

THE OECD PRESENTS RECOMMENDATIONS TO REVITALIZE THE SPANISH CAPITAL MARKETS

05 December 2024

- The recommendations and report are the result of a request by the CNMV, supported by the Spanish Government, to the European Commission which tasked the OECD with developing a comprehensive diagnostic review of the Spanish capital market
- The report develops policy recommendations to improve the functioning of the Spanish market, drawing on in-depth empirical analysis of original data and a survey of Spanish companies as well as discussions with a wide range of market stakeholders, including government authorities

The OECD today has presented its report titled “OECD Capital Market Review of Spain 2024: Capital Markets for a Vibrant and Sustainable Spanish Economy and Corporate Sector” at an event held at the CNMV’s premises, with the participation of Paula Conthe, General Secretary for the Treasury and the International Finance (Spanish Ministry of Economy, Trade and Business); Carmine Di Noia, Director for Financial and Enterprise Affairs (OECD); Nathalie Berger, Director for Support to Member States’ reforms (European Commission, DG REFORM), Marcel Haag, Director for Financial Stability, Financial Services and Capital Markets Union (European Commission); and Rodrigo Buenaventura, Chair of the CNMV.

The OECD’s analysis and recommendations are the result of a CNMV initiative launched in 2023, aimed at providing an extensive mapping of the Spanish capital markets and policy recommendations to improve their functioning within six different areas. It builds on in-depth empirical analysis using original data, as well as a unique survey of listed and unlisted Spanish companies conducted by the OECD for the purpose of this report. The project was made possible through the financial support of the European Union and its Technical Support Instrument

(TSI), managed by the European Commission's Directorate-General for Structural Reform Support (DG REFORM).

The OECD puts forth 32 policy recommendations within six different areas that form a coherent plan for future coordinated implementation. The OECD has identified the following five key recommendations based on their foreseen impact and scope:

1. Create a dedicated individual investment savings account, providing savers with greater flexibility to decide on their own asset allocation and the benefit of simplified capital gains taxation;
2. Increase the size of the occupational pension fund sector and incentivise occupational pension savings by creating a policy environment that enables and encourages these funds to engage in capital markets;
3. Remove the possibility of unconditional early withdrawals from pension funds (except for contributions made when this option was stipulated by law) to ensure that pension funds are able to invest long-term;
4. Introduce a tax allowance for corporate equity along the lines of that provided in the EU's DEBRA proposal to remove the existing debt bias inherent in the tax system;
5. Establish public-private cooperation to promote the use of market-based financing among SMEs to create an ecosystem with diverse sources of funding and a natural progression between different types of financing.

The CNMV welcomes the outcome of the work delivered by the OECD, which is closely aligned with its efforts to revitalise the use of capital markets by companies (including SMEs with capacity for growth), in order that the Spanish economy can successfully transition towards a more sustainable economy. In supporting this message, the CNMV 2024 Activity Plan already foresees, among the strategic areas defined, the revitalisation of capital markets and the transition to a sustainable economy. In this regard, a set of initiatives has been envisaged and developed to contribute to some of the findings revealed by the OECD.

Nathalie Berger, Director for the Support of Member States' reforms (DG REFORM) said about the project: "The launch of the OECD Capital Market Review of Spain 2024 marks a significant milestone in strengthening Spain's capital markets. DG REFORM is pleased to support this project, initiated by the CNMV, through the Technical Support Instrument. By implementing the recommendations outlined in this review, Spain can unlock significant opportunities for businesses, attract investments, and accelerate its transition towards a greener, more resilient economy".

Marcel Haag, Director for Financial Stability, Financial Services and Capital Markets Union (DG FISMA) welcomed the report done by the OECD on Spanish capital markets and hoped Spain will build on the recommendations made within the report: "While the Commission has a key role in fostering financial integration, all Member States must play their part, by strengthening and developing existing domestic capital markets".

Carmine Di Noia, Director for Financial and Enterprise Affairs at the OECD highlighted that "the Spanish markets have great potential. There is a lot of domestic expertise and a strong institutional framework. To realise that potential, efforts now need to focus on growing the capital base and connecting it to the real economy through the capital markets. Our report provides a roadmap for doing so. We know from our previous Capital Market Reviews that these publications can act as a catalyst for policy reform, and we look forward to following developments in Spain".

Paula Conthe, General Secretary for the Treasury and the International Finance, considered that, "the development of Spanish capital markets is a top priority fully aligned with the Capital Markets Union. We welcome the report and expect to bring some of its recommendations to the Competitiveness Lab, in order to make progress together with other interested Member States towards a real common savings and investment union".

Rodrigo Buenaventura, Chairman of the CNMV, added "I am optimistic about further developing the financing of our economies. With good data and analysis, sufficient expertise and some openness, everything is possible if we address these challenges together. The OECD report is an excellent example of that approach".

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Useful links:

[Spain \(europa.eu\) on Reform Support website](#)

[CNMV - Capital markets for a vibrant and sustainable Spanish economy and corporate sector](#)

[Link to the OECD report on Spanish Capital Market December 2024](#)

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