
2 Number of passports to provide services in the EEA. The same entity may provide investment services in one or more Member States.
3 The entry into force of Security Markets Act (Law 6/2023) has created a new entity type, the National financial advisory firm (EAFN), as defined in Article 128.5.a).
4 Source: Banco de España [Bank of Spain] and CNMV.

Investment services. Foreign firms

TABLE 2.2

	2021	2022	2023	2023 III	2023 IV	2024 I	2024 II	2024 III
Total	1,369	1,432	1,442	1,325	1,442	1,455	1,464	1,466
Investment services firms	952	974	873	868	873	887	896	897
From EU Member states	947	968	864	862	864	877	885	885
Branches	41	43	47	46	47	49	48	51
Free provision of services	906	925	817	816	817	828	837	834
From non-EU States	5	6	9	6	9	10	11	12
Branches	2	2	2	2	2	2	2	2
Free provision of services	3	4	7	4	7	8	9	10
Credit institutions[1]	417	458	569	457	569	568	568	569
From EU Member states	412	452	563	451	563	562	562	563
Branches	52	52	49	50	49	49	50	49
Free provision of services	360	400	514	401	514	513	512	514
Subsidiaries of free provision of services institutions	0	0	0	0	0	0	0	0
From non-EU States	5	6	6	6	6	6	6	6
Branches	3	3	3	3	3	3	3	3
Free provision of services	2	3	3	3	3	3	3	3

1 Source: Banco de España [Bank of Spain] and CNMV.

Intermediation of spot transactions[1]

TABLE 2.3

Millions of euros

				2023			2024	
	2021	2022	2023	II	III	IV	I	II
FIXED INCOME								
Total	2,594,772.6	2,901,223.2	3,094,018.9	794,607.8	727,585.5	706,400.1	795,750.4	677,310.2
Broker-dealers	2,585,400.6	2,890,878.3	3,083,705.8	792,421.3	723,262.9	704,852.1	795,210.8	676,672.2
Spanish organised markets	1,191,945.3	662,074.8	487,314.3	123,710.8	123,584.2	118,739.1	126,818.9	129,789.6
Other Spanish markets	910,070.8	1,289,213.6	1,341,113.2	331,687.3	303,089.5	311,569.0	457,941.3	313,325.3
Foreign markets	483,384.5	939,589.9	1,255,278.3	337,023.2	296,589.2	274,544.0	210,450.6	233,557.3
Brokers	9,372.0	10,344.9	10,313.1	2,186.5	4,322.6	1,548.0	539.6	638.0
Spanish organised markets	1,017.0	2,044.6	942.5	170.7	113.1	249.0	118.2	81.9
Other Spanish markets	66.4	454.6	402.9	33.9	114.3	169.9	88.7	134.1
Foreign markets	8,288.6	7,845.7	8,967.7	1,981.9	4,095.2	1,129.1	332.7	422.0
EQUITY								
Total	1,200,274.7	146,070.1	170,438.0	65,959.9	25,517.6	30,320.6	24,704.6	27,365.9
Broker-dealers	1,180,119.1	130,376.3	144,950.8	61,526.6	21,311.3	24,152.7	20,067.8	24,137.4
Spanish organised markets	76,177.3	38,170.8	43,121.6	14,931.2	5,829.9	7,142.0	7,811.5	14,940.9
Other Spanish markets	6,870.4	2,802.8	2,982.2	687.0	517.9	807.3	741.1	816.6
Foreign markets	1,097,071.4	89,402.7	98,847.0	45,908.4	14,963.5	16,203.4	11,515.2	8,379.9
Brokers	20,155.6	15,693.8	25,487.2	4,433.3	4,206.3	6,167.9	4,636.8	3,228.5
Spanish organised markets	6,622.8	5,978.1	8,385.6	1,579.4	1,317.5	3,328.0	2,102.0	2,101.4
Other Spanish markets	1,486.3	864.8	7,448.4	248.3	151.1	121.3	119.1	66.8
Foreign markets	12,046.5	8,850.9	9,653.2	2,605.6	2,737.7	2,718.6	2,415.7	1,060.3

1 Period accumulated data. Quarterly.

Intermediation of derivative transactions[1, 2]

TABLE 2.4

Millions of euros

				2023			2024	
	2021	2022	2023	II	III	IV	I	II
Total	9,485,119.1	9,792,568.5	8,922,442.0	2,190,955.1	1,868,093.7	2,208,419.7	2,392,988.4	2,139,069.0
Broker-dealers	9,350,998.3	8,817,459.1	7,889,992.0	1,883,370.6	1,706,226.7	2,026,266.4	2,212,698.6	2,013,064.5
Spanish organised markets	4,273,458.5	4,192,650.3	3,344,015.7	767,313.4	779,725.4	848,296.9	773,494.8	772,882.5
Foreign organised markets	4,122,054.3	4,451,806.6	4,433,507.7	1,086,613.4	909,557.2	1,140,492.0	1,420,011.3	1,151,994.4
Non-organised markets	955,485.5	173,002.2	112,468.6	29,443.8	16,944.1	37,477.5	19,192.5	88,187.6
Brokers	134,120.8	975,109.4	1,032,450.0	307,584.5	161,867.0	182,153.3	180,289.8	126,004.5
Spanish organised markets	6,858.9	9,075.1	6,064.8	1,093.8	797.3	2,199.0	2,762.4	3,842.7
Foreign organised markets	124,124.2	960,541.5	1,016,950.8	303,264.6	159,040.4	179,394.9	176,295.8	113,451.7
Non-organised markets	3,137.7	5,492.8	9,434.4	3,226.1	2,029.3	559.4	1,231.6	8,710.1

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 applies. 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

	2021	2022	2023	2023 II	2023 III	2023 IV	2024 I	2024 II
NUMBER OF PORTFOLIOS								
Total[2]	89,646	103,905	113,597	109,790	112,876	113,597	119,924	125,880
Broker-dealers. Total	19,317	21,914	19,503	21,362	20,838	19,503	18,754	18,906
CIS[3]	38	29	24	24	23	24	26	26
Other[4]	19,279	21,885	19,479	21,338	20,815	19,479	18,728	18,880
Brokers. Total	70,329	81,991	94,094	88,428	92,038	94,094	101,170	106,974
CIS[3]	64	38	45	48	44	45	45	40
Other[4]	70,265	81,953	94,049	88,380	91,994	94,049	101,125	106,934
ASSETS UNDER MANAGEMENT (thousands of euros)								
Total[2]	8,088,415	8,206,522	10,444,200	9,495,573	10,009,033	10,444,200	11,163,402	11,507,699
Broker-dealers. Total	2,907,767	2,901,726	3,207,358	3,160,950	3,136,431	3,207,358	3,358,927	3,361,832
CIS[3]	592,849	393,165	337,662	338,712	339,821	337,662	345,793	347,263
Other[4]	2,314,918	2,508,561	2,869,696	2,822,238	2,796,610	2,869,696	3,013,134	3,014,569
Brokers. Total	5,180,648	5,304,796	7,236,842	6,334,623	6,872,602	7,236,842	7,804,475	8,145,867
CIS[3]	1,125,208	1,276,836	2,227,407	1,572,117	2,146,842	2,227,407	2,031,524	2,321,325
Other[4]	4,055,440	4,027,960	5,009,435	4,762,506	4,725,760	5,009,435	5,772,951	5,824,542

1 Data at the end of period. Quarterly.
2 Only data on broker-dealers and brokers are shown.
3 It includes both resident and non-resident CIS management.
4 It 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[1, 2]

TABLE 2.6

	2021	2022	2023	2023 II	2023 III	2023 IV	2024 I	2024 II
NUMBER OF CONTRACTS								
Total[3]	34,006	48,139	65,516	59,425	47,738	65,516	55,122	71,943
Broker-dealers. Total	9,727	20,133	26,066	22,293	23,869	26,066	27,561	29,779
Retail clients	9,674	20,076	25,992	22,218	23,789	25,992	27,487	29,703
Professional clients	48	43	57	58	63	57	57	59
Eligible counterparties	5	14	17	17	17	17	17	17
Brokers. Total	24,279	28,006	39,450	37,132	23,869	39,450	27,561	42,164
Retail clients	24,007	27,638	39,028	36,744	23,789	39,028	27,487	41,734
Professional clients	235	327	385	349	63	385	57	393
Eligible counterparties	37	41	37	39	17	37	17	37
***Pro memoria*: commission received for financial advice[4]** (thousands of euros)								
Total[3]	48,086	45,484	49,564	18,611	29,170	49,564	11,115	22,201
Broker-dealers	7,944	7,937	11,624	4,150	7,384	11,624	4,123	7,404
Brokers	40,142	37,547	37,940	14,461	21,786	37,940	6,992	14,797

1 Data at the end of period. Quarterly.
2 Quarterly data on assets advised are not available since the entry into force of CNMV Circular 3/2014, of 22 October.
3 Only data on broker-dealers and brokers are shown.
4 Accumulated data from the beginning of the year to the last day of every quarter. It includes companies removed during the year.

Aggregated income statement. Broker-dealers

TABLE 2.7

Thousands of euros[1]

				2023		2024		
	2021	2022	2023	III	IV	I	II	III[2]
I. Interest income	41,565	66,519	80,476	56,155	80,476	13,810	63,586	65,996
II. Net commission	265,790	191,789	213,216	151,861	213,216	61,026	119,140	138,504
Commission revenues	481,945	293,594	315,902	227,512	315,902	87,828	178,753	207,042
Brokering	164,293	105,849	117,833	88,817	117,833	34,180	66,369	75,342
Placement and underwriting	86,324	7,881	7,047	2,872	7,047	1,290	3,619	4,417
Securities deposit and recording	36,880	32,979	32,507	24,115	32,507	8,048	16,402	18,722
Portfolio management	15,860	14,096	17,588	11,187	17,588	4,498	8,656	9,969
Design and advice	20,316	19,162	21,142	13,829	21,142	6,193	11,049	12,889
Stock search and placement	5,306	1,010	921	753	921	218	1,326	2,471
Market credit transactions	0	0	0	0	0	0	0	0
CIS marketing	64,608	63,402	67,896	50,775	67,896	18,569	36,673	43,234
Other	88,356	49,215	50,967	35,165	50,967	14,831	34,658	39,998
Commission expenses	216,155	101,805	102,686	75,651	102,686	26,802	59,613	68,538
III. Financial investment income	32,733	57,558	41,037	30,874	41,037	10,606	18,325	20,434
IV. Net exchange differences and other operating products and expenses	35,370	1,372	6,726	4,728	6,726	2,364	4,455	4,388
V. Gross income	375,458	317,238	341,455	243,618	341,455	87,806	205,506	229,322
VI. Operating income	88,966	90,039	102,285	74,605	102,285	28,535	87,222	90,738
VII. Earnings from continuous activities	93,481	82,156	95,053	73,003	95,053	24,238	80,822	83,944
VIII. Net earnings from the period	90,708	82,156	95,053	73,003	95,053	24,238	80,822	83,944

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

2 Available data: July 2024.

Results of proprietary trading. Broker-dealers

TABLE 2.8

Thousands of euros[1]

	2021	2022	2023	2023 II	2023 III	2023 IV	2024 I	2024 II
TOTAL								
Total	108,249	122,542	128,333	66,321	91,900	128,333	26,827	86,367
Money market assets and public debt	3,039	-2,032	2,412	1,196	1,729	2,412	1,077	997
Other fixed-income securities	19,224	47,796	38,044	24,075	28,869	38,044	9,134	16,133
Domestic portfolio	4,920	7,462	8,477	4,614	6,490	8,477	4,441	6,784
Foreign portfolio	14,304	40,334	29,567	19,461	22,379	29,567	4,693	9,349
Equities	6,845	11,693	5,470	3,513	4,388	5,470	1,601	3,574
Domestic portfolio	5,281	7,200	2,705	1,902	2,321	2,705	1,215	2,961
Foreign portfolio	1,564	4,493	2,765	1,611	2,067	2,765	386	613
Derivatives	-21,138	2,064	-2,192	-1,490	-2,252	-2,192	-862	-1,078
Repurchase agreements	-6,446	-21	2,048	948	1,500	2,048	585	1,390
Market credit transactions	0	0	0	0	0	0	0	0
Deposits and other transactions with financial intermediaries	3,177	9,394	23,645	11,076	17,137	23,645	5,812	11,951
Net exchange differences	971	-273	-1,007	-294	231	-1,007	508	541
Other operating products and expenses	34,398	1,645	7,732	3,008	4,497	7,732	1,856	3,914
Other transactions	68,179	52,276	52,181	24,289	35,801	52,181	7,116	48,945
INTEREST INCOME								
Total	41,564	66,519	80,476	37,713	56,156	80,476	13,809	63,585
Money market assets and public debt	804	457	647	263	454	647	181	352
Other fixed-income securities	732	209	862	366	606	862	257	490
Domestic portfolio	81	76	479	212	327	479	156	278
Foreign portfolio	651	133	383	154	279	383	101	212
Equities	973	4,014	1,318	758	1,082	1,318	197	643
Domestic portfolio	539	630	627	303	550	627	98	288
Foreign portfolio	434	3,384	691	455	532	691	99	355
Repurchase agreements	-6,446	-21	2,048	948	1,500	2,048	585	1,390
Market credit transactions	0	0	0	0	0	0	0	0
Deposits and other transactions with financial intermediaries	3,177	9,394	23,645	11,076	17,137	23,645	5,812	11,951
Other transactions	42,324	52,466	51,956	24,302	35,377	51,956	6,777	48,759
FINANCIAL INVESTMENT INCOME								
Total	32,734	57,557	41,038	25,730	30,874	41,038	10,606	18,325
Money market assets and public debt	2,235	-2,489	1,765	933	1,275	1,765	896	645
Other fixed-income securities	18,492	47,587	37,182	23,709	28,263	37,182	8,877	15,643
Domestic portfolio	4,839	7,386	7,998	4,402	6,163	7,998	4,285	6,506
Foreign portfolio	13,653	40,201	29,184	19,307	22,100	29,184	4,592	9,137
Equities	5,872	7,679	4,152	2,755	3,306	4,152	1,404	2,931
Domestic portfolio	4,742	6,570	2,078	1,599	1,771	2,078	1,117	2,673
Foreign portfolio	1,130	1,109	2,074	1,156	1,535	2,074	287	258
Derivatives	-21,138	2,064	-2,192	-1,490	-2,252	-2,192	-862	-1,078
Other transactions	27,273	2,716	131	-177	282	131	291	184
EXCHANGE DIFFERENCES AND OTHER ITEMS								
Total	33,951	-1,534	6,819	2,878	4,870	6,819	2,412	4,457
Net exchange differences	971	-273	-1,007	-294	231	-1,007	508	541
Other operating products and expenses	34,398	1,645	7,732	3,008	4,497	7,732	1,856	3,914
Other transactions	-1,418	-2,906	94	164	142	94	48	2

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

Aggregated income statement. Brokers

TABLE 2.9

Thousands of euros[1]

				2023		2024		
	2021	2022	2023	III	IV	I	II	III[2]
I. Interest income	454	960	2,086	1,132	2,086	545	2,421	2,604
II. Net commission	173,785	170,724	176,882	127,479	176,882	40,435	86,657	106,816
Commission revenues	202,333	198,293	216,159	152,306	216,159	50,148	106,849	130,646
Brokering	14,140	18,030	16,754	13,430	16,754	2,611	4,802	5,532
Placement and underwriting	1,481	1,187	829	450	829	45	48	48
Securities deposit and recording	425	286	281	207	281	64	132	150
Portfolio management	22,874	23,388	26,700	19,096	26,700	7,397	15,377	18,081
Design and advice	40,421	38,167	38,232	21,990	38,232	7,051	14,903	17,815
Stock search and placement	0	0	0	0	0	0	0	0
Market credit transactions	0	0	0	0	0	0	0	0
CIS marketing	91,375	94,339	101,698	74,285	101,698	26,620	54,380	64,041
Other	31,617	22,896	31,665	22,847	31,665	6,360	17,208	24,980
Commission expenses	28,548	27,569	39,277	24,827	39,277	9,713	20,192	23,830
III. Financial investment income	666	-1,479	1,771	755	1,771	534	809	1,102
IV. Net exchange differences and other operating products and expenses	-776	588	-859	-834	-859	63	646	753
V. Gross income	174,129	170,793	179,880	128,532	179,880	41,577	90,533	111,275
VI. Operating income	26,155	10,018	16,991	12,079	16,991	2,583	9,490	17,307
VII. Earnings from continuous activities	22,802	10,364	16,373	12,800	16,373	2,868	10,026	18,036
VIII. Net earnings of the period	22,802	10,364	16,373	12,800	16,373	2,868	10,026	18,036

1 Accumulated data from the beginning of the year to the last day of every quarter. It includes companies removed during the year.
2 Available data: July 2024.

Capital adequacy. Broker-dealers and brokers[1, 2]

TABLE 2.10

	2019	2020	2021	2022	2023
TOTAL[3]					
Own fund surplus (thousands of euros)	1,165,522	1,026,770	612,842	449,135	1,189,629
Surplus (%)[4]	486.61	277.64	541.03	363.05	954.27
Number of companies according to surplus percentage					
≤ 100%	23	26	25	34	38
> 100–≤ 300%	30	29	35	29	29
> 300–≤ 500%	10	12	12	10	14
> 500%	13	10	19	15	18
BROKER-DEALERS					
Own fund surplus (thousands of euros)	1,118,273	960,720	506,721	372,541	1,095,598
Surplus (%)[4]	520.42	285.14	654.90	431.57	1,303.36
Number of companies according to surplus percentage					
≤ 100%	7	9	4	9	13
> 100–≤ 300%	14	11	12	12	12
> 300–≤ 500%	4	8	5	3	5
> 500%	11	8	12	8	9
BROKERS					
Own fund surplus (thousands of euros)	47,249	66,051	106,121	76,595	94,030
Surplus (%)[4]	191.77	200.79	295.60	204.86	231.58
Number of companies according to surplus percentage					
≤ 100%	16	17	21	25	25
> 100–≤ 300%	16	18	23	17	17
> 300–≤ 500%	6	4	7	7	9
> 500%	2	2	7	7	9

1 From 2014 to 2020 this table only includes the entities subject to reporting requirements according to Regulation (EU) No. 575/2013, of the European Parliament and of the Council, of 26 June 2013, on prudential requirements for credit institutions and investment firms.

2 From Quarter II-2021 onwards there are no quarterly data available, due to regulatory changes made by Regulation (EU) 2019/2033 of the European Parliament and of the Council, of 27 November 2019, on the prudential requirements of investment firms; and Directive (EU) 2019/2034 of the European Parliament and of the Council, of 27 November 2019, on the prudential supervision of investment firms.

3 Only data on broker-dealers and brokers are shown.

4 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 2.11

	2021	2022	2023	2023 II	2023 III	2023 IV	2024 I	2024 II
TOTAL[2]								
Average (%)[3]	13.68	19.39	9.88	23.20	21.45	9.88	9.27	14.91
Number of companies according to annualised return								
Losses	30	37	36	39	37	36	34	35
0–≤ 15%	20	17	19	14	19	19	18	16
> 15–≤ 45%	14	13	18	22	21	18	23	23
> 45–≤ 75%	9	7	7	7	6	7	10	7
> 75%	17	19	17	14	15	17	14	18
SOCIEDADES DE VALORES								
Average (%)[3]	11.48	20.42	9.32	25.11	22.83	9.32	9.36	14.78
Number of companies according to annualised return								
Losses	13	11	10	13	12	10	10	11
0–≤ 15%	8	10	12	9	11	12	10	10
> 15–≤ 45%	6	5	7	7	8	7	12	9
> 45–≤ 75%	4	2	3	3	1	3	2	4
> 75%	1	5	5	3	4	5	3	4
AGENCIAS DE VALORES								
Average (%)[3]	23.97	14.91	14.87	15.17	16.05	14.87	8.42	16.13
Number of companies according to annualised return								
Losses	17	26	26	26	25	26	24	24
0–≤ 15%	12	7	7	5	8	7	8	6
> 15–≤ 45%	8	8	11	15	13	11	11	14
> 45–≤ 75%	5	5	4	4	5	4	8	3
> 75%	16	14	12	11	11	12	11	14

1 ROE has been calculated as:

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

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

2 Only data on broker-dealers and brokers are shown.

3 Average weighted by equity, %.

Financial advisory firms. Main figures[1]

TABLE 2.12

Thousands of euros

	2019	2020	2021	2022	2023
ASSETS UNDER ADVICE[2]					
Total	21,627,677	17,423,050	19,530,452	18,682,820	15,865,219
Retail clients	8,313,608	6,907,284	9,125,730	10,136,837	8,290,899
Rest of clients and entities[3]	13,314,069	10,515,766	10,404,722	8,545,983	7,574,320
COMMISSION INCOME[4]					
Total	56,963	45,782	56,823	57,090	52,153
Commission revenues	56,029	45,153	56,430	56,446	51,751
Other income	934	629	393	644	402
EQUITY					
Total	32,089	30,177	33,334	34,378	34,247
Share capital	5,770	5,454	6,151	6,971	7,596
Reserves and retained earnings	17,260	18,979	21,128	23,778	20,639
Income for the year[4]	8,172	4,837	6,517	2,561	4,727
Other own funds	888	907	-461	1,068	1,285

1 Annual frequency since 2015 (CNMV Circular 3/2014, of 22 October).

2 Data at the end of each period.

3 It includes both professional and other clients. Since 2019, due to the entry into force of CNMV Circular 4/2018, there is no disaggregated information of non-retail clients.

4 Accumulated data from the beginning of the year.

3 Collective investment schemes (CIS)[a]

Number, management companies and depositories of CIS registered at the CNMV

TABLE 3.1

				2023		2024		
	2021	2022	2023	III	IV	I	II	III[1]
Total financial CIS	3,815	2,675	2,077	2,097	2,077	2,077	2,081	2,081
Mutual funds	1,452	1,484	1,496	1,506	1,496	1,499	1,501	1,502
Investment companies	2,280	1,091	450	467	450	443	439	438
Funds of hedge funds	10	8	7	7	7	7	8	8
Hedge funds	73	92	124	117	124	128	133	133
Total real estate CIS	4	4	3	3	3	2	2	2
Real estate mutual funds	2	2	2	2	2	1	1	1
Real estate investment companies	2	2	1	1	1	1	1	1
Total foreign CIS marketed in Spain	1,074	1,095	1,115	1,115	1,115	1,119	1,126	1,128
Foreign funds marketed in Spain	416	426	442	439	442	447	451	452
Foreign companies marketed in Spain	658	669	673	676	673	672	675	676
Management companies	123	123	117	120	117	117	119	120
CIS depositories	33	34	32	34	32	31	30	30

1 Available data: August 2024.

Number of CIS investors and shareholders

TABLE 3.2

				2023		2024		
	2021	2022	2023	III	IV	I	II	III[1]
Total financial CIS	16,160,034	16,247,654	16,116,236	16,325,343	16,116,236	16,201,290	16,248,734	16,386,353
Mutual funds	15,810,134	16,115,864	16,016,612	16,223,055	16,016,612	16,103,633	16,152,457	16,290,370
Investment companies	349,900	131,790	99,624	102,288	99,624	97,657	96,277	95,983
Total real estate CIS[2, 3]	691	593	583	588	583	581	581	581
Total foreign CIS marketed in Spain[4]	6,073,537	6,412,067	6,951,170	6,953,809	6,951,170	7,133,668	7,397,244	–
Foreign funds marketed in Spain	776,206	830,870	880,152	854,362	880,152	947,938	994,603	–
Foreign companies marketed in Spain	5,297,331	5,581,197	6,071,018	6,099,447	6,071,018	6,185,730	6,402,641	–

1 Available data: July 2024.
2 Investors and shareholders who invest in different sub-funds from the same CIS have been taken into account once. For this reason, investors and shareholders may be different from those in Tables 3.6 and 3.7.
3 Real estate mutual funds and real estate investment companies.
4 Only data on UCITS are included. From I-2018 onwards data are estimated.

a En las referencias a los «Fondos de inversión» y a las «Sociedades de inversión» de todo el capítulo, no se incluyen las IIC de inversión libre ni las IIC de IIC de inversión libre.

CIS total net assets

TABLE 3.3

Millions of euros

	2021	2022	2023	2023 III	2023 IV	2024 I	2024 II	2024 III[1]
Total financial CIS	353,203.3	327,330.7	367,570.9	353,128.4	367,570.9	385,976.9	395,037.3	400,700.8
Mutual funds[2]	324,701.0	311,466.4	353,259.8	339,378.4	353,259.8	370,890.1	379,750.4	385,390.9
Investment companies	28,502.3	15,864.3	14,311.1	13,750.0	14,311.1	15,086.8	15,286.9	15,309.9
Total real estate CIS[3]	1,224.3	1,279.0	1,319.2	1,337.6	1,319.2	1,300.3	1,298.4	1,298.3
Total foreign CIS marketed in Spain[4]	276,231.9	201,058.7	251,304.7	215,609.4	251,304.7	260,337.6	275,267.3	–
Foreign funds marketed in Spain	36,662.6	27,630.3	35,677.7	28,958.1	35,677.7	38,947.5	42,821.7	–
Foreign companies marketed in Spain	239,569.4	173,428.3	215,627.0	186,651.3	215,627.0	221,390.1	232,445.6	–

1 Available data: July 2024.
2 Mutual funds investment in financial mutual funds of the same management company reached €10,033.7 million in June 2024.
3 Real estate mutual funds and real estate investment companies.
4 Only data on UCITS are included. From I-2018 onwards data are estimated.

Asset allocation of mutual funds

TABLE 3.4

Millions of euros

	2021	2022	2023	2023 II	2023 III	2023 IV	2024 I	2024 II
Asset	324,701.0	311,466.4	353,259.8	337,642.3	339,378.4	353,259.8	370,890.1	379,750.4
Portfolio investment	299,434.9	291,188.2	335,351.6	318,273.5	322,305.1	335,351.6	351,703.2	359,347.7
Domestic securities	54,716.7	58,740.0	79,509.6	73,446.8	77,263.0	79,509.6	82,207.6	80,589.7
Debt securities	35,648.2	42,044.2	60,888.4	55,901.0	59,391.8	60,888.4	62,845.2	60,771.8
Shares	6,828.5	6,113.0	6,586.3	6,562.7	6,403.0	6,586.3	6,546.9	6,263.7
Collective investment schemes	11,396.8	9,927.7	10,152.3	9,753.6	9,998.5	10,152.3	10,993.1	11,045.9
Deposits in credit institutions	627.2	431.8	1,686.1	986.4	1,263.6	1,686.1	1,595.7	2,283.5
Derivatives	168.9	159.5	134.3	180.4	143.4	134.3	164.0	151.8
Other	47.1	63.8	62.3	62.7	62.7	62.3	62.7	73.0
Foreign securities	244,714.6	232,444.2	255,835.0	244,818.5	245,033.8	255,835.0	269,484.5	278,749.9
Debt securities	95,131.8	110,173.6	133,146.1	119,650.7	123,512.7	133,146.1	142,746.4	151,331.6
Shares	46,254.6	41,321.4	46,093.4	45,265.4	44,561.0	46,093.4	49,781.0	51,121.5
Collective investment schemes	103,089.6	80,592.6	76,255.3	79,629.7	76,563.5	76,255.3	76,546.0	75,855.9
Deposits in credit institutions	0.0	0.0	196.7	40.1	120.5	196.7	323.6	366.0
Derivatives	238.0	356.1	143.3	232.2	275.7	143.3	87.3	74.6
Other	0.6	0.5	0.2	0.4	0.4	0.2	0.2	0.2
Doubtful assets and matured investments	3.5	4.0	6.9	8.2	8.3	6.9	11.0	8.1
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	23,950.8	18,515.0	16,466.7	17,023.6	14,997.8	16,466.7	17,461.3	18,448.9
Net balance (Debtors - Creditors)	1,315.3	1,763.2	1,441.6	2,345.1	2,075.5	1,441.6	1,725.6	1,953.7

Investment companies asset allocation

TABLE 3.5

Millions of euros

				2023			2024	
	2021	2022	2023	II	III	IV	I	II
Asset	28,502.3	15,864.3	14,311.1	13,899.2	13,750.0	14,311.1	15,086.8	15,286.9
Portfolio investment	25,729.9	12,349.9	13,502.9	13,009.0	12,928.0	13,502.9	14,268.2	14,362.3
Domestic securities	3,525.2	2,583.6	2,231.1	2,233.2	2,304.2	2,231.1	2,206.6	2,136.3
Debt securities	734.3	773.6	858.3	845.1	903.7	858.3	779.2	720.1
Shares	1,633.7	819.9	870.4	847.7	854.6	870.4	932.6	941.5
Collective investment schemes	1,067.4	950.2	457.0	495.6	495.9	457.0	460.6	440.6
Deposits in credit institutions	19.1	1.4	13.9	9.7	13.9	13.9	5.8	5.6
Derivatives	-0.4	-0.8	0.0	-0.3	-0.2	0.0	-1.0	-0.8
Other	71.1	39.3	31.6	35.4	36.4	31.6	29.3	29.3
Foreign securities	22,202.8	9,763.6	11,271.0	10,772.6	10,622.0	11,271.0	12,060.6	12,225.0
Debt securities	2,683.8	1,807.1	2,370.0	2,316.7	2,362.3	2,370.0	2,365.2	2,369.4
Shares	7,157.9	3,605.4	4,396.9	4,059.2	4,049.2	4,396.9	4,977.9	5,024.5
Collective investment schemes	12,335.3	4,325.7	4,478.0	4,377.9	4,174.6	4,478.0	4,686.2	4,796.9
Deposits in credit institutions	0.0	0.0	10.2	10.1	10.1	10.2	15.3	15.1
Derivatives	8.3	7.9	-0.9	-10.4	7.0	-0.9	-2.6	1.0
Other	17.5	17.4	16.8	19.2	18.9	16.8	18.6	18.2
Doubtful assets and matured investments	1.8	2.6	0.8	3.2	1.8	0.8	1.0	0.9
Intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net fixed assets	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Cash	2,476.4	2,962.6	868.6	748.0	702.7	868.6	733.4	817.0
Net balance (Debtors - Creditors)	295.5	551.3	-60.9	141.7	118.8	-60.9	84.7	107.1

Financial mutual funds: number, investors and total net assets by category[1, 2]

TABLE 3.6

	2021	2022	2023	2023 III	2023 IV	2024 I	2024 II	2024 III[3]
NO. OF FUNDS								
Total financial mutual funds	1,611	1,684	1,715	1,717	1,715	1,717	1,723	1,721
Fixed income[4]	266	293	321	318	321	332	340	342
Mixed fixed income[5]	181	171	167	170	167	166	166	166
Mixed equity[6]	192	206	197	198	197	190	192	191
Euro equity	94	86	82	83	82	80	77	76
Foreign equity	307	339	346	347	346	349	352	355
Guaranteed fixed income	43	49	58	57	58	57	56	56
Guaranteed equity[7]	114	102	98	100	98	90	89	81
Global funds	263	291	291	292	291	295	294	295
Passive management[8]	88	93	107	103	107	110	110	112
Absolute return	61	54	48	49	48	48	47	47
INVESTORS								
Total financial mutual funds	15,816,557	16,119,440	16,020,641	16,227,125	16,020,641	16,109,375	16,156,490	16,295,726
Fixed income[4]	5,476,096	5,539,272	5,833,434	5,782,108	5,833,434	6,022,372	6,134,804	6,144,166
Mixed fixed income[5]	1,459,004	1,216,179	1,048,597	1,110,288	1,048,597	1,002,792	1,010,621	1,034,378
Mixed equity[6]	721,346	696,718	634,547	666,116	634,547	591,380	582,917	581,745
Euro equity	778,138	836,711	706,942	723,767	706,942	698,000	700,948	701,449
Foreign equity	3,882,184	4,156,864	4,082,653	4,165,723	4,082,653	4,058,244	4,050,359	4,163,279
Guaranteed fixed income	77,430	141,717	178,170	179,372	178,170	172,700	165,862	162,718
Guaranteed equity[7]	265,043	209,188	180,665	195,378	180,665	161,442	154,724	149,947
Global funds	1,989,428	2,067,594	2,002,961	2,080,450	2,002,961	2,007,552	1,977,336	1,973,855
Passive management[8]	505,514	596,475	720,965	669,633	720,965	772,557	756,994	761,514
Absolute return	659,411	658,722	631,707	654,290	631,707	622,336	621,925	622,675
TOTAL NET ASSETS (millions of euros)								
Total financial mutual funds	324,701.0	311,466.4	353,259.8	339,378.4	353,259.8	370,890.1	379,750.4	385,390.9
Fixed income[4]	88,422.8	98,561.1	131,868.4	119,786.3	131,868.4	143,943.9	152,676.0	156,434.7
Mixed fixed income[5]	50,869.7	37,846.0	34,252.8	35,081.6	34,252.8	33,114.7	34,468.2	35,391.6
Mixed equity[6]	28,141.1	24,247.9	23,914.2	23,882.3	23,914.2	22,695.0	22,700.6	22,962.4
Euro equity	8,279.6	7,226.3	6,704.0	6,618.4	6,704.0	6,731.7	6,450.6	6,341.6
Foreign equity	51,222.2	45,588.9	51,099.7	49,796.5	51,099.7	54,972.7	56,941.9	57,534.4
Guaranteed fixed income	2,346.7	5,454.9	7,564.6	7,459.3	7,564.6	7,120.7	6,689.8	6,577.2
Guaranteed equity[7]	8,094.9	6,306.7	5,602.1	6,001.7	5,602.1	5,122.7	4,837.9	4,723.9
Global funds	67,591.0	63,717.0	59,479.4	60,568.2	59,479.4	62,019.9	60,727.8	60,893.0
Passive management[8]	12,500.4	15,935.0	26,518.6	23,910.5	26,518.6	28,863.3	27,830.9	27,997.3
Absolute return	7,231.2	6,582.5	6,255.9	6,273.7	6,255.9	6,305.6	6,426.6	6,534.8

1 Sub-funds which have sent reports to the CNMV excluding those in process of dissolution or liquidation.
2 Data on side-pocket sub-funds are only included in aggregate figures, and not in each individual category.
3 Available data: July 2024.
4 It includes: public debt constant net asset value short-term money market funds (MMFs), low volatility net asset value short-term MMFs, variable net asset value short-term MMFs, variable net asset value standard MMFs, euro fixed income, short-term euro fixed income and foreign fixed income.
5 It includes: mixed euro fixed income and foreign mixed fixed income.
6 It includes: mixed euro equity and foreign mixed equity.
7 It includes: guaranteed equity and partial guarantee.
8 It includes: passive management CIS, index-tracking CIS and non-guaranteed specific return target CIS.

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

TABLE 3.7

	2021	2022	2023	2023 III	2023 IV	2024 I	2024 II	2024 III[1]
INVESTORS								
Total financial mutual funds	15,816,557	16,119,440	16,020,641	16,227,125	16,020,641	16,109,375	16,156,490	16,295,726
Natural persons	15,541,300	15,839,201	15,739,140	15,941,681	15,739,140	15,825,404	15,870,627	16,007,845
Residents	15,427,337	15,717,938	15,610,315	15,812,782	15,610,315	15,694,668	15,737,468	15,873,121
Non-residents	113,963	121,263	128,825	128,899	128,825	130,736	133,159	134,724
Legal persons	275,257	280,239	281,501	285,444	281,501	283,971	285,863	287,881
Credit institutions	746	883	931	956.00	931.00	955	937	946
Other resident institutions	273,421	278,246	279,329	283,239	279,329	281,771	283,562	285,550
Non-resident institutions	1,090	1,110	1,241	1,249	1,241	1,245	1,364	1,385
TOTAL NET ASSETS (millions of euros)								
Total financial mutual funds	324,701.0	311,466.4	353,259.8	339,378.4	353,259.8	370,890.1	379,750.4	385,390.9
Natural persons	264,075.7	257,253.5	295,592.2	283,055.6	295,592.2	310,006.9	317,658.8	322,621.1
Residents	260,321.1	253,545.2	291,241.1	278,968.4	291,241.1	305,466.7	312,909.2	317,759.9
Non-residents	3,754.6	3,708.3	4,351.1	4,087.2	4,351.1	4,540.2	4,749.6	4,861.2
Legal persons	60,625.3	54,212.8	57,667.5	56,322.8	57,667.5	60,883.2	62,091.6	62,769.9
Credit institutions	472.5	351.8	430.3	385.8	430.3	444.7	418.7	425.2
Other resident institutions	59,288.6	53,052.7	55,858.1	54,576.3	55,858.1	58,919.4	60,078.3	60,729.7
Non-resident institutions	864.2	808.3	1,379.1	1,360.7	1,379.1	1,519.0	1,594.6	1,615.0

1 Available data: July 2024.

Subscriptions and redemptions of financial mutual funds by category[1, 2]

TABLE 3.8

Millions of euros

	2021	2022	2023	2023 II	2023 III	2023 IV	2024 I	2024 II
SUBSCRIPTIONS								
Total financial mutual funds	149,397.2	162,843.5	135,431.3	33,728.1	25,553.3	35,503.2	40,315.2	42,106.6
Fixed income	58,255.2	89,725.6	87,913.2	21,046.4	16,964.0	24,623.1	27,087.1	26,835.8
Mixed fixed income	21,116.1	11,075.6	5,650.5	1,203.5	981.4	1,874.0	2,054.6	3,413.2
Mixed equity	11,113.2	6,933.1	3,877.8	930.6	654.3	1,133.9	976.5	1,152.2
Euro equity	3,005.8	2,989.1	1,533.9	352.4	292.6	386.8	445.5	564.3
Foreign equity	19,019.8	18,529.7	11,222.3	3,347.2	2,682.5	2,128.9	3,887.7	3,560.2
Guaranteed fixed income	9.0	3,751.3	2,635.2	853.6	188.7	354.4	214.6	153.4
Guaranteed equity	86.8	680.3	84.8	44.4	31.9	3.7	6.4	39.1
Global funds	30,193.0	17,969.3	7,789.4	2,091.1	1,325.2	1,743.2	1,854.0	1,932.2
Passive management	2,827.9	8,884.4	12,964.8	3,311.3	2,037.5	2,841.4	3,342.5	4,046.2
Absolute return	3,770.3	2,305.0	1,759.3	547.6	395.1	414.0	446.3	409.9
REDEMPTIONS								
Total financial mutual funds	121,859.1	145,802.6	117,376.8	29,125.6	22,888.9	34,257.6	32,400.4	36,753.7
Fixed income	49,850.1	74,352.0	58,939.1	15,197.0	11,662.4	15,822.4	15,674.1	18,812.0
Mixed fixed income	13,690.2	17,345.2	11,344.4	2,720.5	2,068.9	3,977.5	2,368.9	2,218.8
Mixed equity	14,639.8	7,440.1	6,112.0	1,467.1	1,040.8	2,194.9	1,401.5	1,335.1
Euro equity	2,979.1	3,205.0	3,290.6	1,052.1	747.2	740.3	814.9	908.3
Foreign equity	13,586.3	16,794.8	13,002.7	2,914.6	2,595.3	3,798.3	4,473.6	3,100.8
Guaranteed fixed income	1,720.9	335.2	507.6	124.8	70.9	183.3	646.7	610.8
Guaranteed equity	2,914.0	2,060.0	826.0	165.5	73.5	471.8	522.0	347.2
Global funds	15,234.6	17,670.9	16,688.0	3,890.9	3,571.9	5,388.3	4,134.6	3,739.3
Passive management	4,372.9	4,236.9	4,306.7	1,082.4	784.1	1,076.6	1,852.1	5,354.1
Absolute return	2,871.1	2,362.2	2,359.8	510.7	273.9	604.2	512.0	327.1

1 Estimated data.
2 Data on side-pocket sub-funds are only included in aggregate figures, and not in each individual category.

Change in assets in financial mutual funds: net subscriptions/redemptions and return on assets[1, 2]

TABLE 3.9

Millions of euros

				2023			2024	
	2021	2022	2023	II	III	IV	I	II
NET SUBSCRIPTIONS/REDEMPTIONS								
Total financial mutual funds	27,583.3	16,977.9	18,050.8	4,609.5	2,668.1	1,254.0	7,914.8	5,353.5
Fixed income	7,674.2	15,171.0	28,528.7	5,269.7	5,247.2	8,977.5	11,413.0	8,024.6
Mixed fixed income	6,537.6	-8,999.8	-5,545.0	-1,449.5	-974.5	-2,097.5	-1,631.7	1,194.4
Mixed equity	-4,179.3	-686.9	-2,287.9	-535.0	-410.2	-1,061.1	-1,994.8	-182.9
Euro equity	13.8	-335.9	-1,753.1	-696.2	-454.6	-353.4	-384.9	-320.8
Foreign equity	5,260.9	1,782.7	-1,766.8	429.7	91.0	-1,671.0	-538.9	459.4
Guaranteed fixed income	-1,787.1	3,355.8	1,905.1	728.8	117.8	-40.0	-451.8	-457.4
Guaranteed equity	-2,949.3	-1,409.6	-938.7	-134.9	-41.6	-524.4	-528.9	-308.1
Global funds	22,755.0	3,824.2	-8,376.0	-1,279.2	-2,281.7	-3,644.2	575.0	-1,807.2
Passive management	-2,700.6	4,551.5	8,897.7	2,238.9	1,253.5	1,858.3	1,523.5	-1,331.0
Absolute return	-3,041.9	-274.9	-613.1	37.2	121.3	-190.2	-65.7	82.5
RETURN ON ASSETS								
Total financial mutual funds	17,471.5	-30,163.5	23,796.0	4,177.5	-920.2	12,642.9	9,728.1	3,532.6
Fixed income	-265.8	-5,031.3	4,781.0	153.0	537.1	3,105.3	663.7	708.5
Mixed fixed income	1,160.1	-3,997.8	1,970.7	190.5	-80.5	1,274.2	499.3	164.0
Mixed equity	1,890.4	-3,204.9	1,958.0	403.6	-251.4	1,093.8	778.5	189.2
Euro equity	1,176.4	-715.3	1,233.3	251.0	-124.5	439.7	412.6	40.3
Foreign equity	8,242.5	-7,412.1	7,281.7	1,974.0	-579.7	2,975.9	4,412.5	1,511.4
Guaranteed fixed income	-43.3	-247.6	204.7	-16.3	32.2	145.4	7.8	31.6
Guaranteed equity	7.2	-378.6	234.1	5.3	7.9	124.7	49.5	23.3
Global funds	3,894.8	-7,693.1	4,148.1	825.0	-469.1	2,561.0	1,965.4	525.0
Passive management	1,192.9	-1,109.3	1,693.5	358.2	0.8	749.8	822.8	298.7
Absolute return	216.5	-372.4	290.9	33.1	7.0	173.1	115.9	40.7

1 Data on side-pocket sub-funds are only included in aggregate figures, and not in each individual category.
2 A change of category is treated as a redemption in the original category and a subscription in the final one. For this reason, and the adjustments due to deregistrations in the quarter, the net subscription/refund data may be different from those in Table 3.8.

Return on assets in financial mutual funds. Breakdown by category[1]

TABLE 3.10

% of daily average total net assets

	2021	2022	2023	2023 II	2023 III	2023 IV	2024 I	2024 II
MANAGEMENT YIELDS								
Total financial mutual funds	6.75	-8.81	8.05	1.49	-0.05	3.93	2.94	1.18
Fixed income	0.15	-5.03	4.69	0.26	0.59	2.61	0.61	0.62
Mixed fixed income	3.37	-8.65	6.50	0.78	0.00	4.05	1.76	0.74
Mixed equity	8.43	-11.32	9.32	1.97	-0.73	4.96	3.82	1.16
Euro equity	16.30	-8.09	18.89	3.79	-1.48	7.08	6.72	1.02
Foreign equity	19.78	-14.02	16.29	4.45	-0.81	6.40	8.79	3.10
Guaranteed fixed income	-0.85	-7.98	3.51	-0.10	0.58	2.16	0.25	0.60
Guaranteed equity	0.59	-5.40	4.40	0.21	0.26	2.30	1.08	0.59
Global funds	7.92	-10.32	7.92	1.61	-0.45	4.66	3.51	1.18
Passive management	9.61	-8.63	8.28	1.83	0.15	3.12	3.14	1.28
Absolute return	3.78	-4.81	5.34	0.70	0.27	2.99	2.03	0.82
EXPENSES. MANAGEMENT FEE								
Total financial mutual funds	0.86	0.81	0.80	0.20	0.20	0.20	0.20	0.20
Fixed income	0.40	0.37	0.43	0.11	0.11	0.12	0.11	0.12
Mixed fixed income	0.88	0.87	0.91	0.23	0.23	0.23	0.22	0.23
Mixed equity	1.28	1.14	1.14	0.28	0.29	0.29	0.30	0.28
Euro equity	1.30	1.22	1.26	0.31	0.32	0.33	0.32	0.32
Foreign equity	1.31	1.15	1.16	0.29	0.29	0.29	0.29	0.29
Guaranteed fixed income	0.36	0.35	0.46	0.11	0.12	0.12	0.12	0.12
Guaranteed equity	0.44	0.40	0.42	0.10	0.11	0.11	0.10	0.10
Global funds	1.15	1.16	1.16	0.28	0.29	0.30	0.30	0.29
Passive management	0.37	0.34	0.44	0.11	0.11	0.12	0.12	0.13
Absolute return	0.68	0.51	0.61	0.14	0.15	0.18	0.17	0.16
EXPENSES. DEPOSITORY FEE								
Total financial mutual funds	0.07	0.07	0.07	0.02	0.02	0.02	0.02	0.02
Fixed income	0.06	0.06	0.05	0.01	0.01	0.01	0.01	0.01
Mixed fixed income	0.08	0.08	0.08	0.02	0.02	0.02	0.02	0.02
Mixed equity	0.09	0.09	0.09	0.02	0.02	0.02	0.02	0.02
Euro equity	0.09	0.09	0.09	0.02	0.02	0.02	0.02	0.02
Foreign equity	0.08	0.08	0.08	0.02	0.02	0.02	0.02	0.02
Guaranteed fixed income	0.05	0.05	0.05	0.01	0.01	0.01	0.01	0.01
Guaranteed equity	0.05	0.05	0.06	0.01	0.01	0.01	0.01	0.01
Global funds	0.09	0.08	0.08	0.02	0.02	0.02	0.02	0.02
Passive management	0.04	0.04	0.04	0.01	0.01	0.01	0.01	0.01
Absolute return	0.06	0.05	0.05	0.01	0.01	0.01	0.01	0.01

1 Data on side-pocket sub-funds are only included in aggregate figures, and not in each individual category.

Mutual funds, quarterly returns. Breakdown by category[1]

TABLE 3.11

%

	2021	2022	2023	2023 III	2023 IV	2024 I	2024 II	2024 III[2]
Total financial mutual funds	6.31	-8.95	7.55	-0.26	3.77	2.81	0.97	1.77
Fixed income	-0.31	-5.38	4.16	0.47	2.50	0.48	0.49	1.31
Mixed fixed income	2.49	-8.83	5.75	-0.24	3.85	1.56	0.50	1.47
Mixed equity	7.18	-11.37	8.51	-1.04	4.76	3.54	0.85	1.71
Euro equity	16.72	-8.39	18.57	-1.72	6.79	6.63	0.69	1.99
Foreign equity	21.14	-13.14	16.56	-1.10	6.21	8.86	2.80	3.30
Guaranteed fixed income	-1.29	-8.43	3.02	0.45	1.94	0.11	0.40	1.03
Guaranteed equity	0.06	-5.44	4.03	0.14	2.18	0.97	0.48	0.98
Global funds	7.90	-10.53	7.05	-0.77	4.43	3.27	0.87	1.74
Passive management	9.82	-9.31	8.98	-0.01	3.07	3.15	1.10	1.74
Absolute return	3.02	-4.95	4.77	0.12	2.83	1.87	0.61	1.42

1 Data on side-pocket sub-funds are only included in aggregate figures, and not in each individual category.
2 Available data: July 2024.

Hedge funds and funds of hedge funds

TABLE 3.12

	2021	2022	2023	2023 II	2023 III	2023 IV	2024 I	2024 II
HEDGE FUNDS								
Investors/shareholders[1]	8,786	8,817	10,341	10,109	10,181	10,341	11,071.0	11,504
Total net assets (millions of euros)	3,543.4	3,894.0	5,022.6	4,524.8	4,536.3	5,022.6	5,516.5	5,667.2
Subscriptions (millions of euros)	845.0	1,257.1	1,416.3	351.8	132.3	519.6	411.3	192.1
Redemptions (millions of euros)	405.3	603.3	640.6	185.3	137.6	176.3	124.0	153.1
Net subscriptions/redemptions (millions of euros)	439.7	653.9	775.7	166.5	-5.3	343.4	287.3	39.0
Return on assets (millions of euros)	193.1	-300.8	362.0	74.5	19.6	145.5	210	114.2
Returns (%)	6.47	-7.71	7.98	1.67	-0.10	3.21	4.26	2.13
Management yields (%)[2]	7.39	-7.21	9.32	2.03	0.59	3.47	4.34	2.36
Management fees (%)[2]	1.47	0.85	0.82	0.20	0.20	0.21	0.21	0.18
Financial expenses (%)[2]	0.14	0.28	0.29	0.06	0.10	0.06	0.04	0.05
FUNDS OF HEDGE FUNDS								
Investors/shareholders[1]	5,385	5,347	5,283	5,247	5,279	5,283	5,282	5,288
Total net assets (millions of euros)	834.0	741.3	794.8	769.7	818.1	794.8	804.4	843.7
Subscriptions (millions of euros)	237.8	110.1	77.3	17.9	38.4	8.3	23.0	35.9
Redemptions (millions of euros)	121.8	225.1	25.1	4.1	3.6	14.2	21.2	3.5
Net subscriptions/redemptions (millions of euros)	116.0	-115.0	52.2	13.8	34.7	-5.9	1.8	32.4
Return on assets (millions of euros)	65.2	22.2	1.3	1.6	13.7	-17.5	7.9	6.9
Returns (%)[3]	9.35	3.04	0.37	0.26	1.70	-2.04	0.96	0.73
Management yields (%)[4]	11.46	4.67	1.63	0.59	2.18	-1.84	1.38	1.27
Management fees (%)[4]	1.41	1.32	1.33	0.34	0.34	0.32	0.33	0.38
Depository fees (%)[4]	0.07	0.06	0.06	0.01	0.01	0.01	0.01	0.01

1 Data on sub-funds.
2 % of monthly average total net assets.
3 Data revised and modified in April 2024.
4 % of daily average total net assets.

Management companies. Number of portfolios and assets under management

TABLE 3.13

	2021	2022	2023	2023 III	2023 IV	2024 I	2024 II	2024 III[1]
NUMBER OF PORTFOLIOS[2]								
Mutual funds	1,452	1,484	1,496	1,506	1,496	1,499	1,501	1,502
Investment companies	2,275	1,086	447	464	447	440	436	435
Funds of hedge funds	10	8	7	7	7	7	8	8
Hedge funds	72	91	123	116	123	127	132	132
Total real estate CIS[3]	4	4	3	3	3	2	2	2
ASSETS UNDER MANAGEMENT (millions of euros)								
Mutual funds	324,701.0	311,466.4	353,259.8	339,378.4	353,259.8	370,890.1	379,750.4	385,390.9
Investment companies	28,049.3	15,468.1	13,878.1	13,340.7	13,878.1	14,616.8	14,799.9	14,819.1
Funds of hedge funds	831.0	741.3	821.7	818.1	821.7	804.4	843.7	–
Hedge funds	3,543.4	3,431.8	4,387.0	4,327.1	4,387.0	5,285.8	5,427.2	–
Total real estate CIS[3]	1,224.3	1,279.1	1,319.2	1,337.6	1,319.2	1,300.3	1,298.4	1,298.3

1 Available data: July 2024.
2 Data source: registers of CIS.
3 Real estate mutual funds and real estate investment companies.

Foreign CIS marketed in Spain[1]

TABLE 3.14

	2021	2022	2023	2023 II	2023 III	2023 IV	2024 I	2024 II
INVESTMENT VOLUME[2] (millions of euros)								
Total	276,231.9	201,058.7	251,304.7	221,827.9	215,609.4	251,304.7	260,337.6	275,267.3
Mutual funds	36,662.6	27,630.3	35,677.7	32,430.7	28,958.1	35,677.7	38,947.5	42,821.7
Investment companies	239,569.4	173,428.3	215,627.0	189,397.2	186,651.3	215,627.0	221,390.1	232,445.6
INVESTORS/SHAREHOLDERS								
Total	6,073,537	6,412,067	6,951,170	6,352,744	6,953,809	6,951,170	7,133,668	7,397,244
Mutual funds	776,206	830,870	880,152	875,602	854,362	880,152	947,938	994,603
Investment companies	5,297,331	5,581,197	6,071,018	5,477,142	6,099,447	6,071,018	6,185,730	6,402,641
N.º DE INSTITUCIONES[3]								
Total	1,074	1,095	1,115	1,104	1,115	1,115	1,119	1,126
Mutual funds	416	426	442	432	442	442	447	451
Investment companies	658	669	673	672	673	673	672	675
COUNTRY[3]								
Luxembourg	501	498	504	505	507	504	507	510
France	222	222	230	223	226	230	231	233
Ireland	231	248	247	246	248	247	245	246
Germany	50	53	60	55	58	60	61	61
United Kingdom	0	0	0	0	0	0	0	0
The Netherlands	3	3	3	3	3	3	3	3
Austria	33	34	33	34	34	33	33	34
Belgium	5	3	3	3	3	3	3	3
Denmark	1	1	0	1	1	0	0	0
Finland	14	14	14	14	14	14	15	15
Liechtenstein	5	4	4	4	4	4	4	4
Portugal	0	6	7	6	7	7	7	7
Sweden	9	9	10	10	10	10	10	10

1 Only data on UCITS are included.
2 Investment volume: participations or shares owned by the investors/shareholders at the end of the period valued at that time.
3 UCITS (funds and societies) registered at the CNMV.

Real estate investment schemes[1]

TABLE 3.15

	2021	2022	2023	2023 III	2023 IV	2024 I	2024 II	III[2]
FUNDS								
Number	4	3	2	3	2	2	2	2
Investors/Shareholders	691	593	583	588	583	581	581	581
Assets (millions of euros)	1,224.2	1,279.1	1,319.2	1,337.6	1,319.2	1,300.3	1,298.4	1,298.3
Return on assets (%)	-0.04	2.94	2.85	0.37	1.29	-1.44	-0.15	-0.01

1 Real estate mutual funds and real estate investment companies which have sent reports to the CNMV, excluding those in process of dissolution or liquidation.
2 Available data: July 2024.