Comisión Nacional del Mercado de Valores

# CNMV BULLETIN

May 2024

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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 Securities markets and their agents: situation and outlook

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# 1 Executive summary

– **The year 2024[1] has begun against a backdrop of decreasing inflationary pressures, a continued slowdown in economic activity (with some positive surprises), and the conclusion of interest rate hikes by major central banks. All this against a background of geopolitical risk that remains high.** We are in a transitional period where economies are still adjusting to significantly tighter financing conditions following the shift in monetary policy. Central banks are now considering the optimal timing for the first reduction in benchmark interest rates, once inflation expectations are firmly anchored. Amidst this backdrop of uncertainty, financial markets have experienced several months of notable increases in share prices, while debt yields, after decreasing in the final part of 2023, have begun a slight upward trend.

– **According to forecasts by the International Monetary Fund (IMF), following a slowdown in global GDP growth by 0.3 percentage points (pp) to 3.2% in 2023, there is expected to be a stabilisation around these rates both this year and next.** However, this stabilisation will not be uniform across different economic areas. Some regions, such as the euro area, are expected to see a slight improvement in growth, while others, like the United States and emerging economies, will experience higher growth rates that are still relatively similar to the previous year. In any case, this scenario is characterised by a very high degree of complexity, with multiple sources of uncertainty persisting. This bulletin report highlights geopolitical risks, particularly the ongoing war between Russia and Ukraine, which has been compounded by new conflicts in the Middle East and other factors such as electoral processes. It also underlines the risks associated with the uncertain and unrealised consequences of significant increases in interest rates, as well as those tied to technological advancements and the potential correction in the value of certain assets. The latter risk is related to a possible mismatch between their current market value and their historical determinants, a phenomenon particularly noticeable in the United States, but either slight or non-existent in Europe. Thus, should some of these risks materialise, we could see corrections in valuations along with contagion effects in other stock markets.

– **The Spanish economy is not immune to the general slowdown; however, it continues to maintain growth rates that are significantly higher than those of the euro area.** In 2023, GDP growth was 2.5%, significantly lower than the 5.8% recorded the previous year, but 2 pp above the euro area average of 0.5%. This relatively stronger performance can be attributed to the Spanish economy's lower exposure to the impacts of the conflict between Russia and

1 The closing date for this report is 31 March, except for certain specific information.

Ukraine, as well as the robust performance of the hotel and tourism sectors and the financial sector. Forecasts from key institutions estimate that the growth of the Spanish economy will be just under 2% both this year and next, following some positive surprises in recent data. In this context, inflation continued to decelerate in 2023 and has been fluctuating around an annual rate of 3% since November. Meanwhile, the core inflation rate has decreased to 3.5%. Growth in activity and employment led to a 9% increase in public administration revenues, which facilitated the reduction of the government deficit from 4.7% of GDP in 2022 to 3.6% in 2023. Simultaneously, the public debt ratio declined by nearly 4 pp of GDP, reaching 107.7% over the same periods. One of the biggest challenges for the Spanish economy is to sustain the path of fiscal consolidation and, in particular, to continue reducing the level of public debt.

– **The prices of the major equity indices, many of which ended 2023 at record highs, continued to climb in the first quarter of the year, with the exceptions of certain indices in Southeast Asia and Latin America.** While US markets continued their upward trajectory thanks to the strong performance of the technology sector, European indices saw even greater gains, driven by expectations that the European Central Bank (ECB) might initiate interest rate cuts sooner. Investors are closely monitoring upcoming decisions by central banks regarding interest rates, adjusting their outlooks based on institutional statements. Quarterly gains in euro area indices ranged from 8.8% for France's Cac 40 to 14.5% for Italy's FTSE Mib, while in the United States, gains ranged from 5.6% for the Dow Jones to 10.2% for the S&P 500. In the Asian markets, Japanese indices saw significant gains, ranging from 17% to 20.6%, while the indices for China and Hong Kong lagged behind, even recording losses.

– **In the international fixed-income markets, yields on debt assets, which had dropped significantly towards the end of 2023, witnessed renewed increases in the early months of 2024.** Shifts in monetary policy expectations were the main drivers of these trends. Accordingly, yields on 10-year sovereign debt rose by 15 to 39 basis points (bp), depending on the economy, while risk premiums saw slight declines, and there was a noticeable uptick in primary market activity.

– **Spanish financial markets mirrored the performance of international markets during the first quarter, with rising stock prices and slight increases in debt yields.** The Ibex 35 climbed by 9.6% during this period, allowing it to surpass the 11,000-point mark for the first time in seven years. Most sectors posted gains by the end of the quarter, with notable increases in the financial, textile, and oil sectors. However, there were some declines, particularly in the electricity and pharmaceutical sectors. Small and mid-cap companies did not benefit from the market's upward momentum and showed little change in value. Trading in Spanish securities increased compared to the previous three quarters, although it was down 9.4% year-on-year. In the fixed-income markets, bond yields generally showed increases which, in the case of 10-year government bonds, were 15 bp (to 3.15%). The primary markets showed very low activity, and the estimated stress level for the markets as a whole (0.20) was low risk due to low volatility, good performance of risk premiums and liquidity, as well as stable prices.

– **The assets of investment funds registered in Spain, which fell sharply in 2022, returned to strong growth in 2023, rising by 13.4% to €353.26 billion at the end of the year.** This increase in assets can be attributed both to the revaluation of the investment portfolio, which had a weighted average return of 7.6% for the year as a whole, and to new inflows of funds, which amounted to €18 billion. For the second consecutive year, the majority of investment flows were directed towards fixed-income funds. The liquidity conditions of the funds' portfolios remained satisfactory, as did the credit risk of their debt assets. Meanwhile, the investment volume of foreign collective investment schemes (CIS) distributed in Spain increased even more significantly, by 25%, reaching €251.31 billion, thereby raising their share of the total CIS distributed in Spain to 40.2%.

– **In the provision of investment services, although credit institutions continued to be the principal providers of these services (receiving 87.1% of revenues in 2023), other entities made considerable progress in certain business lines and in aggregate profits.** Specifically, broker-dealers and brokers saw an increase in revenues across most of their activities, particularly in portfolio management and investment advice, in relative terms. The combined pre-tax profit of these entities in 2023 was €128.4 million, an increase of 17.5% (broker-dealers: +14% and brokers: +40.3%). The sector continued to display high levels of solvency in 2023. The number of these institutions also increased to 99 (four more), most of them independent and related to non-bank entities. In the case of financial advisory firms, whose number remained at 143, there was a decrease in assets under advice (-15.1%), but a significant increase in profits (from €2.6 million to €4.7 million) due to a marked reduction in expenses.

– This report contains two monographic exhibits:

  • The first describes the buying and selling performance of retail investors in Ibex 35 shares in 2023 and notes the growth in the participation of these investors, continuing the upward trend initiated in 2022. Thus, the proportion of retail investment within total purchases traded stood at 7.4% (compared to 6.2% in 2022) and within total sales was 9.1% (compared to 7.0% in 2022).

  • The second exhibit presents the main results of the analysis conducted on the credit ratings of debt assets of Spanish issuers between 2020 and 2023, aiming to determine whether the shocks since 2020 have led to a significant deterioration in the credit risk of these issuers. The analysis indicates that while the proportion of high-quality assets has largely remained stable and predominant over time, there has been a slight decline in the credit quality of companies.

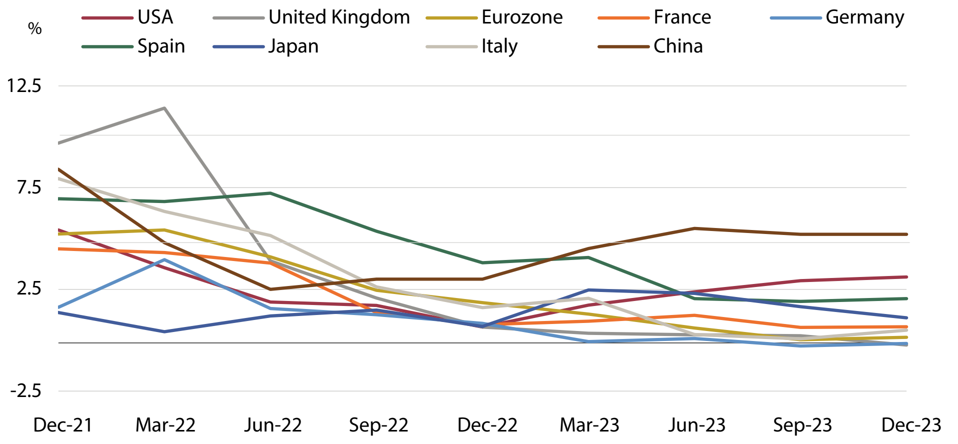
# 2 Macroeconomic environment

## 2.1 Economic performance

**The global economic slowdown that began in 2022 as a result of the shift in monetary policy aimed at combating high inflation rates continued in 2023.** Global growth decelerated from 3.5% in 2022 to 3.2% in 2023. This slowdown was quite varied, affecting advanced economies more significantly than emerging markets, with notable differences within each group as well. Growth in advanced economies declined from 2.6% to 1.6%, with the US economy experiencing an increase in its growth rate by 0.60 pp to 2.5%, while growth in the euro area fell by almost 3 pp to 0.5% (compared to 3.5% in 2022). Within the euro area, the countries that experienced the sharpest slowdowns were Germany and the Netherlands, with growth rates very close to zero (-0.1% in Germany and 0.2% in the Netherlands). For emerging economies, overall growth was 4.3%, with Asian and Eastern European economies accelerating their growth, while Latin American economies experienced a slowdown. In Asia, the Chinese economy, which had slowed to 3.0% in 2022, grew by 5.2% in 2023. The Indian economy saw growth rise from 6.5% to 7.8%.

**The Spanish economy slowed in 2023 but continued to outperform the euro area, thanks to its lower exposure to the effects of the Russian invasion of Ukraine and the strong performance of the hotel, tourism, and financial sectors.** Over the whole of 2023, GDP grew by 2.5% (compared to 5.8% in 2022). The highest year-on-year growth rate was observed in the first quarter (4.1%), before slowing to around 2% in the subsequent quarters.

**Annual change in GDP** FIGURE 1




Source: Refinitiv Datastream. Year-on-year GDP growth rates are shown for each quarter for all economies except China, for which cumulative year-on-year growth rates are presented.

**The composition of growth in Spain in 2023 was less balanced than in the previous year, with domestic demand contributing 1.7 pp, compared to 0.9 pp from the foreign sector.** Within domestic demand, private consumption and gross capital formation continued to slow down, while government consumption grew more robustly. In terms of external trade, exports continued to grow, but at a much slower pace than in previous years (2.4% in 2023 compared to 15.2% in 2022), while imports increased only slightly, by just 0.3% (7.0% in 2022).

**Spain: main macroeconomic variables (annual % change)** TABLE 1

| | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| **GDP** | **-11.2** | **6.4** | **5.8** | **2.5** |
| Private consumption | -12.4 | 7.2 | 4.8 | 1.7 |
| Public consumption | 3.6 | 3.4 | -0.2 | 3.8 |
| Gross fixed capital formation, of which: | -9.0 | 2.8 | 2.4 | 0.6 |
| Construction | -9.2 | 0.4 | 2.6 | 2.2 |
| Capital goods and others | -12.6 | 4.4 | 1.9 | -1.8 |
| Exports | -20.1 | 13.5 | 15.2 | 2.4 |
| Imports | -15.0 | 14.9 | 7.0 | 0.3 |
| Foreign sector (contribution to growth, pp) | -2.2 | -0.2 | 2.9 | 0.9 |
| **Employment**[1] | **-6.5** | **7.1** | **3.7** | **3.2** |
| **Unemployment rate** | **15.5** | **14.8** | **12.9** | **12.1** |
| **Consumer price index** | **-0.3** | **3.1** | **8.4** | **3.5** |
| **Current account balance (% GDP)** | **0.6** | **0.8** | **0.6** | **2.6** |
| **Balance of public administrations (% GDP)** | **-10.1** | **-6.7** | **-4.7** | **-3.6** |
| **Public debt (% GDP)** | **120.3** | **116.8** | **111.6** | **107.7** |
| **Net international investment position (% GDP)** | **60.8** | **50.2** | **41.5** | **44.1** |

Source: Refinitiv Datastream, Bank of Spain and INE.

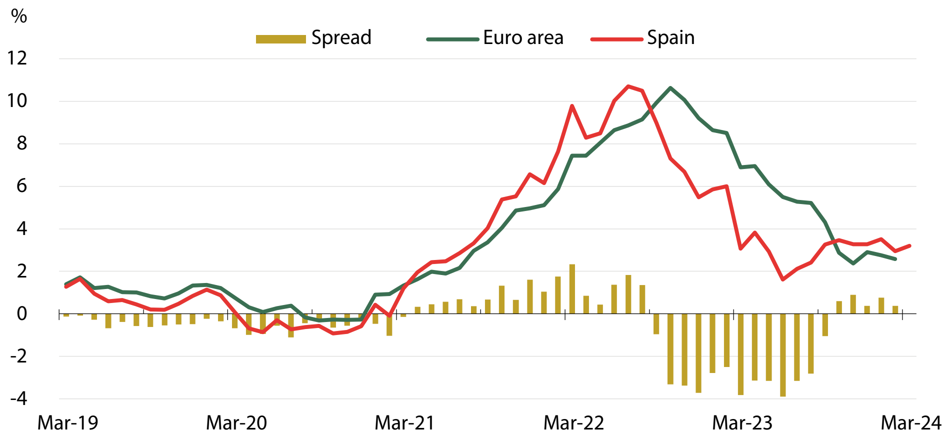
1 1 In terms of full-time equivalent jobs.

**On the supply side, 2023 saw a slowdown in the main sectors of the Spanish economy, with value added in the industrial, construction, and services sectors growing at a slower rate than in 2022.** Within the services sector, whose value added grew by 3.2% (compared to 8.0% in the previous year), the most significant deceleration occurred in commerce, transport, hotels and restaurants, and professional activities, with growth rates 11.6 and 7 pp lower than in 2022, respectively. The financial and insurance activities sub-sector stands out, growing by 3.3 pp more than the previous year (6.3% in 2023 compared to 2.9% in 2022).

**Commodity prices have generally not shown large fluctuations in the first months of the year, except for oil, which has risen sharply due to attacks on Russian refineries amid the ongoing armed conflict between Russia and Ukraine.** Despite this, inflation rates have continued to decline in major economies, as have core rates, moving closer to central banks' targets. February data shows inflation rates in the United States, euro area, United Kingdom, China, and Japan at 3.2%, 2.6%, 3.4%, 0.7%, and 2.8% respectively. Meanwhile, core inflation rates range from 0.6% in China to 4.5% in the United Kingdom.

**The inflation rate in Spain progressively declined over the past year, reaching 3.1% at the end of 2023. Since November, annual rates have hovered around 3% (3.2% in March).** Core inflation, which excludes energy and fresh food prices, gradually decreased to 3.5% in February. Looking at the components of inflation, fresh and processed food, which hit rates of 13.6% and 19% at the beginning of 2023, gradually declined over the rest of the year and at the beginning of 2024, reaching 5.0% and 5.7% respectively in February. Compared to the euro area, it is notable that since October of last year, Spain's inflation rate has once again surpassed that of the euro area, with a difference ranging between 0.4 and 0.9 pp.

Harmonised CPI: Spain compared to the euro area (annual % change) FIGURE 2

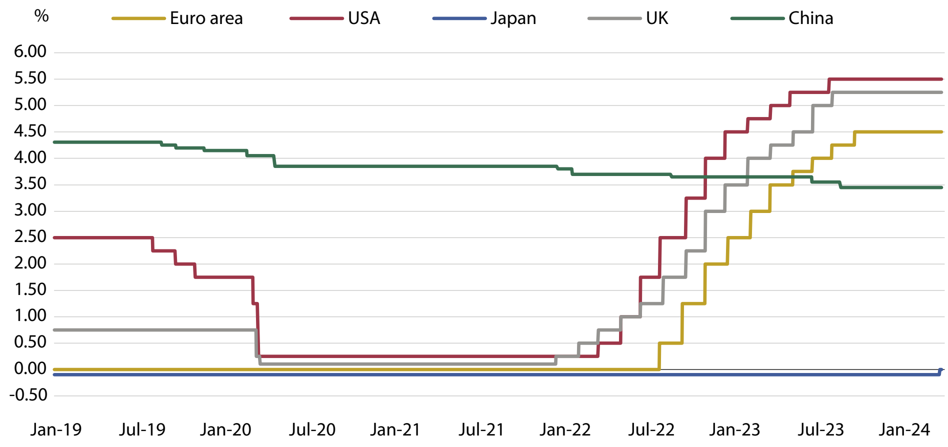



Source: Refinitiv Datastream. Data to February for the euro area and to March for Spain.

**Given the positive trajectory of inflation rates, which are nearing the targets set by central banks, gradual interest rate hikes came to a halt in the third quarter of last year.** As a result, the official rate set by the Federal Reserve remains at 5.25-5.5%, and the rate in the United Kingdom at 5.25%. In the euro area, the main refinancing rate holds steady at 4.5%, the marginal lending facility at 4%, and the marginal deposit facility at 4.75%. Recent forecasts regarding central bank decisions anticipate further rate cuts, but not before June.

In contrast to economies implementing tighter monetary policies, **China has not adjusted its rates since lowering them by 10 bp to 3.45% in August 2023.** Meanwhile, **Japan raised interest rates for the first time in 17 years by 10 bp at the end of March 2024, marking the end of an era of negative rates.** The decision by the Bank of Japan (BoJ) is grounded in the aim of achieving the 2% annual inflation target "in a sustainable and stable manner".

**Official interest rates** FIGURE 3



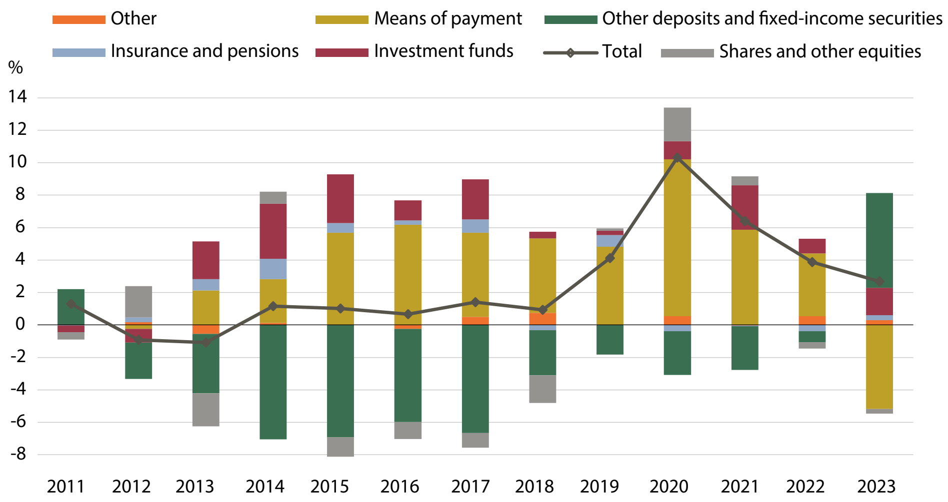

Source: Refinitiv Datastream. Data until 31 March.

**Data from the Spanish labour market indicate that, while the pace of job creation slowed down in 2023, it remained quite significant.** The number of employed persons (full-time equivalents) rose by 755,000 over the year, marking a 3.2% increase compared to 2022 (which saw a 3.8% increase). This growth led to a 1.1 pp drop in the unemployment rate, ending the year at 11.76% of the labour force (with an annual average of 12.1%, down from 12.9% in 2022). However, this figure is still significantly higher than the euro area's, which concluded the year at 6.5%.

**The general government deficit stood at 3.6% of GDP in 2023, down from 4.7% in 2022.** Revenues increased by 9%, driven by economic growth and improved employment, whereas expenditure rose by 6.5%. By type of administration, the published data show that, as in the previous year, most of the deficit reduction was due to the central government, whose deficit decreased from 3.1% of GDP in 2022 to 2.1% in 2023. In contrast, the Social Security funds saw an increase in their deficit, reaching 0.7% of GDP. The regional and local governments also improved their deficits, reducing them from 1.12% to 0.91% of GDP for the regional governments and from 0.11% to 0.09% of GDP for the local governments. Public debt, as per the Excessive Deficit Protocol, continued to decline, ending the year at 107.7% of GDP, compared to 111.6% at the end of 2022. The Bank of Spain forecasts further reductions in both the deficit and public debt for 2024, projecting figures of 3.5% and 106.5% of GDP, respectively.

**Household savings grew progressively throughout 2023, rising from 8.3% of gross disposable income to 11.7% by the end of the year. This increase was driven by rising household incomes and a slowdown in consumption.** While the household saving rate remains lower than the euro area average of 14%, the gap has significantly narrowed. In terms of investment decisions, net asset purchases declined from 3.8% of GDP in 2022 to 2.7% in 2023. The rise in interest rates led to a drastic shift in the composition of household investments compared to the trends of recent years (see Figure 4). Specifically, there was a significant disinvestment in means of payment (more than 5% of GDP) and an even greater investment in term deposits and fixed-income securities, totalling 5.9% of GDP, to capitalise on the higher yields of these products. Investment funds also stood out, receiving inflows equivalent to 1.7% of GDP, 0.8 pp more than in 2022.

**Households: net acquisition of financial assets (% of GDP)** FIGURE 4




Source: Bank of Spain, *Financial Accounts*. Cumulative data for four quarters.

## 2.2 Outlook

**The forecasts published by the IMF in April 2024 suggest a scenario of "steady but slow global recovery", with differences among countries.** Global growth is projected to be 3.2% in both 2024 and 2025, maintaining the same rate as in 2023. These projections are driven by the greater resilience of the US economy and certain emerging economies. However, these forecasts remain below the average of 3.8% recorded from 2000 to 2019. Among advanced economies, growth is expected to increase gradually from 1.6% in 2023 to 1.7% in 2024 and 1.8% in 2025. Meanwhile, emerging economies are projected to grow by 4.2% in both 2024 and 2025, slightly below the 4.3% recorded in 2023. The Spanish economy is expected to slow from 2.5% growth in 2023 to 1.9% in 2024 (0.4 pp higher than forecast in January), before returning to a growth rate above 2% in 2025. These figures remain higher than those projected for the euro area, which are 0.8% and 1.5%, respectively.

**The uncertainty surrounding this growth scenario remains high.** The most significant risks to the economic and financial outlook are as follows:

– **Uncertain and unrealised negative consequences stemming from the cumulative increase in interest rates during 2022 and 2023.** This rise has tightened financing conditions, which could particularly impact those currently seeking financing, those with higher levels of debt (especially if linked to variable interest rates), or those who are generally more financially vulnerable. The negative impact of inflation on the real income growth of economic agents is also worth noting. Risks related to the depreciation of fixed-income assets have diminished somewhat compared to a few months ago.

– **Several major geopolitical risks are present.** The ongoing war between Russia and Ukraine has been compounded by conflicts in the Middle East. Although these conflicts did not cause significant disruptions in financial markets last year, they continue to be major sources of uncertainty. Additionally, there is considerable uncertainty surrounding the outcomes of electoral processes set to take place in various countries this year, particularly in the United States.

– **There is a risk of asset depreciation or turbulence in financial markets.** There appears to be a certain disconnect between the high levels of uncertainty (and the erosion of economic expectations) and the behaviour of international financial markets. Generally, these markets have shown significant revaluations, low levels of volatility, and minimal changes in risk premiums. In this context, various negative shocks could lead to a reassessment of asset prices and risk premiums, potentially causing market turbulence.

– **Risks related to technological advancements.** The growing use of technological developments in finance spans a wide range of areas, from crypto-assets and cyber risks to, more recently, issues related to generative artificial intelligence. All of these can be sources of instability for the financial system and the economy as a whole.

**Gross domestic product** TABLE 2

Year-on-year % change

| | | | | | IMF[1] | |
|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| Global | -3.1 | 6.3 | 3.5 | 3.2 | 3.2 (0.1) | 3.2 (0.0) |
| United States | -2.2 | 5.8 | 1.9 | 2.5 | 2.7 (1.1) | 1.9 (0.8) |
| Euro area | -6.2 | 5.9 | 3.5 | 0.4 | 0.8 (0.0) | 1.5 (0.1) |
| Germany | -4.2 | 3.1 | 1.9 | -0.3 | 0.2 (0.3) | 1.3 (0.2) |
| France | -7.7 | 6.4 | 2.5 | 0.9 | 0.7 (0.0) | 1.4 (0.1) |
| Italy | -9.0 | 8.3 | 4.1 | 0.9 | 0.7 (0.0) | 0.7 (-0.1) |
| Spain | -11.2 | 6.4 | 5.8 | 2.5 | 1.9 (0.4) | 2.1 (0.1) |
| United Kingdom | -10.4 | 8.7 | 4.3 | 0.1 | 0.5 (0.8) | 1.5 (0.5) |
| Japan | -4.2 | 2.6 | 0.9 | 1.9 | 0.9 (-0.4) | 1.0 (0.0) |
| Emerging economies | -2.0 | 6.8 | 4.1 | 4.3 | 4.2 (0.1) | 4.2 (0.0) |

Source: Refinitiv Datastream and IMF.

1 In parentheses, the variation compared to the last published forecast (IMF forecasts published in April 2024 with respect to January 2024).

**The Spanish economy is expected to continue growing this year and next, outpacing the average growth forecast for the euro area.** However, it is important to bear in mind that this growth is not without its risks and uncertainties. Most of these risks are common to other economies and have been discussed previously. Some, such as the potential consequences of rising interest rates and their sustained levels over time, may be more significant in Spain due to the prevalence of variable interest rate loans in our economy and the high levels of indebtedness among certain sectors. Additionally, other sources of uncertainty, such as the impact of a highly fragmented parliament on the adoption of specific measures, are uniquely domestic.

## 3 Stock market developments

**In the early months of 2024, the stress indicator for Spanish financial markets[2] continued its downward trend, which has been ongoing – with some fluctuations – since the end of 2022.** Throughout the analysed period of 2024, this indicator has remained in the low-stress range (below 0.27), reaching a low of 0.14 at the end of February (see Figure 5). Since then, it has edged up slightly to 0.20 in early April (data up to 5 April). The low level of stress observed in domestic financial markets is comparable to similar indicators for other geographical areas.[3] This trend can be attributed to the recovery in asset prices, the persistence of most volatility indicators at low levels, the positive trends in market liquidity conditions, and the containment of risk premiums.

**The highest levels of stress are found in the two segments related to fixed income.** These segments – money markets and debt markets – have been exhibiting slightly higher stress levels than other sectors for several months. This heightened stress is largely due to central bank decisions on interest rates and changes in interest rate expectations, which result in temporary increases in the volatility measures of various performance indicators. Additionally, stress in the financial intermediaries sector, one of the most significant sectors primarily comprising banks, has eased, mainly owing to the recovery in company share prices. However, this trend has slightly reversed in the final days of the analysis, as it happens in other sectors, due to a modest increase in the volatility of asset prices, including oil prices.

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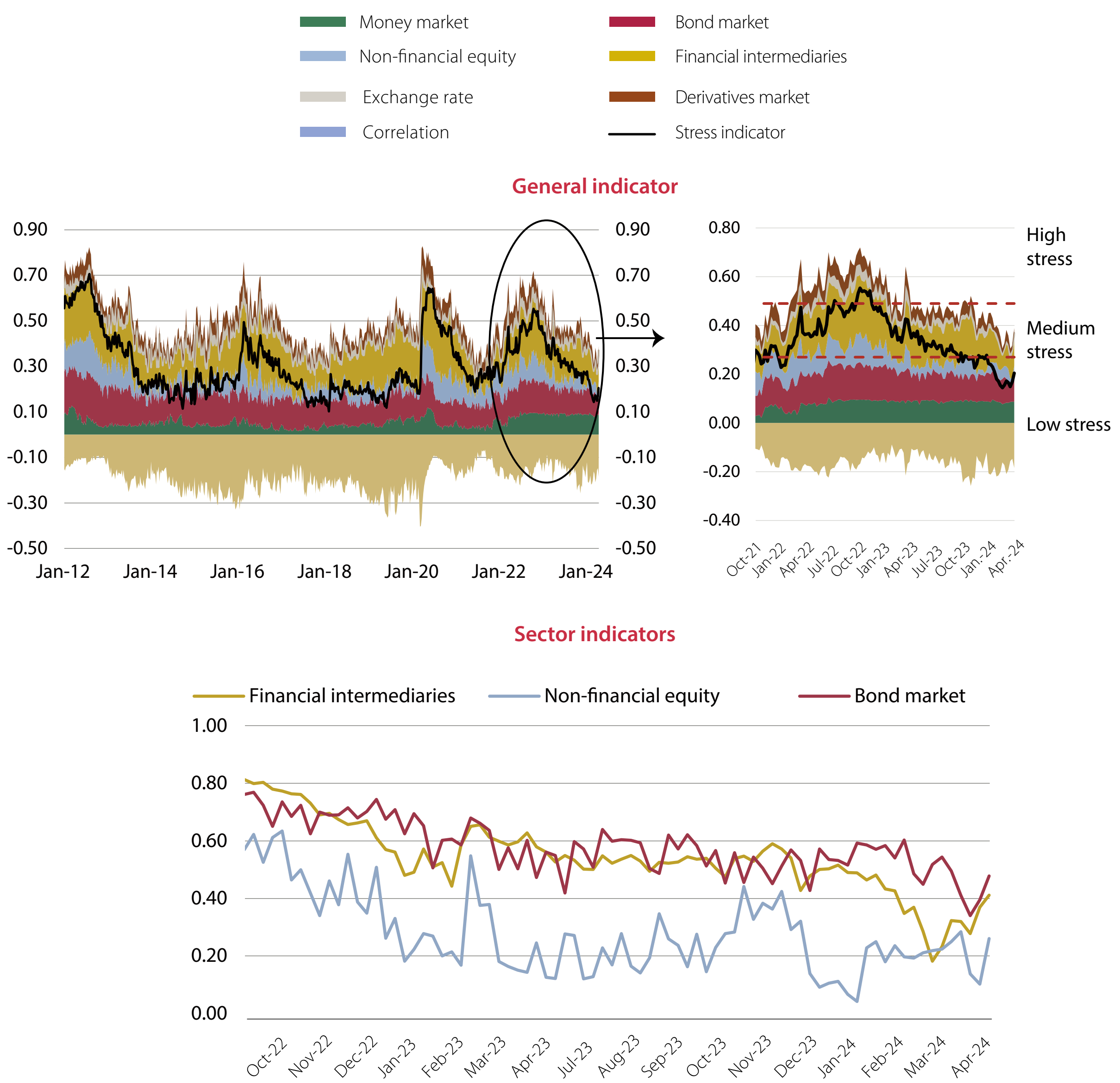
2 The stress indicator calculated by the CNMV provides a real-time measure of systemic risk in the Spanish financial system that ranges from zero to one. To do this, it evaluates stress in six segments of the financial system and makes an aggregate, obtaining a single figure that takes into account the 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 quarterly 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 index, 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).

3 See, for example, the VIX indicator for the US case or the euro area systemic stress indicator: CISS.D.U2.Z0Z.4F.EC.SS_CI.IDX | ECB Data Portal

**Stress indicator of the Spanish financial markets** FIGURE 5




Source: CNMV.

## 3.1 The stock markets

International stock markets have begun the year with fairly robust gains, continuing the trend seen in 2023, amidst an environment of low volatility. The rise in most share prices can be attributed to economic activity developments, which in some instances have not been as unfavourable as anticipated a few months ago, and to fluctuating expectations regarding the timing of the initial downward adjustments in official interest rates. Some market analysts have noted a potential mismatch between certain valuations and economic fundamentals. However, according to traditional valuation indicators, this mismatch appears to be significant only in specific economic regions, such as the United States).

## Stock market prices

**After ending 2023 at record highs[4] in many markets, the major international equity indices started the first quarter of the year with significant gains**. However, some Southeast Asian and Latin American indices, such as Hong Kong and Brazil's Bovespa, experienced moderate losses. Japanese indices saw the biggest increases, while European indices closed the quarter with gains that outpaced those of the US indices, which had initially been leading the charge. Markets remain closely focused on upcoming central bank decisions regarding monetary policy, although volatility continues to be low.

**The US markets maintained their upward trend thanks to the strong performance of the technology sector, while European indices, after a subdued start to the quarter, saw slightly higher gains due to the possibility that the ECB might bring forward the first interest rate cuts.** Optimism fuelled by this prospect, in a context of seemingly controlled inflation, along with improved macroeconomic outlooks and corporate earnings, led to a strong rise in markets from February onwards, culminating in their best quarterly performance in the past year. The robust gains in US indices during the early weeks of the year were driven by the technology sector, buoyed by developments and advancements in artificial intelligence. However, these gains moderated as expectations of interest rate cuts diminished, all against the backdrop of a strong US economy and concerns about potential vulnerabilities in the financial system due to some regional banks' exposure to commercial real estate.

In the United States, stock market indices recorded gains ranging from 5.6% for the Dow Jones (heavily influenced by the financial sector) to 10.2% for the S&P 500, with the technology sector increasingly prominent (9.1% in the Nasdaq). In the euro area, gains varied from 8.8% for the French Cac 40 to 14.5% for the Italian FTSE Mib. The Spanish Ibex 35 and the German Dax 30 rose by 9.6% and 10.4%, respectively. Similarly, the UK FTSE 100 index increased by a modest 2.8%, while Japan's Nikkei 225 and Topix led the way with impressive gains of 20.6% and 17%, respectively.

**Among the stock market indices of emerging economies, performance was more varied, though gains were more common.** Even so, the main indices in both Latin American and Southeast Asian markets showed mixed results. Notable increases were seen in the stock markets of Argentina, Chile,[5] and Taiwan,[6] while Brazil[7] and Hong Kong experienced declines. Additionally, all Eastern European indices posted gains, although these were more modest compared to those of the major European economies.

4 All the major US indices (Dow Jones, S&P 500, and Nasdaq), as well as the German Dax 30, French Cac 40, and European Eurostoxx 50, ended 2023 at record highs.

5 The Merval and IGPA indices of the Argentine and Chilean stock exchanges rose by 30.5% and 6.9%, respectively.

6 The Taiwan Weighted index increased by 13.2% in the first quarter, while the main indices of the Indian, Philippine, and Malaysian markets rose by 4.1%, 7%, and 5.6%, respectively.

7 Brazil's main stock market index (Bovespa) declined by 4.5%, while Hong Kong's Hang Seng fell by 3%.

## Performance of the main stock market indices[1]

TABLE 3

%

| | 2020 | 2021 | 2022 | 2023 | II 23 | III 23 | IV 23 | I 24 |
|---|---|---|---|---|---|---|---|---|
| **World** | | | | | | | | |
| MSCI World | 14.1 | 20.1 | 19.5 | 21.8 | 6.3 | -3.8 | 11.1 | 8.5 |
| **Euro area** | | | | | | | | |
| Eurostoxx 50 | -5.1 | 21.0 | -11.7 | 19.2 | 1.9 | -5.1 | 8.3 | 12.4 |
| Euronext 100 | -3.6 | 23.4 | -9.6 | 13.3 | 1.0 | -3.6 | 5.4 | 9.4 |
| Dax 30 | 3.5 | 15.8 | -12.3 | 20.3 | 3.3 | -4.7 | 8.9 | 10.4 |
| Cac 40 | -7.1 | 28.9 | -9.5 | 16.5 | 1.1 | -3.6 | 5.7 | 8.8 |
| Mib 30 | -5.4 | 23.0 | -13.3 | 28.0 | 4.1 | 0.0 | 7.5 | 14.5 |
| Ibex 35 | -15.5 | 7.9 | -5.6 | 22.8 | 3.9 | -1.7 | 7.1 | 9.6 |
| **United Kingdom** | | | | | | | | |
| FTSE 100 | -14.3 | 14.3 | 0.9 | 3.8 | -1.3 | 1.0 | 1.6 | 2.8 |
| **United States** | | | | | | | | |
| Dow Jones | 7.2 | 18.7 | -8.8 | 13.7 | 3.4 | -2.6 | 12.5 | 5.6 |
| S&P 500 | 16.3 | 26.9 | -19.4 | 24.2 | 8.3 | -3.6 | 11.2 | 10.2 |
| Nasdaq-Composite | 43.6 | 21.4 | -33.1 | 43.4 | 12.8 | -4.1 | 13.6 | 9.1 |
| **Japan** | | | | | | | | |
| Nikkei 225 | 16.0 | 4.9 | -9.4 | 28.2 | 18.4 | -4.0 | 5.0 | 20.6 |
| Topix | 4.8 | 10.4 | -5.1 | 25.1 | 14.2 | 1.5 | 1.9 | 17.0 |

Source: Refinitiv Datastream.

1 In local currency. Data until 31 March.

**Spanish stock markets, which ended 2023 at their highest level since 2018, began the year with significant gains, following the trend of the major European markets.** Their performance aligned with these markets, primarily due to the influence of the financial sector in the indices. The financial sector benefited towards the end of the quarter from the release of expectations about a rapid decrease in interest rates, which allowed for some stability in their margins.

**In Spain, the Ibex 35, which had risen by 22.8% in 2023, gained 9.6% during the first quarter.** This growth allowed it to surpass the 11,000-point mark for the first time since May 2017. However, it remains well below the nearly 16,000-point levels reached before the financial crisis and lags behind other major European indices, which are hitting new all-time highs. Small and mid-cap companies,[8] which had already underperformed compared to the broader market in 2023, did not benefit from this upward trend and showed little change in value. Similarly, the FTSE Latibex All-Share and FTSE Latibex Top indices, which represent Latin American

8 Small-cap stocks appreciated by a modest 0.8% in the quarter, while mid-cap stocks declined by 0.7%.

stocks listed in euros, experienced slight declines of 4.8% and 3.3%, respectively. The appreciation of some currencies[9] and the revaluation of Latin American stock markets were insufficient to offset the decline in Brazilian stock market prices and the lack of gains in the Mexican market.

**Most sectors ended the quarter with gains, buoyed by the prospect of lower interest rates, controlled inflation, and economic improvements.** Nearly all sectors showed positive performance, although there were setbacks in a few sub-sectors. Notably, the electricity sector was weighed down by falling electricity prices,[10] and the pharmaceutical sector faced uncertainties surrounding the company Grifols. As shown in Table 4, the extent of the gains varied across different sectors and companies, depending on the specific outlook and uncertainties associated with each.

**The biggest gains were seen in the financial sector (banks and insurance companies), as well as in the textile and oil sectors. Financial companies benefited from the maintenance of the relatively high interest rates, textile companies from their international expansion, and oil companies from the rise in oil prices.[11]** In the textile sector, Inditex's share price once again reached record highs. Additionally, transport companies saw a significant revaluation, driven by substantial growth in airline activities, engineering companies, and, to a lesser extent, food companies. The telecommunications sector also benefited from the performance of Telefónica, following the announcement and influx of public capital.

9 In the first quarter of the year, the Mexican peso appreciated by 4.9%, whereas the Brazilian real depreciated by 1%.

10 Electricity prices have even reached negative values in the wholesale market.

11 Meanwhile, the price of oil increased by 13.5% in the first quarter, nearing US$88 per barrel.

## Performance of Spanish stock market indices and sectors

TABLE 4

| Indices | 2021 | 2022 | 2023 | I 23[1] | II 23[1] | III 23[1] | IV 23[1] | I 24[1] |
|---|---|---|---|---|---|---|---|---|
| Ibex 35 | 7.9 | -5.6 | 22.8 | 12.2 | 3.9 | -1.7 | 7.1 | 9.6 |
| Madrid | 7.1 | -4.8 | 21.6 | 11.8 | 3.5 | -1.3 | 6.4 | 9.7 |
| Ibex Medium Cap | 8.6 | -7.4 | 5.9 | 7.1 | -2.4 | -1.9 | 3.3 | -0.7 |
| Ibex Small Cap | 1.8 | -12.8 | 10.6 | 11.9 | 0.3 | -4.5 | 3.2 | 0.8 |
| FTSE Latibex All-Share | 5.8 | 10.7 | 10.4 | -2.8 | 5.8 | -0.2 | 7.6 | -4.8 |
| FTSE Latibex Top | 13.5 | 7.8 | 12.5 | -4.5 | 12.2 | -2.2 | 7.3 | -3.3 |
| **Sectors[2]** | | | | | | | | |
| **Financial services** | **20.3** | **7.9** | **29.3** | **13.3** | **2.8** | **6.8** | **3.9** | **25.0** |
| Banking | 20.7 | 9.0 | 30.7 | 13.9 | 3.1 | 6.9 | 4.0 | 25.4 |
| Insurance | 7.3 | -8.3 | 2.6 | 0.2 | -4.6 | 6.8 | 0.5 | 17.3 |
| **Oil and energy** | **-1.6** | **5.2** | **3.4** | **4.0** | **0.6** | **-5.8** | **4.9** | **-2.5** |
| Petroleum | 26.5 | 42.3 | -9.4 | -4.5 | -6.0 | 16.8 | -13.6 | 14.8 |
| Electricity and gas | -4.2 | -1.0 | 6.7 | 6.0 | 2.5 | -9.8 | 8.9 | -4.3 |
| **Basic mats., industry and construction** | **9.3** | **-11.3** | **25.5** | **10.1** | **4.5** | **-2.4** | **11.9** | **3.5** |
| Construction | 15.2 | -4.3 | 26.9 | 9.8 | 3.7 | -2.7 | 14.6 | 2.5 |
| Manufacture and assembly of capital goods | -20.4 | -13.8 | 30.6 | 6.5 | 9.6 | 0.1 | 11.8 | -3.2 |
| Minerals, metals and metal products processing | 28.7 | -14.2 | 13.5 | 10.2 | 1.7 | -6.9 | 8.8 | -1.4 |
| Engineering and others | 29.2 | -46.3 | 35.3 | 13.0 | 15.5 | 6.0 | -2.2 | 11.2 |
| **Technology and telecommunications** | **9.0** | **-22.8** | **17.8** | **19.9** | **3.3** | **-8.5** | **4.0** | **0.4** |
| Telecommunications and others | 15.7 | -25.7 | 9.3 | 16.4 | -1.8 | -3.3 | -1.1 | 4.9 |
| Electronics and software | 1.2 | -17.0 | 32.9 | 26.2 | 11.6 | -16.0 | 12.4 | -5.6 |
| **Consumer goods** | **0.9** | **-17.0** | **44.3** | **16.4** | **11.4** | **0.1** | **11.2** | **10.8** |
| Textile, clothing and footwear | 9.5 | -14.2 | 58.6 | 24.3 | 14.7 | -0.5 | 11.7 | 18.3 |
| Food and drink | -1.6 | -12.9 | -3.2 | 9.2 | -1.7 | -5.4 | -4.7 | 6.7 |
| Pharmaceutical products and biotechnology | -17.9 | -0.7 | 19.0 | -13.2 | 11.1 | 6.9 | 15.4 | -24.5 |
| **Consumer services** | **-1.9** | **-15.9** | **30.4** | **21.8** | **3.6** | **-5.5** | **9.3** | **11.4** |
| Leisure, tourism and hospitality | 27.5 | -35.7 | 49.7 | 26.2 | 13.7 | -5.2 | 10.1 | 4.9 |
| Transportation and distribution | -2.6 | -13.7 | 32.2 | 22.8 | 3.7 | -5.7 | 10.1 | 12.4 |
| **Real estate services** | **12.8** | **13.0** | **12.8** | **-4.2** | **-0.8** | **-0.9** | **19.8** | **-4.0** |

Source: BME and Refinitiv Datastream.

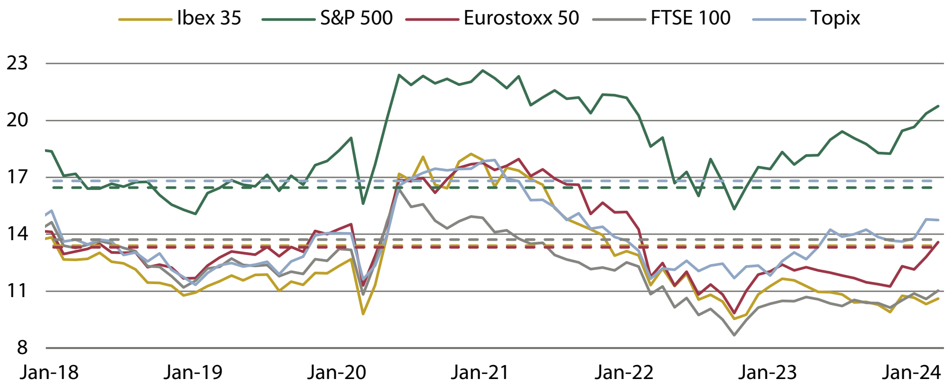
1 Variation compared to the previous quarter.

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

**Regarding losses, as previously mentioned, the pharmaceutical sector was the worst performer, largely due to the issues faced by Grifols. The electricity companies also struggled, impacted by falling energy prices and the prolonged imposition of taxes on the sector**. The technology sector saw declines primarily because of the drop in Amadeus' share price, while the real estate sector was hit by concerns over the valuation of offices and commercial assets.

**The price-to-earnings (P/E) ratio of most major equity indices increased in the first quarter compared to mid-December 2023, with the exception of the Ibex 35. Nonetheless, it remains close to or below the historical average for most indices, except those in the United States** (see Figure 6). The substantial increase in equity prices during the first quarter, which surpassed the expected growth in corporate earnings for the coming months, led to a notable rise in the P/E ratio in most indices, reaching its highest value in the past year. However, this was not the case for the Spanish index, where the P/E ratio decreased from 10.8 in mid-December 2023 to 10.6 in March 2024. This drop occurred because the projected growth in corporate earnings exceeded the index's appreciation. This value remains below that of the European Eurostoxx 50 index, creating the largest disparity between the two in recent years. As illustrated in Figure 6, the P/E ratios of the major international stock market indices exhibited a similar trend during the quarter. However, in the case of the US S&P 500 and the European Eurostoxx 50, the increase was more pronounced, coinciding with record highs in both indices. For the Eurostoxx 50, the ratio slightly exceeded its average values of the last decade, a trend also observed in the US indices. In contrast, the ratios for other indices remained below their average values.

**Price-earnings (P/E) ratio[1]** FIGURE 6



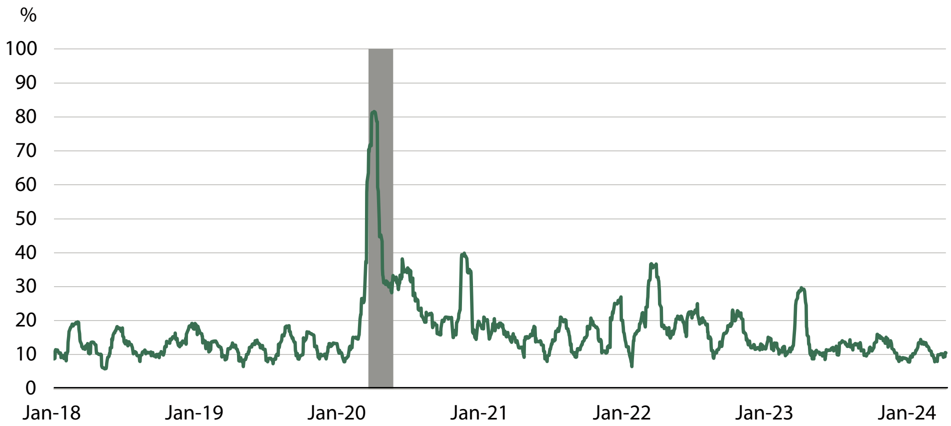

Source: Refinitiv Datastream. Data until 15 March. The dashed lines represent the historical average of the indicator since 2000.

1 With forecast earnings for 12 months.

**The historical volatility of the Ibex 35, which had remained at low levels during the latter part of 2023, decreased further in the initial months of 2024, dipping below 10% by the end of March.** The average volatility for the first quarter stood at 10.9%, slightly lower than the previous quarter's 11.9%, and below the annual average of 13.1% for 2023. This downward trend in volatility was also observed in other international indices, where the decline was even more pronounced. Lower volatility in these indices directly impacts trading volumes, as it tends to discourage algorithmic and high-frequency trading activities.

## Historical volatility of the Ibex 35

FIGURE 7



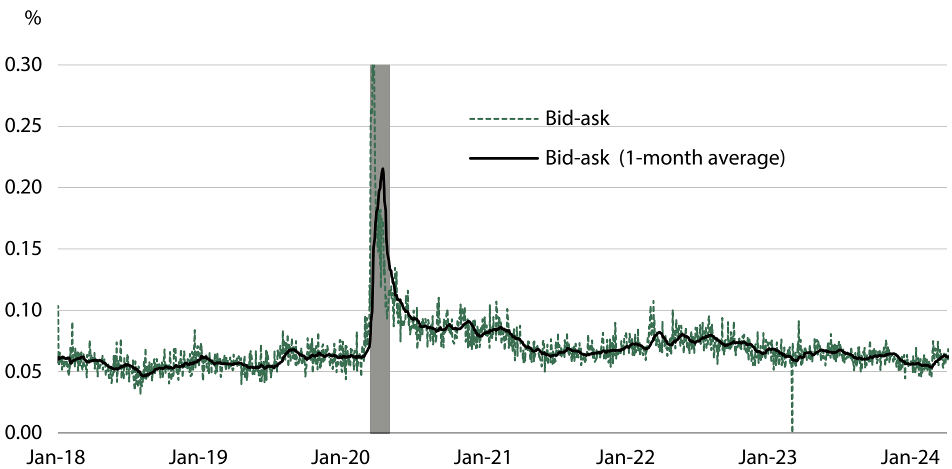

Source: Refinitiv Datastream and own calculations. The indicator is calculated as the annualised standard deviation of the daily price variations of the Ibex 35 over 21 days. The vertical lines of the figure refer to the introduction of restrictions on short-selling, the first for one day, which affected 69 entities (13 March 2020) and the second, adopted a few days later and ended on 18 May 2020, which affected all entities.

### Activity: trading, issues and liquidity

**Liquidity conditions on the Ibex 35, as measured by the bid-ask spread, saw a slight improvement during the first few months of 2024 and remain at levels considered satisfactory.** The increase in trading volumes on the SIBE, coupled with low market volatility, allowed the spread to narrow slightly again during the quarter, averaging 0.058%. This is below the averages for the last three quarters (0.066%, 0.062%, and 0.060% in the second, third, and fourth quarters of 2023, respectively), and also below the historical average of 0.088% (see Figure 8).

## Liquidity of the Ibex 35. Bid-ask spread

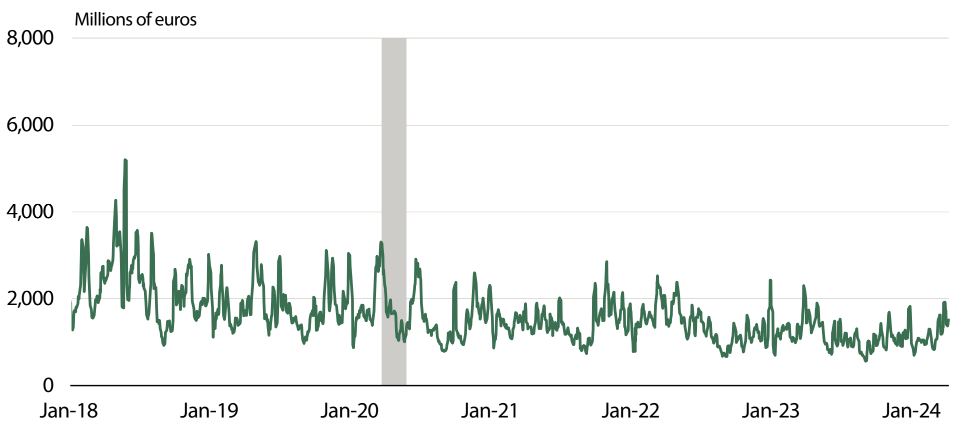
FIGURE 8




Source: Refinitiv Datastream and own calculations. 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 restrictions on short-selling, the first for one day, which affected 69 entities (13 March 2020) and the second, adopted a few days later and ended on 18 May 2020, which affected all entities.

**In this context of rising share prices and low average volatility, trading in Spanish equities reached €170.451 billion in the first quarter of the year, surpassing the volumes of the last three quarters.** However, this figure represents a year-on-year decline of 9.4%. The average daily trading volume in the electronic market between January and March 2024 stood at €1.21 billion, slightly higher than the previous quarter's €1.14 billion, but 11.9% lower than in the same quarter of 2023.

**Daily trading of the Spanish stock market[1]** FIGURE 9




Source: CNMV. The vertical lines of the figure refer to the introduction of restrictions on short-selling, the first for one day, which affected 69 entities (13 March 2020) and the second, adopted a few days later and ended on 18 May 2020, which affected all entities.

**Trading volume recovered in both BME's market and competing trading venues and markets compared to previous quarters. However, the improvement was more pronounced in the latter during the first three months of the year, causing BME's market share to fall back to 43.6%.[12]** This percentage is calculated against the total trading volume subject to non-discretionary market rules. BME's trading volume reached €73.75 billion (up 5.5% from the previous quarter), while competing trading venues saw a trading volume of €96.70 billion (up 14.8%). BME's market share has remained below 50% since 2022, reflecting a trend similar to that observed in other regional economies.

**Among BME's trading venues and competing markets, Cboe Equities once again stood out in terms of absolute trading volume. However, other competitors like Equiduct and Aquis are increasingly gaining relative market share**. Cboe Equities, operating out of Amsterdam, maintained its leadership position with trading volumes exceeding €69.5 billion for the quarter. This represents almost 72% of foreign trading and more than 94% of BME's trading volume. Following Cboe Equities, Equiduct and Aquis accounted for 7.3% and 7.9%, respectively, of the trading volume among BME's competitors, and 4.1% and 4.5% of total trading volume. Meanwhile, Turquoise has been losing relative market share, dropping to 4.6% of the trading volume at competing venues.

12 BME's market share in the fourth quarter of 2023 was 45.7% of total trading subject to non-discretionary market rules, while for the entire year it stood at 46.4%. Additionally, an alternative estimate of BME's share, published by BME and calculated by Liquidmetrix for book trading, places BME's share at 64.7% for the first quarter of 2024.

**Trading by systematic internalisers also increased, reaching approximately 7.6% of total trading in Spanish securities, maintaining the upward trend observed throughout much of 2023.** This percentage, estimated by combining total trading subject to non-discretionary market rules with that conducted by systematic internalisers, reinforces the recovery trend of this type of trading seen in 2023. It also indicates a partial reversal in achieving one of the objectives of the MiFID II regulation, which aimed to shift some trading from discretionary-rule systems to venues governed by non-discretionary rules.

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

TABLE 5

Amounts in millions of euros

| | 2020 | 2021 | 2022 | 2023 | III 23 | IV 23 | I 24 |
|---|---|---|---|---|---|---|---|
| **Total** | **780,343.5** | **689,603.1** | **738,361.6** | **630,337.0** | **127,661.1** | **154,174.9** | **170,451.5** |
| **Admitted to SIBE electronic platform** | **778,341.0** | **689,595.7** | **738,353.3** | **630,334.7** | **127,661.0** | **154,174.5** | **170,449.0** |
| BME | 418,512.6 | 368,608.5 | 351,801.8 | 290,101.3 | 58,852.6 | 69,905.8 | 73,745.1 |
| Cboe Equities[2] | 275,682.4 | 209,463.7 | 294,530.2 | 247,337.2 | 47,937.5 | 61,867.0 | 69,543.7 |
| Turquoise | 23,242.2 | 22,624.6 | 19,251.4 | 15,886.0 | 3,332.7 | 3,858.1 | 4,427.5 |
| Equiduct[3] | | 5,963.9 | 7,104.6 | 18,135.8 | 4,587.7 | 5,921.9 | 7,017.8 |
| Aquis[3] | | 23,545.0 | 25,275.5 | 22,390.5 | 5,070.7 | 5,623.0 | 7,668.0 |
| Portfolio Exchange | | | - | 0.4 | 0.0 | 0.3 | 0.1 |
| Other | 62,903.8 | 59,389.0 | 40,389.8 | 36,483.5 | 7,879.8 | 6,998.4 | 8,046.6 |
| **Open outcry** | **2.5** | **7.5** | **8.3** | **2.3** | **0.1** | **0.3** | **2.5** |
| **Second market** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| ***Pro memoria*** | | | | | | | |
| Trading of foreign equities through BME | 4,273.8 | 4,364.3 | 4,770.9 | 6,394.7 | 2,562.2 | 2,443.2 | 2,637.1 |
| BME MTF Equity[4] | 3,929.0 | 3,559.2 | 3,837.3 | 2,871.5 | 528.8 | 613.5 | 862.2 |
| Latibex | 79.5 | 48.9 | 93.4 | 65.7 | 11.4 | 7.2 | 35.5 |
| ETF | 2,551.4 | 1,556.0 | 1,604.8 | 1,297.3 | 361.2 | 326.7 | 298.4 |
| Total trading through BME | 429,348.5 | 378,144.4 | 362,116.5 | 300,732.8 | 62,316.3 | 73,296.6 | 77,500.9 |
| % Spanish equities traded through BME/ total Spanish equities | 53.9 | 53.8 | 48.0 | 46.4 | 46.5 | 45.8 | 43.6 |
| **Systematic internalisers[5]** | **144,694.4** | **48,469.9** | **42,059.5** | **43,460.2** | **8,661.9** | **10,926.0** | **14,022.6** |

Source: Bloomberg and own compilation by the authors.

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), currently BME ETF Equity. 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".

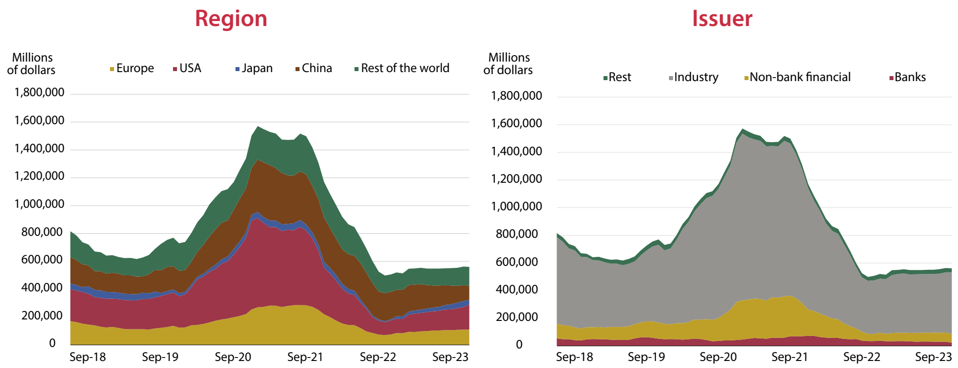
4 Called MAB (Alternative Stock Exchange) until September 2020. This MTF has three segments: BME Growth (in which growth companies and Spanish real estate investment funds are listed), BME IIC (in which the open-ended collective investment schemes and hedge funds are listed) and BME ECR (in which the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

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

The volume of equity issuance in international financial markets rose by 5% over the course of 2023, surpassing US$551.5 billion, a trend that persisted into the first quarter of 2024 (see Figure 10). During this quarter, the total issuance exceeded US$150 billion, marking a 6% increase compared to the same period in 2023. The performance across different regions varied significantly. Notably, the United States experienced a near doubling in equity issuance, reaching US$61.5 billion. In Europe and other regions, the figures were also substantial, at US$33 billion and $37.7 billion, respectively. Conversely, China saw a sharp decline in issuance, plummeting to just US$7.9 billion, an 81% decrease.

Japan also experienced a downturn, albeit less severe, with issuances totalling US$9.8 billion. In terms of sectors, the industrial sector led the growth, with issuances amounting to US$125.2 billion, a 22% rise. In contrast, the banking sector saw a significant reduction of 52.4%, down to US$6.4 billion. Non-bank financial institutions also experienced a decline of 12.7%, reaching $15 billion, and other sectors collectively fell by 43% to US$4.7 billion.

**International equity issues** FIGURE 10




Source: Dealogic. Accumulated data for 12 months to 31 March.

**Equity issuance in the domestic markets reached €991.4 million in the first quarter, slightly below the figures from a year ago.** This confirms the ongoing downward trend observed in primary equity markets over the past three years, a trend that has intensified in the past year. While an increasing number of companies are choosing to remunerate their shareholders with cash or through share buyback programs, some continue to use the dividend election format for shareholder payments. Consequently, nearly all capital increases were conducted under the dividend election format to reward shareholders of large companies, whereas capital increases aimed at raising new funds were minimal.

**No company was listed on the electronic market, nor did any public offerings of shares (IPOs) occur in the first quarter of the year.** Despite this, the context of rising share prices and the prospect of lower interest rates may reactivate some companies' plans to go public in the coming months.[13] Additionally, no companies were added to BME Growth.

13 After the closing date of this report, Puig Brands went public on 3 May, marking the largest IPO on Spanish stock exchanges since Aena's IPO. The family-owned company, which is among the world's

## Capital increases and public offerings

TABLE 6

| | 2021 | 2022 | 2023 | II 23 | III 23 | IV 23 | I 24 |
|---|---|---|---|---|---|---|---|
| **NUMBER OF ISSUERS[1]** | | | | | | | |
| **Total** | **32** | **27** | **20** | **8** | **11** | **6** | **8** |
| Capital increases | 31 | 27 | 20 | 8 | 11 | 6 | 8 |
| Public offerings (for subscription of securities) | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| Initial public offerings (IPO) | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| **NUMBER OF ISSUES[1]** | | | | | | | |
| **Total** | **50** | **55** | **39** | **10** | **13** | **7** | **9** |
| Capital increases | 49 | 55 | 39 | 10 | 13 | 7 | 9 |
| Public offerings (for subscription of securities) | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| Initial public offerings[2] (IPO) | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| **CASH AMOUNT[1] (millions of euros)** | | | | | | | |
| **Capital increases with fund-raising** | **12,227.7** | **2,520.3** | **396.4** | **336.9** | **12.4** | **33.3** | **52.0** |
| With preemptive rights | 7,060.4 | 254.2 | 181.1 | 150.1 | 0.0 | 31.0 | 39.8 |
| Without preemptive rights | 100.0 | 200.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Accelerated book builds | 0.0 | 251.7 | 2.9 | 2.9 | 0.0 | 0.0 | 0.0 |
| Capital increases with non-monetary considerations[3] | 3,525.3 | 1,381.2 | 5.2 | 0.0 | 5.2 | 0.0 | 0.0 |
| Capital increases by conversion | 109.5 | 81.6 | 51.5 | 28.3 | 7.1 | 2.3 | 12.2 |
| Other | 1,432.6 | 351.6 | 155.6 | 155.6 | 0.0 | 0.0 | 0.0 |
| **Scrip issues[4]** | **5,478.1** | **3,591.5** | **3,281.0** | **35.6** | **1,983.7** | **236.2** | **939.4** |
| Of which, scrip dividends | 5,451.8 | 3,590.0 | 3,279.5 | 35.6 | 1,983.7 | 234.6 | 939.4 |
| **Total capital increases** | **17,705.8** | **6,111.8** | **3,677.5** | **372.5** | **1,996.0** | **269.5** | **991.4** |
| **Public offerings for the sale of securities** | | | | **0.0** | **0.0** | **0.0** | **0.0** |
| ***Pro memoria*: transactions in MAB[5]** | | | | | | | |
| Number of issuers | 44 | 41 | 35 | 11 | 15 | 13 | 14 |
| Number of issues | 77 | 88 | 111 | 21 | 24 | 36 | 27 |
| Cash amount (millions of euros) | 2,440.8 | 2,329.5 | 1,517.9 | 567.9 | 496.6 | 350.6 | 79.4 |
| Capital increases | 2,440.8 | 2,329.5 | 1,517.9 | 567.9 | 496.6 | 350.6 | 79.4 |
| Of which, public offerings (for subscription of securities) | 1,654.2 | 1,487.1 | 986.7 | 481.3 | 455.1 | 50.2 | 0.0 |
| 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.

---

leading groups in perfumery, cosmetics, and fashion, has a capitalisation exceeding €13.9 billion. The IPO, aimed exclusively at institutional investors, involves up to €3 billion in class B shares (with voting rights only). Of these, €1.25 billion accounted for the IPO, €1.36 billion for the public offering, and €390 million for the greenshoe (or over-allotment) option. The company was listed at a price of €24.5 per share, and its share price closed flat in its first session relative to the placement price.

## Participation of retail investors in the equity markets in 2023

EXHIBIT 1

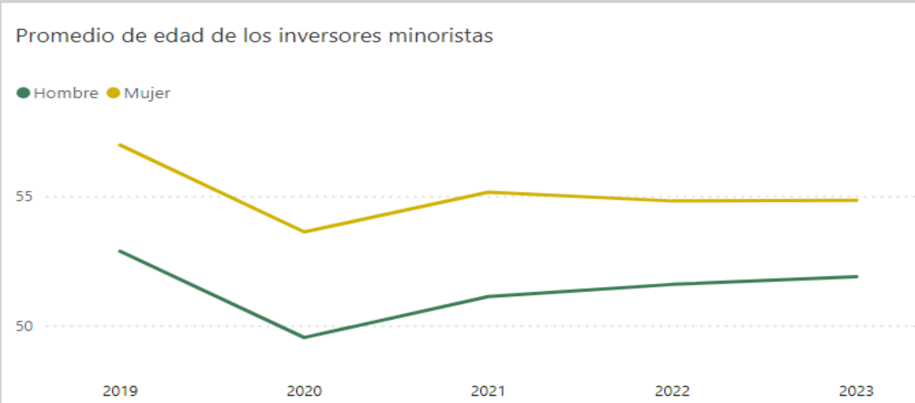
The COVID-19 pandemic in 2020 led to a shift in the behaviour of retail investors in financial markets, resulting in a significant increase in their participation. In 2021, the CNMV published a study along with an interactive dashboard to illustrate this trend in the Spanish equity market, using data from 2019 and 2020.[1] This dashboard has been continually updated and now includes five full years of data.

The 2023 data show continued growth in retail investor participation in the Spanish equity market, extending the upward trend that began in 2023. Retail investment accounted for 7.4% of total purchases traded (up from 6.2% in 2022) and 9.1% of total sales (up from 7.0% in 2022).

The average age of retail investors slightly increased from the **previous year, rising to 52.7 years in 2023 compared to 52.5 in 2022.** For men, this increase follows the upward trend that started after a significant drop in 2020 when many young investors entered the market during the pandemic. The average age among men was 51.9 years, up from 51.6 in 2022. For women, the average age remained steady at 54.8 years, unchanged from 2022. As in previous years, the average ages for both men and women remained below pre-pandemic levels. However, the average age for men is gradually approaching this pre-pandemic value (see Figure E1.1).

### Average age of retail investors

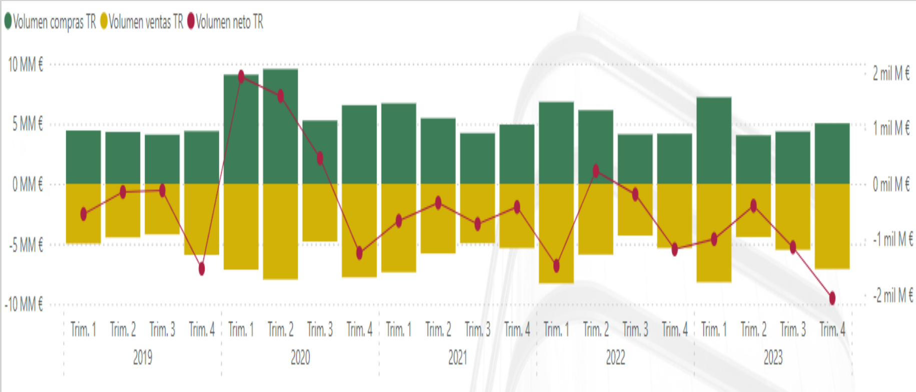
FIGURE E1.1




Source: CNMV.

The volume of retail investor purchases of Ibex 35 shares was €20.61 billion and sales of €25.22 billion, a decrease of 2.9% in the former compared to 2022 and an increase of 5.5% in the latter. These volumes, like last year, are lower than those recorded during the pandemic, but higher than those observed before it. In 2023, as in the previous two years, the sales position of retail investors was once again higher (see Figure E1.2). In addition, retail investors carried out 3.2 million purchase transactions and 3.5 million sale transactions in 2023, down 11.7% and 3.6%, respectively, against the figures of 2022, although they were still higher than those registered in 2019.

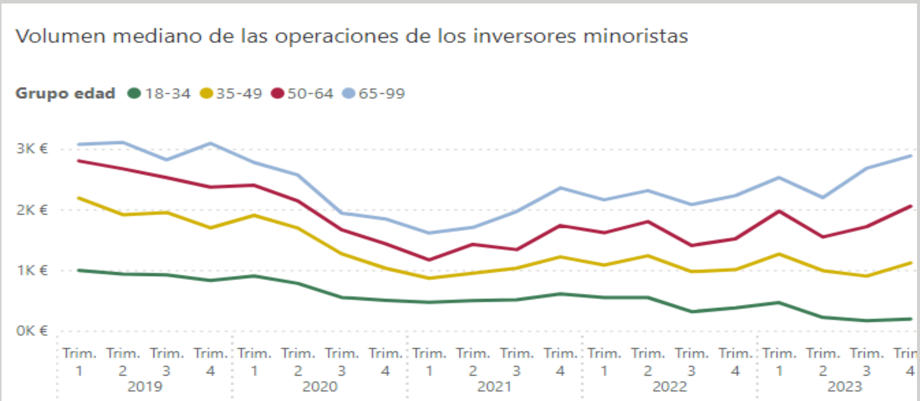
**Trading volume of monthly purchases and sales. Change over time** FIGURE E1.2




Source: CNMV.

In 2023, similar to the previous year, the aggregate amounts of purchases decreased to a lesser extent than the number of transactions. This can be explained by the same factor: the median volume of total transactions increased across most age groups, except for the youngest group (18–34 years). For this group, the median transaction volume decreased from €2,000 to €1,871, while other age groups saw increases of around €300-400 each.

**Average volume of transactions of retail investors** FIGURE E1.3

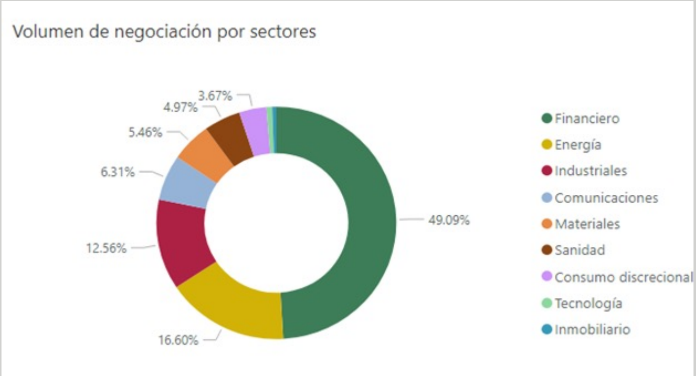



Source: CNMV.

By sector, the majority of trading continued to be concentrated in financial sector securities, which significantly increased their share to nearly 50% of total trading volume (up from 39.3% in 2022). In contrast, other sectors experienced a decline in their share, with the exceptions of the communications and healthcare sectors, which saw a slight increase in their respective shares of total volume.

## Trading volume by sectors (2023)

FIGURE E1.4



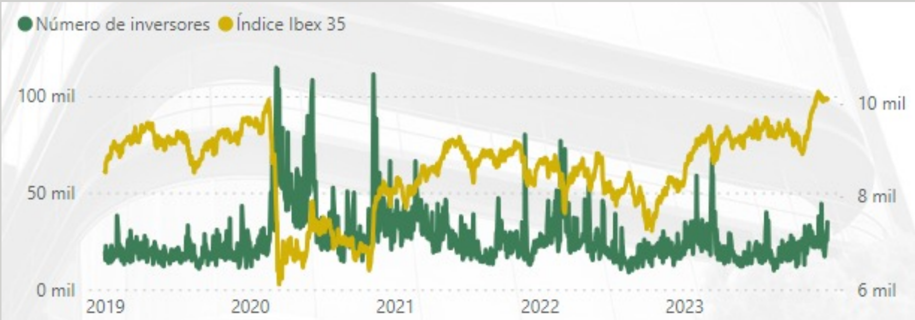

Fuente: CNMV.

Consistent with previous years, men continued to account for the majority of the volume traded in Ibex 35 shares, although their share declined slightly (79.4% in 2023 compared to 81.1% in the previous year). The percentage traded by women decreased slightly from the first to the second quarter but then rose in the subsequent two quarters. For the entirety of 2023, their share was 20.6%.

In terms of the number of investors, the most significant changes occurred in the first few months of the year, due to the turmoil resulting from the banking crises in the United States and Switzerland. During that period, the number of individual investors surged to 65,802, only to decrease to 33,503 by year-end.

## Number of retail investors in relation to the Ibex 35

FIGURE E1.5




Fuente: CNMV.

In summary, although the volume of purchases by retail investors in Ibex 35 shares has continued to decline, their presence in the Spanish market is on the rise. This trend includes a slight increase in the average age of investors, with men nearing pre-pandemic levels. The median investment has increased across all age groups, except for the 18-34 age group. Lastly, during periods of market volatility, the number of investors rises significantly, driven by the prospect of achieving satisfactory returns.

1 CNMV - Dashboards.

## 3.2 Fixed-income markets

**Fixed-income markets experienced an increase in interest rates during the first quarter of the year, broadly affecting all segments of the yield curve, with a more pronounced rise in the medium and long-term segments.** This can be attributed to market expectations during much of this period, suggesting that central banks might delay their interest rate cuts compared to earlier predictions, which had anticipated the first cuts by June this year.

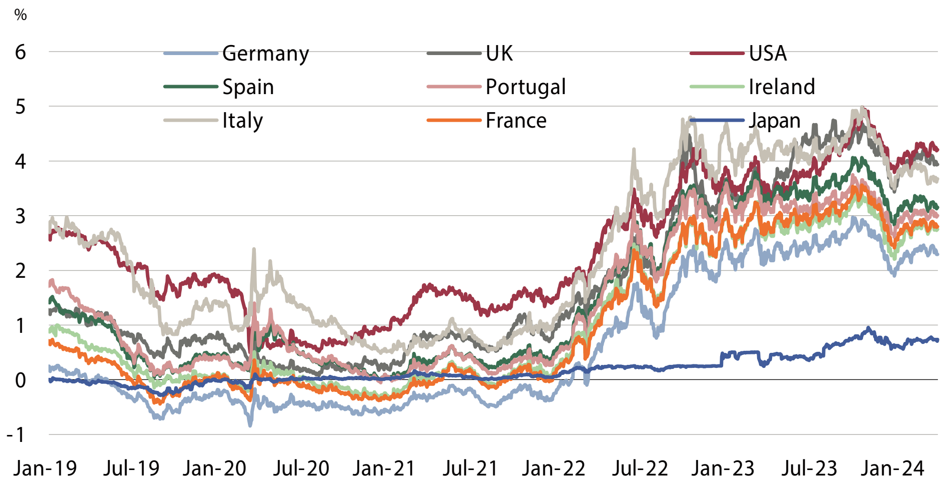
### Interest rates

**The yield on 10-year sovereign bonds rose in the first quarter across major advanced economies.** In the United States the yield increased by 34 bp, reaching 4.21%. The yield curve in the United States remains inverted, as in previous quarters, but to a slightly lesser extent. This inversion was driven by the sharp and rapid rise in official rates, which impacted short-term yields more significantly. In recent months, changes in longer-term yields have been influenced by expectations surrounding monetary policy decisions, which, for the US economy in the most recent period, appear to be somewhat more cautious regarding the timing of the first move.

**In euro area countries, 10-year sovereign bond yields rose similarly, ranging from 15 bp in Spain to 39 bp in Ireland.** The only exception to this trend was Italy, which showed minimal change. German sovereign bond yields increased to 2.29%, while those in Ireland (2.75%), Finland (2.78%), France (2.80%), Austria (2.81%), and Belgium (2.90%) also rose compared to the end of the year, but still remained below 3%. Portuguese debt yielded 3.00%, still below that of Spain (3.15%), Greece (3.29%), and Italy (3.67%). In the United Kingdom and Japan, rates stood at 3.94% and 0.74%, respectively, with increases of 40 and 11 bp, respectively.

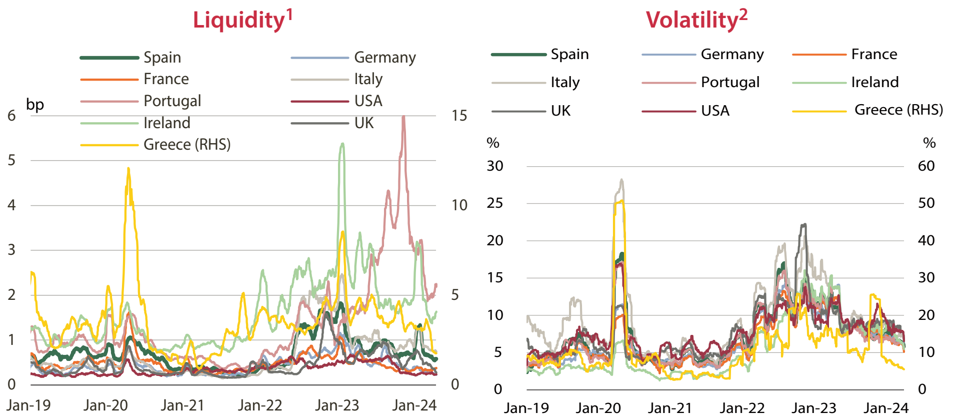
**10-year sovereign bond market indicators** FIGURE 11

Yield




Source: Refinitiv Datastream.

## 10-year sovereign bond market indicators (*continued*) FIGURE 11



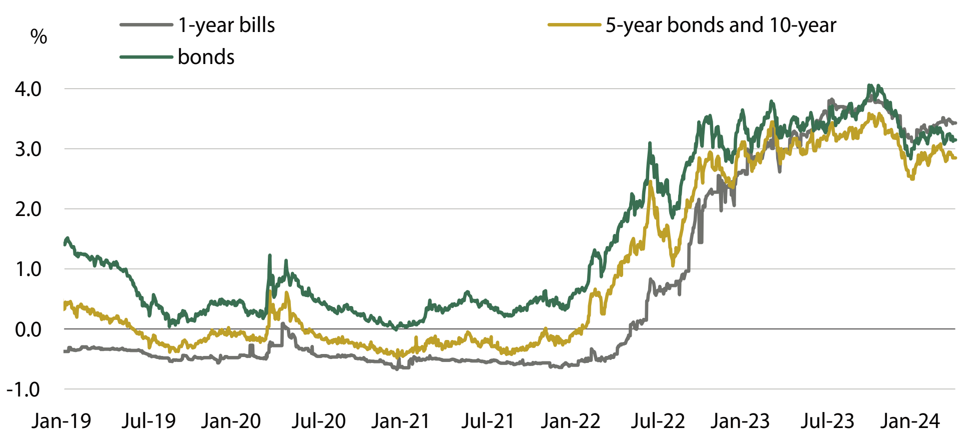

Source: Bloomberg, Refinitiv Datastream and own calculations. Data until 31 March.

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.

**In Spain, short-term debt yields increased again in the first quarter for public debt assets, following declines in the fourth quarter of 2023.** The rise in short-term rates was somewhat more moderate compared to the longer tranches, aligning with the stability of official rates and the gradual winding down of the ECB's asset purchase programmes.[14] In this context, the average yields on 3-, 6-, and 12-month treasury bills in March were 3.62%, 3.63%, and 3.46%, respectively, on the secondary market, representing a slight increase of between 6 and 18 bp compared to December's values (see Table 7).

## Interest rates on Spanish public debt FIGURE 12




Source: Refinitiv Datastream.

14 The portfolio associated with the Asset Purchase Programme (APP) is declining at a measurable and predictable pace, as maturity amounts are no longer reinvested. Regarding the Pandemic Emergency Purchase Programme (PEPP), the ECB's Governing Council plans to fully reinvest maturing securities during the first half of 2024. For the second half of the year, it expects to reduce the PEPP portfolio by an average of €7.5 billion per month and to end reinvestments by the year's end.

**Yields on short-term corporate fixed-income assets declined significantly in the first quarter of the year, particularly for the 6- and 12-month maturities.** This trend is primarily due to a partial reversal of the pattern observed at the end of 2023, when these yields experienced a more pronounced and delayed rise compared to government bond yields. In March, data from the Spanish market indicated that the average yield on commercial paper in the primary market ranged between 2.96% for the 12-month benchmark and 3.87% for the 3-month benchmark. The 6-month benchmark stood at 3.18%. As shown in Table 7, these yields were lower than those recorded in the fourth quarter of last year but significantly higher than in previous quarters.

**Short-term interest rates[1]** TABLE 7

%

| | Dec-21 | Dec-22 | Dec-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 |
|---|---|---|---|---|---|---|---|
| **Treasury bills** | | | | | | | |
| 3 months | -0.77 | 1.49 | 3.56 | 3.19 | 3.54 | 3.56 | 3.62 |
| 6 months | -0.63 | 2.16 | 3.57 | 3.35 | 3.72 | 3.57 | 3.63 |
| 12 months | -0.60 | 2.47 | 3.28 | 3.51 | 3.74 | 3.28 | 3.46 |
| **Corporate commercial paper[2]** | | | | | | | |
| 3 months | 0.38 | 2.27 | 4.24 | 1.00 | 1.68 | 4.24 | 3.87 |
| 6 months | 0.50 | 0.98 | 5.21 | 1.65 | 1.80 | 5.21 | 3.18 |
| 12 months | 0.81 | 1.46 | 4.06 | 2.75 | 2.96 | 4.06 | 2.96 |

Source: Refinitiv Datastream and CNMV.

1 Monthly average of daily data.

2 Issuance interest rates.

**As mentioned earlier, medium and long-term government bond rates experienced a slight increase in the first quarter (comparing the monthly average for March 2024 with that of December 2023).** As shown in Table 8, the yields on 3-, 5-, and 10-year Spanish government bonds averaged 2.97%, 2.89%, and 3.18%, respectively, in March. This represents an increase of between 10 and 22 bp compared to December's rates.

**Medium- and long-term fixed-income yields[1]** TABLE 8

%

| | Dec-21 | Dec-22 | Dec-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 |
|---|---|---|---|---|---|---|---|
| **Public sector fixed income** | | | | | | | |
| 3 years | -0.46 | 2.54 | 2.75 | 3.17 | 3.44 | 2.75 | 2.97 |
| 5 years | -0.18 | 2.71 | 2.76 | 3.11 | 3.37 | 2.76 | 2.89 |
| 10 years | 0.43 | 3.18 | 3.08 | 3.37 | 3.76 | 3.08 | 3.18 |
| **Corporate bonds** | | | | | | | |
| 3 years | 0.12 | 3.07 | 3.96 | 4.32 | 4.38 | 3.96 | 4.03 |
| 5 years | 0.13 | 2.93 | 4.16 | 4.17 | 4.27 | 4.16 | 3.95 |
| 10 years | 0.56 | 3.11 | 4.16 | 4.51 | 4.74 | 4.16 | 4.12 |

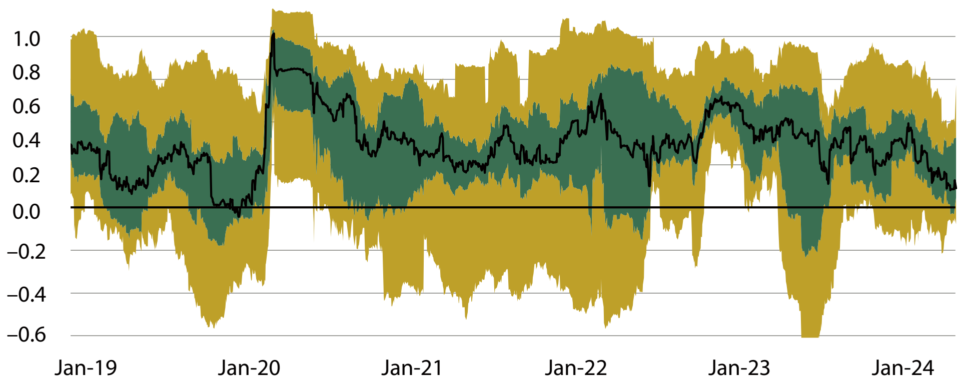
Source: Refinitiv Datastream and own calculations.

1 Monthly average of daily data.

**Long-term corporate fixed-income yields were more stable in the first quarter, with slight declines observed in the longer maturities.** Following the notable increases in 2023, yields on these assets have somewhat stabilised. This brings the yields on 3-, 5-, and 10-year corporate bonds to 4.03%, 3.95%, and 4.12%, respectively, representing an increase of 7 bp for the 3-year bonds and a decrease of 21 bp and 4 bp for the 5- and 10-year bonds.

**The degree of correlation between the prices of different financial asset classes has declined in the first quarter of the year** (see Figure 13). This decrease in correlation is due to the differing performances of debt and credit assets relative to equity prices. Debt and credit assets adjust their valuations in response to changes in interest rates (some asset prices have tended to decrease in line with rising yields), while equity prices have increased due to improvements in corporate earnings and changing expectations about monetary policy.

**Correlation indicator between asset classes[1]** FIGURE 13




Source: Refinitiv Datastream and own calculations. Data until 31 March.

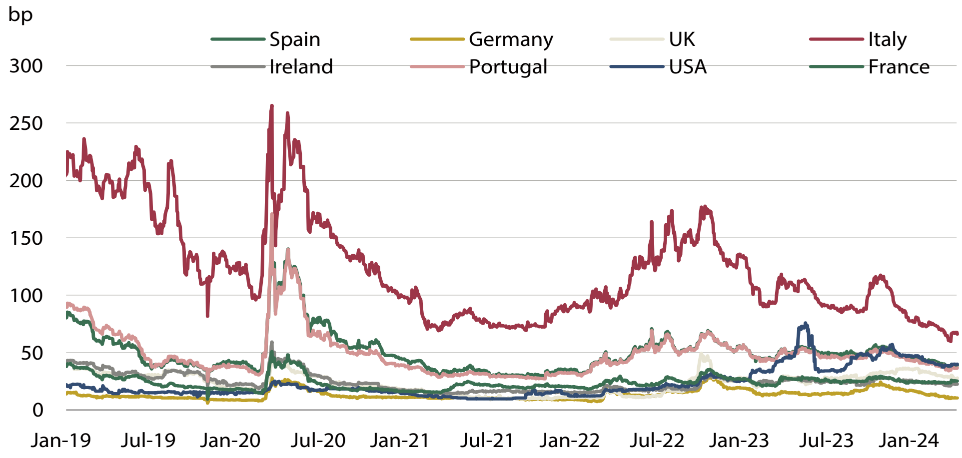
1 The correlation indicator between asset classes includes pairs of correlations calculated using daily data in 3-month windows. The asset classes are sovereign debt, corporate bonds of financial and non-financial entities and securities of the Ibex 35, financial companies, utilities and other sectors.

## Risk premiums

**Sovereign credit risk premiums (measured by 5-year CDS contracts) in advanced economies showed slight declines in most euro area countries and the United States, bringing them to very tightened levels.** This decline was particularly notable in January, supported by strong economic performance and expectations of possible interest rate cuts in the first half of 2024. In Italy and Greece, risk premiums continued their earlier downward trend, decreasing by 10 bp and 5 bp, respectively, over the quarter. Similar decreases were observed in Spain, Portugal, and Germany (between 5 and 6 bp). Finally, in France and Austria, there were hardly any changes in risk premiums.

## Sovereign debt credit risk premiums (5-year CDS)

FIGURE 14

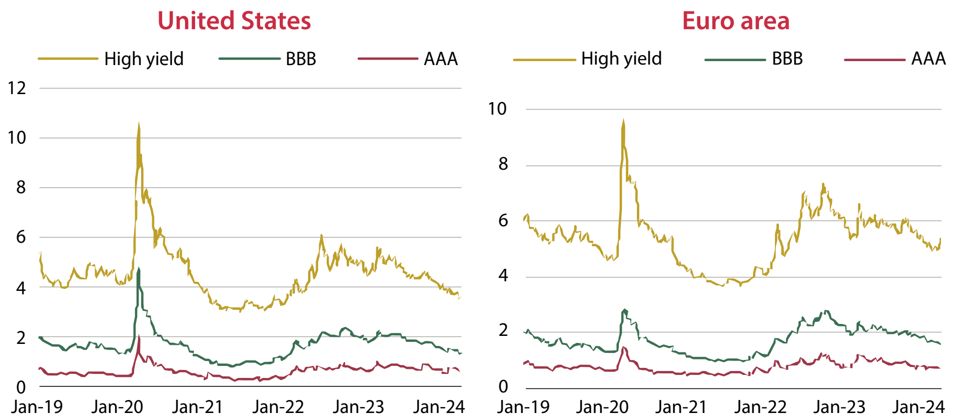



Source: Refinitiv Datastream. Data until 31 March.

**Credit risk premiums in advanced economies' corporate fixed-income markets also ended the quarter with slight declines.** For high yield debt, larger decreases were observed in the United States (30 bp) compared to the euro area (7 bp). Meanwhile, risk premiums on BBB-rated bonds saw similar declines in both the euro area and the United States (19 bp and 16 bp, respectively). Regarding AAA debt, the euro area saw a small increase of 4 bp by the end of the quarter, while in the United States, AAA debt remained 7 bp below the values at the beginning of the year. As shown in Figure 15, the current economic environment has reduced the perceived riskiness of lower credit quality debt companies, as investors are, for the time being, keeping credit spreads at slightly lower levels than in other periods, especially in the United States.

## Private debt risk premiums[1]

FIGURE 15



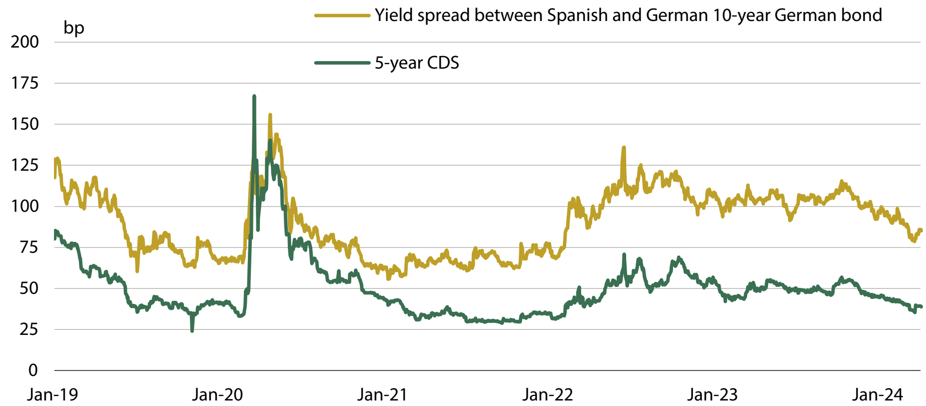

Source: Refinitiv Datastream and own calculations. Data until 31 March.

1 Spread vs. 10-year government debt. In the euro area in relation to German sovereign debt.

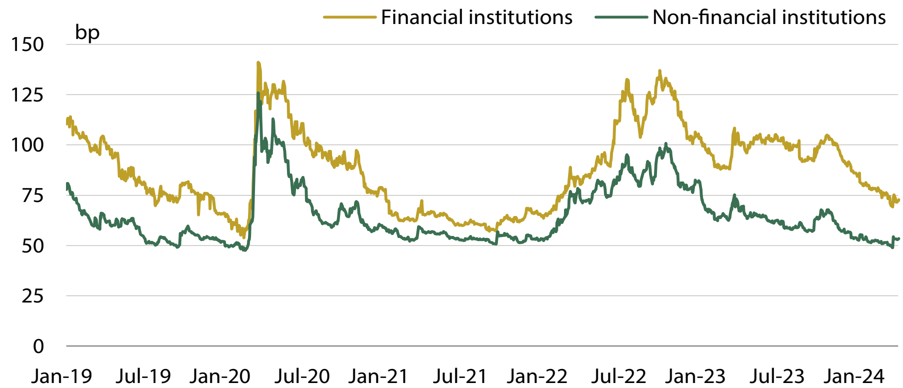
**In Spain, the sovereign risk premium[15] closed the quarter at 86 bp, down from 97 bp at the beginning of the year.** This performance aligns with that of other neighbouring economies, as mentioned earlier in this section. It can be attributed to the better relative performance of domestic economic activity, the release of better-than-expected business results, and the expectation that the ECB will lower interest rates in the second half of the year.

**Risk premium of Spanish issuers** FIGURE 16

**Public sector**




**Private sector[1]**




Source: Refinitiv Datastream and own calculations.

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

**Regarding the private sub-sectors of the Spanish economy, declines were observed for financial institutions, while stability was noted in other sectors.** The improvement in financial institutions can be attributed to the increase in their profits, resulting from a significant rise in their net interest income, which enhances their credit quality. For non-financial institutions, which are benefiting from favourable economic activity, their risk premiums have hardly changed compared

15 Defined as the difference between the 10-year Spanish and German sovereign debt yield.

to the end of December, remaining at low levels. Overall, the credit quality of the private sector does not appear to have deteriorated after the period of interest rate hikes, within a context of sector deleveraging. As shown in Figure 16, the average CDS premiums for financial institutions stood at 72 bp at the end of the quarter, 13 bp less than at the end of 2023, while non-financial institutions' premiums were at 53 bp, the same level as at the beginning of the year.

### Issues

**Gross long-term debt issuance in international markets surged by 20.2% in the first quarter,[16] reaching US$7.9 trillion. All sectors analysed experienced growth during this period.** Primary debt markets have continued the positive trend observed in the second half of 2023, with levels comparable to those of 2020. Regionally, Europe saw a notable increase in fixed-income issuance, up 37.3% to US$2.4 trillion, followed by the United States, which recorded a 26% rise to US$3.5 trillion. In contrast, the rest of the world showed a modest growth of just 1%, while Japan reduced its issuance by 11.1% compared to the first half of 2023. This expansion in issuance, amidst a backdrop of more stable borrowing costs, can be attributed to factors such as the rising volume of debt maturities and increased financing needs across both public and private sectors.

**Gross sovereign debt issuance overall increased by 16.7%** compared to the first half of 2023, reaching US$5 trillion. However, this growth was not uniform across regions. In Europe and the United States, sovereign debt issuance surged by 33.5% and 20.5%, respectively, reaching US$1.3 trillion and US$2.4 trillion, while Japan saw a decline of 12.6% (see Figure 17).

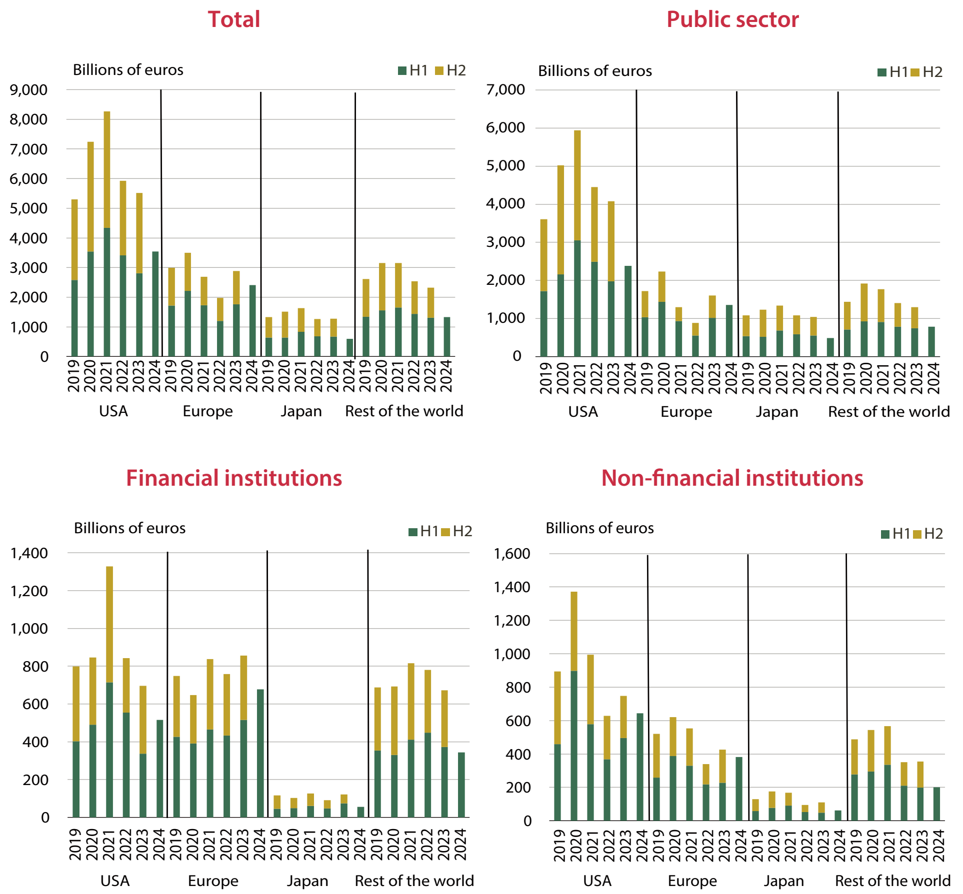
**Private sector debt issuance also rose, especially for non-financial corporations in both the United States and Europe.** Financial institutions' debt issuance grew by 22.3% to US$1.6 trillion, while non-financial companies increased their issuance by 32.7% to US$1.3 trillion. As illustrated in the lower panels of Figure 17, this surge in financial institution issuance is primarily due to developments in the United States and Europe, given that the financial sector in Japan and other regions reduced their issuance volumes. Conversely, the rise in debt issuance by non-financial corporations was more widespread across the regions, with Europe notably increasing by 67% compared to the previous half-year.

**Fixed-income issuance by private sector Spanish issuers totalled €40.04 billion in the first quarter of the year.** Of this amount, €12.94 billion was issued domestically (registered with the CNMV or listed on the AIAF or MARF) and €27.10 billion was issued abroad. Domestically, there was a significant decline in long-term debt issuance, which barely exceeded €6 billion – less than a third of the amount recorded in the same period of 2023. Decreases were observed across all debt categories, except for convertible bonds (which were issued in small amounts). The most pronounced declines were in covered bonds and asset-backed securities

16 Half-yearly data.

(see Table 9). **Short-term debt issuance in Spain amounted to €6.82 billion, representing a 52.2% drop compared to 2023.** This figure includes €2.45 billion admitted to the AIAF, down 76.5% from 2023, and €4.37 billion on the MARF, which saw an increase of 14.2%.

**International gross fixed-income issues** FIGURE 17




Source: Dealogic. Half-yearly data. Data for the first half of 2024 are to 31 March, but are shown as their half-yearly equivalent for purposes of comparison.

## Gross fixed-income issuance by Spanish private sector issuers

TABLE 9

**CNMV**

| | | | | | 2023 | | 2024 |
|---|---|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** | **III** | **IV** | **I[1]** |
| **NOMINAL AMOUNT** (million euros) | **103,653** | **79,714** | **98,599** | **71,152** | **11,304** | **8,411** | **8,501** |
| Covered bonds | 22,960 | 28,920 | 31,350 | 20,550 | 0 | 0 | 2,700 |
| Regional covered bonds | 9,150 | 5,500 | 3,540 | 750 | 0 | 0 | 0 |
| Non-convertible bonds and debentures[2] | 4,945 | 3,080 | 1,739 | 3,620 | 889 | 0 | 0 |
| Convertible/exchangeable bonds and debentures | 0 | 1,210 | 1,800 | 1,130 | 0 | 0 | 600 |
| Asset-backed Securities (ABS) | 36,281 | 18,376 | 20,645 | 14,666 | 2,051 | 6,011 | 2,000 |
| Corporate commercial paper[3] | 22,301 | 20,180 | 39,525 | 25,706 | 8,114 | 2,400 | 2,451 |
| Securitisation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other commercial paper | 22,292 | 20,180 | 39,525 | 25,706 | 8,114 | 2,400 | 2,451 |
| Other fixed-income issues | 6,266 | 823 | 0 | 3,380 | 0 | 0 | 0 |
| Preference shares | 1,750 | 1,625 | 0 | 1,350 | 250 | 0 | 750 |
| ***Pro memoria*:** | | | | | | | |
| Subordinated issues | 14,312 | 5,727 | 1,825 | 3,864 | 539 | 837 | 950 |

| | | | | | 2023 | | 2024 |
|---|---|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** | **III** | **IV** | **I[1]** |
| **Admitted to the MARF[4]** | **9,651** | **13,968** | **13,772** | **15,273** | **3,518** | **4,348** | **4,440** |

**Carried out abroad**

| | | | | | 2023 | | 2024 |
|---|---|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** | **III** | **IV** | **I[5]** |
| **NOMINAL AMOUNT** (million euros) | **91,996** | **127,194** | **112,871** | **134,222** | **31,050** | **27,911** | **27,102** |
| Long-term | 46,282 | 64,089 | 48,037 | 64,119 | 13,265 | 15,456 | 21,382 |
| Preference shares | 1,850 | 3,820 | 0 | 2,744 | 944 | 0 | 0 |
| Subordinated bonds | 0 | 1,350 | 0 | 1,368 | 0 | 0 | 0 |
| Bonds and debentures | 44,432 | 58,920 | 48,037 | 59,013 | 12,321 | 15,456 | 21,382 |
| Backed securities | 0 | 0 | 0 | 994 | 0 | 0 | 0 |
| Short-term | 45,714 | 63,104 | 64,834 | 70,104 | 17,784 | 12,455 | 5,720 |
| Commercial paper | 45,714 | 63,104 | 64,834 | 70,104 | 17,784 | 12,455 | 5,720 |
| Asset securitisation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

***Pro memoria*: gross issues of subsidiaries of Spanish companies in rest of the world**

| | | | | | 2023 | | 2024 |
|---|---|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** | **III** | **IV** | **I[3]** |
| **NOMINAL AMOUNT** (million euros) | **71,048** | **70,978** | **82,843** | **81,444** | **23,030** | **16,425** | **17,738** |
| Financial institutions | 42,120 | 40,597 | 58,750 | 57,213 | 15,798 | 10,349 | 12,402 |
| Non-financial companies | 28,928 | 30,381 | 24,093 | 24,231 | 7,232 | 6,076 | 5,336 |

Source: CNMV and Bank of Spain.

1 Data until 31 March.

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. The amount of the issues of this company was €8.44 billion in 2023.

3 The figures correspond to the amounts admitted to trading in AIAF. No issue prospectus is required at the CNMV.

4 It includes both short- and long-term issues.

5 Data until 28 February.

**Debt issues abroad in the first two months of the year amounted to €27.10 billion, representing a 20.3% increase compared to the same period in 2023.** Noteworthy is the significant rise in long-term bond and debenture issues (50.2%), in contrast to the decline in commercial paper issues abroad. Given that the latter typically involve substantial amounts, additional data from 2021 will be required to confirm any potential trend shift. Furthermore, debt issues by subsidiaries of Spanish companies abroad reached €17.74 billion (data up to February), marking a 23.9% increase over 2023. Of this amount, approximately two-thirds were attributable to financial institutions, with the remaining portion corresponding to non-financial companies.

**The amount of debt issued with environmental, social, and governance (ESG) criteria by Spanish issuers reached €10.36 billion in the first quarter, up from €6 billion in the same period of the previous year.** An analysis of their composition reveals a dominance of green bond issues, which accounted for 77.4% of the total issuance. Additionally, the number of issues this year increased to 23 (20 green and three sustainable), which is ten more than in the same period of the previous year. Of the total amount issued, €8.02 billion was attributed to the private sector (across 20 issues made abroad, with the exception of one), marking an increase of over 150% compared to the figures from the previous year. The public sector[17] issued €2.34 billion of this type of debt (in three issues within Spain), which is lower than the €2.8 billion recorded in 2023.

**In terms of trading activity on Spanish trading venues, there was a notable increase in trading on organised trading facilities (OTFs) and a significant decline in the electronic debt trading system (SEND) compared with the previous year. Trading on SEND stood at €2.24 billion in the first quarter, a decrease of 62.9%** from 2023. Conversely, trading on the three OTFs authorised by the CNMV amounted to €292.85 billion in the first quarter, representing a **14% increase compared to the same period in 2023. Of this amount, €97.60 billion corresponded to Spanish government bonds. Notably, Tradition Financial Services España accounted for 63.6%** of the total trading volume on OTFs.

17 These are three issues from different autonomous communities.

## Changes in credit ratings of Spanish issuers' fixed-income assets since the pandemic

EXHIBIT 2

The economic and financial landscape faced by companies since 2020 has been complex due to a series of shocks, most notably the pandemic, but also the sharp rise in commodity prices and significant increases in interest rates. These factors have negatively impacted the activities of many companies and sectors, significantly tightening their financing conditions. This section presents the evolution of the credit ratings of Spanish issuers' debt assets since 2020, to determine whether this scenario has led to a significant deterioration in the credit risk of these issuers.

As shown in Table E2.1, the outstanding amount of rated debt issued by the private sector at the end of 2023 was €657.79 billion (95% of the total with ISIN), which is 7.3% higher than in March 2020. Of this total debt, €551.42 billion corresponds to financial institutions (€421.47 billion to monetary institutions and €129.95 billion to non-monetary institutions) and €106.41 billion to the non-financial sector. In both sectors, the outstanding amount of debt increased during the period considered (6.2% for financial institutions and 13.4% for non-financial institutions). It should be noted, however, that in the financial sector, the increase is exclusively attributed to monetary institutions, while in the non-financial sector, decreases were observed in 2022 and 2023, in line with the deleveraging process recorded in this sector.

### Outstanding balance of Spanish debt securities with rating by sectors

TABLE E2.1

| | Mar-20 | Dec-20 | Dec-21 | Dec-22 | Dec-23 |
|---|---|---|---|---|---|
| Private sector | 613,146 | 651,999 | 674,027 | 650,491 | 657,828 |
| Financial companies | 519,319 | 548,982 | 558,801 | 541,715 | 551,419 |
| Monetary institutions[1] | 354,437 | 367,283 | 397,811 | 396,232 | 421,469 |
| Non-monetary institutions[2] | 164,882 | 181,699 | 160,990 | 145,483 | 129,950 |
| Non-financial companies | 93,827 | 103,017 | 115,226 | 108,776 | 106,409 |
| *Pro memoria* | | | | | |
| No rating data | 92,994 | 92,238 | 99,530 | 87,689 | 106,297 |

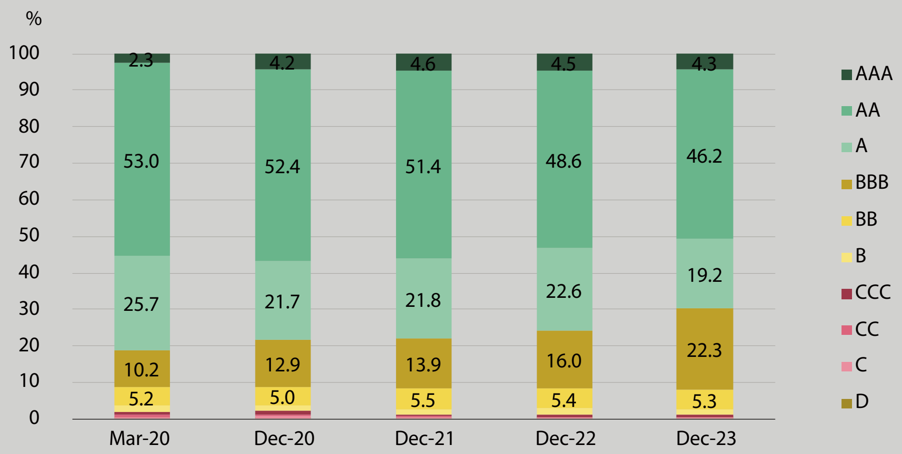
Source: Bank of Spain, Bloomberg and CNMV. Nominal data in millions of euros.

1 Monetary financial institutions are deposit-taking corporations (except the central bank).

2 Non-monetary financial institutions mainly comprise investment firms, securitisation funds, insurance companies and pension funds.

The aggregate analysis of the credit ratings of these assets since March 2020 reveals that the proportion of investment grade debt has remained very high and fairly stable at around 90% throughout the reference period (90.8% at the end of 2023), while the share of lower quality debt (high yield) has stayed somewhat below 10%. While this development is undoubtedly positive, it should be noted (as can be seen in Figure E2.1) that the composition of Spanish investment grade debt shows a deterioration in quality, as most of the assets in this higher quality group, such as AA and A, have declined in importance (from 44.9% to 38.8% for AA and from 24.0% to 18.2% for A), while the percentage of BBB-rated debt, which is the lowest tier within this group, has increased significantly (from 20.3% to 30.2%).

**Rating of Spanish private sector debt securities (% of outstanding balance)** FIGURE E2.1

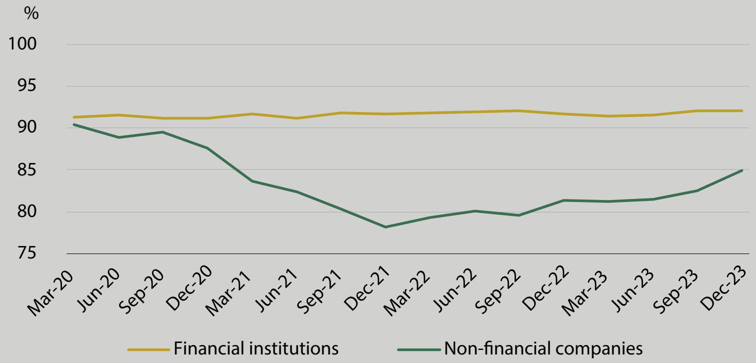



Source: Bank of Spain, Bloomberg and CNMV.

Sectoral differences in credit quality have also been observed. In this respect, financial institutions have maintained a higher credit quality compared to non-financial corporations throughout the analysis period. As shown in Figure E2.2, the difference in quality between sectors has not remained constant over time: during 2020 and 2021 (the pandemic years), there was a significant decline in the proportion of high-quality debt held by non-financial corporations. This proportion subsequently tended to recover, although pre-pandemic levels have not yet been reached. In contrast, financial institutions have maintained a very stable proportion of high-quality debt, consistently around 92%. Additionally, it should be noted that, in the case of non-financial corporations, the composition of investment grade assets is more skewed towards those of lower quality. For instance, in December 2023, 22.3% of assets in the financial sector were rated BBB, while this percentage rose to 71.1% for non-financial corporations.

The analysis conducted within the group of non-financial corporations reveals a certain heterogeneity across sectors, such that the trend described in the previous paragraph is largely explained by industrial and technology companies, which showed a notable decline in the proportion of high-quality debt in 2020 and 2021. The case of the industrial sector is particularly significant[1] (as is that of some technology companies), as it was identified as one of the sectors most affected by the pandemic,[2] particularly in the transport and warehousing, textile industry, and transport manufacturing sub-sectors.

**Proportion of high-quality private sector debt (% of outstanding balance)** FIGURE E2.2

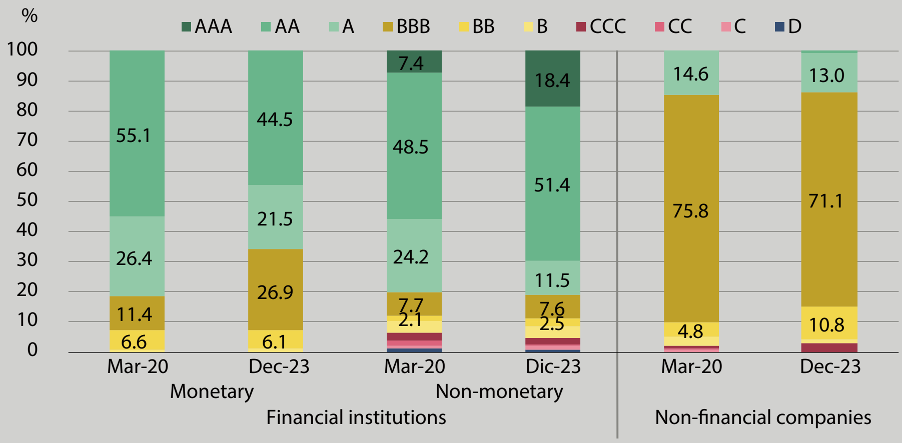



Source: Bank of Spain, Bloomberg and CNMV.

It is also interesting to highlight some differences within the group of financial institutions, specifically between monetary institutions (primarily deposit-taking institutions) and non-monetary institutions (which include, for example, securitisation funds). Within the latter, there has been a notable improvement in the credit quality of their debt (see Figure E2.3), with percentage increases in the stock of AAA and AA-rated debt (from 7.4% and 48.5% of the total stock to 18.4% and 51.4%, respectively). In contrast, the opposite trend has occurred in monetary institutions, where the share of BBB-rated debt increased (from 11.4% to 26.9%) at the expense of AA and A-rated debt.

In conclusion, the analysis of the evolution of the credit risk of Spanish issuers since 2020 shows that, although the proportion of high-quality assets has remained predominant and relatively stable over time, there has been a certain deterioration in the credit quality of companies due to the reallocation of ratings within this group, where the proportion of lower-quality debt (BBB) has increased considerably.

**Rating by issuing sector (% of outstanding balance)** FIGURE E2.3




Source: Bank of Spain, Bloomberg and CNMV.

For non-financial companies, the increase in lower-quality assets (high yield) was mainly observed in the first part of the period analysed (2020-2021), when many sectors experienced significant declines in activity due to the pandemic. However, there was a relative decrease in high yield assets afterwards, suggesting that the rise in interest rates has not had a substantially negative impact on these entities. For financial institutions, the deterioration in credit quality within the investment grade group can only be attributed to the trends in the debt of monetary institutions.

1 As of March 2020, the outstanding debt of this sector accounted for 25.3% of the total for non-financial companies.

2 See, for example, Bank of Spain (2020). *Annual Report*. Available at: https://www.bde.es/wbe/es/publicaciones/informes-memorias-anuales/informe-anual/informe-anual-2020.html

# 4 Market participants

## 4.1 Investment vehicles

### Financial CIS

*Investment funds*

**The assets of investment funds registered in Spain, which saw a significant decline in 2022,[18] rebounded strongly in 2023, increasing by 13.4% to €353.26 billion by the end of the year.** This growth in assets can be attributed both to the revaluation of the investment portfolio, which achieved a weighted average return of 7.6% for the year, and to new fund inflows, which totalled €18 billion. Although net subscriptions were positive in every quarter of 2023, the amounts declined as the year went on, reaching €1.254 billion in the final quarter.

**For the second year in a row, the majority of investment inflows went to fixed-income funds, which saw net inflows of more than €28.5 billion.** Passive funds also received net inflows, albeit much smaller, totalling €8.9 billion, and guaranteed fixed-income funds with €1.9 billion. Other categories experienced net outflows for the year as a whole, notably including net redemptions from global funds and mixed fixed-income funds, amounting to €8.4 billion and €5.5 billion respectively (see Table 10). These movements reflect investors' preference for more conservative funds in a context of rising interest rates.

**The return on the funds' portfolio in 2023 was 7.6%, with an especially high return in the fourth quarter of the year (3.8%).** As shown in Table 11, all categories recorded positive returns for the year, ranging from 3% for guaranteed fixed-income funds to 18.6% for international equity funds (for more details, see Table 11), in line with the gains observed in the stock markets.

18 A decrease of 4.1%, solely due to the fall in the value of the investment portfolio.

**The number of funds offered by management companies increased in 2023 for the second consecutive year to 1,496,[19] after several years of gradual reduction.** Thus, the number of vehicles increased by 12 during the year, following 108 new registrations and 96 deregistrations. The majority of the deregistrations, specifically 87, were the result of takeovers by other CIS. As with inflows, the largest increase was in fixed income funds, with 32 additional funds, followed by passive funds, with 14 more. Conversely, the largest decline occurred in mixed equity funds, with 9 fewer entities than in 2022. It is also worth noting a certain revival in money market funds, as after several years with only two vehicles, two more were launched by the end of this report (one in 2023 and another at the beginning of this year).

## Net investment fund subscriptions

TABLE 10

Millions of euros

| | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | I | II | III | IV |
| **Total investment funds** | **27,583.3** | **16,977.9** | **18,050.8** | **9,519.2** | **4,609.5** | **2,668.1** | **1,254.0** |
| Fixed income[1] | 7,674.2 | 15,171.0 | 28,528.7 | 9,034.4 | 5,269.7 | 5,247.2 | 8,977.5 |
| Mixed fixed income[2] | 6,537.6 | -8,999.8 | -5,545.0 | -1,023.5 | -1,449.5 | -974.5 | -2,097.5 |
| Mixed equity[3] | -4,179.3 | -686.9 | -2,287.9 | -281.7 | -535.0 | -410.2 | -1,061.1 |
| Euro equity[4] | 13.8 | -335.9 | -1,753.1 | -248.9 | -696.2 | -454.6 | -353.4 |
| International equity[5] | 5,260.9 | 1,782.7 | -1,766.8 | -616.5 | 429.7 | 91.0 | -1,671.0 |
| Guaranteed fixed income | -1,787.1 | 3,355.8 | 1,905.1 | 1,098.5 | 728.8 | 117.8 | -40.0 |
| Guaranteed equity[6] | -2,949.3 | -1,409.6 | -938.7 | -237.9 | -134.9 | -41.6 | -524.4 |
| Global funds | 22,755.0 | 3,824.2 | -8,376.0 | -1,171.0 | -1,279.2 | -2,281.7 | -3,644.2 |
| Passive management[7] | -2,700.6 | 4,551.5 | 8,897.7 | 3,547.1 | 2,238.9 | 1,253.5 | 1,858.3 |
| **Absolute return** | -3,041.9 | -274.9 | -613.1 | -581.4 | 37.2 | 121.3 | -190.2 |

Source: CNMV.

1 It includes: Short-term public debt constant net asset value MMFs, short-term low volatility net asset value MMFs, short-term variable net asset value MMFs, standard variable net asset value MMFs, euro fixed income, and short-term euro fixed income.

2 It includes: euro mixed fixed income and international mixed fixed income.

3 It includes: euro mixed equity and international mixed equity.

4 It includes: euro equity.

5 It includes: International equity.

6 It includes: GE and partial guarantee.

7 It includes: Passively managed CIS, CIS that replicate an index and CIS with a specific non-guaranteed target return.

19 These funds were spread across 1,715 sub-funds.

**The total number of CISs that had adopted Articles 8 and 9 of the European Disclosure Regulation[20] by the end of the year was 338[21] (43 more than in 2022), a less pronounced increase than in previous years.** Of these, the vast majority, specifically 320 (315 investment funds and 5 SICAVs), had adopted Article 8, while 18 (16 investment funds and 2 hedge funds) had adopted Article 9. The participants in these institutions totalled 7.6 million, and their assets amounted to nearly €125 billion, representing 33.5% of the total investment in CIS. This proportion has remained fairly stable since the end of 2022.

**In contrast to other metrics, the number of unitholders in the sector fell by almost 100,000 over the course of 2023, ending the year with a total of 16.02 million.[22]** This contraction was particularly pronounced in the last quarter, when the number of participants decreased by more than 206,000. The largest declines occurred in mixed fixed-income and euro equity funds, with around 168,000 and 130,000 fewer participants respectively. Conversely, fixed-income funds saw a significant increase in participants, with 294,000 more, making them by far the funds with the largest number of investors (5.8 million).

20 Regulation (EU) 2019/2088 of the European Parliament and of the Council, of 27 November 2019, on sustainability-related disclosures in the financial services sector (hereinafter SFDR Regulation). The aforementioned articles indicate the pre-contractual information requirements that must be met by financial products that promote environmental or social characteristics (Article 8) and financial products that target sustainable investments (Article 9).

21 Corresponding to a total of 354 sub-funds.

22 It should be noted that the same unitholder is counted for each contract held in different funds, so that the registered increase could be sometimes due to the diversification of the same investor into a greater number of funds.

## Key figures of investment funds*

TABLE 11

| | 2021 | 2022 | 2023 | 2023 | | | |
|---|---|---|---|---|---|---|---|
| **Number** | | | | **I** | **II** | **III** | **IV** |
| **Total investment funds** | **1,611** | **1,684** | **1,715** | **1,711** | **1,712** | **1,717** | **1,715** |
| Fixed income[1] | 266 | 293 | 321 | 305 | 318 | 318 | 321 |
| Mixed fixed income[2] | 181 | 171 | 167 | 172 | 169 | 170 | 167 |
| Mixed equity[3] | 192 | 206 | 197 | 205 | 201 | 198 | 197 |
| Euro equity[4] | 94 | 86 | 82 | 86 | 84 | 83 | 82 |
| International equity[5] | 307 | 339 | 346 | 346 | 344 | 347 | 346 |
| Guaranteed fixed income | 43 | 49 | 58 | 54 | 55 | 57 | 58 |
| Guaranteed equity[6] | 114 | 102 | 98 | 102 | 100 | 100 | 98 |
| Global funds | 263 | 291 | 291 | 292 | 292 | 292 | 291 |
| Passive management[7] | 88 | 93 | 107 | 99 | 100 | 103 | 107 |
| Absolute return | 61 | 54 | 48 | 50 | 49 | 49 | 48 |
| **Assets (millions of euros)** | | | | | | | |
| **Total investment funds** | **324,701.0** | **311,466.4** | **353,259.8** | **328,868.5** | **337,642.3** | **339,378.4** | **353,259.8** |
| Fixed income[1] | 88,422.8 | 98,561.1 | 131,868.4 | 108,580.5 | 114,003.1 | 119,786.3 | 131,868.4 |
| Mixed fixed income[2] | 50,869.7 | 37,846.0 | 34,252.8 | 37,402.7 | 36,139.8 | 35,081.6 | 34,252.8 |
| Mixed equity[3] | 28,141.1 | 24,247.9 | 23,914.2 | 24,675.4 | 24,543.9 | 23,882.3 | 23,914.2 |
| Euro equity[4] | 8,279.6 | 7,226.3 | 6,704.0 | 7,644.0 | 7,198.3 | 6,618.4 | 6,704.0 |
| International equity[5] | 51,222.2 | 45,588.9 | 51,099.7 | 47,883.6 | 50,285.8 | 49,796.5 | 51,099.7 |
| Guaranteed fixed income | 2,346.7 | 5,454.9 | 7,564.6 | 6,596.7 | 7,309.3 | 7,459.3 | 7,564.6 |
| Guaranteed equity[6] | 8,094.9 | 6,306.7 | 5,602.1 | 6,164.9 | 6,035.4 | 6,001.7 | 5,602.1 |
| Global funds | 67,591.0 | 63,717.0 | 59,479.4 | 63,777.2 | 63,319.0 | 60,568.2 | 59,479.4 |
| Passive management[7] | 12,500.4 | 15,935.0 | 26,518.6 | 20,064.8 | 22,661.8 | 23,910.5 | 26,518.6 |
| Absolute return | 7,231.2 | 6,582.5 | 6,255.9 | 6,078.5 | 6,145.9 | 6,273.7 | 6,255.9 |
| **Unitholders** | | | | | | | |
| **Total investment funds** | **15,816,557** | **16,119,440** | **16,020,641** | **16,324,195** | **16,291,184** | **16,227,125** | **16,020,641** |
| Fixed income[1] | 5,476,096 | 5,539,272 | 5,833,434 | 5,765,890 | 5,758,338 | 5,782,108 | 5,833,434 |
| Mixed fixed income[2] | 1,459,004 | 1,216,179 | 1,048,597 | 1,189,189 | 1,134,835 | 1,110,288 | 1,048,597 |
| Mixed equity[3] | 721,346 | 696,718 | 634,547 | 687,885 | 677,824 | 666,116 | 634,547 |
| Euro equity[4] | 778,138 | 836,711 | 706,942 | 831,302 | 731,138 | 723,767 | 706,942 |
| International equity[5] | 3,882,184 | 4,156,864 | 4,082,653 | 4,120,024 | 4,192,805 | 4,165,723 | 4,082,653 |
| Guaranteed fixed income | 77,430 | 141,717 | 178,170 | 163,890 | 174,478 | 179,372 | 178,170 |
| Guaranteed equity[6] | 265,043 | 209,188 | 180,665 | 201,886 | 196,580 | 195,378 | 180,665 |
| Global funds | 1,989,428 | 2,067,594 | 2,002,961 | 2,032,052 | 2,125,591 | 2,080,450 | 2,002,961 |
| Passive management[7] | 505,514 | 596,475 | 720,965 | 682,907 | 644,831 | 669,633 | 720,965 |
| Absolute return | 659,411 | 658,722 | 631,707 | 649,170 | 654,764 | 654,290 | 631,707 |

## Key figures of investment funds* (*continued*)

TABLE 11

| | 2021 | 2022 | 2023 | 2023 | | | |
|---|---|---|---|---|---|---|---|
| | | | | I | II | III | IV |
| **Return[8] (%)** | | | | | | | |
| **Total investment funds** | **6.31** | **-8.95** | **7.55** | **2.60** | **1.28** | **-0.26** | **3.77** |
| Fixed income[1] | -0.31 | -5.38 | 4.16 | 0.99 | 0.15 | 0.47 | 2.50 |
| Mixed fixed income[2] | 2.49 | -8.83 | 5.75 | 1.56 | 0.51 | -0.24 | 3.85 |
| Mixed equity[3] | 7.18 | -11.37 | 8.51 | 2.96 | 1.66 | -1.04 | 4.76 |
| Euro equity[4] | 16.72 | -8.39 | 18.57 | 9.22 | 3.44 | -1.72 | 6.79 |
| International equity[5] | 21.14 | -13.14 | 16.56 | 6.55 | 4.14 | -1.10 | 6.21 |
| Guaranteed fixed income | -1.29 | -8.43 | 3.02 | 0.85 | -0.24 | 0.45 | 1.94 |
| Guaranteed equity[6] | 0.06 | -5.44 | 4.03 | 1.58 | 0.09 | 0.14 | 2.18 |
| Global funds | 7.9 | -10.53 | 7.05 | 1.97 | 1.31 | -0.77 | 4.43 |
| Passive management[7] | 9.82 | -9.31 | 8.98 | 3.90 | 1.76 | 0.00 | 3.07 |
| Absolute return | 3.02 | -4.95 | 4.77 | 1.24 | 0.51 | 0.12 | 2.83 |

Source: CNMV.

* Information on funds that have submitted reports to the CNMV (does not therefore include funds in the process of dissolution or liquidation). The information provided corresponds to the data obtained from the sub-funds of the investment funds.

1 It includes: Short-term public debt constant net asset value MMFs, short-term low volatility net asset value MMFs, short-term variable net asset value MMFs, standard variable net asset value MMFs, euro fixed income, and short-term euro fixed income.

2 It includes: euro mixed fixed income and international mixed fixed income.

3 It includes: euro mixed equity and international mixed equity.

4 Includes: euro equity.

5 It includes: international equity.

6 It includes: GE and partial guarantee.

7 It includes: Passively managed CIS, CIS that replicate an index and CIS with a specific non-guaranteed target return.

8 Annual return for 2020, 2021 and 2022. Quarterly return not annualised for quarterly data.

**The liquidity conditions of the investment funds' portfolios remained satisfactory in 2023, with a slight increase in assets considered to be more liquid, as the ratio of high-quality liquid assets (HQLA)[23] rose from 53% to 55%.** This ratio, which takes into account both the type of asset and its credit ratings when determining the portfolio's liquid assets,[24] stood at 49.9% for mixed funds,[25] 52.1% for equity

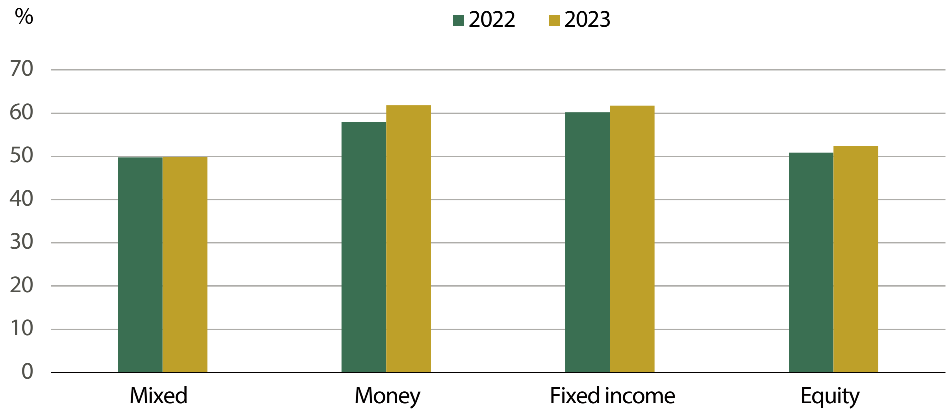
23 High-Quality Liquid Assets.

24 High-Quality Liquid Assets (HQLAs) are considered to include cash and deposits in their entirety, 50% of the value of equities, and varying percentages of government bonds, corporate bonds, and securitisations, depending on their credit rating. Thus, the percentage of government bonds considered liquid ranges from 0 to 100%; corporate fixed income from 0 to 85%; and securitisations from 0 to 65%. For further details, see the article Ojea, J. (2020). "Quantifying uncertainty in adverse liquidity scenarios for investment funds". *CNMV Bulletin*, Quarter II, pp. 23-44. Available at: https://www.cnmv.es/DocPortal/Publicaciones/Boletin/Boletin_II_2020_ENen.PDF. In addition, to obtain a metric as accurate as possible, the HQLA of the CIS in which the Spanish funds invest has also been quantified, instead of considering this investment as having zero liquidity.

25 It includes the following investment categories: absolute return, passively managed, global, mixed fixed income, mixed equity, and guaranteed equity funds.

funds,[26] 61.7% for bond funds,[27] and 61.8% for money market funds (see Figure 18). An analysis of individual fund liquidity reveals that most investment funds had a level of liquid assets exceeding 40%, with only 9.6% of the total (in terms of assets) having a ratio below this threshold. Mixed funds have the highest proportion of funds with a lower HQLA ratio, with 15.9% of funds (in terms of assets) having a proportion of liquid assets below 40%, and only 0.9% showing a proportion below 20%.

**HQLA of the different types of investment funds** FIGURE 18




Source: CNMV.

**A more detailed analysis of the assets in the fixed-income portfolios of the investment funds[28] shows that the credit quality is relatively high and the modified duration[29] is moderate.** Thus, 91.7% of the value of the fixed-income portfolio at the end of 2023 had a credit rating of BBB or above (investment grade), with around 20% corresponding to AA or AAA ratings. As shown in the left-hand panel of Figure 19, the value of investment grade assets ranged from 90.5% for mixed funds to 97.7% for money market funds. A year earlier, these percentages ranged from approximately 85% to 90%.

Moreover, the modified duration for all investment funds as a whole at the end of the **year was 1.9, a figure which has fallen sharply** over the past two years due to the general rise in interest rates and, in particular, shorter maturities.[30] In the case of mixed and fixed-income funds, around 75% of funds (in terms of assets) had a modified duration of less than three years (see right-hand panel of Figure 19).

26 It includes: euro and international equity funds.

27 It includes: fixed income and guaranteed fixed income funds.

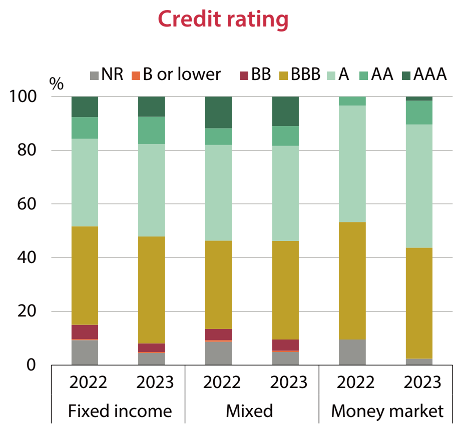
28 The fixed-income portfolio of equity funds is excluded from the analysis as this portfolio accounts for only 0.4% of the investment portfolio.

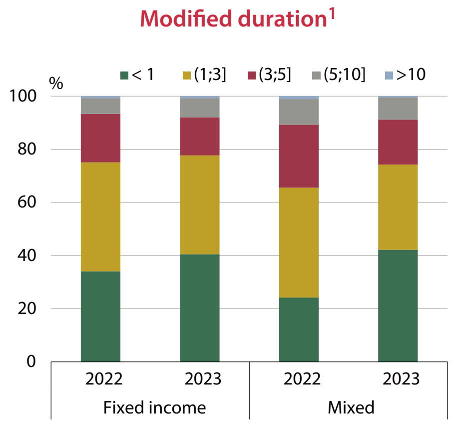
29 Modified duration measures the percentage change in an asset's price in response to a 100 bp increase in interest rates.

30 In 2021, the modified duration was 2.7, while in 2022, it was 2.3.

## Characteristics of the fixed-income portfolio of investment funds

FIGURE 19




Source: CNMV.

1 Money market funds are not included, since the total of their fixed-income portfolio has a duration of less than one year.

### Open-ended collective investment companies (SICAVs)

**In 2023, a large number of SICAVs continued to be deregistered by the CNMV as a result of the legislative change in 2021.**[31] Since the aforementioned law came into effect at the beginning of 2022, 1,831 entities have been deregistered (641 of them in 2023),[32] reducing the total to 450 by the end of December. This contraction led to a relatively moderate decline in the assets of these vehicles, down 9.8% to €14.31 billion. The number of shareholders also fell by 25.4% to 99,624. As a result of these movements, the average net assets per SICAV stood at €31.8 million, more than double the figure in 2022. Virtually all the SICAVs were listed on BME MTF Equity.

**In the first two months of this year, with the adaptation deadline for Law 11/2021 having expired in June 2023, the number of registered open-ended collective investment companies (SICAVs) fell slightly.** Specifically, there were four deregistrations, leaving a total of 446 SICAVs at the end of February.

### Hedge funds

**The total assets of hedge funds**[33] **continued the expansion trend observed over several years, increasing by 25.5% in 2023 to reach €5.82 billion at the end of the year.** However, this segment still represents a very small portion of collective investment in Spain, accounting for 1.5% of total assets. Of this, 86% corresponded to hedge funds (up from 84% in 2022), with the remaining 14% attributed to funds

31 This regulatory change, articulated in Law 11/2021, of 9 July, on measures to prevent and combat tax evasion, establishes a minimum holding of €2,500 – in addition to the existing requirement of a minimum of 100 participants – for shareholders to continue benefiting from the previously existing tax regime, in which they were taxed at 1% corporate income tax, the same as investment funds.

32 Most of the deregistrations occurred in the first half of the year, as the deadline for deregistration was 30 June.

33 Hedge funds are composed of two types of vehicles, depending on whether they invest in assets directly (hedge funds) or through other hedge funds (funds of hedge funds). Both types can be established as either funds or companies.

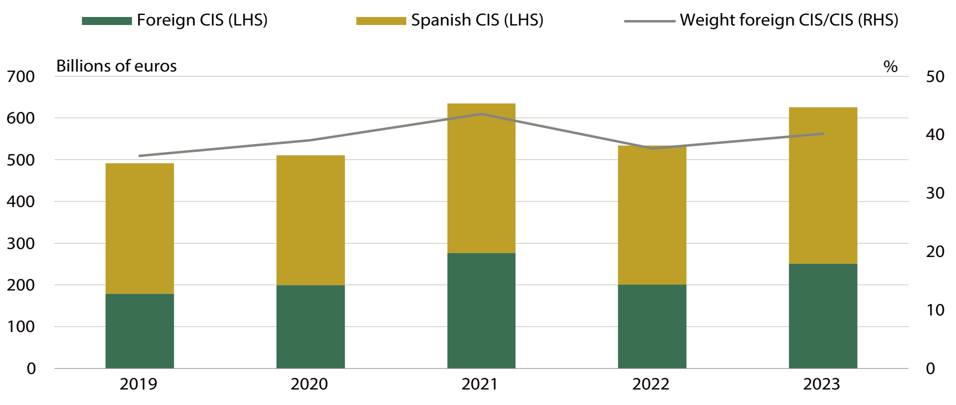
of hedge funds. Meanwhile, the total number of vehicles registered with the CNMV increased significantly in 2023, closing the year with 131, compared to 100 at the end of 2022 (see Annex 3.1 for further details). In the first two months of this year, there have been two additional registrations, bringing the total to 133 vehicles registered with the CNMV at the end of February.

**The performance of these vehicles was positive for the year as a whole, but significantly higher for hedge funds.** Specifically, while the investment portfolio of these funds appreciated by 8.0%, the return for funds of hedge funds was only 0.4%. The total number of unitholders and shareholders in these institutions increased by 10.3% to 15,624. This rise, driven by the greater number of registered vehicles, occurred solely in hedge funds, which saw a growth of 17.3% to 10,341 unitholders by year-end. In contrast, the number of unitholders in funds of hedge funds decreased from 5,347 to 5,283.

## Foreign CIS distributed in Spain

**The volume of foreign CIS distributed in Spain increased by 25% in 2023, after a significant contraction in 2022.** Consequently, the assets of these institutions amounted to €251.31 billion at the end of the year. As shown in Figure 20, this increase, which was greater than that of domestic CIS, resulted in the share of foreign CIS in the total number of CIS distributed in Spain rising to 40.2%. This percentage is slightly lower than in 2021 when it reached its historical peak. The number of vehicles registered with the CNMV also rose in 2023, with 20 additional entities, bringing the total to 1,115 at the end of the year (442 funds and 673 companies). Most of the new registrations were vehicles from France, Germany, and Luxembourg. Luxembourg continued to have the highest number of registered vehicles, with 504 (up from 498 in 2022).

**Assets of foreign CIS distributed in Spain** FIGURE 20




Source: CNMV.

## Outlook

**The maintenance of interest rates at relatively high levels compared to recent years and the gradual increase in the household savings rate are factors that may continue to favour investment in CIS units.** In 2023, as mentioned in previous sections, fixed-income funds received the majority of the industry's investment flows due to rising yields on debt products. This trend could persist this year, as interest rates are expected to remain stable at least until the summer. However, it is important to consider that, at current interest rates, other financial products such as bank term deposits and debt assets – particularly government bonds –, which are natural competitors to some types of investment funds also have the potential to be equally attractive.[34] Finally, it is worth noting the presence of several significant global risks (notably geopolitical risks, corrections in asset valuations, or the impact of high interest rates)[35] and their potential impact on this segment. These risks could not only lead to declines in asset prices but also increase risk aversion among investors, thereby reducing investment volumes.

## 4.2 Provision of investment services

**Credit institutions are by far the main providers of investment services in Spain and account for most of the fee and commission income from the different types of services.** In 2023, credit institutions received 87.1% of this income, more than 1 pp lower than in 2022 (see Table 12). Broker-dealers and brokers still retain a significant relative weight, especially in order processing and execution activities, whose share increased in 2023 to 17.3%, after approximately ten years of declines. In addition to these entities, specific investment services are provided by financial advisory firms and portfolio management companies.[36]

**Fees received for investment services. 2023** TABLE 12

Amounts in millions of euros

| | Investment services firms[1] | Credit institutions[2] (CIs) | Total | % CIs/total |
|---|---|---|---|---|
| **Total investment services** | **706** | **4,752** | **5,458** | **87.1** |
| Placement and underwriting | 8 | 398 | 407 | 98.0 |
| Processing and execution of orders | 309 | 826 | 1,136 | 72.7 |
| Portfolio management | 51 | 827 | 877 | 94.2 |
| Investment advice | 119 | 922 | 1,040 | 88.6 |
| Marketing of CISs | 219 | 1,779 | 1,998 | 89.0 |
| **Total ancillary services** | **314** | **1,242** | **1,556** | **79.8** |
| Administration and custody | 33 | 726 | 760 | 95.6 |
| Other ancillary services | 281 | 516 | 796 | 64.8 |

Source: CNMV and Bank of Spain.

1 Includes broker-dealers and brokers, financial advisory firms (EAF) and branches of foreign investment services firms.

2 Includes banks, savings banks, credit cooperatives and branches of foreign credit institutions.

34 In fact, the most recent information from the Financial Accounts shows an increase in household investment in these financial assets: net investment in term deposits and fixed-income securities was 4.4% of GDP.

35 For further details, see Section 2.2 of this report.

36 As of December 2021, there are no portfolio management companies registered in Spain.

## Credit institutions

**The number of domestic credit institutions (banks, savings banks, and credit cooperatives) registered with the CNMV for the provision of investment services stood at 108 at the end of 2023, the same figure as a year earlier.**[37] In contrast, the number of foreign credit institutions authorized to provide investment services in Spain increased significantly during the year, rising by 108 to a total of 566. Most of the new registrations were institutions from Finland operating under the freedom to provide services. Of the total foreign institutions, 514 operated under the freedom to provide services, and 52 through branches, with almost all originating from other EU Member States (560 entities).

### Revenue of credit institutions[1] from the provision of securities services and distribution of non-bank financial products

TABLE 13

Amounts in millions of euros

| | 2020 | 2021 | 2022 | 2023 | % of CIs total fees[1] |
|---|---|---|---|---|---|
| **For investment services** | **2,167** | **2,888** | **2,992** | **2,972** | **17.4** |
| Placement and underwriting | 354 | 531 | 401 | 398 | 2.3 |
| Processing and execution of orders | 642 | 786 | 969 | 826 | 4.8 |
| Portfolio management | 527 | 725 | 720 | 827 | 4.9 |
| Investment advice | 644 | 846 | 902 | 922 | 5.4 |
| **For ancillary services** | **1,055** | **1,240** | **1,469** | **1,242** | **7.3** |
| Administration and custody | 651 | 744 | 750 | 726 | 4.3 |
| Financial reports and research | 234 | 280 | 535 | 334 | 2.0 |
| Other ancillary services | 169 | 216 | 184 | 182 | 1.1 |
| **For marketing of non-bank financial products** | **4,009** | **4,778** | **4,936** | **4,843** | **28.4** |
| Collective investment schemes | 1,581 | 2,018 | 1,924 | 1,779 | 10.4 |
| Pension funds | 972 | 1,134 | 1,213 | 1,233 | 7.2 |
| Insurance | 1,377 | 1,604 | 1,793 | 1,823 | 10.7 |
| Other | 80 | 23 | 7 | 7 | 0.0 |
| **Total** | **7,231** | **8,906** | **9,398** | **9,058** | **53.2** |
| ***Pro memoria:*** | | | | | |
| For securities services and distribution of CIS | 4,802 | 6,146 | 6,385 | 5,994 | 35.2 |
| **Total fee and commission revenue** | **14,595** | **16,261** | **17,039** | **16,355** | **100.0** |

Source: CNMV and Bank of Spain.

1 It includes banks, savings banks, credit cooperatives and branches of foreign credit institutions.

**The aggregate amount of fees received by credit institutions for the provision of investment services and the distribution of CISs contracted by 6.1% in 2023 to €5.99 billion** (see Table 13). The provision of non-ancillary investment services accounted for €2.98 billion in fees and commissions for credit institutions, a figure

37 Out of the 108 domestic entities, 98 were considered active in the provision of investment services.

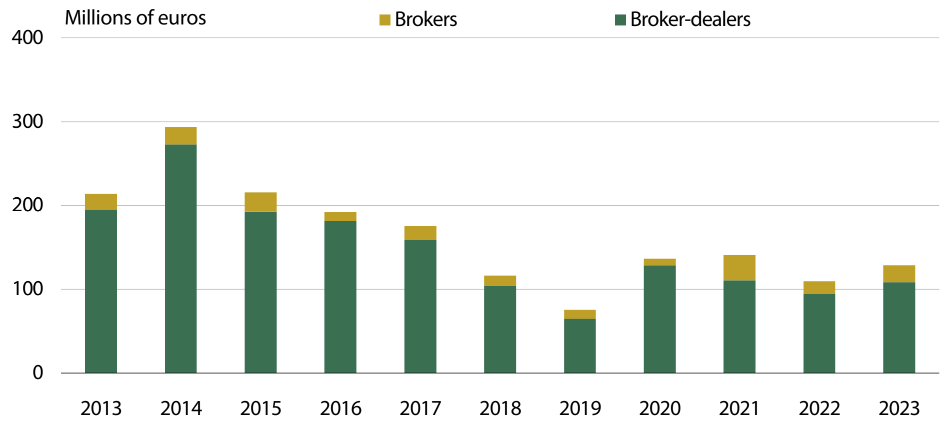
very similar to that of 2022, albeit with a mixed performance across different categories: while fees for discretionary portfolio management increased by almost 15%, fees for order processing and execution decreased by a similar percentage. Regarding fees for ancillary investment services, these institutions received €1.24 billion, 15.5% less than in 2022, with a particularly significant decrease in income from financial reporting and analysis, which stood at €334 million.[38]

### Broker-dealers and brokers

**In 2023, the investment services activity of broker-dealers and brokers showed a notable increase compared to the previous year's figures.** There was an increase in revenues across almost all activities performed by these entities, with particularly high (in relative terms) revenues in portfolio management and investment advice. Income from order processing and execution, which continued to be the most important revenue sources for these institutions, also grew. However, the loss of relevance in the intermediation of domestic equity markets in recent years was confirmed, making it a marginal activity in favour of other markets such as international equity or derivatives markets.[39]

**Broker-dealers and brokers made a combined pre-tax profit of €128.4 million in 2023, 17.5% more than in 2022.** This increase was due to the strong profit performance of both broker-dealers, with a 14.0% rise, and brokers, where the relative growth was much higher at 40.3% (see Figure 21).

**Aggregate profit before tax of broker-dealers and brokers** FIGURE 21




Source: CNMV.

**In terms of entities registered with the CNMV, there were a total of 99 broker-dealers and brokers at the end of 2023, four more than at the end of 2022, thus maintaining the expansionary trend of recent years.** This increase was at least partly due to the creation of independent brokerage firms linked to

38 These fees grew significantly in previous years: between 2019 and 2022 they almost tripled.

39 Fees for brokerage in national equity markets went from 47.5% of fees for processing and executing broker-dealers' orders in 2018 to 5.8% in 2023.

foreign-owned non-bank entities. This highlights the change taking place in this sector, which for many years was almost entirely dominated by entities belonging to banking groups. Most entities that provided services in the European Union did so under the freedom to provide services regime, specifically 59 (four more than in 2022) and five maintained branches in other countries (the same figure as one year earlier).

**The number of foreign entities providing investment services in Spain decreased by 95 in 2023, following 74 new authorisations and 169 deregistrations.** By the end of December, there were a total of 864 such entities, most of which were from Cyprus, the Netherlands, and Germany. Of all the foreign entities, around 95% operated under the freedom to provide services, a percentage very similar to that of 2022, while the remaining 5% operated through branches.

**The income of broker-dealers increased in 2023 compared with the previous year due to the rise in both fees received and net interest income.** Within income from the provision of services to third parties, there was a notable absolute increase in fees for the processing and execution of orders, the most important for the broker-dealers, which rose by 11.3% to €117.8 million.[40] In terms of other fees, the increase in those from portfolio management (+24.8%) and investment advice (+46.5%) is particularly significant, although these revenues still account for a relatively small percentage of the total fees received[41] (see Table 14).

**In contrast, income from financial investments declined by 28.7% to €41.0 million.** Despite this, thanks to the increase in net fees (+11.2%) and net interest income (+21.0%), gross income rose by 7.6%. Finally, an increase in operating expenses (+7.2%), which was lower than the increase in gross income, led to a rise in profit before tax of 14.0% to €108.4 million.

40 This increase was almost entirely due to the activity of a broker-dealer (Tradition Financial Services España, SV) specialising in the brokerage of financial products and OTC commodity instruments, whose revenues from order processing and execution accounted for 42.8% of the total revenues under this heading for broker-dealers in 2023.

41 Both types of fees represented 9.2% of total fee income at the end of 2023, up from less than 5% just two years earlier.

## Aggregate income statement (Dec-23)

TABLE 14

Amounts in thousands of euros

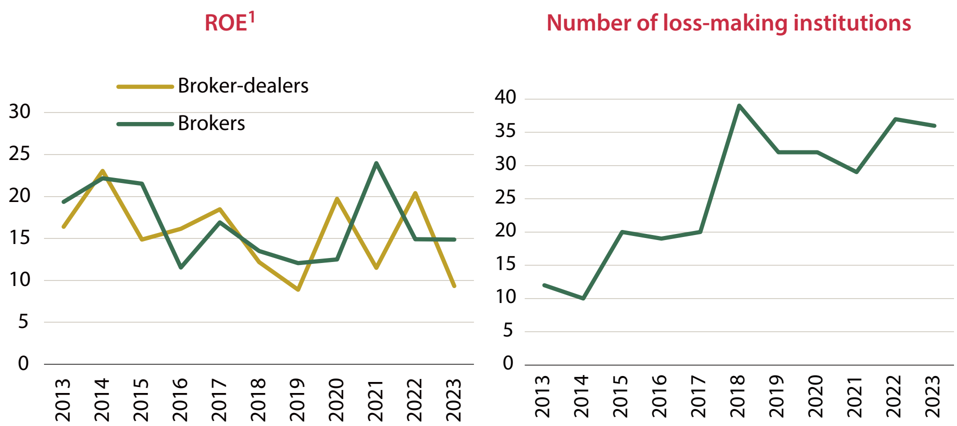
| | Broker-dealers | | | Brokers | | |
|---|---|---|---|---|---|---|
| | Dec-22 | Dec-23 | % change | Dec-22 | Dec-23 | % change |
| 1. Net interest income | 66,519 | 80,476 | 21.0 | 960 | 2,086 | 117.3 |
| 2. Net fees | 191,789 | 213,216 | 11.2 | 170,724 | 176,882 | 3.6 |
| 2.1. Fees received | 293,594 | 315,902 | 7.6 | 198,293 | 216,159 | 9.0 |
| 2.1.1. Processing and execution of orders | 105,849 | 117,833 | 11.3 | 18,030 | 16,754 | -7.1 |
| 2.1.2. Issuance placement and underwriting | 7,881 | 7,047 | -10.6 | 1,187 | 829 | -30.2 |
| 2.1.3. Deposit and book-entry of securities | 32,979 | 32,507 | -1.4 | 286 | 281 | -1.7 |
| 2.1.4. Portfolio management | 14,096 | 17,588 | 24.8 | 23,388 | 26,700 | 14.2 |
| 2.1.5. Investment advice | 7,937 | 11,624 | 46.5 | 37,547 | 37,940 | 1.0 |
| 2.1.6. Search and placement of block trades | 1,010 | 921 | -8.8 | 0 | 0 | - |
| 2.1.7. Market credit transactions | 0 | 0 | - | 0 | 0 | - |
| 2.1.8. Marketing of CISs | 63,402 | 67,896 | 7.1 | 94,339 | 101,698 | 7.8 |
| 2.1.9. Other | 60,440 | 60,485 | 0.1 | 23,516 | 31,957 | 35.9 |
| 2.2. Fees paid | 101,805 | 102,686 | 0.9 | 27,569 | 39,277 | 42.5 |
| 3. Gains/(losses) on financial investments | 57,558 | 41,037 | -28.7 | -1,479 | 1,771 | - |
| 4. Net exchange differences | -273 | -1,006 | -268.5 | 527 | -380 | - |
| 5. Other operating income and expenses | 1,645 | 7,732 | 370.0 | 61 | -479 | - |
| **Gross margin** | **317,238** | **341,455** | **7.6** | **170,793** | **179,880** | **5.3** |
| 6. Operating expenses | 218,470 | 234,099 | 7.2 | 156,604 | 157,978 | 0.9 |
| 7. Depreciation, amortisation and other charges | 7,893 | 4,474 | -43.3 | 4,184 | 4,824 | 15.3 |
| 8. Impairment losses on financial assets | 836 | 596 | -28.7 | -13 | 87 | - |
| **Operating profit/(loss)** | **90,039** | **102,285** | **13.6** | **10,018** | **16,991** | **69.6** |
| 9. Other gains and losses | 5,057 | 6,136 | 21.3 | 4,244 | 3,015 | -29.0 |
| **Profit/(loss) before tax** | **95,096** | **108,421** | **14.0** | **14,263** | **20,006** | **40.3** |
| 10. Tax charge | 12,940 | 13,368 | 3.3 | 3,899 | 3,633 | -6.8 |
| **Profit/(loss) from continuing activities** | **82,156** | **95,053** | **15.7** | **10,364** | **16,373** | **58.0** |
| 11. Profit/(loss) from discontinued operations | 0 | 0 | - | 0 | 0 | - |
| **Profit/(loss) for the year** | **82,156** | **95,053** | **15.7** | **10,364** | **16,373** | **58.0** |

Source: CNMV.

**At the brokerage firms, aggregate profit before tax, as previously mentioned, saw a significant improvement in 2023, rising by 40.3%, to €20 million.** This improvement was driven both by an increase in revenues and the containment of operating expenses. Fee income grew by 9.0%to €216.2 million. Among all fees, those derived from the marketing of CISs rose by 7.8%% to €101.7 million, and those from portfolio management increased by 14.2% to €26.7 million, which are particularly important for the brokers. Unlike the broker-dealers, fees from order processing and execution decreased by 7.1% to €16.8 million. Operating expenses remained virtually unchanged (+0.9%), and this, combined with higher revenues, resulted in a 40.3% increase in profit before tax.

**Despite the rise in profits, the sector's return on equity (ROE) before tax fell significantly during the year, dropping from 19.4% to 9.9%.** This decline was due to the inclusion of a newly established broker-dealer, whose own capital exceeded €750 million.[42] Excluding this entity, the sector's ROE is estimated at 22.8% (25.3% for broker-dealers and 14.9% for brokers), which is higher than in 2022 and aligns with the increase in profits. The number of loss-making entities remained similar to the previous year, slightly decreasing from 37 to 36, with 10 being broker-dealers (11 in 2022) and 26 being brokers (the same as the previous year), with total losses amounting to €20.4 million (€21.5 million in 2022).

**ROE before tax of investment services firms and number of loss-making institutions** FIGURE 22



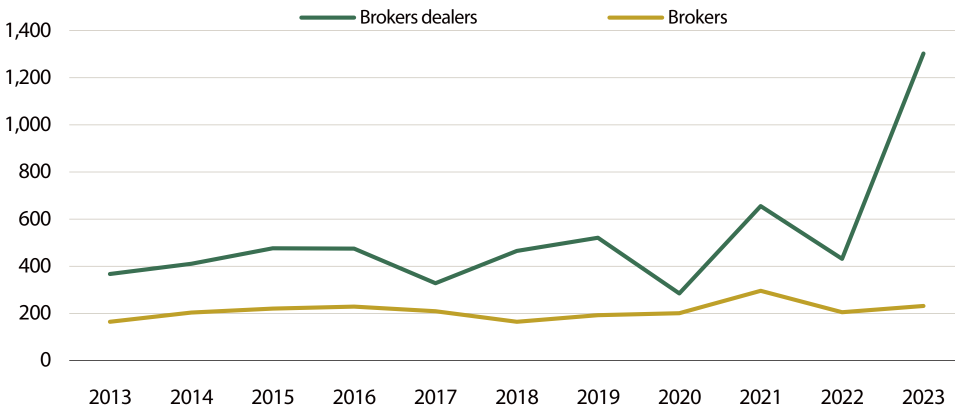

Source: CNMV.

1 ROE calculated with profit before taxes.

**During 2023, the sector as a whole continued to demonstrate high relative solvency levels. By the end of the year, the equity margin was 9.5 times the capital requirement.** This figure was significantly higher than that of 2022 (5.9 times), due to one institution mentioned in the previous paragraph, which had exceptionally high own capital. Excluding this institution, the sector's solvency ratio would have been 3.5 times. As usual, this equity margin was generally higher for broker-dealers than for agencies: for broker-dealers, the aggregate ratio was 13.0 times (4.1 without the above-mentioned institution), while for agencies it was 2.3 times (see Figure 23). However, four broker-dealers ended the year with a capital deficit.

42 This figure is 1,000 times the minimum required by the regulation.

**IF solvency ratio (capital surplus vs requirements)** FIGURE 23




Source: CNMV.

## Financial advisory firms

**At the end of 2023, 143 financial advisory firms were registered with the CNMV, the same number as at the end of 2022, with a decline in total assets advised of 15.1% to €15.87 billion.** This decline occurred in both the professional client segment, which contracted by 11.4% to €7.57 billion, and the retail client segment, which fell by 18.2% to €8.29 billion. This latter result appears to break the trend observed in recent years, where the retail segment had been growing significantly.[43]

**Conversely, the overall profit of these institutions increased considerably, rising from €2.6 million in 2022 to €4.7 million in 2023.** This increase was due to a reduction in expenses, as fee income, in line with the performance of assets under advice, fell by 8.6% to €52.2 million. Within this, fees received directly from clients remained stable at over €43 million, while income from retrocessions and other fees from other entities decreased by 35.2% to €8.4 million by the end of 2023.

**Main metrics of financial advisory firms** TABLE 15

Thousands of euros

| | 2021 | 2022 | 2023 | % change 23/22 |
|---|---|---|---|---|
| **Number of institutions** | **140** | **143** | **143** | **0.0** |
| **Assets under advice[1]** | **19,530,452** | **18,682,820** | **15,865,219** | **-15.1** |
| Retail clients | 9,125,730 | 10,136,837 | 8,290,899 | -18.2 |
| Professional clients and other | 10,404,722 | 8,545,983 | 7,574,320 | -11.4 |
| **Number of clients[1]** | **9,316** | **10,737** | **11,054** | **3.0** |
| Retail clients | 8,893 | 10,295 | 10,603 | 3.0 |
| Professional clients | 423 | 442 | 451 | 2.0 |

43 Between 2019 and 2022, the proportion of retail clients increased from 38% to 54%.

**Main metrics of financial advisory firms (*continued*)** TABLE 15

Thousands of euros

| | 2021 | 2022 | 2023 | % change 23/22 |
|---|---|---|---|---|
| **Fee income** | **56,823** | **57,090** | **52,153** | **-8.6** |
| Fees received | 56,430 | 56,446 | 51,751 | -8.3 |
| From clients | 45,364 | 43,466 | 43,340 | -0.3 |
| Fom other entities | 11,066 | 12,980 | 8,411 | -35.2 |
| Other income | 393 | 644 | 402 | -37.6 |
| **Equity** | **33,334** | **34,378** | **34,247** | **-0.4** |
| Share capital | 6,151 | 6,971 | 7,596 | 9.0 |
| Reserves and retained earnings | 21,128 | 23,778 | 20,639 | -13.2 |
| Income for the year | 6,517 | 2,561 | 4,727 | 84.6 |
| Other own funds | -461 | 1,068 | 1,285 | 20.3 |

Source: CNMV.

1 Data at market value at the end of the period.

### A complementary view of institutions providing investment services

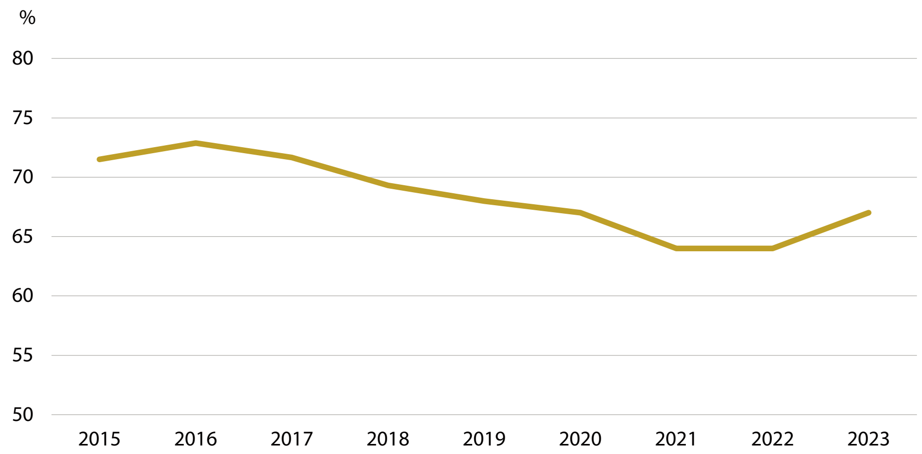
**This section analyses the business related to the provision of investment services based on the institutions' business models, rather than the type of institution.** Information on the provision of investment services[44] is usually presented according to the type of entity offering these services (credit institutions, investment firms, or collective investment scheme management companies). However, a more focused view on the business models of these entities could be more useful and provide a more accurate reflection of the reality of this industry. This section more precisely delineates which part of the business related to the provision of investment services is carried out by banks that might be termed "commercial", whose income predominantly comes from typical banking services (deposits, loans, etc.), **and which part is performed by institutions that can be considered specialised in providing investment services. The latter group includes** independent investment firms and collective investment scheme management companies – i.e., not subsidiaries of commercial banking groups – and banks specialised in the provision of investment services.

**Calculations show that in 2023, 67% of the business related to the provision of investment services in Spain[45] was attributed to traditional commercial banks or entities belonging to their groups.** The remaining 33% was conducted by financial institutions specialised in providing investment services and not affiliated with commercial banks. These figures interrupt the downward trend in the dominance of commercial banks observed since 2017 (see Figure 24), although the absence of a credit institution specialising in securities market intermediation could partly explain these results.

44 Including the activity of CIS management, although not strictly speaking an investment service from a legal point of view.

45 Measured through fees received and including CIS management.

**Share of financial institutions related to commercial banking[1] in total revenues derived from the provision of investment services[2]** FIGURE 24




Source: CNMV.

1 This group of entities includes commercial banks (understood as those that do not specialise in the provision of financial services) and the investment firms and collective investment scheme management companies that belong to them.

2 It includes the activity of CIS management, although this is not considered an investment service from a legal perspective.

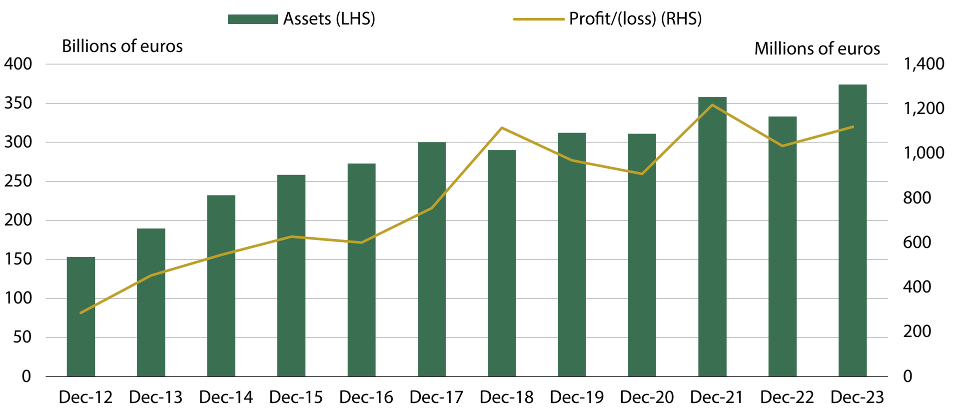
## Outlook

**The sector related to the provision of investment services performed well in 2023 despite the complex economic and financial environment.** The dominance of credit institutions in this sector, as evidenced by the fee income associated with these services, was slightly reduced during the year, although it remained highly significant. The high level of competition in this area has led broker-dealers and brokers, whose numbers have been growing in recent years due to the creation of independent entities not linked to banks, to gradually adapt to this bank-based model, specialising in areas such as portfolio management, financial advice, and CIS distribution. These lines of business, which are gaining importance each year in the profit and loss accounts of these institutions, have likely been favoured by the increase in interest rates. The positive impact of this increase has even been observed in areas such as the net interest income of broker-dealers (similarly to credit institutions), so as long as interest rates remain relatively high compared to previous years and agent incomes continue to expand, the short-term outlook for this sector is favourable. However, it should be noted that there are also significant challenges that may affect the activities of these institutions, including cybersecurity, artificial intelligence applied to finance, and the adaptation to relevant European regulations such as MiCA or DORA.

## 4.3 CIS management companies

**Although the number of collective investment scheme management companies decreased by six to 117 in 2023, their assets under management increased by 12.4% to €373.7 billion.**[46] This increase, as mentioned in previous sections, was due both to the revaluation of managed portfolios and to fund inflows. As in previous years, the majority of assets were held in domestic mutual funds, accounting for 94.2% of the total, followed by open-ended collective investment companies (SICAVs), which accounted for 4.0%. Regardless of these figures, the management of foreign CIS by domestic management companies remained similar to that in 2022 and amounted to €25.4 billion. The degree of industry concentration remained high in 2023: the combined share of the three largest managers was 49.6% of total assets, slightly lower than in 2022.

**CIS management companies: assets under management and profit /(loss) before tax** FIGURE 25




Source: CNMV.

**The aggregate pre-tax profits of CIS management companies increased by 8.6% in 2023 to €1.12 billion, as a result of the rise in assets under management.** This led to a 5.4% increase in fees earned, with CIS management fees – by far the largest, accounting for around 85% of total fees earned by fund managers – rising by 4.9% to €2.97 billion (see Table 16). This amount represented 0.80% of assets, lower than in the previous year (0.85%). The aggregate return on equity (ROE) increased from 82.8% at the end of 2022 to 90.5% in 2023, thanks to the strong performance of these institutions' profits. At the same time, the number of loss-making companies decreased significantly to 19 (down from 26 the previous year), although with a much higher total volume of losses than in 2022 (€20.2 million compared with €9.6 million).

46 This figure corresponds to the information obtained from the reserved statements that Spanish CISs submit to the CNMV.

## CIS management companies: assets under management, CIS management and average fee ratio

TABLE 16

Amounts in millions of euros

| | Assets under management | CIS management fee income | Average CIS management fees (%) | Fee ratio[1] (%) |
|---|---|---|---|---|
| 2015 | 258,201 | 2,442 | 0.95 | 63.68 |
| 2016 | 272,906 | 2,347 | 0.86 | 61.67 |
| 2017 | 299,974 | 2,647 | 0.88 | 58.68 |
| 2018 | 290,364 | 2,649 | 0.91 | 51.24 |
| 2019 | 312,235 | 2,638 | 0.84 | 49.75 |
| 2020 | 311,043 | 2,551 | 0.82 | 49.72 |
| 2021 | 358,349 | 3,026 | 0.84 | 47.74 |
| 2022 | 332,588 | 2,832 | 0.85 | 50.49 |
| 2023 | 373,666 | 2,972 | 0.80 | 50.50 |

Source: CNMV.

1 Relationship between costs from commissions for the marketing of funds and revenue from CIS management fees.

## 4.4 Other intermediaries: venture capital firms and crowdfunding platforms

### Venture capital

**Private equity and venture capital activity continued to show great dynamism in 2023, with a high number of new entities, significantly more in terms of vehicles than management companies.** The number of investment vehicles registered with the CNMV increased by 211 to reach 1,066, while the number of management companies rose by 15, ending December with a total of 150. Regarding traditional venture capital entities,[47] which saw the most significant growth, the increase in venture capital companies is notable, with 113 more entities than at the end of 2022, bringing the total to 423. The growth in the number of European venture capital funds (EuVECAs) from 85 to 135 in just one year also deserves special attention.[48] The number of closed-end collective investment schemes also saw an increase, though much more moderate compared to previous years. Specifically, there were 14 new registrations and three deregistrations, closing the year with 105 such vehicles, of which 63 were funds and 42 were companies.[49]

47 Traditional entities are understood to be those types that existed prior to the entry into force of Law 22/2014 of 12 November.

48 EuVECAs, along with European Social Entrepreneurship Funds (EuSEFs), are covered by Regulation (EU) No. 345/2013 of the European Parliament and of the Council, of 17 April 2013, on European Venture Capital Funds and Regulation (EU) No. 346/2013 of the European Parliament and of the Council, of 17 April 2013, on European Social Entrepreneurship Funds.

49 It is important to remember that closed-end collective investment entities enjoy a high degree of flexibility both in their investment policy and in complying with investment ratios, which are more restrictive in the case of venture capital entities.

## Registrations and deregistrations in the venture capital register in 2023

TABLE 17

| | Situation as at 31/12/2022 | Registrations | Deregistrations | Situation as at 31/12/2023 |
|---|---|---|---|---|
| **Institutions** | | | | |
| Venture capital funds | 319 | 49 | 17 | 351 |
| SME venture capital funds | 14 | 4 | 2 | 16 |
| European venture capital funds (EuVECA) | 85 | 50 | 0 | 135 |
| European social entrepreneurship funds (EUSEF) | 8 | 3 | 0 | 11 |
| Venture capital companies | 310 | 117 | 4 | 423 |
| SME venture capital companies | 25 | 2 | 2 | 25 |
| **Total venture capital entities** | **761** | **225** | **25** | **961** |
| Closed-ended collective investment funds | 56 | 9 | 2 | 63 |
| Closed-ended collective investment companies | 38 | 5 | 1 | 42 |
| **Total closed-ended collective investment entities** | **94** | **14** | **3** | **105** |
| **Management companies of closed-ended CISs** | **135** | **19** | **4** | **150** |

Source: CNMV.

**This dynamism, however, is not reflected in investment volumes, which have decreased compared to the previous year. According to data provided by Spaincap,[50] investment fell by 34% compared to 2022, amounting to €6.11 billion across 781 transactions.** Of this total, €5.26 billion and 138 investments pertained to private equity, while the remaining €855 million and 643 transactions were in venture capital. As in previous years, international funds dominated the investment landscape, accounting for 77.3% of the total volume (down from over 80% in 2022).

### Crowdfunding platforms

**After the deadline for adapting to the new European regulations[51] on 10 November last year, the CNMV deregistered the previous registry of crowdfunding platforms along with all the companies that were listed on it.** During 2023, 16 crowdfunding platforms completed this process, although seven of them did so after 10 November, which limited their activity until the adaptation was completed. As a result of these changes, by the end of the year there were a total of 21 providers of crowdfunding services, comprising the 16 entities mentioned above, the four that had completed the process in 2022, and one newly created platform (see Table 18). At the end of the year, four crowdfunding platforms were still pending adaptation, which consequently limited their activities. In the first three months of 2024, there were no changes in the register of these entities.

50 The association of venture capital entities in Spain, formerly known as ASCRI.

51 Regulation (EU) 2020/1503 of the European Parliament and of the Council, of 7 October 2020, on European providers of crowdfunding services.

**For those crowdfunding platforms that may fall outside the scope of the European regulation, the Spanish legislator created a new category known as non-harmonised crowdfunding platforms.** Specifically, this category would include consumer and project platforms with a high volume of between €5 and €8 million. As of the end of March this year, there were no crowdfunding platforms in this category.

**Number of non-harmonised crowdfunding platforms and registered crowdfunding service providers** TABLE 18

| Type of platform | Securities | Loans | Mixed | Total |
|---|---|---|---|---|
| Non-harmonised crowdfunding providers | 0 | 0 | 0 | 0 |
| Crowdfunding service providers | 5 | 4 | 12 | 21 |
| **Total accumulated amount** | **5** | **4** | **12** | **21** |

Source: CNMV.

# II Reports and analysis

# Capital Markets Union: status of the initiative and some reflections on its future

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**Helena Huerta de Fernando**

(*) The opinions contained in this article are the sole responsibility of its authors and do not necessarily reflect those of the CNMV.

# Contents

# Acronyms

| | |
|---|---|
| AFM | Netherlands Financial Markets Authority |
| AIF | Alternative investment funds |
| CCCTB | Common Consolidated Corporate Tax Base |
| CCP | Central counterparty |
| CMU | Capital Markets Union |
| CSD | Central securities depositories |
| CSDR | Central Securities Depository Regulation |
| DEBRA | Debt Equity Bias Reduction Allowance |
| DNB | Dutch Central Bank |
| DRS2 | Shareholder Rights Directive II |
| ELEC | European League for Economic Cooperation |
| ELTIF | European long-term investment funds |
| ESAP | European Single Access Point |
| EU | European Union |
| EUSEF | European social entrepreneurship fund |
| EuVECA | European venture capital funds |
| FASTER | Faster and Safer Relief on Withholding Taxes Strategy |
| FCRE | Federation of European Securities Exchanges |
| GHG | Greenhouse gases |
| IDD | Insurance Distribution Directive |
| IPO | Initial public offering |
| MIFID | Markets in Financial Instruments Directive |
| PEPP | Pan-European Pension Product |
| RIS | Retail Investment Strategy |
| SME | Small- and medium-sized enterprise |
| UCITS | Undertakings for collective investment in transferable securities |

# List of tables

# 1 Introduction

## What is the Capital Markets Union?

The Capital Markets Union (CMU) is the European Union's (EU) initiative to create a single capital market across the region.

Launched in 2015, its objectives are to diversify the EU's sources of finance, support digital and green transformations, enhance long-term investment opportunities for savers, and boost resilience and risk-sharing within the EU.

This plan has since been reviewed and revitalised, underlining its importance.

## Why is achieving the CMU important?

Full capital mobility is a central stabilisation tool in the face of asymmetric shocks, especially when the exchange rate cannot be used as a balance of payments adjustment mechanism. Moreover, it helps reduce bank dependence by increasing the diversification of funding sources.

Not only does it provide stabilising benefits, but it also has a direct impact on the long-term growth and welfare of an economy. The greater difficulty in accessing finance for SMEs and the most innovative companies acts as a brake on R&D and long-term growth. Deeper and more developed capital markets would enable the necessary finance to be channelled towards projects that would otherwise not be pursued. In a European economy characterised by a business structure dominated by small and medium-sized enterprises, achieving deeper capital markets is indispensable.

This is all the more relevant given the current economic and geopolitical context. The onset of the pandemic, combined with high inflation, has been a setback for the economy. The need to accelerate economic recovery, alongside the investments being made to boost the decarbonisation and digitalisation of the European economy under the Next Generation EU programme, places unprecedented demands on funding. This is further compounded by the additional investments required to enhance Open Strategic Autonomy.[1] Therefore, financing through national budgets and the banking sector alone is insufficient to carry out projects of this scale.

Finally, achieving deeper and more liquid markets, accessible to a larger number of companies, would bring significant benefits to citizens and investors and unlock substantial potential for private investment across the region.

1 Open Strategic Autonomy is defined by the European Council as: "The capacity to act autonomously when and where necessary, and with partners whenever possible". It is a concept introduced by the European Commission in 2013, which initially referred only to achieving autonomy in defence matters. With recent economic developments, the concept has been expanded to include digital and economic dimensions.

# 2 Motivation for the CMU

## 2.1 Economic motivation

The CMU is justified for a range of reasons, both economic and geostrategic. Economically, it is a key tool for fulfilling the roles of the public sector.

Firstly, it serves a stabilising function. On one hand, it mitigates the effects of asymmetric shocks in a monetary union; on the other, the diversification of funding sources prevents the amplification of a shock's effects.

The establishment of a single currency entails the abandonment of the exchange rate as an adjustment mechanism (Mundell, 1961), meaning that in the event of asymmetric shocks, equilibrium cannot be automatically restored. This creates a misalignment in the balance of payments, necessitating other mechanisms to return to the initial equilibrium. Free capital mobility thus allows capital to flow from surplus to deficit economies in the event of asymmetric shocks to the balance of payments, minimising the cost of abandoning the exchange rate as an adjustment mechanism and mitigating the asymmetric effects of the shock (Scitovsky, 1957).

Additionally, it leads to a diversification of an economy's sources of financing, which helps prevent the amplification of economic cycles. This is particularly relevant, as several studies indicate, given that bank financing is more volatile and procyclical (Langfield and Pagano, 2016). Economic theory supports this by pointing out that in a context of informational asymmetry, where adverse selection and moral hazard situations arise, a negative economic shock may lead to credit crunch situations in the banking sector. This, in turn, amplifies the effects of the economic cycle and hampers the control of monetary policy transmission mechanisms (Stiglitz and Weiss, 1981).

Achieving a diversification of funding sources also helps to avoid the occurrence of fourth-generation crises such as the one experienced in 2008. During that crisis, excessive reliance on banks and public deficits resulted in an interrelationship between banking and public crises due to balance sheet effects, amplifying the initial shock.

Moreover, financing through capital markets has a stabilising function not only ex post but also ex ante. The capital market channel reflects consumption arrangements before shocks occur and can be seen as insurance against the possibility of future shocks. In this way, it has the capacity to protect against both persistent and transitory shocks. In contrast, consumption smoothing through the credit market channel occurs ex post, after the shocks have occurred, and therefore protects only against transitory shocks (Asdrubali, Sorensen and Yosha, 1996).

Additionally, achieving a CMU also has an allocative and redistributive function. The integration of these markets would lead to greater efficiency in channelling investment from households to firms. This would not only lower financing costs for firms but would also enable households to achieve higher returns, as their savings are still largely concentrated in bank deposits that do not yield as high a return. In Spain alone, deposits accounted for 40% of household financial wealth in 2022 (Bergés and Manzano, 2023).

Finally, the benefits of boosting capital market financing extend not only to the short term but also to the long term, as they promote growth and economic convergence. More integrated capital markets reduce disparities in access to finance, thereby diminishing the differences between European economies. They also make it possible to support projects that would otherwise struggle to find funding. Due to the information asymmetry present in the banking sector, higher-risk projects are often rejected. Financing through capital markets helps overcome this barrier and channels funds towards projects from SMEs and more innovative sectors. These projects serve as a lever for long-term economic growth, where R&D and investment constitute an essential pillar for fostering economic development.

### 2.2 Geo-strategic motivation

In addition, the CMU is justified on geopolitical and strategic grounds.

On the one hand, it is a central tool for implementing reforms in the new political and economic context. The urgency of establishing a CMU has never been more evident than it is today. European companies are facing unprecedented financing needs. The economic slowdown caused by the pandemic and the higher financing costs resulting from the highest inflation in decades, together with the investments required to implement EU-led reforms, make traditional financing and public support insufficient. Under the European Green Deal alone, it is estimated that, compared to the previous decade, an additional €620 billion per year will be needed to meet the goal of reducing GHG emissions by 55% by 2030 and 90% by 2040. This is coupled with the additional needs to boost digitalisation in Europe, as well as the investments planned within the framework of Open Strategic Autonomy. It is therefore a strategic tool to boost the European economy in an economic context marked by the race for 5G, political polarisation, and a renewed focus on achieving strategic independence due to the disruption of global value chains. The Capital Markets Union is thus one of the three pillars of the European Union's Investment Plan to boost employment and sustainable growth in Europe in the long term.

Moreover, enhancing capital markets would strengthen the euro as a strategic currency on the international stage, providing the European economy with greater financial and trade independence, as well as a geopolitical advantage. A strong currency allows for influence over the foreign exchange market and even enables commercial transactions to be denominated in the national currency, thereby avoiding exchange rate risk and reducing operating costs (González Rodríguez, 1997).

This is all the more relevant given the current economic and geopolitical context. The onset of the pandemic, combined with high inflation, has been a setback for the economy. The need to accelerate economic recovery, alongside the investments being made to boost the decarbonisation and digitalisation of the European economy under the Next Generation EU programme, places unprecedented demands on funding. This is further compounded by the additional investments required to enhance Open Strategic Autonomy. Therefore, financing through national budgets and the banking sector alone is insufficient to carry out projects of this scale.

# 3 Development of the CMU

## 3.1 Background

The objective of free movement of capital was already evident in the Treaty of Rome, where it was listed as one of the freedoms to be achieved. However, it was not until the Maastricht Treaty in 1992 that real impetus was given to its realisation. The adoption of the euro implied the renunciation of the exchange rate as an adjustment mechanism for the asymmetric imbalances that might occur between the disparate European economies. The free movement of capital became essential to minimise an asymmetric shock in the balance of payments of European economies.

Thus, the achievement of free capital mobility was established as one of the prerequisites for initiating the process of monetary integration. Between 1992 and 1993, the barriers to capital mobility in the economies seeking to form the Economic and Monetary Union were removed, and the freedom of capital movement was enshrined as one of the four fundamental freedoms of the single market in the Maastricht Treaty. In 1999, the Financial Services Action Plan was also adopted, with the aim of guiding actions in the following years.

Two years later, the Lamfalussy Report led to initial attempts to ensure supervisory convergence, which were taken forward more decisively in 2009 following the De Larosière report and the creation, a year later, of the European Supervisory Authorities (ESAs).

## 3.2 The 2015 Action Plan

The subprime crisis showed that, despite the progress made over the past five decades, there was still much to be done.

On the one hand, the lack of harmonisation in regulation and supervision meant that market access conditions were very uneven and that European capital markets were less developed and more fragmented. Although the European economy was comparable in size to that of the United States, its stock markets were less than half as large and its debt markets were less than one-third by comparison. In 2014, European SMEs obtained five times less financing from capital markets than US SMEs (European Commission, 2015). The disparity in European countries' capital markets was even more pronounced than the disparity between Europe and the United States. Countries such as Luxembourg had a stock market capitalisation to GDP ratio of 125%, compared to 4% in Lithuania (KPMG, 2015).

On the other hand, much of the crisis had been caused by an excessive dependence on bank financing, which, combined with weak regulation, had led to systemic risk situations and a greater tendency for a feedback loop between banking and public crises (fourth-generation crisis). Finally, information asymmetry and overdependence on bank credit meant that the credit crunch amplified the effects of the crisis. If European venture capital markets had been as developed as those in the United States, it is estimated that between 2009 and 2014, more than €90 billion would have been available to finance companies (European Commission, 2015).

In this context, the 2015 Five Presidents' Report argued for the need to push for a Capital Markets Union. More integrated capital markets could enhance economic efficiency and strengthen Europe's ability to finance its own growth, avoiding the problems caused by a lack of diversified funding sources.

Thus, on 18 February 2015, the Commission published a Green Paper on building a Capital Markets Union, paving the way for further action. The Green Paper launched a three-month consultation period which led to the design of the subsequent Action Plan on Building a Capital Markets Union.

Specifically, the 2015 CMU Action Plan was built around six pillars, setting out the building blocks of an integrated EU capital market until 2019, along with a schedule for implementation (European Commission, 2015):

i) **The path to growth: financing innovation, startups, and unlisted companies.**

In Europe, the channels for financing growing companies seeking to raise equity capital or obtain credit through non-bank means were not sufficiently developed: around 75% of SMEs were financed through bank loans in 2014 (European Commission, 2015).

To address this, measures were introduced to:

– Support equity financing by evaluating new schemes such as crowdfunding and venture capital.

– Overcome the informational barriers faced by SMEs.

– Promote innovative forms of business financing.

ii) **Facilitate companies' access to public markets and their ability to raise capital there.**

Despite significant development in recent decades, European public capital and debt markets still lagged behind those in other comparable economies. This was due to various reasons: a higher proportion of SMEs in the business landscape, a greater tendency among owners to retain capital, and a regulatory environment that did not support the development of these financing channels (European Commission, 2015). A report by the EU IPO Task Force noted that high entry costs, along with the complexity of the prospectus, discouraged SMEs from using this type of financing. Therefore, measures were proposed to, among other things:

- Modernise the Prospectus Directive.

- Address the regulatory obstacles faced by SMEs under MiFID II.

- Examine ways to eliminate the tax bias in favour of debt.

**iii) Facilitate long-term, sustainable infrastructure investment.**

Europe needed increased investment to undertake new, long-term, sustainable projects to maintain and enhance the competitiveness of its economy. Public support through measures such as the Investment Plan for Europe was useful but insufficient. Therefore, additional measures aimed at mobilising private long-term investment are being promoted, including:

- Improving the investment environment through regulatory frameworks, for example, via the adoption of the ELTIF (European Long-Term Investment Funds) Regulation.

- Supporting long-term and infrastructure financing by establishing new European funds and launching a European investment project portal to connect entrepreneurs with potential investors.

- Enhancing sustainability by investing according to environmental, social, or governance (ESG) criteria, or by introducing legislation to regulate new instruments such as green bonds.

- Reevaluating the regulatory framework to ensure consistency and uniformity of existing regulations.

**iv) Encouraging retail and institutional investment.**

The public consultation highlighted that, for retail investors, greater confidence, transparency, security, and choice could help boost the diversification of funding and savings sources.

Their market share had fallen from 25% of stock market capitalisation in 1992 to 8% at the end of 2012 (Observatoire de l'Epargne Européenne, 2013). To improve this situation, the CMU framework proposed actions aimed at:

- Encouraging the channelling of retail savings into investments by introducing measures to ensure fair and secure access (MiFID II) or by assessing a policy framework to establish a simple and competitive European pension market.

- Encouraging the participation of institutional investors such as life insurance companies and pension funds by revising Solvency II or removing obstacles to cross-border investment in investment funds.

v) **Mobilising banking capacity to support the wider economy.**

Reviewing banking legislation to ensure an optimal balance between managing risk and enabling growth. It was proposed to:

- Revise the regulatory framework of the Capital Requirements Directive for Credit Unions to encourage SME financing.
- Boost the use of securitisations through a dedicated framework.
- Eliminate fragmentation of bond markets by developing a pan-European framework for covered bonds.

vi) **Remove barriers to cross-border investment.**

It was highlighted that many obstacles to cross-border investment persisted. Many of these obstacles stemmed from disparities in national legislation, such as insolvency, taxation, and securities laws, while others arose from the fragmentation of market infrastructure. Therefore, within the framework of the CMU Action Plan 2015, measures were proposed to:

- Examine obstacles to cross-border clearing and settlement.
- Eliminate divergences in the interpretation of the single rulebook, national legislation, corporate insolvency laws, and taxation.
- Promote financial stability and convergence in supervision.
- Facilitate international investment.

## 3.3 The 2017 mid-term review

The 2015 Capital Markets Union Action Plan included a provision for a mid-term review in 2017. This review, while planned, was also necessary due to the significant changes in the economic and political context since then.

In 2016, the United Kingdom voted to leave the European Union, which posed a major setback. The United Kingdom's positions had significantly influenced the design of the Action Plan and, moreover, it had emerged as a central element of the Plan, being the most developed European economy in the EU capital markets. In 2016, European capital markets represented around 40% of GDP on average, compared to 110% in the United Kingdom (Sapir, Véron, and Wolff, 2018). Additionally, the use of financial instruments remained highly concentrated in larger firms, and households continued to concentrate their savings in deposits and cash. In 2016, around 37% of EU-27 households' investments were concentrated in deposits and cash, compared to 24% in the United Kingdom (Sapir, Véron, and Wolff, 2018).

In its 2017 mid-term review, the European Commission aimed to evaluate the measures implemented so far (20 of the 33 proposed by the 2015 Action Plan) and to introduce new measures in light of the new economic and financial situation.

To this end, public consultations were held, highlighting the need for:

– Greater harmonisation and regulatory convergence to remove cross-border barriers, especially after the UK's exit. Much of the mid-term review therefore focused on achieving regulatory and supervisory convergence to avoid an uneven playing field and to help resolve fragmentation issues.

– Strengthening supervision by the European Securities and Markets Authority (ESMA) and promoting harmonisation of insolvency, tax regimes, and securities legislation.

– Establishing a more proportionate regulatory environment to support the inclusion of SMEs in public markets. In 2016, smaller companies accounted for only 6% of the total initial public offerings (IPOs) market. Additionally, the capital available to them in the markets had decreased compared to pre-crisis levels.

Based on the conclusions drawn from the analysis and consultations, the mid-term review of the CMU identified nine priority actions:

**Priority actions from the 2017 review of the CMU Action Plan** TABLE 1

| | Priority actions from the 2017 review of the Action Plan |
|---|---|
| Action 1 | Strengthen the ESMA powers to promote the effectiveness of consistent supervision both within and outside the EU |
| Action 2 | Provide a more proportionate regulatory framework for SMEs listed on public markets |
| Action 3 | Review the prudential treatment of investment firms |
| Action 4 | Consider the desirability of establishing a licensing and passporting framework for Fintech activities in the EU |
| Action 5 | Propose measures to support secondary markets for non-performing loans and explore legislative initiatives to strengthen the ability of creditors to recover secured loan funds |
| Action 6 | Ensure the development of the recommendations of the High-Level Expert Group on Sustainable Finance |
| Action 7 | Facilitate the cross-border distribution and supervision of UCITS and alternative investment funds (AIFs) |
| Action 8 | Provide advice on existing EU rules for the treatment of cross-border investments within the EU and an appropriate framework for the amicable resolution of investment disputes |
| Action 9 | Propose a comprehensive EU strategy to explore measures to support the development of capital markets at the local and regional levels |

Source: European Commission.

The Commission also continued to make progress on the outstanding actions from the 2015 Action Plan and presented:

– A legislative proposal for a Pan-European Personal Pension Product (PEPP) to help citizens finance their retirement (already underway).

– A legislative proposal for a European covered bond framework to enable banks to fund their lending activities (adopted in 2019).

– A legislative proposal on securities legislation to strengthen legal certainty regarding securities ownership in the cross-border context.

# 4 The 2020 Action Plan

## 4.1 Market situation

In 2020, in a context marked by the outbreak of the COVID-19 pandemic, a new impetus was given to the project for two reasons.

Firstly, the economic context had changed considerably, and financial needs had increased.

On the one hand, the pandemic had caused an unprecedented crisis that would require significant economic stimulus to mitigate its effects. Although the Commission had presented Next Generation EU as a temporary recovery instrument, this funding, while absolutely essential for Europe's short-term recovery, would not be sufficient given the scale and expected duration of the financing needs. Deep and liquid markets were needed to provide financing to the EU, governments, and businesses, especially those SMEs most affected by the pandemic.

On the other hand, efforts were being made to drive the green and digital transitions, which required unprecedented investment. In the framework of the European Green Deal, it was estimated that, compared to the previous decade, approximately €350 billion of additional investment per year would be needed to meet the target of reducing GHG emissions by 55% by 2030 in energy systems alone, on top of the €130 billion required for other environmental objectives (European Commission, 2020). In addition, the needs arising from the boosting of the digital strategy should be considered.

Secondly, according to the European Court of Auditors' 2020 report, the measures implemented in the 2015 and 2017 Capital Markets Action Plans had not resulted in full integration nor in an increased volume and use of capital market instruments:

i) **Measures to diversify SME financing options had not been adequately effective.**

   This could be attributed to various factors: fragmented markets, the presence of tax barriers, limited access for SMEs to public markets, and persistent information barriers.

*Fragmented markets*

The EU's venture capital and private equity markets continued to exhibit significant differences between Member States, resulting in asymmetric impacts of the measures implemented. The review of regulations on EuVECA and EuSEF only increased the number of EuVECA registrations in Member States with well-established venture capital markets. Moreover, surveys conducted by the European Court of Auditors indicated that the EuVECA and EuSEF labels were still not widely used by most venture capital funds and did not appear essential for boosting SME financing.

*Tax barriers*

Tax barriers persisted that discouraged financing through financial instruments rather than debt. Since interest payments are deductible from the corporate tax base, but equity returns are not, this created a tax asymmetry that hindered the promotion of this type of financing. In fact, it was estimated that the cost of equity capital was 45% higher than debt capital (European Court of Auditors, 2020). Progress on negotiations around the CCCTB[2] had not yielded the expected results due to a lack of consensus among different Member States.

*Limited SME access to public markets*

SMEs' access to public markets remained limited. This was due to high information requirements and costs, which discouraged market entry, as well as the adverse macroeconomic context, which deterred initial public offerings (IPOs). In 2019, a total of 90 IPOs were completed, significantly fewer than the 415 in 2011. The measures driven by the two action plans had failed to significantly reduce costs. The costs associated with prospectus publication decreased only slightly, and the process remained cumbersome and lengthy.

*Persistent information barriers*

Finally, difficulties in accessing information persisted, as no centralised system or access point had been established to provide companies and investors with the necessary information.

**ii) Local capital markets remained underdeveloped.**

In 2019, the size of capital markets in most EU economies was still considerably smaller than in other developed economies, primarily due to the absence of a comprehensive strategy and insufficient financial education. For instance, stock market capitalisation as a proportion of GDP was 54% in Germany and 57% in Spain, compared to 158% the United States (World Bank).

2 Common Consolidated Corporate Tax Base.

Among other factors, the promotion of capital markets as a financing channel was hindered by a lack of financial education and culture, as well as the absence of a report delineating a comprehensive strategy with concrete actions.

iii) **Barriers to cross-border investment persisted.**

Cross-border investments continued to be affected by the fragmentation of the European market. The lack of market integration was evident in the low proportion of assets held by collective investment funds registered for sale in more than three countries. The activity of these funds remained concentrated in a few countries. In June 2017, almost 70% of total assets under management were held by investment funds registered for sale only in their home market.

This was mainly due to the diversity of financial cultures across European economies and population groups. The lack of knowledge of different markets, along with the greater risk aversion of European investors, undermined this type of investment.

## 4.2 Key measures

In November 2019, the Commission organised a high-level forum on the Capital Markets Union, led by economist and former Eurogroup Working Group Chair Thomas Wieser. This group, composed of 28 experts, issued its final report in June 2020, providing recommendations aimed at overcoming the main challenges in the European Union's financial markets and increasing their competitiveness.

Based on this report, the Commission published the 2020 Capital Markets Union Action Plan in September 2020, which identified 16 actions to achieve three main objectives (European Commission, 2020).

### Objective 1: To support a green, digital, inclusive, and resilient recovery by facilitating access to finance for European businesses

**ACTION 1: Enhance the visibility of businesses to cross-border investors.**

To this end, the creation of a free, online **European Single Access Point (ESAP)** was proposed, aimed at providing all relevant information disclosed by companies (financial and sustainability-related information). This initiative would improve the flow and utilisation of information, enable a more efficient allocation of capital across the EU, and strengthen the resilience of the economy through broader risk sharing.

The ESAP process has been completed, and the platform is expected to be available from the summer of 2027. Over a period of four years, various regulations and directives will be gradually incorporated into ESAP, in order of priority.

**ACTION 2: Support access to public markets.**

This was implemented through two instruments:

i) **Listing Act.**

This legislative package aims to reduce burdens for companies seeking to raise funds in EU public markets, particularly SMEs. The proposed legislative changes include the following:

- Lowering and simplifying first issue prospectuses to speed up the process and reduce costs.

- Introducing changes to market abuse regulations to provide greater clarity on the disclosure of insider information and to establish a more proportionate sanctioning regime for SMEs.

ii) **SME Technical Expert Stakeholder Group.**

To provide knowledge and input on how to boost SMEs' access to public markets, a technical expert group was set up in 2020.

**ACTION 3: Support long-term investment vehicles.**

**European Long-Term Investment Funds (ELTIFs)** are specialised vehicles designed to provide long-term financing for unlisted companies, listed SMEs, and sustainable projects in energy, transport, and social infrastructure, aiming to promote sustainable growth. It was deemed necessary to review the legislative framework to facilitate their use. This review has been completed and is being implemented from January 2024.

**ACTION 4: Encourage more long-term and equity financing by institutional investors.**

To ensure that banks and insurance companies are not restricted from making long-term investments due to EU prudential regulations, the following measures were decided:

- Amend the **Basel III** Capital Requirements Regulation to prevent it from adversely affecting banks' long-term investments in SME equity. In June 2023, the European Parliament and the Council reached a political agreement, with the new rules expected to come into effect from 1 January 2025.

- Amend the **Solvency II** Regulation to encourage long-term investments by insurance companies. An agreement was reached on this in December 2023.

**ACTION 5: Guide SMEs to alternative finance providers.**

The European Commission committed to exploring the establishment of a system to redirect SMEs, whose financing requests have been declined, towards alternative finance providers, thereby facilitating access to a broader range of funding options. To date, the Commission has conducted consultations and published a report concluding that a system based on ESAP would be the most suitable approach.

**ACTION 6: Support banks in lending more to the real economy.**

In an effort to **bolster the role of securitisation** as a financing tool, the Commission published a report in October 2022 which found that its use had not increased. Consequently, it proposed a review of the technical standards for regulation and enforcement by European Supervisory Authorities. Additionally, reviews of the prudential treatment of bank and insurance company securitisation have been carried out.

### Objective 2: Making the EU an even safer place for individuals to save and invest for the long term

**ACTION 7: Empower citizens through financial literacy.**

The 2020 international survey by the Organisation for Economic Co-operation and Development (OECD) on financial literacy revealed that approximately half of the EU adult population lacked an adequate understanding of basic financial concepts, particularly among more vulnerable segments of the population. To promote the development of financial literacy:

- A joint EU-OECD **financial literacy framework** has been established, integrating competencies in digital finance and sustainable finance.

- A new **EU Financial Literacy Eurobarometer** has been introduced as a tool for measuring and assessing financial literacy.

- Requirements to promote financial education have been incorporated into **MiFID II** and the **Insurance Distribution Directive** (IDD).

**ACTION 8: Boost retail investors' confidence in capital markets.**

In line with this objective, the Commission published its **Retail Investment Strategy (RIS)** on 24 May 2023, which places consumer interest at the centre of retail investment. The proposed set of measures aims to empower retail investors in EU capital markets, while ensuring they are treated fairly and adequately protected. Key proposed measures include:

- Introducing requirements for the advertising of financial products.

- Adjusting the eligibility criteria for professional investors to ensure proportionality and reduce administrative burdens.

- The European Commission's proposal to ban incentives for non-advised sales, with certain exceptions, to align the interests of institutions with those of their clients.

- The concept of value for money, which involves imposing limits on costs to ensure they are proportionate and justified. For measurement purposes, benchmarks would be established by ESMA, preventing the distribution of products that deviate from these standards.

**ACTION 9: Support people in retirement.**

With increasing life expectancy, individuals need to invest for the long term to achieve higher returns and secure supplementary income for their retirement. To this end, the following measures were proposed:

- Creating a **pensions dashboard** with meaningful indicators to provide Member States with a more comprehensive view of the adequacy of their pension systems.

- **Establishing a Pan-European Pension Product (PEPP)**, a voluntary EU-wide scheme to complement existing national public and occupational pension schemes. The PEPP regulation came into force in 2022.

### Objective 3: Integrate national capital markets into a genuine EU-wide single capital market

**ACTION 10: Alleviate the tax burden associated with cross-border investments.**

To reduce tax costs for cross-border investors and prevent tax fraud, the Commission adopted in June 2023 a **Proposal for a Directive aimed at faster and more secure mitigation of excess withholding taxes**. This Directive aims to facilitate and streamline the processes for reclaiming such withholding taxes.

**ACTION 11: Make the outcome of cross-border investments more predictable with regard to insolvency proceedings.**

The disparity in insolvency procedures poses a barrier to cross-border investment. Effective insolvency laws are a key criterion for investors when deciding whether to invest internationally.

Therefore, it was proposed to:

- Introduce regular benchmarking of national loan enforcement frameworks.

- Harmonise basic insolvency procedures, for which the Commission published a legislative proposal[3] in December 2022. This proposal aims to reduce costs for micro-enterprises by streamlining the winding-up process

3 See the Proposal for a Directive on the harmonisation of certain aspects of insolvency law.

and allowing owners to discharge their debts, thereby giving them the opportunity to restart. Additionally, Member States will be required to produce an information booklet summarising the essential elements of their national insolvency laws, thus aiding investors in making informed decisions when operating across multiple countries.

**ACTION 12: Facilitate shareholder engagement.**

Due to differences in national company laws, many cross-border investors, particularly smaller ones, are unable to exercise their voting rights. Managing complex and divergent corporate action processes is difficult and costly. To address these issues, it has been suggested to:

- **Revise the Shareholder Rights Directive II (SRD2)** to harmonise the rules governing the interaction between investors, intermediaries, and issuers concerning the exercise of voting rights.

**ACTION 13: Develop cross-border settlement services.**

The European post-trading landscape was fragmented, which hindered cross-border investment. Achieving harmonisation would increase competition among settlement service providers and reduce the costs incurred by investors and companies in cross-border transactions.

To this end, a **revision of the Central Securities Depositories Regulation (CSDR)** was adopted in 2023. Among other improvements, it enhances the passporting regime for central securities depositories, reduces costs, and improves oversight.

**ACTION 14: Consolidated reporting.**

A consolidated system will provide unified data on the prices and volumes of securities traded in the EU, thereby enhancing overall price transparency across all trading venues. Alongside the Single European Access Point (SEAP) to Corporate Information, it will give investors access to significantly improved information on a pan-European basis. To this end, the MiFID II/MiFIR regulatory framework has been amended to introduce a consolidated EU document.

**ACTION 15: Investment protection and facilitation.**

To foster a more favourable environment for investment, the Commission reviewed the existing system of investment protection and facilitation and identified a lack of clarity and consistency in investor rights.

In this context, an **Investment Forum** was held in June 2022 to:

- Identify horizontal areas affecting investments throughout their lifecycle.

- Analyse how to ensure effective implementation of existing investment protection measures.

- Define the measures to be implemented at both European and national levels to facilitate cross-border investments, particularly sustainable investments.

**ACTION 16: Supervision.**

A key element in achieving the single market was the harmonisation of EU rules and progress towards supervisory convergence. To this end:

- A report was published to determine how to improve the **Single Rulebook** for capital markets.

- Consultations on the quality and compliance of corporate reporting were conducted, fulfilling the 2020 commitment to assess the implications of the Wirecard case and consider possible measures.

## 5 The current situation: challenges and prospects

Most of the measures proposed by the 2020 Action Plan have been adopted at the first level, with the exception of the revision of EMIR 3 and the Retail Investment Strategy[4] (RIS).

New proposals have been put forward that could contribute to the achievement of the CMU.

These include the FASTER (Faster and Safer Relief on Withholding Taxes) initiative, aimed at enhancing the efficiency and security of withholding tax procedures, and the DEBRA (Debt Equity Bias Reduction Allowance) initiative, which seeks to equalise the cost of debt and equity financing for non-financial corporations.

In parallel, efforts are underway to develop local capital markets, such as through the TSI (Technical Support Instrument), which aims to provide technical assistance to certain Member States.

Additionally, the Eurogroup has committed to working on measures to deepen the scheme and increase national-level participation in the initiative. Following an assessment and analysis conducted in the second half of 2023, the President of the Eurogroup is preparing a set of policy priorities for the CMU. Meanwhile, the French Finance Minister tasked a committee of experts in January 2024 to issue recommendations for improving the financing conditions for EU companies, which could contribute to the future stages of the CMU. Their recommendations were presented in April 2024[5] (Direction générale du Trésor du France, 2024).

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4 An agreement on the EMIR 3 proposal was reached in February between the Council and the Economic Committee. The RIS is less advanced, with tripartite negotiations expected to begin with the new Parliament and the new Commission. Additionally, since 2023 and the onset of a new political cycle within the EU, there has been renewed momentum to revive and advance the project.

5 https://www.tresor.economie.gouv.fr/Articles/2024/04/25/developing-european-capital-markets-to-finance-the-future

Lastly, it is worth noting Enrico Letta's conclusions on the internal market, presented to the Council of the European Union in April 2024, which underscore the importance and role of the Capital Markets Union. Furthermore, references to this are also expected in the report on the competitiveness of the Union commissioned to Mario Draghi.

## 5.1 Impact of measures

Despite significant efforts, the Capital Markets Union strategy remains a long-term endeavour. Progress has been slow, and statistics indicate that there is still a considerable way to go.

i) **The short-term effects on growth and trading volumes have been minimal.**

By the end of 2021, the size of EU equity markets relative to GDP was only half that of the United States, and smaller than those of other economies such as Japan, China, and the United Kingdom. Total public debt and equity markets in the EU represented 233% of GDP, compared to 449% in the United States (Truchet, 2024).

Furthermore, between 2006 and 2022, the size of capital market activity decreased by more than 40%, falling to 10% of global activity from 18% in 2006. When comparing the share of European GDP to global GDP (19%), this reflects an under-representation of these markets relative to their global economic weight. The disparity is particularly notable in IPOs and pension assets, which stand at 10% and 9% respectively, both of which are key drivers for market growth (Truchet, 2024).

ii) **Access to capital for non-financial corporations remains limited.**

Non-financial firms in the EU continue to be heavily reliant on banks, with 76% of their corporate loans provided by banks, compared to 27% in the United States.

The share of marketable assets (debt securities and listed shares) in the overall financing structure of EU non-financial corporations remains low compared to the United States, the United Kingdom, and Japan.

There has been a decline in the proportion of financing for non-financial corporations coming from bond and equity issuance, indicating a greater dependence on bank financing.

iii) **The available capital stock remains low compared to other countries.**

Households' participation in EU capital markets has not improved significantly in recent years, and the capital reserves available for investment in capital markets are below the potential of the EU economy.

The proportion of EU households' financial assets held as currency and deposits remains much higher on average than in the United States, while the share of assets in securities (equities and investment funds) is much lower in the EU than in the United States. More specifically, in the EU the share held in deposits and cash was 34.1% in 2022 and even exceeded 50% in four Member States (Eurostat, 2023). In the United States this percentage stands at 13.2% and in the United Kingdom at 30.8% (OECD, 2024).

Aggregate statistics on available pools of capital confirm this disparity with other regions, showing that the total size of financial assets in the EU is about half the size of those in the United States and smaller than those in the United Kingdom as a percentage of GDP (Truchet, 2024).

The following table shows the main data for capital markets in 2023.

## Main market metrics in 2023

TABLE 2

| | Indicator | What the indicator measures | 2018 (%) | 2023 (%) | Three-year average (%) |
|---|---|---|---|---|---|
| **Access to capital** | **Market finance**<br>Issuances of shares and bonds of non-financial corporations (NFCs) in % of the total annual financing of NFCs | Ability of companies to obtain financing in the public market | 12.80 | 10.30 | 10.70 |
| | **Pre-IPO venture capital**<br>Crowdfunding, business angels, investment in private equity growth and venture capital investment | Access to innovation financing for start-ups and unlisted companies | 2.40 | 3.70 | 4.70 |
| **Investment capital funds** | **ELTIF products**<br>Number of ELTIF products distributed in the EU | Availability of ELTIF fund products to finance long-term projects and SMEs | 10 | 80 | 62 |
| **Transition to sustainable finance and digitalisation** | **ESG financing**<br>ESG bond issuance in % of total bond issuance | Labelling of ESG bond markets as a percentage of all bond issues | 3.60 | 12.70 | 14.10 |
| | **Fintech**<br>Composite funding indicator for Fintech companies, talent pool, regulatory environment and innovation. Rank 0–1 | Ability to enable an appropriate Fintech ecosystem | 0.15 | 0.16 | 0.17 |
| **Ecosystem efficiency and capital markets integration** | **Loan transfer**<br>Securitisation issues and loan portfolio operations in % of outstanding balance of bank loans | Ability to transform bank loans into capital markets instruments (securitisation and lending operations) | 3.20 | 1.80 | 1.90 |
| | **Cross-border finance**<br>Composite indicator of cross-border mergers and acquisitions transactions, bond issuance and stocks, private equity and portfolio holdings. Rank 0–1 | Integration of the EU capital markets | 0.21 | 0.19 | 0.2 |
| | | Integration of the capital markets with the rest of the world | 0.18 | 0.2 | 0.2 |
| | **Market competitiveness**<br>Composite indicator of access to capital, market liquidity, equity funds and transition to a sustainable and digital market | Attractiveness of EU capital markets | 0.14 | 0.17 | 0.18 |

Source: AFME (2023).

## 5.2 Challenges and outlook

Several factors limit the impact of the Capital Markets Union measures, stemming from the design of the plan itself.

First, the intrinsic complexity of the project. Developing the capital market is an ambitious and complex undertaking. It involves measures that impact a range of diverse areas and require multiple technical and specialised actions that are difficult to summarise in a straightforward narrative.

Secondly, there are constraints on EU policy-making. The CMU is also restricted by policy areas that are outside the EU's direct competences or that involve actions beyond financial services regulation.

Thirdly, the heterogeneous nature of EU capital markets necessitates objectives and actions tailored to different markets with varying situations and degrees of maturity. While some Nordic and Western European countries boast well-developed capital markets, many Central, Eastern, and Southern European states experience limited activity in their capital markets, making them more reliant on bank financing.

Critics argue that the current strategy aims to achieve too many goals simultaneously, complicating the process. Beyond the primary objectives of developing and integrating capital markets, various secondary goals have been introduced, which have muddled the overall narrative of the CMU. Additionally, the sheer number of actions, many of which involve amendments to existing regulations, has shifted focus towards measures with more marginal impacts.

## 5.3 The future of the CMU

Reviewing current literature, debates in specialised forums, and various position papers, different proposals have emerged regarding the future direction of the CMU:

i) **Focus on fewer transformative priorities.**

Several proposals recommend concentrating the CMU initiative on a smaller set of high-impact priorities to drive more tangible progress in the growth and integration of EU capital markets. The suggested priorities encompass policy objectives, drivers for capital market development, and additional policy actions.

Moreover, it has been suggested that the ability of proposed and adopted measures to attract investment to the EU and support the financing of EU companies should be assessed more systematically throughout the legislative process. This includes pre-implementation testing of market impact or competitiveness (along with post-implementation monitoring) to ensure that the regulations effectively foster an environment conducive to the development of EU capital markets.

ii) **Going beyond regulatory and supervisory measures.**

Some voices suggest that the future priorities of the CMU should extend beyond just regulatory and supervisory measures. They argue that including aspects such as product innovation, market structure, incentives for issuers and investors, market access, and data availability is also crucial for the growth of the European capital market.

The significance of measures to streamline the current capital market infrastructure and prevent fragmentation has also been emphasised. Proposals include the establishment of new EU platforms in emerging areas of the capital market, such as the development of common EU infrastructures for tokenised assets or the consolidation of stock exchanges to enhance liquidity in these markets. Suggestions also envision encouraging the integration of trading or post-trading market infrastructures.

iii) **Pushing for a single supervisor.**

The debate on market fragmentation has led to calls for the centralisation of supervision. There are differing views among Member States; some argue that this is a cornerstone for achieving a true Capital Markets Union, while others believe that certain supervisory aspects should remain decentralised to stay close to those being supervised.

iv) **Promoting digitalisation.**

It is also proposed to set ambitious targets for the digitisation of trading and post-trading activities, as well as the distribution of investment products. This may include specific measures to support the implementation of distributed ledger technology (DLT) and artificial intelligence (AI) in securities markets, the adoption of the Commission's proposed open finance measures under FiDA, and further standardisation, such as reducing settlement cycles to achieve more advanced digitalisation.

# 6 Where we are heading: current positions and proposals

Capital markets are crucial for providing the long-term financing that European businesses will need over this decade. The unprecedented levels of additional investment required for the decarbonisation of our economies and other strategic priorities, such as digital transformation, cannot be met solely through public budgets or bank loans. European companies, including Spanish ones, will need to significantly increase their equity to strengthen their balance sheets and to absorb new loans for these large-scale investment projects.

Therefore, financing from capital markets, whether public or private, is essential and should be a strategic priority for the EU. Despite efforts over the past decade, capital markets within the EU have not advanced sufficiently.

So far, the initiatives under the CMU and political support have not led to tangible improvements. These measures are relatively recent, and it will take some time before their full impact on the markets becomes evident. In light of this, it is necessary to assess the current state of EU markets and identify ongoing issues. Key areas of concern include the degree of market development, the persistence of barriers to cross-border investment, certain structural characteristics that hinder market growth, and the debate about the supervisory framework:

i) **Degree of market development.**

In terms of market capitalisation relative to GDP, European markets lag significantly behind the United States and other regions (65% vs. over 150%) (World Bank, 2020).

When it comes to primary markets, particularly equity markets, they do not provide a sufficiently large share of the financing required by EU companies. The number of IPOs has been declining since 2008. When delistings are also considered, the result is a substantial decline in the number of listed companies in the EU (from over 12,600 in 2008 to 7,000 in 2023).

ii) **Persistence of barriers to cross-border investment.**

The CMU has not addressed the primary barriers identified as potential impediments to cross-border capital flows. These obstacles often stem from national legislation, such as differences in insolvency or tax laws, or a lack of financial literacy.

However, despite these existing barriers, EU capital markets are already highly integrated – much more so than banking markets.

For example, in Spain, the proportion of listed companies owned by non-residents was 50% in 2022 (BME, 2022). Cross-border competition in investment funds is also significant: nearly half of the investment funds purchased by Spaniards are neither created nor managed in Spain. Furthermore, Spanish sovereign bonds held by investors in other Member States account for more than 40%, and more than half of the fixed-income issues by Spanish companies are made outside Spain.

Therefore, it is evident that there is a significant degree of cross-border financial flows within European markets, despite numerous claims of severe fragmentation issues.

When examining secondary markets, specifically equity trading platforms, it is true that there are various national markets as well as platforms with substantial shares in the total volumes traded across nearly all equities in the EU. While this could be perceived as a problem, the competition between trading platforms has, on the other hand, benefited investors through lower costs and improved services. Moreover, many other economic regions with more active primary and secondary markets, including the United States, exhibit high levels of fragmentation and competition, yet still have considerable depth in their capital markets. In any case, efforts at consolidation in this area have not demonstrated a direct impact on market growth.

However, one area with greater potential benefits from increased integration, or at least enhanced and improved links between infrastructures, is post-trading (involving central counterparties [CCPs] and central securities depositories [CSDs]). The 14 European CCPs and 32 CSDs compare unfavourably to just one equity CCP and one CSD in the United States.

iii) **Structural characteristics hindering market development.**

It is also evident that structural characteristics in Europe, such as the size of companies – with a predominance of SMEs, even more so in Spain – and the risk profile of investors, which is fairly conservative in many EU countries, pose limitations to market development.

iv) **Debate on the supervisory model.**

As previously mentioned, a number of recent proposals have brought this issue to the forefront of the debate on the CMU, particularly the idea that ESMA should centralise securities supervision competences in the EU.

The question of whether ESMA should take on even more tasks is a relevant and important debate. Firstly, it should be acknowledged that the creation of ESMA in 2011 and the impressive work it has carried out since then have been significant steps towards establishing a single rulebook and achieving a high degree of supervisory convergence in the field of capital markets.

While there remains considerable scope for enhanced use of ESMA's tools and competencies, centralising the supervision of additional segments of EU financial markets within ESMA could offer notable advantages. However, it is unlikely to serve as a panacea for attracting a substantial number of firms to capital markets or for stimulating investment.

If the objective is to foster market growth, this initiative should not be the principal policy measure. The potential benefits of such an approach would be more aligned with boosting investor protection and enhancing financial stability, rather than significantly increasing the size and depth of European securities markets.

It is also important to consider the potential trade-off between enhanced regulatory harmonisation and supervisory convergence, and the option of centralising supervision.

Moreover, centralisation could be more appropriate in sectors where there are few systemic participants with a substantial presence across several Member

States and which are primarily regulated by European legislation, without being excessively influenced by local specifics. This is especially relevant in areas with a higher risk of regulatory arbitrage.

Examples might include central counterparties, the creation and governance of financial products, certain significant issuances, or services related to crypto-assets.

However, this is generally not the case for rules applicable to locally listed issuers or the retail distribution of financial products, Where national supervision may prove more effective.

Moreover, it should be noted that EU markets have been significantly more active in the past even with the same or a more decentralised supervisory structure than today. Markets such as Sweden, for instance, display excellent dynamism despite the existing market and supervisory frameworks.

In the current context, it is essential to explore the latest and most innovative proposals shaping the Capital Markets Union debate. Over the past year, there has been a renewed interest in advancing the CMU and implementing significant reforms. The substantial increase in publications, position papers, and analyses underscoring the importance of the CMU has brought the issue to the forefront.

Furthermore, position papers detailing how to advance the CMU have been published by organisations such as the Netherlands Authority for the Financial Markets (AFM), in conjunction with the Dutch Central Bank (DNB), the European League for Economic Cooperation (ELEC), and the Federation of European Securities Exchanges (FESE). These contributions are enriching the debate and offering unique perspectives on the future of financial integration in Europe. Additionally, over the past month, prominent figures such as former Italian Prime Minister Enrico Letta have emphasised its central role in achieving the Single Market, while the European Council has recognised its importance for enhancing European competitiveness. This momentum towards greater financial integration is generating new measures and debates that are shaping the direction of the new Capital Markets Union. In this context, it is crucial to examine these proposals and their impact on the future of the European financial market.

## 6.1 Position papers from key institutions

Over the past year, numerous institutions have engaged in current debates and put forward proposals on how to advance the CMU. In this context, it is pertinent to analyse the positions adopted by the AFM, along with the DNB, the ELEC, and the FESE.

i) **The need to foster further harmonisation, especially in the area of insolvency.**

The promotion of greater harmonisation, particularly in the field of insolvency, is an issue highlighted by various current voices. Many authorities and institutions stress the necessity of unifying corporate insolvency laws to facilitate cross-border capital flows. However, there are divergent views on how this should be achieved. The AFM and DNB advocate for a gradual approach towards achieving a true capital union, suggesting initial adjustments in critical areas such as the definition of shareholders, voting rights, and the processing of corporate actions. Conversely, the ELEC proposes adopting a common approach on key issues, such as withholding tax procedures, and recommends the creation of a common corporate insolvency law, optional for bond issuers, as a measure to boost competition and drive reform at the Union level.

ii) **Position on centralisation under a single supervisor.**

Regarding centralised supervision, the AFM and the DNB argue that this measure can reduce market fragmentation and promote more efficient functioning of capital markets. They propose a gradual transition towards centralised supervision of critical cross-border financial market infrastructures. Similarly, the ELEC also emphasises the need for further harmonisation of supervision through a centralised approach, while acknowledging that retail market supervision should remain under the purview of national authorities.

iii) **Need to redirect retail savings.**

Both institutions highlight the importance of redirecting retail savings into capital markets. The AFM proposes specific measures such as ensuring independent advice for investors, automatic enrolment pension schemes, and financial literacy programmes. Additionally, the ELEC suggests examining how national tax codes distort household investment choices and endorses the adoption of automatic enrolment pension schemes.

FESE highlighted in a recent publication how the Swedish government has promoted retail participation in the securities market. In 2021, Sweden ranked second only to the United Kingdom in terms of the value of IPOs in Europe. This success was attributed to several measures implemented by the Swedish government. Firstly, tax deductions for investment in SMEs were introduced, encouraging retail investors to channel their savings into the stock market, which generated a significant pool of capital for IPOs. Moreover, a concerted effort was made to consolidate pension funds by allocating part of the assets to alternative investments, thereby strengthening the stock market. Furthermore, initiatives were undertaken to enhance financial education among citizens and create a more innovative environment to stimulate participation in the securities market.

iv) **Promoting competition in the capital market.**

Regarding the promotion of competition in the capital market, both institutions emphasise the importance of European funds achieving a larger size to leverage the resulting economies of scale. The AFM and DNB highlight the need to avoid unnecessary distortions in the EMIR review and to adjust the IFD/R regime. Meanwhile, ELEC underscores the importance of creating well-calibrated regulatory frameworks and promoting measures to redirect funds towards long-term assets.

### 6.2 Eurogroup proposals

On 11 March, the Eurogroup released a statement (Eurogroup, 2024) emphasising the urgent need to develop capital markets to boost European competitiveness. The statement recognised the critical role of effectively directing domestic savings and foreign capital towards innovative companies, highlighting this as a key driver of growth and a means to establish the EU as a global leader in innovation. Despite recent advancements, the statement noted that capital markets have not yet reached their full potential. The shallow nature of these markets forces the most innovative companies to seek financing internationally, limiting their growth prospects. In response to this and in preparation for the forthcoming European legislative mandate (2024–2029), the Eurogroup proposed 13 measures categorised into three policy areas:

i) **Architecture:** to better channel funds to innovative EU companies, the proposal aims to develop a competitive, streamlined, and intelligent regulatory framework.

ii) **Business:** the goal is to boost investments within the EU, particularly in the sustainable and digital sectors, and to ensure that businesses, especially SMEs, have access to adequate financing. This is intended to help them grow within the EU, remain competitive, and avoid being hindered by excessive administrative burdens.

iii) **Citizens:** the focus is on creating better opportunities for EU citizens to accumulate wealth and enhance financial security. This involves increasing both direct and indirect retail participation by providing access to profitable investment opportunities.

**Initiatives proposed by the Eurogroup** TABLE 3

| Architecture | |
|---|---|
| 1 | **Develop the EU securitisation market** to facilitate risk transfer and enhance liquidity across the EU. This includes evaluating all supply and demand factors that hinder its progress. |
| 2 | **Encourage supervisory convergence** in capital markets to boost integration, ensure financial stability, and streamline processes. This requires establishing a common regulatory framework and exploring innovative methods to improve supervisory efficiency and data collection. |
| 3 | **Review the regulatory framework** to reduce the regulatory burden and lower transaction costs for market participants, especially smaller entities. |
| 4 | **Promote alignment of national corporate insolvency frameworks** to ease cross-border investment. This can be achieved by standardising the classification of claims and introducing rules for financial collateral and liquidation. |
| 5 | **Further harmonise accounting frameworks** to improve the cross-border comparability of company information. This includes proposing measures such as the development of a voluntary IFRS light regime for SMEs. |
| 6 | **Enhance the appeal of capital market financing** for companies by further integrating market infrastructures and harmonising listing requirements. They suggest analysing barriers to mergers and acquisitions and other forms of integration, as well as monitoring any issues that have arisen following the implementation of the Listing Law. |
| 7 | **Promote equity financing through well-designed national corporate tax systems** to ensure companies have access to diverse funding sources. This involves examining ways to reduce the bias of debt financing. |

**Initiatives proposed by the Eurogroup (*continued*)** TABLE 3

| | |
|---|---|
| **Business** | |
| 8 | **Improve the conditions for institutional, retail, and cross-border equity investments,** particularly in venture capital, to stimulate economic growth, mainly through regulatory measures and fiscal incentives. |
| 9 | **Strengthen the EU's position in sustainable finance** to promote responsible investment and sustainable development. |
| **Citizens** | |
| 10 | **Create an attractive, straightforward, and consumer-focused investment environment** to facilitate access to safe and profitable investment opportunities. They recommend a review of personal taxes to make them more investment-friendly and the implementation of measures to encourage retail investment. They also call for the implementation of the European digital identity framework. |
| 11 | **Support supplementary income streams for an ageing population** through long-term savings and investment products. To achieve this, they propose reviewing and improving the PEPP, developing pension tracking systems to provide citizens with a comprehensive view of their future retirement income, and for the Commission to create a pension dashboard to monitor the progress of pension coverage in Member States. |
| 12 | **Promote a culture of investment** among citizens to increase participation in financial markets by launching initiatives that enhance financial literacy and foster greater interest in long-term wealth creation. Additionally, they suggest revising the EU Shareholders' Rights Directive to harmonise shareholders' rights and reduce cross-border barriers. |
| 13 | **Develop attractive and straightforward cross-border investment products** to offer diversified and accessible investment opportunities at a European level. They propose creating a framework for a common cross-border investment/savings product. |

Source: Eurogroup statement of 11 March 2024.

## 6.3 Enrico Letta's report: the Savings and Investment Union

In his April 2024 report, *Much more than a market: Speed, security, solidarity. Empowering the Single Market to deliver a sustainable future and prosperity for all EU citizens,* Enrico Letta, former Italian Prime Minister, presents a comprehensive strategic vision to enhance the EU's role on the global economic stage. In the report, he highlights the crucial importance of finance as a catalyst for achieving the EU's strategic objectives and proposes the creation of a Savings and Investment Union as a necessary step towards reinforcing the Capital Markets Union and achieving sustainability and prosperity across the region.

According to Letta, the Capital Markets Union, established to integrate and deepen financial markets in the EU, has not translated into tangible results in practice. This underscores the need for renewed momentum to intensify collective efforts for true financial integration in Europe. In this context, Letta proposes the Savings and Investment Union as a broader and more ambitious concept. It aims not only to integrate capital markets but also to retain private savings within Europe and make investment in the continent more attractive, thereby maximising the use of available economic resources.

Letta's proposal for establishing this Savings and Investment Union is built around three main pillars, each featuring a specific set of measures to tackle key challenges and seize opportunities.

i) **Mobilising private resources for the green transition.**

In this first pillar, the report underscores the existing financing gap, both in terms of the volume and the type of funding available for the transition to a greener and more sustainable economy. It notes that public funding alone is insufficient and not always the best fit for addressing specific challenges, such as the development of new green technologies. To address these issues, Letta advocates a dual approach to enhance financial integration within the EU while strategically focusing on achieving fair, green, and digital transitions.

ii) **Creating an ecosystem for European investment.**

The second strategic pillar proposed by Enrico Letta focuses on establishing a robust and dynamic ecosystem to facilitate European investment and drive economic growth across the region. Letta identifies three structural areas that urgently need attention to achieve this goal: the supply of capital, the demand for capital, and the institutional framework and market structure.

– **Measures to increase the supply of capital.**

To enhance the supply of capital, Letta puts forward several proposals.

Firstly, he highlights the need to increase funding from institutional investors. To this end, Letta suggests strengthening the role of pension funds, expanding the investment models of insurance companies to unlock more capital, and creating a unified European framework to identify qualified investors. In relation to pension plans, he proposes the creation of an EU long-term savings product with automatic enrolment, either by including an automatic clause in the PEPP or by establishing a workplace savings product.

Secondly, the report identifies a major issue: the lack of an effective instrument to channel retail savings into the European real economy. Currently, most European household savings are either deposited in bank accounts or invested in mutual funds, often managed by large US funds. As a solution, he proposes launching a new European scheme that integrates a national tax incentive with ELTIFs to offset illiquidity and encourage their use. The amount would be determined by each Member State, provided it exceeds a minimum threshold set by the EU to ensure sufficient attractiveness.

Thirdly, he highlights the need to support private investment by increasing public sector guarantees. The report proposes launching a dedicated European Green Guarantee (EGG) in partnership with the European Commission and the European Investment Bank (EIB). This guarantee would support bank financing for green projects and companies, following the model of the European Fund for Strategic Investments (EFSI). With the implementation of this guarantee, European lenders could provide the necessary financing, helping to mitigate potential “green transition risks”.

A fourth proposal to increase supply is the promotion of public-private partnerships (PPPs). The report highlights the importance of private capital in developing both green and digital infrastructure, given the insufficiency of public funds to undertake such investments. It proposes a shift from an internal model to contractual PPPs through concessions and licensing, strengthening regulatory frameworks, increasing the use of blended finance instruments, and promoting a comprehensive policy framework that allows for the participation of insurance companies and pension funds in PPPs.

Finally, to improve the accessibility and effectiveness of the securitisation framework in the context of investment and financing in the European Union, it is proposed to introduce measures aimed at optimising the securitisation process to make it more efficient and effective in attracting investment and financing for various projects in the region.

– **Measures to increase the demand for capital.**

To boost the demand for capital in the European Union, the report proposes specific strategic measures:

First, it suggests establishing a single point of access to capital markets for SMEs with simplified requirements. This initiative would involve collaboration among the major EU stock exchanges to combine SME segments and create a unified gateway, overseen by ESMA. This action would streamline procedures and lower entry barriers for SMEs, enabling them to more effectively access financing through capital markets.

Additionally, the report proposes launching a campaign to raise awareness of the benefits (as well as the risks) associated with capital markets. This educational campaign aims to inform SMEs and other market participants about the opportunities that capital markets offer for business financing, as well as the associated risks. Increased awareness and understanding of capital markets could encourage greater participation by SMEs.

Furthermore, the report suggests promoting the creation of a European high-tech stock exchange to address the specific challenges faced by advanced technology start-ups in the region. These companies, characterised by their high risk and long-term return on investment, often struggle to secure adequate financing in traditional financial markets. The creation of an EU high-tech stock exchange would provide a specialised financing environment for these companies, facilitating access to venture capital and investors willing to take higher risks. For such an exchange to be effective, specific rules and supervision tailored to the needs of high-tech companies would need to be established.

– **Measures to improve the institutional framework and market structure.**

The institutional framework and structure of the European financial market face several challenges that hinder full integration and efficient functioning. These challenges include market fragmentation, the formation of oligopolies and duopolies in certain financial sectors, and uneven national supervision, which creates an unequal playing field for market participants. To address these issues, the report proposes several measures.

First, it suggests strengthening financial supervision by gradually centralising certain aspects within ESMA. It is proposed that this authority takes on greater supervisory responsibilities for major financial entities based on criteria such as size, cross-border activities, and systemic importance. This would include not only financial institutions but also other key market participants, such as trading venues, issuers, and asset managers. Additionally, the report advocates for gradually enhancing ESMA's direct supervisory powers, adopting a bottom-up strategy. This would involve an iterative process in which ESMA gradually assumes more direct supervisory responsibilities as changes are introduced to the governance system to ensure efficient decision-making and independence.

Secondly, there is a call to reform the legislative framework to enhance competitiveness and harmonisation across the EU. This would involve embedding specific competitiveness objectives into the legislative process related to the financial sector, and promoting greater consistency in the interpretation of financial rules and standards across the Union.

Finally, the importance of aligning insolvency regimes and streamlining clearing and settlement processes across the EU is emphasised. This would facilitate cross-border investment and promote greater market access throughout the Union, creating a more favourable investment environment and encouraging further integration of the European financial market. Furthermore, the harmonisation of post-trade practices is proposed to eliminate disparities in rules and procedures related to taxation, shareholder rights, and market insolvency procedures. This would create a more favourable environment for cross-border investment by removing obstacles and promoting further integration of the European financial market.

iii) **Single benchmarks for European financial markets.**

Finally, the third pillar for strengthening the Savings and Investment Union is the creation of single benchmarks for European financial markets.

Letta suggests centralising bond issuance in the EU, which would allow for the creation of liquid and risk-free collateral. This would level the financial playing field among different operators and facilitate investment in innovation and economic transitions. An example of this approach is the consolidation of issuances, such as the SURE initiative and the Recovery Fund for the European Economy (NGEU), which would strengthen the role of the euro and contribute to financial stability and economic growth in the region.

## 7 Conclusions

This analysis underscores the urgency and importance of advancing towards a deeper and more comprehensive Capital Markets Union in Europe. As the region seeks to recover from the economic impacts of the pandemic and bolster its position on the global stage, the convergence of views among leading figures and institutions highlights a growing consensus on the need for coordinated action in this area.

The European Council's declaration on 17 April reflects how these ideas are directly shaping discussions on the CMU. In its statement, the Council urged the Commission to continue making progress towards the CMU, emphasising the harmonisation of national regulations, the design of cross-border savings products, and the strengthening of EU-level supervision of key market participants. These aspects are crucial for removing barriers and promoting a more integrated and efficient European financial market.

Achieving deeper and more liquid markets, accessible to a broader range of businesses and citizens, is more critical than ever. This would not only add economic value but also unlock significant potential for private investment across the region.

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# Annexes

## Annex 1

### Measures driven by the Capital Markets Union Action Plan 2015

**Measures from the 2015 Action Plan** TABLE 4

| | |
|---|---|
| **Financing innovation, start-ups and unlisted companies** | |
| Supporting venture capital and equity finance | Developing a proposal on pan-European and multinational funds of funds for venture capital |
| | Reviewing legislation on EuVECA and EuSEFs |
| | Conducting a study on tax incentives for venture capital and angel investors |
| Overcoming informational barriers to SME investment | Strengthening the response of banks that reject SME credit applications |
| | Disseminating existing local or national support and advisory capacity across the EU to encourage best practices |
| | Investigating how to develop or support pan-European information systems |
| Encouraging innovative forms of business finance | Developing a report on micro-finance crowdfunding |
| | Developing a coordinated approach to fund lending and assessing the relevance of a future EU framework |
| **Facilitating business access to and raising capital in public markets** | |
| Enhancing access to capital markets | Developing a proposal to modernise the Prospectus Directive |
| | Examining regulatory barriers to SME admission to public markets and SME growth markets |
| | Examining EU corporate bond markets, with a particular focus on increasing market liquidity |
| Supporting equity financing | Addressing the pro-debt bias in the context of the legislative proposal on the Common Consolidated Corporate Tax Base (CCCTB) |
| **Investing in long-term, sustainable infrastructure** | |
| Supporting infrastructure investment | Adjusting Solvency II calibrations regarding insurance company investments in infrastructure and European long-term investment funds |
| | Revising the Capital Requirements Regulation for banks, amending calibrations applicable to infrastructure |
| Ensuring consistency of the single rulebook | Launching a call for evidence on the cumulative effects of financial reform |
| **Encouraging retail and institutional investment** | |
| Increasing supply and competition in the retail sector | Green Paper on Retail Financial Services and Insurance |
| Expanding opportunities for institutional investors and fund managers | Reviewing the prudential treatment of venture capital and private placement debt in Solvency II |
| | Consulting on the main obstacles to the cross-border distribution of investment funds |
| Helping retail investors obtain better terms and conditions | Reviewing EU retail investment product markets |
| Supporting savings for retirement purposes | Assessing the need for a policy framework to establish European individual pensions |

**Measures from the 2015 Action Plan (*continuation*)** TABLE 4

| | |
|---|---|
| **Enhancing the capacity of banks to support the broader economy** | |
| Strengthening local financing networks | Considering the possibility for all Member States to allow credit unions to operate outside EU rules on capital requirements for banks |
| Establishing EU-wide securitisation markets | Proposing simple, transparent, and standardised securitisations and reviewing bank capital calibrations |
| Supporting banks in financing the broader economy | Consulting on an EU-wide framework for covered bonds and similar structures for SME lending |
| **Facilitating cross-border investment** | |
| Removing national barriers to cross-border investment | Removing national barriers to cross-border investment |
| Enhancing market infrastructure to support cross-border investment | Taking specific actions regarding the rules on ownership of securities and the enforceability of claims assignments against third parties |
| | Reviewing progress in eliminating remaining obstacles |
| Promoting the harmonisation of insolvency proceedings | Developing a legislative initiative on corporate insolvency to address the key barriers to the free movement of capital |
| Removing cross-border tax barriers | Establishing best practices and a code of conduct for the exemption at source of withholding taxes Investigating tax barriers to cross-border investment by pension funds and life insurance companies |
| Strengthening supervisory convergence and capital market capacity | Developing a strategy to enhance supervisory convergence, improving the functioning of the single capital market |
| | White Paper on the financing and governance of the ESAs |
| | Developing strategies to provide Member States with technical support for capital market capacity building |
| Strengthening capabilities to ensure financial stability | Reviewing the EU's macroprudential framework |

Source: CNMV. Adapted from the 2015 Capital Markets Union Action Plan.

# Annex 2

## Current status of the Capital Markets Union 2020 Action Plan measures

### Status of the measures implemented by the 2020 Action Plan (as of February 2024)

TABLE 5

**Capital Markets Union Action Plan 2020**

| Actions | | Instruments / measures | Status |
|---|---|---|---|
| Action 1 | Enhance the visibility of businesses to cross-border investors | European Single Access Point (ESAP) | Approved |
| Action 2 | Support access to public markets | Listing Act<br>Technical Expert Stakeholder Group | The positions of the Parliament and the Commission have been adopted |
| Action 3 | Support long-term investment vehicles | Amendment of the Regulation of long-term investment funds (ELTIF) | Approved |
| Action 4 | Encourage more long-term and equity financing by institutional investors | - Modification of the Basel III capital requirements<br>- Amendment of the Solvency II Regulation on insurance companies | - Basel: provisional agreement<br>- Solvency II: under inter-institutional negotiation |
| Action 5 | Guide SMEs to alternative finance providers | SME referral program | Minutes approved at ESAP (Level 1) |
| Action 6 | Support banks in lending more to the real economy | - Review of the Securitisation Regulation<br>- Review of prudential securitisation treatment for banks and insurance companies | Commission consultation completed |
| Action 7 | Empower citizens through financial education | - Financial Competency Framework<br>- Measuring financial education<br>- Modification of MiFID II and IDD to include requirement to incorporate financial education measures | Under discussion in Parliament and the Council |
| Action 8 | Boost retail investors' confidence in capital markets | Retail Investment Strategy (RIS) | Under discussion in Parliament and the Council |
| Action 9 | Support people in retirement | - Develop a pension chart with indicators<br>- Develop best practices in automated enrolment systems<br>- European Individual Pension Plan (PEPP) | A proposal from the Commission has not yet been received |
| Action 10 | Alleviate the tax burden associated with cross-border investments | Proposal for a Directive on a faster and more secure reduction of excess withholding taxes | In the process of evaluation in the Council |
| Action 11 | Make the outcome of cross-border investments more predictable with regard to insolvency proceedings | - Possibility to introduce regular benchmarking of national loan implementation frameworks<br>- Harmonisation in basic insolvency proceedings | Under discussion in Parliament and the Council |

**Status of the measures implemented by the 2020 Action Plan (as of February 2024) (*continuation*)** TABLE 5

| Actions | | Instruments / measures | Status |
|---|---|---|---|
| Action 12 | Facilitate shareholder engagement | - European definition of "shareholder"<br>- Revision SRD2 to harmonise the rules governing the interaction between investors, intermediaries, and issuers | A proposal from the Commission has not been received |
| Action 13 | Develop cross-border settlement services | CSDR review | Approved |
| Action 14 | Consolidated reporting | Modification of MiFID II/ MiFIR to include a system of unified data on the prices and volumes of securities traded | Provisional agreement |
| Action 15 | Investment protection and facilitation | Investment forum | No action taken |
| Action 16 | Supervision | - Review of the CMU for the capital markets<br>- Public consultations on the quality and compliance of corporate information | Consultations completed |

Source: Hallak, I. (2024).

# Comparative analysis of the representativeness, calculation methodology and transparency of the Ibex 35

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# Acronyms used

| | |
|---|---|
| BME | Spanish Stock Markets and Financial Systems |
| BMR | Regulation (EU) 2016/1011, known as BMR (Benchmark Regulation) |
| EBITDA | Earnings before interest, tax, depreciation and amortisation |
| ESG | Environmental, social and governance |
| EU | European Union |
| GDP | Gross domestic product |
| IGBM | General Benchmark of the Madrid Stock Exchange |
| IOSCO | International Organization of Securities Commissions |
| SIBE | Electronic Stock Market Interconnection System |
| TAC | Technical Advisory Committee of the Ibex 35 |

# 1 Introduction

Stock benchmarks serve as tools to provide a concise and measurable representation of financial market performance, aiding investment decision-making and offering a crucial benchmark for evaluating the relative performance of portfolios and investment strategies.

The first modern stock market benchmark was the Dow Jones Transportation Average (DJTA), created by Charles Dow in 1884.[1] Since then, other stock market benchmarks have been developed to measure the performance of various market segments, including the S&P 500, the FTSE 100, and the Ibex 35, among others.

As financial markets continue to evolve and the complexity of investment instruments, products, and strategies linked to benchmarks increases, it is important to assess the accessibility and clarity of the information provided by stock benchmarks. Identifying areas for improving transparency can enhance investor confidence and improve the efficiency of financial decision-making.

This article focuses on the most representative benchmark of the Spanish stock market, the Ibex 35, and presents the results of a comparative analysis of its representativeness, methodology, and level of transparency. The comparison has been made with other stock market benchmarks in Europe and the United States, considering their significance in the main economic indicators they aim to represent. It also examines current practices regarding calculation methods, the inclusion and exclusion of securities, and the degree of transparency applied by benchmark administrators.

The aim of this analysis is not to verify whether the benchmarks comply with the requirements set by current regulations[2] and the IOSCO Principles,[3] but rather to identify areas where user understanding of the benchmarks' characteristics and potential use can be enhanced. The availability of benchmark that are representative of the financial markets, which are accessible, robust, transparent and competitive, contributes to strengthening and enhancing the capital markets and their role in business financing.

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1 Charles Dow was an American journalist and editor, best known for being the co-founder, along with Edward Jones and Charles Bergstresser, of Dow Jones & Company in 1882 and for being the creator of one of the oldest and most famous benchmarks, the Dow Jones Industrial Average (DJIA), which was launched in 1896. Borja (2022).

2 Regulation (EU) 2016/1011, known as BMR (Benchmark Regulation). This Regulation seeks to guarantee the integrity of the benchmarks used in the European Union's financial markets. This involves preventing their manipulation and ensuring that the determination processes are transparent and fair, so that the benchmarks are reliable and representative of the underlying markets. The Regulation establishes strict transparency requirements for benchmark providers, which must provide detailed information on the methodology used to calculate these, as well as data collection procedures and the disclosure of any conflict of interest. It also sets governance standards for benchmark providers and promotes effective oversight by competent authorities.

3 IOSCO (2013). IOSCO has played an important role in establishing international principles and standards that address aspects such as the integrity, transparency and governance of financial benchmarks. The IOSCO Principles can be considered a global reference for regulatory authorities and market participants seeking to ensure the integrity and proper functioning of financial benchmarks worldwide.

## 2 Definition of the Ibex 35 index and calculation methodology

The Ibex 35 is a benchmark[4] that was established in 1992. It comprises the 35 most liquid stocks traded on the Spanish Stock Exchange Interconnection System (SIBE), which includes the four Spanish stock exchanges. Exhibit 1 summarises the key factors that have influenced its development since its inception.

The benchmark is administered by Sociedad de Bolsas, S.A., an entity partly owned by Bolsas y Mercados Españoles, S.A. (BME) and part of the Swiss SIX Group. The CNMV approved its registration as an administrator of significant benchmark benchmarks[5] on 14 November 2019.

Currently, Sociedad de Bolsas manages over 200 benchmarks, which are grouped into the following categories: the Ibex family of benchmarks, equity strategy benchmarks, ESG benchmarks, Latibex benchmarks, benchmarks of the four Spanish stock exchanges, and fixed income and public debt benchmarks.

The Ibex 35 is denominated in euros and calculated in real-time during European trading hours. The data used for the benchmark calculation are the prices of trades executed by market members in the order book of the equity segment for the securities included in the benchmark.[6] These prices are weighted by the market capitalisation of the constituent stocks, adjusted for their free float, as detailed in Section 2.3. Therefore, the Ibex 35 is a capitalisation-weighted price benchmark.

**Performance of the Ibex 35 since its creation** EXHIBIT 1

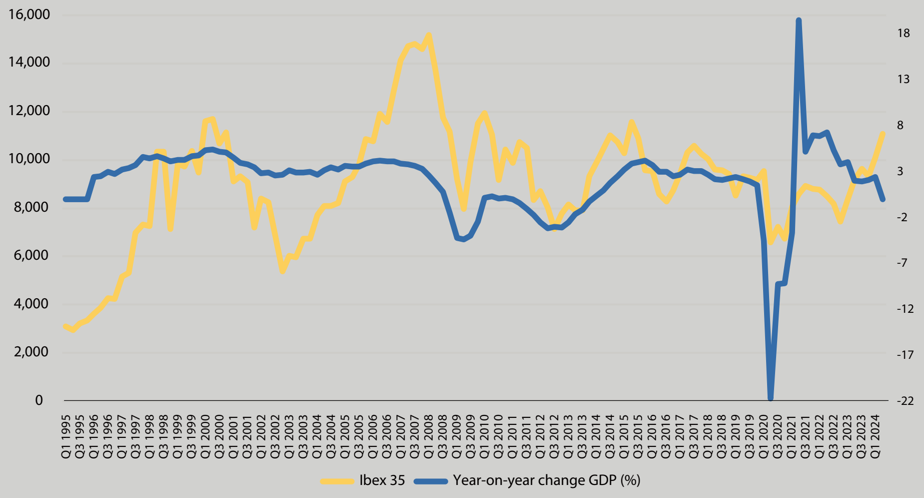
Since its inception in 1992, the performance of the Ibex 35 has been shaped by various economic, political, and financial factors at both the national and international levels. Some of the key milestones and trends in the evolution of the Ibex 35 are summarized below:

4 Stock market benchmarks can be selective, such as the Ibex 35, which is calculated based on a selection of representative securities from a market. Alternatively, when they include all the securities in the market, they are considered all-share benchmarks, such as the Ibex Growth Market All Share or the Madrid Stock Exchange General Benchmark (IGBM).

5 See the "Benchmark " section of the CNMV website.

6 In accordance with benchmark regulations, it is classified as a regulated data benchmark (Article 17 of the BMR), because all the data used for its calculation come from a regulated market. This classification means that certain monitoring and record-keeping requirements applicable to benchmarks calculated using data inputs from contributors do not apply.

**Historical performance of the Ibex 35 and year-on-year change in GDP** FIGURE E1.1




Source: CNMV.

– **1990s:** Following its creation in 1992 with a base level of 3,000 points, the Ibex 35 experienced significant volatility during its initial years. Ten months after its launch, on 5 October 1992, it hit an all-time low of 1,873.58 points. The Spanish economy had entered a recession, and just three weeks earlier, the peseta was devalued by 5% amidst instability resulting from the European Monetary System (EMS) crisis. However, it also saw gradual growth driven by economic development in Spain and integration into the European Union.

– **Economic boom and financial crisis (2000–2010):** During the economic boom in the early 2000s, the Ibex 35 reached record levels, surpassing 15,000 points in November 2007. However, the global financial crisis of 2008 severely impacted financial markets, including the Ibex 35, which suffered significant losses. Its largest decline until then, over 9%, occurred on 19 October 2008 following the collapse of Lehman Brothers.

– **Recovery years (2010–2017):** After the financial crisis, the Ibex 35 went through a period of gradual recovery. However, economic uncertainty in the eurozone and financial issues in Spain, such as the sovereign debt crisis, caused market volatility.

– **Political and economic turmoil (2017–2021):** During these years, the Ibex 35 was affected by economic uncertainties, including issues related to the Catalan independence movement, and most notably, by the COVID-19 pandemic in 2020, which led to significant declines before a partial recovery. On 12 March 2020, coinciding with the announcement of the state of emergency to tackle the coronavirus, the Ibex 35 plunged by 14.06% to 6,390 points.

– **Post-COVID recovery (2021–2023):** With the implementation of economic stimulus programmes, an expansionary monetary policy, and the gradual rebound of economic activity, the Ibex 35 showed signs of recovery from 2021. However, uncertainty persisted due to concerns about inflation, monetary policies, and other factors such as increasing geopolitical risks. By the end of 2023, the Ibex 35 reached 10,102 points, with an accumulated gain of nearly 23% in 2023, a surge only comparable to the almost 30% increase seen in 2009.

It is important to note that the Ibex 35 is merely an indicator of the Spanish stock market and does not necessarily reflect the overall economic situation of the country. However, its performance provides insights into investor confidence and financial market trends in Spain.

## 2.1 Benchmark components

The benchmark's composition and calculation follow the technical standards set by its administrator[7] (hereinafter referred to as the technical standards). The benchmark consists of the 35 most liquid securities listed on the SIBE during the six months preceding the ordinary review date of its composition. In the case of extraordinary reviews, this period may vary.

For a company to be included in the benchmark, its average market capitalisation must be greater than 0.30% of the benchmark's total capitalisation during the review period.

Additionally, for new securities on the SIBE, a minimum number of sessions equivalent to one-third of the review period is required. However, if the free float market capitalisation of a security ranks among the top 20 in the benchmark, it is considered eligible for inclusion even if it has not met the minimum required number of trading sessions.

To determine a security's liquidity, both the trading volume in euros on the order book market (general trading segment of the SIBE) and the quality of that trading volume are considered. The quality of trading is assessed based on factors such as the characteristics and size of trades executed in the market, statistics associated with trading volumes and features, and the quality of spreads, turnover, and other measures as applied at the administrator's discretion, in line with its technical standards.

7 Sociedad de Bolsas (2024).

## 2.2 Calculation formula and determination of free float

As mentioned, the Ibex 35 is a price-weighted benchmark adjusted by market capitalisation free float. This means that companies with higher capitalisation have a greater influence on the benchmark, and accordingly fluctuations in their stock prices have a more substantial impact on the benchmark's overall movement.

The benchmark calculation uses the formula described in Exhibit 2. With a base value of 3,000 points, the Ibex 35 was first published on 14 January 1992.

At any given time *t*, the benchmark is determined by applying the change in the market capitalisation of the included companies to the benchmark value from the previous time ($t-1$), adjusted by a factor ($J$) to account for the impact of certain financial operations.

**Formula for calculating the Ibex 35** EXHIBIT 2

The formula used for the calculation of the benchmark value:

$$\text{Ibex 35} = \sum_{i=1}^{35} Pi \ \text{x Capi}$$

$$\text{Ibex 35}(t) = \text{Ibex 35}(t-1) \times \sum_{i=1}^{35} Capi\ (t)\ /\ [\ \sum_{i=1}^{35} Capi\ (t-1) \pm \text{J}\ ]$$

Where:

Ibex 35($t$) = value of the Ibex 35 benchmark at time *t* expressed in benchmark points.

*t* = Time of benchmark calculation.

*i* = Company included in the benchmark.

Si = Number of computable shares of the company *i* for the calculation of the benchmark value.

Pi = Price of the company's shares *i* included in the benchmark at time *t*.

Capi = Capitalization of the company included in the benchmark. This is calculated as: Si x Pi.

∑Capi = Sum of the capitalisation of all the companies included in the benchmark.

J = Amount used to adjust the value of the benchmark for certain financial transactions such as capital increases or extraordinary dividends.

Source: Sociedad de Bolsas (2024).

The number of shares used to calculate a company's market capitalisation is based on its free float, adjusted by a coefficient related to the company's free float bracket.

Free float is calculated by subtracting from the total number of shares outstanding those holdings equal to or greater than 3% of the capital, as recorded in the CNMV's Register of significant shareholdings.[8]

Weighting factors are employed to adjust the representation of companies in the benchmark, ensuring that those with a larger number of shares in circulation, and thus greater market liquidity, may have a higher weighting in the benchmark. The adjustment factors applied to the number of shares based on free float brackets are as follows:

**Coefficients applicable based on free float** TABLE 1

| Floating capital tranche | Applicable coefficient (%) |
|---|---|
| Less than or equal to 10% | 10 |
| Greater than 10% and less than or equal to 20% | 20 |
| Greater than 20% and less than or equal to 30% | 40 |
| Greater than 30% and less than or equal to 40% | 60 |
| Greater than 40% and less than or equal to 50% | 80 |
| Greater than 50% | 100 |

Source: Sociedad de Bolsas (2024).

Annex 1 reflects the Ibex 35 constituents as of 31 July 2023, as well as their current capitalisation and their adjusted capitalisation in accordance with the methodology described.

## 2.3 Dividend adjustment policy

The technical rules of the benchmark include provisions for adjustments related to specific corporate actions affecting its constituents. For ordinary dividends and other shareholder distributions similar to ordinary dividends, no adjustments are made. This simplifies the calculations and makes the benchmark easier for investors to follow, especially those who are primarily interested in tracking share price movements without considering dividends.

However, since dividends are a crucial element of the total return on equity investments and that long-term investors and those seeking a more comprehensive of their portfolio's performance often prefer benchmarks adjusted for dividends to obtain a more accurate picture of their investment, Sociedad de Bolsas also calculates the total return and net total return versions of the Ibex 35 (through the

8 The CNMV's Register of Holders of Significant Shareholdings can be consulted at this link: https://www.cnmv.es/portal/consultas/busqueda.aspx?id=7

Ibex 35 with dividends and Ibex 35 with net dividends benchmarks), which include the reinvestment of dividends paid by the benchmark constituents, either on a gross or net of tax basis.

## 2.4 Fast entry/fast exit

Although not explicitly specified in its technical rules, the Ibex 35 has a fast entry and exit mechanism. This allows the inclusion of a recently listed security on the SIBE into the Ibex 35 without waiting for it to meet the usual requirements during the control period, provided its inclusion is deemed advisable.

In such cases, the security must have been traded for at least one third of the control period, unless its free float capitalisation ranks among the top 20 securities of the Ibex 35. The inclusion of these securities results in the exclusion of the corresponding security for reasons of liquidity.

This modification typically occurs during regular or periodic reviews, although this process is not clearly specified in the technical rules.

## 2.5 Governance and oversight function. The Technical Advisory Committee of the Ibex 35

According to benchmark regulations, the Ibex 35 is classified as a significant benchmark. Although it does not meet the threshold of €50 billion in referenced instruments (as estimated by its administrator), it lacks suitable alternatives, and its disappearance could have detrimental effects on market integrity, corporate financing, and even financial stability.[9]

This classification means that its administrator must adhere to more rigorous governance, internal control, and risk management requirements compared to those applicable to non-significant benchmarks, for reasons of proportionality.[10]

Among these requirements, the administrator must have a monitoring function to oversee all aspects of the benchmark's provision (Article 5 of BMR) and to ensure the adequacy and verifiability of input data, as well as the internal control procedures. This function should be carried out by a separate committee or another appropriate governance mechanism.

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9 The definition of a "significant benchmark" is established in Article 24 of the BMR. The Ibex 35 is also considered a main benchmark under the prudential requirements for credit institutions and investment firms (Implementing Regulation (EU) 2016/1646), which implies that the securities included in the benchmark receive more favourable treatment in terms of capital consumption.

10 The obligations of benchmark administrators are set out in Title II of the BMR. In this context, Sociedad de Bolsas, as the administrator of a significant benchmark, has decided not to take advantage of the exemptions provided in Article 25 of the BMR, and is therefore subject to all applicable provisions.

The administrator of the Ibex 35 has established an advisory body known as the Technical Advisory Committee (TAC). This committee is composed entirely of independent individuals and is responsible for oversight, as well as reviewing and approving any redefinitions of the benchmark.

The TAC, consisting of a minimum of five and a maximum of nine members, operates under a code of conduct designed to ensure impartiality, professionalism, and the prevention of conflicts of interest.[11]

The benchmark is reviewed at TAC meetings held quarterly, which can be of three types:

– Ordinary meetings, held in June and December, during which the benchmark is redefined for the upcoming period.

– Follow-up meetings, held in March and September. At these meetings, the benchmark constituents are changed only when securities have experienced a significant change in liquidity prompting the redefinition of indices for the following period."

– Extraordinary meetings.

The review period (also known as the control period), for both ordinary and follow-up meetings, comprises the interval of six months prior to the date of the review. With regard to extraordinary reviews, the control period will be decided by the TAC at any given time.

**TAC meetings and control periods** TABLE 2

| Meeting | Type | Control period | Effective date (closing) |
|---|---|---|---|
| March | Follow-up | September-February | Third Friday in March |
| June | Ordinary | December-May | Third Friday in June |
| September | Follow-up | March-August | Third Friday in September |
| December | Ordinary | June-November | Third Friday in December |

Source: Sociedad de Bolsas (2024).

# 3 Comparative analysis of representativeness

In this section, we examine whether the Ibex 35 accurately reflects the performance of the Spanish stock market, which is a key objective of this benchmark. Additionally, we assess its ability to represent the country's economy.

11 The Code of Conduct and the current composition of the TAC can be consulted at the following link to the administrator's website: https://www.bolsasymercados.es/bme-exchange/es/Benchmarks/Comite-Asesor-Tecnico/Miembros

Traditionally, the performance of a national stock market benchmark has been considered an indicator of a country's economic situation. However, factors such as the internationalisation of companies, the limit on the number of companies included in the benchmarks, and the methods used to calculate the benchmarks, among other elements, can affect their ability to serve as a gauge of a country's economy.

In both instances, a comparative evaluation is conducted with other stock market benchmarks from European and Anglo-Saxon countries, as shown in Table 3.[12] In all cases, these are capitalisation-weighted regulated data benchmarks.

**Main data of the analysed stock benchmarks** TABLE 3

| Table of contents | Reference country | Administrator | Launch date | Benchmark base |
|---|---|---|---|---|
| Ibex 35 | Spain | Sociedad de Bolsas | 14/01/1992 | 3,000 |
| Dax 40[13] | Germany | Stoxx Ltd (Deutsche Börse Group) | 01/07/1988 | 1,000 |
| Cac 40[14] | France | Euronext Paris | 31/12/1987 | 1,000 |
| Mib 40[15] | Italy | FTSE Russell | 31/12/1992 | 10,000 |
| PSI 20[16] | Portugal | Euronext Lisbon | 31/12/1992 | 3,000 |
| FTSE 100[17] | United Kingdom | FTSE Russell | 3/1/1984 | 1,000 |
| S&P 500[18] | United States | S&P Dow Jones Benchmarks | 4/3/1957 | 10 |

Source: Compiled by the authors.

To measure the representativeness of national stock market benchmarks, we analyse their weight in market capitalisation and GDP of each country, as well as their impact on employment. This section also considers their effect on employment and the degree of internationalisation of each benchmark.

From these analyses, we conclude that the Ibex 35 is comparable to its European and Anglo-Saxon counterparts, maintaining a level of representativeness and internationalisation similar to that of its peers selected for this study.[19]

12 Benchmarks representative of a specific market, such as the Ibex 35, Dax 30, Cac 40, FTSE 100, or S&P 500, which represent the most significant companies on the Spanish, German, French, UK, and US stock exchanges respectively, should be distinguished from general benchmarks that represent certain types of companies or sectors irrespective of the market on which they are listed. An example of this is the Eurostoxx 50, which represents the performance of the 50 largest companies across 19 major sectors by market capitalisation in 11 euro area countries. These general benchmarks are not considered comparable to the Ibex 35 and have therefore not been included in this analysis.

13 Deutsche Börse AG (2022).

14 Euronext NV Index Rule Book (2018).

15 FTSE Russell (2023).

16 Euronext NV (2021).

17 FTSE Russell (2023).

18 S&P Dow Jones Benchmarks (2022).

19 Due to the unavailability of disaggregated data for the components of the Mib 40, it has not been possible to include this benchmark in Sections 3.2, 3.3, and 3.4 of the comparative analysis on representativeness.

## 3.1 Market capitalisation weight

All the benchmarks analysed aim to reflect the performance of the leading companies listed on the stock markets of their respective benchmark countries.

To assess the representativeness of the selected benchmarks in relation to their respective stock markets, we compared both the capitalisation of each benchmark with the total capitalisation of the corresponding market and the number of companies included in these benchmarks relative to the total number of companies listed in each market.

**Weight of capitalisation of the benchmark with respect to total capitalisation of its market** TABLE 4

%

| | Ibex 35 | Dax 40 | Cac 40 | Mib 40 | PSI 20 | FTSE 100 | S&P 500 |
|---|---|---|---|---|---|---|---|
| Benchmark capitalisation/ market capitalisation | 78 | 81 | 87 | 91 | 93 | 83 | 98 |
| No. of benchmark companies/ No. of market companies | 29 | 11 | 11 | 11 | 43 | 18 | 15 |

Source: GDP data at the end of 2023 obtained from the IMF. Capitalisation data obtained from Reuters.

The Spanish benchmark demonstrates a high level of market representativeness, although it does not reach the percentages achieved by the other benchmarks analysed. This level of representativeness is achieved with a significantly higher number of companies: almost a third of the total number of listed companies in the market, which is more than double that of the other selected benchmarks, except for the Portuguese benchmark. This feature of the Ibex 35 suggests that, despite the concentration in the top five stocks (see Table 14) – a characteristic shared with other benchmarks – the capitalisation of the remaining 30 companies is more evenly distributed than in the other selected benchmarks.

## 3.2 Degree of representativeness of the country's economy

### Weight of capitalisation in GDP

The capitalisation of the Spanish benchmark amounted to 35% of GDP at the end of 2023, a figure higher than that of the other European benchmarks, with the exception of the French Cac 40.

## Weight of the capitalisation in GDP

TABLE 5

%

| | Ibex 35 | Dax 40 | Cac 40 | Mib 40 | PSI 20 | FTSE 100 | S&P 500 |
|---|---|---|---|---|---|---|---|
| Capitalisation / GDP | 35 | 30 | 62 | 23 | 5 | 72 | 157 |

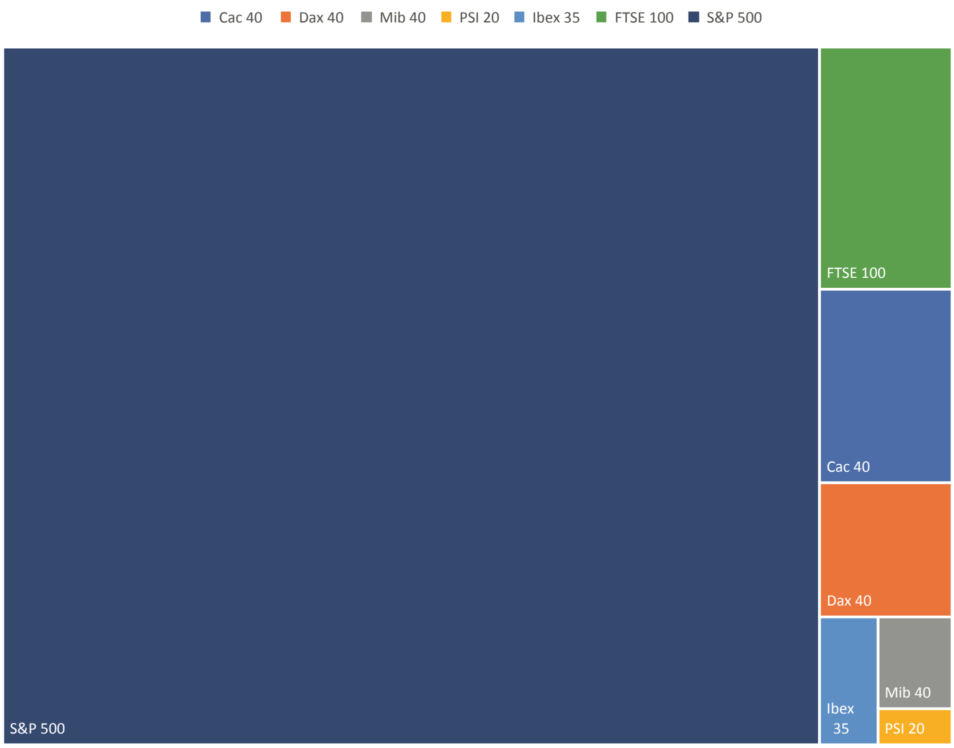
Source: GDP data at the end of 2023 obtained from the IMF. Capitalisation data obtained from Reuters.

It is worth noting that only the technical standards of the Cac 40 take market representativeness into account when selecting stocks. This could explain why the market capitalisation of the Cac 40 is 62% of French GDP, the highest percentage among European benchmarks with a similar number of constituents.

Anglo-Saxon benchmarks, such as the FTSE 100 and the S&P 500, exhibit a higher market capitalisation relative to GDP than their European counterparts, possibly due to the larger number of companies included. Additionally, US corporate culture typically favours reinvesting profits over distributing them as dividends and tends to prefer share buybacks, which directly contributes to the higher capitalisation of the S&P 500.

## Capitalisation of stock market benchmarks

FIGURE 1




Source: Compiled by the authors.

### Contribution of the constituent companies to GDP

To analyse the contribution of benchmark constituents to GDP, the sum of their EBITDA has been used as a proxy for gross operating surplus,[20] and compared with GDP. As shown in Table 6, the constituents of the analysed stock market benchmarks contribute between 6% and 14% to the GDP of each country, without considering the positive impact of the salaries paid by these companies on GDP.

The Spanish benchmark sits at the median of this metric, surpassed by the Cac 40, the FTSE 100, and the S&P 500, all of which include a greater number of companies.

**Gross operating surplus (EBITDA) over GDP** TABLE 6

%

| | Ibex 35 | Dax 40 | Cac 40 | PSI 20 | FTSE 100 | S&P 500 |
|---|---|---|---|---|---|---|
| EBITDA / GDP | 10 | 8 | 14 | 6 | 13 | 12 |

Source: 2023 GDP data obtained from the IMF. EBITDA data obtained from Reuters.

### Impact of companies on national employment

When analysing the extent to which these benchmarks represent their respective national economies, their relationship with employment is another important factor. For this analysis, the contribution of the total number of employees of each benchmark constituent to the overall employment in the country as of September 2023 has been considered. However, it is important to note that this figure is influenced by the fact that most companies in these stock market benchmarks are multinationals. Consequently, they have employment contracts not only in their home countries but also abroad. Additionally, the analysed figures do not take into account employment generated through outsourcing, which would increase the reported contributions.

In the case of Spain, although the companies that constitute the Ibex 35 contribute around 10% of Spanish GDP, placing it at the median among the benchmarks analysed, it has the least impact on national employment at 7.11%, with the exception of Portugal's PSI 20, which only contributes 6.17%. The smaller number of components of the benchmark, the importance of small and medium-sized enterprises in the Spanish economic framework, and a lower weight of the industrial sector might explain this aspect.

20 Component of GDP defined by the National Institute of Statistics (INE) as the surplus generated by operating activities once labour costs have been covered. See the "Glossary of concepts" at the following link: https://www.ine.es/DEFIne/es/concepto.htm?c=2210&op=30232&p=1&n=20#:~:text=El%20excedente%20bruto%20de%20explotaci%C3%B3n,menos%20los%20costes%20de%20personal

**Weight of benchmarks in employment figures** TABLE 7

| | Ibex 35 | Dax 40 | Cac 40 | PSI 20 | FTSE 100 | S&P 500 |
|---|---|---|---|---|---|---|
| Total number of employees of the constituents | 1,416,612 | 4,252,038 | 5,050,070 | 288,260 | 3,997,256 | 28,425,692 |
| Total number of employees by country | 19,925,000 | 39,908,000 | 27,215,000 | 4,672,000 | 32,880,000 | 16,1484,000 |
| **%** | **7.11** | **10.65** | **18.56** | **6.17** | **12.16** | **17.60** |

Source: Occupancy data by country obtained from the World Bank. Company employee data obtained from Reuters.

## Internationalisation of stock market benchmarks

In assessing the degree of internationalisation of the analysed benchmarks, both the nationality of the shareholders and the origin of the companies' revenues were considered.

Most shareholders of the European benchmarks are from European Union countries. This predominance of EU shareholders reflects the integration of European markets and the progress of the Capital Markets Union.

It is also noteworthy that the owners of the companies in the European benchmarks are predominantly non-nationals, unlike in the US benchmark, where the majority of owners are US nationals.

**Nationality of the shareholders in the constituents of the benchmarks** TABLE 8

%

| Shareholders | Ibex 35 | Dax 40 | Cac 40 | PSI 20 | FTSE 100 | S&P 500 |
|---|---|---|---|---|---|---|
| Domestic | 41 | 33 | 47 | 48 | 34 | 80 |
| European | 28 | 30 | 26 | 24 | 15 | 15 |
| International (non-European) | 31 | 37 | 27 | 28 | 51 | 5 |

Fuente: Reuters.

According to the latest statistics published by the World Bank, the European Union, and specifically the euro area, is the world's largest recipient of foreign direct investment, with the United States being the main investor. This is reflected in the significant presence of US investors in European stock markets.

## Net foreign direct investment flows

TABLE 9

% of GDP

| Geographical area | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| Arab world | 1.8 | 1.7 | 1.6 | 1.5 | 1.6 |
| East Asia & Pacific | 2.5 | 2.8 | 2.8 | 2.8 | 2.4 |
| Eurozone | 5.1 | 4.1 | 2.1 | 4.7 | 4.0 |
| Latin America and the Caribbean | 3.4 | 3.2 | 3.3 | 3.8 | 3.5 |
| Middle East & North Africa | 1.8 | 1.7 | 1.5 | 1.7 | 1.8 |
| South Asia | 1.2 | 1.4 | 1.6 | 1.8 | 1.8 |
| Sub-Saharan Africa | 2.4 | 2.4 | 2.4 | 2.9 | 2.5 |

Source: World Bank.

In summary, nearly all the shareholders of the benchmarks analysed are Europeans and Americans (the United States). The only significant shareholding from countries outside these two blocs is found in the Portuguese PSI 20 benchmark, with a Chinese presence amounting to 7% of its capitalisation.

The growing global influence of China and Middle Eastern sovereign wealth funds is not yet reflected in significant shareholdings in the listed companies of the stock market benchmarks analysed.

## Shareholders' participation by geographical origin in capitalisation

TABLE 10

%

| | Ibex 35 | Cac 40 | Dax 40 | PSI 20 | FTSE 100 | S&P 500 |
|---|---|---|---|---|---|---|
| Africa | 0 | 0 | 0 | 1 | 1 | 0 |
| Europe | 69 | 73 | 63 | 72 | 49 | 15 |
| Latin America | 0 | 0 | 0 | 0 | 1 | 0 |
| Asia / Pacific | 3 | 1 | 3 | 10 | 6 | 2 |
| North America | 24 | 26 | 32 | 17 | 42 | 83 |
| Middle East | 3 | 0 | 2 | 0 | 2 | 0 |

Source: Reuters.

The largest investors are portfolio management companies, hedge funds, and corporations. The Ibex 35 stands out from its peers due to a higher participation of individual shareholders, largely attributable to the shareholding structure of one of its constituent, Inditex.

## Types of investors in the stock market benchmarks analysed

TABLE 11

% of capitalisation

| | Ibex 35 | Dax 40 | Cac 40 | PSI 20 | FTSE 100 | S&P 500 |
|---|---|---|---|---|---|---|
| Portfolio management companies | 21.0 | 31.0 | 26.0 | 14.0 | 37.1 | 42.0 |
| Hedge funds | 17.2 | 25.7 | 20.9 | 14.1 | 40.5 | 41.2 |
| Private equity funds | 3.3 | 0.0 | 0.0 | 0.0 | 0.5 | 0.0 |
| Insurers | 0.5 | 0.1 | 0.1 | 0.2 | 0.9 | 1.7 |
| Banking and fiduciary services | 0.2 | 2.5 | 0.4 | 0.1 | 1.6 | 2.5 |
| Individual investors | 21.9 | 6.9 | 2.4 | 6.8 | 1.1 | 2.6 |
| Corporations | 20.2 | 14.4 | 8.8 | 47.2 | 8.1 | 1.7 |
| Pension funds | 2.0 | 2.7 | 1.9 | 2.7 | 3.2 | 3.8 |
| Other internal investors | 2.4 | 1.1 | 30.3 | 0.0 | 0.0 | 0.0 |
| Sovereign wealth funds | 5.5 | 4.0 | 2.6 | 4.1 | 5.9 | 1.4 |
| Foundations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 |
| Government agencies | 0.7 | 6.7 | 3.8 | 6.5 | 0.6 | 0.0 |

Source: Reuters.

## Percentage of income obtained in the countries of origin by the five companies with the greatest weight in the benchmarks

TABLE 12

| Ibex 35 | | Dax 40 | | Cac 40 | | PSI 20 | |
|---|---|---|---|---|---|---|---|
| **Companies** | **%** | **Companies** | **%** | **Companies** | **%** | **Companies** | **%** |
| Iberdrola | 43 | SAP SE | 15 | Louis Vuitton | 8 | EDP-Energias de Portugal | 43 |
| Inditex | 15 | Siemens AG | 19 | L´Oreal | 9 | EDP Renovaveis | 14 |
| B. Santander | 35 | Airbus SE | 20 | Hermes International | 9 | Jeronimo Martins SGPS | 24 |
| BBVA | 23 | Deutsche Telekom AG | 23 | Total Energies | 22 | Galp Energia SGPS | 82 |
| Amadeus IT | 6 | Allianz SE | 25 | Sanofi | 5 | Banco Comercial Portugues | 39 |
| Total | 24 | | 21 | | 16 | | 49 |
| Exports / GDP (World Bank) | 41,6 | | 50,3 | | 34 | | 50 |

Source: Reuters and financial statements.

According to the export-to-GDP ratio published by the World Bank,[21] a measure of a country's openness to international trade, the economies represented by these benchmarks are considered open to foreign trade.

21 World Bank (2023).

In the 2022 financial year, the revenues generated by the top five companies by market capitalisation in each benchmark were less than 50% from their home countries, dropping to 24% for the Spanish benchmark. In other words, the majority of these companies' revenues come from abroad.

The benchmarks analysed exhibit strong exposure to other European countries, which, as previously noted, is due to the ongoing integration of the European Union markets. In the case of Spain, there is significant exposure to Latin America, explained by the historical relationship with this region and the notable presence of Spanish companies there. Spanish exposure to the United States is also relevant, a characteristic shared with the Cac 40 and Dax 40 benchmarks. However, the Dax 40 stands out for its exposure to Asia, with Germany being the main European exporter to China, according to Eurostat.[22]

Furthermore, France, according to Eurostat, is the leading EU exporter to Africa,[23] which is reflected in the higher exposure of the Cac 40 benchmark to this region. For the PSI 20, there is a concentrated exposure to the European Union and Brazil, explained by the historical relationship with the latter country.

In summary, an benchmark is directly affected by economic and political developments both in its country of origin and in the countries where its constituents have a strong presence. Therefore, in principle, an economic slowdown in China would have a greater impact on the German benchmark, while the Spanish benchmark would be more influenced by shocks from Latin American countries.

# 4 Comparative analysis of calculation methodology and transparency level

A comparative analysis has been conducted on the methodology used by the Ibex 35 against those used for the calculation of the main selective benchmarks. The aim of this analysis is to determine the potential degree of discretion applied in the criteria for the eligibility and inclusion of securities in the benchmarks, as well as their level of transparency.

Annex 2 provides a detailed description of the results of the analysis for each of the aspects considered in this section. The main conclusions of this analysis are outlined below. Several areas for improvement have been identified and are evaluated in Section 5.

## 4.1 Criteria for the inclusion of securities

As mentioned earlier, the selection criteria for securities to be included in the Ibex 35 are based on their free float and incorporate some qualitative factors, such as the quality of liquidity, which are difficult to quantify.

22 Eurostat (2023).

23 Eurostat (2019).

Most of the benchmarks analysed combine both market capitalisation and liquidity when selecting the companies that comprise them. The definition of both variables is generally clear and based on objective criteria.

For the Dax 40, the selection is made by establishing a ranking based exclusively on quantitative criteria. This methodological approach is similar to that used by the FTSE 100, the Mib 40, and the PSI 20. In the specific case of the Mib 40, an algorithm is employed, providing a high degree of automation to the stock selection process.

Regarding the Cac 40, the selection is also based on a ranking that uses purely quantitative criteria. However, the Benchmark Advisory Committee has the discretion to select companies that have not achieved the required ranking, provided this is deemed justified in the interest of the benchmark users. In contrast, while the S&P 500 also uses quantitative criteria to assess capitalisation and liquidity, the final composition of the benchmark is subject to the discretion of its Advisory Committee, which may apply additional criteria such as sector diversity.

In 2020, Deutsche Börse, the administrator of the Dax 40, responded to the Wirecard[24] scandal by implementing significant changes to the governance and methodology of the benchmark. One of the key issues addressed was the revision of the criteria for the inclusion and exclusion of companies in the benchmark. These changes involved adjustments to financial, liquidity, and other relevant criteria for the selection of companies, as detailed in Exhibit 3.

### Review of the Dax benchmark following the Wirecard case — EXHIBIT 3

In 2020, in response to the Wirecard scandal, the Dax benchmark administrator, Deutsche Börse, implemented significant changes to the benchmark's governance and methodology.[1] The most notable changes were:

– **Increased diversification of the benchmark.** One of the most significant measures was expanding the number of constituents from 30 to 40, thus renaming it from Dax 30 to Dax 40. This expansion considerably boosted the benchmark's market capitalisation by approximately €350 billion, raising the total value of the benchmark to over €2 trillion. It also enhanced the representation of the German economy within the benchmark. Furthermore, benchmark funds had to rebalance their portfolios, selling shares of the companies that were part of the former 30-member benchmark and purchasing shares of the 10 new companies that were added to the benchmark.

– **Increased focus on the quality and transparency of financial reporting.** Deutsche Börse implemented a stricter approach to the quality and transparency of financial information for companies considered for inclusion in the benchmark. As part of this initiative, new selection criteria were introduced for candidate companies that are not yet part of the benchmark but are eligible for inclusion. These companies must now show a positive EBITDA in their two most recent annual financial statements as an indicator of their financial stability and viability to be considered for the benchmark.

24 European Parliament (2021).

- **Enhanced oversight.** The oversight and monitoring of companies included in the benchmark were bolstered. This entailed greater scrutiny of accounting practices, financial reporting, and other relevant aspects to ensure the integrity and accuracy of the information provided by these companies. Among other measures, all companies within the Dax benchmark family are now required to publish audited annual financial reports and quarterly financial statements. Another change to the benchmark rules was to subject its composition to two major reviews per year (March and September), instead of the single annual review carried out previously.

- **Improved corporate governance.** The significance of robust and transparent corporate governance was stressed as a key criterion for inclusion in the benchmark. This entailed establishing stricter requirements regarding board independence and diversity, conflict of interest disclosure policies, executive compensation, and transparency and communication with shareholders. Specifically, all members of the Dax benchmark family were required to adhere to the recommendations of the German Corporate Governance Code.[2]

These changes were aimed at addressing the deficiencies identified following the Wirecard scandal and safeguarding the reputation and credibility of the Dax benchmark. The primary goal was to enhance the benchmark's integrity and trustworthiness by ensuring that the included companies adhere to high standards of transparency, governance, and financial reporting quality.

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1 Qontigo (2021).

2 Regierungskommission Deutscher Corporate Governance Kodex (2022).

## 4.2 Determination of free float

The 3% threshold used by Sociedad de Bolsas to calculate free float (for the purpose of deducting the holdings registered with the CNMV) matches the lowest threshold established in the current regulations on significant holdings in the share capital of a listed company.[25]

Among the benchmarks analysed, only the Ibex 35 uses this threshold. The PSI 20, Cac 40, and Dax 40 all adhere to a definition of restrictive shares similar to that outlined in European regulations on liquid markets,[26] which excludes holdings of more than 5% of the capital. This threshold is also employed by the US S&P 500 benchmark.

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25 Article 23 of Royal Decree 1362/2007, of 19 October, which implements Law 24/1988, of 28 July, on the Securities Market, concerning transparency requirements for information on issuers whose securities are admitted to trading on an official secondary market or another regulated market in the European Union.

26 Article 1.2 of Commission Delegated Regulation (EU) 2017/567, of 18 May 2016, which supplements Regulation (EU) No. 600/2014 of the European Parliament and of the Council, regarding definitions, transparency, portfolio compression, and supervisory measures related to product intervention and positions.

Neither the FTSE 100 nor the Mib 40 define specific thresholds above which a shareholding is considered restrictive shares. Instead, they assess the type of shareholder and the characteristics of their investment. As a result, investments with a minimum holding period and shares held by employees or public entities, among others, are excluded from free float.

The type of shareholder is also considered by the other benchmarks, which generally exclude from free float – regardless of the ownership percentage – shares held by public administrations, members of the Board of Directors, or investment or pension funds of a strategic nature.

Regarding the correction coefficients for free float, only the Ibex 35 applies correction factors; no similar systems have been identified in other benchmarks.

Once the free float of each company has been calculated, most benchmarks set limits on the maximum weight of a company in the total capitalisation of the benchmark, to avoid excessive concentration in a particular stock. The Dax 40 caps it at 10%, the Cac 40 and Mib 40 at 15%, the PSI at 12%, and the Ibex 35 at 20%. The methodologies of the FTSE 100 and S&P 500 benchmarks do not impose limits in this regard.

### 4.3 Dividend adjustment policy

Dividend adjustment is a crucial aspect in the calculation of stock benchmarks, particularly to ensure consistency and comparability over time. Dividends paid by companies to their shareholders can significantly impact share prices and, consequently, stock market benchmarks.

The policy adopted by the managers of the analysed benchmarks regarding dividends is similar across the board, except for the Dax. All benchmarks, except the German benchmark, are affected by the ordinary dividends distributed by their constituent companies, while adjustments are made for extraordinary dividends.

For the Dax 40, its administrator reinvests the ordinary dividends in the benchmark calculation. This is similar to the methodology used by other administrator for calculating total return benchmarks.

The Spanish benchmark, along with the Italian Mib 40, offers the highest dividend yield. The deduction of the ordinary dividend when calculating the benchmark penalises its revaluation, thus affecting the benchmark's performance. In summary, a high dividend yield can make it more challenging for the benchmark to trend upwards.

The benchmark with the lowest dividend yield is the US S&P 500, due to a preference for shareholder remuneration through shares and profit reinvestment rather than cash dividends.

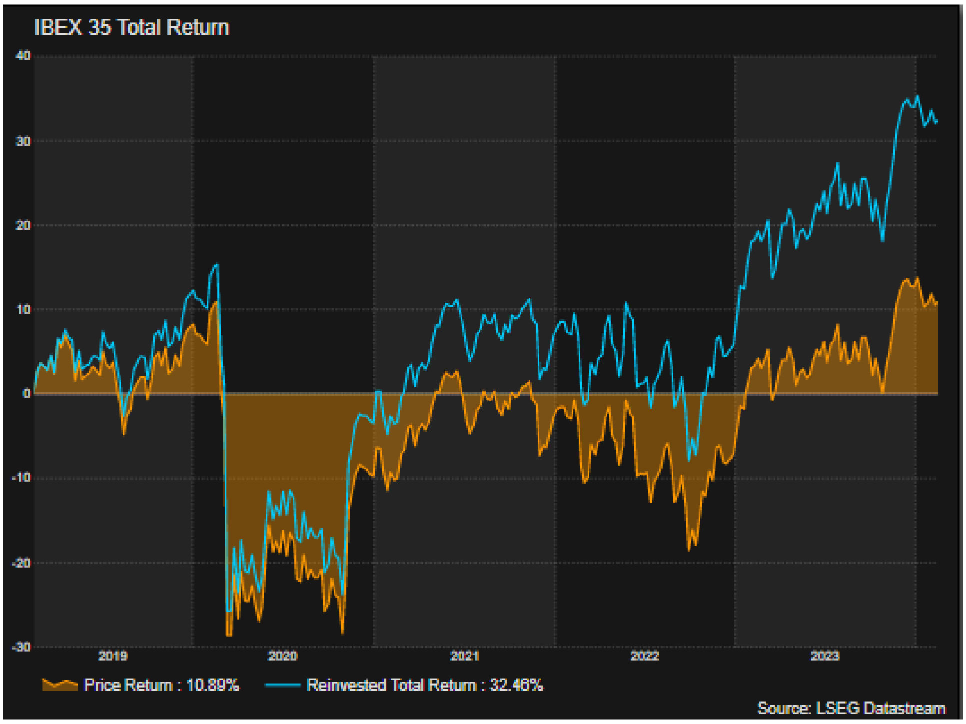
To accurately interpret and compare the performance of benchmarks, it is recommended to analyse them in their total return version.

**Dividend yield of the analysed benchmarks. September 2023** TABLE 13

| Table of contents | Dividend yield (%) |
|---|---|
| Ibex 35 | 4.03 |
| Dax 40 | 3.40 |
| Cac 40 | 3.12 |
| Mib 40 | 4.43 |
| PSI 20 | 3.78 |
| FTSE 100 | 3.82 |
| S&P 500 | 2.05 |

Source: Reuters.

**Comparative performance of the Ibex 35 and the Ibex 35 Total Return** FIGURE 2




## 4.4 Fast entry/fast exit

All benchmarks offer the option to assess stock entries and exits at least quarterly.

In Europe, both the Dax 40 and the Ibex 35 have procedures for incorporating large companies that have recently started trading (fast entry).[27] However, these new additions do not occur automatically and are instead implemented during quarterly reviews.

27 Although the technical rules of the Ibex 35 do not explicitly mention the concepts of fast entry/fast exit – unlike comparable benchmarks – the Ibex 35 does have similar mechanisms for incorporating newly listed securities.

The S&P 500 allows for the direct inclusion of companies that have conducted an initial public offering, without waiting for quarterly reviews.

For the Mib 40, a reserve list of stocks is prepared during the selection process for the benchmark. If any stock in the benchmark is removed, whether due to a corporate action or company bankruptcy, the administrator has the authority to replace it with a stock from the reserve list, without waiting for the quarterly reviews. Moreover, the administrator can conduct extraordinary reviews between the quarterly meetings to incorporate new securities.

### 4.5 Independent committees

All the benchmarks analysed have committees that perform the oversight function required by regulation. In all cases examined, except for the Cac 40 and the Ibex 35, these committees include members from the benchmark administrator itself. Only the committees of the Ibex 35 and the Cac 40 are composed exclusively of individuals independent of the administrator.

The degree of discretion these committees apply in their decisions varies, particularly regarding the selection of securities for inclusion in the benchmark calculation, as noted in

Section 3.3 above. The degree of discretion is virtually nil for the Dax 40, Mib 40, and PSI 20, whereas the advisory committees of both the Cac 40 and the S&P 500 exercise a greater degree of discretion, allowing them to select companies that are not strictly eligible based on the quantitative requirements.

## 5 Identification of possible areas for improvement in the Ibex 35 benchmark

The results presented so far highlight some areas related to the determination of free float and the entry and exit criteria where improvements to the Ibex 35 benchmark could be beneficial to enhance its usefulness and comprehensibility for users. This section also explores potential improvements to the transparency of the benchmark.

### 5.1 Determination of free float

In this area, possible enhancements have been evaluated regarding the accessibility of data needed for the calculation of free float, the potential alignment of participation percentages with those used by other benchmarks, and the advisability of using correction coefficients based on the tranche of free float in which the company falls.

### Data accessibility

As previously mentioned, the information that Sociedad de Bolsas uses to determine free float comes from the Register of Holders of Significant Shareholdings in Companies Issuing Securities, accessible through the CNMV's website.

Despite being sourced from an official register, this information has certain limitations regarding data accessibility. The primary drawback is the manual process the benchmark administrator must follow to obtain the information, which involves reviewing each company and each communication individually. This could potentially lead to calculation errors. Another significant issue is that this register does not allow digital links to be stored, necessitating the archiving of information in physical format.

The benchmark's technical standards also account for the reduction in free float due to direct shareholdings by members of company Boards of Directors, regardless of the number of shares. This data is also taken from the CNMV's Register of significant shareholdings. Currently, the administrator of the Ibex 35 no longer includes these holdings in the calculation of free float,[28] although it has not updated its technical regulations to reflect this change.

The technical challenges in obtaining the necessary information for calculating free float prevent the administrator from performing automatic rebalancing of the benchmark when capital increases occur, forcing a wait until the quarterly reviews. This automatic adjustment process is widely requested by market participants, as it benefits both passive management investors and issuers by maintaining the benchmark's representativeness and enhancing the visibility and liquidity of the company's shares. Therefore, there are opportunities for improvement in this area, particularly through further automation of the process.

### Thresholds for the consideration of significant shareholdings

The potential alignment of the threshold with European regulations, which define when a shareholding is considered significant, has been analysed for Ibex 35 companies as of July 2023. The analysis shows that out of the 14 companies with direct shareholdings between 3% and 5%, only one would change its range within the free float adjustment system. If the adjustment system maintains its current setup and excludes direct holdings below 5%, rather than below 3%, the benchmark capitalisation would be 0.07% higher compared to the current scenario. In other words, the benchmark capitalisation does not significantly change based on the threshold used for free float calculation.

28 Since the entry into force of Law 5/2021, of 12 April, which promotes long-term shareholder engagement in listed companies and removes the obligation for Directors to notify transactions in shares or financial instruments – requiring them only to notify such transactions under the regime set by the Market Abuse Regulation – this information is no longer available through the CNMV Registry.

In this case, considering the variation in capitalisation is insignificant, the differences in the free float determination system do not appear to be crucial. Given that the current requirement for disclosing significant shareholdings is based on a 3% threshold as established by Royal Decree 1362/2007, the use of this benchmark by the benchmark administrator ensures the consistency and reliability of the information used to calculate free float, and consequently, the composition of the benchmark.

### Adjustment factors

Adjustment factors are another key component in the calculation of free float, unique to the Ibex 35 benchmark. These factors are designed to modify the weight of companies, increasing the weight of those with lower market capitalisation and decreasing the weight of those with higher market capitalisation.

To evaluate whether it would be beneficial to eliminate these adjustment factors, the current system has been compared with a calculation method based on actual free float, aligned with international standards (see Annex 1). The conclusions suggest retaining the adjustment factors, despite this not being a common practice among comparable benchmarks, as illustrated by the following results:

– The current system of adjustment factors in the Ibex 35 tends to boost the capitalisation of its constituents. Specifically, at the end of July 2023, the free float of the Ibex 35 under the current adjustment system was 34% higher than the actual free float.

  At the company level, the use or elimination of the adjustment factor system has a significant impact. On one hand, the four largest companies would collectively see an increase of almost 4 percentage points in their benchmark weight under a system without adjustment factors, shifting from 48% to 52%. On the other hand, the use of adjustment factors increases the weight of an additional 25 companies, helping reduce the concentration of the benchmark in a few companies and enhancing the relative importance of smaller-cap companies.

  By further reducing the weight of large-cap companies, the adjustment factor system aligns the Spanish benchmark more closely with the concentration levels observed in other European benchmarks. However, it still lags behind Anglo-Saxon benchmarks, which display lower corporate concentration. This difference is primarily due to the larger number of corporations included in the Anglo-Saxon benchmarks, which reduces the influence of individual companies and leads to a more equitable distribution of weight among them.

**Most capitalised companies by benchmark as of September 2023** TABLE 14

| Ibex 35 | | Dax 40 | | Cac 40 | | PSI 20 | | FTSE 100 | | S&P 500 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Companies | % | Companies | % | Companies | % | Companies | % | Companies | % | Companies | % |
| Iberdrola | 14 | SAP SE | 10 | Louis Vuitton | 16 | EDP Energias | 23 | AstraZeneca | 8 | Apple Inc | 7 |
| Inditex | 13 | Siemens AG | 7 | L´Oreal | 9 | EDP Renovaveis | 22 | Shell | 8 | Microsoft | 6 |
| B. Santander | 12 | Airbus SE | 7 | Hermes | 8 | Jeronimo Martins | 19 | HSBC | 6 | Alphabet A | 4 |
| BBVA | 9 | Deutsche Tel. | 6 | Tot. Energ. | 6 | Galp Energia | 13 | Unilever | 5 | Alphabet B | 4 |
| Amadeus IT | 6 | Allianz | 6 | Sanofi | 5 | B. Com. Portugues | 5 | BP PLC | 4 | Amazon | 3 |

Source: Reuters.

– The use of adjustment factors by the Ibex 35 has, as we have seen, a direct impact on the weight of companies in the benchmark and, consequently, on its sectoral composition.

The financial sector holds the greatest weight in the benchmark (20% of the companies making up the Ibex 35 are banks and insurance companies, accounting for more than 28% of its capitalisation). This characteristic results in a significant correlation between the performance of this sector and the overall benchmark performance. The adjustment factor system benefits companies in other sectors by decreasing the weight of the financial sector, thereby reducing this correlation. As shown in Table 15, the average difference between adjusted and real free float is 30% for companies outside the financial sector, whereas for financial services companies, this percentage is reduced to 22%.

**Sectoral distribution of the Ibex 35 as of July 2023** TABLE 15

| Sector | Number of companies | Capitalisation with factors (euros) | Average weighting factor and actual free float (%) |
|---|---|---|---|
| Basic mats., industry and construction | 8 | 78,475,517,389 | 30.82 |
| Consumer services | 4 | 31,217,981,812 | 35.34 |
| Oil and energy | 8 | 119,255,445,779 | 15.50 |
| Financial services | 7 | 141,979,179,863 | 22.06 |
| Technology and telecommunications | 3 | 50,868,392,850 | 32.29 |
| Real estate services | 2 | 6,512,993,284 | 35.38 |
| Consumer goods | 3 | 72,198,233,724 | 29.29 |

Source: Reuters.

The high concentration of the Ibex 35 around one sector is not a unique characteristic of the Spanish benchmark. In fact, some comparable benchmarks also display significant sectoral concentrations, such as the energy sector, which accounts for over 48% in the PSI 20, or the technology sector, which constitutes 42% of the S&P 500.

**Sectorial distribution of benchmarks as of September 2023** TABLE 16

%

| Sector | Ibex 35 | Dax 30 | Cac 40 | FTSE 100 | S&P 500 | PSI |
|---|---|---|---|---|---|---|
| Financial | 24 | 15 | 8 | 19 | 7 | 5 |
| Utilities | 22 | 4 | 2 | 4 | 2 | 48 |
| Consumer cyclical | 19 | 19 | 33 | 8 | 12 | 0 |
| Technology | 13 | 27 | 6 | 3 | 42 | 2 |
| Manufacturing | 12 | 13 | 18 | 11 | 7 | 2 |
| Commodities | 4 | 8 | 5 | 12 | 2 | 8 |
| Energy | 4 | 1 | 6 | 12 | 4 | 13 |
| Healthcare | 2 | 11 | 9 | 13 | 12 | 0 |
| Real estate | 1 | 1 | 0 | 1 | 2 | 0 |
| Consumer non-cyclical | 0 | 2 | 13 | 17 | 9 | 21 |
| **Most represented sector** | **24** | **27** | **33** | **19** | **42** | **48** |

Fuente: Reuters.

## 5.2 Possible improvements in benchmark transparency

The criteria for the inclusion and exclusion of securities are considered adequate. However, there is room for improvement in the public information provided by Sociedad de Bolsas regarding these criteria. Specifically, other benchmarks have adopted the good practice of including specific sections in their technical rules under the term "fast entry", which outline the criteria for the inclusion of securities that have recently started trading, as well as the accompanying exclusions. This is a practice that the Ibex 35 administrator could consider adopting. Including examples, as done by other administrators, can also be seen as a good practice.

Since they are not practically considered, it is advisable to remove from the benchmark's technical rules the consideration of the shareholdings of members of the management bodies in the calculation of free float.

Although the rules on the composition of the Ibex 35 include a clear and assessable quantitative criterion, the capitalisation metric does not clearly define the eligibility factors based on liquidity. This may lead to doubts about the degree of discretion exercised by the TAC in selecting the securities that comprise the benchmark. Reference could be made to the approach used by other benchmark administrators, such as the Mib 40, which in its methodological document details the step-by-step process for selecting the basket of securities that make up the benchmark. Additionally, considering the use of examples, as is done for the FTSE 100, could also be beneficial.

The administrator's website could be enhanced to improve accessibility, navigability, and ease of finding the criteria and rules for benchmark calculation. Additionally, it would be beneficial to include content that aids understanding, such as clear, concise summaries of the criteria and technical rules for benchmark calculation.

This information can be presented not only in written form but also through other formats, such as short videos, to increase visibility and facilitate understanding and use.

Regarding the accessibility of data on significant shareholdings, the administrator could request that the CNMV provide this information in a digital, exportable, and easy-to-handle format. This would help reduce the risk of errors and the costs associated with manual processing. To ensure compliance with data protection regulations, it may be advisable to exclude personal information and restrict exportable data to just percentage shares. This can be achieved by assigning codes to holders instead of revealing their personal details. Such a measure would also facilitate the automatic or more frequent rebalancing of the benchmark.

Finally, to enhance investors' overall understanding of the Ibex 35, the benchmark of the Spanish stock market, educational materials could be published. These could take the form of fact sheets or quick guides and be made available in both print and audiovisual formats.

# 6 Conclusions

Based on the above, it can be concluded that the Ibex 35 is comparable to its European and Anglo-Saxon peers, maintaining a similar level of representativeness and internationalisation. Additionally, the sectoral diversification, market capitalisation of the companies included in the benchmark, market liquidity, and the weighting of the benchmark's shares show significant similarities with those of its European and Anglo-Saxon peers.

The benchmark's methodology is robust and aligns with that of other major comparable stock market benchmarks. However, there are certain areas for improvement, particularly with regard to the accessibility and clarity of the information and the technical standards used for its calculation.

Among the identified improvements, we propose actions to facilitate the collection and processing of data necessary for the benchmark's calculation, as well as to enhance the general understanding of the Ibex 35, the benchmark of the Spanish stock market, among investors.

This report and the proposals it contains form part of the CNMV's strategic efforts to enhance and strengthen capital markets. The objective is to improve the competitiveness and attractiveness of Spanish securities markets, thereby bolstering their capacity for corporate financing with maximum assurances for investors.

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# Annex 1 Securities forming part of the Ibex 35 as of 31 July 2023. Actual capitalisation and adjusted capitalisation

| Company | Adjustment factor applied (%) (1) | Free float (%) (2) | Total number of shares (3) | Price per share (4) | Capitalisation calculated with actual free float (€) (2) * (3) *(4) | Capitalisation calculated with adjustment factors (€) (1) * (2) * (3) | Percentage difference between the two methods (%) |
|---|---|---|---|---|---|---|---|
| IBERDROLA | 100 | 82.94 | 6,350,278,000 | 11.355 | 59,805,883,109 | 72,107,406,690 | 20.60 |
| INDITEX | 60 | 35.11 | 3,116,652,000 | 34.81 | 38,094,324,083 | 65,094,393,672 | 70.90 |
| B. SANTANDER | 100 | 91.88 | 16,184,146,059 | 3.684 | 54,782,248,130 | 59,622,394,081 | 8.80 |
| BBVA | 100 | 94.52 | 5,965,473,005 | 7.21 | 40,654,054,258 | 43,011,060,366 | 5.80 |
| AMADEUS IT | 100 | 74.24 | 450,499,205 | 65.22 | 21,811,987,324 | 29,381,558,150 | 34.70 |
| CELLNEX | 100 | 61.66 | 706,475,375 | 37.14 | 16,178,656,281 | 26,238,495,428 | 62.20 |
| TELEFÓNICA | 100 | 85.51 | 5,750,458,145 | 3.877 | 19,063,157,597 | 22,294,526,228 | 17.00 |
| FERROVIAL SE | 100 | 61.07 | 732,494,678 | 30.14 | 13,483,544,921 | 22,077,389,595 | 63.70 |
| CAIXABANK | 80 | 49.42 | 7,502,131,619 | 3.669 | 13,603,839,353 | 22,020,256,728 | 61.90 |
| REPSOL | 100 | 91.45 | 1,277,396,053 | 13.9 | 16,237,683,798 | 17,755,805,137 | 9.30 |
| AENA | 80 | 42.96 | 150,000,000 | 145.4 | 9,369,576,000 | 17,448,000,000 | 86.20 |
| INT.AIRL.GRP | 100 | 71.80 | 4,971,476,010 | 1.992 | 7,110,681,456 | 9,903,180,212 | 39.30 |
| ACS CONST. | 100 | 66.25 | 278,164,594 | 31.79 | 5,858,212,887 | 8,842,852,443 | 50.90 |
| ENDESA | 40 | 29.90 | 1,058,752,117 | 19.485 | 6,168,099,417 | 8,251,914,000 | 33.80 |
| REDEIA | 100 | 70.46 | 541,080,000 | 15.205 | 5,796,994,281 | 8,227,121,400 | 41.90 |
| B. SABADELL | 100 | 83.52 | 5,626,964,701 | 1.119 | 5,258,709,290 | 6,296,573,500 | 19.70 |
| ACCIONA | 80 | 41.86 | 54,856,653 | 136.35 | 3,131,303,549 | 5,983,763,709 | 91.10 |
| GRIFOLS | 100 | 57.27 | 426,129,798 | 13.35 | 3,257,937,658 | 5,688,832,803 | 74.60 |
| NATURGY | 20 | 15.03 | 969,613,801 | 27.74 | 4,042,901,123 | 5,379,417,368 | 33.10 |
| BANKINTER | 100 | 68.48 | 898,866,154 | 5.878 | 3,618,006,435 | 5,283,535,253 | 46.00 |
| ARCELOR MITTAL | 20 | 14.18 | 852,809,772 | 26.315 | 3,181,782,688 | 4,488,337,830 | 41.10 |
| ENAGÁS | 100 | 79.26 | 261,990,074 | 16.135 | 3,350,528,794 | 4,227,209,844 | 26.20 |
| MERLIN PROPERTIES | 100 | 67.56 | 469,770,750 | 8.47 | 2,688,144,406 | 3,978,958,253 | 48.00 |
| MAPFRE | 60 | 32.28 | 3,079,553,273 | 1.891 | 1,879,630,192 | 3,494,061,144 | 85.90 |
| FLUIDRA | 80 | 42.62 | 192,129,070 | 20.12 | 1,647,418,473 | 3,092,509,511 | 87.70 |
| LOGISTA | 80 | 41.74 | 132,750,000 | 25.32 | 1,403,111,851 | 2,688,984,000 | 91.60 |
| COLONIAL | 80 | 41.69 | 539,615,637 | 5.87 | 1,320,549,006 | 2,534,035,031 | 91.90 |
| ACERINOX | 100 | 73.00 | 259,724,345 | 9.572 | 1,814,814,583 | 2,486,081,430 | 37.00 |
| INDRA | 100 | 55.95 | 176,654,402 | 13.22 | 1,306,710,244 | 2,335,371,194 | 78.70 |
| UNICAJA | 80 | 45.51 | 2,654,833,479 | 1.06 | 1,280,707,599 | 2,251,298,790 | 75.80 |
| SACYR | 100 | 60.26 | 683,083,887 | 3.108 | 1,279,271,006 | 2,123,024,721 | 66.00 |
| ACCIONA RENOVABLES | 20 | 17.37 | 329,250,589 | 28.62 | 1,636,613,015 | 1,884,630,371 | 15.20 |
| SOLARIA | 80 | 49.62 | 124,950,876 | 14.225 | 881,976,660 | 1,421,940,969 | 61.20 |
| ROVI | 60 | 39.75 | 54,016,157 | 43.66 | 937,489,469 | 1,415,007,249 | 50.90 |
| MELIÁ HOTELES | 80 | 42.13 | 220,400,000 | 6.68 | 620,282,916 | 1,177,817,600 | 89.90 |

Source: BME and CNMV.

# Annex 2 Comparative analysis of the methodologies used to calculate the benchmarks

| Benchmark name | Ibex 35 | Dax 40 | Cac 40 | Mib 40 | PSI 20 | FTSE 100 | S&P 500 |
|---|---|---|---|---|---|---|---|
| Definition | Benchmark composed of the 35 most liquid shares traded on the Sistema de Interconexión Bursátil (SIBE), covering the four Spanish stock exchanges. | Benchmark featuring the top 40 companies listed on the Regulated Market of the Frankfurt Stock Exchange, based on market capitalisation and profitability. | Consists of the 40 leading companies by market capitalisation and liquidity, selected from those listed on Euronext Paris or those that, despite not having Euronext Paris as their primary market, meet specific criteria such as significant operations in France or substantial derivatives trading volumes in Paris. | Benchmark of the 40 largest and most liquid stocks listed on the Italian Stock Exchange. | Includes the 18 largest companies listed on Euronext Lisbon, along with up to two additional companies. | Benchmark of the 100 largest UK companies by market capitalisation, listed on the London Stock Exchange. | Comprises the 500 largest companies by market capitalisation in the United States, listed on one of the following markets: NYSE, NYSE Arca, NYSE American, Nasdaq Global Select Market, Nasdaq Select Market, Nasdaq Capital Market, Cboe BZX, Cboe BYX, Cboe EDGA or Cboe EDG. |
| Type of benchmark | Weighted by capitalisation. | Weighted by capitalisation. | Weighted by capitalisation. | Weighted by capitalisation. | Weighted by capitalisation. | Weighted by capitalisation. | Weighted by capitalisation. |
| Discretion of the Independent Committee | With decision-making power. | Does not make binding decisions. | Any decision to supplement, amend, review, or withdraw the benchmark rules requires approval. | Under certain conditions, there is some discretion to modify the composition of the benchmark. However, the term “exceptional circumstances” is not explicitly defined. | Any decision to supplement, amend, review, or withdraw the benchmark rules requires approval. | Does not make binding decisions. | With decision-making power. |

| Benchmark name | Ibex 35 | Dax 40 | Cac 40 | Mib 40 | PSI 20 | FTSE 100 | S&P 500 |
|---|---|---|---|---|---|---|---|
| Composition of the Independent Committee | Composed of a minimum of five and a maximum of nine members. They are all independent. | Composed of four members belonging to the Deutsche Börse Group and 5 members representing Stoxx Ltd. (of which 2 have no voting rights). | Composed of a minimum of five and a maximum of twelve members. For their selection, their independence is assessed. | Its members include the Head of Regulatory Compliance and Risks and the FTSE Legal Department. | Composed of four persons belonging to Euronext (Head of Risk and Compliance, and three other members preferably belonging to the Regulatory/ Government Affairs, Compliance and Finance departments). | Its members include the Head of Regulatory Compliance and Risks and the FTSE Legal Department. | All committee members are full-time, professional employees of S&P Dow Jones Benchmarks. |
| Benchmark admission criteria | – The average market capitalisation of the security must exceed 0.30% of the average market capitalisation of the benchmark during the control period.<br>– Liquidity quality is assessed based on trading volume, trade characteristics and sizes, statistics related to volumes and trading activity, spread quality, turnover rates, and other liquidity measures. | Companies traded on the German Xetra platform are selected if they meet the following criteria:<br>– The company must have a minimum free float of 10%.<br>– The security must have been listed for at least 30 trading days. | A ranking of companies traded on the Euronext Paris platform (which may also trade on other platforms) based on the following criteria:<br>– Capitalisation at the time of the review.<br>– Trading volume over the last 12 months.<br>– Stock turnover should exceed 20% or 30%, depending on the review, and for companies already included in the benchmark, it should be at least 10%. | The securities will be selected by creating a ranking based on the following criteria:<br>– Market capitalisation of the company on the review date. A requirement to have a free float greater than 5%.<br>– Voting rights held by shareholders considered as part of the free float.<br>– Liquidity assessed based on the trading volume of the shares over the last six months and the number of trading days during the review period. | Companies with a trading volume of at least 15% of their free float will be eligible, although this threshold may be reduced to 10% in certain cases. A ranking of companies meeting this criterion will be compiled based on:<br>– The market capitalisation of the companies on the review date. | To be included in the benchmark, the following conditions must be met:<br>– The share price must be accurate and reliable.<br>– At least 5% of the voting rights must be held by non-permanent shareholders.<br>– The company must have a free float of at least 10% for UK companies and 25% for foreign companies. Any company with a free float of 5% or less will not be eligible. | Benchmark values will be selected based on the following parameters:<br>– Capitalisation. A minimum access capitalisation is not defined.<br>– Liquidity assessed based on the closing price of the security by the trading volume divided by the capitalisation of the company. This parameter must exceed certain thresholds. However, the composition of the benchmark is subject to the discretion of the Committee, which will also take into account factors such as sector diversity. |

| Benchmark name | Ibex 35 | Dax 40 | Cac 40 | Mib 40 | PSI 20 | FTSE 100 | S&P 500 |
|---|---|---|---|---|---|---|---|
| Benchmark admission criteria | | – Minimum liquidity criterion: If a company is not currently included in the benchmark, its trading volume must exceed €1 billion or it must have a turnover ratio of at least 20%. For companies already in the benchmark, the trading volume must exceed €800 million over the last 12 months or show a turnover ratio of 10%.<br>– Companies must regularly publish specific financial information.<br>– For companies not yet part of the Dax, a positive EBITDA is required for the two most recent fiscal years. | If justified by user interest, companies that do not meet the ranking criteria may still be included in the benchmark. | An algorithm has been developed to compile this ranking. | The 18 largest companies from the developed ranking will be selected, provided their market capitalisation exceeds €100 million. Additionally, the 2 highest-ranked companies from positions 19 to 22 in the ranking will be selected, with preference given to companies that are already part of the benchmark.<br>If fewer than 20 eligible companies meet the minimum liquidity and capitalisation criteria, the benchmark will consist of only 18 companies. | – A minimum share turnover is required. For those companies that meet the above requirements, a ranking will be made based on market capitalisation. | |

| Benchmark name | Ibex 35 | Dax 40 | Cac 40 | Mib 40 | PSI 20 | FTSE 100 | S&P 500 |
|---|---|---|---|---|---|---|---|
| Benchmark admission criteria | | For all companies that meet the above criteria, a ranking is created based on:<br>– The average market capitalisation over the last 20 trading days (30 days for newly listed companies on the Frankfurt Stock Exchange). | | | | | |
| Benchmark reviews | Quarterly. | Quarterly.<br>– There is the possibility of an extraordinary review in the event that a company, due to insolvency, no longer meets the minimum criteria. | Quarterly. | Quarterly. | Quarterly. | Quarterly. | Quarterly. |

| Benchmark name | Ibex 35 | Dax 40 | Cac 40 | Mib 40 | PSI 20 | FTSE 100 | S&P 500 |
|---|---|---|---|---|---|---|---|
| Benchmark fast entry and exit | Yes, but not expressly defined in the technical rules. | Yes. | Yes. | Yes.<br>If a company exits the benchmark (due to acquisition, bankruptcy, etc.), its replacement can be carried out outside the quarterly reviews. During these reviews, a reserve list of stocks is created for such situations. Additionally, there is a fast-track entry procedure into the benchmark, but this must wait until the quarterly reviews.<br>In exceptional cases, extraordinary reviews may be conducted to incorporate a new security. | Yes. | Yes. | Yes. |
| Captive capital | Captive capital is considered to include:<br>– Direct stakes of 3% or more of the capital.<br>– Direct stakes held by members of the Board of Directors, regardless of their size. | Capital held by shareholders with at least 5% of the capital, except for asset managers, pension funds, and other investment firms. | Capital held by shareholders with at least 5% of the capital, unless they are collective investment schemes, in which case they are considered captive capital if they hold 5% or more and have representation on the Board of Directors. Additionally, the following are also considered captive capital: | Generally, there are no specific thresholds defining captive capital, but the focus is on the type of shareholder and the nature of their investment. Investments with a minimum holding period and shares held by employees (including family members and direct relations) or by public entities are excluded from the free float. | As a general rule, a holding exceeding 5% of the share capital is considered captive capital, unless held by collective investment schemes, in which case it is considered captive capital if they hold 5% or more and have representation on the Board of Directors. Captive capital is considered to include: | Generally, there are no specific thresholds defining captive capital, but the focus is on the type of shareholder and the nature of their investment. As a result, investments with a minimum holding period and shares held by employees or public entities, among others, are excluded from free float. | A captive shareholding is considered to be one held by any natural person greater than 5%. The methodology lists the subjects that could be considered strategic shareholders, whose shares should be excluded, although this list is not limited. |

| Benchmark name | Ibex 35 | Dax 40 | Cac 40 | Mib 40 | PSI 20 | FTSE 100 | S&P 500 |
|---|---|---|---|---|---|---|---|
| Captive capital | | | – Groups of shareholders who collectively hold at least 5% of a company's shares.<br>– Employee share ownership schemes and employee pension plans, individual employees, managers, or Board members of the company in question where their combined shareholding is 5% or more.<br>– Shares held by the company itself when they represent at least 5%. | | – Groups of shareholders who collectively hold at least 5% of a company's shares.<br>– Employee share ownership schemes and employee pension plans, individual employees, managers, or Board members of the company in question where their combined shareholding is 5% or more.<br>– Shares held by the company itself when they represent at least 5%. | | |
| Weighting | No single security can represent more than 20% of the benchmark's capitalisation. | No single security can represent more than 10% of the benchmark's capitalisation. | No single security can represent more than 15% of the benchmark's capitalisation. | No single security can represent more than 15% of the benchmark's capitalisation. | No single security can represent more than 12% of the benchmark's capitalisation. | There is no limit to a company's exposure to the benchmark. | There is no limit to a company's exposure to the benchmark. |

# III Legislative annex

Since the publication of the *CNMV Bulletin* for the second half of 2023, the following legislative developments have occurred:

## Spanish legislation

– Royal Decree 813/2023, of 8 November, on the legal framework for investment firms and other entities providing investment services.

  The objectives of this Royal Decree, derived from Law 6/2023 of 17 March on Securities Markets and Investment Services, are to modernise financial markets to meet new demands, strengthen investor protection measures (the Decree establishes a comprehensive set of rules governing the actions of investment service providers), align the organisational requirements of investment service entities with the complexity of their services, and ensure a level playing field within the European Union.

  Repealed are Royal Decree 217/2008, of 15 February, on the legal regime for investment firms and other entities providing investment services, which partially amended the Regulations of Law 35/2003, of 4 November, on Collective Investment Undertakings, approved by Royal Decree 1309/2005, of 4 November; and Royal Decree 816/2023, of 8 November, which amends the Regulations implementing Law 35/2003, of 4 November, on Collective Investment Undertakings, approved by Royal Decree 1082/2012, of 13 July.

– Royal Decree 814/2023, of 8 November, on financial instruments, admission to trading, registration of negotiable securities and market infrastructures.

  This Royal Decree simplifies and reorganises the previously existing rules regarding the regulatory framework for the registration of financial instruments and transferable securities, the admission of transferable securities to trading on regulated markets, public offerings for sale or subscription, and the required prospectus. It also covers trading venues and post-trading market infrastructures, maintaining the core regulations within the text of Law 6/2023 and expanding on these within this Decree. By distributing the subjects between Law 6/2023 and this Decree, the aim is to enhance the clarity and understanding of the regulations for their intended users, thereby facilitating easier interpretation and application.

  Additionally, to streamline the regulatory landscape and ensure that the obligations are clearly identifiable for those who must comply with them, this Decree consolidates all existing regulatory provisions related to the registration of transferable securities, trading venues, and clearing, settlement, and registration systems. Consequently, the current Royal Decrees will be repealed and their contents integrated into this document.

  The following regulations are hereby repealed:

i) Royal Decree 1310/2005, of 4 November, which partially implements Law 24/1988, of 28 July, on the Securities Market. This Royal Decree pertains to the admission of securities to trading on official secondary markets, public offerings for sale or subscription, and the prospectus required for these activities.

ii) Royal Decree 361/2007, of 16 March, which implements Law 24/1988, of 28 July, on the Securities Market concerning shareholdings in companies managing secondary securities markets and firms that operate securities registration, clearing, and settlement systems.

iii) Royal Decree 878/2015, of 2 October, which addresses the clearing, settlement, and registration of transferable securities represented by book entries, the regulatory framework for central securities depositories and central counterparty entities, and the transparency requirements for issuers of securities admitted to trading on an official secondary market.

iv) Royal Decree 1464/2018, of 21 December, which implements the consolidated text of the Securities Market Law, approved by Royal Legislative Decree 4/2015, of 23 October, and Royal Decree-Law 21/2017, of 29 December, regarding urgent measures to adapt Spanish law to European Union securities market regulations. This Royal Decree also partially amends Royal Decree 217/2008, of 15 February, concerning the legal regime for investment firms and other entities providing investment services, as well as partially amending the Regulations of Law 35/2003, of 4 November, on Collective Investment Schemes, approved by Royal Decree 1309/2005, of 4 November, among other decrees related to the securities market.

v) Order EHA/3537/2005, of 10 November, which implements Article 27.4 of Law 24/1988, of 28 July, on the Securities Market, along with any regulations of equal or lower authority that conflict with the provisions of this Royal Decree.

– Royal Decree 815/2023, of 8 November, implementing Law 6/2023, of 17 March, on Securities Markets and Investment Services, in relation to the official registers of the CNMV, cooperation with other authorities, and the supervision of investment services firms.

  The main content of this Royal Decree pertains to establishing and elaborating on the administrative supervisory powers and responsibilities granted to the CNMV (National Securities Market Commission) under the law, to ensure it fulfils its objectives.

  This Royal Decree provides detailed information on the official registers that the CNMV is required to set up and maintain, which are crucial for ensuring the transparency necessary for the proper functioning of the securities markets. Law 6/2023, of 17 March, mentions various registers in different areas (such as prospectuses, entities responsible for maintaining accounting records, national financial advisory firms, etc.), as specified in Article 2 of this Royal Decree. Therefore, this Royal Decree presents a comprehensive list of the official public registers that the CNMV will maintain.

An important aspect regulated by this Royal Decree concerns the specific provisions for the supervision of investment firms, and it is here that the partial transposition of Directive 2019/2034 is primarily addressed. Investment firms represent one of the most significant categories of financial intermediaries in the securities markets, both in terms of their number and their importance. Consequently, the regulations set out specific provisions for the exercise of supervisory powers over these firms. To a large extent, these supervisory powers are derived from European Union law, particularly Directive (EU) 2019/2034 of the European Parliament and of the Council, of 27 November 2019, on the prudential supervision of investment firms, which also amends Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU, and 2014/65/EU.

– Royal Decree 816/2023, of 8 November, amending the Regulations implementing Law 35/2003 of 4 November on Collective Investment Schemes, approved by Royal Decree 1082/2012, of 13 July.

  As a consequence of the amendments introduced by Law 18/2022, of September 28, on the creation and growth of companies, and by Law 6/2023, of March 17, on Securities Markets and Investment Services, in Law 35/2003, of November 4, on Collective Investment Schemes, and in Law 22/2014, of November 12, which regulates venture capital entities, other closed-end collective investment entities, and the management companies of these entities, as well as amending Law 35/2003, of November 4, on Collective Investment Schemes, modifications to the aforementioned regulations are incorporated by this Royal Decree.

  These amendments aim to enhance the legal framework for Spanish collective investment schemes to boost their competitiveness and improve their functionality, as well as to adjust Spanish regulations to align with European Union law. Given that the amendments affect regulations with legislative status, the necessary adjustments are made at the regulatory level in the Regulations implementing Law 35/2003.

  Additionally, the changes established by Commission Delegated Directive (EU) 2021/1270, of 21 April 2021, which amends Directive 2010/43/EU regarding sustainability risks and factors to be considered for undertakings for collective investment in transferable securities (UCITS), are transposed.

– Royal Decree 1180/2023, of 27 December, amending Royal Decree 948/2001, of 3 August, on Investor Compensation Schemes, and the Regulations implementing Law 35/2003, of 4 November, on Collective Investment Schemes, approved by Royal Decree 1082/2012, of 13 July.

  Royal Decree 948/2001, of 3 August, on Investor Compensation Schemes is amended. Law 6/2023, of 17 March, on Securities Markets and Investment Services and Royal Decree 813/2023, of 8 November, on the legal regime for investment firms and other entities providing investment services, transpose into Spanish law the key aspects of Directive (EU) 2019/2034 of the European Parliament and of the Council, of 27 November 2019, on the prudential supervision of investment firms. One of the new features of this prudential regime is the modification of initial capital requirements. Directive (EU) 2019/2034 of the European Parliament and of the Council, of 27 November 2019, does not allow for flexibility for these firms. A national regime has been established, without a European passport and without applying the third-country regime, which permits financial advisory firms (EAFs) to continue operating with insurance.

Pursuant to Law 6/2023, of 17 March, on Securities Markets and Investment Services, and Royal Decree 813/2023, of 8 November, on the legal regime for investment firms and other entities providing investment services, the adoption regime of the General Investment Guarantee Fund (FOGAIN) is extended to all financial advisory firms (EAFs), regardless of whether they are subject to the national regime without a European passport.

A transitional regime is established to adapt to the new legal regime for contributions to FOGAIN.

The Royal Decree also introduces further enhancements to the legal framework governing collective investment schemes (CIS), aiming to promote and improve collective investment. This sector's proper functioning benefits the overall economic activity and must be coupled with investor protection, particularly individual investors. In this regard, amendments are made to Articles 5, 6, 73, and 74 of the Regulations implementing Law 35/2003, of 4 November, on Collective Investment Schemes to align the success fee regime with the recent guidelines of the European Securities and Markets Authority (ESMA).

Article 35 is amended to clarify that in cases of the dissolution and liquidation of an investment fund, it remains possible to make interim payments via the redemption of units, while maintaining the suspension of the participant's right to request redemption.

Article 51 of the Regulations implementing Law 35/2003, of 4 November, on Collective Investment Schemes is amended, removing the quantitative limits imposed on CIS for investing in financial instruments that carry voting rights over an issuer.

In Article 53, the requirement for a 1% liquidity ratio for CIS is eliminated, since current regulations already provide sufficient mechanisms for liquidity management, and it is a requirement that is not mandated by European Union law. Certain provisions applicable to hedge fund CIS and funds of hedge funds, as regulated in Articles 73 and 74 respectively, are amended. Additionally, the regulations for special purpose sub-funds, governed by Articles 75 and 78.7, are also amended to address technical adjustments aimed at improving their functionality. Article 78.3 is amended to provide greater flexibility in calculating the net asset value, ensuring that subscriptions and redemptions can be processed at least every two weeks. Additionally, section 6 allows fund management rules to specify notice periods that align with the maximum timeframe for processing subscription and redemption requests, thereby facilitating the management of funds that focus on less liquid assets.

Furthermore, Article 104 enhances the diversification limits for collective investment scheme (CIS) management companies, including a 25% concentration cap on a single entity or group, encompassing not only issued securities but also all financial instruments and cash. Finally, adjustments are made to the voting rights policy to align Spanish regulations with second-level European standards.

– Royal Decree-Law 8/2023, of 27 December, which adopts measures to address the economic and social consequences of the conflicts in Ukraine and the Middle East, as well as to mitigate the effects of the drought.

  Title I focuses on economic measures and includes urgent actions regarding the regime for compensation and commissions for early repayment of variable interest rate mortgages and their conversion to fixed interest rates. It also amends Title and Section 1 of Article 35 of Royal Decree-Law 19/2018, of 23 November, on payment services and other urgent financial measures, specifically concerning the costs and commissions for payment services charged by payment service providers. To prevent system disruptions, the obligations and requirements specified in Regulation (EU) 2022/2554 of the European Parliament and the Council, of 14 December 2022, on the digital operational resilience of the financial sector (DORA Regulation) are applied to payment system operators, payment scheme operators, electronic payment arrangement operators, payment processors, and other providers of technological or technical services. The Co-investment Fund, F.C.P.J. (FOCO or Fund), a fund without legal personality, is established under the Ministry of Economy, Trade and Enterprise through the State Secretariat for Trade, aimed at attracting foreign investment and promoting modernisation in industry. Contributions to the Autonomous Community Resilience Fund and the InvestEU financial instrument are also regulated.

  Title II is divided into two chapters dedicated to fiscal measures and local financing. Title III covers energy-related measures. Title IV incorporates support measures to alleviate the impact of drought. Title V includes aid for passenger transport. Title VI is devoted to social measures.

## Comisión Nacional del Mercado de Valores (Spain's National Securities Market Commission, "CNMV")

– Agreement of 20 December 2023, of the Board of the CNMV, initiating the procedure for renewing the Advisory Committee.

– Resolution of 1 March 2024, of the National Securities Market Commission, publishing the Agreement of the Supervisory Board overseeing the renewal procedure for the Advisory Committee, which includes the provisional list of designated candidates.

– Resolution of 18 March 2024, of the National Securities Market Commission, publishing the Agreement with AFI Escuela for the provision of both curricular and extracurricular Master's degree internships.

## Other

– Bank of Spain Circular 3/2023, of 31 October, amending Circular 2/2016, of 2 February, which applies to credit institutions regarding supervision and solvency, thus completing the adaptation of Spanish law to Directive 2013/36/EU and Regulation (EU) No. 575/2013; and Circular 1/2022, of 24 January, which applies to financial credit institutions concerning liquidity, prudential rules, and reporting obligations.

  Law 18/2022, of 28 September, focused on the creation and growth of companies, amended Article 13(4) of Law 10/2014, of 26 June, on the regulation, supervision, and solvency of credit institutions. This amendment includes the prohibition of accepting deposits or other repayable funds from the public under the freedom to provide services without a branch in Spain by credit institutions based in non-EU countries.

  The Circular amends Circular 2/2016, of 2 February, on supervision and solvency, aligning its wording with the changes brought by Law 18/2022 to Law 10/2014, specifically concerning non-EU institutions operating in Spain without a branch. It also introduces certain criteria for the assessment of the authorisation process. Accordingly, the circular incorporates the minimum aspects to be analysed during this process and references the application of Article 149 of Law 6/2023, of 17 March, on Securities Markets and Investment Services for institutions intending to offer investment services in Spain under a branchless service provision regime. Additionally, it removes the content of the application form. These amendments affect Rule 4 of Circular 2/2016, titled "Branches and provision of services without a branch in Spain by credit institutions headquartered in non-EU countries".

  Furthermore, this Circular revises the reporting obligations to the Banco de España regarding remuneration for both credit institutions and financial credit institutions.

## European Securities and Markets Authority (ESMA)

– Guidelines on MiFID II product governance requirements (03.08.2023). European Securities and Markets Authority (ESMA).

– Guidelines amending Guidelines EBA/GL/2022/01 on improving resolvability for institutions and resolution authorities under articles 15 and 16 of Directive 2014/59/EU (Resolvability Guidelines) to introduce a new section on resolvability testing (13.06.2023). European Banking Authority (EBA).

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

- Commission Regulation (EU) 2023/2822, of 19 December 2023, amending Regulation (EU) 2023/1803 as regards International Accounting Standard 1.

  Published in the *OJEU* (L) No. 2822, of 20 December 2023, pp. 1–6.

- Regulation (EU) 2023/2859 of the European Parliament and of the Council, of 13 December 2023, establishing a single European access point that provides centralised access to publicly available information relevant to financial services, capital markets and sustainability.

  Published in the *OJEU* (L) No. 2859, of 20 December 2023, pp. 1–22.

- Directive (EU) 2023/2864 of the European Parliament and of the Council, of 13 December 2023, amending certain Directives with regard to the establishment and operation of the single European access point.

  Published in the *OJEU* (L) No. 2864, of 20 December 2023, pp. 1–27.

- Regulation (EU) 2023/2869 of the European Parliament and of the Council, of 13 December 2023, amending certain Regulations with regard to the establishment and operation of the single European access point.

  Published in the *OJEU* (L) No. 2869, of 20 December 2023, pp. 1–28.

- Regulation (EU) 2023/2845 of the European Parliament and of the Council, of 13 December 2023, amending Regulation (EU) No. 909/2014 regarding settlement discipline, cross-border service provision, supervisory cooperation, the provision of ancillary banking services, and the requirements for third-country central securities depositories, and amending Regulation (EU) No. 236/2012.

  Published in the *OJEU* (L) No. 2845, of 27 December 2023, pp. 1–38.

- Commission Delegated Regulation (EU) 2024/358, of 29 September 2023, supplementing Regulation (EU) 2020/1503 of the European Parliament and of the Council concerning regulatory technical standards that specify requirements on credit scoring for crowdfunding projects, the pricing of crowdfunding offers, and risk management policies and procedures.

  Published in the *OJEU* (L) No. 358, of 22 January 2024, pp. 1–14.

- Commission Delegated Regulation (EU) 2024/363, of 11 October 2023, amending the regulatory technical standards laid down in Delegated Regulation (EU) 2015/2205 concerning the transition to the TONA and SOFR indices used as benchmarks in certain OTC derivative contracts.

  Published in the *OJEU* (L) No. 363, of 22 January 2024, pp. 1–4.

- Commission Delegated Regulation (EU) 2024/595, of 9 November 2023, supplementing Regulation (EU) No. 1093/2010 of the European Parliament and of the Council as regards regulatory technical standards specifying the relevance of deficiencies, the type of information to be collected, the practical implementation of information collection, and the analysis and dissemination of the information contained in the anti-money laundering and counter-terrorism financing central database referred to in Article 9a(2) of that Regulation.

  Published in the *OJEU* (L) No. 595, of 16 February 2024, pp. 1–18.

- Commission Delegated Regulation (EU) 2024/818, of 28 November 2023, amending the regulatory technical standards laid down in Delegated Regulation (EU) No. 153/2013 with respect to the extension of the temporary emergency measures relating to the collateral requirements of CCPs.

  Published in the *OJEU* (L) No. 818, of 6 March 2024, pp. 1–3.

- Directive (EU) 2024/790 of the European Parliament and of the Council, of 28 February 2024, amending Directive 2014/65/EU on markets in financial instruments.

  Published in the *OJEU* (L) No. 790, of 08 March 2024, pp. 1–11.

- Regulation (EU) 2024/791 of the European Parliament and of the Council, of 28 February 2024, amending Regulation (EU) No. 600/2014 regarding the improvement of data transparency, the removal of obstacles to the establishment of consolidated reporting systems, the optimisation of trading obligations, and the prohibition of receiving payments for order flow.

  Published in the *OJEU* (L) No. 791, of 08 March 2024, pp. 1–46.

- Commission Implementing Regulation (EU) 2024/796, of 4 March 2024, amending the implementing technical standards laid down in Implementing Regulation (EU) No. 650/2014 concerning the information to be published by competent authorities in accordance with Directive 2013/36/EU of the European Parliament and of the Council.

  Published in the *OJEU* (L) No. 796, of 08 March 2024, pp. 1–5.

- Commission Implementing Regulation (EU) 2024/910, of 15 December 2023, laying down implementing technical standards for the application of Directive 2009/65/EC of the European Parliament and of the Council regarding the form and content of information to be reported in connection with the cross-border activities of certain undertakings for collective investment in transferable securities (UCITS) and UCITS management companies, and the exchange of information between competent authorities about cross-border activity notification letters, and amending Commission Regulation (EU) No. 584/2010.

  Published in the *OJEU* (L) No. 910, of 25 March 2024, pp. 1–25.

– Commission Delegated Regulation (EU) 2024/911, of 15 December 2023, supplementing Directive 2009/65/EC of the European Parliament and of the Council regarding regulatory technical standards specifying the information to be reported in relation to the cross-border activities of management companies and undertakings for collective investment in transferable securities (UCITS).

  Published in the *OJEU* (L) No. 911, of 25 March 2024, pp. 1–4.

– Commission Delegated Regulation (EU) 2024/912, of 15 December 2023, supplementing Directive 2011/61/EU of the European Parliament and of the Council regarding regulatory technical standards specifying the information to be reported in relation to the cross-border activities of alternative investment fund managers (AIFMs).

  Published in the *OJEU* (L) No. 912, of 25 March 2024, pp. 1–4.

– Commission Implementing Regulation (EU) 2024/913, of 15 December 2023, laying down implementing technical standards for the application of Directive 2011/61/EU of the European Parliament and of the Council regarding the form and content of information to be reported in relation to the cross-border activities of alternative investment fund managers and the exchange of information between competent authorities on notification submissions of cross-border activities.

  Published in the *OJEU* (L) No. 913, of 25 March 2024, pp. 1–22.

– Directive (EU) 2024/927 of the European Parliament and of the Council, of 13 March 2024, amending Directives 2011/61/EU and 2009/65/EC as regards delegation arrangements, liquidity risk management, supervisory reporting, the provision of depository and custodial services, and lending by alternative investment funds.

  Published in the *OJEU* (L) No. 927, of 26 March 2024, pp. 1–47.

# IV Statistics Annex

# 1 Markets

## 1.1 Equity

### Share issues and public offerings[1]

TABLE 1.1

| | 2021 | 2022 | 2023 | 2023 I | II | III | IV | 2024 I |
|---|---|---|---|---|---|---|---|---|
| **NO. OF ISSUERS** | | | | | | | | |
| Total | 32 | 27 | 20 | 6 | 8 | 11 | 6 | 8 |
| Capital increases | 31 | 27 | 20 | 6 | 8 | 11 | 6 | 8 |
| Primary offerings | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bonus issues | 14 | 12 | 11 | 3 | 3 | 7 | 2 | 3 |
| Of which, scrip dividend | 10 | 11 | 10 | 3 | 3 | 7 | 1 | 3 |
| Capital increases by conversion | 4 | 4 | 3 | 2 | 2 | 2 | 1 | 2 |
| For non-monetary consideration | 4 | 2 | 1 | 0 | 0 | 1 | 0 | 0 |
| With pre-emptive subscription rights | 4 | 2 | 2 | 0 | 1 | 0 | 1 | 1 |
| Without trading warrants | 10 | 10 | 4 | 1 | 3 | 1 | 2 | 3 |
| Secondary offerings | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **NO. OF ISSUERS** | | | | | | | | |
| Total | 50 | 55 | 39 | 9 | 10 | 13 | 7 | 9 |
| Capital increases | 49 | 55 | 39 | 9 | 10 | 13 | 7 | 9 |
| Primary offerings | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bonus issues | 20 | 16 | 15 | 3 | 3 | 7 | 2 | 3 |
| Of which, scrip dividend | 16 | 15 | 14 | 3 | 3 | 7 | 1 | 3 |
| Capital increases by conversion | 4 | 14 | 14 | 5 | 3 | 4 | 2 | 2 |
| For non-monetary consideration | 5 | 5 | 1 | 0 | 0 | 1 | 0 | 0 |
| With pre-emptive subscription rights | 4 | 2 | 2 | 0 | 1 | 0 | 1 | 1 |
| Without trading warrants | 15 | 17 | 7 | 1 | 3 | 1 | 2 | 3 |
| Secondary offerings | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **CASH VALUE** (millions of euros) | | | | | | | | |
| Total | 19,906.1 | 6,111.8 | 3,677.5 | 1,039.5 | 372.5 | 1,996.0 | 269.5 | 1,086.9 |
| Capital increases | 17,705.8 | 6,111.8 | 3,677.5 | 1,039.5 | 372.5 | 1,996.0 | 269.5 | 1,086.9 |
| Primary offerings | 100.0 | 200.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Bonus issues | 5,478.1 | 3,591.5 | 3,281.0 | 1,025.6 | 35.6 | 1,983.7 | 236.2 | 939.4 |
| Of which, scrip dividend | 5,451.8 | 3,590.0 | 3,279.5 | 1,025.6 | 35.6 | 1,983.7 | 234.6 | 939.4 |
| Capital increases by conversion | 109.5 | 81.6 | 51.5 | 13.9 | 28.3 | 7.1 | 2.3 | 12.2 |
| For non-monetary consideration[2] | 3,525.3 | 1,381.2 | 5.2 | 0.0 | 0.0 | 5.2 | 0.0 | 0.0 |
| With pre-emptive subscription rights | 7,060.4 | 254.2 | 181.1 | 0.0 | 150.1 | 0.0 | 31.0 | 39.8 |
| Without trading warrants | 1,432.6 | 603.3 | 158.5 | 0.0 | 158.5 | 0.0 | 0.0 | 95.4 |
| Secondary offerings | 2,200.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **NOMINAL VALUE** (millions of euros) | | | | | | | | |
| Total | 4,967.2 | 529.6 | 277.3 | 85.8 | 36.5 | 133.9 | 21.1 | 78.9 |
| Capital increases | 4,884.9 | 529.6 | 277.3 | 85.8 | 36.5 | 133.9 | 21.1 | 78.9 |
| Primary offerings | 5.4 | 0.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Bonus issues | 796.2 | 334.4 | 208.8 | 77.6 | 2.1 | 127.5 | 1.6 | 68.2 |
| Of which, scrip dividend | 770.0 | 332.9 | 207.3 | 77.6 | 2.1 | 127.5 | 0.1 | 68.2 |
| Capital increases by conversion | 46.3 | 6.5 | 40.7 | 8.2 | 26.8 | 5.6 | 0.1 | 2.1 |
| For non-monetary consideration | 3,289.0 | 19.3 | 0.8 | 0.0 | 0.0 | 0.8 | 0.0 | 0.0 |
| With pre-emptive subscription rights | 98.8 | 22.9 | 21.8 | 0.0 | 2.4 | 0.0 | 19.4 | 2.6 |
| Without trading warrants | 649.2 | 145.6 | 5.1 | 0.0 | 5.1 | 0.0 | 0.0 | 5.9 |
| Secondary offerings | 82.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| ***Pro memoria:* transactions BME Growth[3]** | | | | | | | | |
| No. of issuers | 44 | 41 | 35 | 12 | 11 | 15 | 13 | 14 |
| No. of issues | 77 | 88 | 111 | 30 | 21 | 24 | 36 | 27 |
| Cash value (millions of euros) | 2,440.8 | 2,329.5 | 1,517.9 | 102.9 | 567.9 | 496.6 | 350.6 | 79.4 |
| Capital increases | 2,440.8 | 2,329.5 | 1,517.9 | 102.9 | 567.9 | 496.6 | 350.6 | 79.4 |
| Of which, primary offerings | 1,654.2 | 1,487.1 | 986.7 | 0.0 | 481.3 | 455.1 | 50.2 | 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 I | II | III | IV | 2024 I |
|---|---|---|---|---|---|---|---|---|
| Total electronic market[2] | 123 | 121 | 120 | 120 | 120 | 120 | 120 | 120 |
| Of which, foreign companies | 6 | 6 | 8 | 6 | 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 | 9 | 8 | 8 | 8 | 8 |
| Madrid | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Barcelona | 6 | 6 | 5 | 6 | 5 | 5 | 5 | 5 |
| Bilbao | 2 | 2 | 0 | 2 | 2 | 0 | 0 | 0 |
| Valencia | 1 | 0 | 2 | 0 | 0 | 2 | 2 | 2 |
| BME MTF Equity[3] | 2,432 | 1,349 | 655 | 819 | 716 | 677 | 655 | 655 |
| Latibex | 19 | 19 | 18 | 19 | 18 | 18 | 18 | 18 |

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

## Capitalisation[1]

TABLE 1.3

Millions of euros

| | 2021 | 2022 | 2023 | 2023 I | II | III | IV | 2024 I |
|---|---|---|---|---|---|---|---|---|
| Total electronic market[2] | 781,805.0 | 724,476.0 | 862,511.2 | 791,476.3 | 800,849.6 | 804,856.2 | 862,511.2 | 927,728.4 |
| Of which, foreign companies[3] | 147,213.9 | 141,178.4 | 195,490.0 | 155,953.6 | 161,893.9 | 179,416.9 | 195,490.0 | 218,450.2 |
| Ibex 35 | 475,870.0 | 438,222.8 | 520,388.7 | 488,225.9 | 500,608.7 | 489,171.6 | 520,388.7 | 569,051.0 |
| 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 | 1,305.4 | 1,136.4 | 1,242.2 | 1,366.5 | 1,417.4 |
| Madrid | 23.1 | 32.8 | 33.2 | 36.5 | 34.5 | 34.5 | 33.2 | 31.2 |
| Barcelona | 1,258.7 | 1,201.5 | 1,234.0 | 1,275.4 | 1,108.4 | 1,214.2 | 1,234.0 | 1,238.1 |
| Bilbao | 19.2 | 0.0 | 14.7 | 14.7 | 14.7 | 14.7 | 14.7 | 14.7 |
| 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 | 36,209.6 | 36,125.4 | 34,337.9 | 34,634.1 | 36,299.1 |
| Latibex | 196.1 | 228.5 | 305.9 | 239.3 | 258.8 | 283.6 | 305.9 | 302.5 |

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.

## Trading

TABLE 1.4

Millions of euros

| | 2021 | 2022 | 2023 | 2023 I | 2023 II | 2023 III | 2023 IV | 2024 I |
|---|---|---|---|---|---|---|---|---|
| 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.

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

TABLE 1.5

Millions of euros

| | 2021 | 2022 | 2023 | 2023 I | 2023 II | 2023 III | 2023 IV | 2024 I |
|---|---|---|---|---|---|---|---|---|
| Regular trading | 355,841.2 | 342,364.3 | 290,657.5 | 86,581.5 | 72,936.5 | 60,310.7 | 70,828.8 | 73,431.2 |
| Orders | 237,430.5 | 247,439.8 | 209,439.7 | 65,236.4 | 47,567.6 | 44,760.7 | 51,875.1 | 58,210.2 |
| Put-throughs | 40,006.0 | 35,058.8 | 27,822.5 | 8,951.4 | 7,114.3 | 5,441.9 | 6,314.9 | 7,946.7 |
| Block trades | 78,404.7 | 59,865.7 | 53,395.3 | 12,393.7 | 18,254.6 | 10,108.1 | 12,638.9 | 7,274.4 |
| Off-hours | 4,890.0 | 3,873.0 | 2,291.9 | 807.9 | 820.0 | 299.5 | 364.5 | 1,194.9 |
| Authorised trades | 1,213.3 | 867.1 | 387.0 | 84.6 | 65.7 | 183.9 | 52.9 | 51.4 |
| 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 | 0.0 | 0.0 | 994.5 |
| Public offerings for sale | 1,723.2 | 467.5 | 72.4 | 0.0 | 72.4 | 0.0 | 0.0 | 0.0 |
| 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 | 442.1 | 423.5 | 461.2 | 848.5 | 412.9 |
| Hedge transactions | 1,211.5 | 1,417.5 | 911.9 | 306.6 | 191.5 | 159.5 | 254.3 | 297.3 |

1 Without ETFs (Exchange Traded Funds).

## 1.2 Fixed income

### Gross long-term issues registered at the CNMV

TABLE 1.6

| | | | | 2023 | | | | 2024 |
|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | I | II | III | IV | I |
| **NO. OF ISSUERS** | | | | | | | | |
| Total | 30 | 27 | 28 | 16 | 12 | 8 | 3 | 7 |
| Mortgage-covered bonds | 7 | 8 | 9 | 6 | 5 | 0 | 0 | 4 |
| Territorial-covered bonds | 3 | 3 | 1 | 1 | 0 | 0 | 0 | 0 |
| Non-convertible bonds and debentures | 10 | 7 | 9 | 4 | 6 | 4 | 0 | 0 |
| Convertible bonds and debentures | 3 | 2 | 3 | 1 | 2 | 0 | 0 | 2 |
| Backed securities | 12 | 11 | 11 | 3 | 2 | 3 | 3 | 1 |
| Other fixed-income issues | 1 | 0 | 2 | 2 | 0 | 0 | 0 | 0 |
| Preference shares | 3 | 0 | 3 | 2 | 0 | 1 | 0 | 1 |
| **NO. OF ISSUES** | | | | | | | | |
| Total | 156 | 127 | 109 | 40 | 33 | 26 | 10 | 10 |
| Mortgage-covered bonds | 16 | 21 | 18 | 7 | 11 | 0 | 0 | 5 |
| Territorial-covered bonds | 3 | 4 | 1 | 1 | 0 | 0 | 0 | 0 |
| Non-convertible bonds and debentures | 81 | 45 | 29 | 11 | 12 | 6 | 0 | 0 |
| Convertible bonds and debentures | 4 | 4 | 3 | 1 | 2 | 0 | 0 | 2 |
| Backed securities | 48 | 53 | 52 | 15 | 8 | 19 | 10 | 2 |
| Other fixed-income issues | 1 | 0 | 3 | 3 | 0 | 0 | 0 | 0 |
| Preference shares | 3 | 0 | 3 | 2 | 0 | 1 | 0 | 1 |
| **NOMINAL AMOUNT** (millions of euros) | | | | | | | | |
| Total | 81,210.7 | 84,866.9 | 54,982.6 | 27,589.0 | 17,593.3 | 3,789.8 | 6,010.5 | 6,050.0 |
| Mortgage-covered bonds | 28,920.0 | 31,350.0 | 20,550.0 | 8,750.0 | 11,800.0 | 0.0 | 0.0 | 2,700.0 |
| Territorial-covered bonds | 5,500.0 | 3,540.0 | 750.0 | 750.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-convertible bonds and debentures | 24,756.7 | 27,532.2 | 13,156.9 | 9,678.3 | 1,989.3 | 1,489.3 | 0.0 | 0.0 |
| Convertible bonds and debentures | 1,210.0 | 1,800.0 | 1,130.0 | 130.0 | 1,000.0 | 0.0 | 0.0 | 600.0 |
| Backed securities | 18,375.7 | 20,644.7 | 14,665.5 | 3,800.5 | 2,804.0 | 2,050.5 | 6,010.5 | 2,000.0 |
| Other fixed-income issues | 823.3 | 0.0 | 3,380.2 | 3,380.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Preference shares | 1,625.0 | 0.0 | 1,350.0 | 1,100.0 | 0.0 | 250.0 | 0.0 | 750.0 |
| ***Pro memoria:*** | | | | | | | | |
| Subordinated issues | 5,727.2 | 1,825.1 | 3,864.3 | 1,652.9 | 836.0 | 538.9 | 836.5 | 950.0 |
| Underwritten issues | 30 | 27 | 28 | 16 | 12 | 8 | 3 | 7 |

### Issues admitted to trading on AIAF[1]

TABLE 1.7

Nominal amount in millions of euros

| | | | | 2023 | | | | 2024 |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | I | II | III | IV | I |
| Total | 78,865.8 | 98,766.9 | 75,208.8 | 30,064.6 | 21,875.5 | 11,519.0 | 11,749.6 | 12,170.3 |
| Commercial paper | 20,157.0 | 39,524.5 | 25,705.6 | 10,446.9 | 4,744.9 | 8,114.1 | 2,399.6 | 2,450.8 |
| Bonds and debentures | 3,288.1 | 3,707.7 | 6,215.2 | 1,237.2 | 2,876.6 | 961.9 | 1,139.5 | 1,719.5 |
| Mortgage-covered bonds | 0.0 | 0.0 | 130.0 | 130.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Territorial-covered bonds | 28,920.0 | 31,350.0 | 22,750.0 | 9,100.0 | 11,450.0 | 0.0 | 2,200.0 | 4,500.0 |
| Backed securities | 5,500.0 | 3,540.0 | 750.0 | 750.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Preference shares | 18,375.7 | 20,644.7 | 14,808.0 | 3,800.5 | 2,804.0 | 2,193.0 | 6,010.5 | 2,000.0 |
| Matador bonds | 1,625.0 | 0.0 | 1,350.0 | 1,100.0 | 0.0 | 250.0 | 0.0 | 750.0 |
| 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 | | | | 2024 |
|---|---|---|---|---|---|---|---|---|
| | | | | I | II | III | IV | I |
| **NO. OF ISSUERS** | | | | | | | | |
| Total | 292 | 272 | 265 | 270 | 270 | 264 | 265 | 259 |
| Corporate bonds | 255 | 236 | 231 | 234 | 234 | 229 | 231 | 225 |
| Commercial paper | 7 | 6 | 9 | 7 | 9 | 10 | 9 | 9 |
| Bonds and debentures | 37 | 31 | 31 | 31 | 31 | 31 | 31 | 31 |
| Mortgage-covered bonds | 27 | 23 | 24 | 23 | 23 | 23 | 24 | 23 |
| Territorial-covered bonds | 6 | 4 | 5 | 5 | 5 | 5 | 5 | 5 |
| Backed securities | 198 | 187 | 178 | 183 | 182 | 176 | 178 | 174 |
| 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 | 36 | 36 | 35 | 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 | 15 | 15 | 13 | 12 | 12 |
| Foreign public debt | 13 | 13 | 12 | 13 | 13 | 12 | 12 | 12 |
| Other public debt | 11 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| **NO. OF ISSUES** | | | | | | | | |
| Total | 2,451 | 2,353 | 2,221 | 2,332 | 2,297 | 2,258 | 2,221 | 2,163 |
| Corporate bonds | 1,453 | 1,370 | 1,228 | 1,338 | 1,303 | 1,245 | 1,228 | 1,199 |
| Commercial paper | 54 | 121 | 146 | 126 | 141 | 134 | 146 | 140 |
| Bonds and debentures | 469 | 367 | 231 | 334 | 291 | 264 | 231 | 223 |
| Mortgage-covered bonds | 183 | 156 | 154 | 156 | 160 | 159 | 154 | 155 |
| Territorial-covered bonds | 18 | 13 | 12 | 13 | 13 | 12 | 12 | 12 |
| Backed securities | 715 | 699 | 671 | 693 | 683 | 661 | 671 | 654 |
| Preference shares | 11 | 11 | 11 | 13 | 12 | 12 | 11 | 12 |
| Matador bonds | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Government bonds | 998 | 983 | 993 | 994 | 994 | 1.013 | 993 | 964 |
| *Letras del Tesoro* | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Long government bonds | 233 | 232 | 227 | 232 | 232 | 229 | 227 | 231 |
| Regional government debt | 171 | 155 | 148 | 158 | 156 | 158 | 148 | 151 |
| Foreign public debt | 558 | 560 | 576 | 565 | 566 | 585 | 576 | 538 |
| Other public debt | 24 | 24 | 30 | 27 | 28 | 29 | 30 | 32 |
| **OUTSTANDING BALANCE**[1] (millions of euros) | | | | | | | | |
| Total | 6,261,394.3 | 6,036,311.1 | 10,012,218 | 9,452,238.5 | 9,639,230.5 | 9,996,668.2 | 10,012,218 | 9,862,073.3 |
| Corporate bonds | 432,063.7 | 384,144.5 | 376,059.6 | 383,888.8 | 387,351.1 | 382,671.8 | 376,059.6 | 370,395.4 |
| Commercial paper | 5,747.3 | 8,715.2 | 7,353.6 | 8,363.9 | 6,814.4 | 6,694.0 | 7,353.6 | 6,742.4 |
| Bonds and debentures | 43,975.9 | 37,838.3 | 43,165.8 | 42,406.7 | 43,015.3 | 43,872.7 | 43,165.8 | 42,624.0 |
| Mortgage-covered bonds | 199,681.7 | 175,698.3 | 175,818.0 | 174,231.5 | 181,803.7 | 181,775.8 | 175,818.0 | 175,667.9 |
| Territorial-covered bonds | 17,544.0 | 12,585.0 | 13,040.0 | 13,240.0 | 13,240.0 | 13,040.0 | 13,040.0 | 13,040.0 |
| Backed securities | 156,695.2 | 140,888.0 | 128,512.5 | 136,127.1 | 133,307.9 | 129,088.7 | 128,512.5 | 124,006.4 |
| Preference shares | 8,225.0 | 8,225.0 | 7,975.0 | 9,325.0 | 8,975.0 | 8,006.0 | 7,975.0 | 8,120.0 |
| 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 | 9,068,349.7 | 9,251,879.4 | 9,613,996.4 | 9,636,159.3 | 9,491,677.9 |
| *Letras del Tesoro* | 79,409.6 | 74,881.0 | 71,599.3 | 72,577.0 | 71,003.9 | 71,485.1 | 71,599.3 | 71,590.1 |
| Long government bonds | 1,094,574.1 | 1,184,497.3 | 1,273,792.3 | 1,221,927.2 | 1,254,525.0 | 1,268,136.6 | 1,273,792.3 | 1,319,220.7 |
| Regional government debt | 36,131.2 | 35,109.3 | 36,592.0 | 37,120.9 | 37,611.5 | 37,590.6 | 36,592.0 | 38,009.1 |
| Foreign public debt | 4,592,786.5 | 4,339,951.8 | 8,214,367.3 | 7,698,245.0 | 7,849,887.4 | 8,197,432.5 | 8,214,367.3 | 8,021,446.0 |
| Other public debt | 26,429.1 | 17,727.1 | 39,808.4 | 38,479.6 | 38,851.6 | 39,351.6 | 39,808.4 | 41,412.0 |

1 Nominal amount.

## AIAF. Trading

TABLE 1.9

Nominal amount in millions of euros

| | | | | 2023 | | | | 2024 |
|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | I | II | III | IV | I |
| **BY TYPE OF ASSET** | | | | | | | | |
| Total | 47,719.0 | 18,782.9 | 22,968.1 | 6,046.5 | 8,322.8 | 2,979.1 | 5,619.6 | 2,241.1 |
| Corporate bonds | 174.3 | 106.7 | 102.1 | 28.7 | 23.2 | 23.6 | 26.7 | 29.6 |
| 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 | 27.0 | 23.2 | 23.6 | 26.5 | 29.4 |
| Mortgage-covered bonds | 0.0 | 0.0 | 0.7 | 0.7 | 0.0 | 0.0 | 0.0 | 0.2 |
| 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 | 1.0 | 0.0 | 0.0 | 0.2 | 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 | 6,017.8 | 8,299.7 | 2,955.6 | 5,592.9 | 2,211.4 |
| *Letras del Tesoro* | 5,186.3 | 730.3 | 803.3 | 211.5 | 250.4 | 60.9 | 280.5 | 54.1 |
| Long government bonds | 21,997.4 | 5,623.7 | 9,337.8 | 1,977.4 | 2,263.4 | 1,808.4 | 3,288.7 | 1,213.0 |
| 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 | 3,828.9 | 5,785.9 | 1,086.3 | 2,023.7 | 944.4 |
| 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 | 6,046.5 | 8,322.8 | 2,979.1 | 5,619.6 | 2,241.1 |
| Outright | 47,719.0 | 18,782.9 | 22,968.1 | 6,046.5 | 8,322.8 | 2,979.1 | 5,619.6 | 2,241.1 |
| 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

| | | | | 2023 | | | | 2024 |
|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | I | II | III | IV | I |
| Total | 47,564.1 | 18,771.9 | 22,952.9 | 6,035.5 | 8,322.1 | 2,978.2 | 5,617.0 | 2,240.7 |
| 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 | 6,035.5 | 8,322.1 | 2,978.2 | 5,617.0 | 2,240.7 |
| Credit institutions | 278.3 | 92.6 | 256.1 | 54.2 | 45.1 | 49.2 | 107.6 | 124.9 |
| ICIS, 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 | 5,981.3 | 8,277.0 | 2,929.0 | 5,509.5 | 2,115.8 |
| General government | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Households and ISFLSH[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 I | II | III | IV | 2024 I |
|---|---|---|---|---|---|---|---|---|
| **NO. OF ISSUERS** | | | | | | | | |
| Total | 10 | 8 | 7 | 8 | 8 | 8 | 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 | 4 | 4 | 10 | 10 |
| Regional governments | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| **NO. OF ISSUES** | | | | | | | | |
| Total | 49 | 40 | 34 | 39 | 37 | 36 | 34 | 34 |
| Private issuers | 11 | 11 | 10 | 11 | 11 | 10 | 10 | 10 |
| Non-financial companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Financial institutions | 11 | 11 | 10 | 11 | 11 | 10 | 10 | 10 |
| General government[1] | 38 | 29 | 24 | 28 | 26 | 26 | 24 | 24 |
| Regional governments | 26 | 24 | 22 | 24 | 23 | 23 | 22 | 22 |
| **OUTSTANDING BALANCES[2]** (millions of euros) | | | | | | | | |
| Total | 8,399.3 | 7,717.5 | 7,076.0 | 7,685.8 | 7,217.9 | 7,213.6 | 7,076.0 | 7,067.1 |
| Private issuers | 319.4 | 273.3 | 232.5 | 256.6 | 297.3 | 293.1 | 232.5 | 223.6 |
| 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 | 256.6 | 297.3 | 293.1 | 232.5 | 223.6 |
| General government[1] | 8,079.9 | 7,444.2 | 6,843.5 | 7,429.3 | 6,920.6 | 6,920.6 | 6,843.5 | 6,843.5 |
| Regional governments | 7,549.3 | 7,338.6 | 6,811.5 | 7,338.6 | 6,838.6 | 6,838.6 | 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 I | II | III | IV | 2024 I |
|---|---|---|---|---|---|---|---|---|
| Total | 174,959.0 | 100,432.0 | 174,703.0 | 47,188.0 | 48,985.0 | 45,593.0 | 32,937.0 | 20,579.0 |
| Outright | 174,959.0 | 100,432.0 | 174,703.0 | 47,188.0 | 48,985.0 | 45,593.0 | 32,937.0 | 20,579.0 |
| 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

| | | | | 2023 | | | | 2024 |
|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | I | II | III | IV | I |
| 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 | 1,264,832 | 1,120,767 | 1,125,685 | 1,237,465 | 1,296,810 |
| Ibex 35 plus futures | 5,260,568 | 5,445,516 | 4,615,051 | 1,219,196 | 1,099,365 | 1,099,672 | 1,196,818 | 1,124,189 |
| Ibex 35 mini futures | 92,657 | 93,450 | 61,215 | 16,595 | 13,016 | 16,489 | 15,115 | 149,995 |
| Ibex 35 micro futures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ibex 35 dividend impact futures | 45,450 | 19,708 | 16,640 | 5,015 | 1,425 | 1,200 | 9,000 | 3,675 |
| Ibex 35 sector futures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Call mini options | 69,667 | 42,485 | 24,192 | 8,517 | 3,376 | 3,338 | 8,961 | 9,792 |
| Put mini options | 79,257 | 91,927 | 31,651 | 15,509 | 3,584 | 4,986 | 7,571 | 9,160 |
| Stock products[4] | 25,434,719 | 25,333,109 | 24,111,351 | 9,785,272 | 3,923,006 | 5,344,556 | 5,058,517 | 6,060,113 |
| Futures | 11,346,047 | 10,313,726 | 11,279,153 | 6,057,018 | 938,150 | 3,126,509 | 1,157,476 | 3,468,508 |
| Stock dividend futures | 2,100 | 12,550 | 1,050 | 300 | 250 | 50 | 450 | 34,385 |
| Stock plus dividend futures | 20,800 | 13,510 | 20,381 | 4,090 | 0 | 12,224 | 4,067 | 8,134 |
| Call options | 6,131,488 | 7,900,379 | 5,832,613 | 1,842,611 | 1,232,244 | 817,032 | 1,940,726 | 1,071,580 |
| Put options | 7,934,284 | 7,092,944 | 6,978,154 | 1,881,253 | 1,752,362 | 1,388,741 | 1,955,798 | 1,477,506 |

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

| | | | | 2023 | | | | 2024 |
|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | I | II | III | IV | I |
| **WARRANTS** | | | | | | | | |
| Premium amount (millions of euros) | 2,142.7 | 5,233.0 | 4,482.7 | 2,166.9 | 1,371.3 | 944.5 | 0.0 | 0.0 |
| On stocks | 792.8 | 1,595.9 | 752.4 | 344.5 | 187.7 | 220.3 | 0.0 | 0.0 |
| On indexes | 1,258.6 | 3,014.2 | 3,590.3 | 1,736.5 | 1,152.9 | 701.0 | 0.0 | 0.0 |
| On commodities | 87.1 | 493.6 | 124.6 | 77.6 | 24.9 | 22.0 | 0.0 | 0.0 |
| On exchange rates | 4.2 | 18.2 | 14.9 | 8.4 | 5.8 | 0.7 | 0.0 | 0.0 |
| On derivatives | 0.0 | 111.1 | 0.5 | 0.0 | 0.0 | 0.5 | 0.0 | 0.0 |
| Number of issues | 4,581 | 7,383 | 6,480 | 2,991 | 2,098 | 1,391 | 0 | 0 |
| Number of issuers | 3 | 2 | 2 | 2 | 2 | 2 | 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 I | II | III | IV | 2024 I |
|---|---|---|---|---|---|---|---|---|
| **WARRANTS** | | | | | | | | |
| Trading (millions of euros) | 289.2 | 599.6 | 381.1 | 112.6 | 71.3 | 109.0 | 88.3 | 29.7 |
| On Spanish stocks | 123.3 | 86.0 | 53.4 | 20.0 | 12.9 | 11.1 | 9.4 | 6.1 |
| On foreign stocks | 18.2 | 26.4 | 18.4 | 8.9 | 4.3 | 3.1 | 2.0 | 3.5 |
| On indexes | 143.4 | 436.8 | 293.5 | 81.1 | 47.8 | 92.6 | 72.1 | 18.7 |
| Other underlyings[1] | 4.3 | 50.4 | 12.6 | 2.6 | 6.3 | 1.8 | 2.0 | 0.4 |
| Number of issues[2] | 3,249.0 | 3,938.0 | 3,449.0 | 1,123 | 894 | 852 | 580 | 355 |
| Number of issuers[2] | 4 | 2 | 3 | 2 | 3 | 2 | 3 | 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 | 374.5 | 234.9 | 361.2 | 326.7 | 298.4 |
| Number of funds | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Assets[3] (millions of euros) | 259.8 | 241.2 | 222.5 | 230.5 | 235.8 | 220.8 | 222.5 | 231.8 |

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.

# 2 Investment services

## Investment services. Spanish firms, branches and agents

TABLE 2.1

| | 2021 | 2022 | 2023 | 2023 I | II | III | IV | 2024 I |
|---|---|---|---|---|---|---|---|---|
| **BROKER-DEALERS** | | | | | | | | |
| Spanish firms | 33 | 34 | 39 | 35 | 37 | 38 | 39 | 40 |
| Branches in Spain | 13 | 15 | 16 | 15 | 16 | 16 | 16 | 18 |
| Agents operating in Spain | 1,359 | 1,222 | 1,306 | 1,229 | 1,263 | 1,273 | 1,306 | 1,332 |
| Branches in EEA[1] | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Firms providing services in EEA[1] | 20 | 23 | 25 | 23 | 23 | 25 | 25 | 25 |
| Passports to operate in EEA[1, 2] | 161 | 204 | 262 | 204 | 254 | 255 | 262 | 254 |
| **BROKERS** | | | | | | | | |
| Spanish firms | 58 | 61 | 60 | 61 | 61 | 62 | 60 | 61 |
| Branches in Spain | 21 | 20 | 25 | 20 | 23 | 20 | 25 | 33 |
| Agents operating in Spain | 729 | 1,246 | 1,333 | 1,222 | 1,297 | 1,312 | 1,333 | 1,351 |
| Branches in EEA[1] | 4 | 6 | 3 | 6 | 4 | 4 | 3 | 3 |
| Firms providing services in EEA[1] | 30 | 32 | 34 | 32 | 32 | 34 | 34 | 35 |
| Passports to operate in EEA[1, 2] | 200 | 211 | 234 | 211 | 229 | 227 | 234 | 1 |
| **PORTFOLIO MANAGEMENT COMPANIES** | | | | | | | | |
| Spanish firms | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **FINANCIAL ADVISORY FIRMS[3]** | | | | | | | | |
| Spanish firms | 140 | 143 | 143 | 141 | 144 | 144 | 143 | 92 |
| Branches in Spain | 21 | 21 | 16 | 21 | 21 | 21 | 16 | 8 |
| Agents operating in Spain | 17 | 26 | 24 | 28 | 26 | 24 | 24 | 23 |
| Branches in EEA[1] | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Firms providing services in EEA[1] | 26 | 23 | 22 | 23 | 23 | 23 | 22 | 23 |
| Passports to operate in EEA[1, 2] | 49 | 46 | 46 | 46 | 47 | 47 | 46 | 47 |
| **NATIONAL FINANCIAL ADVISORY FIRMS[3]** | | | | | | | | |
| Spanish firms | – | – | – | – | – | – | – | 47 |
| Branches in Spain | – | – | – | – | – | – | – | 0 |
| Agents operating in Spain | – | – | – | – | – | – | – | 0 |
| **CREDIT INSTITUTIONS[4]** | | | | | | | | |
| Spanish firms | 108 | 108 | 108 | 108 | 109 | 109 | 108 | 108 |

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 I | II | III | IV | 2024 I |
|---|---|---|---|---|---|---|---|---|
| Total | 1,369 | 1,432 | 1,442 | 1,357 | 1,327 | 1,325 | 1,442 | 1,455 |
| Investment services firms | 952 | 974 | 873 | 897 | 868 | 868 | 873 | 887 |
| From EU Member states | 947 | 968 | 864 | 891 | 862 | 862 | 864 | 877 |
| Branches | 41 | 43 | 47 | 45 | 47 | 46 | 47 | 49 |
| Free provision of services | 906 | 925 | 817 | 846 | 815 | 816 | 817 | 828 |
| From non-EU States | 5 | 6 | 9 | 6 | 6 | 6 | 9 | 10 |
| Branches | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Free provision of services | 3 | 4 | 7 | 4 | 4 | 4 | 7 | 8 |
| Credit institutions[1] | 417 | 458 | 569 | 460 | 459 | 457 | 569 | 568 |
| From EU Member states | 412 | 452 | 563 | 454 | 453 | 451 | 563 | 562 |
| Branches | 52 | 52 | 49 | 51 | 50 | 50 | 49 | 49 |
| Free provision of services | 360 | 400 | 514 | 403 | 403 | 401 | 514 | 513 |
| Subsidiaries of free provision of services | 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

| | 2021 | 2022 | 2023 | 2022 IV | 2023 I | II | III | IV |
|---|---|---|---|---|---|---|---|---|
| **FIXED INCOME** | | | | | | | | |
| Total | 2,594,772.6 | 2,901,223.2 | 3,094,018.9 | 635,540.3 | 865,425.5 | 794,607.8 | 727,585.5 | 706,400.1 |
| Broker-dealers | 2,585,400.6 | 2,890,878.3 | 3,083,705.8 | 632,703.3 | 863,169.5 | 792,421.3 | 723,262.9 | 704,852.1 |
| Spanish organised markets | 1,191,945.3 | 662,074.8 | 487,314.3 | 109,796.8 | 121,280.2 | 123,710.8 | 123,584.2 | 118,739.1 |
| Other Spanish markets | 910,070.8 | 1,289,213.6 | 1,341,113.2 | 237,722.5 | 394,767.4 | 331,687.3 | 303,089.5 | 311,569.0 |
| Foreign markets | 483,384.5 | 939,589.9 | 1,255,278.3 | 285,184.0 | 347,121.9 | 337,023.2 | 296,589.2 | 274,544.0 |
| Brokers | 9,372.0 | 10,344.9 | 10,313.1 | 2,837.0 | 2,256.0 | 2,186.5 | 4,322.6 | 1,548.0 |
| Spanish organised markets | 1,017.0 | 2,044.6 | 942.5 | 857.6 | 409.7 | 170.7 | 113.1 | 249.0 |
| Other Spanish markets | 66.4 | 454.6 | 402.9 | 207.9 | 84.8 | 33.9 | 114.3 | 169.9 |
| Foreign markets | 8,288.6 | 7,845.7 | 8,967.7 | 1,771.5 | 1,761.5 | 1,981.9 | 4,095.2 | 1,129.1 |
| **EQUITY** | | | | | | | | |
| Total | 1,200,274.7 | 146,070.1 | 170,438.0 | 38,967.4 | 48,639.9 | 65,959.9 | 25,517.6 | 30,320.6 |
| Broker-dealers | 1,180,119.1 | 130,376.3 | 144,950.8 | 34,925.3 | 37,960.2 | 61,526.6 | 21,311.3 | 24,152.7 |
| Spanish organised markets | 76,177.3 | 38,170.8 | 43,121.6 | 9,009.5 | 15,218.5 | 14,931.2 | 5,829.9 | 7,142.0 |
| Other Spanish markets | 6,870.4 | 2,802.8 | 2,982.2 | 809.1 | 970.0 | 687.0 | 517.9 | 807.3 |
| Foreign markets | 1,097,071.4 | 89,402.7 | 98,847.0 | 25,106.7 | 21,771.7 | 45,908.4 | 14,963.5 | 16,203.4 |
| Brokers | 20,155.6 | 15,693.8 | 25,487.2 | 4,042.1 | 10,679.7 | 4,433.3 | 4,206.3 | 6,167.9 |
| Spanish organised markets | 6,622.8 | 5,978.1 | 8,385.6 | 1,604.3 | 2,160.7 | 1,579.4 | 1,317.5 | 3,328.0 |
| Other Spanish markets | 1,486.3 | 864.8 | 7,448.4 | 169.9 | 6,927.7 | 248.3 | 151.1 | 121.3 |
| Foreign markets | 12,046.5 | 8,850.9 | 9,653.2 | 2,267.9 | 1,591.3 | 2,605.6 | 2,737.7 | 2,718.6 |

1 Period accumulated data. Quarterly.

## Intermediation of derivative transactions[1, 2]

TABLE 2.4

Millions of euros

| | 2021 | 2022 | 2023 | 2022 IV | 2023 I | II | III | IV |
|---|---|---|---|---|---|---|---|---|
| Total | 9,485,119.1 | 9,792,568.5 | 8,922,442.0 | 2,758,375.2 | 2,654,973.5 | 2,190,955.1 | 1,868,093.7 | 2,208,419.7 |
| Broker-dealers | 9,350,998.3 | 8,817,459.1 | 7,889,992.0 | 2,436,358.5 | 2,274,128.3 | 1,883,370.6 | 1,706,226.7 | 2,026,266.4 |
| Spanish organised markets | 4,273,458.5 | 4,192,650.3 | 3,344,015.7 | 1,123,297.4 | 948,680.0 | 767,313.4 | 779,725.4 | 848,296.9 |
| Foreign organised markets | 4,122,054.3 | 4,451,806.6 | 4,433,507.7 | 1,277,525.0 | 1,296,845.1 | 1,086,613.4 | 909,557.2 | 1,140,492.0 |
| Non-organised markets | 955,485.5 | 173,002.2 | 112,468.6 | 35,536.1 | 28,603.2 | 29,443.8 | 16,944.1 | 37,477.5 |
| Brokers | 134,120.8 | 975,109.4 | 1,032,450.0 | 322,016.7 | 380,845.2 | 307,584.5 | 161,867.0 | 182,153.3 |
| Spanish organised markets | 6,858.9 | 9,075.1 | 6,064.8 | 2,605.3 | 1,974.7 | 1,093.8 | 797.3 | 2,199.0 |
| Foreign organised markets | 124,124.2 | 960,541.5 | 1,016,950.8 | 317,698.2 | 375,250.9 | 303,264.6 | 159,040.4 | 179,394.9 |
| Non-organised markets | 3,137.7 | 5,492.8 | 9,434.4 | 1,713.2 | 3,619.6 | 3,226.1 | 2,029.3 | 559.4 |

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 | 2022 IV | 2023 I | II | III | IV |
|---|---|---|---|---|---|---|---|---|
| **NUMBER OF PORTFOLIOS** | | | | | | | | |
| Total[2] | 89,646 | 103,905 | 113,597 | 103,905 | 107,445 | 109,790 | 112,876 | 113,597 |
| Broker-dealers. Total | 19,317 | 21,914 | 19,503 | 21,914 | 21,780 | 21,362 | 20,838 | 19,503 |
| CIS[3] | 38 | 29 | 24 | 29 | 27 | 24 | 23 | 24 |
| Other[4] | 19,279 | 21,885 | 19,479 | 21,885 | 21,753 | 21,338 | 20,815 | 19,479 |
| Brokers. Total | 70,329 | 81,991 | 94,094 | 81,991 | 85,665 | 88,428 | 92,038 | 94,094 |
| CIS[3] | 64 | 38 | 45 | 38 | 43 | 48 | 44 | 45 |
| Other[4] | 70,265 | 81,953 | 94,049 | 81,953 | 85,622 | 88,380 | 91,994 | 94,049 |
| **ASSETS UNDER MANAGEMENT** (thousands of euros) | | | | | | | | |
| Total[2] | 8,088,415 | 8,206,522 | 10,444,200 | 8,206,522 | 8,836,150 | 9,495,573 | 10,009,033 | 10,444,200 |
| Broker-dealers. Total | 2,907,767 | 2,901,726 | 3,207,358 | 2,901,726 | 3,028,061 | 3,160,950 | 3,136,431 | 3,207,358 |
| CIS[3] | 592,849 | 393,165 | 337,662 | 393,165 | 330,085 | 338,712 | 339,821 | 337,662 |
| Other[4] | 2,314,918 | 2,508,561 | 2,869,696 | 2,508,561 | 2,697,976 | 2,822,238 | 2,796,610 | 2,869,696 |
| Brokers. Total | 5,180,648 | 5,304,796 | 7,236,842 | 5,304,796 | 5,808,089 | 6,334,623 | 6,872,602 | 7,236,842 |
| CIS[3] | 1,125,208 | 1,276,836 | 2,227,407 | 1,276,836 | 1,433,316 | 1,572,117 | 2,146,842 | 2,227,407 |
| Other[4] | 4,055,440 | 4,027,960 | 5,009,435 | 4,027,960 | 4,374,773 | 4,762,506 | 4,725,760 | 5,009,435 |

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 | 2022 IV | 2023 I | II | III | IV |
|---|---|---|---|---|---|---|---|---|
| **NUMBER OF CONTRACTS** | | | | | | | | |
| Total[3] | 34,006 | 48,139 | 65,516 | 48,139 | 42,336 | 59,425 | 47,738 | 65,516 |
| Broker-dealers. Total | 9,727 | 20,133 | 26,066 | 20,133 | 21,168 | 22,293 | 23,869 | 26,066 |
| Retail clients | 9,674 | 20,076 | 25,992 | 20,076 | 21,102 | 22,218 | 23,789 | 25,992 |
| Professional clients | 48 | 43 | 57 | 43 | 52 | 58 | 63 | 57 |
| Eligible counterparties | 5 | 14 | 17 | 14 | 14 | 17 | 17 | 17 |
| Brokers. Total | 24,279 | 28,006 | 39,450 | 28,006 | 21,168 | 37,132 | 23,869 | 39,450 |
| Retail clients | 24,007 | 27,638 | 39,028 | 27,638 | 21,102 | 36,744 | 23,789 | 39,028 |
| Professional clients | 235 | 327 | 385 | 327 | 52 | 349 | 63 | 385 |
| Eligible counterparties | 37 | 41 | 37 | 41 | 14 | 39 | 17 | 37 |
| ***Pro memoria*: commission received for financial advice[4]** (thousands of euros) | | | | | | | | |
| Total[3] | 48,086 | 45,484 | 49,564 | 45,484 | 9,247 | 18,611 | 29,170 | 49,564 |
| Broker-dealers | 7,944 | 7,937 | 11,624 | 7,937 | 2,133 | 4,150 | 7,384 | 11,624 |
| Brokers | 40,142 | 37,547 | 37,940 | 37,547 | 7,114 | 14,461 | 21,786 | 37,940 |

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 | I | II | III | IV | I[2] |
| I. Interest income | 41,565 | 66,519 | 80,476 | 5,563 | 37,714 | 56,155 | 80,476 | 6,748 |
| II. Net commission | 265,790 | 191,789 | 213,216 | 55,830 | 104,273 | 151,861 | 213,216 | 39,961 |
| Commission revenues | 481,945 | 293,594 | 315,902 | 82,098 | 155,637 | 227,512 | 315,902 | 57,199 |
| Brokering | 164,293 | 105,849 | 117,833 | 34,364 | 62,903 | 88,817 | 117,833 | 22,427 |
| Placement and underwriting | 86,324 | 7,881 | 7,047 | 1,254 | 2,119 | 2,872 | 7,047 | 739 |
| Securities deposit and recording | 36,880 | 32,979 | 32,507 | 8,760 | 16,731 | 24,115 | 32,507 | 4,736 |
| Portfolio management | 15,860 | 14,096 | 17,588 | 3,555 | 7,362 | 11,187 | 17,588 | 2,965 |
| Design and advice | 20,316 | 19,162 | 21,142 | 4,882 | 9,140 | 13,829 | 21,142 | 3,875 |
| Stock search and placement | 5,306 | 1,010 | 921 | 14 | 16 | 753 | 921 | 218 |
| Market credit transactions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CIS marketing | 64,608 | 63,402 | 67,896 | 17,047 | 33,879 | 50,775 | 67,896 | 12,056 |
| Other | 88,356 | 49,215 | 50,967 | 12,222 | 23,486 | 35,165 | 50,967 | 10,183 |
| Commission expenses | 216,155 | 101,805 | 102,686 | 26,268 | 51,364 | 75,651 | 102,686 | 17,238 |
| III. Financial investment income | 32,733 | 57,558 | 41,037 | 14,147 | 25,730 | 30,874 | 41,037 | 7,550 |
| IV. Net exchange differences and other operating products and expenses | 35,370 | 1,372 | 6,726 | 1,170 | 2,715 | 4,728 | 6,726 | 1,718 |
| V. Gross income | 375,458 | 317,238 | 341,455 | 76,710 | 170,431 | 243,618 | 341,455 | 55,977 |
| VI. Operating income | 88,966 | 90,039 | 102,285 | 20,525 | 55,115 | 74,605 | 102,285 | 16,480 |
| VII. Earnings from continuous activities | 93,481 | 82,156 | 95,053 | 19,209 | 53,414 | 73,003 | 95,053 | 14,910 |
| VIII. Net earnings from the period | 90,708 | 82,156 | 95,053 | 19,209 | 53,414 | 73,003 | 95,053 | 14,910 |

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: February 2024.

## Results of proprietary trading. Broker-dealers

TABLE 2.8

Thousands of euros[1]

| | 2021 | 2022 | 2023 | 2022 IV | 2023 I | II | III | IV |
|---|---|---|---|---|---|---|---|---|
| **TOTAL** | | | | | | | | |
| Total | 108,249 | 122,542 | 128,333 | 122,542 | 21,103 | 66,321 | 91,900 | 128,333 |
| Money market assets and public debt | 3,039 | -2,032 | 2,412 | -2,032 | -541 | 1,196 | 1,729 | 2,412 |
| Other fixed-income securities | 19,224 | 47,796 | 38,044 | 47,796 | 14,269 | 24,075 | 28,869 | 38,044 |
| Domestic portfolio | 4,920 | 7,462 | 8,477 | 7,462 | 2,055 | 4,614 | 6,490 | 8,477 |
| Foreign portfolio | 14,304 | 40,334 | 29,567 | 40,334 | 12,214 | 19,461 | 22,379 | 29,567 |
| Equities | 6,845 | 11,693 | 5,470 | 11,693 | 2,319 | 3,513 | 4,388 | 5,470 |
| Domestic portfolio | 5,281 | 7,200 | 2,705 | 7,200 | 1,435 | 1,902 | 2,321 | 2,705 |
| Foreign portfolio | 1,564 | 4,493 | 2,765 | 4,493 | 884 | 1,611 | 2,067 | 2,765 |
| Derivatives | -21,138 | 2,064 | -2,192 | 2,064 | -1,153 | -1,490 | -2,252 | -2,192 |
| Repurchase agreements | -6,446 | -21 | 2,048 | -21 | 427 | 948 | 1,500 | 2,048 |
| Market credit transactions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deposits and other transactions with financial intermediaries | 3,177 | 9,394 | 23,645 | 9,394 | 5,443 | 11,076 | 17,137 | 23,645 |
| Net exchange differences | 971 | -273 | -1,007 | -273 | -300 | -294 | 231 | -1,007 |
| Other operating products and expenses | 34,398 | 1,645 | 7,732 | 1,645 | 1,470 | 3,008 | 4,497 | 7,732 |
| Other transactions | 68,179 | 52,276 | 52,181 | 52,276 | -831 | 24,289 | 35,801 | 52,181 |
| **INTEREST INCOME** | | | | | | | | |
| Total | 41,564 | 66,519 | 80,476 | 66,519 | 5,562 | 37,713 | 56,156 | 80,476 |
| Money market assets and public debt | 804 | 457 | 647 | 457 | 145 | 263 | 454 | 647 |
| Other fixed-income securities | 732 | 209 | 862 | 209 | 151 | 366 | 606 | 862 |
| Domestic portfolio | 81 | 76 | 479 | 76 | 85 | 212 | 327 | 479 |
| Foreign portfolio | 651 | 133 | 383 | 133 | 66 | 154 | 279 | 383 |
| Equities | 973 | 4,014 | 1,318 | 4,014 | 327 | 758 | 1,082 | 1,318 |
| Domestic portfolio | 539 | 630 | 627 | 630 | 98 | 303 | 550 | 627 |
| Foreign portfolio | 434 | 3,384 | 691 | 3,384 | 229 | 455 | 532 | 691 |
| Repurchase agreements | -6,446 | -21 | 2,048 | -21 | 427 | 948 | 1,500 | 2,048 |
| Market credit transactions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deposits and other transactions with financial intermediaries | 3,177 | 9,394 | 23,645 | 9,394 | 5,443 | 11,076 | 17,137 | 23,645 |
| Other transactions | 42,324 | 52,466 | 51,956 | 52,466 | -931 | 24,302 | 35,377 | 51,956 |
| **FINANCIAL INVESTMENT INCOME** | | | | | | | | |
| Total | 32,734 | 57,557 | 41,038 | 57,557 | 14,147 | 25,730 | 30,874 | 41,038 |
| Money market assets and public debt | 2,235 | -2,489 | 1,765 | -2,489 | -686 | 933 | 1,275 | 1,765 |
| Other fixed-income securities | 18,492 | 47,587 | 37,182 | 47,587 | 14,118 | 23,709 | 28,263 | 37,182 |
| Domestic portfolio | 4,839 | 7,386 | 7,998 | 7,386 | 1,970 | 4,402 | 6,163 | 7,998 |
| Foreign portfolio | 13,653 | 40,201 | 29,184 | 40,201 | 12,148 | 19,307 | 22,100 | 29,184 |
| Equities | 5,872 | 7,679 | 4,152 | 7,679 | 1,992 | 2,755 | 3,306 | 4,152 |
| Domestic portfolio | 4,742 | 6,570 | 2,078 | 6,570 | 1,337 | 1,599 | 1,771 | 2,078 |
| Foreign portfolio | 1,130 | 1,109 | 2,074 | 1,109 | 655 | 1,156 | 1,535 | 2,074 |
| Derivatives | -21,138 | 2,064 | -2,192 | 2,064 | -1,153 | -1,490 | -2,252 | -2,192 |
| Other transactions | 27,273 | 2,716 | 131 | 2,716 | -124 | -177 | 282 | 131 |
| **EXCHANGE DIFFERENCES AND OTHER ITEMS** | | | | | | | | |
| Total | 33,951 | -1,534 | 6,819 | -1,534 | 1,394 | 2,878 | 4,870 | 6,819 |
| Net exchange differences | 971 | -273 | -1,007 | -273 | -300 | -294 | 231 | -1,007 |
| Other operating products and expenses | 34,398 | 1,645 | 7,732 | 1,645 | 1,470 | 3,008 | 4,497 | 7,732 |
| Other transactions | -1,418 | -2,906 | 94 | -2,906 | 224 | 164 | 142 | 94 |

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 | I | II | III | IV | I[2] |
| I. Interest income | 454 | 960 | 2,086 | 67 | 143 | 1,132 | 2,086 | 296 |
| II. Net commission | 173,785 | 170,724 | 176,882 | 42,637 | 83,223 | 127,479 | 176,882 | 27,826 |
| Commission revenues | 202,333 | 198,293 | 216,159 | 50,377 | 98,993 | 152,306 | 216,159 | 33,287 |
| Brokering | 14,140 | 18,030 | 16,754 | 5,373 | 9,758 | 13,430 | 16,754 | 1,852 |
| Placement and underwriting | 1,481 | 1,187 | 829 | 369 | 450 | 450 | 829 | 2 |
| Securities deposit and recording | 425 | 286 | 281 | 66 | 138 | 207 | 281 | 48 |
| Portfolio management | 22,874 | 23,388 | 26,700 | 6,081 | 12,411 | 19,096 | 26,700 | 4,805 |
| Design and advice | 40,421 | 38,167 | 38,232 | 7,326 | 14,613 | 21,990 | 38,232 | 5,450 |
| 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 | 23,098 | 49,110 | 74,285 | 101,698 | 17,112 |
| Other | 31,617 | 22,896 | 31,665 | 8,064 | 12,512 | 22,847 | 31,665 | 4,018 |
| Commission expenses | 28,548 | 27,569 | 39,277 | 7,740 | 15,770 | 24,827 | 39,277 | 5,461 |
| III. Financial investment income | 666 | -1,479 | 1,771 | 319 | 583 | 755 | 1,771 | 269 |
| IV. Net exchange differences and other operating products and expenses | -776 | 588 | -859 | -489 | -493 | -834 | -859 | 50 |
| V. Gross income | 174,129 | 170,793 | 179,880 | 42,534 | 83,454 | 128,532 | 179,880 | 28,441 |
| VI. Operating income | 26,155 | 10,018 | 16,991 | 7,154 | 7,344 | 12,079 | 16,991 | 4,258 |
| VII. Earnings from continuous activities | 22,802 | 10,364 | 16,373 | 7,055 | 7,791 | 12,800 | 16,373 | 4,480 |
| VIII. Net earnings of the period | 22,802 | 10,364 | 16,373 | 7,055 | 7,791 | 12,800 | 16,373 | 4,480 |

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: February 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 |
| **AGENCIAS DE VALORES** | | | | | |
| 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 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 | 2022 IV | 2023 I | II | III | IV |
|---|---|---|---|---|---|---|---|---|
| **TOTAL[2]** | | | | | | | | |
| Average [3] (%) | 13.68 | 19.39 | 9.88 | 19.39 | 17.84 | 23.20 | 21.45 | 9.88 |
| Number of companies according to annualised return | | | | | | | | |
| Losses | 30 | 37 | 36 | 37 | 32 | 39 | 37 | 36 |
| 0-≤ 15% | 20 | 17 | 19 | 17 | 15 | 14 | 19 | 19 |
| > 15-≤ 45% | 14 | 13 | 18 | 13 | 23 | 22 | 21 | 18 |
| > 45-≤ 75% | 9 | 7 | 7 | 7 | 12 | 7 | 6 | 7 |
| > 75% | 17 | 19 | 17 | 19 | 12 | 14 | 15 | 17 |
| **BROKER-DEALERS** | | | | | | | | |
| Average [3] (%) | 11.48 | 20.42 | 9.32 | 20.42 | 16.03 | 25.11 | 22.83 | 9.32 |
| Number of companies according to annualised return | | | | | | | | |
| Losses | 13 | 11 | 10 | 11 | 12 | 13 | 12 | 10 |
| 0-≤ 15% | 8 | 10 | 12 | 10 | 7 | 9 | 11 | 12 |
| > 15-≤ 45% | 6 | 5 | 7 | 5 | 8 | 7 | 8 | 7 |
| > 45-≤ 75% | 4 | 2 | 3 | 2 | 4 | 3 | 1 | 3 |
| > 75% | 1 | 5 | 5 | 5 | 2 | 3 | 4 | 5 |
| **AGENCIAS DE VALORES** | | | | | | | | |
| Average [3] (%) | 23.97 | 14.91 | 14.87 | 14.91 | 26.45 | 15.17 | 16.05 | 14.87 |
| Number of companies according to annualised return | | | | | | | | |
| Losses | 17 | 26 | 26 | 26 | 20 | 26 | 25 | 26 |
| 0-≤ 15% | 12 | 7 | 7 | 7 | 8 | 5 | 8 | 7 |
| > 15-≤ 45% | 8 | 8 | 11 | 8 | 15 | 15 | 13 | 11 |
| > 45-≤ 75% | 5 | 5 | 4 | 5 | 8 | 4 | 5 | 4 |
| > 75% | 16 | 14 | 12 | 14 | 10 | 11 | 11 | 12 |

1 ROE has been calculated as:

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

*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 |
| **PATRIMONIO NETO** | | | | | |
| 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 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)

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

TABLE 3.1

| | | | | 2023 | | | | 2024 |
|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | I | II | III | IV | I[1] |
| Total financial CIS | 3,815 | 2,675 | 2,077 | 2,175 | 2,101 | 2,097 | 2,077 | 2,071 |
| Mutual funds | 1,452 | 1,484 | 1,496 | 1,498 | 1,502 | 1,506 | 1,496 | 1,492 |
| Investment companies | 2,280 | 1,091 | 450 | 565 | 479 | 467 | 450 | 446 |
| Funds of hedge funds | 10 | 8 | 7 | 8 | 7 | 7 | 7 | 7 |
| Hedge funds | 73 | 92 | 124 | 104 | 113 | 117 | 124 | 126 |
| Total real estate CIS | 4 | 4 | 3 | 3 | 3 | 3 | 3 | 2 |
| Real estate mutual funds | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 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 | 1,103 | 1,104 | 1,115 | 1,115 | 1,123 |
| Foreign funds marketed in Spain | 416 | 426 | 442 | 433 | 432 | 439 | 442 | 451 |
| Foreign companies marketed in Spain | 658 | 669 | 673 | 670 | 672 | 676 | 673 | 672 |
| Management companies | 123 | 123 | 117 | 121 | 121 | 120 | 117 | 117 |
| CIS depositories | 33 | 34 | 32 | 34 | 34 | 34 | 32 | 31 |

1 Available data: February 2024.

## Number of CIS investors and shareholders

TABLE 3.2

| | | | | 2023 | | | | 2024 |
|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | I | II | III | IV | I[1] |
| Total financial CIS[2] | 16,160,034 | 16,247,654 | 16,111,716 | 16,427,321 | 16,391,042 | 16,325,343 | 16,111,716 | 16,056,163 |
| Mutual funds | 15,810,134 | 16,115,864 | 16,016,612 | 16,319,739 | 16,287,186 | 16,223,055 | 16,016,612 | 15,967,914 |
| Investment companies | 349,900 | 131,790 | 95,104 | 107,582 | 103,856 | 102,288 | 99,624 | 88,249 |
| Total real estate IIC[2, 3] | 691 | 593 | 583 | 590 | 589 | 588 | 583 | 583 |
| Total foreign CIS marketed in Spain[4] | 6,073,537 | 6,412,067 | 6,951,170 | 6,595,130 | 6,352,744 | 6,953,809 | 6,951,170 | – |
| Foreign funds marketed in Spain | 776,206 | 830,870 | 880,152 | 874,350 | 875,602 | 854,362 | 880,152 | – |
| Foreign companies marketed in Spain | 5,297,331 | 5,581,197 | 6,071,018 | 5,720,780 | 5,477,142 | 6,099,447 | 6,071,018 | – |

1 Available data: January 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.

## CIS total net assets

TABLE 3.3

Millions of euros

| | | | | 2023 | | | | 2024 |
|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | I | II | III | IV | I[1] |
| Total financial CIS | 353,203.3 | 327,330.7 | 367,570.9 | 342,746.9 | 351,541.5 | 353,128.4 | 367,570.9 | 371,964.6 |
| Mutual funds[2] | 324,701.0 | 311,466.4 | 353,259.8 | 328,868.5 | 337,642.3 | 339,378.4 | 353,259.8 | 357,494.2 |
| Investment companies | 28,502.3 | 15,864.3 | 14,311.1 | 13,878.4 | 13,899.2 | 13,750.0 | 14,311.1 | 14,470.4 |
| Total real estate CIS[3] | 1,224.3 | 1,279.0 | 1,319.2 | 1,300.9 | 1,308.1 | 1,337.6 | 1,319.2 | 1,317.4 |
| Total foreign CIS marketed in Spain[4] | 276,231.9 | 201,058.7 | 251,304.7 | 210,956.0 | 221,827.9 | 215,609.4 | 251,304.7 | – |
| Foreign funds marketed in Spain | 36,662.6 | 27,630.3 | 35,677.7 | 29,406.2 | 32,430.7 | 28,958.1 | 35,677.7 | – |
| Foreign companies marketed in Spain | 239,569.4 | 173,428.3 | 215,627.0 | 181,549.9 | 189,397.2 | 186,651.3 | 215,627.0 | – |

1 Available data: January 2024.
2 Mutual funds investment in financial mutual funds of the same management company reached €9,195.2 million in December 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

| | | | | 2022 | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | IV | I | II | III | IV |
| Asset | 324,701.0 | 311,466.4 | 353,259.8 | 311,466.4 | 328,868.5 | 337,642.3 | 339,378.4 | 353,259.8 |
| Portfolio investment | 299,434.9 | 291,188.2 | 335,351.6 | 291,188.2 | 306,708.1 | 318,273.5 | 322,305.1 | 335,351.6 |
| Domestic securities | 54,716.7 | 58,740.0 | 79,509.6 | 58,740.0 | 67,379.7 | 73,446.8 | 77,263.0 | 79,509.6 |
| Debt securities | 35,648.2 | 42,044.2 | 60,888.4 | 42,044.2 | 49,481.2 | 55,901.0 | 59,391.8 | 60,888.4 |
| Shares | 6,828.5 | 6,113.0 | 6,586.3 | 6,113.0 | 6,593.5 | 6,562.7 | 6,403.0 | 6,586.3 |
| Collective investment schemes | 11,396.8 | 9,927.7 | 10,152.3 | 9,927.7 | 10,063.4 | 9,753.6 | 9,998.5 | 10,152.3 |
| Deposits in credit institutions | 627.2 | 431.8 | 1,686.1 | 431.8 | 1,001.6 | 986.4 | 1,263.6 | 1,686.1 |
| Derivatives | 168.9 | 159.5 | 134.3 | 159.5 | 174.2 | 180.4 | 143.4 | 134.3 |
| Other | 47.1 | 63.8 | 62.3 | 63.8 | 65.8 | 62.7 | 62.7 | 62.3 |
| Foreign securities | 244,714.6 | 232,444.2 | 255,835.0 | 232,444.2 | 239,322.2 | 244,818.5 | 245,033.8 | 255,835.0 |
| Debt securities | 95,131.8 | 110,173.6 | 133,146.1 | 110,173.6 | 114,190.3 | 119,650.7 | 123,512.7 | 133,146.1 |
| Shares | 46,254.6 | 41,321.4 | 46,093.4 | 41,321.4 | 43,666.7 | 45,265.4 | 44,561.0 | 46,093.4 |
| Collective investment schemes | 103,089.6 | 80,592.6 | 76,255.3 | 80,592.6 | 81,221.1 | 79,629.7 | 76,563.5 | 76,255.3 |
| Deposits in credit institutions | 0.0 | 0.0 | 196.7 | 0.0 | 0.0 | 40.1 | 120.5 | 196.7 |
| Derivatives | 238.0 | 356.1 | 143.3 | 356.1 | 243.6 | 232.2 | 275.7 | 143.3 |
| Other | 0.6 | 0.5 | 0.2 | 0.5 | 0.4 | 0.4 | 0.4 | 0.2 |
| Doubtful assets and matured investments | 3.5 | 4.0 | 6.9 | 4.0 | 6.3 | 8.2 | 8.3 | 6.9 |
| 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 | 18,515.0 | 20,142.6 | 17,023.6 | 14,997.8 | 16,466.7 |
| Net balance (Debtors - Creditors) | 1,315.3 | 1,763.2 | 1,441.6 | 1,763.2 | 2,017.8 | 2,345.1 | 2,075.5 | 1,441.6 |

## Asset allocation of investment companies

TABLE 3.5

Millions of euros

| | | | | 2022 | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | IV | I | II | III | IV |
| Asset | 28,502.3 | 15,864.3 | 14,311.1 | 15,864.3 | 13,878.4 | 13,899.2 | 13,750.0 | 14,311.1 |
| Portfolio investment | 25,729.9 | 12,349.9 | 13,502.9 | 12,349.9 | 12,782.8 | 13,009.0 | 12,928.0 | 13,502.9 |
| Domestic securities | 3,525.2 | 2,583.6 | 2,231.1 | 2,583.6 | 2,403.8 | 2,233.2 | 2,304.2 | 2,231.1 |
| Debt securities | 734.3 | 773.6 | 858.3 | 773.6 | 905.3 | 845.1 | 903.7 | 858.3 |
| Shares | 1,633.7 | 819.9 | 870.4 | 819.9 | 855.9 | 847.7 | 854.6 | 870.4 |
| Collective investment schemes | 1,067.4 | 950.2 | 457.0 | 950.2 | 597.4 | 495.6 | 495.9 | 457.0 |
| Deposits in credit institutions | 19.1 | 1.4 | 13.9 | 1.4 | 9.4 | 9.7 | 13.9 | 13.9 |
| Derivatives | -0.4 | -0.8 | 0.0 | -0.8 | -0.7 | -0.3 | -0.2 | 0.0 |
| Other | 71.1 | 39.3 | 31.6 | 39.3 | 36.5 | 35.4 | 36.4 | 31.6 |
| Foreign securities | 22,202.8 | 9,763.6 | 11,271.0 | 9,763.6 | 10,376.4 | 10,772.6 | 10,622.0 | 11,271.0 |
| Debt securities | 2,683.8 | 1,807.1 | 2,370.0 | 1,807.1 | 2,129.4 | 2,316.7 | 2,362.3 | 2,370.0 |
| Shares | 7,157.9 | 3,605.4 | 4,396.9 | 3,605.4 | 3,871.6 | 4,059.2 | 4,049.2 | 4,396.9 |
| Collective investment schemes | 12,335.3 | 4,325.7 | 4,478.0 | 4,325.7 | 4,364.6 | 4,377.9 | 4,174.6 | 4,478.0 |
| Deposits in credit institutions | 0.0 | 0.0 | 10.2 | 0.0 | 0.0 | 10.1 | 10.1 | 10.2 |
| Derivatives | 8.3 | 7.9 | -0.9 | 7.9 | -9.3 | -10.4 | 7.0 | -0.9 |
| Other | 17.5 | 17.4 | 16.8 | 17.4 | 20.1 | 19.2 | 18.9 | 16.8 |
| Doubtful assets and matured investments | 1.8 | 2.6 | 0.8 | 2.6 | 5.1 | 3.2 | 1.8 | 0.8 |
| 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 | 2,962.6 | 972.9 | 748.0 | 702.7 | 868.6 |
| Net balance (Debtors - Creditors) | 295.5 | 551.3 | -60.9 | 551.3 | 122.2 | 141.7 | 118.8 | -60.9 |

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

TABLE 3.6

| | 2021 | 2022 | 2023 | 2023 I | 2023 II | 2023 III | 2023 IV | 2024 I[3] |
|---|---|---|---|---|---|---|---|---|
| **NO. OF FUNDS** | | | | | | | | |
| Total financial mutual funds | 1,611 | 1,684 | 1,715 | 1,711 | 1,712 | 1,717 | 1,715 | 1,709 |
| Fixed income[4] | 266 | 293 | 321 | 305 | 318 | 318 | 321 | 321 |
| Mixed fixed income[5] | 181 | 171 | 167 | 172 | 169 | 170 | 167 | 167 |
| Mixed equity[6] | 192 | 206 | 197 | 205 | 201 | 198 | 197 | 193 |
| Euro equity | 94 | 86 | 82 | 86 | 84 | 83 | 82 | 81 |
| Foreign equity | 307 | 339 | 346 | 346 | 344 | 347 | 346 | 347 |
| Guaranteed fixed income | 43 | 49 | 58 | 54 | 55 | 57 | 58 | 57 |
| Guaranteed equity[7] | 114 | 102 | 98 | 102 | 100 | 100 | 98 | 93 |
| Global funds | 263 | 291 | 291 | 292 | 292 | 292 | 291 | 295 |
| Passive management[8] | 88 | 93 | 107 | 99 | 100 | 103 | 107 | 107 |
| Absolute return | 61 | 54 | 48 | 50 | 49 | 49 | 48 | 48 |
| **INVESTORS** | | | | | | | | |
| Total financial mutual funds | 15,816,557 | 16,119,440 | 16,020,641 | 16,324,195 | 16,291,184 | 16,227,125 | 16,020,641 | 15,971,923 |
| Fixed income[4] | 5,476,096 | 5,539,272 | 5,833,434 | 5,765,890 | 5,758,338 | 5,782,108 | 5,833,434 | 5,858,343 |
| Mixed fixed income[5] | 1,459,004 | 1,216,179 | 1,048,597 | 1,189,189 | 1,134,835 | 1,110,288 | 1,048,597 | 1,027,310 |
| Mixed equity[6] | 721,346 | 696,718 | 634,547 | 687,885 | 677,824 | 666,116 | 634,547 | 613,292 |
| Euro equity | 778,138 | 836,711 | 706,942 | 831,302 | 731,138 | 723,767 | 706,942 | 700,932 |
| Foreign equity | 3,882,184 | 4,156,864 | 4,082,653 | 4,120,024 | 4,192,805 | 4,165,723 | 4,082,653 | 4,051,149 |
| Guaranteed fixed income | 77,430 | 141,717 | 178,170 | 163,890 | 174,478 | 179,372 | 178,170 | 178,637 |
| Guaranteed equity[7] | 265,043 | 209,188 | 180,665 | 201,886 | 196,580 | 195,378 | 180,665 | 171,699 |
| Global funds | 1,989,428 | 2,067,594 | 2,002,961 | 2,032,052 | 2,125,591 | 2,080,450 | 2,002,961 | 2,000,449 |
| Passive management[8] | 505,514 | 596,475 | 720,965 | 682,907 | 644,831 | 669,633 | 720,965 | 744,239 |
| Absolute return | 659,411 | 658,722 | 631,707 | 649,170 | 654,764 | 654,290 | 631,707 | 625,873 |
| **TOTAL NET ASSETS** (millions of euros) | | | | | | | | |
| Total financial mutual funds | 324,701.0 | 311,466.4 | 353,259.8 | 328,868.5 | 337,642.3 | 339,378.4 | 353,259.8 | 357,494.2 |
| Fixed income[4] | 88,422.8 | 98,561.1 | 131,868.4 | 108,580.5 | 114,003.1 | 119,786.3 | 131,868.4 | 135,847.8 |
| Mixed fixed income[5] | 50,869.7 | 37,846.0 | 34,252.8 | 37,402.7 | 36,139.8 | 35,081.6 | 34,252.8 | 33,061.4 |
| Mixed equity[6] | 28,141.1 | 24,247.9 | 23,914.2 | 24,675.4 | 24,543.9 | 23,882.3 | 23,914.2 | 22,606.0 |
| Euro equity | 8,279.6 | 7,226.3 | 6,704.0 | 7,644.0 | 7,198.3 | 6,618.4 | 6,704.0 | 6,524.7 |
| Foreign equity | 51,222.2 | 45,588.9 | 51,099.7 | 47,883.6 | 50,285.8 | 49,796.5 | 51,099.7 | 51,468.1 |
| Guaranteed fixed income | 2,346.7 | 5,454.9 | 7,564.6 | 6,596.7 | 7,309.3 | 7,459.3 | 7,564.6 | 7,541.6 |
| Guaranteed equity[7] | 8,094.9 | 6,306.7 | 5,602.1 | 6,164.9 | 6,035.4 | 6,001.7 | 5,602.1 | 5,330.2 |
| Global funds | 67,591.0 | 63,717.0 | 59,479.4 | 63,777.2 | 63,319.0 | 60,568.2 | 59,479.4 | 61,149.6 |
| Passive management[8] | 12,500.4 | 15,935.0 | 26,518.6 | 20,064.8 | 22,661.8 | 23,910.5 | 26,518.6 | 27,656.5 |
| Absolute return | 7,231.2 | 6,582.5 | 6,255.9 | 6,078.5 | 6,145.9 | 6,273.7 | 6,255.9 | 6,308.2 |

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: January 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 and short-term euro 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 I | II | III | IV | 2024 I[1] |
|---|---|---|---|---|---|---|---|---|
| **INVESTORS** | | | | | | | | |
| Total financial mutual funds | 15,816,557 | 16,119,440 | 16,020,641 | 16,324,195 | 16,291,184 | 16,227,125 | 16,020,641 | 15,971,923 |
| Natural persons | 15,541,300 | 15,839,201 | 15,739,140 | 16,039,876 | 16,003,999 | 15,941,681 | 15,739,140 | 15,691,457 |
| Residents | 15,427,337 | 15,717,938 | 15,610,315 | 15,915,812 | 15,876,013 | 15,812,782 | 15,610,315 | 15,562,034 |
| Non-residents | 113,963 | 121,263 | 128,825 | 124,064 | 127,986 | 128,899 | 128,825 | 129,423 |
| Legal persons | 275,257 | 280,239 | 281,501 | 284,319 | 287,185 | 285,444 | 281,501 | 280,466 |
| Credit institutions | 746 | 883 | 931 | 893 | 935 | 956 | 931 | 927 |
| Other resident institutions | 273,421 | 278,246 | 279,329 | 282,230 | 285,050 | 283,239 | 279,329 | 278,292 |
| Non-resident institutions | 1,090 | 1,110 | 1,241 | 1,196 | 1,200 | 1,249 | 1,241 | 1,247 |
| **TOTAL NET ASSETS** (millions of euros) | | | | | | | | |
| Total financial mutual funds | 324,701.0 | 311,466.4 | 353,259.8 | 328,868.5 | 337,642.3 | 339,378.4 | 353,259.8 | 357,494.2 |
| Natural persons | 264,075.7 | 257,253.5 | 295,592.2 | 273,071.9 | 281,796.1 | 283,055.6 | 295,592.2 | 299,239.5 |
| Residents | 260,321.1 | 253,545.2 | 291,241.1 | 269,153.1 | 277,717.1 | 278,968.4 | 291,241.1 | 294,880.8 |
| Non-residents | 3,754.6 | 3,708.3 | 4,351.1 | 3,918.8 | 4,079.0 | 4,087.2 | 4,351.1 | 4,358.6 |
| Legal persons | 60,625.3 | 54,212.8 | 57,667.5 | 55,796.6 | 55,846.2 | 56,322.8 | 57,667.5 | 58,254.7 |
| Credit institutions | 472.5 | 351.8 | 430.3 | 340.6 | 378.8 | 385.8 | 430.3 | 416.4 |
| Other resident institutions | 59,288.6 | 53,052.7 | 55,858.1 | 54,380.1 | 54,267.1 | 54,576.3 | 55,858.1 | 56,372.6 |
| Non-resident institutions | 864.2 | 808.3 | 1,379.1 | 1,075.8 | 1,200.2 | 1,360.7 | 1,379.1 | 1,465.7 |

1 Available data: January 2024.

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

TABLE 3.8

Millions of euros

| | 2021 | 2022 | 2023 | 2022 IV | 2023 I | II | III | IV |
|---|---|---|---|---|---|---|---|---|
| **SUBSCRIPTIONS** | | | | | | | | |
| Total financial mutual funds | 149,397.2 | 162,843.5 | 135,431.3 | 53,228.4 | 40,646.6 | 33,728.1 | 25,553.3 | 35,503.2 |
| Fixed income | 58,255.2 | 89,725.6 | 87,913.2 | 36,804.9 | 25,279.7 | 21,046.4 | 16,964.0 | 24,623.1 |
| Mixed fixed income | 21,116.1 | 11,075.6 | 5,650.5 | 1,278.2 | 1,591.7 | 1,203.5 | 981.4 | 1,874.0 |
| Mixed equity | 11,113.2 | 6,933.1 | 3,877.8 | 1,655.8 | 1,158.9 | 930.6 | 654.3 | 1,133.9 |
| Euro equity | 3,005.8 | 2,989.1 | 1,533.9 | 380.4 | 502.0 | 352.4 | 292.6 | 386.8 |
| Foreign equity | 19,019.8 | 18,529.7 | 11,222.3 | 2,291.6 | 3,063.7 | 3,347.2 | 2,682.5 | 2,128.9 |
| Guaranteed fixed income | 9.0 | 3,751.3 | 2,635.2 | 2,278.0 | 1,238.5 | 853.6 | 188.7 | 354.4 |
| Guaranteed equity | 86.8 | 680.3 | 84.8 | 396.6 | 4.9 | 44.4 | 31.9 | 3.7 |
| Global funds | 30,193.0 | 17,969.3 | 7,789.4 | 3,029.1 | 2,630.0 | 2,091.1 | 1,325.2 | 1,743.2 |
| Passive management | 2,827.9 | 8,884.4 | 12,964.8 | 4,785.9 | 4,774.5 | 3,311.3 | 2,037.5 | 2,841.4 |
| Absolute return | 3,770.3 | 2,305.0 | 1,759.3 | 327.9 | 402.7 | 547.6 | 395.1 | 414.0 |
| **REDEMPTIONS** | | | | | | | | |
| Total financial mutual funds | 121,859.1 | 145,802.6 | 117,376.8 | 44,652.8 | 31,104.8 | 29,125.6 | 22,888.9 | 34,257.6 |
| Fixed income | 49,850.1 | 74,352.0 | 58,939.1 | 31,647.5 | 16,257.3 | 15,197.0 | 11,662.4 | 15,822.4 |
| Mixed fixed income | 13,690.2 | 17,345.2 | 11,344.4 | 2,779.0 | 2,577.6 | 2,720.5 | 2,068.9 | 3,977.5 |
| Mixed equity | 14,639.8 | 7,440.1 | 6,112.0 | 1,589.8 | 1,409.0 | 1,467.1 | 1,040.8 | 2,194.9 |
| Euro equity | 2,979.1 | 3,205.0 | 3,290.6 | 693.5 | 750.9 | 1,052.1 | 747.2 | 740.3 |
| Foreign equity | 13,586.3 | 16,794.8 | 13,002.7 | 2,800.8 | 3,694.6 | 2,914.6 | 2,595.3 | 3,798.3 |
| Guaranteed fixed income | 1,720.9 | 335.2 | 507.6 | 80.3 | 128.6 | 124.8 | 70.9 | 183.3 |
| Guaranteed equity | 2,914.0 | 2,060.0 | 826.0 | 177.0 | 115.2 | 165.5 | 73.5 | 471.8 |
| Global funds | 15,234.6 | 17,670.9 | 16,688.0 | 3,761.0 | 3,836.9 | 3,890.9 | 3,571.9 | 5,388.3 |
| Passive management | 4,372.9 | 4,236.9 | 4,306.7 | 641.3 | 1,363.7 | 1,082.4 | 784.1 | 1,076.6 |
| Absolute return | 2,871.1 | 2,362.2 | 2,359.8 | 482.6 | 971.0 | 510.7 | 273.9 | 604.2 |

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

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

TABLE 3.9

Millions of euros

| | | | | 2022 | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | IV | I | II | III | IV |
| **NET SUBSCRIPTIONS/REDEMPTIONS** | | | | | | | | |
| Total financial mutual funds | 27,583.3 | 16,977.9 | 18,050.8 | 8,577.2 | 9,519.2 | 4,609.5 | 2,668.1 | 1,254.0 |
| Fixed income | 7,674.2 | 15,171.0 | 28,528.7 | 5,198.9 | 9,034.4 | 5,269.7 | 5,247.2 | 8,977.5 |
| Mixed fixed income | 6,537.6 | -8,999.8 | -5,545.0 | -1,564.6 | -1,023.5 | -1,449.5 | -974.5 | -2,097.5 |
| Mixed equity | -4,179.3 | -686.9 | -2,287.9 | 85.7 | -281.7 | -535.0 | -410.2 | -1,061.1 |
| Euro equity | 13.8 | -335.9 | -1,753.1 | -321.3 | -248.9 | -696.2 | -454.6 | -353.4 |
| Foreign equity | 5,260.9 | 1,782.7 | -1,766.8 | -500.2 | -616.5 | 429.7 | 91.0 | -1,671.0 |
| Guaranteed fixed income | -1,787.1 | 3,355.8 | 1,905.1 | 2,197.7 | 1,098.5 | 728.8 | 117.8 | -40.0 |
| Guaranteed equity | -2,949.3 | -1,409.6 | -938.7 | 219.6 | -237.9 | -134.9 | -41.6 | -524.4 |
| Global funds | 22,755.0 | 3,824.2 | -8,376.0 | -729.4 | -1,171.0 | -1,279.2 | -2,281.7 | -3,644.2 |
| Passive management | -2,700.6 | 4,551.5 | 8,897.7 | 4,145.7 | 3,547.1 | 2,238.9 | 1,253.5 | 1,858.3 |
| Absolute return | -3,041.9 | -274.9 | -613.1 | -154.7 | -581.4 | 37.2 | 121.3 | -190.2 |
| **RETURN ON ASSETS** | | | | | | | | |
| Total financial mutual funds | 17,471.5 | -30,163.5 | 23,796.0 | 3,278.7 | 7,895.8 | 4,177.5 | -920.2 | 12,642.9 |
| Fixed income | -265.8 | -5,031.3 | 4,781.0 | 81.4 | 985.6 | 153.0 | 537.1 | 3,105.3 |
| Mixed fixed income | 1,160.1 | -3,997.8 | 1,970.7 | 274.1 | 586.5 | 190.5 | -80.5 | 1,274.2 |
| Mixed equity | 1,890.4 | -3,204.9 | 1,958.0 | 350.6 | 712.0 | 403.6 | -251.4 | 1,093.8 |
| Euro equity | 1,176.4 | -715.3 | 1,233.3 | 783.9 | 667.1 | 251.0 | -124.5 | 439.7 |
| Foreign equity | 8,242.5 | -7,412.1 | 7,281.7 | 1,439.9 | 2,911.6 | 1,974.0 | -579.7 | 2,975.9 |
| Guaranteed fixed income | -43.3 | -247.6 | 204.7 | -66.2 | 43.3 | -16.3 | 32.2 | 145.4 |
| Guaranteed equity | 7.2 | -378.6 | 234.1 | 4.5 | 96.1 | 5.3 | 7.9 | 124.7 |
| Global funds | 3,894.8 | -7,693.1 | 4,148.1 | 47.8 | 1,231.1 | 825.0 | -469.1 | 2,561.0 |
| Passive management | 1,192.9 | -1,109.3 | 1,693.5 | 318.9 | 584.8 | 358.2 | 0.8 | 749.8 |
| Absolute return | 216.5 | -372.4 | 290.9 | 43.8 | 77.6 | 33.1 | 7.0 | 173.1 |

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

| | | | | 2022 | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | IV | I | II | III | IV |
| **MANAGEMENT YIELDS** | | | | | | | | |
| Total financial mutual funds | 6.75 | -8.81 | 8.05 | 1.29 | 2.68 | 1.49 | -0.05 | 3.93 |
| Fixed income | 0.15 | -5.03 | 4.69 | 0.19 | 1.07 | 0.26 | 0.62 | 2.61 |
| Mixed fixed income | 3.37 | -8.65 | 6.50 | 1.02 | 1.80 | 0.78 | 0.00 | 4.05 |
| Mixed equity | 8.43 | -11.32 | 9.32 | 1.75 | 3.19 | 1.97 | -0.73 | 4.96 |
| Euro equity | 16.30 | -8.09 | 18.89 | 11.21 | 9.10 | 3.79 | -1.37 | 7.08 |
| Foreign equity | 19.78 | -14.02 | 16.29 | 3.45 | 6.49 | 4.45 | -0.85 | 6.40 |
| Guaranteed fixed income | -0.85 | -7.98 | 3.51 | -1.33 | 0.83 | -0.10 | 0.60 | 2.16 |
| Guaranteed equity | 0.59 | -5.40 | 4.40 | 0.19 | 1.67 | 0.21 | 0.26 | 2.30 |
| Global funds | 7.92 | -10.32 | 7.92 | 0.38 | 2.23 | 1.61 | -0.44 | 4.66 |
| Passive management | 9.61 | -8.63 | 8.28 | 2.31 | 3.36 | 1.83 | 0.16 | 3.12 |
| Absolute return | 3.78 | -4.81 | 5.34 | 0.79 | 1.37 | 0.70 | 0.29 | 2.99 |
| **EXPENSES. MANAGEMENT FEE** | | | | | | | | |
| Total financial mutual funds | 0.86 | 0.81 | 0.80 | 0.20 | 0.20 | 0.20 | 0.21 | 0.20 |
| Fixed income | 0.40 | 0.37 | 0.43 | 0.09 | 0.10 | 0.11 | 0.11 | 0.12 |
| Mixed fixed income | 0.88 | 0.87 | 0.91 | 0.23 | 0.22 | 0.23 | 0.23 | 0.23 |
| Mixed equity | 1.28 | 1.14 | 1.14 | 0.29 | 0.28 | 0.28 | 0.29 | 0.29 |
| Euro equity | 1.30 | 1.22 | 1.26 | 0.31 | 0.30 | 0.31 | 0.30 | 0.33 |
| Foreign equity | 1.31 | 1.15 | 1.16 | 0.29 | 0.29 | 0.29 | 0.30 | 0.29 |
| Guaranteed fixed income | 0.36 | 0.35 | 0.46 | 0.08 | 0.10 | 0.11 | 0.13 | 0.12 |
| Guaranteed equity | 0.44 | 0.40 | 0.42 | 0.10 | 0.10 | 0.10 | 0.11 | 0.11 |
| Global funds | 1.15 | 1.16 | 1.16 | 0.29 | 0.29 | 0.28 | 0.29 | 0.30 |
| Passive management | 0.37 | 0.34 | 0.44 | 0.08 | 0.10 | 0.11 | 0.13 | 0.12 |
| Absolute return | 0.68 | 0.51 | 0.61 | 0.13 | 0.14 | 0.14 | 0.16 | 0.18 |
| **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

%

| | | | | 2023 | | | | 2024 |
|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | I | II | III | IV | I[2] |
| Total financial mutual funds | 6.31 | -8.95 | 7.55 | 2.60 | 1.28 | -0.26 | 3.77 | 0.58 |
| Fixed income | -0.31 | -5.38 | 4.16 | 0.99 | 0.15 | 0.47 | 2.50 | 0.21 |
| Mixed fixed income | 2.49 | -8.83 | 5.75 | 1.56 | 0.51 | -0.24 | 3.85 | 0.45 |
| Mixed equity | 7.18 | -11.37 | 8.51 | 2.96 | 1.66 | -1.04 | 4.76 | 0.75 |
| Euro equity | 16.72 | -8.39 | 18.57 | 9.22 | 3.44 | -1.72 | 6.79 | 0.21 |
| Foreign equity | 21.14 | -13.14 | 16.56 | 6.55 | 4.14 | -1.1 | 6.21 | 1.63 |
| Guaranteed fixed income | -1.29 | -8.43 | 3.02 | 0.85 | -0.24 | 0.45 | 1.94 | 0.09 |
| Guaranteed equity | 0.06 | -5.44 | 4.03 | 1.58 | 0.09 | 0.14 | 2.18 | 0.25 |
| Global funds | 7.90 | -10.53 | 7.05 | 1.97 | 1.31 | -0.77 | 4.43 | 0.62 |
| Passive management | 9.82 | -9.31 | 8.98 | 3.90 | 1.76 | -0.01 | 3.07 | 0.71 |
| Absolute return | 3.02 | -4.95 | 4.77 | 1.24 | 0.51 | 0.12 | 2.83 | 0.47 |

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

## Hedge funds and funds of hedge funds

TABLE 3.12

| | 2021 | 2022 | 2023 | 2022 | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | IV | I | II | III | IV |
| **HEDGE FUNDS** | | | | | | | | |
| Investors/shareholders[1] | 8,786 | 8,817 | 10,341 | 8,817 | 9,791 | 10,109 | 10,181 | 10,341 |
| Total net assets (millions of euros) | 3,543.4 | 3,894.0 | 5,022.6 | 3,894.0 | 4,286.2 | 4,524.8 | 4,536.3 | 5,022.6 |
| Subscriptions (millions of euros) | 845.0 | 1,257.1 | 1,416.3 | 574.2 | 412.6 | 351.8 | 132.3 | 519.6 |
| Redemptions (millions of euros) | 405.3 | 603.3 | 640.6 | 186.9 | 141.4 | 185.3 | 137.6 | 176.3 |
| Net subscriptions/redemptions (millions of euros) | 439.7 | 653.9 | 775.7 | 387.2 | 271.2 | 166.5 | -5.3 | 343.4 |
| Return on assets (millions of euros) | 193.1 | -300.8 | 362.0 | 56.1 | 122.4 | 74.5 | 19.6 | 145.5 |
| Returns (%) | 6.47 | -7.71 | 7.98 | 1.94 | 3.13 | 1.62 | -0.12 | 3.16 |
| Management yields (%)[2] | 7.39 | -7.21 | 9.32 | 1.91 | 3.27 | 2.03 | 0.59 | 3.47 |
| Management fees (%)[2] | 1.47 | 0.85 | 0.82 | 0.20 | 0.20 | 0.20 | 0.20 | 0.21 |
| Financial expenses (%)[2] | 0.14 | 0.28 | 0.29 | 0.11 | 0.07 | 0.06 | 0.10 | 0.06 |
| **FUNDS OF HEDGE FUNDS** | | | | | | | | |
| Investors/shareholders[1] | 5,385 | 5,347 | 5,283 | 5,347 | 5,240 | 5,247 | 5,279 | 5,283 |
| Total net assets (millions of euros) | 834.0 | 741.3 | 794.8 | 741.3 | 754.3 | 769.7 | 818.1 | 794.8 |
| Subscriptions (millions of euros) | 237.8 | 110.1 | 77.3 | 27.0 | 12.7 | 17.9 | 38.4 | 8.3 |
| Redemptions (millions of euros) | 121.8 | 225.1 | 25.1 | 1.5 | 3.2 | 4.1 | 3.6 | 14.2 |
| Net subscriptions/redemptions (millions of euros) | 116.0 | -115.0 | 52.2 | 25.5 | 9.5 | 13.8 | 34.7 | -5.9 |
| Return on assets (millions of euros) | 65.2 | 22.2 | 1.3 | -11.8 | 3.5 | 1.6 | 13.7 | -17.5 |
| Returns (%)[3] | 9.35 | 3.04 | 0.37 | -1.43 | 0.50 | 0.26 | 1.70 | -2.04 |
| Management yields (%)[4] | 11.46 | 4.67 | 1.63 | -1.64 | 0.86 | 0.59 | 2.18 | -1.84 |
| Management fees (%)[4] | 1.41 | 1.32 | 1.33 | -0.08 | 0.34 | 0.34 | 0.34 | 0.32 |
| Depository fees (%)[4] | 0.07 | 0.06 | 0.06 | 0.02 | 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 | | | | 2024 |
|---|---|---|---|---|---|---|---|---|
| | | | | I | II | III | IV | I[1] |
| **NUMBER OF PORTFOLIOS[2]** | | | | | | | | |
| Mutual funds | 1,452 | 1,484 | 1,496 | 1,498 | 1,502 | 1,506 | 1,496 | 1,498 |
| Investment companies | 2,275 | 1,086 | 447 | 561 | 475 | 464 | 447 | 445 |
| Funds of hedge funds | 10 | 8 | 7 | 8 | 7 | 7 | 7 | 7 |
| Hedge funds | 72 | 91 | 123 | 103 | 112 | 116 | 123 | 124 |
| Total real estate CIS[3] | 4 | 4 | 3 | 3 | 3 | 3 | 3 | 3 |
| **ASSETS UNDER MANAGEMENT** (millions of euros) | | | | | | | | |
| Mutual funds | 324,701.0 | 311,466.4 | 353,259.8 | 328,868.5 | 337,642.3 | 339,378.4 | 353,259.8 | 357,494.2 |
| Investment companies | 28,049.3 | 15,468.1 | 13,878.1 | 13,478.3 | 13,491.7 | 13,340.7 | 13,878.1 | 14,030.6 |
| Funds of hedge funds | 831.0 | 741.3 | 821.7 | 754.3 | 769.7 | 818.1 | 794.8 | – |
| Hedge funds | 3,543.4 | 3,431.8 | 4,387.0 | 4,108.7 | 4,330.5 | 4,327.1 | 4,813.2 | – |
| Total real estate CIS[3] | 1,224.3 | 1,279.1 | 1,319.2 | 1,300.9 | 1,308.1 | 1,337.6 | 1,319.2 | 1,317.4 |

1 Available data: January 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 | 2022 IV | 2023 I | II | III | IV |
|---|---|---|---|---|---|---|---|---|
| **INVESTMENT VOLUME[2]** (millions of euros) | | | | | | | | |
| Total | 276,231.9 | 201,058.7 | 251,304.7 | 201,058.7 | 210,956.0 | 221,827.9 | 215,609.4 | 251,304.7 |
| Mutual funds | 36,662.6 | 27,630.3 | 35,677.7 | 27,630.3 | 29,406.2 | 32,430.7 | 28,958.1 | 35,677.7 |
| Investment companies | 239,569.4 | 173,428.3 | 215,627.0 | 173,428.3 | 181,549.9 | 189,397.2 | 186,651.3 | 215,627.0 |
| **INVESTORS/SHAREHOLDERS** | | | | | | | | |
| Total | 6,073,537 | 6,412,067 | 6,951,170 | 6,412,067 | 6,595,130 | 6,352,744 | 6,953,809 | 6,951,170 |
| Mutual funds | 776,206 | 830,870 | 880,152 | 830,870 | 874,350 | 875,602 | 854,362 | 880,152 |
| Investment companies | 5,297,331 | 5,581,197 | 6,071,018 | 5,581,197 | 5,720,780 | 5,477,142 | 6,099,447 | 6,071,018 |
| **NUMBER OF SCHEMES[3]** | | | | | | | | |
| Total | 1,074 | 1,095 | 1,115 | 1,095 | 1,103 | 1,104 | 1,115 | 1,115 |
| Mutual funds | 416 | 426 | 442 | 426 | 433 | 432 | 442 | 442 |
| Investment companies | 658 | 669 | 673 | 669 | 670 | 672 | 673 | 673 |
| **COUNTRY[3]** | | | | | | | | |
| Luxembourg | 501 | 498 | 504 | 498 | 505 | 505 | 504 | 504 |
| France | 222 | 222 | 230 | 222 | 226 | 223 | 230 | 230 |
| Ireland | 231 | 248 | 247 | 248 | 245 | 246 | 247 | 247 |
| Germany | 50 | 53 | 60 | 53 | 53 | 55 | 60 | 60 |
| 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 | 34 | 33 | 33 |
| Belgium | 5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Denmark | 1 | 1 | 0 | 1 | 1 | 1 | 0 | 0 |
| Finland | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| Liechtenstein | 5 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Portugal | 0 | 6 | 7 | 6 | 6 | 6 | 7 | 7 |
| Sweden | 9 | 9 | 10 | 9 | 9 | 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 I | II | III | IV | 2024 I[2] |
|---|---|---|---|---|---|---|---|---|
| **FONDOS** | | | | | | | | |
| Number | 4 | 3 | 2 | 3 | 3 | 3 | 2 | 2 |
| Investors/Shareholders | 691 | 593 | 583 | 590 | 589 | 588 | 583 | 583 |
| Assets (millions of euros) | 1.224,2 | 1.279,1 | | | | | | 1,317.4 |
| Return on assets (%) | -0.04 | 2.94 | 2.85 | 0.60 | 0.56 | 0.37 | 1.29 | -0.14 |

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: January 2024.