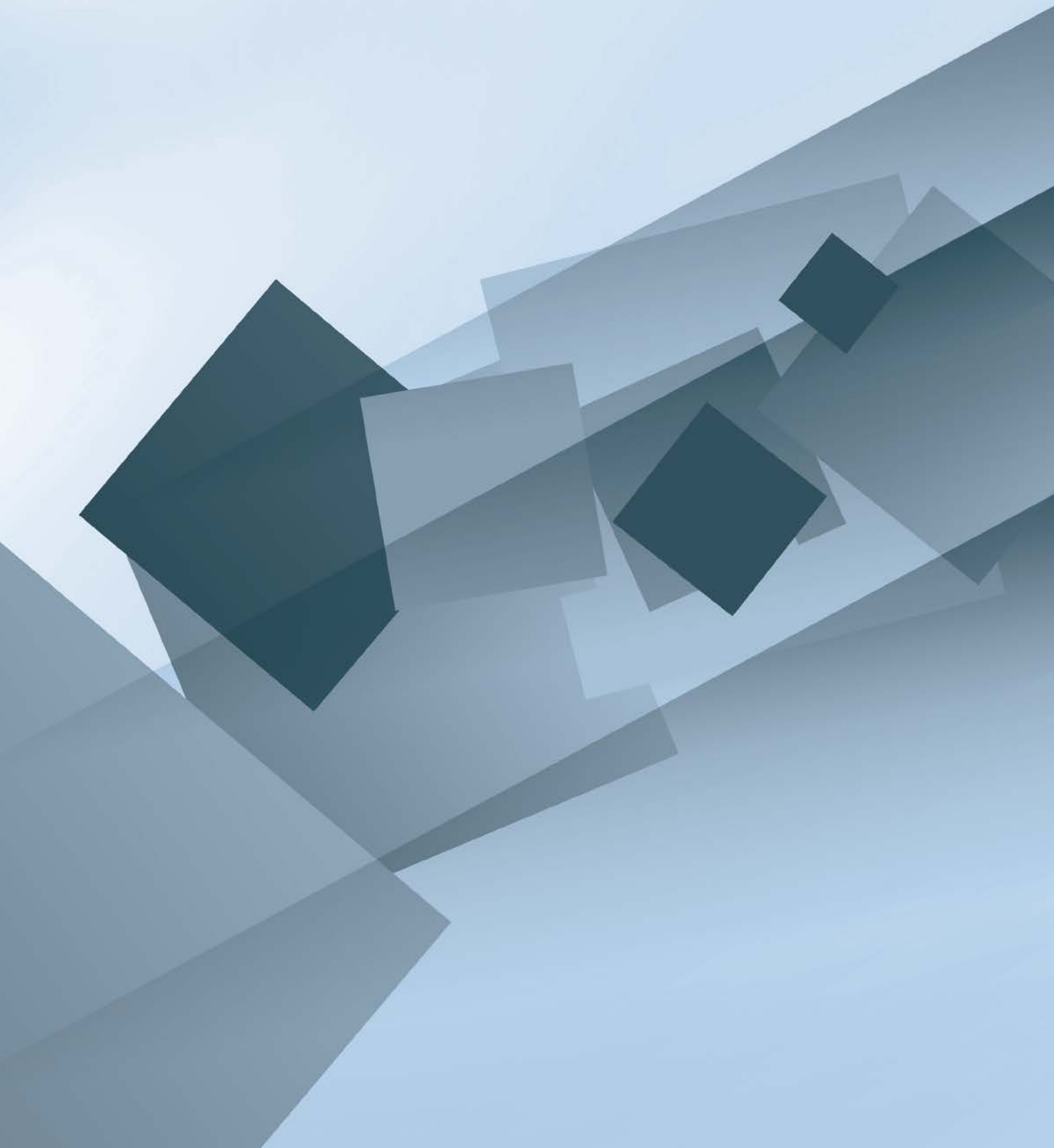




CNMV BULLETIN
Quarter II
2015



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2015**

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

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Abbreviations

ABS	Asset-Backed Security
AIAF	Asociación de Intermediarios de Activos Financieros (Spanish market in fixed-income securities)
ANCV	Agencia Nacional de Codificación de Valores (Spain's national numbering agency)
ASCRI	Asociación española de entidades de capital-riesgo (Association of Spanish venture capital firms)
AV	Agencia de valores (Broker)
AVB	Agencia de valores y bolsa (Broker and market member)
BME	Bolsas y Mercados Españoles (Operator of all stock markets and financial systems in Spain)
BTA	Bono de titulización de activos (Asset-backed bond)
BTH	Bono de titulización hipotecaria (Mortgage-backed bond)
CADE	Central de Anotaciones de Deuda del Estado (Public debt book-entry trading system)
CCP	Central Counterparty
CDS	Credit Default Swap
CNMV	Comisión Nacional del Mercado de Valores (Spain's National Securities Market Commission)
CSD	Central Securities Depository
EAFI	Empresa de Asesoramiento Financiero (Financial advisory firm)
EBA	European Banking Authority
EC	European Commission
ECB	European Central Bank
ECLAC	Economic Commission for Latin America and the Caribbean
ECR	Entidad de capital-riesgo (Venture capital firm)
EIOPA	European Insurance and Occupational Pensions Authority
EMU	Economic and Monetary Union (Euro area)
ESA	European Supervisory Authorities
ESMA	European Securities and Markets Authority
ESRB	European Systemic Risk Board
ETF	Exchange-Traded Fund
EU	European Union
FI	Fondo de inversión de carácter financiero (Mutual fund)
FII	Fondo de inversión inmobiliaria (Real estate investment fund)
FIICIL	Fondo de instituciones de inversión colectiva de inversión libre (Fund of hedge funds)
FIL	Fondo de inversión libre (Hedge fund)
FSB	Financial Stability Board
FTA	Fondo de titulización de activos (Asset securitisation trust)
FTH	Fondo de titulización hipotecaria (Mortgage securitisation trust)
IAASB	International Auditing and Assurance Standards Board
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IIC	Institución de inversión colectiva (UCITS)

IICIL	Institución de inversión colectiva de inversión libre (Hedge fund)
IIMV	Instituto Iberoamericano del Mercado de Valores
IOSCO	International Organization of Securities Commissions
ISIN	International Securities Identification Number
Latibex	Market in Latin American securities, based in Madrid
MAB	Mercado Alternativo Bursátil (Alternative Stock Exchange)
MEFF	Spanish financial futures and options market
MFAO	Mercado de Futuros del Aceite de Oliva (Olive oil futures market)
MIBEL	Mercado Ibérico de Electricidad (Iberian electricity market)
MiFID	Markets in Financial Instruments Directive
MoU	Memorandum of Understanding
OECD	Organisation for Economic Co-operation and Development
P/E	Price-earnings ratio
PRIIPs	Packaged retail investment products and insurance-based investment products
RENADE	Registro Nacional de los Derechos de Emisión de Gases de Efectos Invernadero (Spain's national register of greenhouse gas emission permits)
ROE	Return on Equity
SCLV	Servicio de Compensación y Liquidación de Valores (Spain's securities clearing and settlement system)
SCR	Sociedad de capital-riesgo (Venture capital company)
SENAF	Sistema Electrónico de Negociación de Activos Financieros (Electronic trading platform in Spanish government bonds)
SEPBLAC	Servicio Ejecutivo de la Comisión de Prevención del Blanqueo de Capitales e infracciones monetarias (Bank of Spain unit to combat money laundering)
SGC	Sociedad gestora de carteras (Portfolio management company)
SGEGR	Sociedad gestora de entidades de capital-riesgo (Venture capital firm management company)
SGFT	Sociedad gestora de fondos de titulización (Asset securitisation trust management company)
SGIIC	Sociedad gestora de instituciones de inversión colectiva (UCITS management company)
SIBE	Sistema de Interconexión Bursátil Español (Spain's electronic market in securities)
SICAV	Sociedad de inversión de carácter financiero (Open-end investment company)
SII	Sociedad de inversión inmobiliaria (Real estate investment company)
SIL	Sociedad de inversión libre (Hedge fund in the form of a company)
SME	Small and medium-sized enterprise
SON	Sistema Organizado de Negociación (Multilateral trading facility)
SV	Sociedad de valores (Broker-dealer)
SVB	Sociedad de valores y Bolsa (Broker-dealer and market member)
TER	Total Expense Ratio
UCITS	Undertaking for Collective Investment in Transferable Securities

I Presentation in the Spanish Lower House of Parliament of the CNMV's 2014 Annual Report

Elvira Rodríguez, Chairperson of the CNMV
Madrid, 27 May 2015

Mr Speaker, Honourable Members of Parliament,

I appear here today before this Committee, pursuant to Article 13 of the Securities Market Act, in order to give an account of the CNMV's Annual Report for 2014.

But, before I start my presentation, please allow me to thank you for your legislative activity with regard to the CNMV. On the one hand, for the approval with a wide consensus of the Law on CNMV Fees, which is an instrument that will facilitate the sustainability and fairness of our finances and, on the other hand, for the support for the set of measures incorporated as an amendment to the Securities Market Act in the Law Promoting Business Financing, which give us greater independence and new tools for performing our work more efficiently.

Getting back to the Annual Report, I hope that you have received it with enough time to be able to analyse it thoroughly.

I would also like to highlight, as you will notice, that for the first time the documentation has been sent electronically in line with our policy to minimise paper use that we are currently implementing.

In this report you can find all the details about the CNMV's actions in 2014, but should any honourable member be interested in any specific issue, then I would be more than happy to answer any questions at the end of the presentation or subsequently in writing.

I am going to present to you the institution's activity, focusing on what I consider to be the most relevant aspects due to their strategic nature or because they are new elements, and therefore I do not intend to give a thorough description of the full content of the Annual Report which you have in your possession.

Specifically, my presentation will be divided into three main sections.

In the first section, I will refer to the issues which characterised 2014 and which had an impact on capital markets and, therefore, a direct impact on the Commission's activities.

In the second section, following the order of the different chapters in our Plan of Activities, I will highlight part of the work which we conducted last year and which is significant with regard to the guidelines which we have followed in 2014.

Finally, I'm going to make a series of reflections relating to the present and the future of the capital markets which are the focus of our supervisory work.

I would like to start by highlighting the most relevant aspects of the economic and financial environment in which the CNMV had to perform its functions in 2014 and which, as I mentioned, are the elements which set or condition our activity.

As the honourable members will know, Spain's GDP grew by 1.4% in 2014, 0.5 points more than the Eurozone average. This was the first positive growth difference compared with our peer countries since 2008.

This recovery in economic activity managed to put a brake on the deterioration in the job market over recent years, with a slight but gradual fall in the unemployment rate.

Furthermore, in 2014 interest rates stood at historic lows. Rates in the most important advanced economies continued to be dependent on the clearly expansive monetary policies of the central banks. The abundance of liquidity allowed short-term interest rates to remain at levels close to zero in 2014.

The very low levels of growth and inflation in the Eurozone led to the European Central Bank reducing its main policy rates on two occasions as far as their lower bound and adopting new non-standard monetary policy measures to ramp up the monetary stimulus.

In this context, the conditions for issuing Spanish long-term government debt improved and closed the year with a spread versus the German benchmark of 125 basis points. You will remember that this figure reached heights of 600 points in 2013.

A scenario of extremely low interest rates such as that found in 2014 produces very significant effects on the behaviour of agents and capital markets.

On the one hand, investors tend to seek out higher returns than those offered by government debt, fixed income with the highest credit quality or bank deposits. On the other hand, companies have greater incentives to borrow from markets due to the lower cost of fixed income and greater demands of investors when acquiring equity instruments.

This at least partly explains the positive performance of international stock markets in the first half of 2014. However, the second half of the year recorded asymmetrical performance due to the uncertainty arising, among other factors, from geopolitical instability and the price of oil.

In Spain, equity benefited from a climate of greater stability in financial markets. Although its performance was uneven in 2014, the Ibex 35 rose by 3.7% over the year.

Furthermore, it is very important to indicate that not only did the index's capitalisation increase, but there was also a 31% increase in trading volume on official Spanish markets compared with the previous year.

This increase in trading is very positive as it provides the market with greater liquidity and depth, which in turn leads to improved price discovery and makes it easier for investors to enter and leave the market.

In addition, there was a significant increase in corporate operations in Spain in 2014. Spanish markets saw an upturn in the number of public offerings and rights offerings, with 13 companies raising funds in this way in the different market segments. Seven of the public offerings took place in the electronic market. These figures are more noteworthy if we bear in mind that there was practically no activity in this area in 2013.

The investment flows channelled towards equity (capital increases plus public offerings) totalled almost 32.8 billion euros, the highest figure in the whole of Europe.

A little under half of the funds were raised by credit institutions. Unlike 2012 and 2013, in which these institutions accounted for most of the funds raised through capital increases, in 2014 other sectors also raised significant funds, particularly the real estate and construction sector, in this case to reduce or restructure their debt or to strengthen their capital.

Another indication of the reactivation in the market is the fact that seven takeover bids were authorised by the CNMV, with a potential amount of almost 500 million euros.

These figures show that financing through markets is reaching the real economy and I would go as far as to say that they are an approximate indicator that investor confidence has finally started to recover.

Furthermore, in five of the seven takeover bids on the electronic market the prospectuses were drawn up directly in English, and fixed-income issues of Spanish companies for a value of almost 5 billion euros were performed under British legislation, which is evidence that foreign interest in Spanish issues is growing significantly.

2014 also witnessed a sharp increase in the mutual fund sector, together with a transformation in the type of funds marketed, as a result of the interest-rate situation I referred to before.

In line with the expansive trend which began in 2013, the assets managed by mutual funds rose by 26.8% in 2014 to 198.72 billion euros. In addition, 85% of this increase was due to new contributions from investors.

This recovery was accompanied by a significant change in the composition of available funds with a recovery in the categories of fixed-income and mixed-fixed income, as well as confirmation of the takeoff of passively-managed funds, the large majority of which are non-guaranteed funds with a specific target return.

It should however be noted that over recent months there has been another change in available mutual funds as firms move from funds with a specific target return, which are passively managed, to marketing actively-managed funds.

Another key aspect in 2014 was the growing impact of European legislation on capital markets and the internationalisation of operations and agents.

The rush of legislative activity from the European Union, which includes the impending legislation of the European Securities and Markets Authority, continued to increase over 2014. This legislation covers all aspects of security markets in great detail and, as of today, they leave little room for local differences, in line with the objective of creating a single rulebook for the European Union.

In addition, the across-the-board reactivation of the market highlights the interconnection between the different financial markets and the greater tendency to carry out cross-border investments, which makes it necessary to adapt supervisory rules and behaviour to the new situation.

In this context which I have just mentioned, in 2014 the CNMV conducted its supervision of markets and issuers and conduct of business rules of financial intermediaries and, at the same time, it worked towards improving investor protection, with the aim, as in previous years, of performing its tasks quickly and efficiently.

I would like to highlight four aspects relating to the supervision of markets and issuers.

Firstly, the CNMV has continued with the task of thoroughly reviewing short selling, overseeing compliance with conditions for performing these transactions, their transparency regime and the use of waivers for market makers and operators in the primary debt market.

Furthermore, in 2014 we once again strengthened the oversight of the reporting of transactions in financial instruments and, more specifically, suspicious transactions.

I will present only one figure so that you may have an idea of the intensity of our market supervision: in 2014 we supervised over 125 million transactions, an increase of 38% on 2013.

As has become increasingly common, our oversight is focused particularly on the fight against market abuse. In 2014, we initiated 11 disciplinary proceedings for market abuse affecting 20 natural or legal persons, which is a substantial increase with regard to the three disciplinary proceedings initiated in 2013.

Specifically, in six of these proceedings the CNMV investigated the actions of 10 natural or legal persons with regard to market manipulation practices. In four of these proceedings we analysed treasury stock trading, and in one of them the investigation focused on the use of insider information.

In addition, in 2014 we sent the Public Prosecutor's Office a case for possible improper use of insider information and we sent three warning letters indicating aspects which could lead to potential breaches of applicable legislation.

Secondly, ESMA has intensified its work in drawing up implementing technical standards of MiFID II.

The new legislation entered into force in July 2014, but the obligations set forth therein will be applicable as from January 2017 and progress is currently being made on the numerous mandates given to ESMA to draw up technical standards implementing the legislative rules.

The new legislative framework focuses attention, among other issues, on transparency, electronic and high-frequency trading, promoting competition between trading and clearing infrastructures and reporting obligations in commodity derivatives.

Furthermore, it promotes improvements in supervisory tools and powers in the different areas of activity and financial instruments affected by the reform, which includes a thorough revision of the system of transaction reporting to the competent authorities.

Thirdly, I would like to highlight the CNMV's work on the formal and substantive reviews of the regulated periodic reporting of issuers.

I am particularly referring to the audited annual financial reports which the CNMV reviews with regard to their format and compliance with the requirements established by legislation. The CNMV also conducts a substantive review of a set of audited annual accounts determined using a risk-based selection model according to criteria established by ESMA.

This formal and substantive review led to 64 companies being sent deficiency letters in 2014 in respect of qualifications or requesting supplementary information on the 2013 annual financial reports. The aim of these deficiency letters is to request clarifications of specific aspects of the accounts and they are an essential tool for contributing towards the accuracy of the financial reporting by securities issuers.

Finally, following months of intense work with the cooperation of the Committee of Experts created by the Government, we have completed the reform of the framework for the corporate governance of listed companies.

This reform has resulted in, firstly, an amendment of the Capital Companies Act which was published at the end of last year and which incorporates substantial changes with a twofold aim.

Firstly, the aim is to strengthen the role of the shareholders' meeting by facilitating the participation of owners in important decisions and, at the same time, significantly increasing shareholders' oversight of the management conducted by directors. Secondly, the aim is to improve the functioning of the management body so as to align directors' interests with those of the company.

In addition to promoting these legislative changes, in February 2015 we published the new Good Governance Code, which contains a set of recommendations in line with the strictest international standards in this area.

With regard to supervision of investment services and collective investment schemes, in 2014 we once again prioritised early preventive supervisory actions.

In the case of investment services, the CNMV paid particular attention to controls aimed at verifying compliance with conduct of business rules in the marketing of complex products, particularly with regard to suitability and appropriateness tests, as well as in providing advisory services and discretionary portfolio management. The supervisory activity also focused on controls aimed at verifying compliance with ESMA guidelines on remuneration of staff in the commercial network.

With regard to collective investment schemes, we once again focused on conflicts of interest and on the information received by investors. The notable growth in this sector also meant that specific controls needed to be performed on the marketing of the products with highest demand.

You can find the details of all our supervisory activity in this field, which has been intense, in our report. I would like to highlight four important examples.

I mention the first of these, although it may seem to be anecdotal, because it is a good example of the preventive philosophy which we are following in the CNMV.

It relates to a study which we performed on the results obtained by investors in contracts for differences (CFDs).

We analysed the individual results obtained over almost two years by 8,000 clients of the entities which were most active in this product (which accounted for a market share of 85%). The results of the study revealed that the losses in some cases were very significant and, therefore, following our focus on prevention, we warned the public by indicating that 75% of people investing in CFDs lose money.

Secondly, following the recommendations of the Subcommittee on Information Transparency of the Financial and Mortgage Instruments of Credit Institutions, created as part of the Economic Affairs and Competition Committee, we carried out a public consultation with a proposal to classify financial instruments and identify especially complex products.

We have tried to establish a universal system for classifying financial instruments aimed at retail investors so as to improve the information which they receive prior to purchasing such products.

The idea is that investors can understand at a glance the level of risk which they are going to take on, and that investors should also be provided with clear information on liquidity levels and the complexity of the products which they are going to purchase.

We are also going to specify which instruments are considered especially complex and, in these cases, make a specific warning to the client indicating that these products are not appropriate for retail investors. This warning must be signed by the clients themselves.

After completing the public consultation stage, the draft version was sent to the Ministry of Economic Affairs and Competition to be passed onto the Council of State. It seems that the Ministry is currently analysing the draft proposal and weigh-

ing up the possibility of including its content in another piece of draft legislation with a wider scope and it has therefore not been sent on to the Council of State yet. The CNMV believes, and has repeatedly stated, that, at any event, the draft proposal should be passed on to the Council of State.

Thirdly, we reviewed the processes for placing issues of complex products with retail investors which, in our opinion, require special attention from the supervisor, for example, structured products. In the context of these actions, we required the placement entity to warn the client of the difference between the fair value and the placement price of the instrument in cases in which that difference was significant.

Finally, with regard to the most significant public offerings aimed at retail investors, the CNMV sent communications to the placement entities reminding them of certain conduct of business rules applicable to these cases. I can assure you that this work, even though it may seem obvious, gave tangible and immediate results.

A third area of activity for the CNMV in 2014 focused on strengthening the CNMV's relations with investors and other interested parties.

We have therefore maintained a dynamic and proactive communication policy, giving greater presence and visibility to the CNMV's actions so as to bring us closer to investors in the market.

In 2014, we particularly focused on developing communication through digital media and monitoring messages through social forums.

In addition, we continued paying preferential attention to the claims and complaints presented by investors, which, fortunately, fell sharply last year compared with 2012 and 2013, years in which they reached an unusually high level.

We also continued our activities aimed at promoting financial education among investors and the general public.

In particular, in the framework of the National Financial Education Plan, promoted jointly with the Bank of Spain, we implemented a new financial education programme during the 2013-2014 academic year which, on this occasion, reached over 450 schools and 47,500 students of compulsory secondary education throughout Spain (more than double the number of the previous year).

Similarly, it is important to highlight that one of the central objectives of the plan was achieved: incorporation of financial education content into the school curriculum.

This concludes the review of the CNMV's work in 2014. I would now like to offer you a series of reflections which I believe are essential for understanding the challenges that the CNMV will have to face in the coming years, which are set by two major trends that are currently unfolding in capital markets.

Firstly, as I indicated at the start of my talk, international aspects are becoming increasingly important in securities markets. During the financial crisis it has become

clear that the integrity of national markets is very much dependent on the functioning of the global financial system.

In recent years, we have moved from a situation characterised by simple cooperation between supervisors, which evolved towards close coordination and, eventually, to what is in practice international integration, which is even closer on a European level.

A good example of this integration is the European Banking Union. And, in the context of securities markets, a process of reflection is currently taking place on whether there should be institutional changes. In this regard, in 2014 the European Commission reviewed the operation of the European Supervisory Authorities (ESAs) to evaluate their activity since they were created in January 2011.

In its report to the European Parliament and to the Council, published in August 2014, the European Commission states that the operation has generally been adequate, a conclusion which is ratified by the European Council in its considerations on the report.

However, the examination reveals areas which require short- and medium-term improvements and it highlights the need to strengthen the work of the ESAs as the bodies responsible for common supervisory practices.

Now that the EU legislative drive which arose as a result of the crisis is in its final stage, the activities of ESMA will undoubtedly increasingly focus on promoting supervisory convergence between national authorities. That is, in aiming to remove, by means of a common supervisory culture, significant differences in how markets are supervised and thus achieving similar results and preventing regulatory arbitrage at all costs.

Achieving this convergence will require ESMA to continue publishing its guides. These guides promote harmonised implementation of the rules and reduce the risk of regulatory arbitrage. Similarly, it is important to strengthen the role of the Review Panel, which is the ESMA group in charge of evaluating convergence in the application of European legislation and supervisory practices by national authorities.

The CNMV is collaborating in these tasks and actively participating in numerous committees and working groups. These types of tasks, together with, for example, the analysis of issue prospectuses which are presented directly in English, as I mentioned earlier, have made it necessary to increase the specialisation of our staff, who have needed to have a high level of English in order to perform their work effectively (and this is unstoppable).

The second significant factor or trend is the greater importance of financing through sources other than banks.

As a consequence, partly, of the increase in prudential requirements of credit institutions resulting from the experience gained during the financial crisis, there has

been a sharp reduction in bank lending over recent years, which has gone hand-in-hand with an increase in its cost.

This has encouraged the growth of lending intermediation made up of entities and activities which are outside the traditional banking system. This is known as shadow banking and it accounts for approximately half of the volume of the world banking system.

There is no doubt that shadow banking performs important functions in the financial system because it generates additional sources of financing and offers investors alternatives to bank deposits.

But it can also be a potential threat to long-term financial stability and it is therefore necessary to take measures to eliminate dark areas from the financial sector which might have a potential impact on systemic risk, and to extend regulation and supervision to all areas of systemic importance.

This phenomenon is making it necessary to review the supervision of financial markets on a national and international level. The new areas which will gain importance in aspects of systemic stability are those which are currently within the competencies entrusted to security supervisors and this has led to the interest in supervisors participating in international forums regarding this issue.

An example of this is the Financial Stability Board (FSB), which has decided to include non-banking authorities in its working groups. In this regard, I think it is very positive for our country that the CNMV has achieved, with the support of the Ministry of Economic Affairs and the Bank of Spain, that the FSB officially approve its participation in its work.

Specifically, the CNMV is now a member of the Standing Committee on Standards Implementation, which is responsible for evaluating the implementation of the recommendations agreed by the FSB.

In addition to promoting shadow banking, the restriction on bank lending which I have just mentioned is forcing the need to promote securities markets as a source of financing for the real economy.

On a European level, this need has led the European Commission to launch the EU Capital Markets project which, while not so ambitious that it will lead to as many institutional changes in the short-term as the Banking Union, is indeed a necessary boost in order to facilitate access to financing for European companies.

This project rests on the idea that it is necessary to mobilise the unproductive or inefficiently assigned financial capital in Europe, creating a truly integrated capital market which will be an efficient point of intersection between savers and those who need financing. Emphasis is given to the importance of fostering the financing of SMEs and long-term projects.

We will have to see what shape this project takes, but the aim is undoubtedly admirable and necessary and I expect we will not have to wait long to see specific proposals.

In Spain, where companies, especially SMEs, have traditionally been very dependent on bank financing, we have already taken a step forward. And, as you know, the aim of the Law on Promoting Business Financing has specifically been to implement a strategic change in legislation to promote sources of financing in the Spanish economy that are alternatives to traditional banks.

In summary, when considering the CNMV's future, we need to bear in mind that we are moving in an extremely dynamic internationalised environment in which securities markets play an increasing role in contributing to the economic growth of our country.

I can tell you that we are working, both on a legislative and an organisational level, to ensure that the CNMV is well positioned to adequately meet the needs of market participants and investors in this complex and dynamic environment in which financial markets now operate.

Firstly, the improvements introduced by the Law on Promoting Business Financing, which strengthens our supervisory competencies, have been very positive.

It opens up the possibility of hiring, when necessary, experts in different matters and the use of external staff in order to carry out checks, including anonymously, on the marketing of financial products (mystery shopping).

It also attributes to the CNMV the direct competencies of authorisation or revocation of firms operating in securities market and the imposition of penalties for very serious breaches, which had previously corresponded to the Minister for Economic Affairs and Competition. In addition, the law expressly allows disclosure of the initiation of disciplinary proceedings, which can act as an example and a deterrent.

These are welcome improvements but, unfortunately, they are still incomplete because they do not give the CNMV the level of autonomy demanded by international bodies to allow us to adequately and efficiently comply with our role in the European System of Financial Supervisors and, above all, to adapt quickly and effectively to the intense changes taking place in markets.

For example, with regard to staff, although an important step has been taken by allowing us to cover the staff vacancies approved in our budget without needing to use the Public Sector Hiring Process, the CNMV remains subject to the restrictions inherent to this process: especially, those relating to the number of employees at the institution.

It is true, on the one hand, that the progress made mitigates the decapitalisation in terms of the number of employees, but it does not solve the decapitalisation in terms of training and experience which we constantly suffer when very qualified staff leave, often to work for other national supervisors which have greater flexibil-

ity to offer positions with remuneration more in line with those typically found in the financial sector.

We therefore unfortunately continue with a significant restriction in achieving a CNMV which is as efficient and flexible as we would like. I would like to take this opportunity to kindly ask you to analyse the possibility of advancing a new legislative reform to complete that which began with the Law on Promoting Business Financing so as to grant the CNMV the full autonomy which will allow it to adequately comply with the functions attributed to it.

Secondly, we have decided to undertake a substantial organisational restructuring in order to allow the CNMV, in layman's terms, to work better and to be better prepared to operate in the changing environment of financial markets.

Specifically, the meeting of the CNMV Board held yesterday approved the creation of a Directorate-General of Strategic Policy and International Affairs, which groups together the International Affairs Department, the Research and Statistics Department and a newly created Institutional Strategy and Relations Department.

I do not want to bore you with details but let me briefly highlight the ultimate aims behind the creation of this directorate-general, which will cut across the entire institution and which was created taking into account similar changes recently conducted for other national and international supervisors.

The aim is essentially to ensure that the CNMV's strategic lines, defined in the annual Plan of Activities, are present and incorporated into the practice of all our actions and, in turn, to set the strategies for future plans in accordance with the results obtained.

We want to be able to influence as early and efficiently as possible the drafting of the European legislation and international standards which increasingly affect our markets.

We also want to ensure adequate application of this legislation and the standards on a national level by promoting a stronger and more fluid relationship between the CNMV and the relevant institutions and with the participants in Spanish markets.

Therefore, this directorate-general will emphasise critical analysis and the coordination of the responses to institutionally significant draft legislation and it will facilitate the practical implementation of the changes resulting from legislative developments in cooperation with the sector.

I can assure you that, although these aspects have not been neglected to date, their importance requires an extra institutional effort, which is what we aim to achieve with this new structure.

As you can see, we are taking very seriously the need to make the CNMV an efficient institution which is capable of providing a good service.

I want to take up much more time. As I commented at the start of my talk, in the Annual Report you can find all the details on our activity.

I am more than happy to answer any questions which you may have.

Thank you very much.

II Market survey (*)

(*) This article has been prepared by staff of the CNMV's Department of Research, Statistics and Publications.

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1 Overview

The global macroeconomic environment of these past months has been characterized by a pickup in activity across the major advanced economies (except Japan), rooted in the boost effect of falling oil prices on importing economies and, in the euro area, the depreciation of the single currency. Overall, the US continued in better macroeconomic shape than Europe, despite mildly disappointing activity and employment figures, and expectations remain high for interest rate hikes before the year is out. In the euro area, monetary policy turned yet more expansionary in the wake of the ECB's January announcement of a sovereign-bond buying programme, in response to worryingly low inflation and still sluggish economic activity.

This announcement was welcomed by the markets, above all in Europe, where mass purchasing of financial assets powered equity prices over 20% higher and drove government bond yields in most economies to historical lows, with many even slipping into negative values. Specifically, by March-April ten-year sovereigns were yielding as low as 0.08% in Germany, 0.36% in France, 0.56% in Ireland and 1.14% in Spain and Italy.

This more upbeat mood, however, soon succumbed to the climate of uncertainty created by the drawn-out negotiations over Greece's debt, and financial markets, and debt markets particularly, experienced episodes of stress. The result was an increase in sovereign yields, which in longer-dated instruments managed to wipe out the year-to-date decline, accompanied by an upswing in volatility and some erosion of liquidity. Stock markets too suffered a reversal in the year's central weeks, though without entirely annulling their first-quarter gains.

Domestic financial markets were not aloof from these trends, with a first quarter of rising share prices and falling bond yields giving way to a less settled climate in the months that followed. So steep was the run-down in yields of the year's opening months that the Spanish Treasury was able to close its first bond issues at negative rates, an experience shared with other European countries. Meantime, the risk premium, measured by the yield spread between the Spanish and German ten-year bond, sank in March to a recent-year low of 88 basis points (bp). As market tensions mounted, however, stock market gains were trimmed back to 5.5% year to date (Ibex 35) while bond yields headed sharply higher, as far as mid-June levels of 2.2% in the case of ten-year governments compared to the 1.8% of end-2014.

Key financial indicators

TABLE 1

	3Q 14	4Q 14	1Q 15	2Q 15 ¹
Short-term interest rates (%)²				
Official interest rate	0.05	0.05	0.05	0.05
Euribor 3 months	0.10	0.08	0.03	-0.01
Euribor 12 months	0.36	0.33	0.21	0.16
Exchange rates³				
Dollar/euro	1.26	1.21	1.08	1.12
Yen/euro	138.1	145.2	129.0	138.5
Medium and long government bond yield⁴				
Germany				
3 years	-0.03	-0.04	-0.21	-0.14
5 years	0.15	0.08	-0.12	0.11
10 years	0.97	0.64	0.26	0.84
United States				
3 years	1.03	1.05	1.01	1.06
5 years	1.76	1.64	1.52	1.69
10 years	2.52	2.21	2.04	2.36
Corporate debt risk premium: Spread over ten-year government bonds (bp)⁴				
Euro area				
High yield	430	519	526	461
BBB	113	129	131	126
AAA	4	14	n.a.	n.a.
United States				
High yield	377	478	453	428
BBB	106	161	156	151
AAA	53	59	57	65
Equity markets				
Performance of main world stock indices (%) ⁵				
Eurostoxx 50	-0.1	-2.5	17.5	-7.0
Dow Jones	1.3	4.6	-0.3	0.1
Nikkei	6.7	7.9	10.1	6.1
Other indices (%)				
Merval (Argentina)	59.1	-31.6	26.3	3.5
Bovespa (Brazil)	1.8	-7.6	2.3	3.9
Shanghai Comp. (China)	15.4	36.8	15.9	35.1
BSE (India)	3.5	4.4	2.8	-5.8
Spanish stock market				
Ibex 35 (%)	-0.9	-5.0	12.1	-5.9
P/E of Ibex 35 ⁶	15.3	14.9	16.5	15.5
Volatility of Ibex 35 (%) ⁷	17.4	22.2	23.4	22.0
SIBE trading volumes ⁸	2.901	4.153	4.044	3.951

Source: CNMV, Thomson Datastream and Bolsa de Madrid.

1 Data to 15 June.

2 Monthly average of daily data. The official interest rate corresponds to the marginal rate at weekly auctions at the period close.

3 Data at period end.

4 Monthly average of daily data.

5 Cumulative quarterly change in each period.

6 Price/earnings ratio.

7 Implied volatility. Arithmetical average for the quarter.

8 Daily average in million euros.

2 International financial background

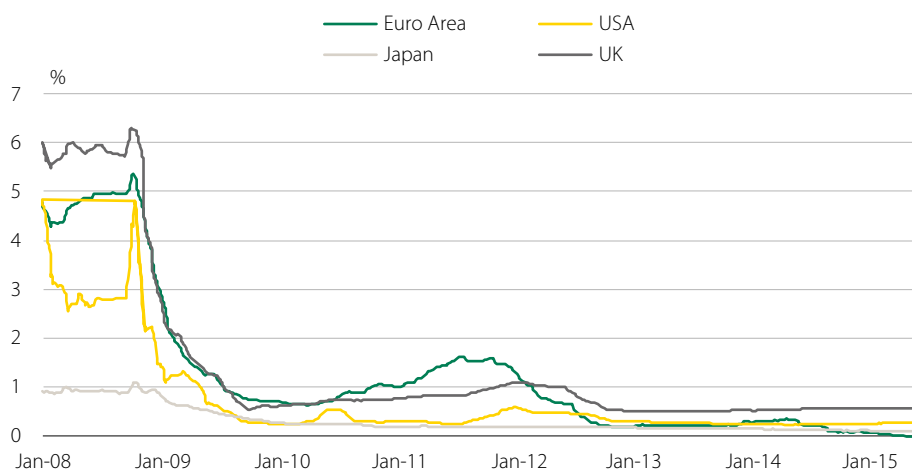
2.1 Short-term interest rates

The latest activity figures released on both sides of the Atlantic confirm the growth vigor of the US and UK economies compared to the more timid advances secured in Europe. In 1Q 2015, specifically, the first two economies grew their GDP by 2.7% and 2.4% respectively while growth in Europe stayed stuck around the 1% mark, albeit with the prospect of an imminent boost thanks to falling oil prices and the depreciating euro¹.

Inflation rates in the advanced economies held near zero (except in Japan) throughout the spring, due largely to the fall in certain commodity prices. Core inflation performed more unevenly, with rates approaching 2% in the United States and lower than 1% in most European countries. In Japan, the baseline effect of the April 2014 VAT hike drove that month's rate down from 2% to 0.4%. In any event, the absence of inflationary pressures continued to anchor short-term rates at historical lows (see figure 1).

Three-month interest rates

FIGURE 1



Source: Thomson Datastream. Data to 15 June.

As we can see from table 2, within this environment of near-zero rates, certain differences emerged between the United States and the euro area in the opening months of 2015. In the US, short-term rates began to edge higher in anticipation of the official rates upcycle augured to start in 2H 2015. By mid-June, the 12-month interbank rate stood at 0.77%, 16 bp more than at year-end 2014. In the euro area, conversely, short-term rates continued heading lower over the first-half period in response to the ECB's upkeep of an expansionary monetary policy. Three-month rates entered nega-

1 According to the IMF (in its *World Economic Outlook* of April 2015), euro-area GDP will grow by an average 1.5% in 2015 and 1.6% in 2016, a mark-up of 0.3 and 0.2 points respectively versus its previous forecasts, published in January.

tive territory at the end of April, while six-month and one-year rates, at 0.05% and 0.16%, stood 13 and 17 bp below the levels of the 2014 close, lower even than Japanese rates in the same two tenors. In Japan and the United Kingdom, short-term rates remained more or less flat in the first six months of the year.

Short-term interest rates¹ (%)

TABLE 2

	Dec 11	Dec 12	Dec 13	Dec 14	Sep 14	Dec 14	Mar 15	Jun 15 ¹
Euro area								
Official ²	1.00	0.75	0.25	0.05	0.05	0.05	0.05	0.05
3 months	1.43	0.19	0.28	0.08	0.10	0.08	0.03	-0.01
6 months	1.67	0.32	0.37	0.18	0.20	0.18	0.10	0.05
12 months	2.00	0.55	0.54	0.33	0.36	0.33	0.21	0.16
United States								
Official ³	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
3 months	0.56	0.31	0.24	0.25	0.23	0.25	0.27	0.28
6 months	0.78	0.51	0.35	0.34	0.33	0.34	0.40	0.43
12 months	1.10	0.85	0.58	0.60	0.58	0.60	0.70	0.77
United Kingdom								
Official	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3 months	1.06	0.52	0.52	0.56	0.56	0.56	0.56	0.57
6 months	1.35	0.67	0.61	0.68	0.71	0.68	0.68	0.71
12 months	1.85	1.02	0.89	0.98	1.05	0.98	0.97	1.00
Japan								
Official ⁴	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 months	0.20	0.18	0.15	0.11	0.12	0.11	0.10	0.10
6 months	0.34	0.29	0.21	0.15	0.17	0.15	0.14	0.14
12 months	0.55	0.50	0.37	0.27	0.32	0.27	0.26	0.25

Source: Thomson Datastream.

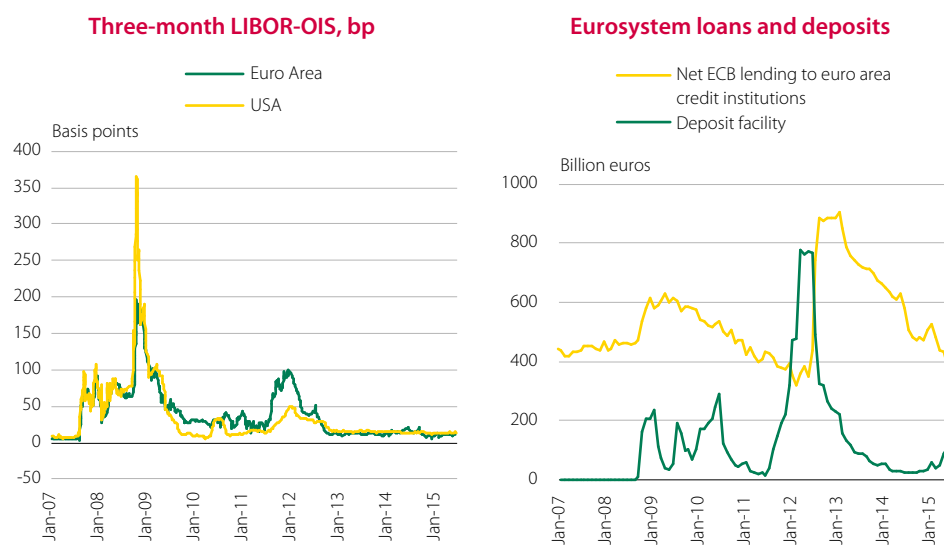
1 Monthly average of daily data except official rates, which correspond to the last day of the period. Data to 15 June.

2 Marginal rate at weekly auctions.

3 Federal funds rate.

4 Monetary policy rate.

The LIBOR-OIS spreads used frequently as a yardstick for interbank market tensions registered no major blips over the first few months in either the US or the euro area. As can be seen from the left-hand panel of figure 2, the three-month LIBOR-OIS held consistently below 15 bp in both economic areas. In the euro area, moreover, the steady recovery of the banking sector and its more muted funding needs enabled a fresh decline in net Eurosystem borrowings to below 400 billion euros in May 2015, 106 billion less than at end-2014 (see right-hand panel of figure 2).



Source: Thomson Datastream and Banco de España.

Three-month forward rates (FRAs) gave no hint of a near-term change in euro-area short-term rates, but are anticipating a 25 bp jump, at least, in US rates during the last quarter of 2015. Federal Reserve declarations about the commencement of a new rates upcycle (foreseeably a prolonged and staggered one) lend weight to this conjecture.

Three-month forward rates (FRAs)¹ (%)

TABLE 3

	Dec 11	Dec 12	Dec 13	Dec 14	Sep 14	Dec 14	Mar 15	Jun 15
Euro area								
Spot	1.36	0.19	0.29	0.08	0.08	0.08	0.02	0.00
FRA 3x6	1.06	0.17	0.28	0.07	0.08	0.07	0.01	0.05
FRA 6x9	0.93	0.17	0.29	0.06	0.07	0.06	0.00	0.07
FRA 9x12	0.90	0.20	0.33	0.08	0.08	0.08	0.00	0.07
FRA 12x15	0.91	0.23	0.38	0.12	0.20	0.12	-0.01	0.09
United States								
Spot	0.58	0.31	0.25	0.26	0.24	0.26	0.27	0.29
FRA 3x6	0.65	0.30	0.28	0.31	0.25	0.31	0.35	0.45
FRA 6x9	0.71	0.33	0.32	0.48	0.36	0.48	0.52	0.64
FRA 9x12	0.75	0.35	0.38	0.70	0.58	0.70	0.69	0.83
FRA 12x15	0.75	0.38	0.45	0.97	0.86	0.97	0.89	1.06

Source: Thomson Datastream.

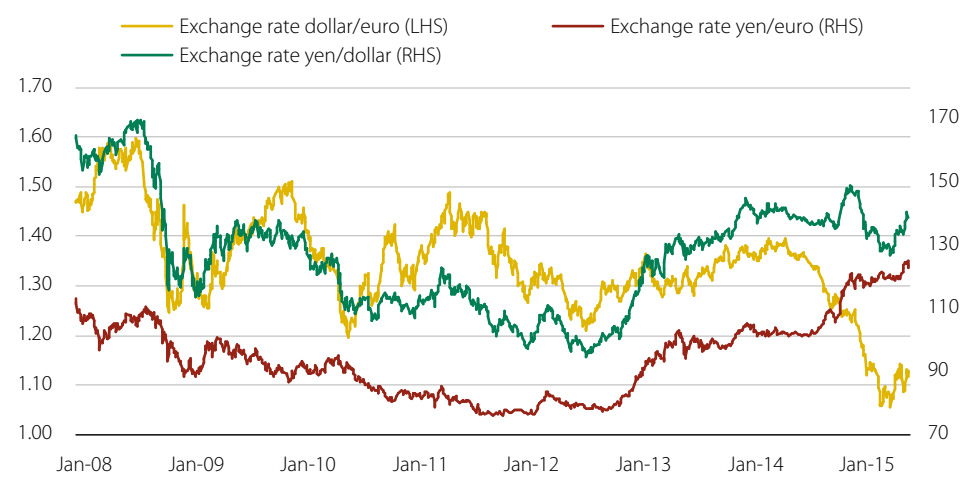
¹ Data at period end. Data to 15 June.

2.2 Exchange rates

In currency markets, the euro prolonged its slide against the dollar until mid-April, when it was trading at 1.05 dollars versus the 1.21 of year-end 2014, but subsequently worked back up to 1.12 dollars at the closing date for this report. The depreciation of Europe's currency, a product essentially of the ECB's expansionary monetary policy, extended to other currencies, among them the yen. Specifically, the euro sank from 145 yens in December 2014 to an annual low of 126.5 in the middle of April, before recouping levels closer to 140 yens (see figure 3).

Dollar/euro and yen/euro exchange rates

FIGURE 3

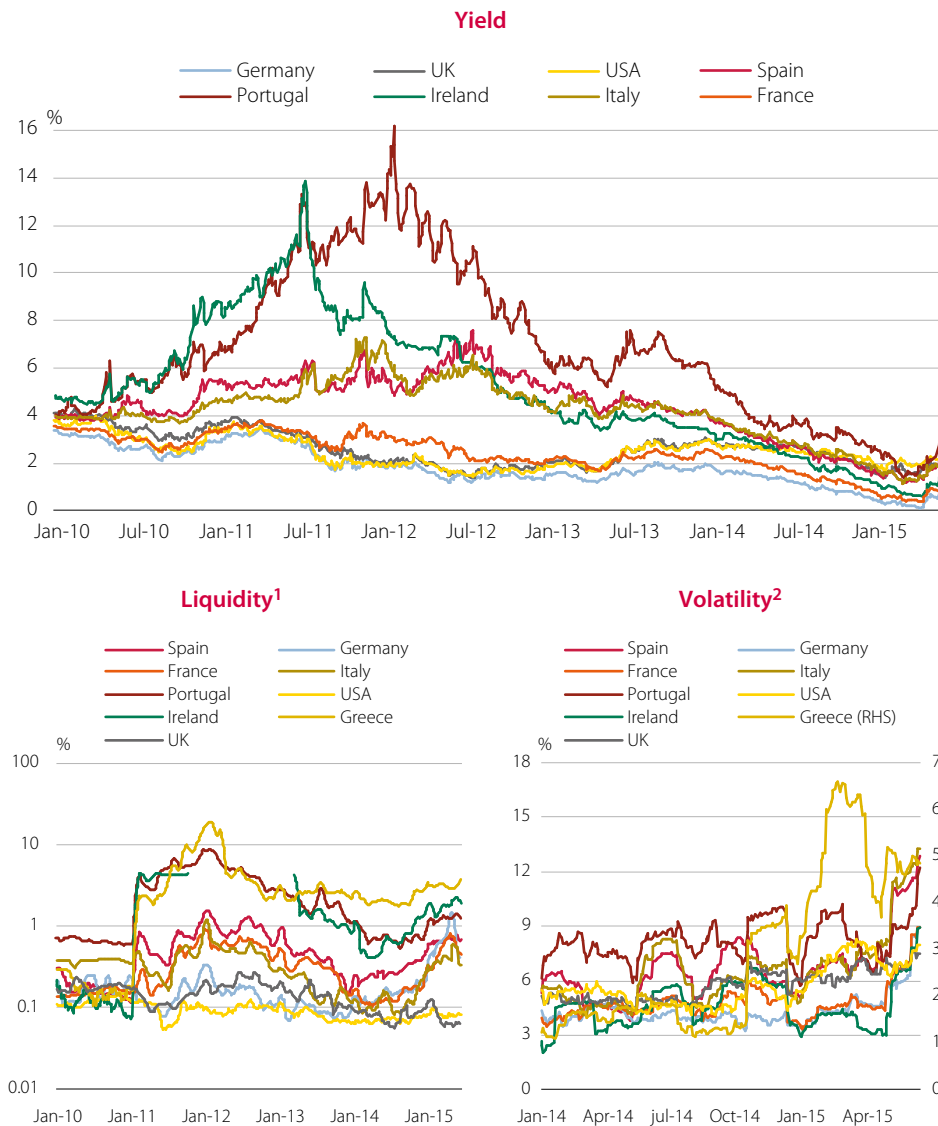


Source: Thomson Datastream. Data to 15 June.

2.3 Long-term interest rates

Yields on the long-term bonds of the major advanced economies continued heading lower over the first few months of 2015. Driving the decrease was the ECB's package of non-conventional monetary measures, unveiled in January, which is playing out most strongly at the long end of the yield curve. The ECB, specifically, pledged to purchase sovereign bonds at a pace of 60 billion euros monthly until September 2016 at least. According to its own figures, the bank acquired 146.68 billion euros worth of debt between the programme's startup and end-May 2015, with an average maturity of 8.07 years² (see figure 5). As we can see from figure 4, government bond yields recorded a string of lows up to mid-April accompanied by significant spread compression, that is, an appreciable narrowing of the difference between the maximum and minimum yields of the countries followed; in this case to below 2 percentage points in the ten-year maturity. Further, three and five-year yields on various European sovereigns turned negative in the same period.

2 Spanish sovereign bonds in the ECB's portfolio summed 16.82 billion euros (11.5% of the total), with a weighted average maturity of 9.71 years.



Source: Bloomberg, Thomson Datastream and CNMV. Data to 15 June.

- 1 Monthly average of the daily bid-ask spread of 10-year sovereign yields. Y axis on a logarithmic scale.
- 2 Annualised standard deviation of daily changes in 40-day sovereign bond prices.

This downtrend in yields reversed sharply as of mid-April due to negative market newsflow and bond price sensitivity, which is known to augment as interest rates draw close to zero³. The result was a series of volatility spikes in fixed-income markets, coinciding with instability outbreaks brought on by fears of a Greek default and electoral processes in some European countries. The market climate was still notably unsettled at the closing date for this report⁴, as the Greek government again

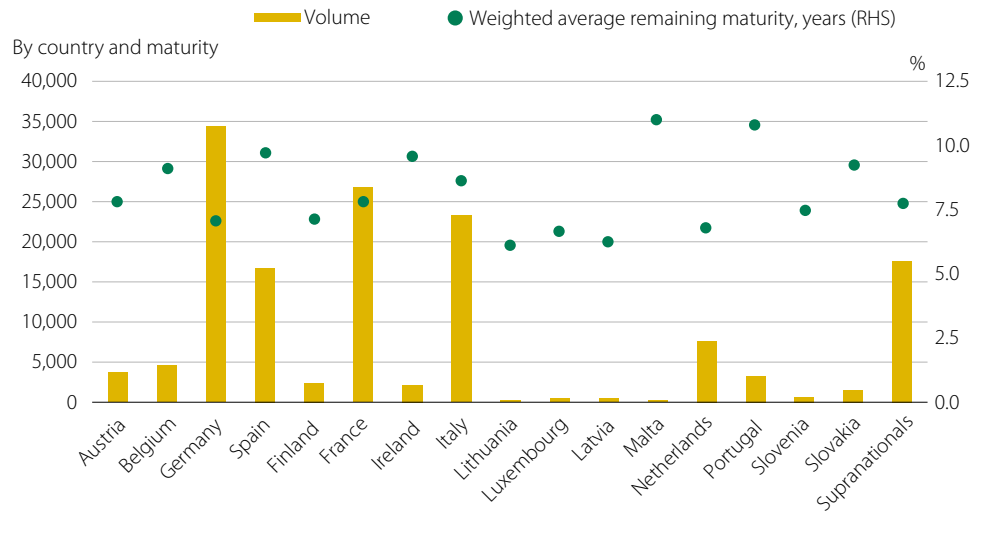
3 A bond's price sensitivity to interest rate movements can be gauged from measures like modified duration and convexity. Modified duration measures the percentage rate of change of price with respect to small variations in yield. In the event of larger variations, convexity provides a better handle, since it allows for the fact that the relationship between bond prices and yields is not a linear one.

4 15 June.

failed to reach agreement with its principal creditors. This was accompanied by a deterioration in bond liquidity as measured by the bid-ask spread (see lower left panel of figure 4).

ECB sovereign bond-buying programme

FIGURE 5



Source: ECB. Amount to 31 May.

As table 4 shows, long-term government yields in Germany, the United Kingdom and the United States fell in the first quarter before rebounding in the second, in most cases to beyond the levels of year-end 2014. In Germany, where the downtrend was steepest, three-year yields have been moving in negative terrain since 3Q 2014, joined there by five-year yields for most of this year up to the first days of June. The German ten-year, meantime, reached a mid-April low of 0.08% but by mid-June was trading at 0.84% (19 bp more than at the 2014 close). In the US and UK, mid-June yields on five and ten-year governments were significantly above the levels of December 2014, with the ten-year bond up to 2.36% in the United States (15 bp more) and 2.03% in the United Kingdom (16 bp more). Japanese yields, finally, traced a smoother course as far as mid-June values of 0.01%, 0.11% and 0.46% in three, five and ten-year tenors respectively, up by 1 bp, 5 bp and 9 bp versus year-end 2014.

Medium and long government bond yields¹ (%)

TABLE 4

	Dec 11	Dec 12	Dec 13	Dec 14	Sep 14	Dec 14	Mar 15	Jun 15
Germany								
3 years	0.41	0.02	0.31	-0.04	-0.03	-0.04	-0.21	-0.14
5 years	0.92	0.35	0.84	0.08	0.15	0.08	-0.12	0.11
10 years	1.99	1.36	1.85	0.64	0.97	0.64	0.26	0.84
United States								
3 years	0.38	0.35	0.67	1.05	1.03	1.05	1.01	1.06
5 years	0.88	0.69	1.56	1.64	1.76	1.64	1.52	1.69
10 years	1.97	1.71	2.90	2.21	2.52	2.21	2.04	2.36
United Kingdom								
3 years	0.55	0.50	0.84	0.79	1.28	0.79	0.66	0.70
5 years	0.82	0.85	1.72	1.24	1.80	1.24	1.10	1.48
10 years	2.12	1.85	2.93	1.87	2.49	1.87	1.71	2.03
Japan								
3 years	0.18	0.12	0.10	0.00	0.09	0.00	0.03	0.01
5 years	0.34	0.17	0.21	0.06	0.17	0.06	0.10	0.11
10 years	1.00	0.73	0.67	0.37	0.53	0.37	0.38	0.46

Source: Thomson Datastream.

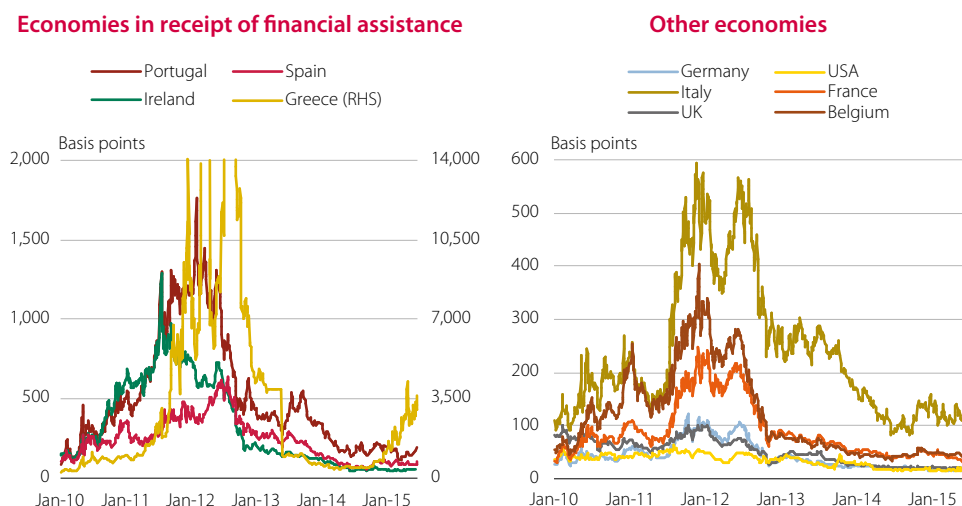
1 Monthly average of daily data. Data to 15 June.

Sovereign credit spreads as gleaned from five-year CDS contracts underwent few changes in the opening months of 2015, except in Greece as concerns grew about the country's ability to meet its upcoming debt payments (see left-hand panel of figure 6). Among the other European economies receiving some form of financial assistance during the recent crisis, Irish spreads held flat in the neighbourhood of 50 bp, while those of Spain and Italy edged up slightly in the central weeks, and Portugal's by rather more. In sum, by mid-June the CDS spreads of most economies covered were trading at levels on a par with year-end 2014.

Bank sector credit risk remains low-key across the US system, to judge by the performance of CDS spreads. In Europe, conversely, despite generally favourable prospects for the region's banks, CDS spreads entered an upward path in the middle of last year which has carried them around 100 bp higher, to 178 bp (see figure 7). One reading of this could be that despite the improved performance and outlook for the European sector, in a foreseeably more supportive macroeconomic climate, doubts exist about banks' ability to grow their profits while interest rates remain ultra-low.

Sovereign credit spreads (5-year CDS)

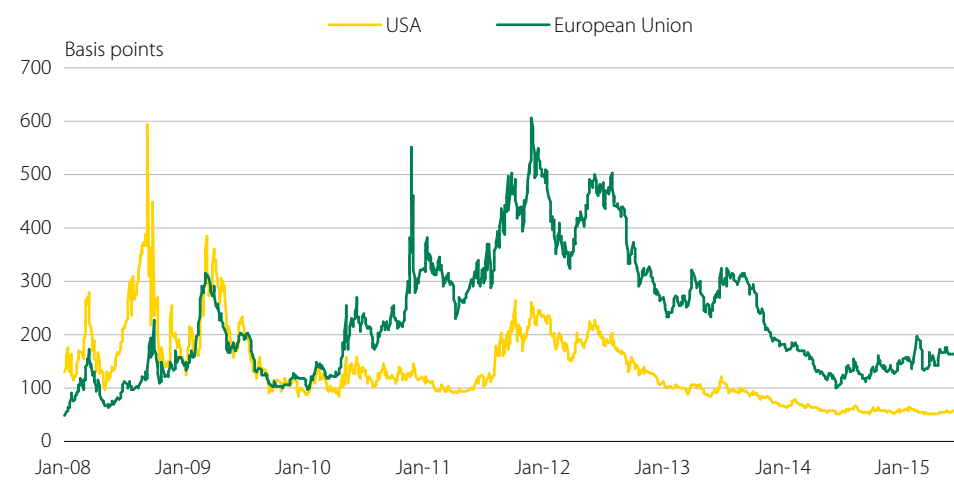
FIGURE 6



Source: Thomson Datastream. Data to 15 June.

Bank sector credit spreads (5-year CDS)

FIGURE 7



Source: Thomson Datastream, indices drawn up by CMA. Data to 15 June.

Credit spreads in the non-financial private sector reduced anew in the first months of 2015 after the 2H 2014 run-up affecting lower quality instruments. Trading in corporate markets was heavily influenced by the persistence of ultra-low rates, with search-for-yield strategies again the order of the day. The result was to drive high-yields spreads down by 50 bp in the United States and around 60 bp in Europe, as far as mid-June values of 428 and 461 bp respectively. Overall, the credit spreads of higher-rated instruments traced a flatter first-half course.

Spread vs. the ten-year government bond, basis points

	Dec 11	Dec 12	Dec 13	Dec 14	Sep 14	Dec 14	Mar 15	Jun 15
Euro area²								
High yield	926	510	366	519	430	519	526	461
BBB	474	198	130	129	113	129	131	126
AAA	165	50	21	14	4	14	n.a. ³	n.a. ³
United States								
High yield	683	507	346	478	377	478	453	428
BBB	261	165	104	161	106	161	156	151
AAA	98	29	66	59	53	59	57	65

Source: Thomson Datastream.

1 Monthly average of daily data. Data to 15 June.

2 Spread over the German bond.

3 [Data] not available: Since December 2014, the benchmark bond index utilised for calculating spreads has had no eligible bonds meeting the pre-set characteristics.

Net 1H 2015 issuance⁵ on global debt markets amounted to 1.2 trillion dollars compared to the 1.99 trillion of the year-ago period. The decline, however, did not extend to every sector and economic region. By region, debt issue volumes climbed in the United States and receded in Europe, Japan and the rest of the world (see figure 8). By borrower, public sector issuance dwindled to just 503 billion dollars (62% less than in 2014), equating to a bare 42% of the total (63% in 2014 and 69% in 2013).

Some regional divergence was also apparent among private-sector borrowers (financial and non-financial). Among the financials, the 6.8% increase in US issuance as far as 88 billion dollars contrasted with the negative net issuance of Europe's banks (see lower left panel of figure 8) on a combination of low-key financing requirements and a preference for raising funds through capital instruments.

Non-financial corporate issuance exceeded 530 billion dollars in 1H 2015, 37% more than in the year-ago period and around 70% of the 2014 total. US corporates were the most active participants, with sales amounting to 354 billion, as they sought to take advantage of reduced interest rates ahead of the upcycle prognosticated for the closing months of 2015.

5 On data to 15 June.



Source: Dealogic. Half-yearly data. Figures for the first half of 2015, based on data to 15 June, are restated on a half-year basis for comparative purposes.

2.4 International stock markets

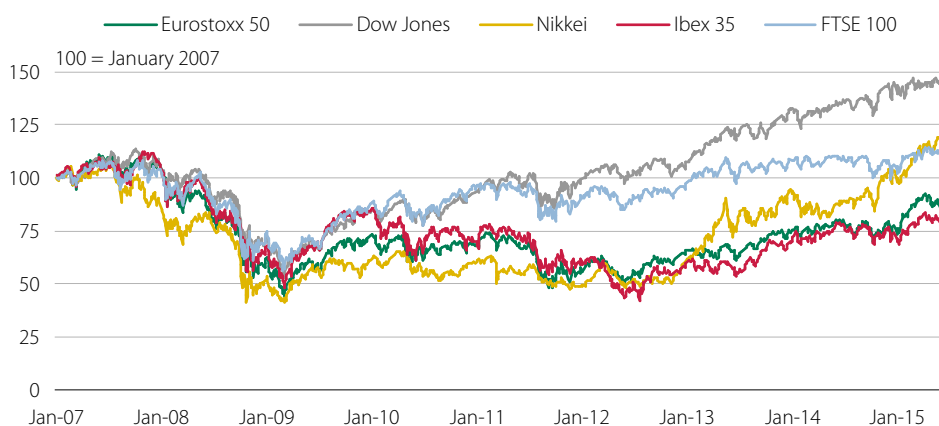
After starting the year with widespread gains, top European stock indices performed more haltingly in the second quarter. Among the factors driving the first-quarter advance, upwards of 20% in some cases, were the foreseeable boost effect on economic activity of falling oil prices and a weaker euro, and the new expansionary measures unveiled in January by the ECB (sovereign bond-buying programme). In the second quarter, by contrast, the market mood was dominated by the prospect of a Greek debt default. The result was that European indices lost much of the ground gained in previous months, while US and Japanese indices prolonged their ascent. Stock market volatility also reacted differently, straining slightly higher in the case of Europe.

As we can see from table 6, the second-quarter fall in European share prices ranged from the 3.4% of Italy's Mib 30 to the 8.2% of the German Dax 30. Meantime, US indices posted gains in the interval of 0.1% (Dow Jones) to 2.6% (Nasdaq), topped by a price surge in Japan which lifted the Nikkei 225 and Topix indices by 6.1% and 7.1% respectively. Year to date, Japanese stocks are the top performers (with the

two benchmark indices up by approximately 17%) followed by European indices (from the 5.5% rise of the Ibex 35 to the 18.3% of the Mib 30). US markets performed rather more unevenly, with the Nasdaq index out in front (6.2%).

Performance of main stock indices

FIGURE 9



Source: Thomson Datastream. Data to 15 June.

Performance of main stock indices¹ (%)

TABLE 6

	2010	2011	2012	2013	2014	3Q 14	4Q 14	1Q 15	2Q 15 ¹	
									%/ prior qt. 31/12/14	%/ prior qt. 31/12/14
World										
MSCI World	9.6	-7.6	13.2	24.1	2.9	-2.6	0.7	1.8	0.9	2.8
Euro area										
Eurostoxx 50	-5.8	-17.1	13.8	17.9	1.2	-0.1	-2.5	17.5	-7.0	9.3
Euronext 100	1.0	-14.2	14.8	19.0	3.6	0.4	-0.6	17.3	-4.2	12.4
Dax 30	16.1	-14.7	29.1	25.5	2.7	-3.6	3.5	22.0	-8.2	12.0
Cac 40	-3.3	-17.0	15.2	18.0	-0.5	-0.1	-3.2	17.8	-4.3	12.7
Mib 30	-8.7	-24.0	10.2	18.8	-0.4	-3.2	-7.4	22.5	-3.4	18.3
Ibex 35	-17.4	-13.1	-4.7	21.4	3.7	-0.9	-5.0	12.1	-5.9	5.5
United Kingdom										
FTSE 100	9.0	-5.6	5.8	14.4	-2.7	-1.8	-0.9	3.2	-0.9	2.2
United States										
Dow Jones	11.0	5.5	7.3	26.5	7.5	1.3	4.6	-0.3	0.1	-0.2
S&P 500	12.8	0.0	13.4	29.6	11.4	0.6	4.4	0.4	0.8	1.2
Nasdaq-Cpte	16.9	-1.8	15.9	38.3	13.4	1.9	5.4	3.5	2.6	6.2
Japón										
Nikkei 225	-3.0	-17.3	22.9	56.7	7.1	6.7	7.9	10.1	6.1	16.8
Topix	-1.0	-18.9	18.0	51.5	8.1	5.0	6.1	9.6	7.1	17.4

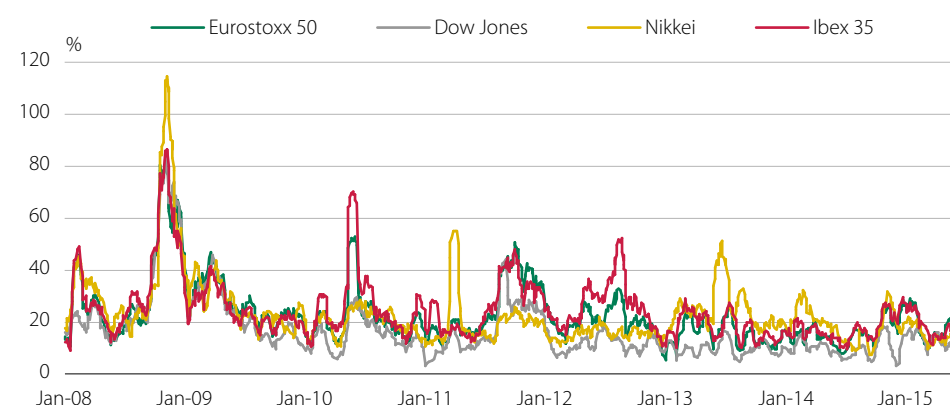
Source: Thomson Datastream.

¹ In local currency. Data to 15 June.

Mounting second-quarter tensions on European stock markets were reflected in a small increase in index volatility beyond the restrained levels registered of late. Readings, however, did not depart far from a manageable 20% (see figure 10). Volatility on US and Japanese indices, meantime, dropped to approximately 10%.

Historical volatility of main stock indices

FIGURE 10



Source: Thomson Datastream. Data to 15 June.

Dividend yield headed higher on most indices after slipping some notches in 1Q 2015. The result was a broadly flat evolution year to date, with only the Spanish market registering an advance on a significant scale. By mid-year, specifically, Ibex yields were the highest of all the indices tracked (6.5%) after a cumulative increase of two percentage points, while the lowest reading corresponded to Japan's Topix index (1.8%). The biggest fall in dividend yield over 1H 2015 was on France's Cac 40 (-0.2 percentage points).

Dividend yield of main stock indices (%)

TABLE 7

	2010	2011	2012	2013	2014	Sep 14	Dec 14	Mar 15	jun 15 ¹
S&P 500	2.2	2.6	2.6	2.3	2.3	2.3	2.3	2.4	2.4
Topix	1.9	2.6	2.3	1.7	1.7	1.7	1.7	1.5	1.8
Eurostoxx 50	4.8	6.3	5.0	4.2	4.2	4.3	4.2	3.9	4.2
Euronext 100	4.3	5.6	4.8	4.2	4.3	4.2	4.3	4.0	4.3
FTSE 100	3.8	4.1	4.1	4.0	4.1	4.0	4.1	4.3	4.1
Dax 30	2.9	4.2	3.4	2.8	2.8	2.8	2.8	2.4	2.7
Cac 40	5.2	7.0	5.7	4.9	5.0	4.9	5.0	4.4	4.8
Mib 30	3.8	5.4	4.1	3.3	3.2	3.0	3.2	2.9	3.1
Ibex 35	5.9	6.9	5.4	4.4	4.4	4.5	4.4	6.7	6.8

Source: Thomson Datastream.

¹ Data to 15 June.

The P/E ratios of US, Japanese and UK indices pulled higher in the first two quarters in line with the increase in share prices, while euro-area ratios rose sharply in the first quarter and declined thereafter to end the 1H period higher than their start-out levels.

The multiples of all leading indices (except the German Dax) exceeded 14 times at mid-year 2015 (see table 8), with Italy's Mib 30 leading the advance (up 2.5 times to 15.6), followed at a distance by the Euronext 100 and FTSE 100 (up 1.4 times in both cases). As figure 11 shows, despite recent price slippage P/Es held in most cases above the average levels of 2000.

P/E¹ of main stock indices

TABLE 8

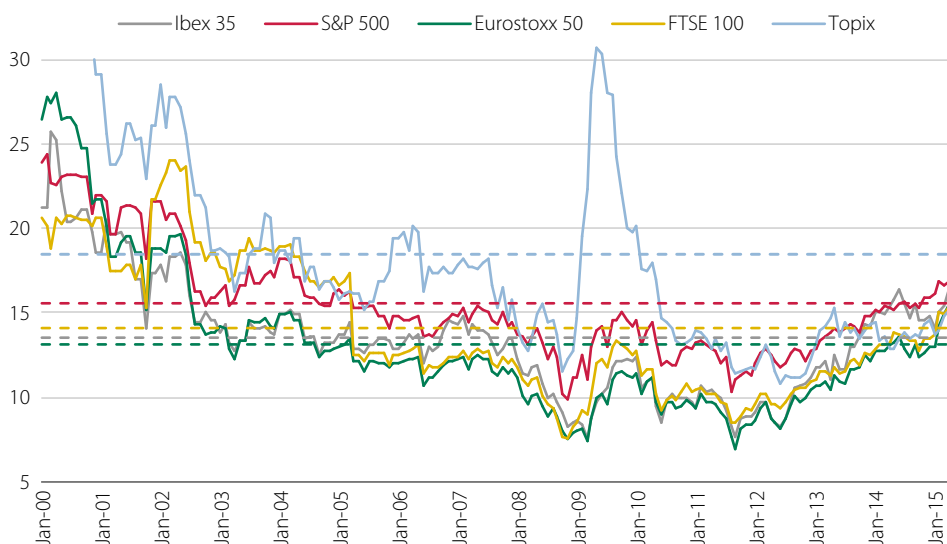
	2010	2011	2012	2013	2014	Sep 14	Dec 14	Mar 15	jun 15 ²
S&P 500	13.1	11.7	12.7	15.3	16.6	15.6	16.6	16.8	16.8
Topix	13.6	11.6	13.0	14.3	14.3	14.1	14.3	15.4	15.3
Eurostoxx 50	9.5	8.5	10.6	12.7	13.2	13.0	13.2	15.6	14.0
Euronext 100	10.6	9.4	11.2	13.3	14.2	14.0	14.2	17.0	15.6
FTSE 100	10.5	9.3	11.0	12.9	13.8	13.2	13.8	15.7	15.2
Dax 30	10.8	9.0	11.1	12.9	12.7	12.3	12.7	15.0	13.0
Cac 40	10.0	8.7	10.7	12.7	13.3	13.1	13.3	16.0	14.6
Mib 30	10.0	8.4	10.4	13.0	13.1	13.3	13.1	16.7	15.6
Ibex 35	9.7	9.2	11.7	14.9	14.9	15.3	14.9	16.5	15.5

Source: Thomson Datastream.

- 1 The earnings per share making up the ratio denominator is based on 12-month forecasts.
- 2 Data to 15 June.

P/E¹ of main stock indices

FIGURE 11



Source: Thomson Datastream. Data for the last session in each month. Data to 15 June.

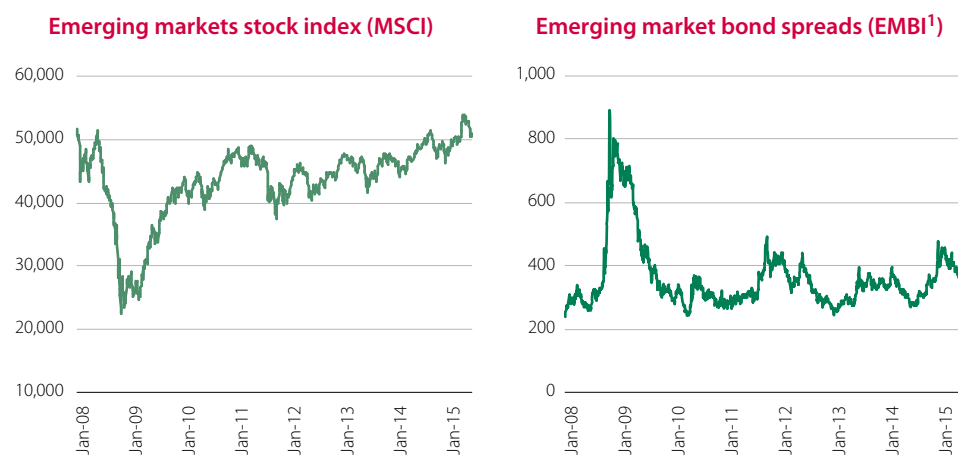
- 1 The earnings per share making up the ratio denominator is based on 12-month forecasts. The dashed lines show each index's historical average since 2000.

Emerging economy stock indices followed up the widespread losses of 2014 with a rally to mid-April that promptly gave way to renewed price falls. According to

the MSCI emerging market equity index⁶, share prices rose by 4.6% in the first quarter and slid back -0.3% in the second, for a year-to-date advance of 4.2% (see figure 12). After a sharp jump in the opening days, emerging market risk premiums (as measured by the EMBI index⁷) headed lower until almost mid-May before reversing in the subsequent weeks. As we can see from the right-hand panel of figure 12, by mid-June spreads were running at just under 400 bp, on a par with the levels of the 2014 close.

Risk valuation in emerging economies

FIGURE 12



Source: Thomson Datastream and Bloomberg. Data to 15 June.

1 A country risk indicator computed as the difference between the yield of dollar-denominated emerging market sovereign bonds and the yield of the corresponding US bond.

After an opening quarter in which emerging market indices managed to shake off the losses of the closing months of 2014, the next three months brought continuing gains in Latin America and most of Eastern Europe. More mixed fortunes awaited Asian markets with widespread price falls in 2Q 2015 (from -0.3% to -12.3%) except in venues exposed to the Chinese economy. Hence the Shanghai Composite climbed by 35.1% (on top of the 15.9% of the first quarter) and Hong Kong's Hang Seng by 7.9% (5.5% in the first quarter). The result has been year-to-date gains, at times on a major scale: In Latin America, the advance was led by Argentina's Merval index (30.8%); among Asian stock markets, by China (56.5%) and Hong Kong (13.8%), and in Eastern Europe, by the Hungarian and Russian indices (up by 31.1% and 21.1% respectively) (see table 9). In Russia's case, the price rally was insufficient to offset the losses suffered in 2H 2014 (-17.7% and -29.6% in the third and fourth quarters respectively).

According to figures published by World Federation of Exchanges and the Federation of European Securities Exchanges, the expansion of trading reported in 2014 by leading markets and multilateral trading facilities (MTFs) persisted through the opening months of 2015. Growth was strongest in Asian followed by European markets, with year-on-year growth exceeding 20% in the majority of cases. The keynote

6 The MSCI Emerging Markets Index tracks the value of companies listed on emerging stock markets.

7 The Emerging Markets Bond Index is the main country risk indicator for emerging market economies.

development in Europe was the rise of BATS Chi-X Europe as a major trading hub, with volumes recently overtaking those of the London Stock Exchange Group. Since 20 May 2013, this platform has been operating as a recognised investment exchange (RIE). Finally, US stock markets grew their turnover in the opening months of 2015, albeit less so than other leading venues (see table 10).

Performance of other leading world indices

TABLE 9

Index		2011	2012	2013	2014 ¹	3Q 14	4Q 14	1Q 15	2Q 15 ¹	
									%/ prior qt.	%/ 31/12/14
Latin America										
Argentina	Merval	-30.1	15.9	88.9	59.1	59.1	-31.6	26.3	3.5	30.8
Brazil	Bovespa	-18.1	7.4	-15.5	-2.9	1.8	-7.6	2.3	3.9	6.3
Chile	IGPA	-12.4	4.7	-13.5	3.5	1.9	-2.0	1.2	0.2	1.4
Mexico	IPC	-3.8	17.9	-2.2	1.0	5.3	-4.1	1.3	1.5	2.9
Peru	IGRA	-16.7	5.9	-23.6	-6.1	-2.6	-8.8	-15.8	4.0	-12.4
Venezuela	IBC	79.1	302.8	480.5	41.0	37.7	32.6	33.9	166.4	256.6
Asia										
China	Shanghai Comp.	-21.7	3.2	-6.7	52.9	15.4	36.8	15.9	35.1	56.5
India	BSE	-25.7	30.0	5.9	32.3	3.5	4.4	2.8	-5.8	-3.2
South Korea	Korea Cmp. Ex	-11.0	9.4	0.7	-4.8	0.9	-5.2	6.5	0.1	6.6
Philippines	Manila Comp.	4.1	33.0	1.3	22.8	6.4	-0.7	9.8	-6.1	3.1
Hong Kong	Hang Seng	-20.0	22.9	2.9	1.3	-1.1	2.9	5.5	7.9	13.8
Indonesia	Jakarta Comp.	3.2	12.9	-1.0	22.3	5.3	1.7	5.6	-12.3	-7.4
Malaysia	Kuala Lumpur Comp.	0.8	10.3	10.5	-5.7	-1.9	-4.6	3.9	-5.9	-2.2
Singapore	SES All-S'Pore	-17.0	19.7	0.0	6.2	0.6	2.7	2.4	-3.6	-1.2
Thailand	Bangkok SET	-0.7	35.8	-6.7	15.3	6.7	-5.5	0.6	-0.3	0.3
Taiwan	Taiwan Weighted Pr.	-21.2	8.9	11.8	8.1	-4.5	3.8	3.0	-3.4	-0.5
Eastern Europe										
Russia	Russian RTS Index	-21.9	10.5	-5.5	-45.2	-17.7	-29.6	11.3	8.7	21.1
Poland	Warsaw G. Index	-20.8	26.2	8.1	0.3	5.7	-6.3	5.2	-0.2	5.0
Romania	Romania BET	-17.7	18.7	26.1	9.1	3.6	-2.5	-0.1	3.2	3.1
Bulgaria	Sofix	-11.1	7.2	42.3	6.2	-2.1	-3.3	-1.5	-5.0	-6.5
Hungary	BUX	-20.4	7.1	2.2	-10.4	-3.9	-7.0	18.4	10.7	31.1
Croatia	CROBEX	-17.6	0.0	3.1	-3.1	7.1	-9.3	-1.5	2.3	0.8

Source: Thomson Datastream.

¹ Data to 15 June.

Trading volumes on main international stock markets

TABLE 10

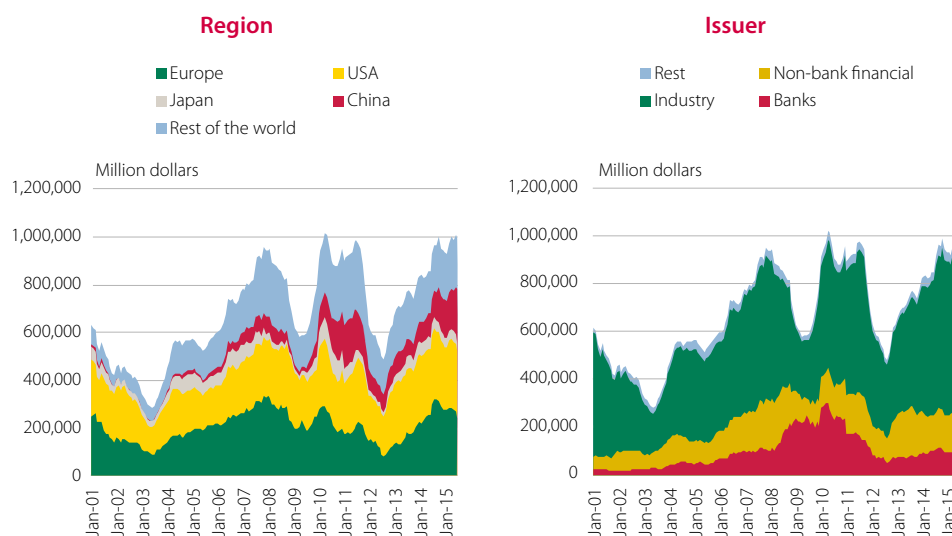
Billion euros

Market operator	2011	2012	2013	2014	3Q 14	4Q 14	1Q 15	2Q 15 ¹
United States ²	31,257	26,501	26,244	31,349	7,128.5	9,562.5	8,989.4	4,088.2
Nasdaq OMX	9,058	7,581	7,187	9,296	2,066.5	2,825.2	2,949.9	1,726.1
NYSE	12,833	10,416	10,273	12,054	2,779.9	3,690.4	3,919.3	2,362.0
BATS Global Markets - US	9,366	8,503	8,785	9,999	2,282.0	3,046.9	2,120.2	n.a.
Japan Exchange Group ³	2,962	2,794	4,886	4,135	968.2	1,157.1	1,224.7	823.0
London Stock Exchange Group ⁴	2,021	1,698	1,680	2,099	472.5	569.4	633.7	217.1
NYSE Euronext	1,519	1,221	1,246	1,483	338.9	411.2	487.6	303.8
Deutsche Börse	1,252	989	1,001	1,116	254.7	302.3	373.4	226.4
BME ⁵	925	699	703	882	196.2	270.4	259.9	205.8
BATS Chi-X Europe ⁶	2,282	1,833	1,771	1,978	458.5	568.6	736.8	465.8
Multilateral trading facility (MTF)								
Turquoise	448	372	616	858	204,4	228,3	269,0	160,0

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

- 1 Data to 15 June for BME and to May for remaining operators, except BATS Global Markets US (to February) and London Stock Exchange (to April).
- 2 As of 2009, the sum of Nasdaq OMX, New York Stock Exchange (NYSE) Euronext and BATS Global Markets US.
- 3 Including figures for the Japan Exchange Group-Osaka and Japan Exchange Group-Tokyo. The merger between the Tokyo Stock Exchange and Osaka Stock Exchange was approved in July 2012. The company Japan Exchange Group was incorporated in January 2013 to operate these two platforms.
- 4 Incorporating Borsa Italiana as of 2010.
- 5 Bolsas y Mercados Españoles. Not including Latibex.
- 6 BATS Chi-X Europe has been a recognised investment exchange since 20 May 2013. The merger between the BATS and Chi-X Europe platforms took place in December 2011.

The equity capital raised on international markets summed 549 billion dollars between January and June 2015, 10.8% more than in the year-ago period. However, not all regions shared in the advance: so while issuance expanded 14% and 105.7% in annual terms in the US and China respectively (to 162 billion and 118 billion dollars in 1H 2015), it shrank by 20.4% and 27.1% in Europe and Japan as far as 142 and 16.8 billion dollars. Industrial firms were again the most active issuers, with 372 billion dollars raised to date (9.7% more than in the same period in 2014). In the financial sector, meantime, the salient development was a 19.1% jump in issuance to 94.6 billion among non-banking corporations, ahead of the 64.4 billion raised by the banks (up by 14%).



Source: Dealogic. Twelve-month data to 15 June. Data for this last month are restated on a monthly basis for comparative purposes.

3 Spanish markets

3.1 Fixed-income markets

The tone of Spanish bond markets, and those throughout the euro area, was primarily set by ECB monetary policy, particularly its January launch of an expanded asset purchase programme centering on sovereign debt securities. By the end of May, the European bank had acquired bonds to the value of 146.68 billion euros, including a 16.82 billion spend on Spanish governments. The ECB's quantitative easing package, as previously remarked, facilitated a sizeable 1Q decline in euro-area yields that was most intense at the long end of the curve, while compressing the spreads between different sovereign issuers. The result was to drive the majority of euro-area ten-year yields to historical lows between the first-quarter close and the start of the second quarter: 0.08% in Germany, 0.36% in France, 0.56% in Ireland, 1.14% in Spain and Italy and 1.37% in Portugal. From that point on, the mood was dominated by the uncertainties surrounding Greece's debt talks. The ensuing stress pushed bond yields higher, especially in longer maturities, accompanied by heightened volatility and tighter liquidity. Meantime, debt issues registered with the CNMV came to 57.47 billion euros in 1H 2015, a hefty 30%⁸ increase in annual terms.

Against this backdrop, both government and corporate debt yields prolonged the descent traced, with occasional interruptions, since the middle of 2012. It bears mention that for the first time in history, the Spanish Treasury issued some of its shortest-dated instruments at a negative interest rate. By mid-June, yields on three-month, six-month and one-year Letras del Tesoro were bordering on zero, between

8 Stripping out issuance by the asset management company for assets arising from bank restructuring (SAREB), the increase reduces to 17.2%.

11 bp and 33 bp down versus the levels of December last (see table 11). In private fixed-income markets, three-month, six-month and one-year commercial paper yields sank to mid-year values of 0.25%, 0.44% and 0.56% respectively, between 30 and 47 bp lower than at end-2014.

Short-term interest rates¹ (%)

TABLE 11

	Dec 11	Dec 12	Dec 13	Dec 14	Sep 14	Dec 14	Mar 15	Jun 15 ²
Letras del Tesoro								
3 months	2.20	1.14	0.54	0.12	0.05	0.12	0.00	0.01
6 months	3.47	1.68	0.70	0.25	0.10	0.25	0.05	0.03
One year	3.27	2.23	0.91	0.34	0.17	0.34	0.06	0.01
Commercial paper³								
3 months	2.74	2.83	1.09	0.55	0.83	0.55	0.38	0.25
6 months	3.52	3.58	1.36	0.91	1.25	0.91	0.44	0.44
One year	3.77	3.80	1.59	0.91	0.99	0.91	0.63	0.56

Source: Thomson Datastream and CNMV.

1 Monthly average of daily data.

2 Data to 15 June.

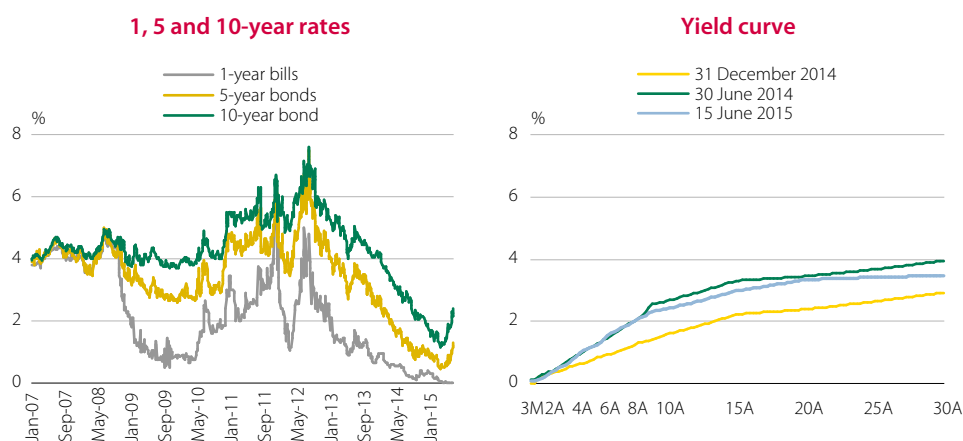
3 Interest rate at issue.

Yields on long-term government and corporate bonds also touched successive lows in 1Q 2015 only to rebound sharply amid concerns about Greece's failure to reach an agreement with its creditors. In the case of ten-year governments, yields dropped to mid-March lows of 1.14% then worked back up to 2.2% in the middle of June (43 bp more than at end-2014). The upward shift was smaller in the case of three and five-year sovereign instruments, which by mid-year 2015 were trading at 0.46% and 1.06% respectively, 19 bp and 10 bp less than at the 2014 close.

The story was similar with corporate debt benchmarks, i.e., falls in the opening months and rises thereafter, albeit with fluctuations on a lesser scale. By mid-2015, specifically, three, five and ten-year corporate yields stood at 0.76%, 1.88% and 2.43% respectively, in the interval of 8 bp lower to 11 bp higher than at year-end 2014 (see table 12).

Spanish government debt yields

FIGURE 14



Source: Thomson Datastream and Bloomberg. Data to 15 June.

Medium and long bond yields¹ (%)

TABLE 12

	Dec 11	Dec 12	Dec 13	Dec 14	Sep 14	Dec 14	Mar 15	Jun 15 ²
Government bonds								
3 years	4.01	3.40	2.00	0.65	0.52	0.65	0.25	0.46
5 years	4.65	4.22	2.68	0.96	0.94	0.96	0.53	1.06
10 years	5.50	5.33	4.14	1.77	2.20	1.77	1.26	2.20
Corporate bonds								
3 years	5.43	4.19	2.63	0.84	0.96	0.84	0.71	0.76
5 years	5.91	4.66	2.84	1.88	1.80	1.88	1.82	1.88
10 years	8.06	6.79	4.46	2.32	2.77	2.32	1.96	2.43

Source: Thomson Datastream, Reuters and CNMV.

¹ Monthly average of daily data.

² Data to 15 June.

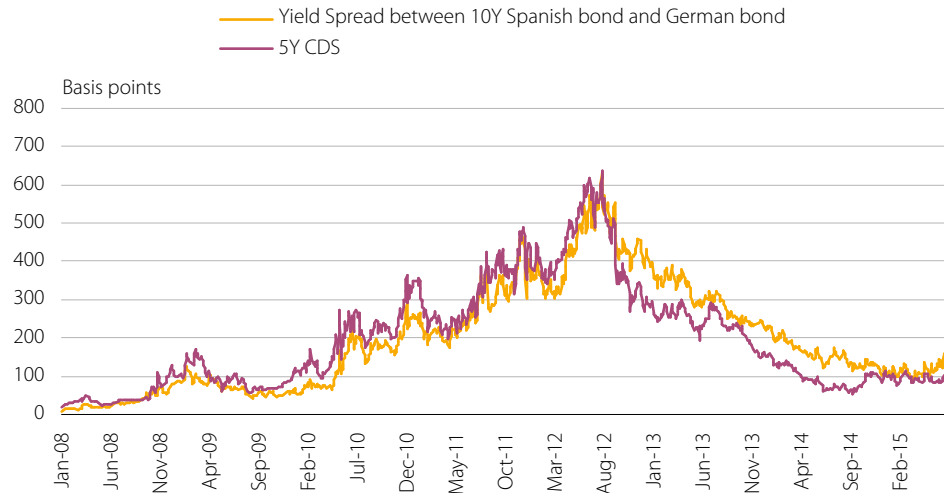
The tensions emanating from Greece had, as stated, only a limited impact on other European countries in terms of sovereign credit risk contagion. And Spain was no exception. In the first half of 2015, the sovereign risk premium as derived from the CDS of the Spanish five-year bond steered a relatively stable course despite some nervous moments on financial markets, primarily towards the end of the second quarter. Having closed last year at 96 bp, the premium hovered just below the 100 mark for most of 1H 2015 before settling at a mid-year rate of 101 (85 bp at end-March). The ten-year spread between Spanish and German benchmarks, 107 bp at year-end 2014, widened somewhat in the second quarter. As figure 15 shows, after dropping to 88 bp in mid-March, the yield spread rebounded to mid-June levels of 160 bp, on a par with one year before.

The CDS market spreads of Spanish financial institutions edged up from the 101 bp average of the 2014 close to 120 bp in June, while non-financial spreads narrowed in the first quarter and expanded in the second to more or less their start-out values (92 bp). In any event, the spread gaps between financial and non-financial corpora-

tions (26 bp on average in 2015), and between private and public sector issuers (5 bp on average) are not only small but also considerably below the average of recent years (see figure 16).

Spanish risk premiums: Public sector

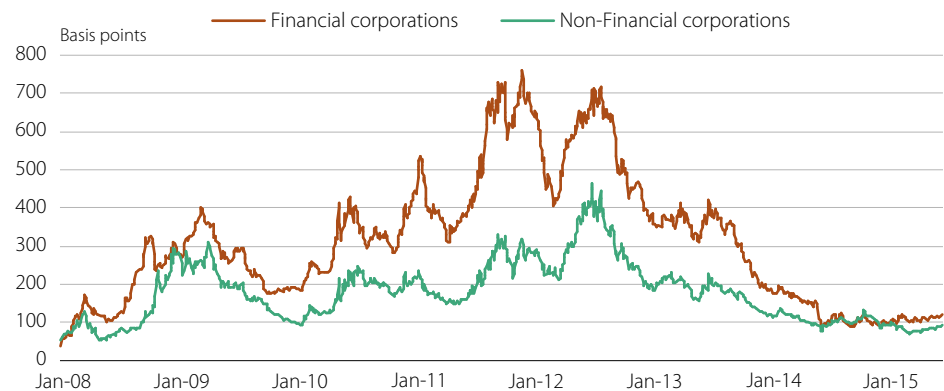
FIGURE 15



Source: Thomson Datastream and CNMV. Data to 15 June.

Spanish risk premiums: Private sector¹

FIGURE 16



Source: Thomson Datastream and CNMV. Data to 15 June.

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

Debt issuance surged at the start of the year in response to the cheaper financing available. The volume of fixed-income issues filed with the CNMV to mid-June stood at 57.47 billion euros, almost 30% more than in the same months of 2014, although stripping out issuance by the asset management company for assets arising from bank restructuring (SAREB), the increase drops to 17.2%. Sales of most debt instruments expanded in the period, with the exception of commercial paper which, as we will see below, raised more funds in foreign markets.

In value terms, the biggest sellers were non-convertible bonds (with SAREB as the main source), asset-backed securities and, some way behind, territorial and mort-

gage covered bonds. Non-convertible bond issuance reached 17.04 billion euros⁹ (up 6.95 billion versus the year-ago period), while asset-backed securities raised 10.38 billion (up 6.17 billion). Covered bond sales amounted to 14.82 billion in their mortgage version (up 1.27 billion), while territorial bonds brought in 4 billion (up 2.28 billion).

Commercial paper issues filed with the CNMV raised 11.23 billion, almost 20% less than in 1H 2014. However, as table 13 shows, the fall was more than offset by the business done abroad, which brought in 13.34 billion to April (5.94 billion in full-year 2014). Accordingly total commercial paper issuance (registered with the CNMV and abroad) exceeded 24.50 billion euros, 23.4% more than in 2014. Finally, foreign sales of long-term instruments were notably less dynamic, slowing from 17.51 to 14.20 billion.

9 Stripping out SAREB placements, non-convertible bond issues summed 6.85 billion euros, 14.2% more than in 1H 2014.

Gross fixed-income issues

TABLE 13

Registered¹ with the CNMV

	2011	2012	2013	2014	2014		2015	
					3Q	4Q	1Q	2Q ²
NOMINAL AMOUNT (million euros)	287,492	357,830	138,839	130,258	19,886	62,345	36,633	20,840
Mortgage bonds	67,227	102,170	24,800	23,838	3,750	5,638	8,300	6,525
Territorial bonds	22,334	8,974	8,115	1,853	135	0	3,500	500
Non-convertible bonds and debentures	18,692	86,442	32,537	41,155	2,536	28,025	13,901	3,141
Convertible/exchangeable bonds and debentures	7,126	3,563	803	750	0	0	0	0
Asset-backed securities	68,413	23,800	28,593	29,008	7,640	15,663	3,000	7,376
Domestic tranche	63,456	20,627	24,980	26,972	7,550	14,460	3,000	5,993
International tranche	4,957	3,173	3,613	2,036	90	1,203	0	1,383
Commercial paper ³	103,501	132,882	43,991	33,654	5,825	13,019	7,932	3,298
Securitised	2,366	1,821	1,410	620	0	0	940	480
Other	101,135	131,061	42,581	33,034	5,825	13,019	6,992	2,818
Other fixed-income issues	0	0	0	0	0	0	0	0
Preference shares	200	0	0	0	0	0	0	0
Memorandum items:				0				
Subordinated debt issues	29,199	7,633	4,776	7,999	1,545	4,211	660	1,073
Underwritten issues	10	0	193	196	0	0	0	0

Abroad by Spanish issuers

	2011	2012	2013	2014	2014		2015	
					3Q	4Q	1Q	2Q ⁴
NOMINAL AMOUNT (million euros)	120,043	91,882	47,852	56,736	11,941	12,251	22,701	4,842
Long term	51,365	50,312	34,452	35,281	5,918	5,977	12,084	2,121
Preference shares	0	0	1,653	5,602	1,500	0	2,250	0
Subordinated debt	242	307	750	3,000	1,500	0	1,500	0
Bonds and debentures	51,123	50,005	32,049	26,679	2,918	5,977	8,334	2,121
Asset-backed securities	0	0	0	0	0	0	0	0
Short term	68,677	41,570	13,400	21,455	6,023	6,274	10,617	2,721
Commercial paper	68,677	41,570	13,400	21,455	6,023	6,274	10,617	2,721
Securitised	322	11,590	0	0	0	0	0	0

Memorandum item: Gross issuance of the subsidiaries of Spanish corporations resident in the rest of the world

	2011	2012	2013	2014	2014		2015	
					3Q	4Q	1Q	2Q ⁴
NOMINAL AMOUNT (million euros)	108,538	49,151	48,271	41,682	9,196	9,412	13,204	7,026
Financial corporations	79,342	18,418	8,071	9,990	3,259	1,192	2,369	3,091
Non-financial corporations	29,197	30,734	40,200	31,691	5,937	8,220	10,835	3,935

Source: CNMV and Banco de España.

1 Including those admitted to trading without an issue prospectus.

2 Data to 15 June.

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

4 Data to 30 April.

3.2 Equity markets

3.2.1 Prices

After a first quarter of solid price gains, the mood on domestic markets turned more sombre in the second quarter on evidence of the stalemate in Greece's debt renegotiation talks. Even so, a majority of listed firms closed the first half in positive territory, amid occasional bouts of volatility. Turnover on Spanish exchanges kept up its strong expansion (23.9%) despite the business lost to other markets, which now command a combined share of approximately 20%. Equity issuance also gathered pace, with 29.25 billion raised between January and June 2015 (up 140%), a sum already approaching last year's total.

The Ibx 35 shed 5.9% in 2Q 2015 after gaining 12.1% in the first three months (see table 14), for a first-half advance of 5.5%. Meantime, the Ibx Medium Cap and Ibx Small Cap surged by 14.1% and 23.9% respectively thanks to a strong opening quarter (20.9% and 31.6%) that allowed them to absorb their sizeable second-quarter losses (-5.6% and -5.8%). The indices grouping Latin American securities traced a somewhat different course, with a second-quarter rally that nonetheless failed to offset the price falls of the opening months. Finally, the FTSE Latibex All-Share FTSE Latibex Top lost 0.2% and 2.9% of their value respectively.

Performance of Spanish stock indices (%)

TABLE 14

	2011	2012	2013	2014	3Q 14	4Q 14	1Q 15	2Q 15 ¹
Ibx 35	-13.1	-4.7	21.4	3.7	-0.9	-5.0	12.1	-5.9
Madrid	-14.6	-3.8	22.7	3.0	-1.0	-5.6	12.1	-5.9
Ibx Medium Cap	-20.7	13.8	52.0	-1.8	-8.6	-1.7	20.9	-5.6
Ibx Small Cap	-25.1	-24.4	44.3	-11.6	-13.6	-14.0	31.6	-5.8
FTSE Latibex All-Share	-23.3	-10.7	-20.0	-16.1	5.0	-20.8	-5.0	5.0
FTSE Latibex Top	-17.1	-2.6	-12.4	-11.1	3.8	-14.7	-3.4	0.5

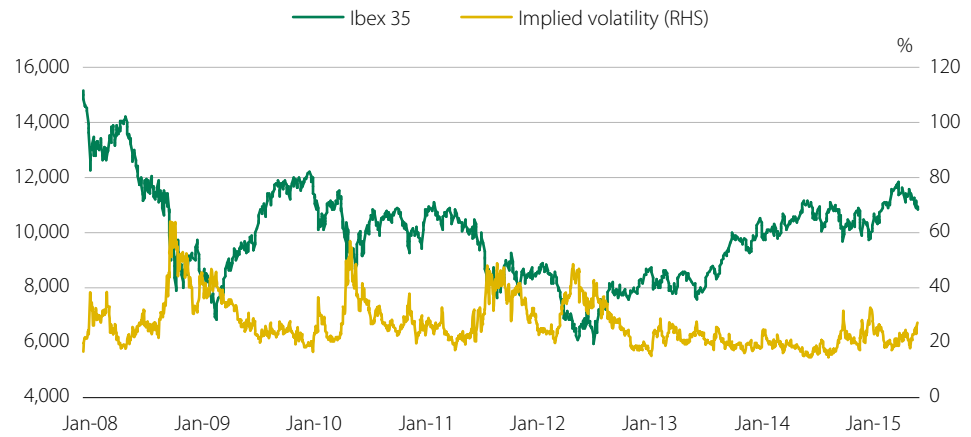
Source: Thomson Datastream.

¹ Data to 15 June.

Ibx 35 volatility held to the subdued levels of recent years over the first half of 2015, except for brief spells in the first two months and early June, coinciding with a flare-up in Greek tensions, when readings tested the 30% mark (see figure 17) – well below the registers of earlier turmoil episodes when the indicator at times exceeded 50%. On average, volatility stood at 23.4% in the first quarter and 22% in the second.

Ibex 35 performance and implied volatility¹

FIGURE 17



Source: Thomson Datastream and MEFF. Data to 15 June.

¹ Implied at-the-money (ATM) volatility on nearest expiry.

All six sectors making up the Madrid General Index (IGBM) closed 1H 2015 in positive territory (see table 15), with the strong rally of the opening quarter sufficing to offset second-quarter losses. The steepest falls in the April-June period corresponded to consumer services (-9.8%) and financial and real estate services (-7.4%). The former posted a 1H advance of 8.8% on the strength of the 20.6% surge of the opening quarter, while the latter's opening run of 8% allowed it to scrape only the tiniest first-half gain. Basic materials, industry and construction followed up a first-quarter rise of 21.9% with a 7% contraction to close the first half up by 13.4%. In technology and telecommunications, up 13.7% in the first quarter, the 5% losses of April-June reduced the 1H advance to 8.1%. Finally, oil and energy and consumer goods prices retreated 2.1% and 4.1% in the second quarter for 1H gains of 4.4% and 20.2% respectively.

Performance of the Madrid Stock Exchange by sector and leading shares¹ TABLE 15

	Weighting ²	2014	3Q 14	4Q 14	1Q 15	2Q 15 ³
Financial and real estate services	43.70	1.4	0.8	-10.8	8.0	-7.4
Real estate and others	0.30	36.3	-5.8	-8.2	21.0	-3.6
Banks	41.16	1.6	1.3	-11.4	7.1	-7.4
BBVA	11.58	-8.9	3.5	-16.9	21.5	-5.9
Santander	21.03	17.1	1.8	-6.1	2.6	-7.7
Oil and energy	17.73	11.8	1.6	-6.8	6.6	-2.1
Iberdrola	7.69	29.5	3.7	0.9	7.2	0.2
Repsol YPF	3.51	-10.4	-2.4	-14.9	11.5	-4.1
Basic materials, industry and construction	7.07	-1.8	-8.2	-9.7	21.9	-7.0
Construction	4.25	8.9	-8.4	-3.7	17.2	-10.5
Technology and telecommunications	15.26	2.5	-1.5	-0.8	13.7	-5.0
Telefónica	11.94	3.6	-2.1	0.0	12.5	-3.7
Consumer goods	10.09	-1.5	-5.5	6.0	25.4	-4.1
Inditex	7.06	-1.1	-2.7	8.4	26.0	-2.7
Consumer services	6.13	10.0	-3.6	12.6	20.6	-9.8

Source: Thomson Datastream, Bolsa de Madrid and BME.

- 1 Shares capitalising at more than 3% of the IGBM, adjusted for free float.
- 2 Relative weight (%) in the IGBM as of 1 January 2015.
- 3 Data to 15 June.

Of the fifth of IGBM shares posting price rises in the second vs. the first quarter, not one contributed positively to the index's performance by more than 0.15 p.p. Conversely, nine shares exerted a stronger negative impact (see table 16), notably the country's two largest cap banking institutions and its biggest technology and telecoms operator.

Shares with greatest impact on IGBM change¹ TABLE 16

Share	Sector	Jun 2015	
		Impact on IGBM change (p.p.)	
Negative impact		/prior quarter	/Dec 14
Banco Santander	Financial and real estate services	-1.62	1.12
BBVA	Financial and real estate services	-0.68	1.66
Telefónica	Technology and telecommunications	-0.44	1.00
IAG	Consumer services	-0.33	0.29
Amadeus	Technology and telecommunications	-0.29	0.17
ACS	Basic materials, industry and construction	-0.20	-0.03
Inditex	Textiles, clothing and footwear	-0.19	1.59
Abertis	Motorways and car parks	-0.16	-0.12
Bankia	Financial and real estate services	-0.16	-0.10

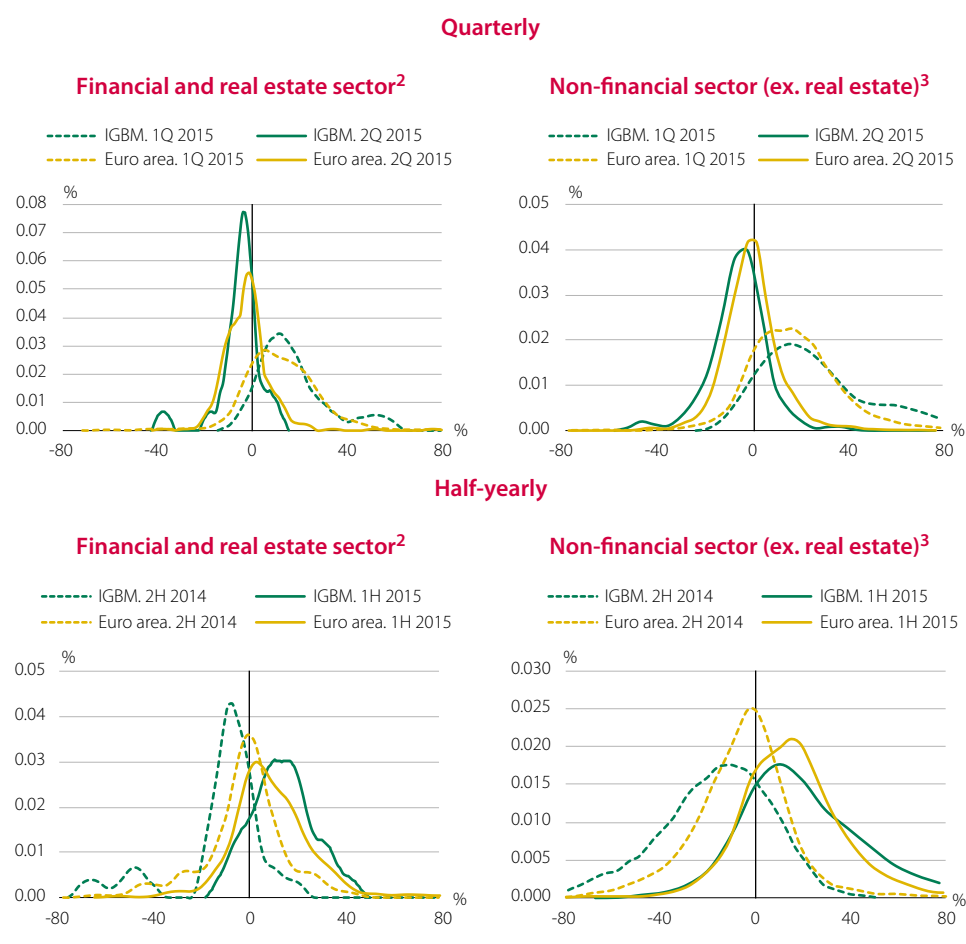
Source: Thomson Datastream and Bolsa de Madrid. Data to 15 June.

- 1 The shares listed are those having most impact (equal to or more than 0.15 points in absolute terms) on the quarterly change in the IGBM. The sample comprises all shares that were neither delisted nor suspended from trading at the start of the last quarter considered.

The strong advance of first-half 2015 has carried consumer services prices back above the levels recorded at the start of the subprime crisis, concretely by a margin of 2.4%. That makes two sectors that are currently trading ahead of their July 2007 prices: The former sector and consumer goods, which surpassed the mark in 2010. Remaining sectors continued short of this pre-crisis baseline, the furthest behind being financial and real estate services and basic materials, industry and construction, by margins of around 50% in both cases

Distribution of share returns¹

FIGURE 18



Source: Bolsa de Madrid and Thomson Datastream. Data to 12 June 2015.

- 1 Analysis run on the companies forming each index on 12 June 2015, when the Spanish IGBM comprised 109 companies against the 1,371 of the euro-area index.
- 2 The financial and real estate sector comprises credit institutions, insurance undertakings, portfolio and holding companies, other investment service providers and real estate companies: 23 companies in Spain (21% of index members) against 340 (likewise 21%) in the euro area.
- 3 The non-financial sector (ex. real estate) comprises listed companies not included in the financial and real estate sector.

The distribution of IGBM company returns shifted leftwards in 2Q 2015 in both financial and real estate and non-financial sectors, reflecting the price falls recorded in the period. Returns moreover were clustered more to the negative side of the central axis (see upper panels of figure 18). In financial and real estate, over 70% of companies obtained negative returns (with losses above 10% in 17% of cases). Among non-financial corporations, a similar proportion obtained negative quarterly

returns, but the number with steeper losses (above 10%) exceeded 30%. The 2Q returns of European companies were similarly distributed.

Panning out to the half-yearly distribution of returns, a rightward shifting curve reveals a degree of outperformance versus 2H 2014, despite the setbacks of the second quarter. The shift, moreover, was on a similar scale for financial and real estate and non-financial corporations. In Europe, 1H 2015 returns improved appreciably on those of the year-ago period, especially among non-financial corporations.

Finally, the price/earnings ratio (P/E) of the Ibex 35 edged downwards in 2Q 2015 after the run-up of the opening months, mirroring share price movements over the first-half period. The multiple advanced from 14.9 times at the 2014 close to 15.5 in mid-June 2015 by way of a March peak of 16.5, conserving it a small lead over the 2000-2015 average (13.5 times)

3.2.2 Activity: Trading, issuance and liquidity

Trading on Spain's stock exchanges experienced another surge on top of the solid progress of 2014 (see memorandum item in table 17) though without recouping pre-crisis levels. To mid-June, total turnover on the platforms run by Bolsas y Mercados Españoles (BME) came in at 465.80 billion euros, 23.9% more than in the year-ago period. Average daily volume also built up from last year's 3.38 billion euros to four billion euros in 1H 2015.

The shift in Spanish share trading to other European regulated markets and MTFs has continued apace since its emergence at the start of 2013 (earlier in other European exchanges). According to Bloomberg, trades in Spanish shares on these non-domestic venues summed 110.92 billion euros in 1H 2015 (see table 17), accounting for 20% of total turnover (15.2% in 2014).

Trading in Spanish shares listed on Spanish exchanges¹

TABLE 17

Million euros						
	2011	2012	2013	2014	1Q 15	2Q 15 ²
Total	926,873.7	709,902.0	764,986.6	1,002,188.9	312,452.9	248,313.6
Listed on SIBE	926,828.6	709,851.7	764,933.4	1,002,095.8	312,435.9	248,100.8
BME	912,176.9	687,456.1	687,527.6	849,934.5	251,024.0	198,587.6
Chi-X	11,120.3	16,601.3	53,396.7	95,973.0	38,608.8	30,901.8
Turquoise	707.7	3,519.6	11,707.9	28,497.5	11,769.8	6,986.8
BATS	1,276.4	2,261.9	10,632.1	18,671.0	8,893.0	6,646.4
Other ³	1,547.3	12.8	1,669.2	9,019.8	2,140.4	4,978.1
Open outcry	42.8	49.9	51.4	92.5	16.5	203.1
Madrid	16.1	3	7.3	32.6	6.5	1.0
Bilbao	0.1	8.5	0.1	14.3	2.8	0.0
Barcelona	26.4	37.7	44.1	45.2	7.2	202.0
Valencia	0.3	0.7	0.0	0.3	0.0	0.0
Second market	2.3	0.4	1.7	0.7	0.5	9.7
Memorandum items:						
Foreign shares traded on BME ¹	5,206.0	4,102.0	5,640.0	14,508.9	3,730.2	2,937.2
MAB	4,379.9	4,329.6	5,896.3	7,723.2	1,944.0	1,350.9
Latibex	357.7	313.2	367.3	373.1	85.4	57.3
ETF	3,495.4	2,736.0	4,283.9	9,849.4	3,159.8	2,695.8
Total BME trading	925,661.3	698,987.5	703,768.7	882,482.4	259,960.4	205,841.6
% Spanish shares on BME vs. total Spanish shares	98.4	96.8	89.9	84.8	80.3	80.0

Source: Bloomberg and CNMV.

- 1 Spanish shares listed on Spanish exchanges are those with a Spanish ISIN that are admitted to trading in the regulated market of Bolsas y Mercados Españoles, i.e., not including alternative investment market MAB. Foreign shares are those admitted to trading in the regulated market of Bolsas y Mercados Españoles whose ISIN is not Spanish.
- 2 Data to 15 June.
- 3 Difference between the turnover of the EU Composite estimated by Bloomberg for each share and the turnover of the markets and MTFs listed in the table, i.e. including trading on other regulated markets, MTFs and OTC systems.

As table 18 shows, equity issuance in domestic markets swelled to 29.25 billion euros in 1H 2015, 140% more than in the year-ago period, to the extent that the six-month figure is not far short of the 32.76 billion of full-year 2014. The advance drew on both capital increases, up by 11.42 billion, and public offerings. Capital increases to cover scrip in place of cash dividends were again prevalent, as they have been in the last three years, although their weight in the total dropped to 26% from 38% in 2014. Meantime, the transactions gaining most ground were capital increases without trading warrants and public offerings.

Capital increases and public offerings

TABLE 18

	2012	2013	2014	3Q 14	4Q 14	1Q 15	2Q 15
NUMBER OF ISSUERS¹							
Total	30	39	55	25	22	23	20
Capital increase	30	39	53	24	21	21	17
Public offer for subscription	3	5	6	2	0	0	0
Public offering of shares	3	0	4	1	1	2	3
NUMBER OF ISSUES							
Total	95	145	147	39	33	31	26
Capital increase	92	145	140	37	31	29	22
Public offer for subscription	3	5	8	2	0	0	0
Public offering of shares	3	0	7	2	2	2	4
CASH AMOUNT¹ (million euros)							
Total	29,521.6	39,126.2	32,762.4	5,863.5	13,009.8	15,311.4	13,935.7
Capital increase	28,290.2	39,126.2	27,875.5	5,345.8	9,876.9	11,001.8	11,348.0
Public offer for subscription	2,450.5	1,742.8	2,951.5	401.5	0.0	0.0	0.0
Bonus issue	8,424.2	9,932.8	12,650.8	3,008.7	4,335.0	2,829.6	4,671.1
Of which scrip dividend ²	8,357.9	9,869.4	12,573.8	2,931.7	4,335.0	2,829.6	4,671.1
Capital increase by conversion ³	10,982.4	7,478.8	3,757.9	1,227.5	35.1	412.1	672.0
Capital contribution in kind ⁴	1,867.5	231.6	2,814.5	314.7	2,497.3	242.4	1.3
With preferential subscription right	4,560.6	11,463.1	2,790.8	50.5	1,002.1	6.2	5,663.2
Without trading warrants	5.0	8,277.1	2,909.9	342.9	2,007.4	7,511.5	340.4
Public offering of shares	1,231.4	0.0	4,886.9	517.7	3,132.9	4,309.5	2,587.7
Memorandum items: MAB transactions⁵							
Number of issuers	9	7	10	5	1	5	1
Number of issues	11	14	15	5	4	5	1
Cash amount (million euros)	35.8	45.7	130.1	53.3	23.5	10.4	1.9
Capital increase	35.8	45.7	130.1	53.3	23.5	10.4	1.9
Of which through public offer for subscription	6.8	1.8	5.0	0	0	0	0
Public offering of shares	0	0	0	0	0	0	0

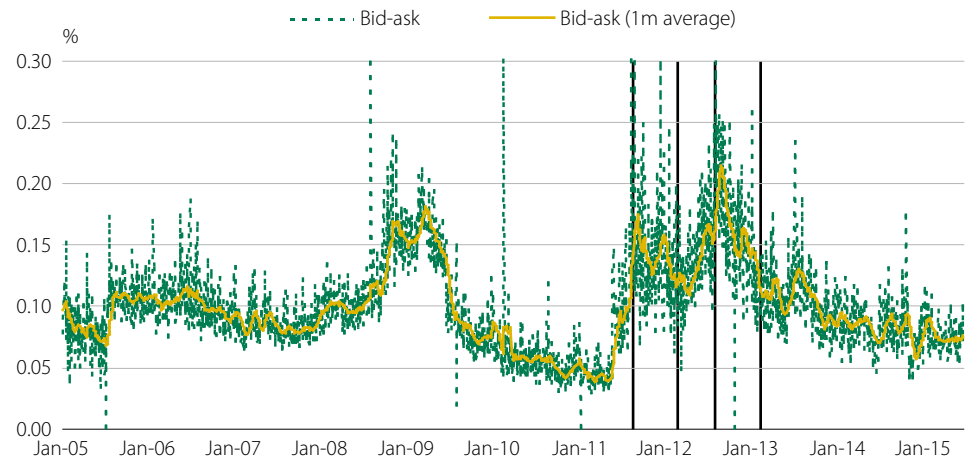
Source: BME and CNMV. Data to 15 June.

- 1 Transactions registered with the CNMV. Not including data from MAB, ETFs or Latibex.
- 2 In scrip dividends, the issuer grants shareholders the right to collect a monetary dividend or to have it converted into shares as part of a bonus issue.
- 3 Includes capital increases to meet the conversion of bonds and debentures into shares, the conversion of employee options or the execution of warrants.
- 4 Capital contributions in kind are stated at their market value.
- 5 Transactions not registered with the CNMV.

Ibex 35 liquidity conditions, as measured by the bid-ask spread, held consistently below 0.10% through the first six months with monthly averages in no case exceeding 0.09% (the highest values were recorded in January and early February). By mid-June, the average monthly spread was down to 0.08%, improving on the recent-year average (0.10% since 2005) and a long way away from the 0.22% high of August 2012.

Ibex 35 liquidity. Bid-ask spread¹

FIGURE 19



Source: Thomson Datastream. Data to 15 June.

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

III Reports and analysis

Economic and financial performance of listed companies in 2014

Belén de Anta and Laura Romero (*)

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1 Introduction

This article presents and analyses the key highlights of the periodic financial information for the second half of 2014 submitted to the CNMV by issuers¹.

The aggregate information analysed relates to the results, financial position, cash flows, number of employees and dividends paid. The 143 companies included in the study operate in the following sectors: energy (9 companies), manufacturing (44 companies), retail and services (41 companies), construction and real estate (29 companies), banking (18 companies), and insurance (2 companies).

The analysis is carried out on the following basis:

- The data are obtained from the consolidated or individual periodic financial reports² submitted to the CNMV by the issuers of shares or debt³ that are listed on a regulated Spanish market, where Spain is the home Member State.
- The aggregate figures exclude issuers that are subsidiaries of another listed group. However, when such issuers carry on their activity in a sector other than that of the parent company, their financial data are included in the figures for their sector.
- Data relating to periods other than the second half of 2014 in the historical series have been calculated for the representative sample of the companies that were listed in the reference period.

In Section 2 of this article, we analyse the development of turnover since 2009. In Sections 3 and 4, we present the behaviour of earnings and the return on equity and investment. In Section 5, we look at the debt of non-financial companies. In Section 6, we analyse the non-performing loans and solvency of credit institutions, and in Sections 7, 8 and 9, we present the development of cash flows, workforce and dividends paid, respectively. The last section presents the article's main conclusions.

1 Pursuant to Article 35 of the Securities Market Act 24/1988, of 28 July, when Spain is the home Member State, issuers whose shares or debt securities are admitted to trading on an official secondary market or on another regulated market in the European Union must publish and disseminate a half-yearly financial report and a second financial report covering the full financial year.

2 Submitted in the form stipulated in Circular 1/2008.

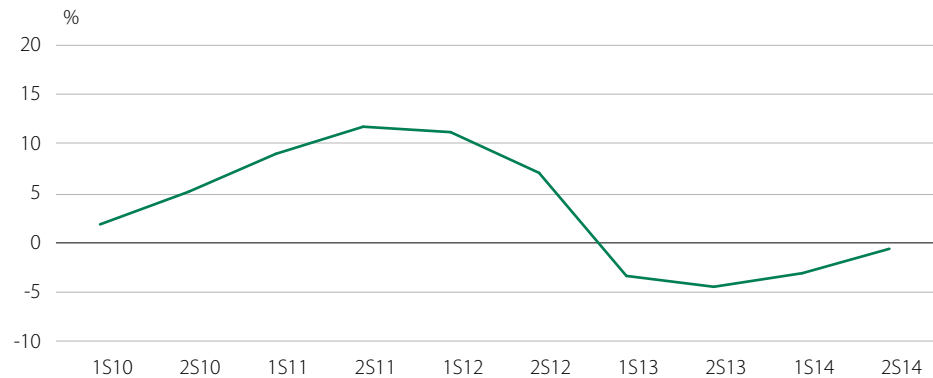
3 Except for entities that have issued preferred shares and other special purpose entities set up for the issuance of fixed-income securities.

2 Net turnover

As shown in Figure 1, following three years of positive growth rates, net turnover⁴ began a downward trend in the first half of 2013, which continued in 2014. However, the rate of the fall dropped to 0.5% in the second half of 2014, compared with 4.5% in the previous year.

Rate of change in net turnover

FIGURE 1

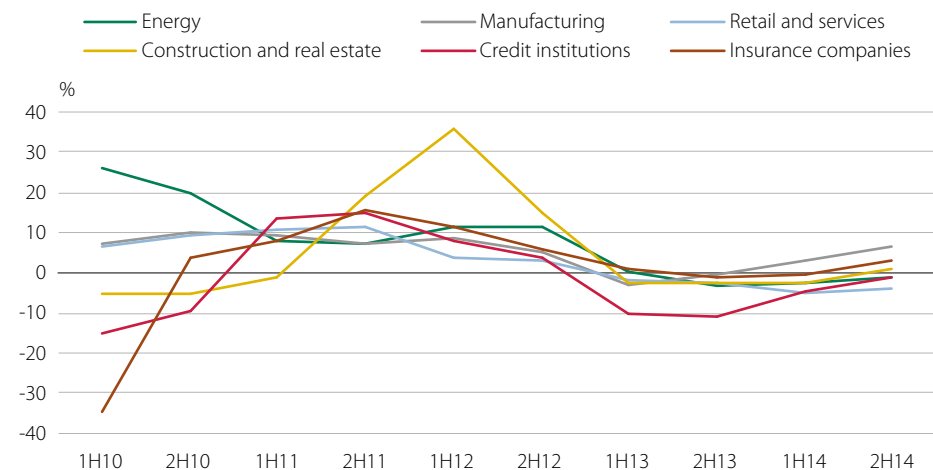


Source: CNMV.

Figure 2 shows the development of net turnover for the different sectors. While in the first half of 2014 only companies in the manufacturing sector recorded positive year-on-year rates of change, these companies were joined in the second half of the year by the construction and real estate and the insurance sectors. The other sectors recorded lower negative rates in absolute terms than those recorded in the first half of the year.

Rates of change in turnover by sector

FIGURE 2



Source: CNMV.

4 For credit institutions, net turnover has been taken to comprise interest and similar revenue, and for insurance companies, premium income for the year from life and non-life insurance, net of reinsurance.

By sector, the highlights in 2014 were as follows:

- **Energy.** In 2014, net turnover continued the fall which began in 2013, although it has moderated from -3.5% at year-end 2013 to -1.3% in 2014.

Electricity companies saw their revenue fall mainly as a result of application of Royal Decree Law 9/2013⁵ as from July 2013, which led to cuts in the remuneration of the supply business, a fall in the incentives for investment and a significant impact on renewable energies. The oil companies included in the sector were affected by the negative impact on sales, the fall in oil prices (-9.1%), as well as lower production in Libya as a result of the conflicts and security problems in that country.

- **Manufacturing.** Net turnover in this sector rose by 6.9% in 2014, compared with negative growth in 2013. Growth was particularly positive in the second half of the year. However, the performance of the different sub-sectors was uneven.

There was a noteworthy rise of 8.2% in the textile manufacturing sub-sector due to the 8.3% increase in the turnover of its main company, which was the result of its international expansion. This company alone accounts for 34.8% of the total revenue of the manufacturing sector.

Other sub-sectors which saw an increase in sales were base metals and metal processing (9.1%), emerging wind power markets (21.9%), the chemical industry (6.1%) and the food sub-sector (3.4%), which account for around 44% of total manufacturing revenue.

These increases were mainly due to the following factors: (i) the improvement in global demand, (ii) the increase in the order book of projects for engineering and construction of industrial facilities in areas of oil and natural gas; (iii) a slight recovery in private consumption in the Eurozone, which led to a slight increase in sales in the food sector, and (iv) contribution to revenue of the businesses acquired at the end of 2013 and the beginning of 2014.

In contrast with the growth in these businesses, there were falls recorded in companies engaged in paper and graphic arts (-11.4%), renewable energies in Spain (-7.9%), construction activities (-1.5%), and those which are undergoing bankruptcy procedures. The aggregate weighting of these companies with falling net turnover in total manufacturing revenue stands at 13%.

- **Retail and services.** Turnover in this sector fell by 4%. This rate would be positive (3.6%) if we excluded the communications sub-sector, which accounts for 45.4% of the sector's total revenue.

5 Royal Decree-Law 9/2013, of 12 July, adopting urgent measures to guarantee the financial stability of the electricity system.

Sales in this sub-sector fell by 11.7%, mainly as a result of the negative exchange rate effect⁶ and the changes in the scope as a result of the disposal of subsidiaries.

With regard to the rest of the sector, the net increase in sales is largely due to: (i) the increase in air transport fare revenue (9.2%) thanks to the increase in capacity, despite the fall in unit revenue and the adverse exchange rate effect, and (ii) the positive evolution of revenue in new technology companies (10.1%) and highway activities (6.8%).

- **Construction and real estate.** The net turnover of the sector rose by 1% in 2014, in contrast with the negative growth rates recorded in previous half-year periods. The rise took place both in real estate companies, with growth of 14.9%, and in the construction sub-sector, which recorded growth of 0.8%, while it accounted for 98.5% of total sector revenue.

The main company in this segment, which accounts for 54.8% of the total sales of the sub-sector, saw a fall in turnover of 0.8% as a result of the impact of the depreciation of the Australian dollar and the sale of assets in 2013. If we exclude this company, sales in the construction sub-sector would have risen by 2.9%.

The rise in turnover recorded in the real estate sub-sector is largely due to the amounts contributed by the SOCIMIS (Spanish REIT companies) that went public in 2014. If we eliminate this effect, the rise in turnover of the sub-sector would be 5.3%. Part of this increase is due to the awarding of assets in favour of credit institutions which comprise syndicated loans.

- **Credit institutions.** Revenue from interest and similar revenue recorded by credit institutions fell slightly by 0.9%. This fall reflects the deleveraging process carried out by institutions as a result of new regulatory requirements and the restructuring processes of the financial sector.
- **Insurance companies.** The volume of net insurance premiums rose by 0.2% and 11% in non-life insurance and life-insurance businesses, respectively.

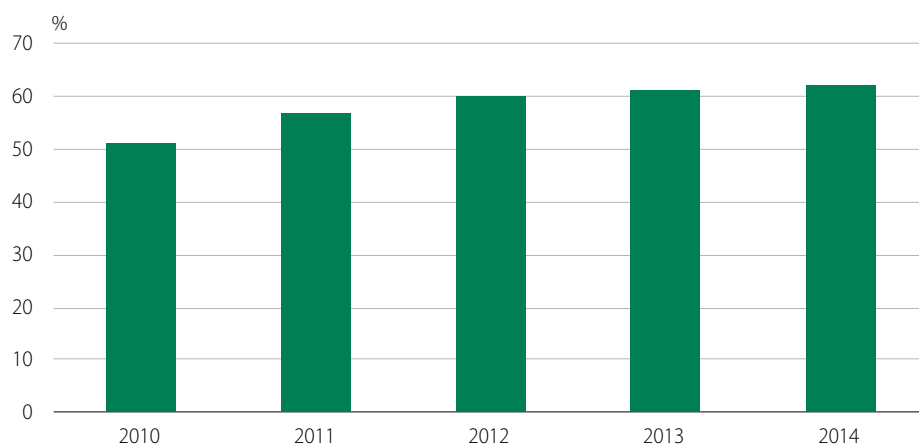
Figure 3 shows the relative importance of the net turnover generated abroad by non-financial companies since 2010. The upward trend in the percentage of revenue generated abroad recorded over recent years continued in 2014, with foreign operations generating 62.2% of total net turnover, one percentage point up in 2013.

This increase is concentrated in the manufacturing sector and in the retail and services sector, as shown in Table 1, which provides the sector breakdown. The proportion of revenue generated exclusively in Spain has fallen significantly since 2003, the first year for which this information is available, from 67.7% to the current figure of 37.8%.

6 Particularly noteworthy was the depreciation of the Argentinean peso and the Brazilian real, as well as the effect of hyperinflation in Venezuela and the devaluation of its currency in 2014.

Net turnover generated abroad by non-financial companies

FIGURE 3



Source: CNMV.

Table 1 shows the sector breakdown of the proportion of net turnover generated abroad by non-financial companies.

Following three consecutive years in which sales abroad recorded increases of close on 20%, 2013 saw a fall of 0.7% in the volume of sales compared with 2012. This trend intensified in the first half of 2014, in which there was a reduction of 2.3%, while at year-end 2014 it had recovered with growth of 0.8%. The performance of revenue abroad was better than in Spain, where sales fell by 2.8%.

Net turnover of non-financial companies generated from foreign operations: Breakdown by sector

TABLE 1

	2010	2011	2012	2013	2014
Energy	44.8	47.0	45.2	45.0	41.0
Manufacturing	65.8	69.0	73.1	74.5	79.2
Retail and services	57.1	62.5	67.8	68.8	72.7
Construction and real estate	44.5	59.1	69.0	72.1	71.2
Subtotal, non-financial companies	51.0	57.0	60.3	61.2	62.2

Source: CNMV.

3 Results

Despite the fall in net sales figures, the aggregate profits of the companies in the sample rose by 11.93 billion euros on the previous year, reaching a total of 36.56 billion euros. All the sectors, with the exception of the retail and services sector, contributed towards this 48.4% rise in profits in 2014. Particularly noteworthy were the construction and real estate sector, which moved from making losses to recording profits in 2014, and the credit institution sector.

The fall in the retail and services sector is linked to the fall in sales of the communications sub-sector referred to in the above section, together with the very significant negative impacts of a non-recurring sales operation performed by one company in the media sub-sector. If we exclude the two affected companies, the sector's profits would have risen by 89% in 2013.

The percentage of companies recording profits in 2014 stands at 74.8% of the sample (61.2% in 2013). A significant number of companies increased their profits by over 20% (65 companies compared with 43 companies in 2013).

The cumulative amount of the loss-making companies fell to 5.28 billion euros, much lower than the 9.21 billion euros recorded in 2013. Losses fell in all the sectors, with the sole exception of the retail and services sector.

EBITDA¹, operating profit and profit for the year

TABLE 2

Million euros	EBITDA			Operating profit (loss)			Profit (loss) for the year		
	2013	2014	Change (%)	2013	2014	Change (%)	2013	2014	Change (%)
Energy	17,407	18,731	7.6%	9,327	10,277	10.2%	8,311	10,763	29.5%
Manufacturing	7,307	8,714	19.2%	5,073	6,352	25.2%	2,784	4,091	46.9%
Retail and services	28,991	26,478	-8.7%	15,097	13,436	-11.0%	5,804	4,369	-24.7%
Construction and real estate	3,210	4,902	52.7%	354	2,589	631.4%	-3,950	773	-
Credit institutions	-	-	-	7,907	19,047	140.9%	10,179	14,925	46.6%
Insurance companies	-	-	-	1,951	2,440	25.1%	1,434	1,592	11.0%
Total²	56,856	58,708	3.3%	39,734	54,101	36.2%	24,634	36,559	48.4%

Source: CNMV.

1 EBITDA = Operating profit/loss + depreciation/amortisation of fixed assets.

2 For groups, the total only includes the consolidated data provided by the parent company, excluding any other listed company in the group. The total may differ from the sum of the values shown for each sector as a result of the adjustments made.

As shown in Table 2, non-financial companies recorded a 3.3% increase in their EBITDA. This increase, which contrasts with the 0.6% drop in net turnover, is the net result of the following factors:

- (i) The positive effect of the comparison with 2013, when significant impairment of non-financial assets was recorded due to regulatory changes.
- (ii) Staff costs rose by 3.6% as a result of the increase in the number of people hired and the recording of provisions for the restructuring plans approved by companies, with noteworthy increases in the energy and manufacturing sectors of 6.4% and 7.1%, respectively.

Operating profit recorded a slight improvement both for financial and for non-financial companies, although it was more noticeable in the case of the former. Depreciation/amortisation charges fell by 3.3% overall and by 6.1% in the retail and services sector largely as a result of the depreciation of the Brazilian real. This sector

accounts for 50% of total depreciation/amortisation charges in the sample of non-financial companies.

The profit for the year of non-financial companies improved by 53.9% up to 20.04 billion euros, largely as a result of the construction and real estate sector, which moved from recording losses to recording profits. The growth in this figure was greater than the growth in operating profit as a result of the profits for discontinued operations, which amounted to 2.57 billion euros, in sharp contrast to the losses of 1.84 billion euros recorded in 2013. In contrast, the effective tax rate was higher than in 2013, when it was affected by the updating performed on non-financial assets located in Spain under Law 16/2012⁷, and also because of the adjustment in 2014 of deferred tax assets and liabilities recorded in previous years according to the new tax rates established by Law 27/2014⁸.

Finally, the total comprehensive income for 2014 i.e. the result of the income statement together with the total of income and expense recognised directly in equity for non-financial companies stood at 17.59 billion euros (3.12 billion euros in 2013), due, above all, to the recording of negative translation differences (noteworthy was the telecommunication sub-sector as a result of the translation of the financial statements of subsidiaries in Venezuela) and the negative change in cash flow hedging (such as hedges on future fuel purchases). In the case of financial institutions and insurance companies, the income and expense recognised in equity in 2014 amounted to 12.75 billion euros (-4.05 billion euros in 2013), which leaves the total comprehensive income for the year at 29.26 billion euros, in line with the fall in risk premiums, the drop in market volatility and the evolution of the exposure to exchange rate risk.

By sector, the highlights were as follows:

- **Energy.** The rise in operating profit (10.2%) contrasted with the fall in turnover (1.3%). The improvement in this margin was largely due to the impact in 2013 of the impairment recorded by one company as a result of the revision of its plans in the United States and Canada. If we exclude this effect, the EBIT for 2014 would have fallen by 6.4% compared with the adjusted EBIT for 2013 due to the increase in staff costs associated with restructuring and reorganisation plans.

Profit before tax improved by 19.1% as a result of the following reasons: (i) the positive impact of the gains obtained in the divestments undertaken in the period; (ii) the improvement in net financial income (expense) as a result of the reduction in debt and the average cost of financing, and (iii) the positive effect of the increase in the fair value of exchange rate derivatives in some companies.

7 Law 16/2012, of 27 December, adopting various tax measures aimed at consolidating public finances and boosting economic activity.

8 Law 27/2014, of 27 November, on corporate income tax, cuts the general tax rate for companies to 28% in 2015 and 25% in subsequent years. This reduction affects deferred tax assets and liabilities recorded at year-end 2014.

Net profit rose by 29.5% on 2013. The corporate income tax expense in 2014 was seven times higher than in 2013 due to the lowering effect resulting from the balance sheet updates performed by several companies in the sector under Law 16/2012. However, the increase in this expense was more than offset by the profits from discontinued operations, which amounted to 3.64 billion euros, three times higher than the figure recorded the previous year, due to the gains obtained from the sales made by one company of its businesses in Latin America.

- **Manufacturing.** There was a sharp improvement in results at all levels well beyond the increase in turnover. EBITDA rose by 19.2% and operating profit by 25.2%, against an increase in sales of 6.9%, although the performance was uneven between the different companies, as indicated below.

EBITDA over sales of companies linked to the pharmaceutical and chemicals business, steel and other manufacturing improved significantly as a result of: (i) the higher levels of production efficiency achieved following the start-up of fixed-costs savings programmes and the optimisation of variable costs; (ii) the non-recurring revenue recorded, among other items, for the transfer of rights and sale of subsidiaries, and (iii) lower non-recurring expenses compared with the previous period. The lower losses recorded by companies subject to insolvency proceedings and liquidation also had a positive impact on EBITDA.

The operating profit of the main textile manufacturing company, which accounted for 50.3% of the sector's total operating profit, rose by 4.15% although it remained below the average for the sector due to the increase in operating expenses generated by greater sales and the opening of a new commercial area.

Other companies suffered significant falls in their operating profit or even suffered losses. In particular, companies engaged in paper and graphic arts moved from profits of 126 million euros to losses of approximately 1 million euros as a result of non-recurring impairment charges relating to the change of the tariff system applicable to renewable energy sources, co-generation and waste, which were added to those already recorded in the previous year.

The net profit of the sector as a whole rose by 46.9% as a result of the lower net financial expense and lower losses for discontinued operations than in 2013 even though the effective tax rate was slightly higher.

- **Retail and services.** Aggregate EBITDA for the sector fell by 8.7%, largely as a result of the communications sub-sector, where EBITDA fell by 18.7% mainly due to the fall in sales and the staff costs recorded in 2014 as a result of the global restructuring programme. If we exclude this sub-sector, EBITDA would have risen by 10.6% for the rest of the sector, mainly as a result of the fall in unit fuel costs for airlines.

The following also had a positive effect on EBITDA: (i) continuity in the implementation of improvements in efficiency and cost optimisation in concessions, and (ii) the improvement of margins in the sales of concession-related infrastructures and sales of bio-energy.

The aggregate operating profit of the sector fell by 11% due to the net result of two opposing effects: (i) the fall in the depreciation/amortisation charge in the communications sub-sector (-11.2%) due to the positive effect of exchange rates, the removals from the scope and the sales of non-strategic assets, and (ii) the increase in the average expense recorded by other companies in the sector (5.4%) for registrations of assets and business combinations.

Net profit for the sector fell by 24.7% due to the sharp fall in profits for discontinued operations, mainly in the media sector, as mentioned above.

- **Construction and real estate.** EBITDA for the sector rose by 52.7%. Its performance was positive both in the construction sector, where it rose from 4.18 billion euros in 2013 to 5.17 billion euros in 2014, and in the real estate sector, which reduced its losses from 969 million to 265 million euros.

In the construction sector, the lower impairment of assets linked to renewable energies with regard to 2013 was one of the key factors behind this improvement. Nevertheless, it should be pointed out that the fall in EBITDA of the main company in the sector is the result of exchange rate changes and the impairment recorded in the order book of recently incorporated subsidiaries.

Although EBITDA in the real estate sector remained negative, it improved in some companies which recorded low impairment of inventory compared with the previous year, or those which recorded an increase in the fair value of certain real estate investments in accordance with the measurements performed by independent experts.

The aggregate profit for the year in the sector amounted to 773 million euros, compared with losses of 3.95 billion euros in 2013. Its evolution was positive both in the construction and in the real estate sector. The improvement on 2013 was due to the result of discontinued operations in 2014 becoming positive for an amount of 1.11 billion euros compared with losses of 1.47 billion euros in 2013. No longer consolidating loss-making subgroups, following the loss of their control or in exchange for offsetting loans with credit institutions, also had a favourable impact.

- **Credit institutions.** The interest margin rose by 9.3%, in contrast with the 9.6% fall in 2013. This improvement was the result of the 11.1% reduction in the expense for interest and similar charges, and the slight fall (-0.9%) in revenue from interest and similar revenue.

It is important to remember that in 2013 the volume of revenue from interest fell significantly as a result of the following factors: (a) the impact of the time structure of interest rates in revaluing mortgage loans, (b) the elimination of so-called “floor clauses” of certain mortgage loans, (c) the increase in the default rate and non-performing loans, and (d) the deleveraging process in the sector caused by the difficulties in the economic environment, new regulatory requirements and the restructuring processes of the financial sector.

The first half of 2014 was still subject to the impact on the sector of the scenario indicated in the previous paragraph. However, at the end of the year there was a clear improvement in the situation and the volume of revenue from interest tended to recover, reaching a volume only slightly lower than that recorded in the previous year, as indicated above. In a scenario characterised by a lack of liquidity tensions thanks to the measures adopted by the European Central Bank, the notable reduction in the expense for interest over the year was due to optimisation of financing costs and, particularly, the sharp fall in the cost of term deposits.

The gross margin rose by 6.3% in 2013. The main factors behind this improvement are as follows: (a) a volume of net revenue from commissions similar to that of the previous year, (b) the gains generated from the fixed-income portfolio and other financial operations, taking advantage of the opportunities offered by the debt market thanks to the favourable development of the risk premium, and with the aim of complying with the new regulatory requirements, (c) the increase in operating charges in 2013 as a result of contributions to the Deposit Guarantee Fund and other similar funds of other countries as a result of retroactive application of IFRIC 21 “Levies”, and (d) in a negative direction, the depreciation suffered by the Venezuelan bolivar, the Brazilian real and the Argentinean peso.

In aggregate terms, the sector recorded an operating profit of 19.05 billion euros in 2014, compared with 7.91 billion euros in the previous year. This significant increase (140.9%) was the result, in addition to the aforementioned positive performance of the interest margin and the gross margin, of the following factors: (a) the improvement in the efficiency ratio⁹ to 43.7% from 47.1% at year-end 2013 due to the reduction in operating expenses, particularly staff costs, which fell by 3.5% due to workforce adjustments, and (b) the 15.5% fall in net losses for impairment of financial assets resulting from the significant restructurings conducted in previous years and the fall in entries of non-performing loans since the start of the year.

Finally, the credit institutions in the sample as a whole obtained an aggregate profit before tax of 19.21 billion euros in 2014, compared with 6.34 billion euros in 2013. In addition to the improvement in the operating profit, this increase was due to: (a) reduced needs to restructure foreclosed property as a result of the significant restructuring undertaken in previous years and in line with the improvement seen in the real estate market, and (b) the results recorded as a consequence of the divestment of non-strategic assets and businesses.

It should be highlighted that certain credit institutions, in order to improve their capital levels, sold their real estate management and collection businesses in 2014 with their income statements therefore recording significant gains as a result of the loss of control of said businesses.

9 This is an indicator of an institution's level of efficiency and is determined as the percentage of the gross margin absorbed by general expenses (personnel expenses and other general administration expenses).

- **Insurance companies.** The non-life insurance business recorded a 12.4% increase in the profit of the technical account in 2014, which stood at 1.65 billion euros. This change is the result of the net effect of, *inter alia*, the following factors: (a) slight growth (0.2%) in revenue from premiums recorded in the year, net of reinsurance, based on the growth in health insurance and the budding recovery in car insurance in a context marked by the contraction of the insurance market and major competitive pressures, (b) a 1% increase in expenses for claims in the year, net of reinsurance, (c) the significant fall of 4% in operating expenses despite the 2.3% increase in the workforce, and (d) a noteworthy 10.4% increase in net revenue from property plant and equipment and investments. This last increase was the result of greater net profits as a result of the materialisation of investments and the growth in the business volume which helped to offset the effect of the fall in interest rates in the Eurozone, as well as the increase in interest rates and the absence of negative adjustments for changes in the market value of investments in other markets.

The life insurance business recorded a 63.8% increase in aggregate profit of the technical account in 2014 to 786 million euros. This substantial increase was due to a higher business volume, which is reflected in the 11% growth of premiums recorded in the year, net of reinsurance. Similarly, as with the non-life insurance business, there was a significant increase of 47.6% in revenue net of the expenses for property plant and equipment and investments.

4 Return on equity (ROE) and return on investment (ROI)

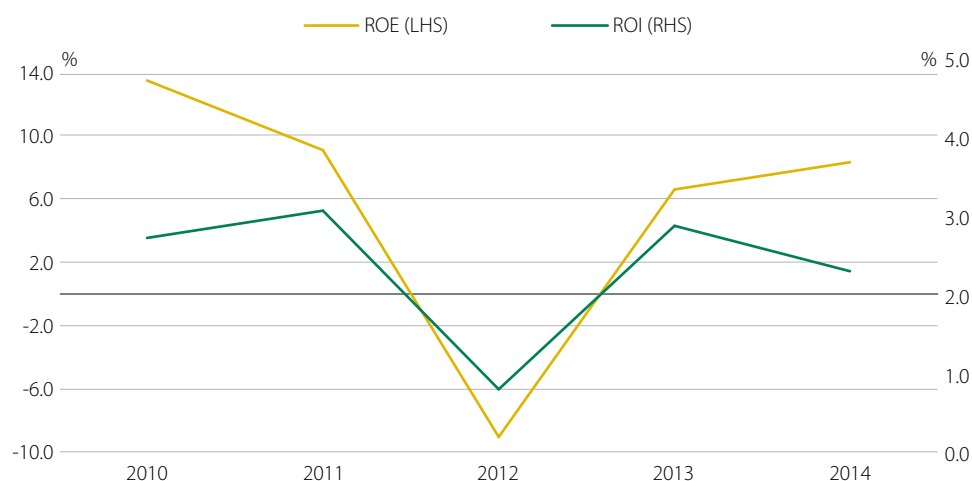
Figure 4 shows the ROE and ROI¹⁰ since 2010. ROE and ROI in 2014 stood at 8.4% and 2.3%, respectively. Therefore, the recovery in ROE recorded the previous year was consolidated in 2014, while ROI slipped back a little.

10 In order to facilitate interpretation, the definitions adopted for calculating ROE and ROI are as follows:

- ROE is calculated using the profit after tax (the profit before attributing minority interests in the case of consolidated groups), including discontinued operations.
- This profit is adjusted by the net interest of the company's effective tax effect for the purposes of calculating ROI. For financial institutions, the net interest considered in the ROI is the interest and similar charges which form part of the brokerage margin.
- The balance sheet figures (equity and investments) are calculated using the semi-sum of the balances at the start and at the end of each period. For non-financial companies, investments are equal to total assets less current liabilities which do not have an explicit interest rate and for financial institutions investments are equal to total assets.

ROE and ROI

FIGURE 4



Source: CNMV.

Tables 3 and 4 show the trend of ROE and ROI respectively for the different sectors. In 2014, all sectors recorded a positive return on equity and assets. Particularly noteworthy was the construction and real estate sector, which moved from a negative ROE to a positive ROE. The retail and services sector was the only sector where ratios were worse than in 2013.

ROE (%)

TABLE 3

	2010	2011	2012	2013	2014
Energy	16.2	10.7	9.9	7.7	10.5
Manufacturing	13.8	10.4	8.4	10.9	14.9
Retail and services	21.9	16.4	7.9	10.5	7.9
Construction and real estate	6.6	-0.7	-20.9	-22.9	4.7
Total non-financial companies	16.9	10.9	5.8	6.4	9.9
Credit institutions and insurance companies	10.3	7.1	-24.4	6.8	7.1
Total	13.6	9.2	-9.1	6.6	8.4

Source: CNMV.

ROI (%)

TABLE 4

	2010	2011	2012	2013	2014
Energy	8.2	6.0	5.8	5.1	6.1
Manufacturing	9.0	7.4	6.2	7.7	9.9
Retail and services	8.5	7.8	4.8	5.5	5.1
Construction and real estate	4.8	2.9	-0.7	2.2	-0.9
Total non-financial companies	7.7	5.9	3.9	4.4	5.6
Credit institutions and insurance companies	2.0	2.4	0.2	2.6	1.7
Total	2.9	3.1	0.8	2.9	2.3

Source: CNMV.

As shown in Table 5, the average financial cost of borrowing net of tax fell by more than 10 basis points on 2013, with a noteworthy fall in the energy sector. The other sectors remained at between 3% and 4%.

Financial cost of borrowing net of taxes of non-financial companies¹ (%)

TABLE 5

	2010	2011	2012	2013	2014
Energy	2,9	2,8	2,8	3,0	2,3
Manufacturing	3,4	3,8	3,6	3,9	3,6
Retail and services	2,8	4,1	3,5	3,5	4,0
Construction and real estate ²	4,4	3,8	4,3	3,5	3,5
Total non-financial companies³	3,1	3,4	3,0	3,4	3,3

Source: CNMV.

¹ Percentage which represents the financial expense for interest and similar charges over the average debt for the period.

² In the case of the construction and real estate sector, this ratio has been calculated by taking the legal tax rate and not the effective tax rate because, on an aggregate level, the sector presents a very high corporate income tax expense despite the losses or very small profits recorded in the period.

³ The ratio corresponding to the total number of non-financial companies has been adjusted appropriately.

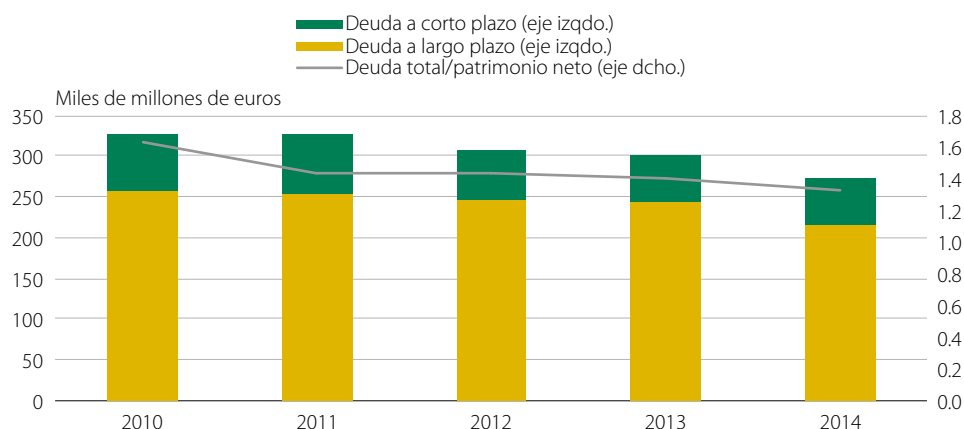
5 Debt

Figure 5 shows the trend of gross financial debt¹¹ for the non-financial companies in the sample.

11 Gross financial debt is defined as the sum of debts with credit institutions and issues of debentures and other tradable debt securities.

Debt structure and leverage ratio of non-financial listed companies

FIGURE 5



Source: CNMV.

The level of the aggregate financial debt of the companies in the sample fell significantly in 2014, thus extending the trend which began in 2010. The debt of these companies at 31 December 2014 amounted to 256.32 billion euros, a fall of 6.5 % on year-end 2013.

This trend of falling debt was seen in all sectors, except the manufacturing sector, where debt rose (1.9%) due to the financing of assets acquired over the period.

There was a noteworthy fall in the energy sector (14.2%), mainly as a result of the application, as from 1 January 2014, of IFRS 11 "Joint Arrangements", which led to the proportional consolidation method no longer being applied to joint ventures, which are now measured using the equity method. If we exclude this effect from the sample, debt would have fallen by 7%.

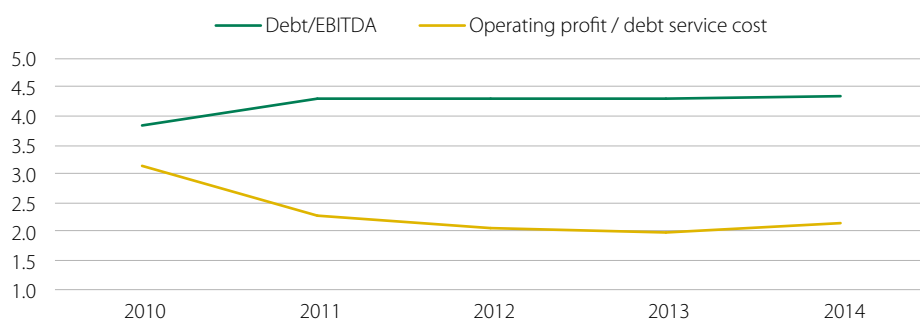
The percentage of long-term debt rose slightly to 79.3%, compared with 78.5% recorded in 2013. The leverage ratio places aggregate debt at 1.29 times the level of equity, compared with 1.33 times at year-end 2013.

Figure 6 shows the trend in debt-to-EBITDA and the debt service coverage ratios. The former (total debt / EBITDA)¹² worsened slightly, standing at 4.37 years at year-end 2014, compared with 4.29 in 2013. The debt service coverage ratio (EBIT / financial expenses) rose slightly to 2.17 times (1.99 times in 2013).

12 This ratio shows the number of years necessary to pay the debt if EBITDA remains stable.

Debt-to-EBITDA ratio

FIGURE 6



Source: CNMV.

Table 6 shows the breakdown in the level of debt and some key related ratios by sector. All sectors reduced their levels of debt in 2014, except the manufacturing sector.

Debt by sector

TABLE 6

Million euros		2010	2011	2012	2013	2014
Energy	Debt	98,283	95,853	91,233	82,146	70,488
	Debt/equity	0.95	0.92	0.85	0.75	0.73
	Debt/EBITDA	2.81	3.27	3.26	3.41	3.76
	Operating profit / debt service cost	4.15	3.30	3.14	2.90	2.97
Manufacturing	Debt	14,948	17,586	17,232	16,609	16,928
	Debt/equity	0.58	0.63	0.63	0.62	0.58
	Debt/EBITDA	2.11	2.54	2.38	2.17	1.94
	Operating profit / debt service cost	5.00	3.90	3.82	4.56	6.03
Retail and services	Debt	115,413	113,142	117,359	111,795	107,402
	Debt/equity	1.60	2.01	2.00	1.99	1.92
	Debt/EBITDA	3.38	3.78	4.01	3.90	4.06
	Operating profit / debt service cost	3.94	2.45	2.02	2.08	2.05
Construction and real estate	Debt	99,917	83,716	76,236	65,066	62,882
	Debt/equity	3.42	2.98	3.51	4.46	3.44
	Debt/EBITDA	11.18	15.00	15.17	18.87	12.83
	Operating profit / debt service cost	0.98	0.52	0.32	0.09	0.64
Adjustments*		-1,792	-1,404	-1,429	-1,395	-1,381
Total	Debt	326,769	308,893	300,633	274,221	256,319
	Debt/equity	1.43	1.44	1.41	1.33	1.29
	Debt/EBITDA	3.84	4.29	4.32	4.29	4.37
	Operating profit / debt service cost	3.12	2.30	2.06	1.99	2.17

Source: CNMV.

* In the adjustment row, the data on issuers that are subsidiaries of another listed company belonging to a different sector are eliminated.

Debt in the energy sector fell by 14.2% in 2014, thus extending the trend which began in 2009 as a result of application of IFRS 11, which has had a significant impact on several companies.

The level of debt in the manufacturing sector grew by 1.9% as a result of the significant increase in the financial debt of one group due to the acquisition of assets over the first half of 2014. The other companies maintained or reduced their level of debt.

The aggregate debt of the retail and services sector fell by 3.9%. Particularly noteworthy was the communications sub-sector, whose gross debt fell mainly as a result of asset sales.

Finally, the construction and real estate sector reduced its level of gross debt by 3.4% compared with year-end 2013, mainly as a result of the application of IFRS 11 in 2014. Without taking into account this effect, there would still be a slight reduction in debt, specifically of 0.4%. It should be pointed out that the ratios of this sector continue recording the highest levels of financial risk, with figures which are very far from the values seen in other sectors and those seen in 2005.

6 Non-performing loans and capital of credit institutions

As in previous reports, a specific section is included on the performance of credit institutions and, in particular, on their ratios regarding growth in lending, non-performing loans and solvency.

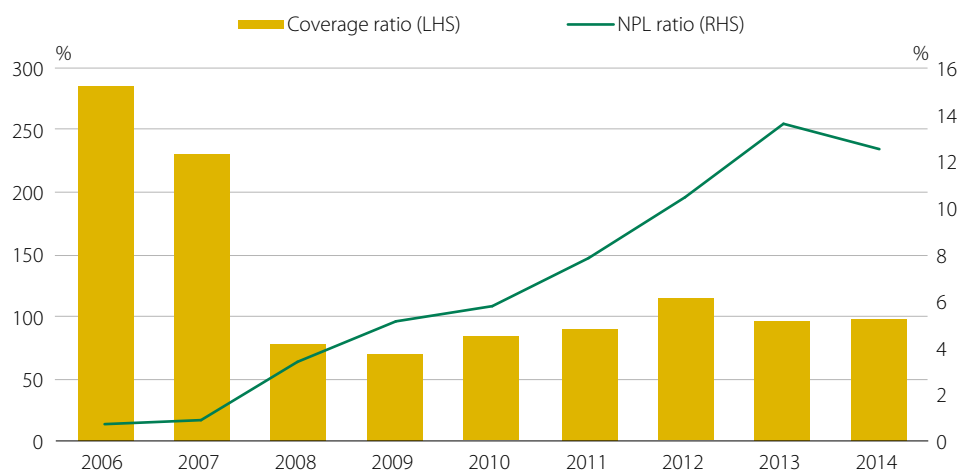
The increase in companies' solvency and improvement in their financing structure, both helped by the absence of liquidity tensions and the return to normality with regard to access to financing markets, translated very slowly to lending in 2014, which rose by 2.3% and 3.6% in the first and second halves of 2014 compared with the same periods of the previous year, following three half-yearly periods in which falls were recorded.

This increase in lending is mainly the result of the expansion of lending in the US and in emerging Latin American markets by the main banks.

A very significant part of the liquidity provided by the ECB to Spanish credit institutions was still used for investment in financial assets issued by the public sector. Consequently, the relative proportion of these assets on the balance sheets of credit institutions continued to rise, increasing from 10.9% in 2013 to 13.1% in 2014 (4.2% in 2007). According to statistics on outstanding public debt of the Public Treasury, at year-end 2014 Spanish credit institutions held 25% of total outstanding public debt (23.65% in December 2013).

Figure 7 shows the development of the NPL ratio of credit institutions in lending to other resident sectors since 2006, as well as the coverage ratio of doubtful assets¹³.

13 Defined as the amount of the value adjustments for asset impairments over the doubtful balance.



Source: Bank of Spain.

In 2014, for the first time since the start of the crisis in 2008, the NPL ratio fell, standing at 12.5%, as a result of the positive evolution of the key macroeconomic figures.

There was a slight increase in the coverage ratio compared with 2013, in line with the reduction in the NPL ratio. It is important to remember that the coverage ratio fell sharply at the start of the financial crisis as a reflection of the sharp increase in the NPL ratio. However, the coverage ratio began to increase in 2010 as a result of the processes of integration and restructuring against reserves of the assets of savings banks. This increase was even more significant in 2012 as a result of the impact of the requirements established by Royal Decree-Law 2/2012, of 3 February, on the restructuring of the financial sector, and of Law 8/2012, of 30 October, on the restructuring and sale of real estate assets of the financial sector.

The ongoing rise in the NPL ratio since 2007 went hand-in-hand with an increase in the volume of refinancings and asset acquisitions or foreclosed assets, especially real estate assets. Assets received as payment of debts are generally classified in the balance sheets of financial groups under the heading of “non-current assets for sale”, although real estate developments in progress and leased assets are classified under “inventory” and “investment property”, respectively.

This is why the annual changes of the carrying amount of “non-current assets for sale” have been positive since 2008. The largest increase took place in 2012. Together with foreclosed assets in the period, that year saw the effect of institutions undergoing restructuring processes reclassifying non-strategic assets and non-performing assets transferable to SAREB [Management Company for Assts from Bank Restructuring] as non-current assets for sale. However, in 2013, as a consequence of the divestment processes and transfers of assets to SAREB, the carrying amount of this heading fell to 1.4% of aggregate assets of the institutions in the sample. Their carrying amount increased again in 2014, by 10.8%, although their relative weighting in total assets (1.4%) remained unchanged due to the reclassification of the loan portfolio carried out by one institution and certain bank integration processes.

Finally, the evolution of the different components of equity in 2014 was as follows: (i) the carrying amount of capital and reserves rose by 7.5% as a result of the measures adopted by institutions to strengthen their solvency and comply with new regulatory requirements, (ii) minority interests rose by 2.4%, and (iii) the net losses recorded under valuation adjustments of financial assets available for sale fell by 65.9%.

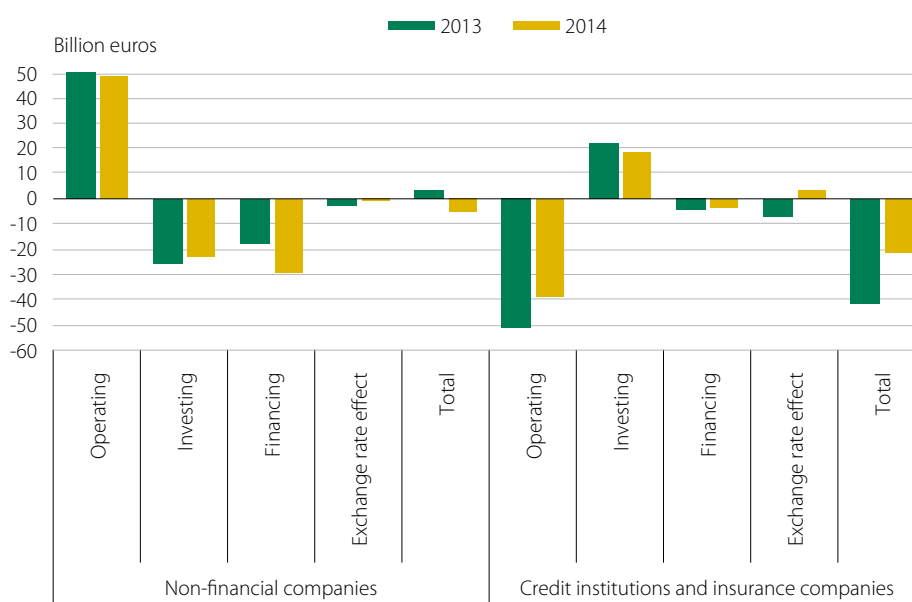
The upward trend recorded in the cumulative amount of net losses from 2010 until year-end 2013 was reversed in 2014 as a result of: (a) the measurement of financial assets classified as available for sale, in line with the fall in the risk premiums of periphery European countries, as well as the fall in market volatility, and (b) the overall positive impact of the evolution of exchange rates, partially hedged, on the value of holdings in foreign subsidiaries.

7 Cash flows

Figure 8 shows the aggregate changes in cash flows generated in 2013 and 2014 by the companies in our sample, distinguishing between flows arising from operations, investment and financing. The totals correspond to the changes in cash and cash equivalents over the periods. The Figure distinguishes between non-financial companies and credit institutions and insurance companies.

Generated cash flows

FIGURE 8



Source: CNMV.

The development of cash flows is analysed below:

- **Non-financial companies.** In non-financial sectors, cash flows generated in operating activities in 2014 (47.67 billion euros) fell by 4.2% on the same period of 2013. There were falls in all sectors, with the most significant taking place in the

retail and services sector (9.8%, for an amount of 2.1 billion euros) and the construction and real estate sector (9.7%, for an amount of 448 million euros).

This fall in the retail and services sector was due to lower sales, as well as a fall in the gross margin.

The cash flows generated by operating activities were used for net investments of 23.1 billion euros and net outflows for financing of 29.09 billion euros. The balance of cash and cash equivalents at the end of the period fell by 5.33 billion euros, with a negative exchange rate effect of 800 million euros.

Aggregate net outflows for investment fell by 10% as a result of the reduction in flows used for investments (-1.2%), particularly in the energy and the retail and services sectors, and an increase in inflows for divestments (11.2%), most of which were carried out in those same sectors.

For their part, financing outflows rose by 60.8% as a result of the continuation in debt payments to reduce financial leverage, as well as the increase in dividend payments (172.9%). These outflows were offset by the income received in financing operations carried out over the year by various companies by means of issuing financial instruments (debentures and bonds).

- **Credit institutions and insurance companies.** The cash flow statement of the companies in our sample recorded a net fall in cash and cash equivalents of 20.95 billion euros in 2014.

This cash outflow was essentially due to the net payments made for operating activities in the year, which amounted to 38.64 billion euros. This scenario of a lack of major liquidity tensions and a slight increase in lending, financed by an increase in customer deposits, has allowed institutions to amortise part of the financing obtained from the European Central Bank and to reduce their use of wholesale financing.

Net outflows for financing amounted to 3.81 billion euros in 2014, partly as a result of the management operations of hybrid instruments and subordinated debt.

As a consequence of investment activities, net inflows of the institutions in the sample amounted to 18.43 billion euros in 2014 as a result of the sales of the held-to-maturity investment portfolio in order to strengthen capital reserves and as a result of divestments of non-strategic assets.

Finally, the favourable effect of changes in exchange rates led to net inflows of 3.08 billion euros in 2014, largely due to the rises in the pound sterling and the Brazilian real.

The aggregate cash flow statement reflects the policy followed by most Spanish credit institutions of divesting non-performing and non-strategic assets and optimising the lending portfolio, in addition to access to wholesale financial markets returning to normal.

8 Number of employees

Table 7 shows the average aggregate workforce for each of the six sectors considered in the sample in 2013 and 2014. The table shows that 2014 saw a 2.1% year-on-year increase in the average staff of the companies.

Number of people	2013	2014	Change (%)
Energy	93,272	91,347	-2.1%
Manufacturing	246,889	258,432	4.7%
Retail and services	587,337	576,814	-1.8%
Construction and real estate	385,327	433,699	12.6%
Credit institutions	434,574	423,955	-2.4%
Insurance companies	41,416	42,359	2.3%
Adjustments*	-2,709	-2,339	-13.7%
Total	1,786,106	1,824,267	2.1%

Source: CNMV.

* In the adjustment row, the data on issuers that are subsidiaries of another listed company belonging to a different sector are eliminated.

The average workforce of the non-financial companies included in the sample rose by 3.7% at year-end 2014 compared with the same date the previous year, even after having fallen by 1.6% at the end of the first half of the year. The number of companies which reduced their workforce (63 companies) is similar to the number of companies which increased their workforce (62 companies).

By sector, the largest increase was seen in the construction and real estate sector (12.6% or 48,372 people), although this was concentrated in the largest company in the construction sub-sector and was the result of a change in the second half of the year as the company moved from accounting for certain investees through the equity method to consolidating them fully after taking over control.

The workforce of the manufacturing sector rose by 4.7%, largely due to the recent corporate operations involving business acquisitions.

In contrast, the retail and services sector and the energy sector recorded falls in average workforce of 1.8% in 2.1%, respectively, due to disposals of businesses abroad.

The average workforce of credit institutions fell by 2.4% in 2014 as a result of various concentration processes and capacity reduction policies. The drive towards electronic banking favoured the reduction in workforces.

9 Dividends

As shown in Table 8, dividends paid in 2014 amounted to 27.86 billion euros, 177.1% up on the previous year. This increase was the result of the extraordinary dividend approved by one company in the electricity sector, for a value of 16.19 billion euros, which had not paid any dividends in the previous year. If we exclude this amount, the increase in dividends would have amounted to 16%.

Dividends paid by sector

TABLE 8

Million euros	2013	2014	Change (%)
Energy	1.745	19.263	1.003,8%
Manufacturing	1.977	2.140	8,2%
Retail and services	3.060	3.694	20,7%
Construction and real estate	695	345	-50,4%
Credit institutions	2.135	1.910	-10,5%
Insurance companies	440	506	14,9%
Adjustments*	-	-	-
Total	10.052	27.858	177,1%

Source: CNMV.

* In the adjustment row, the data on issuers that are subsidiaries of another listed company belonging to a different sector are eliminated.

In 2014, 45.5% of companies paid dividends, compared with 42.9% in 2013. Of the 65 companies which paid dividends, 72.3% increased the remuneration paid to shareholders, 21.5% reduced it, while the remaining 6.2% kept it at the same level.

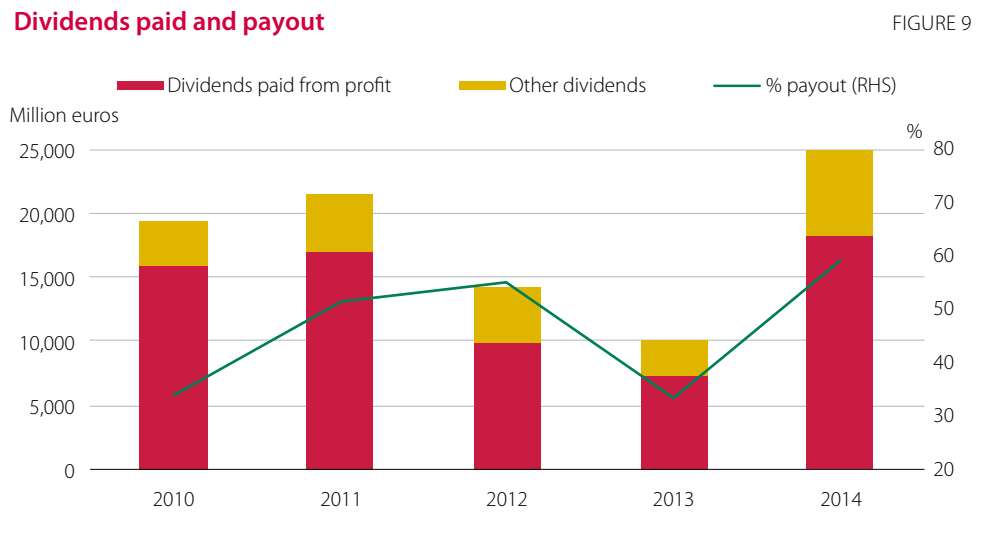
It should be pointed out that 65.7% of the dividends paid in 2014 were paid from profits, a lower percentage than that recorded in 2013 (73.4%). The fall was the result of the dividend paid by the company in the electricity sector referred to above, 56.5% of which was paid from reserves.

Companies continued using scrip dividends, which consist of giving paid-up shares, with the specific feature that the company offers to buy the free allotment rights at a fixed price. Shareholders may therefore choose between receiving the shares, selling the rights on the market or selling the shares back to the company. The main advantage for issuers is that they reduce cash outflows while, at the same time, giving remuneration to their shareholders.

Twelve companies decided to use scrip dividends in 2014 (11 companies in 2013). 19.8% of the shareholders of these companies chose to sell the free allotment rights granted by the issuer so as to receive the remuneration in cash (3.26 billion euros), while the remaining shareholders subscribed the scrip shares. This mechanism allowed companies to save paying 12.4 billion euros in cash of the 15.66 billion euros which they would have had to pay if all the shareholders had chosen to sell their free allotment rights.

The aggregate payout of companies —correcting for the dividends not paid from profits for the year— stood at 59.3% in 2014, a percentage figure which is significantly higher than in previous periods¹⁴.

Figure 9 shows the dividends paid in the last five years, distinguishing those paid from profits, as well as the evolution of the payout.



Source: CNMV.

The evolution of the payout in this period is dependent on the dividend paid from profits by one company in the electricity sector (7.94 billion euros). If we exclude this company from the calculation, the payout would have stood at 33.6%, four percentage points higher than in the previous year.

10 Conclusions

The aggregate profits of the companies in the sample amounted to 36.56 billion euros in 2014, an increase of 48.4% in 2013.

A significant part of this increase was the result of the higher profits obtained by financial institutions, which rose from 11.61 billion euros to 16.52 billion euros, a rise of 42.2% on the previous year. For their part, the aggregate profits of non-financial companies rose by 53.9% and stood at 7.02 billion euros. There was a noteworthy positive contribution by the construction and real estate sector, with profits of 773 million euros, in contrast with the losses of 3.95 billion euros recorded in 2013.

Although the sales figures of non-financial companies fell by 0.6%, there was an increase in both EBITDA (3.2%) and in operating profit (9.2%). The main factors con-

¹⁴ The payout is the percentage of the dividend effectively paid in the period over the consolidated profit attributed to the parent company. We have only considered those companies which paid dividends in the period.

contributing to the improvement in these margins were: (i) the impairment of non-financial assets recorded in 2013, (ii) the reduction in operating expenses in 2014 resulting from the efficiency and cost optimisation plans carried out over 2013, and (iii) the reduction in depreciation/amortisation charges as a result of the sales of non-strategic assets, the effect of exchange rates and changes in the consolidation scope. The larger increase in net profit compared with the operating profit was due to the results of discontinued operations, with profits of 2.57 billion euros compared with losses of 1.84 billion euros recorded in 2013, especially in the construction and real estate sector.

Non-financial companies continued to demonstrate a significant capacity to obtain revenue in international markets, with foreign sales increasing by 0.8% in 2014. These sales accounted for 62.2% of the total amount of net turnover, compared with 61.2% in 2013. In contrast, sales in Spain fell by 2.8%.

The debt of non-financial companies continued to fall in 2014, although part of the fall was due to the application as from 1 January 2014 of IFRS 11 “Joint Arrangements”, which establishes a change from the proportional consolidation method to the equity method.

The aggregate income statement of the credit institutions included in the sample recorded positive changes in all their margins, with profit for the year of 14.93 billion euros, 46.6% up on the previous year.

The good results recorded in 2014 in the bank sector were mostly due to the fall in the expense for interest, the adjustment of staff costs and the lower need for restructuring the loan portfolio and foreclosed properties, as well as the improvement in results thanks to the materialisation of gains related to public debt portfolios, management operations of subordinated debt and divestments of non-strategic assets and businesses.

Similarly, in 2014 credit institutions continued with their policies of de-leveraging, restructuring their balance sheets and strengthening their solvency.

The dividends paid by listed companies rose by 177.1% on 2013, although the increase largely comes from the extraordinary payment made by one company in the energy sector. Companies continued using alternative formulas to remunerate shareholders which involve a lower cash outflow, such as scrip dividends.

Finally, it should be pointed out that the average workforce of the companies included in the sample rose by 38,161 people, 2.1% up on the previous year. This increase reflects the effect both of adjustments in the accounting methodology, in particular the change to full consolidation of certain subsidiaries accounted for up to that point using the equity method, as well as recent corporate operations involving business acquisitions.

Network measurements as leading indicators of financial instability: The case of the Spanish stock market

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1 Introduction

The events which took place during the recent financial crisis, which began with the collapse of the American investment bank Lehman Brothers in September 2008, revealed both the high level of interconnectivity of the international financial system and the incapacity of traditional economic models to deal with such complexities. This has led to prominent academics (Allen and Babus, 2009, and Jackson 2014) and senior officials of the competent authorities in the area of financial stability (Haldane, 2009; Yellen, 2013) to suggest the need to adopt innovative approaches to enhance understanding about the problem of systemic risk. In this context, network theory is presented as a very promising alternative.

A large part of our interactions are immersed in systems made of a high number of participants linked to each other whose aggregate behaviours are difficult to predict. Under this perspective, said systems may be understood to be networks (Newman, 2010) which, in their most basic definition, refer to a set of elements called nodes and their respective links. One of the main appeals of the networks approach lies in the economies of scale which arise from applying similar concepts and algorithms in such diverse contexts as the study of virus propagation (Pastor-Satorras and Vespignani, 2002), Internet searches (Brin and Page, 1998) or the opinion formation process (DeGroot, 1974). Typical examples of networks are: social networks, both real and virtual, the World Wide Web, the international airport network and inter-bank networks, among others.

Based on Peralta (2015), this article presents one application of the network theory approach to the case of the Spanish stock market. This work contributes to the branch of literature on applied networks in finance in three directions. Firstly, it proposes a methodology for correctly identifying what is referred to as “stock-market network based on partial correlations”, where equity assets take the place of nodes and the partial correlations that of links. Secondly, given that mainstream research in this area is focused on the US market, this work contributes towards the literature on financial networks by studying the main features of the Spanish stock-market network, comparing it with its equivalent for other European markets. Finally, the article presents empirical evidence which reveals the potential of certain measurements based on the Spanish stock market network as leading indicators of financial instability.

The article is structured as follows: Section 2 introduces the fundamental concepts of network theory together with those measurements that will be useful for the rest of the article. Similarly, this section establishes the specific definition of the stock market network. Section 3 presents the salient features of the estimate algorithm, while Section 4 describes the data used in the empirical analysis. Section 5 presents the most important results of the estimate. Finally, Section 6 offers the paper’s conclusions.

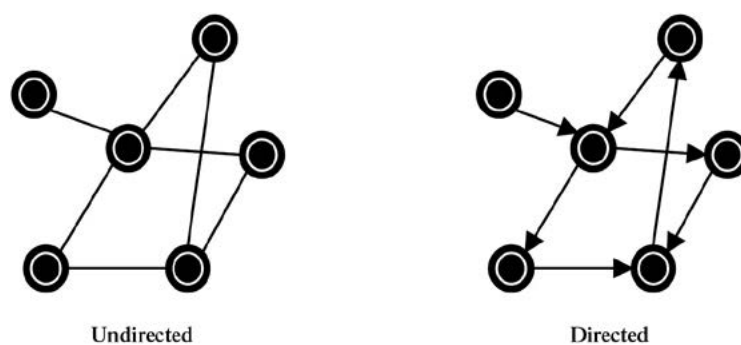
2 Stock market network based on partial correlations

2.1 Network theory: A brief introduction

In its simplest definition, a network is made up of a set of elements which we will refer to as nodes and a set of links between pairs of nodes. Depending on the nature of the interaction between said nodes, the networks may be considered as undirected when the links indicate bidirectional relationships or directed when their links imply a direction from the source node to a destination node but not *vice versa* (see Figure 1). In addition, the links in the network may also have an associated weighting which indicates the relative strength of said link, leading to weighted and unweighted networks depending on whether or not the links are weighted. A thorough description of network theory can be found in Newman (2010) and Jackson (2010).

Example of a directed and an undirected network of six nodes and seven links

FIGURE 1



Accumulated empirical evidence linked to the study of real networks, as varied as technological, biological or financial networks, reveals their amazing similarity. These similarities arise from a comparison of certain measurements aimed at measuring and characterising such structures. A brief description is given below of the network measurements which will be useful for presenting the most important results of this paper.

The level of density of the network quantifies the proportion of links which exist in relation to the total of all the possible pairs of nodes and may be interpreted as the unconditional probability of the existence of a link. The degree of a node is defined as the number of links associated with the node, and the average degree of a network quantifies the average amount of connections of a node in said structure. A fundamental concept for characterising the network is the degree distribution, which represents the empirical distribution of the degree of the nodes comprising the network. Empirical evidence shows that the average degree of a network provides little information on its structure as it is common to see fat-tailed degree distributions. In practical terms, this means that certain systems are made up of a small set of highly interconnected elements, the so-called hubs of the network, existing alongside the large majority of the rest of the elements which are scarcely connected (Barabási and Albert, 1999).

A path between nodes i and j is defined as the sequence of links connecting them, and the distance of this path is defined as the number of links which it includes. The average distance of the network arises from the average of the minimum distances between each pair of nodes and the diameter of the network is defined as the maximum of these distances. An empirical regularity commonly seen in most analysed networks is known as the small world property. This regularity refers to the tendency to find networks with a surprisingly low average distance compared with the total number of nodes. The popular concept of six degrees of separation, commonly associated with the study of Milgram (1967), which establishes an average distance between any two people on earth approximately equal to six, is a clear example of said property¹.

The network is considered “connected” when there is a path joining each pair of nodes; otherwise, it is considered “disconnected”. When the structure is disconnected, each sub-network made up of connected nodes is referred to as a “component”. The typical topology of a real network is characterised by a high number of components, although only one of them occupies a considerable proportion in terms of nodes. This last component is referred to as a “giant component”. According to Ugander *et al.* (2011), the joint component in the case of Facebook includes 99.91% of the persons making up said social network. It is therefore highly probable that there is a path between any pair of people making up that social network.

Another measurement that should be defined is the degree of assortativity, which is applied to the study of the pattern of connectivity between linked nodes. A network shows positive assortativity when the correlation between the degree of linked nodes is positive, i.e., that high (low)-degree nodes tend to be connected with other high (low)-degree nodes. In this case, the network will tend to be organised as a “core-periphery” structure. However, with negative assortativity, nodes with high connectivity are linked to nodes with low connectivity. This configuration leads to networks organised locally in star-shaped substructures. As presented in Newman (2010), for reasons which are not yet fully understood, social networks tend to show positive assortativity, while others, for example technological or biological networks, show negative assortativity.

Another aspect which has attracted the attention of researchers in this discipline is the so-called “transitivity level” of a network, which determines the conditional probability of the existence of a link between a pair of nodes, which is conditional on whether these nodes in turn share another node among their links. In other words, using a social network as an example, transitivity would quantify the probability that “friends of my friends are also my friends”. As is to be expected, various studies on social networks have shown the existence of a high level of transitivity which some researchers have associated with networks organised into community structures (Newman and Park, 2003).

The aforementioned measurements are macro measurements and emphasise the topology of the network on an aggregate level. However, micro measurements

1 Ugander *et al.* (2011) studied the case of Facebook from the perspective of network theory and obtained very similar results.

which aim to determine the importance/influence of a node as part of a network of links also form a fundamental piece of the approach. These types of measurements, commonly referred to as “centrality” measurements, are strongly influenced by sociological literature. Following Freeman (1978), how they are quantified depends crucially on the specific definition whereby the researcher uses the concept of importance/influence. Among the best-known centrality measures there are two which have become the standard in the discipline: i) degree centrality, which assigns levels of centrality of the node in accordance with the amount of links which it has, and ii) eigenvector centrality², which assumes that the centrality of a node is based not only on the quantity of its links but also on the importance (centrality) of its neighbouring nodes.

2.2 Defining the partial-correlated stock network

Before discussing the partial-correlated stock network (PCSN), we should refresh the concept of partial correlation between two random variables. Let us consider the random vector $r = (r_1, \dots, r_n)^T$, from a normal multivariate distribution with mean vector μ and covariance matrix Σ . The partial correlation between r_i and r_j , denoted by ρ_{ij} , quantifies the correlation between said variables controlled for the effect of the rest of the variables in the system. In this Gaussian environment, it is well-known that $\rho_{ij} = 0$ implies conditional independence between i and j . The inverse covariance matrix, commonly referred to as the “precision matrix” and denoted by $\Omega = \Sigma^{-1} = [\omega_{ij}]$, contains fundamental information for calculating the partial correlations matrix ρ , as follows:

$$\rho = [\rho_{ij}] = -\Delta\Omega\Delta \quad (1)$$

where $[\Delta]_{ij} = 1/\sqrt{\omega_{ii}}$ for $i = j$ and $[\Delta]_{ij} = 0$ for $i \neq j$. Simple calculations show that the elements of the principal diagonal of ρ are equal to -1, whereby they will be ruled out of the analysis as they have no importance for the rest of the analysis³.

Two undirected PCSN are defined whose difference lies in the existence, or not, of weightings associated with the links. The weighted PCSN called ϕ^w consists of a set of financial assets where the link between assets i and j exist to the extent that the partial correlation between their returns is not zero, i.e. $\rho_{ij} \neq 0$ and the weighting of said link is given by the value of ρ_{ij} . The non-weighted version of PCSN, denoted by ϕ^U , is built following the same logic but ignoring the information related to the weighting of the links. In other words, the weighting of each link between i and j will be 1 if $\rho_{ij} \neq 0$ and zero in any other case.

It should be clear that for an PCSN to be informative it is necessary that a sparse estimate is made of matrix ρ . A matrix ρ whose elements are all not zero would lead to the construction of dense networks where each node will be connected with the rest, thus obscuring the basic structure of the network. It is then fundamental for the

2 Its name derives from the fact that it is quantified based on the calculation of the principal eigenvector of the adjacency matrix. See Bonacich (1972).

3 The link between matrix ρ and the regression analysis is dealt with in Peralta (2015).

estimate algorithm to be capable of including zeros in the elements from outside the principal diagonal of ρ thus ruling out the links in the network which are insignificant. The following section defines a procedure for estimating PCSN which, complying with said requirement, has certain advantages when compared with other methodologies used in network literature.

3 Methodology

As has already been mentioned, identifying the interconnection skeleton of a stock market requires a sparse estimate of ρ . A partial correlation matrix that presents all its elements as non-zero would imply a fully connected PCSN, making it difficult to identify its key features. The two most popular procedures in stock market network literature are the minimum spanning tree (MST) and the threshold method (TM) (See Onnela *et al.*, 2003). Despite their popularity, these procedures have major drawbacks given the topological restrictions that they impose without a theoretical or empirical justification and which might considerably distort the topology of the resulting network⁴.

With the aim of counteracting the aforementioned drawbacks, Peralta (2015) proposes a two-step algorithm for estimating a sparse partial correlation matrix which in turn allows the researcher to have statistical validation. The main aim of the process is to correctly identify a PCSN which does not assume any topological restriction and which arises purely and exclusively from the information provided to the algorithm. The first step of the process involves applying the methodology known as Graphical Lasso (G-Lasso), developed in Friedman, Hastie and Tibshirani (2008). Without entering into too many technical terms, G-Lasso makes it possible to estimate the precision matrix Ω by maximising the penalised log-likelihood function of a normal multivariate distribution, where the penalisation involves restricting the absolute value of the sum of the elements which comprise it. Given the manner of this penalisation, the researcher can control the degree of dispersion (quantity of zeros) in Ω through the value of what is referred to as the “regularisation parameter”, which is denoted by γ in this article.

Determining γ is fundamental and is subject to a clear trade-off. For low values of γ , the likelihood increases (the model fits the observed data better) at the cost of denser Ω , and therefore with a higher quantity of non-zero values outside the principal diagonal. For high values of γ more zeros are imposed in Ω , with the cost of reducing the likelihood that the said model will be a true data generator. Following Friedman, Hastie and Tibshirani (2008), γ is determined in this study optimally through the 10-fold cross-validation method⁵.

The non-linearity of G-Lasso prevents closed analytical formulas being obtained for determining the statistical significance of the estimate. Consequently, the second step of the proposed algorithm implements Monte Carlo simulations in order to

4 For an extensive discussion on this point, see Peralta (2015).

5 Optimisation is carried out with the Coordinate Descent algorithm.

establish it. In practical terms, this second step of the process determines the measurement in which the partial correlation between the returns on financial assets is sufficiently different from zero (this is only applied for those partial correlations which have been identified as non-zero in the previous step). Then those elements of ρ which are statistically significant will be considered as links in PCSN. Otherwise, they will be ruled out of said network.

This two-step estimate algorithm provides certain advantages when compared with traditional filtering methods. These include the fact that it is a fully data-based procedure which prevents the imposition of pre-set topological restrictions or thresholds, as in the case of MST or TM. Another substantial difference between methodologies is that both MST and TM take as a basis for the calculation the matrix of direct correlations instead of partial correlations. Therefore, a link between nodes i and j might cover a relationship between these nodes and a third node, thus distorting the pattern of interconnection between the financial assets under consideration. Based on an exhaustive analysis, Peralta (2015) shows the benefits of the two-stage algorithm presented in this section when identifying the true pattern of interconnections between financial assets i.e. the true PCSN.

4 Data

The period under study covers almost 10 years of daily financial information, from November 2004 to September 2014. The information for the empirical analysis includes data from Thomson Datastream on prices and returns of equity assets. The set of firms included in the analysis corresponds with those making up the Ibex 35 index in September 2014. Table 1 presents the list of said firms together with the ticker, their stock-market capitalisation for the last day of the database, the date they joined the index and key indicators of the distribution of their returns.

Descriptive statistics

TABLE 1

Industry / Name	Ticker	Join Date	Capitalisation *		Returns **			
			€	%	Mean	Median	Std. Dev.	Mean/Std. Dev.
Industrial								
ABENGOA B SHARES	ABS	25/10/12	3,159	1%	33.2%	0.0%	46.3%	71.7%
ABERTIS INFRAESTRUCTURAS	ACE		14,049	2%	8.4%	0.0%	24.8%	33.9%
ACCIONA	ANA		3,393	1%	7.5%	0.0%	37.0%	20.3%
ACS ACTIV. CONSTR. Y SERV.	ACS		9,690	2%	12.4%	18.7%	28.7%	43.1%
AMADEUS IT. HOLDING	AMS	29/04/10	13,257	2%	22.5%	18.5%	23.5%	96.1%
ARCELORMITTAL (MAD)	MITT	28/07/06	18,153	3%	1.4%	0.0%	46.8%	3.0%
DIST. INTNAC. DE ALIM.	DIA	05/07/11	3,701	1%	21.1%	0.0%	28.8%	73.2%
FERROVIAL	FERC		11,354	2%	11.8%	0.0%	35.0%	33.7%
FOMENTO CONSTR. Y CNTR.	FCC		1,940	0%	-0.1%	0.0%	36.0%	-0.2%
GAMESA CORPN. TEGC.	GAM		2,437	0%	8.6%	0.0%	45.1%	19.1%
GRIFOLS ORD CL. A	PROB	17/05/06	6,912	1%	27.1%	0.0%	30.7%	88.4%
INDITEX	IND		68,177	12%	20.2%	0.0%	27.5%	73.5%
INDRA SISTEMAS	IDR		1,822	0%	3.2%	0.0%	26.9%	11.8%
JAZZTEL	JAZ		3,287	1%	22.1%	0.0%	49.4%	44.7%
MEDIASET	TL5		4,009	1%	3.8%	0.0%	37.2%	10.3%
OBRASCON HUARTE LAIN	OHL		2,642	0%	21.8%	0.0%	36.9%	59.1%
REPSOL YPF	REP		25,385	4%	6.9%	0.0%	29.7%	23.1%
SACYR	SCYR		2,141	0%	4.6%	0.0%	49.1%	9.4%
TÉCNICAS REUNIDAS	TECN	21/06/06	2,347	0%	16.8%	5.2%	36.1%	46.6%
VISCOFAN	VIS		2,023	0%	20.2%	0.0%	25.4%	79.7%
Utilities								
ENAGAS	ENAG		6,095	1%	12.1%	5.5%	24.3%	49.9%
GAS NATURAL SDG	CTG		23,326	4%	7.1%	0.0%	27.9%	25.5%
IBERDROLA	IBE		35,762	6%	9.8%	0.0%	29.7%	33.1%
RED ELÉCTRICA CORPN.	REE		9,274	2%	17.9%	11.6%	24.5%	73.2%
TELEFÓNICA	TEF		55,773	10%	2.9%	0.0%	23.4%	12.2%
Transport								
INTL. CONS. AIRL. GP.	IAG	24/01/11	9,611	2%	15.3%	0.0%	35.0%	43.8%
Banking								
BANCO DE SABADELL	BSAB		9,407	2%	1.4%	0.0%	29.3%	4.9%
BANCO POPULAR ESPAÑOL	POP		10,186	2%	-7.7%	0.0%	36.6%	-20.9%
BANCO SANTANDER	SCH		91,241	16%	8.5%	0.0%	34.2%	24.9%
BANKIA	BKIA	20/07/11	17,023	3%	-28.5%	-6.9%	141.1%	-20.2%
BANKINTER 'R'	BKT		6,037	1%	11.2%	0.0%	36.7%	30.7%
BBV. ARGENTARIA	BBVA		56,697	10%	5.1%	0.0%	34.0%	14.9%
CAIXABANK	CABK	10/10/07	27,243	5%	6.9%	0.0%	32.8%	20.9%
Insurance								
MAPFRE	MAP		8,635	2%	9.4%	0.0%	34.5%	27.3%
Other financial								
BOLSAS Y MERCADOS ESP.	BOLS	14/07/06	2,524	0%	4.9%	0.0%	30.7%	15.9%

Source: Thomson Datastream and CNMV.

* Million euros.

** Annualised return and volatility.

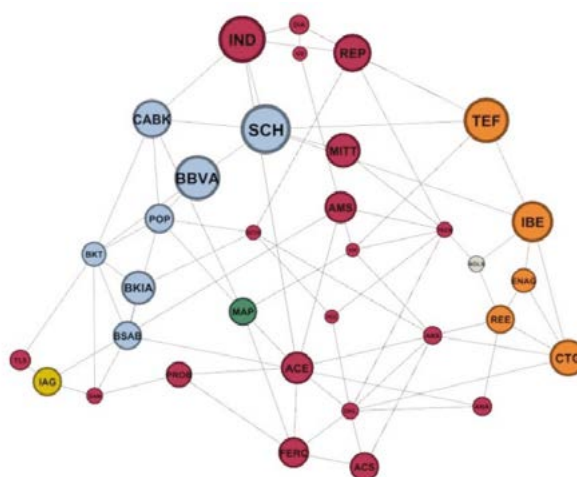
5 Results

5.1 Characterisation of the Spanish PCSN

The Spanish PCSN is presented in Figure 2. It is calculated using the last 250 trading days from the database with the aim of analysing its most recent structure. In this figure, the size of the nodes/shares corresponds to the level of their stock-market capitalisation for the last day of the sample, while their colours represent the economic sector they are members of (for a detailed description, see the explanatory note of the figure). The first thing that can be seen in Figure 2 is how the stocks belonging to the same industrial sector tend to be strongly connected to each other, forming “industrial communities”. In addition, tabulated results in Peralta (2015) show the strength of the links between firms belonging to the banking sector, an aspect which starts to provide evidence of the systemic importance of that sector and one which will be addressed in greater depth throughout the analysis. In particular, it is noteworthy that the most extreme partial correlations which have been found correspond to the nodes BBVA-SCH (0.6) and BSAB-POP (0.3).

Spanish PCSN

FIGURE 2



Source: Thomson Datastream and CNMV.

Note: The colour of the nodes corresponds to the different sectors: industrial (red), banking (blue), utilities (orange), insurance companies (green), other financial companies (grey) and transport (yellow). The size of each node corresponds with the stock market capitalisation (on a logarithmic scale) for 30/09/2014.

The network measurements referred to in Section 2.1 are calculated for the case of the Spanish PCSN and presented in Table 2. The last column shows the average values of said measurements calculated on the performance of 1,000 repetitions of networks constructed randomly (Erdős-Rényi networks) but which match the same level of density as the Spanish network. This column can therefore be used as the null hypothesis in the comparison.

An analysis of Table 2 shows that although the giant component is only slightly lower for the Spanish PCSN than its random counterpart (97% versus 99%), the difference is statistically significant at conventional levels. Therefore, the quantity of disconnected elements is significantly higher in comparison with its counterpart

(3% versus 1%). This gives the stock market structure a certain level of protection as the cluster of interconnected nodes is lower, thus attenuating broader propagation of any initial shock. It is also important to highlight the high and significant value of the level of transitivity of the Spanish PCSN with regard to a fully random network (21% versus 13%), which is another source of strength of the market. This is explained due to the fact that, conditioned by the density level, the existence of a large number of triangles makes it possible to contain initial shocks locally, thus attenuating their effect throughout the network. Finally, it is important to mention that the level of assortativity of the Spanish PCSN is negative (-0.17), which shows the tendency of shares with high interconnectivity to be linked to shares with low interconnectivity. Unlike the previously mentioned characteristics, this attribute could be considered a market weakness, as any negative shock in those low-degree shares might have systemic repercussions because of their links to the hubs of the network. Nevertheless, this effect is not shown as statistically significant.

Measurements of the Spanish PCSN: Comparison with its random replica* TABLE 2

	PCSN Spain	Random network
Basic		
Nodes	35	35
Links	77	76.9
Density	0.13	0.13
Mean degree	4.40	4.40
Distance		
Diameter	5 (0.21)	4.989
Mean distance	2.50 (0.43)	2.49
Components		
Giant	0.97 (0.06)	0.99
Isolates	0.03 (0.05)	0.01
Pattern of connectivity		
Transitivity	0.21 (0.00)	0.13
Assortativity	-0.17 (0.15)	-0.06

* Based on the weighted version of PCSN.

The p-value of the differences between the PCSN and its random replica is shown in brackets.

5.2 Systemic firms in the Spanish market

The systemic importance of a firm in the market depends directly on its ability to significantly affect the performance of the entire market. In the context of PCSN, the systemic importance of the firm is associated with the position that it occupies in said network. From this we can deduce that firms with high centrality are considered more systemic. In accordance with Section 2.2, the systemic importance of a financial asset in the Spanish market is quantified through its eigenvector centrality

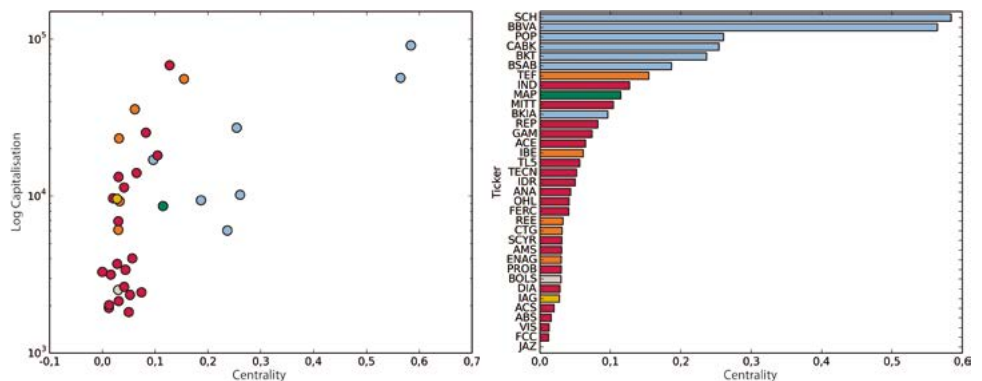
within the Spanish PCSN. Consequently, those firms which occupy the highest levels in this ranking will have a greater potential for generating strong market movements.

The left-hand panel of Figure 3 shows a scatter plot between the centrality of Ibex 35 firms and their level of capitalisation. As in the previous figures, the colour of each point corresponds to the industrial sector to which each company belongs. The right-hand panel depicts the centrality of each stock together with its Ticker (see Table 1).

An analysis of this figure makes it possible to observe a clear positive association between the level of capitalisation and the level of centrality: the most central firms tend to be those with the highest market capitalisation. However, this result is only a trend as there are cases of companies with a high capitalisation but with an average level of centrality (such as Inditex). In addition, readers should notice the relative importance of the banking sector in the Spanish market, where the top five positions in the centrality ranking are occupied by banks. It is particularly interesting to highlight the cases of Banco Santander and BBVA, as they have disproportionately high centrality with regard to the rest of the components of the index.

Centrality in the Spanish PCSN

FIGURE 3



Source: Thomson Datastream and CNMV.

Note: The colour of the nodes corresponds to the different sectors: industrial (red), banking (blue), utilities (orange), insurance companies (green), other financial companies (grey) and transport (yellow).

5.3 International comparison

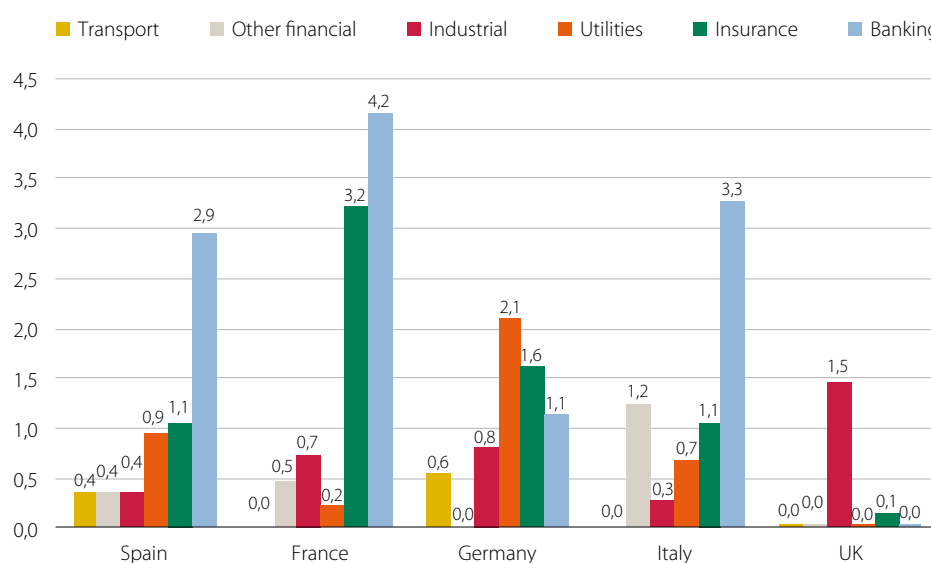
One key characteristic of the network approach applied to stock markets is that it allows comparisons between them in a uniform and innovative manner. In order to compare the Spanish PCSN with other similar structures the same methodology referred to Section 3 is now applied to the FTSE-100, CAC-40, DAX-30 and FTSE-MIB stock market indices in order to represent the PCSN of the markets of the United Kingdom, France, Germany and Italy, respectively. The source of information for the analysis is Thomson Datastream and the period analysed is the same as in the previous case.

Peralta (2015) presents a detailed analysis of the differences and similarities of these five structures. This article only presents, in Figure 4, one of the most noteworthy aspects, which refers to the average centrality of each one of the economic sectors of each one of the selected stock markets. Readers will note the predominant role of the banking sector in the stock markets of Spain, France and Italy. However, this cannot necessarily be generalised since in the German market, the utility sector has higher centrality. Completely different behaviour can be seen in the British market, where the centrality is recorded among firms in the industrial sector. This aspect might be explained partly by their high level of internationalisation and the subsequent greater association between the returns of their components with listed assets in other markets. However, a more in-depth analysis would be required in this regard.

It is possible to say the Figure 4 clearly shows that the direct comparison of stock markets is no easy task. Their internal organisation, determined by the structure of interactions, might vary considerably despite having comparable levels of capitalisation. This new market perspective could shed some light on the mechanisms whereby the same external shock has such uneven consequences depending on the particular market which is being analysed.

Every centrality by sector: international evidence

FIGURE 4



Source: Thomson Datastream and CNMV.

5.4 Predictive capacity of the Spanish PCSN

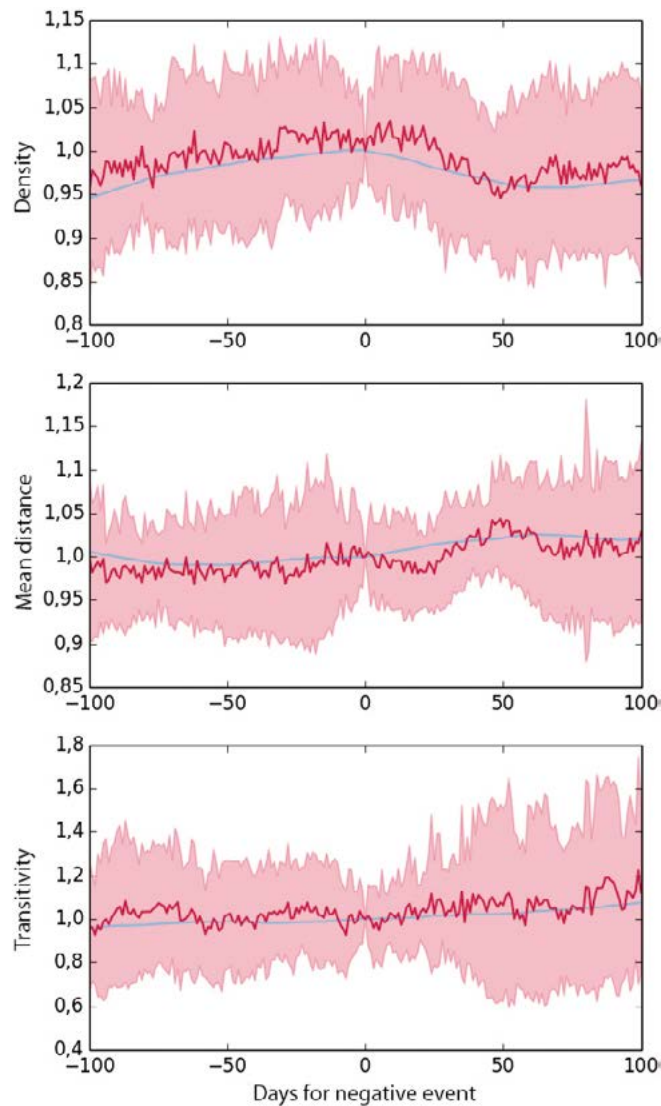
This section contains a study as to what extent certain measurements based on the Spanish PCSN might be considered as leading indicators of financial instability. To this end, an analysis is made of the dynamic properties of the stock market network, which is estimated according to the two-step algorithm referred to in Section 3, together with a moving window approach. Each window comprises 250 trading days and displacements of one day are considered. As a result, 2,336 moving windows are obtained together with their corresponding PCSN and their associated measure-

ments. In addition, a (negative) market event is defined as any event in which the market index (Ibex 35) falls by more than three standard deviations⁶.

The average behaviour of density, the average distance and the transitivity around the market event are shown in Figure 5. The market events are aligned on day zero (x-axis) and the 100 previous and subsequent trading days around said event are considered. The Y-axis shows the average of each measurement in dark red, its corresponding moving average (60 days) in blue and the region between +/- one standard deviation around the average, in light red. In order to take into account the different levels of the network measurements at the time the market event takes place, each one of them is normalised to 1 on said dates.

Density, mean distance and transitivity of the Spanish PCSN*

FIGURE 5



Source: Thomson Datastream and CNMV.

* Before and after a market event.

6 The standard deviation is calculated by taking into account all the information of the database.

An analysis of Figure 5 suggests that there is no relevant pattern linked to the transitivity of the network prior to a market event. However, this is not the case for the density or the mean distance. We can highlight that the former tends to be above its average value in the periods prior to a market event. The opposite occurs with mean distance, which is shown to be below its average value prior to a strong negative shock in the Ibox 35. The Spanish PCSN therefore seems to show characteristics which would make it possible to anticipate episodes of instability. In order to formally verify this hypothesis, two complementary econometric approaches are shown below. The first is based on Probit model estimates, while the second uses ARCH models.

5.4.1 Probit model estimate

The Probit model estimate is used to quantify up to what point certain lagged measurements of the Spanish PCSN might predict abrupt market movements. In these models, the dependent variable is dichotomous, assuming a value of 1 on the days associated with market events and 0 in the other cases. The independent variables considered are the network density, its transitivity and the mean level of centrality of the banking sector. Lags of 10 and 30 trading days are considered for each one of these explanatory variables⁷.

The results of the estimate from three different specifications of Probit models are tabulated in Table 3. Model 1 shows positive and significant coefficients of the lagged density measurement, which shows that a denser PCSN is consistent with an increase in the likelihood of a market event, an aspect in line with the evidence presented in Figure 5. Including the centrality of the banking sector as an additional independent variable in Model 2 shows a positive and significant coefficient for this variable when the lag is of 30 days, while at the same time the density effect remains significant. Finally, Model 3 includes transitivity as the third explanatory variable, although its results are not statistically significant.

In summary, it could be said that there is certain evidence to consider the measurements based on the Spanish PCSN as leading indicators of instability. In particular, the statistical results show that the likelihood of a strong negative movement in the stock market increases when the PCSN becomes denser and the banking sector more central.

7 Due to the significant level of self-correlation shown by the explanatory variables, the standard errors were corrected following the methodology proposed by Berg and Coke (2004).

Dependent variable: Ibex Ret <-3 Std.			
Density	Modelo 1	Modelo 2	Modelo 3
Lag 10	21.23 (2.2)**	18.32 (1.77)*	18.81 (1.83)*
Lag 30	21.94 (2.37)**	25.14 (2.27)**	24.93 (2.28)**
Banking centrality			
Lag 10		-6.52 (-1.22)	-6.17 (-1.12)
Lag 30		10.27 (2.02)**	10.00 (1.85)*
Transitivity			
Lag 10			-1.22 (-0.53)
Lag 30			0.57 (0.22)
Likelihood Index	0.099	0.127	0.129
LLR p-valor	0.000	0.000	0.000

NB: t value in brackets calculated using typical errors estimated through bootstrapping.

* p < 0.10.

** p < 0.05.

5.4.2 ARCH model estimate

The situation in which certain states of the Spanish PCSN are associated with an increase in the likelihood of a fall in the Ibex 35 of more than three standard deviations might be a consequence of said states promoting greater market volatility. This hypothesis is investigated in this section.

Following the tradition in econometric literature (see Bollerslev, 1987, and Hamilton, 1994), it will be assumed that the return process of the market index is described by an ARCH(p) model specified in equations (2) to (4), where the term η_t comes from a student's t-distribution with ν degrees of freedom. In the equation of the conditional variance of the Ibex 35 (equation 4) a set of lagged measurements based on the PCSN is added to the traditional specification of an ARCH as explanatory variables. As in the Probit model estimate, the set of lagged network measurements which are considered for the experiment is $Q = \{Density, Transitivity, mean Centrality of the banking sector\}$.

$$r_t = c_r + \varepsilon_t \tag{2}$$

$$\varepsilon_t = \sigma_t \eta_t \tag{3}$$

$$\sigma_t^2 = c_\sigma + \sum_i^p \alpha_i \varepsilon_{t-i}^2 + \sum_{q \in Q} \sum_{j \in \{10,30\}} \alpha_j^q q_{t-j} \tag{4}$$

The model specified by equations (2), (3) and (4) has been estimated by maximising the log likelihood where ν is considered as an additional parameter. The order of the

model p was set as equal to 5 given that α values beyond said period are not statistically significant (non-tabulated results). The results of the estimate are presented in Table 4.

ARCH Models

TABLE 4

Density	Modelo 1	Modelo 2	Modelo 3
Lag 10	14-67 (4-12)***	9-64 (2-76)***	12-83 (3-21)***
Lag 30	2-91 (0-71)	-1-21 (-0-29)	-0-85 (-0-22)
Banking centrality			
Lag 10		0-40 (0-33)	1-24 (0-89)
Lag 30		3-73 (3-12)***	3-82 (2-92)***
Transitivity			
Lag 10			0-23 (0-23)
Lag 30			-2-33 (-2-51)**
Squared residuals			
Lag 1	0-08 (2-77)***	0-07 (2-51)**	0-07 (2-45)**
Lag 2	0-14 (4-17)***	0-13 (3-94)***	0-12 (3-91)***
Lag 3	0-16 (4-82)***	0-15 (4-63)***	0-14 (4-55)***
Lag 4	0-21 (5-77)***	0-19 (5-6)***	0-18 (5-38)***
Lag 5	0-16 (4-51)***	0-16 (4-51)***	0-15 (4-51)***
Other parameters			
T-Student gl	6-33 (6-51)***	6-64 (6-39)***	6-69 (6-28)***
Akaike	3-427	3-422	3-421
Schwarz	3-452	3-452	3-456
Log Likelihood	-3.893-71	-3.885-48	-3.882-70

NB: t value in brackets.

** $p < 0.05$.

*** $p < 0.01$.

Model 1 considers the density lags as its only independent variable. In this model, the 10-day lag shows a positive and statistically significant coefficient, which implies that denser networks are consistent with higher market volatility. In Model 2, the average centrality of the banking sector is considered as an additional independent variable. We can see a positive and statistically significant coefficient of this variable considering a 30-day lag, while the significance of the 10-day lag in density is maintained. A comparison between Models 1 and 2 in Table 3 with their equiva-

lents in Table 4 gives certain strength to the results. It is then inferred that the denser networks in which banking centrality is high do not only increase the probability of a market event, but they are also consistent with an increase in the volatility of the Ibex 35.

Model 3 in Table 4 presents the main difference with its equivalent in Table 3. In Table 4, the transitivity of the network with a 30-day lag shows a negative and statistically significant coefficient. This evidence makes sense if we consider the link between a high level of transitivity and community formation, as shown in Newman and Park (2003). Specifically, a high quantity of triangles in the PCSN, controlled for their level of density, would lead to an internal structure characterised by groups of stocks extremely interconnected with each other. Therefore, the potential for local shocks to have global consequences would be reduced, with effects tending to be contained within the limits of such communities, thus restricting their impact on the conditional volatility of the market.

6 Conclusions

Various branches of science have considered network theory as a useful tool in their research fields. Recently, financial research has started to adopt it so as to enhance knowledge about the internal structure of stock markets and its possible consequences. This article, based on Peralta (2015), defines a two-step algorithm aimed at identifying the Partial Correlated Stock Network (PCSN) and applies it to the case of Spain. In this estimate, each node of the network corresponds to a share in the Ibex 35 and each statistically significant partial correlation corresponds to a link in said network.

Three significant results arise from the study. Firstly, the banking sector takes on a clearly central (systemic) position in the Spanish stock market and, therefore, might decisively affect its results. Of particular interest are the cases of Banco Santander and BBVA, as they show disproportionately high levels of centrality with regard to the other components of the index. Secondly, the evidence shows that the PCSN shows characteristics inconsistent with a random arrangement, some of which are interpreted as strengths of the system (transitivity) and others as weaknesses (negative assortativity). In addition, a comparison of the Spanish PCSN with its equivalent in other European markets shows that the case of Spain is similar to the cases of France or Italy, due to the importance of banking in the centrality structure of their networks. Finally, the empirical evidence presented suggests that the current state of the Spanish PCSN, analysed through the levels of certain network measurements, might possess relevant informational content both on future negative (and abrupt) market movements and on future market volatility. Consequently, including PCSN measurements among the set of leading indicators of stock market instability might be an appropriate choice for monitoring systemic risk in the Spanish stock market.

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IV Legislative annex

New legislation since publication of the CNMV bulletin for the first quarter of 2015 is as follows:

Spanish legislation

- **CNMV Board Resolution of 11 March 2015**, on delegation of powers.

Pursuant to this Resolution and in accordance with the provisions of Article 18 of the Securities Market Act 24/1988, of 28 July, and Article 13 of Law 30/1992, of 26 November, on the Legal Regime of Public Administrations and the Common Administrative Procedure, with regard to the delegation of powers, the CNMV Board delegates certain powers in favour of its Chairperson, Vice-Chairperson and Executive Committee.

This delegation of powers is given in the scope of the Directorate-General of Markets, in the scope of the Department of the Chairperson's Office, in the scope of the Directorate-General of Entities and in the scope of the Directorate-General of the Legal Service and Secretariat of the Board. It also provides for other general delegations of powers.

- **Constitutional Law 1/2015, of 30 March**, amending Constitutional Law 10/1995, of 23 November, on the Criminal Code.

This Constitutional Law fully revises and updates the Criminal Code to adapt it to new social demands. With this aim, it revises the regime for sentences and their application, adapts technical improvements to offer a faster and more coherent criminal law system, and introduces new categories of offences or adapts existing criminal categories, so as to offer a more appropriate response to new types of criminality.

Among the numerous reforms, we can highlight the following:

- It introduces a technical improvement in the regulation of the criminal liability of legal persons so as to adequately define the content of “due control”, which when violated serves as the grounds for criminal liability, thus putting an end doubts with regard to interpretation.

It also extends the regime for criminal liability to State-owned commercial companies which execute public policies or provide services of general economic interest.

- It introduces modern regulation of improper administration, moving it from the category of corporate offences to that of crimes against property.

It also more clearly defines the criminal categories of improper administration and misappropriation, and it provides a new classification of embezzlement as a situation of improper administration of public funds.

- It establishes a technical revision of the offences of punishable insolvency in order to establish a clear separation between impeding or hindering enforcement and offences of insolvency or bankruptcy.

Firstly, it includes among the offences of impeding enforcement, together with fraudulent conveyance, the concealment of assets in a judicial or administrative enforcement procedure and the unauthorised use by the depository of assets seized by the authorities.

Secondly, the new offence of criminal insolvency or bankruptcy is configured as a crime of endangerment, linked to the crisis situation, which may only be pursued when the insolvency has been effectively declared and there is a cessation of payments. The express classification of the causes of the insolvency by the debtor is maintained. The regulation is completed with the establishment of an aggregated form of the offence in the cases in which particularly serious economic harm is caused or in which most of the evaded payments correspond to debts with the Tax Authorities or the Social Security.

- A new section referring to “crimes of corruption in business” is created, which includes the crimes of payment of bribes in order to obtain competitive advantages.

It also introduces certain amendments to strengthen the punishment of so-called crimes against government corruption.

This Constitutional Law enters into force on 1 July 2015.

- **Law 2/2015, of 30 March**, on the de-indexation of the Spanish economy.

The main aim of this Law is to establish a new non-indexed discipline in the field of public procurement, which accounts for approximately 20% of GDP at regulated prices and, in general, in all the revenue and expenditure items of public budgets.

The Law consists of three chapters:

- Chapter I establishes the purpose of the law, i.e., establishing a regime whereby monetary values are not modified in line with price indices or formulas containing them.
- Chapter II establishes the regime applicable, firstly, to non-predetermined periodic reviews and non-periodic reviews of monetary values in the public sector and regulated prices.
- Chapter III establishes the regime applicable to contracts between private parties based on the respect for the free will of the parties acting in the contract whereby periodic revision shall only take place when expressly agreed.

- **Law 3/2015, of 30 March**, regulating senior officials of the General State Administration.

This Law includes, in one single rule, the provisions relating to the appointment of senior officials, which introduces mechanisms for ensuring the suitability of the candidate, preventing possible conflicts of interest and ensuring their oversight. It also clarifies the framework for remuneration, for social protection, for the use of human and material resources, as well as that for incompatibilities, which apply to senior officials within its scope of application.

In this regard, its four titles regulate the conditions for the appointment and for exercising the position of senior official, the framework for conflicts of interest and incompatibilities, the oversight and control bodies for senior officials of the General State Administration, and the disciplinary regime.

It should be pointed out that in accordance with the provisions of Article 1 of this Law, the Chairperson, Vice-Chairperson and the Members of the Board of the CNMV are considered senior officials.

- **Law 5/2015, of 27 April**, on the promotion of business financing.

Law 5/2015 establishes a raft of measures with a twofold purpose: on the one hand, due to the need to strengthen the recovery of bank lending, this law aims to make bank financing more accessible and flexible for SMEs and, secondly, it aims to move forward in the development of alternative means which will strengthen the sources of direct or non-bank corporate financing in Spain.

With this objective, the Law is divided into six titles:

- Title I focuses on improving bank financing to small- and medium-sized enterprises through the incorporation of two new aspects.

The first obliges credit institutions to notify SMEs, in writing and sufficiently in advance, of their decision to cancel or significantly reduce the flow of financing.

The second new aspect involves the reform of the legal regime for mutual guarantee societies, amending the functioning of the guarantee that the Spanish Refinancing Company provides to these societies. In this regard, it specifies that this guarantee will be activated following the first failure of the mutual guarantee society to pay.

- Title II sets out the new regime for financial credit establishments (*establecimientos financieros de crédito*) in order to modernise and adapt it to the current requirements of financial markets.

These financial credit establishments lose their classification as credit institutions, but they remain within the scope of financial supervision and strict regulation.

- Title III contains the reform of the regime for securitisation.

Firstly, Law 5/2015 consolidates the legislation relating to this matter, which was previously dispersed, in order to guarantee the coherence and organisation of the applicable rules.

Secondly, in order to bring the Spanish legal regime more in line with other European jurisdictions, it increases the flexibility of the trading of these instruments and removes the obstacles for implementing the innovations introduced in our peer countries.

Finally, it strengthens the requirements with regard to transparency and investor protection and specifies the functions which must be performed by management companies.

- Title IV contains the improvements in the access of companies to capital markets.

Firstly, it introduces reforms into the Securities Market Act 24/1988, of 28 July, in order to facilitate the transition of companies from a Multilateral Trading Facility (MTF) to an official secondary market, by reducing some of the requirements for a transitional period of two years. It also establishes the obligation for those companies which reach a high capitalisation volume (500 million euros) to request their admission to trading on a regulated market, with such companies then being bound by the requirements of these markets.

Secondly, it reforms the regime relating to issues of debentures by correcting certain dysfunctions. These amendments include eliminating the limit applicable to public limited companies and partnerships limited by shares whereby they were not allowed to issue debentures beyond their own funds, and eliminating the ban on limited liability companies issuing debentures. It also streamlines the establishment of the syndicate of bondholders, establishing that this will be mandatory in those situations in which it is necessary to ensure adequate protection of Spanish investors.

- Title V introduces, for the first time, a legal regime for 'crowdfunding' platforms. It should be pointed out that this law only aims to regulate the structures impacting the financial component of the activity i.e. in which investors expect to receive a monetary remuneration for their participation. The law therefore does not cover crowdfunding through sales or donations.

Firstly, with regard to the legal regime of crowdfunding platforms, this Title establishes requirements of authorisation and registration with the CNMV.

Secondly, it regulates and reserves the activity of these entities to those that have received the mandatory authorisation so as to ensure the neutrality of the platforms in their relationship between investors and pro-

motors. It also establishes a ban on such platforms offering financial advisory services.

Finally, it clarifies the rules applicable to the agents that use this new financing channel so as to clarify the applicable regulation and, at the same time, ensure an adequate level of investor protection.

- Title VI amends the powers of the CNMV so as to extend its functional independence and strengthen its supervisory competences so as to better perform its functions.

To this end, it grants new powers to the CNMV, such as the ability to use new supervisory instruments and to issue technical guides, as well as the attribution of competencies which had previously corresponded to the Ministry of Economic Affairs and Competition, such as the power to grant and revoke authorisation to entities which operate in securities markets, and to impose serious penalties.

In addition, this Law has 6 additional provisions, 11 transitional provisions, 1 repealing provision and 13 final provisions. These include:

- The fifth additional provision regulates the regime applicable to issues of debentures performed by companies other than capital companies, associations or other legal persons.
- Pursuant to the single repealing provision of this Law 5/2015, the following legislation is repealed:
 - Law 211/1964, of 24 December, regulating the issue of bonds by companies which have not adopted the form of public limited companies, associations or other legal persons and the establishment of a syndicate of bondholders, without prejudice to the provisions set out in the tenth transitional provision.
 - Articles 5, 6 and 7 of Law 19/1992, of 7 July, on the regime of real estate companies and funds and on mortgage securitisation funds, except for mortgage securitisation funds established prior to approval of this law.
 - Article 16 of Royal Decree-Law 3/1993, on urgent measures on budget, tax, financial and employment matters.
 - The first additional provision and sections 2 to 5 of the fifth additional provision of Law 3/1994, of 14 April, on the adaptation of Spanish legislation on credit institutions to the Second Banking Coordination Directive, and introducing other amendments to the financial system.
 - Article 97 of Law 62/2003, of 30 December, on Tax, Administrative and Social Measures.

- Article 27 of Royal Decree-Law 6/2010, of 9 April, on measures to promote economic recovery and employment.
- Articles 402, 408 and 410 of the recast text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of 2 July.
- Royal Decree 96/1998, of 14 May, regulating asset securitisation funds and the management companies of securitisation funds.
- The final provisions amend, *inter alia*, Law 22/2003, of 9 July, on Insolvency; Law 35/2003, of 4 November, on Collective Investment Schemes; Law 22/2014, of 12 November, regulating venture capital firms, other close-end collective investment vehicles and management companies of close-end investment vehicles, and amending Law 35/2003, of 4 November, on Collective Investment Schemes; Law 41/2007, of 7 December, amending Law 2/1981, of 25 March, Regulating the Mortgage Market and other standards governing the mortgage and financial system, regulations of equity release mortgages and dependency insurance, and establishing certain tax rules thereon; Law 16/2014, of 30 September, regulating CNMV fees, and Law 10/2014, of 26 June, on the organisation, supervision and solvency of credit institutions.
- **Royal Decree 358/2015, of 13 May**, amending Royal Decree 217/2008, of 15 February, on the legal framework of investment firms and other entities providing investment services and partially amending the Regulation of Law 35/2003, of 4 November, on Collective Investment Schemes, approved by Royal Decree 1309/2005, of 4 November.

This Royal Decree aims, firstly, to complete the transposition of Directive 2013/36/EU, of the European Parliament and of the Council, of 26 June, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms. Secondly, it aims to convert the main legislation on the organisation, supervision and solvency of investment firms to Royal Decree 218/2008, of 15 February, on the legal framework of investment firms and other entities providing investment services.

With these aims, it introduces the following amendments to Royal Decree 217/2008:

- It determines the suitability requirements (sound business and professional reputation, knowledge and experience, capacity to exercise good governance) which must be met by the members of the board of directors, managing directors and other key office-holders in investment firms. These requirements must be assessed on an ongoing basis both by the CNMV and by the investment firms themselves.
- It details the functions of the three committees which investment firms must establish (appointments committee, remuneration committee and risk committee).

- It specifies the disclosure obligations relating to corporate governance and remuneration policies.
- It adds two new titles, Title VI and Title VII, relating to investment firms' solvency and supervision, respectively.

The former contains the provisions on investment firms' solvency in addition to those of Regulation (EU) No. 575/2013. It sets out the requirement of investment firms to have strategies and procedures which allow them to evaluate capital adequacy in line with the nature, scale and complexity of their activity. It also establishes a series of guidelines to be followed by investment firms when managing the different risks that they face. This Title also includes the regime on common equity and additional Tier 1 capital buffers.

Title VII focuses on the subjective aspect of the supervisory function, for which it sets out a series of rules to determine the competent authority and establishes the framework of cooperation of the CNMV with other competent authorities, highlighting those relating to the colleges of supervisors, the adoption of joint decisions on prudential supervision and the procedure for declaring significant branches. This Title also establishes the disclosure obligations of the CNMV and of investment firms.

- It amends the second final provision of Royal Decree 217/2008, authorising the Ministry of Economic Affairs and Competition and, with its express authorisation, the CNMV, to establish the specific provisions for execution of this Royal Decree.

- **Law 9/2015, of 25 May**, on urgent measures on insolvency.

This Law consists of one single article, divided into four sections, which amends several provisions of Law 22/2003, of 9 July, on Insolvency, relating to the insolvency agreement, the liquidation stage, the rating of the insolvency, out-of-court payment agreements and refinancing agreements.

With regard to the insolvency agreement, it incorporates provisions relating to the valuation of the collateral subject to special privilege, it extends the quorum of the creditors' meeting and gives voting rights to certain creditors who did not previously have such rights. It includes certain additional provisions with regard to the effects of the agreement, it updates the rules for amending the agreement and, finally, it introduces the possibility of the drag-along of certain credits with general or special privilege.

With regard to liquidation, it amends certain rules with the aim of developing this stage of the insolvency procedure in order to guarantee the continuation of the business activity. With this aim, it introduces the *ipso iure* subrogation of the buyer in the administrative contracts and licenses held by the assignor and it provides mechanisms for exemption from liability for prior debts, as well as additional provisions with regard to the transfer of assets as payment in kind.

With regard to the rating of the insolvency, it clarifies interpretive doubts with regard to the term “class”, by adding technical improvements to those articles affected by this clarification.

With regard to refinancing agreements, it includes amendments to clarify various doubts such as whether the judge of the insolvency proceedings has the authority to determine whether or not an asset is necessary for the continuity of the economic activity of the company subject to the insolvency proceedings, and other doubts relating to the rules on voting in syndicated agreements.

The Law contains 4 additional provisions, 4 transitional provisions, 1 repealing provision and 10 final provisions, among which we can highlight, firstly, clarification that the actions resulting from Article 5 *bis* and the fourth additional provision of Law 22/2003 will be considered restructuring measures for the purposes of Royal Decree-Law 5/2005. Secondly, clarification that the trading of securities issued by an asset securitisation funds aimed exclusively at institutional investors may only be subject to trading on a multilateral trading facility in which the subscription and trading of the securities is restricted to that investor category. Thirdly, it is important to highlight the extension of the *vacatio legis* of Article 348 *bis* of the Capital Companies Act relating to the right of separation in the event of a failure to pay dividends.

- **CNMV Board Resolution of 26 May 2015**, amending the CNMV’s Internal Regulation.

This Resolution amends the CNMV’s Internal Regulation so as to incorporate the new Directorate-General of Strategic Policy and International Affairs, which groups together the International Affairs Department, the Research and Statistics Department and a newly-created Institutional Strategy and Relations Department.

The need for this new Directorate-General is principally the result of the objective of defining and applying a strategy which places the CNMV amongst the most influential agents of international regulatory policy and consequently to ensure appropriate application of international legislation and standards in Spain. It was also created in response to the growing role of the markets and the need for coordination between different securities supervisors, as well as the new powers given to this body.

The Directorate-General of Strategic Policy and International Affairs has cross-cutting powers which will give it the necessary capacity to analyse and coordinate the response to draft legislation which is significant from an institutional point of view, both European and Spanish, as well as its necessary implementation.

This new Directorate-General will conduct the strategic interactions with all the relevant institutional agents and will be responsible for supervising the corporate organisational and economic-financial aspects of market infrastructures. It will also be responsible for advising the higher bodies of the CNMV and ensuring that public messages are in line with the strategy defined in the

annual Plan of Activities. It will also evaluate the CNMV's management policies and systems in a risk environment, and will propose strategies and plans for the CNMV's organisational and operational adaptation.

Furthermore, it entrusts to a unit reporting directly to the director-general the functions of preventive resolution of investment firms in order to perform the functions assigned to the CNMV by legislation as the authority responsible for preventive resolution of these firms.

This Directorate-General is also responsible for the registration, authorisation, supervision and inspection of crowdfunding platforms, and the Directorate-General of Markets is responsible for supervising the mandatory reporting of market participants and the information submitted to trade repositories.

In accordance with the functions of this new Directorate-General, the Cabinet of the Chairperson's Office is no longer classified as a department and the possibility of creating a Department of the Chairperson's Office with the functions of supporting and advising the governing bodies is removed.

European legislation

- **Commission Delegated Regulation (EU) 2015/514, of 18 December 2014**, on the information to be provided by competent authorities to the European Securities Markets Authority pursuant to Article 67(3) of Directive 2011/61/EU, of the European Parliament and of the Council.

This Commission Delegated Regulation (EU) 2015/514 aims to ensure that the information provided by competent authorities pursuant to Article 67(3) of Directive 2011/61/EU is pertinent and capable of supporting an informed assessment.

- **Commission Delegated Regulation (EU) 2015/761, of 17 December 2014**, supplementing Directive 2004/109/EC, of the European Parliament and of the Council, with regard to certain regulatory technical standards on major holdings.

This Commission Delegated Regulation (EU) 2015/761 aims to establish provisions in application of Articles 9 and 13 of Directive 2004/109/EC, mainly with regard to the aggregation of holdings, the aggregation of holdings in the case of a group, financial instruments referenced to a basket of shares or an index, financial instruments providing exclusively for a cash settlement and client-serving transactions.

- **Regulation (EU) 2015/760, of the European Parliament and of the Council, of 29 April 2015**, on European long-term investment funds.

This Regulation establishes uniform rules on the authorisation, investment policies and operating conditions of EU alternative investment firms (EU AIFs), or

compartments of EU AIFs that are marketed in the European Union as European long-term investment funds (ELTIFs). Regulation (EU) 2015/760 aims to raise and channel capital towards European long-term investments in the real economy, in line with the EU objective of smart, sustainable and inclusive growth.

This Regulation contains 38 articles which regulate aspects relating to the regime for authorising ELTIFs, the obligations relating to their investment policy; the redemption, trading and issue of units or shares of an ELTIF and distribution of proceeds and capital; transparency requirements; marketing of units or shares of ELTIFs and their supervision.

- **Commission Delegated Regulation (EU) 2015/850, of 30 January 2015**, amending Delegated Regulation (EU) No. 241/2014 supplementing Regulation (EU) No. 575/2013, of the European Parliament and of the Council, with regard to regulatory technical standards for own fund requirements for institutions.

This Delegated Regulation is based on the draft regulatory technical standards submitted by the European Banking Authority to the Commission. In this regard, the European Banking Authority has conducted open public consultations on these draft regulatory technical standards, analysed the potential related costs and benefits and requested the opinion of the Banking Stakeholder Group. Commission Delegated Regulation (EU) No. 241/2014 should therefore be amended in the terms contained in this Delegated Regulation.

Firstly, it establishes that the drag on own funds should not be disproportionate in terms of both the distributions on any individual Common Equity Tier 1 instrument as well as the distributions of the total own funds of the institution. Consequently, this Delegated Regulation defines the concept of a disproportionate drag on own funds and establishes rules which cover both of these concepts.

It also regulates the preferential distributions relating to preferential rights to payment of distributions, as well as the order of such payments.

V Statistics annex

1 Markets

1.1 Equity

Share issues and public offerings¹

TABLE 1.1

	2012	2013	2014	2014			2015	
				II	III	IV	I	II ²
NO. OF ISSUERS								
Total	30	39	49	27	25	22	23	18
Capital increases	30	39	47	27	24	21	21	15
Primary offerings	3	5	6	4	2	0	0	0
Bonus issues	16	16	19	6	12	10	7	4
Of which, scrip dividend	12	9	12	3	9	7	6	3
Capital increases by conversion ³	11	14	11	10	4	6	6	6
For non-monetary consideration ⁴	6	4	4	2	3	2	3	1
With pre-emptive subscription rights	6	6	5	2	1	2	1	3
Without trading warrants	2	15	16	10	7	4	6	3
Secondary offerings	3	0	4	2	1	1	2	3
NO. OF ISSUES								
Total	95	145	147	43	39	33	31	24
Capital increases	92	145	140	40	37	31	29	20
Primary offering	3	5	8	4	2	0	0	0
Bonus issues	24	38	37	7	12	11	7	4
Of which, scrip dividend	18	20	28	4	9	8	6	3
Capital increases by conversion ³	39	50	43	14	8	11	9	9
For non-monetary consideration ⁴	16	17	9	2	4	2	3	1
With pre-emptive subscription rights	6	6	5	2	1	2	1	3
Without trading warrants	4	29	38	11	10	5	9	3
Secondary offerings	3	0	7	3	2	2	2	4
CASH VALUE (million euro)								
Total	29,521.6	39,126.2	32,762.4	9,069.9	5,863.5	13,009.8	15,311.4	13,434.7
Capital increases	28,290.2	39,126.2	27,875.5	7,833.7	5,345.8	9,876.9	11,001.8	10,847.0
Primary offerings	2,450.5	1,742.8	2,951.5	1,650.0	401.5	0.0	0.0	0.0
Bonus issues	8,424.2	9,932.8	12,650.8	2,439.6	3,008.7	4,335.0	2,829.6	4,564.6
Of which, scrip dividend	8,357.9	9,869.4	12,573.8	2,439.5	2,931.7	4,335.0	2,829.6	4,564.6
Capital increases by conversion ³	10,982.4	7,478.8	3,757.9	1,470.0	1,227.5	35.1	412.1	672.0
For non-monetary consideration ⁴	1,867.5	231.6	2,814.5	0.5	314.7	2,497.3	242.4	1.3
With pre-emptive subscription rights	4,560.6	11,463.1	2,790.8	1,738.2	50.5	1,002.1	6.2	5,268.7
Without trading warrants	5.0	8,277.1	2,909.9	535.4	342.9	2,007.4	7,511.5	340.4
Secondary offerings	1,231.4	0.0	4,886.9	1,236.2	517.7	3,132.9	4,309.5	2,587.7
NOMINAL VALUE (million euro)								
Total	4,704.2	20,135.9	4,768.5	2,002.9	994.4	1,159.7	1,675.2	745.0
Capital increases	4,593.6	20,135.9	4,472.6	1,993.4	986.4	881.2	965.4	691.0
Primary offerings	613.0	988.2	626.7	132.6	364.2	0.0	0.0	0.0
Bonus issues	1,076.5	1,458.6	1,258.2	288.3	243.9	430.5	241.2	171.2
Of which, scrip dividend	929.2	1,208.3	1,110.0	159.0	234.0	421.5	240.4	170.7
Capital increases by conversion ³	678.0	3,721.0	819.7	439.8	204.5	4.6	12.7	10.6
For non-monetary consideration ⁴	452.1	60.3	311.0	0.0	125.5	185.5	94.4	0.0
With pre-emptive subscription rights	1,770.4	8,021.7	1,185.7	1,028.2	21.6	135.9	6.2	481.5
Without trading warrants	3.6	5,886.0	271.3	104.6	26.8	124.8	610.9	27.7
Secondary offerings	110.6	0.0	295.9	9.5	8.0	278.5	709.8	54.0
Pro memoria: transactions MAB^{5, 6}								
No. of Issuers	9	7	9	3	5	1	5	1
No. of Issues	11	14	12	3	5	1	5	1
Cash value (million euro)	35.8	45.7	107.3	43.4	53.3	0.7	10.4	1.9
Capital increases	35.8	45.7	107.3	43.4	53.3	0.7	10.4	1.9
Of which, primary offerings	6.8	1.8	5.0	5.0	0.0	0.0	0.0	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 MAB, ETF or Latibex

2 Available data: May 2015.

3 Includes capital increases by conversion of bonds or debentures, by exercise of employee share options and by exercise of warrants.

4 Capital increases for non-monetary consideration are valued at market prices.

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

6 Alternative Stock Market.

Companies listed¹

TABLE 1.2

	2012	2013	2014	2014			2015	
				II	III	IV	I	II ²
Total electronic market ³	127	123	129	128	129	129	129	132
Of which, without Nuevo Mercado	127	123	129	128	129	129	129	132
Of which, Nuevo Mercado	0	0	0	0	0	0	0	0
Of which, foreign companies	7	7	8	8	8	8	8	8
Second Market	8	7	6	7	7	6	5	5
Madrid	2	2	2	2	2	2	2	2
Barcelona	6	5	4	5	5	4	3	3
Bilbao	0	0	0	0	0	0	0	0
Valencia	0	0	0	0	0	0	0	0
Open outcry ex SICAVs	23	23	20	22	20	20	20	19
Madrid	11	11	9	10	9	9	9	9
Barcelona	13	13	12	13	12	12	12	11
Bilbao	7	7	7	7	7	7	7	7
Valencia	4	4	4	4	4	4	4	4
Open outcry SICAVs	0	0	0	0	0	0	0	0
MAB ⁴	3,015	3,066	3,269	3,140	3,220	3,270	3,295	3,326
Latibex	27	26	26	26	26	26	24	24

1 Data at the end of period.

2 Available data: May 2015.

3 Without ETFs (Exchange Traded Funds).

4 Alternative Stock Market.

Capitalisation¹

TABLE 1.3

Million euro	2012	2013	2014	2014			2015	
				II	III	IV	I	II ²
Total electronic market ³	532,039.7	705,162.3	735,317.8	770,655.0	777,202.8	735,317.8	873,326.5	867,041.7
Of which, without Nuevo Mercado	532,039.7	705,162.3	735,317.8	770,655.0	777,202.8	735,317.8	873,326.5	867,041.7
Of which, Nuevo Mercado	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which, foreign companies ⁴	99,072.0	141,142.4	132,861.1	137,141.6	142,761.6	132,861.1	165,865.1	162,931.0
Ibex 35	324,442.0	430,932.9	479,378.5	491,230.1	489,544.0	479,378.5	552,490.4	539,345.2
Second Market	20.6	67.5	30.2	31.6	32.9	30.2	18.8	20.2
Madrid	20.3	18.3	15.8	17.2	18.5	15.8	18.8	20.2
Barcelona	0.3	49.3	14.4	14.4	14.4	14.4	0.0	0.0
Bilbao	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valencia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Open outcry ex SICAVs	3,233.0	2,906.2	2,466.6	2,211.3	2,102.4	2,466.6	2,647.5	1,095.1
Madrid	667.1	519.4	376.5	436.7	396.8	376.5	364.1	361.7
Barcelona	2,945.9	2,749.5	2,356.5	2,921.1	2,006.5	2,356.5	2,492.0	1,588.5
Bilbao	77.8	183.6	162.5	169.2	171.0	162.5	243.3	152.9
Valencia	350.9	342.5	326.4	323.5	329.9	326.4	219.7	218.6
Open outcry SICAVs ⁵	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MAB ^{5,6}	24,606.7	32,171.2	34,306.0	33,746.7	33,782.2	34,306.0	36,936.9	37,743.6
Latibex	350,635.5	270,926.9	286,229.2	343,369.1	300,549.1	286,229.2	217,888.1	234,141.1

1 Data at the end of period.

2 Available data: May 2015.

3 Without ETFs (Exchange Traded Funds).

4 Foreign companies capitalisation includes their entire shares, whether they are deposited in Spain or not.

5 Calculated only with outstanding shares, not including treasury shares, because capital stock is not reported until the end of the year.

6 Alternative Stock Market.

Trading

TABLE 1.4

Million euro	2012	2013	2014	2014			2015	
				II	III	IV	I	II ¹
Total electronic market ²	691,558.3	693,168.0	864,443.5	221,131.3	191,971.3	265,769.1	254,754.3	166,676.2
Of which, without Nuevo Mercado	691,558.3	693,168.0	864,443.5	221,131.3	191,971.3	265,769.1	254,754.3	166,676.2
Of which, Nuevo Mercado	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which, foreign companies	4,102.1	5,640.5	14,508.9	3,127.2	3,681.8	5,123.2	3,730.2	2,184.6
Second Market	0.4	1.7	0.7	0.2	0.2	0.1	0.5	0.0
Madrid	0.4	1.4	0.5	0.2	0.1	0.1	0.5	0.0
Barcelona	0.0	0.3	0.2	0.0	0.2	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 ex SICAVs	49.9	51.4	92.5	6.8	39.1	25.6	16.5	202.8
Madrid	3.0	7.3	32.6	3.7	27.1	0.8	6.5	0.8
Barcelona	37.7	44.1	45.2	2.9	12.0	24.6	7.2	202.0
Bilbao	8.5	0.1	14.3	0.0	0.0	0.1	2.8	0.0
Valencia	0.7	0.0	0.3	0.2	0.0	0.1	0.0	0.0
Open outcry SICAVs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MAB ³	4,329.6	5,896.3	7,723.3	2,098.2	1,704.3	1,828.7	1,944.0	1,144.8
Latibex	313.2	367.3	373.1	76.7	76.6	82.5	85.4	48.4

1 Available data: May 2015.

2 Without ETFs (Exchange Traded Funds).

3 Alternative Stock Market.

Trading on the electronic market by type of transaction¹

TABLE 1.5

Million euro	2012	2013	2014	2014			2015	
				II	III	IV	I	II ²
Regular trading	658,891.4	668,553.2	831,962.6	209,766.0	187,072.7	255,192.6	235,615.5	164,219.1
Orders	299,022.0	346,049.6	453,294.9	106,745.8	102,588.5	129,043.8	138,080.4	80,378.8
Put-throughs	80,617.0	56,565.3	73,056.9	18,815.3	16,303.0	20,383.4	23,217.1	16,755.3
Block trades	279,252.4	265,938.3	305,610.8	84,205.0	68,181.2	105,765.4	74,318.1	67,085.0
Off-hours	9,630.0	7,654.7	7,568.8	5,803.9	534.0	271.4	1,750.5	383.8
Authorised trades	7,936.9	4,839.9	7,808.9	856.7	1,574.6	4,157.9	11,316.1	1,065.1
Art. 36.1 SML trades	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tender offers	9.6	326.5	175.3	92.8	0.0	82.5	13.8	3.9
Public offerings for sale	0.0	396.1	6,143.4	1,642.7	517.7	3,132.9	4,266.8	0.0
Declared trades	545.0	379.7	410.9	9.9	0.0	1.1	0.0	190.0
Options	9,603.4	7,083.5	6,954.1	1,945.8	1,489.5	2,025.4	1,254.5	485.5
Hedge transactions	4,942.0	3,934.4	3,419.5	1,013.5	782.7	905.2	537.0	328.8

1 Without ETFs (Exchange Traded Funds).

2 Available data: May 2015.

Margin trading for sales and securities lending

TABLE 1.6

Million euro	2012	2013	2014	2014			2015	
				II	III	IV	I	II ¹
TRADING								
Securities lending ²	395,859.3	464,521.5	599,051.5	173,562.6	140,620.0	168,469.0	161,106.1	142,370.6
Margin trading for sales of securities ³	199.2	326.8	357.9	100.8	103.6	81.0	108.0	42.7
Margin trading for securities purchases ³	44.4	34.1	16.2	2.1	1.2	4.8	2.4	3.5
OUTSTANDING BALANCE								
Securities lending ²	34,915.1	43,398.9	61,076.1	54,428.2	53,174.3	61,076.1	74,304.7	76,734.0
Margin trading for sales of securities ³	1.2	7.3	6.4	17.2	12.1	6.4	17.4	4.9
Margin trading for securities purchases ³	2.5	0.6	0.4	0.2	0.1	0.4	0.5	0.8

1 Available data: May 2015.

2 Regulated by Article 36.7 of the Securities Market Law and Order ECO/764/2004.

3 Transactions performed in accordance with Ministerial Order dated 25 March 1991 on the margin system in spot transactions.

1.2 Fixed-income

Gross issues registered at the CNMV

TABLE 1.7

	2012	2013	2014	2014			2015	
				II	III	IV	I	II ¹
NO. OF ISSUERS								
Total	71	49	46	20	18	21	17	15
Mortgage covered bonds	26	12	13	6	6	3	8	4
Territorial covered bonds	11	5	3	1	1	0	1	1
Non-convertible bonds and debentures	24	11	16	12	10	10	9	8
Convertible bonds and debentures	3	4	1	1	0		0	0
Backed securities	16	18	13	3	3	7	1	3
Commercial paper	35	20	18	4	4	4	6	1
Of which, asset-backed	1	0	1	0	0	0	1	0
Of which, non-asset-backed	34	20	17	4	4	4	5	1
Other fixed-income issues	0	0	0	0	0	0	0	0
Preference shares	0	0	0	0	0	0	0	0
NO. OF ISSUES								
Total	349	297	662	178	182	217	92	69
Mortgage covered bonds	94	40	27	8	6	7	9	5
Territorial covered bonds	18	6	3	1	1	0	1	1
Non-convertible bonds and debentures	134	170	578	156	165	188	74	57
Convertible bonds and debentures	7	8	1	1	0	0	0	0
Backed securities	50	53	35	8	6	18	2	5
Commercial paper ²	46	20	18	4	4	4	6	1
Of which, asset-backed	1	0	1	0	0	0	1	0
Of which, non-asset-backed	45	20	17	4	4	4	5	1
Other fixed-income issues	0	0	0	0	0	0	0	0
Preference shares	0	0	0	0	0	0	0	0
NOMINAL AMOUNT (million euro)								
Total	357,830.2	138,838.6	130,258.4	27,434.1	19,886.5	62,345.3	36,632.8	18,117.0
Mortgage covered bonds	102,170.0	24,799.7	23,838.0	11,000.0	3,750.0	5,638.0	8,300.0	4,950.0
Territorial covered bonds	8,974.0	8,115.0	1,853.3	218.3	135.0	0.0	3,500.0	500.0
Non-convertible bonds and debentures	86,441.5	32,536.9	41,154.7	4,605.0	2,536.3	28,025.2	13,900.7	3,098.2
Convertible bonds and debentures	3,563.1	803.3	750.0	750.0	0.0	0.0	0.0	0.0
Backed securities	23,799.6	28,592.9	29,008.0	3,855.0	7,640.0	15,663.0	3,000.0	7,375.8
Spanish tranche	20,627.1	24,980.1	26,972.1	3,573.3	7,550.0	14,460.0	3,000.0	6,875.8
International tranche	3,172.5	3,612.8	2,035.9	281.7	90.0	1,203.0	0.0	500.0
Commercial paper ³	132,882.0	43,990.8	33,654.4	7,005.8	5,825.2	13,019.1	7,932.2	2,192.9
Of which, asset-backed	1,821.0	1,410.0	620.0	420.0	0.0	0.0	940.0	0.0
Of which, non-asset-backed	131,061.0	42,580.8	33,034.4	6,585.8	5,825.2	13,019.1	6,992.2	2,192.9
Other fixed-income issues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Preference shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pro memoria:								
Subordinated issues	7,633.5	4,776.0	7,999.3	2,243.8	1,545.0	4,210.5	660.0	1,072.5
Underwritten issues	0.0	193.0	195.8	0.0	0.0	0.0	0.0	0.0

1 Available data: May 2015.

2 Shelf registrations.

3 The figures for commercial paper refer to the amount placed.

Issues admitted to trading on AIAF¹

TABLE 1.8

Nominal amount in million euro	2012	2013	2014	2014			2015	
				II	III	IV	I	II ²
Total	363,944.5	130,467.7	114,956.4	28,532.2	20,870.7	36,402.0	56,356.7	22,495.8
Commercial paper	134,346.9	45,228.6	33,493.1	7,334.6	5,734.9	12,970.2	7,533.0	3,132.1
Bonds and debentures	92,725.5	22,414.4	25,712.5	5,119.3	2,365.8	1,880.8	39,023.8	6,633.7
Mortgage covered bonds	103,470.0	25,399.7	24,438.0	12,000.0	3,500.0	5,888.0	6,300.0	5,950.0
Territorial covered bonds	8,974.0	8,115.0	1,853.3	1,718.3	135.0	0.0	3,500.0	500.0
Backed securities	24,428.1	29,309.9	29,459.5	2,360.0	9,135.0	15,663.0	0.0	6,280.0
Preference shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Matador bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1 Includes only corporate bonds.

2 Available data: May 2015.

AIAF. Issuers, issues and outstanding balance

TABLE 1.9

	2012	2013	2014	2014			2015	
				II	III	IV	I	II ¹
NO. OF ISSUERS								
Total	568	493	465	480	482	465	443	429
Corporate bonds	568	492	464	479	481	464	442	428
Commercial paper	42	30	19	22	20	19	17	16
Bonds and debentures	95	91	79	89	86	79	76	77
Mortgage covered bonds	49	48	49	48	49	49	47	46
Territorial covered bonds	18	12	9	10	10	9	9	10
Backed securities	385	341	329	331	333	329	316	303
Preference shares	60	34	23	31	31	23	16	14
Matador bonds	11	9	9	9	9	9	9	9
Government bonds	-	1	1	1	1	1	1	1
Letras del Tesoro	-	1	1	1	1	1	1	1
Long Government bonds	-	1	1	1	1	1	1	1
NO. OF ISSUES								
Total	4,907	3,345	2,857	2,922	2,877	2,857	2,771	2,735
Corporate bonds	4,907	3,192	2,694	2,771	2,712	2,694	2,609	2,542
Commercial paper	2,529	1,130	456	707	545	456	399	381
Bonds and debentures	558	495	786	570	682	786	822	812
Mortgage covered bonds	328	283	256	265	262	256	244	244
Territorial covered bonds	52	39	34	36	36	34	35	33
Backed securities	1,334	1,188	1,120	1,139	1,133	1,120	1,084	1,052
Preference shares	94	47	33	44	44	33	22	17
Matador bonds	12	10	9	10	10	9	9	9
Government bonds	-	153	163	151	165	163	162	193
Letras del Tesoro	-	12	12	12	12	12	12	12
Long Government bonds	-	141	151	139	153	151	150	181
OUTSTANDING BALANCE² (million euro)								
Total	879,627.5	1,442,270.2	1,374,947.5	1,415,557.2	1,405,130.1	1,374,947.5	1,381,434.3	1,388,841.1
Corporate bonds	879,627.5	708,601.8	581,825.3	639,440.5	619,043.1	581,825.3	575,524.0	576,510.8
Commercial paper	64,927.5	28,816.3	20,361.6	20,663.1	15,647.3	20,361.6	15,993.3	16,280.1
Bonds and debentures	161,225.4	132,076.6	74,076.50	122,652.2	110,385.6	74,076.50	96,235.0	96,506.2
Mortgage covered bonds	293,142.8	246,967.9	208,314.2	220,443.2	216,445.2	208,314.2	195,042.2	198,750.2
Territorial covered bonds	33,314.3	29,793.5	24,671.3	25,625.3	25,268.3	24,671.3	28,171.3	26,471.3
Backed securities	315,373.5	269,176.8	253,045.1	248,398.0	249,638.1	253,045.1	238,823.6	237,273.9
Preference shares	10,813.4	1,076.2	782.1	964.2	964.1	782.1	684.2	654.8
Matador bonds	830.7	694.6	574.4	694.6	694.6	574.4	574.4	574.4
Government bonds	-	733,668.3	793,122.3	776,116.8	786,087.0	793,122.3	805,910.3	812,330.3
Letras del Tesoro	-	89,174.4	77,926.1	74,639.7	77,128.8	77,926.1	77,345.3	78,769.9
Long Government bonds	-	644,493.9	715,196.2	701,477.1	708,958.3	715,196.2	728,565.0	733,560.3

1 Available data: May 2015.

2 Nominal amount.

AIAF. Trading

TABLE 1.10

Nominal amount in million euro	2012	2013	2014	2014			2015	
				II	III	IV	I	II ¹
BY TYPE OF ASSET								
Total	3,119,755.1	1,400,757.7	1,118,963.7	350,277.6	204,278.0	159,334.8	157,221.6	126,932.0
Corporate bonds	3,119,755.1	1,400,601.6	1,118,719.6	350,215.9	204,205.1	159,285.8	157,106.4	126,909.0
Commercial paper	199,794.9	112,559.8	48,817.3	11,997.0	10,327.5	6,946.5	8,732.7	5,040.9
Bonds and debentures	164,098.6	295,191.7	269,659.8	122,206.2	52,855.8	18,237.2	33,521.9	17,914.1
Mortgage covered bonds	994,071.3	341,674.0	376,273.3	101,392.2	76,429.9	87,420.6	64,085.0	40,560.6
Territorial covered bonds	595,599.6	86,758.6	82,023.2	23,688.5	9,958.1	6,497.2	6,355.8	12,298.3
Backed securities	1,136,966.1	538,064.8	341,827.8	90,902.0	54,601.2	40,160.2	44,392.1	51,086.8
Preference shares	28,781.3	26,256.0	97.7	29.6	18.5	22.8	16.6	6.2
Matador bonds	443.2	96.7	20.5	0.5	14.2	1.2	2.4	2.1
Government bonds	-	156.1	244.1	61.8	72.9	49.1	115.2	23.0
Letras del Tesoro	-	11.6	30.7	5.5	7.5	13.5	13.4	0.5
Long Government bonds	-	144.4	213.4	56.2	65.4	35.6	101.8	22.5
BY TYPE OF TRANSACTION								
Total	3,119,755.1	1,400,757.6	1,118,963.7	350,277.6	204,278.0	159,334.8	157,221.6	126,932.0
Outright	428,838.0	290,633.0	396,341.0	111,059.5	99,239.3	109,693.9	78,416.1	39,894.6
Repos	108,771.9	69,063.3	29,800.4	7,613.5	6,114.3	7,144.5	4,671.4	2,095.5
Sell-buybacks/Buy-sellbacks	2,582,145.2	1,041,061.3	692,822.2	231,604.6	98,924.4	42,496.4	74,134.2	84,941.8

1 Available data: May 2015.

AIAF. Third-party trading. By purchaser sector

TABLE 1.11

Nominal amount in million euro	2012	2013	2014	2014			2015	
				II	III	IV	I	II ¹
Total	454,385.7	275,939.0	262,527.8	65,260.9	55,628.8	72,571.7	49,901.5	31,324.8
Non-financial companies	77,452.1	45,351.7	30,843.4	8,986.7	6,253.9	6,572.7	8,496.7	4,827.2
Financial institutions	282,733.9	163,671.3	132,114.5	30,051.6	29,701.8	37,509.2	25,238.1	18,968.7
Credit institutions	207,555.6	97,674.3	87,475.6	19,778.9	22,000.3	22,436.1	20,653.8	14,105.2
IICs ² , insurance and pension funds	69,568.7	59,371.8	34,205.9	8,252.4	6,802.1	9,174.5	2,066.5	1,650.9
Other financial institutions	5,609.6	6,625.2	10,433.1	2,020.4	899.3	5,898.6	2,517.8	3,212.6
General government	5,448.2	2,438.8	5,067.3	1,333.6	586.3	2,164.9	2,313.0	1,437.5
Households and NPISHs ³	11,517.9	8,598.4	2,861.8	747.4	415.1	652.9	441.3	190.6
Rest of the world	77,233.7	55,878.8	91,640.7	24,141.5	18,671.7	25,672.0	13,412.4	5,900.8

1 Available data: May 2015.

2 IICs: Instituciones de Inversión Colectiva / CIS: Collective Investment Schemes.

3 Non-profit institutions serving households.

Issues admitted to trading on equity markets¹

TABLE 1.12

NOMINAL AMOUNTS (million euro)	2012	2013	2014	2014			2015	
				II	III	IV	I	II ²
Total	7,522.0	779.3	0.0	0.0	0.0	0.0	0.0	0.0
Non-convertible bonds and debentures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Convertible bonds and debentures	7,522.0	779.3	0.0	0.0	0.0	0.0	0.0	0.0
Backed securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NO. OF ISSUES								
Total	7	2	0	0	0	0	0	0
Non-convertible bonds and debentures	0	0	0	0	0	0	0	0
Convertible bonds and debentures	7	2	0	0	0	0	0	0
Backed securities	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0

1 Includes only corporate bonds.

2 Available data: May 2015.

Equity markets. Issuers, issues and outstanding balances

TABLE 1.13

NO. OF ISSUERS	2012	2013	2014	2014			2015	
				II	III	IV	I	II ¹
Total	52	40	28	36	34	28	27	25
Private issuers	39	27	17	23	21	17	16	14
Non-financial companies	3	2	0	1	1	0	0	0
Financial institutions	36	25	17	22	20	17	16	14
General government ²	13	13	11	13	13	11	11	11
Regional governments	3	3	3	3	3	3	3	3
NO. OF ISSUES								
Total	220	197	165	189	183	165	148	139
Private issuers	122	89	65	79	76	65	58	54
Non-financial companies	3	2	0	1	1	0	0	0
Financial institutions	119	87	65	78	75	65	58	54
General government ²	98	108	100	110	107	100	90	85
Regional governments	67	64	56	62	60	56	45	41
OUTSTANDING BALANCES³ (million euro)								
Total	37,636.4	25,284.5	16,800.4	21,160.2	17,533.6	16,800.4	18,984.0	18,590.7
Private issuers	13,625.4	8,317.5	3,401.2	5,603.1	3,760.5	3,401.2	5,959.1	5,882.2
Non-financial companies	194.9	2.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial institutions	13,430.6	8,315.5	3,401.2	5,603.0	3,760.4	3,401.2	5,959.1	5,882.2
General government ²	24,010.9	16,967.0	13,399.2	15,557.1	13,773.2	13,399.2	13,024.9	12,708.5
Regional governments	22,145.0	15,716.3	12,227.2	14,285.0	12,496.3	12,227.2	11,826.8	11,631.6

1 Available data: May 2015.

2 Without public book-entry debt.

3 Nominal amount.

Trading on equity markets

TABLE 1.14

Nominal amounts in million euro	2012	2013	2014	2014			2015	
				II	III	IV	I	II ¹
Electronic market	1,198.3	1,592.6	861.2	78.6	5.0	16.3	7.9	4.6
Open outcry	3,746.6	3,388.3	5,534.0	142.2	25.1	4,854.5	371.9	78.4
Madrid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Barcelona	3,407.8	3,197.4	5,527.0	140.0	24.5	4,854.5	371.9	78.4
Bilbao	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valencia	338.7	190.9	7.0	2.2	0.6	0.0	0.0	0.0
Public book-entry debt	1,189.0	137.1	0.0	0.0	0.0	0.0	0.0	0.0
Regional governments debt	54,015.1	41,062.2	42,677.2	8,685.9	18,212.5	8,144.7	8,695.0	5,203.9

¹ Available data: May 2015.

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

TABLE 1.15

Nominal amounts in million euro	2012	2013	2014	2014			2015	
				II	III	IV	I	II ¹
Total	40,034.0	64,011.0	103,044.0	28,346.0	25,998.0	22,448.0	25,001.0	12,168.0
Outright	40,034.0	64,011.0	103,044.0	28,346.0	25,998.0	22,448.0	25,001.0	12,168.0
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 Available data: May 2015.

1.3 Derivatives and other products

1.3.1 Financial derivatives markets: MEFF

Trading on MEFF

TABLE 1.16

Number of contracts	2012	2013	2014	2014			2015	
				II	III	IV	I	II ¹
Debt products	45,240	13,667	4,690	409	1,356	1,643	3,161	862
Debt futures ²	45,240	13,667	4,690	409	1,356	1,643	3,161	862
Ibex 35 products ^{3,4}	5,410,311	6,416,073	7,728,494	1,792,870	1,807,250	2,222,335	2,049,373	1,261,960
Ibex 35 plus futures	4,745,067	5,578,607	6,924,068	1,564,905	1,638,231	2,022,888	1,862,228	1,181,040
Ibex 35 mini futures	242,477	198,736	304,891	64,491	70,135	102,907	85,381	44,552
Ibex 35 dividend impact futures	2,162	3,520	23,939	1,920	11,817	4,564	12,672	752
Call mini options	225,704	308,084	302,255	98,102	59,376	55,979	59,843	19,198
Put mini options	194,902	327,126	173,342	63,453	27,692	35,997	29,249	16,418
Stock products ⁵	55,753,236	35,884,393	27,697,961	5,847,529	5,106,522	6,224,051	6,240,356	2,407,312
Futures	21,220,876	14,927,659	12,740,105	3,547,198	2,302,945	2,353,599	3,659,690	928,574
Stock dividend futures	25,000	66,650	236,151	41,485	46,001	124,960	57,328	42,645
Call options	14,994,283	10,534,741	5,773,662	1,208,118	1,224,941	1,440,185	1,180,078	675,456
Put options	19,513,077	10,355,343	8,948,043	1,050,728	1,532,635	2,305,308	1,343,260	760,638
Pro-memoria: MEFF trading on Eurex								
Debt products ⁶	161,376	167,827	172,883	45,558	28,097	50,083	40,474	35,111
Index products ⁷	266,422	111,924	56,356	12,441	12,740	14,797	15,169	8,581

¹ Available data: May 2015.

² Contract size: 100 thousand euros.

³ The number of Ibex 35 mini futures (multiples of 1 euro) was standardised to the size of the Ibex 35 plus futures (multiples of 10 euro).

⁴ Contract size: Ibex 35, 10 euros.

⁵ Contract size: 100 Stocks.

⁶ Bund, Bobl and Schatz futures.

⁷ Dax 30, DJ EuroStoxx 50 and DJ Stoxx 50 futures.

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

Issues registered at the CNMV

TABLE 1.17

	2012	2013	2014	2014			2015	
				II	III	IV	I	II ¹
WARRANTS²								
Premium amount (million euro)	3,834.3	3,621.2	3,644.2	1,431.7	583.2	747.9	1,115.3	422.1
On stocks	2,231.7	2,211.8	1,770.9	579.3	364.8	351.0	606.1	223.7
On indexes	1,273.5	1,122.6	1,697.3	826.3	183.6	352.4	428.5	182.5
Other underlyings ³	329.1	286.8	176.0	26.1	34.9	44.5	80.7	15.8
Number of issues	7,073	8,347	8,574	2,820	1,919	1,914	2,834	1,180
Number of issuers	7	7	6	6	5	5	6	4
OPTION BUYING AND SELLING CONTRACTS								
Nominal amounts (million euro)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
On stocks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
On indexes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other underlyings ³	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of issues	0	0	0	0	0	0	0	0
Number of issuers	0	0	0	0	0	0	0	0

1 Available data: May 2015.

2 Includes issuance and trading prospectuses.

3 Includes the following underlying: baskets of stocks, exchange rates, interest rates and commodities.

Equity markets. Warrants and ETF trading

TABLE 1.18

	2012	2013	2014	2014			2015	
				II	III	IV	I	II ¹
WARRANTS								
Trading (million euro)	762.9	752.7	817.7	215.5	186.0	208.1	335.2	198.4
On Spanish stocks	349.0	379.4	379.8	110.3	72.4	79.0	96.9	59.4
On foreign stocks	87.6	86.3	51.2	14.9	9.5	9.9	22.6	12.9
On indexes	268.6	255.4	364.3	84.6	100.2	112.6	202.6	118.7
Other underlyings ²	57.7	31.6	22.4	5.7	3.9	6.8	13.2	7.5
Number of issues ³	7,419	7,299	7,612	3,141	2,854	3,256	3,463	2,633
Number of issuers ³	10	8	8	8	7	7	7	7
CERTIFICATES								
Trading (million euro)	16.8	1.0	1.7	0.8	0.1	0.2	0.1	0.0
Number of issues ³	4	2	2	2	2	2	2	2
Number of issuers ³	2	1	1	1	1	1	1	1
ETFs								
Trading (million euro)	2,935.7	2,736.0	9,849.5	1,894.9	2,476.1	2,781.9	3,159.8	2,199.6
Number of funds	74	72	70	70	70	70	70	69
Assets ⁴ (million euro)	274.7	382.0	436.1	435.4	446.0	436	520	-

1 Available data: May 2015.

2 Includes the following underlying: baskets of stocks, exchange rates, interest rates and commodities.

3 Issues or issuers which were traded in each period.

4 Assets from national collective investment schemes is only included because assets from foreign ones are not available.

1.3.3 Non-financial derivatives

Trading on MFAO¹

TABLE 1.19

	2012	2013	2014	2014			2015	
				II	III	IV	I	II ²
Number of contracts								
On olive oil								
Extra-virgin olive oil futures ³	78,566	88,605	38,964	10,832	15,030	3,103	0	0

1 Olive oil futures market.

2 Available data: May 2015.

3 Nominal amount of the contract: 1,000 kg.

2 Investment services

Investment services. Spanish firms, branches and agents

TABLE 2.1

	2012	2013	2014	2014			2015	
				II	III	IV	I	II ¹
BROKER-DEALERS								
Spanish firms	46	41	40	40	41	40	38	38
Branches	16	20	22	20	22	22	19	19
Agents	6,264	6,269	6,096	6,292	6,298	6,096	6,235	6,292
BROKERS								
Spanish firms	41	41	38	40	40	38	37	37
Branches	12	11	21	16	16	21	21	21
Agents	590	520	462	481	483	462	470	475
PORTFOLIO MANAGEMENT COMPANIES								
Spanish firms	6	5	5	5	5	5	5	4
Branches	5	5	5	5	5	5	5	5
Agents	2	1	1	1	1	1	1	1
FINANCIAL ADVISORY FIRMS								
Spanish firms	101	126	143	134	138	143	143	147
Branches	5	9	11	10	10	11	12	12
CREDIT INSTITUTIONS²								
Spanish firms	147	141	137	141	139	137	135	135

1 Available data: May 2015.

2 Source: Banco de España.

Investment services. Foreign firms

TABLE 2.2

	2012	2013	2014	2014			2015	
				II	III	IV	I	II ¹
Total	2,981	3,104	3,102	3,157	3,107	3,102	3,104	3,122
Investment services firms	2,526	2,650	2,641	2,700	2,645	2,641	2,645	2,662
From EU member states	2,523	2,647	2,639	2,697	2,642	2,639	2,643	2,660
Branches	37	38	39	38	36	39	40	40
Free provision of services	2,486	2,609	2,600	2,659	2,606	2,600	2,603	2,620
From non-EU states	3	3	2	3	3	2	2	2
Branches	0	0	0	0	0	0	0	0
Free provision of services	3	3	2	3	3	2	2	2
Credit institutions ²	455	454	461	457	462	461	459	460
From EU member states	445	444	452	448	453	452	450	451
Branches	55	52	54	53	54	54	54	55
Free provision of services	390	392	398	395	399	398	396	396
Subsidiaries of free provision of services institutions	0	0	0	0	0	0	0	0
From non-EU states	10	10	9	9	9	9	9	9
Branches	8	8	6	7	7	6	6	6
Free provision of services	2	2	3	2	2	3	3	3

1 Available data: May 2015.

2 Source: Banco de España and CNMV.

Intermediation of spot transactions¹

TABLE 2.3

Million euro	2012	2013	2014	2014				2015
				I	II	III	IV	I
FIXED-INCOME								
Total	10,508,139.1	10,492,026.8	9,264,859.8	2,842,302.0	2,462,930.4	2,239,416.0	1,720,211.4	1,711,077.5
Broker-dealers	2,900,770.8	5,217,059.4	4,989,059.9	1,500,575.6	1,227,460.1	1,161,159.9	1,099,864.3	1,189,914.6
Spanish organised markets	556,756.0	2,597,608.6	2,372,515.0	715,449.1	573,262.8	526,040.3	557,762.8	625,586.4
Other Spanish markets	1,943,730.6	2,310,403.7	2,388,868.8	710,743.9	584,995.5	592,597.9	500,531.5	504,753.7
Foreign markets	400,284.2	309,047.1	227,676.1	74,382.6	69,201.8	42,521.7	41,570.0	59,574.5
Brokers	7,607,368.3	5,274,967.4	4,275,799.9	1,341,726.4	1,235,470.3	1,078,256.1	620,347.1	521,162.9
Spanish organised markets	2,521,310.9	69,066.6	89,472.6	30,851.4	23,638.3	21,585.0	13,397.9	4,233.9
Other Spanish markets	4,883,226.6	5,007,723.4	3,955,091.6	1,237,155.8	1,150,873.0	1,007,119.1	559,943.7	454,161.1
Foreign markets	202,830.8	198,177.4	231,235.7	73,719.2	60,959.0	49,552.0	47,005.5	62,767.9
EQUITY								
Total	736,602.3	692,872.0	940,623.2	211,344.9	225,722.2	215,751.6	287,804.5	280,029.2
Broker-dealers	692,058.6	650,094.9	875,037.7	202,296.1	211,503.8	199,931.9	261,305.9	269,822.4
Spanish organised markets	639,498.2	590,027.1	814,349.4	188,015.6	194,806.0	185,890.3	245,637.5	254,159.7
Other Spanish markets	1,806.3	2,585.4	2,828.5	642.6	755.8	627.9	802.2	1,022.7
Foreign markets	50,754.1	57,482.4	57,859.8	13,637.9	15,942.0	13,413.7	14,866.2	14,640.0
Brokers	44,543.7	42,777.1	65,585.5	9,048.8	14,218.4	15,819.7	26,498.6	10,206.8
Spanish organised markets	14,532.5	14,677.2	16,726.7	4,227.9	4,125.2	3,942.7	4,430.9	4,028.0
Other Spanish markets	6,695.5	9,140.4	14,009.1	1,359.7	2,730.7	3,720.0	6,198.7	1,512.5
Foreign markets	23,315.7	18,959.5	34,849.7	3,461.2	7,362.5	8,157.0	15,869.0	4,666.3

1 Period accumulated data. Quarterly.

Intermediation of derivative transactions^{1,2}

TABLE 2.4

Million euro	2012	2013	2014	2014				2015
				I	II	III	IV	I
Total	6,536,223.6	6,316,221.8	10,095,572.3	1,926,896.5	1,922,535.5	2,326,464.6	3,919,675.7	2,779,120.5
Broker-dealers	5,777,847.8	6,110,753.4	9,918,555.0	1,879,980.7	1,872,909.0	2,288,382.5	3,877,282.8	2,757,477.2
Spanish organised markets	1,819,388.6	2,410,367.9	4,625,999.8	790,796.4	758,339.0	1,330,314.4	1,746,550.0	1,485,199.0
Foreign organised markets	3,718,052.1	3,423,638.5	4,913,770.3	969,114.4	1,024,667.0	876,714.9	2,043,274.0	1,213,448.6
Non-organised markets	240,407.1	276,747.0	378,784.9	120,069.9	89,903.0	81,353.2	87,458.8	58,829.6
Brokers	758,375.8	205,468.4	177,017.3	46,915.8	49,626.5	38,082.1	42,392.9	21,643.3
Spanish organised markets	5,371.0	4,668.8	6,881.8	1,071.4	2,234.6	2,494.2	1,081.6	1,268.2
Foreign organised markets	566,337.3	29,584.9	37,016.8	3,514.2	8,605.3	10,869.1	14,028.2	4,247.1
Non-organised markets	186,667.5	171,214.7	133,118.7	42,330.2	38,786.6	24,718.8	27,283.1	16,128.0

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

2 Period accumulated data. Quarterly.

Portfolio management. Number of portfolios and assets under management¹

TABLE 2.5

Million euro	2012	2013	2014	2014				2015
				I	II	III	IV	I
NUMBER OF PORTFOLIOS								
Total	10,985	11,380	13,483	12,584	13,286	13,893	13,483	14,074
Broker-dealers. Total	4,122	4,001	4,741	4,248	4,496	4,739	4,741	4,847
IIC ²	68	59	63	58	60	62	63	62
Other ³	4,054	3,942	4,678	4,190	4,436	4,677	4,678	4,785
Brokers. Total	3,680	3,699	4,484	4,447	4,697	4,935	4,484	4,950
IIC ²	51	57	63	57	62	64	63	63
Other ³	3,629	3,642	4,421	4,390	4,635	4,871	4,421	4,887
Portfolio management companies. Total	3,183	3,680	4,258	3,889	4,093	4,219	4,258	4,277
IIC ²	5	12	5	12	12	13	5	5
Other ³	3,178	3,668	4,253	3,877	4,081	4,206	4,253	4,272
ASSETS UNDER MANAGEMENT (thousand euro)								
Total	9,350,841	10,692,140	11,661,203	11,480,629	12,243,199	12,736,538	11,661,203	12,419,967
Broker-dealers. Total	3,578,436	4,171,331	4,905,630	4,476,143	4,788,421	4,951,046	4,905,630	5,168,610
IIC ²	965,479	1,160,986	1,371,924	1,241,865	1,413,549	1,466,770	1,371,924	1,503,201
Other ³	2,612,957	3,010,345	3,533,706	3,234,278	3,374,871	3,484,276	3,533,706	3,665,409
Brokers. Total	1,927,219	2,284,773	1,935,646	2,463,693	2,632,958	2,743,601	1,935,646	2,196,350
IIC ²	417,981	610,839	846,244	656,435	778,850	820,023	846,244	1,060,456
Other ³	1,509,238	1,673,934	1,089,403	1,807,259	1,854,107	1,923,579	1,089,403	1,135,894
Portfolio management companies. Total	3,845,186	4,236,036	4,819,927	4,540,793	4,821,820	5,041,891	4,819,927	5,055,007
IIC ²	107,691	195,735	118,847	201,528	206,687	211,117	118,847	125,495
Other ³	3,737,495	4,040,301	4,701,080	4,339,265	4,615,133	4,830,774	4,701,080	4,929,512

1 Data at the end of period. Quarterly.

2 IIC: Instituciones de Inversión Colectiva / CIS: Collective Investment Schemes. Includes both resident and non-resident IICs management.

3 Includes the rest of clients, both covered and not covered by the Investment Guarantee Fund, an investor compensation scheme regulated by Royal Decree 948/2001.

Financial advice. Number of contracts^{1,2}

TABLE 2.6

Million euro	2012	2013	2014	2014				2015
				I	II	III	IV	I
NUMBER OF CONTRACTS								
Total	9,396	11,730	12,761	11,218	11,681	13,087	12,761	12,641
Broker-dealers. Total ³	1,193	3,074	3,437	3,087	2,829	4,090	3,437	1,210
Retail clients	1,184	3,041	3,409	3,068	2,796	4,039	3,409	1,178
Professional clients	2	10	11	10	12	12	11	15
Brokers. Total ³	6,484	6,919	7,511	6,442	7,138	7,266	7,511	9,634
Retail clients	6,019	6,617	7,322	6,142	6,849	7,002	7,322	9,425
Professional clients	445	279	169	277	266	242	169	179
Portfolio management companies. Total ³	1,719	1,737	1,813	1,689	1,714	1,731	1,813	1,797
Retail clients	1,712	1,732	1,805	1,684	1,706	1,723	1,805	1,793
Professional clients	7	5	8	4	8	8	8	4

1 Data at the end of period. Quarterly.

2 Quarterly data on assets advised are not available since the enter into force of Circular 3/2014, of 22nd October, of the Comisión Nacional del Mercado de Valores.

3 Includes retail, professional and other clients.

Aggregated income statement. Broker-dealers

TABLE 2.7

Thousand euro ¹	2012	2013	2014	2014			2015	
				II	III	IV	I	II ²
I. Interest income	56,161	67,333	74,177	25,055	59,668	74,177	7,985	10,825
II. Net commission	410,740	387,216	445,317	229,051	340,718	445,317	118,547	155,723
Commission revenues	589,027	565,787	633,263	323,269	481,400	633,263	170,459	222,622
Brokering	348,403	347,522	342,462	191,070	266,627	342,462	95,029	122,502
Placement and underwriting	6,869	4,824	21,414	7,390	18,953	21,414	239	1,021
Securities deposit and recording	19,775	17,987	22,347	10,442	15,896	22,347	5,934	7,845
Portfolio management	14,883	15,581	21,046	10,094	15,203	21,046	6,276	8,444
Design and advising	12,067	18,597	19,502	8,728	15,101	19,502	3,772	5,052
Stocks search and placement	50	8,659	4,367	3,956	4,347	4,367	55	84
Market credit transactions	8	22	0	0	0	0	0	0
IICs ³ marketing	45,050	51,766	62,948	30,549	46,442	62,948	17,379	23,637
Other	141,924	100,829	139,177	61,039	98,833	139,177	41,775	54,037
Commission expenses	178,287	178,571	187,946	94,218	140,682	187,946	51,912	66,899
III. Financial investment income	9,403	256,110	222,077	36,828	135,612	222,077	55,799	90,990
IV. Net exchange differences and other								
operating products and expenses	-28,522	-138,467	-96,425	49,887	-29,544	-96,425	-23,775	-51,080
V. Gross income	447,782	572,192	645,146	340,821	506,454	645,146	158,556	206,458
VI. Operating income	35,304	185,040	265,509	150,453	220,265	265,509	61,578	73,136
VII. Earnings from continuous activities	-12,057	140,805	192,467	121,661	175,824	192,467	50,560	63,321
VIII. Net earnings of the period	-12,057	140,805	192,467	121,661	175,824	192,467	50,560	63,321

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

2 Available data: April 2015.

3 IIC: Instituciones de Inversión Colectiva / CIS: Collective Investment Schemes.

Results of proprietary trading. Broker-dealers

TABLE 2.8

Thousand euro ¹	2012	2013	2014	2014				2015
				I	II	III	IV	I
TOTAL								
Total	21,318	192,753	200,010	63,697	112,779	165,322	200,010	37,798
Money market assets and public debt	18,936	17,163	12,342	4,410	6,993	9,618	12,342	3,325
Other fixed-income securities	16	55,096	31,631	11,962	17,253	24,840	31,631	9,454
Domestic portfolio	-14,813	42,328	23,038	7,588	9,786	16,820	23,038	3,936
Foreign portfolio	14,829	12,768	8,593	4,374	7,467	8,020	8,593	5,518
Equities	356,595	17,869	800,035	137,295	534,591	635,288	800,035	160,100
Domestic portfolio	8,003	44,517	112,635	30,193	68,998	106,074	112,635	7,922
Foreign portfolio	348,592	-26,648	687,400	107,102	465,593	529,214	687,400	152,178
Derivatives	-308,833	207,347	-565,800	-145,356	-502,994	-486,606	-565,800	-111,864
Repurchase agreements	-3,871	1,378	345	168	298	336	345	-32
Market credit transactions	0	0	0	0	0	1	0	0
Deposits and other transactions with financial								
Intermediaries	5,383	3,405	1,205	475	-47	279	1,205	388
Net exchange differences	-37,363	-149,034	-110,807	49,363	43,447	-39,367	-110,807	-27,423
Other operating products and expenses	8,841	10,565	14,384	2,735	6,441	9,822	14,384	3,648
Other transactions	-18,386	28,964	16,675	2,645	6,797	11,111	16,675	202
INTEREST INCOME								
Total	56,160	67,333	74,177	7,821	25,055	59,670	74,177	7,986
Money market assets and public debt	4,055	4,356	2,123	731	1,265	1,811	2,123	399
Other fixed-income securities	17,089	4,572	3,371	1,268	2,275	3,017	3,371	802
Domestic portfolio	15,180	3,149	2,147	971	1,593	2,024	2,147	518
Foreign portfolio	1,909	1,423	1,224	297	682	993	1,224	284
Equities	35,220	40,163	63,460	4,954	18,630	50,485	63,460	6,458
Domestic portfolio	19,064	14,672	28,679	16	6,737	17,377	28,679	33
Foreign portfolio	16,156	25,491	34,781	4,938	11,893	33,108	34,781	6,425
Repurchase agreements	-3,871	1,378	345	168	298	336	345	-32
Market credit transactions	0	0	0	0	0	1	0	0
Deposits and other transactions with financial								
Intermediaries	5,383	3,405	1,205	475	-47	279	1,205	388
Other transactions	-1,716	13,459	3,673	225	2,634	3,741	3,673	-29
FINANCIAL INVEST INCOME								
Total	9,404	256,109	222,077	2,765	36,828	135,611	222,077	55,797
Money market assets and public debt	14,881	12,807	10,219	3,679	5,728	7,807	10,219	2,926
Other fixed-income securities	-17,073	50,524	28,260	10,694	14,978	21,823	28,260	8,652
Domestic portfolio	-29,993	39,179	20,891	6,617	8,193	14,796	20,891	3,418
Foreign portfolio	12,920	11,345	7,369	4,077	6,785	7,027	7,369	5,234
Equities	321,375	-22,294	736,575	132,341	515,961	584,803	736,575	153,642
Domestic portfolio	-11,061	29,845	83,956	30,177	62,261	88,697	83,956	7,889
Foreign portfolio	332,436	-52,139	652,619	102,164	453,700	496,106	652,619	145,753
Derivatives	-308,833	207,347	-565,800	-145,356	-502,994	-486,606	-565,800	-111,864
Other transactions	-946	7,725	12,823	1,407	3,155	7,784	12,823	2,441
EXCHANGE DIFFERENCES AND OTHER ITEMS								
Total	-44,246	-130,689	-96,244	53,111	50,896	-29,959	-96,244	-25,985
Net exchange differences	-37,363	-149,034	-110,807	49,363	43,447	-39,367	-110,807	-27,423
Other operating products and expenses	8,841	10,565	14,384	2,735	6,441	9,822	14,384	3,648
Other transactions	-15,724	7,780	179	1,013	1,008	-414	179	-2,210

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

Aggregated income statement. Brokers

TABLE 2.9

Thousand euro ¹	2012	2013	2014	2014			2015	
				II	III	IV	I	II ²
I. Interest income	1,912	1,799	1,119	615	844	1,119	175	241
II. Net commission	93,246	110,422	120,634	63,355	90,974	120,634	31,049	38,809
Commission revenues	108,198	130,738	147,137	75,553	109,352	147,137	35,222	45,513
Brokering	38,112	40,196	41,745	25,577	33,728	41,745	9,993	12,571
Placement and underwriting	3,128	4,715	8,129	3,851	6,366	8,129	1,183	1,840
Securities deposit and recording	576	505	567	311	474	567	113	158
Portfolio management	14,476	16,267	15,062	6,995	9,650	15,062	2,246	2,939
Design and advising	3,123	5,894	7,576	2,803	4,183	7,576	2,507	3,185
Stocks search and placement	88	55	0	0	0	0	0	0
Market credit transactions	30	11	0	0	0	0	0	0
IICs ³ marketing	25,949	35,823	46,565	21,667	33,200	46,565	12,883	16,379
Other	22,715	27,272	27,493	14,350	21,751	27,493	6,297	8,442
Commission expenses	14,952	20,316	26,503	12,198	18,378	26,503	4,173	6,704
III. Financial investment income	1,255	5	775	565	674	775	885	825
IV. Net exchange differences and other operating products and expenses	-1,459	-1,633	1,102	-664	-691	1,102	445	400
V. Gross income	94,954	110,593	123,626	63,871	91,801	123,626	32,554	40,275
VI. Operating income	4,598	18,422	24,366	14,609	19,689	24,366	9,096	10,330
VII. Earnings from continuous activities	3,583	14,321	19,922	13,799	18,281	19,922	8,381	9,720
VIII. Net earnings of the period	3,583	14,321	19,922	13,799	18,281	19,922	8,381	9,720

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

2 Available data: April 2015.

3 IIC: Instituciones de Inversión Colectiva / CIS: Collective Investment Schemes.

Aggregated income statement. Portfolio management companies

TABLE 2.10

Thousand euro ¹	2012	2013	2014	2014			2015	
				II	III	IV	I	II ²
I. Interest income	733	667	574	125	443	574	134	162
II. Net commission	7,879	9,362	11,104	4,635	7,182	11,104	2,519	3,370
Commission revenues	17,887	18,603	15,411	5,861	9,553	15,411	3,766	5,188
Portfolio management	16,307	17,028	13,572	5,035	8,239	13,572	3,248	4,426
Design and advising	1,579	1,575	849	514	683	849	105	134
IICs ³ marketing	0	0	0	0	0	0	0	0
Other	0	0	990	312	630	990	413	628
Commission expenses	10,008	9,241	4,307	1,226	2,371	4,307	1,247	1,818
III. Financial investment income	4	9	-6	46	38	-6	31	31
IV. Net exchange differences and other operating products and expenses	-1	-32	-237	57	-238	-237	35	-53
V. Gross income	8,615	10,006	11,435	4,863	7,425	11,435	2,719	3,510
VI. Operating income	1,406	3,554	5,860	1,930	3,328	5,860	1,223	1,534
VII. Earnings from continuous activities	953	2,472	4,135	1,380	2,367	4,135	890	1,102
VIII. Net earnings of the period	953	2,472	4,135	1,380	2,367	4,135	890	1,102

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

2 Available data: April 2015.

3 IIC: Instituciones de Inversión Colectiva / CIS: Collective Investment Schemes.

Capital adequacy and capital ratio^{1,2}

TABLE 2.11

	2012	2013	2014	2014				2015
				I	II	III	IV	I
TOTAL								
Total capital ratio ³	-	-	40.33	38.52	40.80	40.87	40.33	39.75
Own funds surplus (thousand euro)	1,085,783	1,033,669	1,061,974	1,042,993	1,097,539	1,096,551	1,061,974	1,088,868
Surplus (%) ⁴	300.76	322.58	404.13	381.50	409.97	410.88	404.13	396.92
Number of companies according to its surplus percentage								
≤ 100%	37	34	16	11	12	13	16	15
> 100 - ≤ 300%	24	22	24	30	28	27	24	22
> 300 - ≤ 500%	17	17	12	12	14	14	12	12
> 500%	15	14	21	22	22	23	21	23
BROKER-DEALERS								
Total capital ratio ³	-	-	40.89	38.97	41.55	41.53	40.89	40.15
Own funds surplus (thousand euro)	1,017,597	960,624	987,211	959,876	1,016,882	1,016,378	987,211	1,008,633
Surplus (%) ⁴	329.03	367.43	411.10	387.08	419.42	419.16	411.10	401.89
Number of companies according to its surplus percentage								
≤ 100%	7	9	5	4	4	3	5	5
> 100 - ≤ 300%	17	11	14	15	14	15	14	12
> 300 - ≤ 500%	12	13	6	5	6	7	6	7
> 500%	10	8	14	16	16	16	14	14
BROKERS								
Total capital ratio ³	-	-	24.34	25.51	24.45	24.61	24.34	24.58
Own funds surplus (thousand euro)	53,531	62,199	42,132	51,816	48,343	46,951	42,132	44,473
Surplus (%) ⁴	161.23	164.46	204.19	218.82	205.58	207.62	204.19	207.29
Number of companies according to its surplus percentage								
≤ 100%	27	22	11	7	8	10	11	10
> 100 - ≤ 300%	6	10	8	13	12	10	8	8
> 300 - ≤ 500%	4	3	6	7	8	7	6	5
> 500%	4	6	4	3	3	4	4	6
PORTFOLIO MANAGEMENT COMPANIES								
Total capital ratio ³	-	-	137.98	152.19	156.03	156.51	137.98	158.32
Own funds surplus (thousand euro)	14,655	10,846	32,631	31,301	32,314	33,222	32,631	35,762
Surplus (%) ⁴	79.01	51.21	1,624.71	1,802.32	1,850.39	1,856.33	1,624.71	1,879.04
Number of companies according to its surplus percentage								
≤ 100%	3	3	0	0	0	0	0	0
> 100 - ≤ 300%	1	1	2	2	2	2	2	2
> 300 - ≤ 500%	1	1	0	0	0	0	0	0
> 500%	1	0	3	3	3	3	3	3

1 On January 1st 2014 entered into force the Regulation (EU) N° 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, which has changed the own funds requirements calculation.

2 Since January 2014 only the entities subject to reporting requirements are included, according to Circular 2/2014, of 23rd June, of the Comisión Nacional del Mercado de Valores, on the exercise of various regulatory options regarding solvency requirements for investment firms and their consolidated groups.

3 Total capital ratio is the own funds of the institution expressed as a percentage of the total risk exposure amount. This ratio should not be under 8%.

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 taxes¹

TABLE 2.12

	2012	2013	2014	2014				2015
				I	II	III	IV	I
TOTAL								
Average (%) ²	3.19	16.49	22.83	25.56	23.82	23.54	22.83	18.99
Number of companies according to its annualized return								
Losses	31	13	11	15	13	13	11	12
0 - ≤ 15%	33	37	30	32	29	31	30	22
> 15 - ≤ 45%	24	22	23	23	26	27	23	28
> 45 - ≤ 75%	3	9	11	8	9	7	11	7
> 75%	2	6	8	8	8	8	8	11
BROKER-DEALERS								
Average (%) ²	2.97	16.39	23.04	25.96	23.73	23.87	23.04	17.84
Number of companies according to its annualized return								
Losses	14	5	4	5	2	3	4	6
0 - ≤ 15%	18	15	18	17	16	18	18	14
> 15 - ≤ 45%	11	16	11	11	16	13	11	12
> 45 - ≤ 75%	2	4	5	5	4	4	5	3
> 75%	1	1	2	3	2	3	2	3
BROKERS								
Average (%) ²	6.25	19.34	22.18	24.77	29.45	23.06	22.18	37.62
Number of companies according to its annualized return								
Losses	15	8	7	10	11	10	7	6
0 - ≤ 15%	11	18	11	12	10	11	11	7
> 15 - ≤ 45%	13	5	8	10	8	11	8	13
> 45 - ≤ 75%	1	5	6	3	5	3	6	3
> 75%	1	5	6	5	6	5	6	8
PORTFOLIO MANAGEMENT COMPANIES								
Average (%) ²	6.59	11.41	16.95	12.55	11.16	12.83	16.95	12.59
Number of companies according to its annualized return								
Losses	2	0	0	0	0	0	0	0
0 - ≤ 15%	4	4	1	3	3	2	1	1
> 15 - ≤ 45%	0	1	4	2	2	3	4	3
> 45 - ≤ 75%	0	0	0	0	0	0	0	1
> 75%	0	0	0	0	0	0	0	0

1 ROE has been calculated as:

$$ROE = \frac{\text{Earnings_before_taxes_ (annualized)}}{\text{Own_Funds}}$$

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

2 Average weighted by equity, %.

Financial advisory firms. Main figures

TABLE 2.13

Thousand euro	2012	2013	2014	2013		2014	
				I	II	I	II
ASSETS ADVISED¹							
Total	14,776,498	17,630,081	21,391,510	15,442,297	17,630,081	14,456,415	21,391,510
Retail clients	3,267,079	4,991,653	5,719,292	3,975,400	4,991,653	5,488,399	5,719,292
Professional	3,594,287	3,947,782	4,828,459	3,476,305	3,947,782	4,465,564	4,828,459
Other	7,915,132	8,690,646	10,843,759	7,990,593	8,690,646	4,502,452	10,843,759
COMMISSION INCOME²							
Total	26,177	33,272	47,767	14,701	33,272	21,513	47,767
Commission revenues	26,065	33,066	47,188	14,676	33,066	21,071	47,188
Other income	112	206	579	25	206	442	579
EQUITY							
Total	13,402	21,498	26,538	15,119	21,498	22,915	26,538
Share capital	4,365	5,156	5,576	4,820	5,156	5,230	5,576
Reserves and retained earnings	4,798	9,453	8,993	7,251	9,453	9,899	8,993
Income for the year ²	4,239	6,890	11,969	3,048	6,890	7,787	11,969

1 Data at the end of each period. Half-yearly.

2 Accumulated data from the beginning of the year to the last day of every semester.

3 Collective investment schemes (IICs)^{a,b}

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

TABLE 3.1

	2012	2013	2014	2014			2015	
				II	III	IV	I	II ¹
Total financial IICs	5,246	5,129	5,232	5,176	5,208	5,232	5,244	5,230
Mutual funds	2,205	2,043	1,949	2,012	1,973	1,949	1,923	1,882
Investment companies	2,981	3,035	3,228	3,114	3,182	3,228	3,266	3,293
Funds of hedge funds	24	22	18	20	20	18	18	18
Hedge funds	36	29	37	30	33	37	37	37
Total real estate IICs	14	16	11	15	15	11	10	9
Real estate mutual funds	6	6	4	6	6	4	3	3
Real estate investment companies	8	10	7	9	9	7	7	6
Total foreign IICs marketed in Spain	754	782	805	802	810	805	836	848
Foreign funds marketed in Spain	421	409	405	416	415	405	414	416
Foreign companies marketed in Spain	333	373	400	386	395	400	422	432
Management companies	105	96	96	97	96	96	97	97
IIC depositories	84	77	70	74	75	70	68	67

1 Available data: May 2015.

Number of IICs investors and shareholders

TABLE 3.2

	2012	2013	2014	2014			2015	
				II	III	IV	I ¹	II ²
Total financial IICs	4,815,628	5,463,820	6,859,555	6,241,005	6,572,696	6,859,555	7,495,987	7,716,098
Mutual funds	4,410,763	5,050,556	6,409,344	5,813,853	6,134,324	6,409,344	7,039,404	7,257,498
Investment companies	404,865	413,264	450,211	427,152	438,372	450,211	456,583	458,600
Total real estate IICs	26,155	6,773	4,866	5,142	5,139	4,866	4,739	4,739
Real estate mutual funds	25,218	5,750	4,021	4,090	4,093	4,021	3,897	3,897
Real estate investment companies	937	1,023	845	1,052	1,046	845	842	842
Total foreign IICs marketed in Spain ³	819,485	1,067,708	1,317,674	1,263,915	1,233,232	1,317,674	1,328,282	-
Foreign funds marketed in Spain	163,805	204,067	230,104	228,201	219,098	230,104	260,013	-
Foreign companies marketed in Spain	655,680	863,641	1,087,570	1,035,714	1,014,134	1,087,570	1,068,269	-

1 Provisional data for foreign IICs.

2 Available data: April 2015.

3 Exchange traded funds (ETFs) data is not included.

IICs total net assets

TABLE 3.3

Million euro	2012	2013	2014	2014			2015	
				II	III	IV	I ¹	II ²
Total financial IICs	147,722.2	184,300.9	230,205.7	212,946.1	223,212.3	230,205.7	253,792.1	257,428.9
Mutual funds ³	124,040.4	156,680.1	198,718.8	182,735.8	192,199.6	198,718.8	219,110.5	222,702.9
Investment companies	23,681.8	27,620.8	31,486.9	30,210.3	31,012.7	31,486.9	34,681.6	34,726.0
Total real estate IICs	4,485.5	4,536.2	1,226.3	4,354.7	4,317.5	1,226.3	1,227.3	1,228.6
Real estate mutual funds	4,201.5	3,682.6	419.8	3,525.8	3,495.1	419.8	417.9	418.4
Real estate investment companies	284.1	853.7	806.5	828.9	822.4	806.5	809.4	810.2
Total foreign IICs marketed in Spain ⁴	38,075.3	54,727.2	78,904.3	68,004.5	72,631.0	78,904.3	95,322.6	-
Foreign funds marketed in Spain	6,271.5	8,523.2	11,166.0	9,613.9	10,344.7	11,166.0	13,187.9	-
Foreign companies marketed in Spain	31,803.8	46,204.0	67,738.3	58,390.6	62,286.3	67,738.3	82,134.7	-

1 Provisional data for foreign IICs.

2 Available data: April 2015.

3 For March 2015, mutual funds investments in financial IICs reached 6.1 billion euro.

4 Exchange traded funds (ETFs) data is not included.

a IICs: Instituciones de Inversión Colectiva / CIS: Collective Investment Schemes.

b In this document, neither hedge funds nor funds of hedge funds are included in the figures referred to mutual funds.

Mutual funds asset allocation¹

TABLE 3.4

Million euro	2012	2013	2014	2014				2015
				I	II	III	IV	I ²
Asset	124,040.4	156,680.1	198,718.8	169,513.6	182,735.8	192,199.6	198,718.8	219,110.5
Portfolio investment	118,446.5	149,343.3	187,693.9	161,847.5	174,368.0	181,660.6	187,693.9	203,840.3
Domestic securities	82,929.6	108,312.7	114,644.5	113,479.1	118,229.2	118,676.1	114,644.5	112,393.7
Debt securities	65,999.1	79,480.4	79,694.4	82,222.1	84,391.7	83,033.8	79,694.4	75,800.1
Shares	3,140.8	5,367.4	8,448.0	6,479.8	7,685.0	8,287.4	8,448.0	9,716.7
Investment collective schemes	3,170.7	4,498.1	6,065.3	4,973.1	5,432.6	5,580.8	6,065.3	6,512.8
Deposits in Credit institutions	10,333.3	18,443.7	19,927.4	19,264.4	20,102.2	21,150.6	19,927.4	19,578.8
Derivatives	285.7	523.0	495.4	523.3	602.4	609.3	495.4	773.5
Other	0.0	0.0	14.0	16.3	15.2	14.1	14.0	11.7
Foreign securities	35,512.7	41,029.5	73,048.3	48,367.5	56,138.0	62,983.2	73,048.3	91,445.0
Debt securities	20,493.9	20,312.8	38,582.2	24,821.9	28,967.5	33,079.9	38,582.2	45,230.0
Shares	7,668.6	11,034.2	13,042.9	12,343.9	13,379.4	13,201.6	13,042.9	16,424.7
Investment collective schemes	7,112.3	9,286.0	20,863.9	10,747.8	13,266.4	16,032.9	20,863.9	28,679.6
Deposits in Credit institutions	45.8	45.6	243.3	37.6	37.9	238.8	243.3	177.1
Derivatives	191.6	350.9	310.6	410.9	481.3	424.4	310.6	927.8
Other	0.6	0.0	5.4	5.5	5.5	5.6	5.4	5.8
Doubtful assets and matured investment	4.2	1.2	1.2	0.9	0.8	1.3	1.2	1.6
Intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash	5,374.7	7,062.3	10,895.0	7,651.2	8,485.2	10,342.1	10,895.0	15,628.2
Net balance (Debtors - Creditors)	219.2	274.4	129.9	14.9	-117.3	196.8	129.9	-358.0

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

2 Provisional data.

Investment companies asset allocation

TABLE 3.5

Million euro	2012	2013	2014	2014				2015
				I	II	III	IV	I ¹
Asset	23,681.8	27,620.8	31,486.9	28,838.2	30,210.3	31,012.7	31,486.9	34,681.6
Portfolio investment	22,512.4	26,105.6	29,080.6	27,223.3	28,425.9	28,549.7	29,080.6	31,634.5
Domestic securities	11,568.0	12,118.9	11,063.7	12,081.9	12,086.1	11,564.0	11,063.7	11,262.7
Debt securities	6,021.4	6,304.3	5,115.9	6,253.8	5,964.2	5,286.4	5,115.9	4,793.3
Shares	2,271.7	3,005.5	3,324.4	3,184.6	3,372.5	3,457.5	3,324.4	3,606.8
Investment collective schemes	701.0	1,134.9	1,433.0	1,317.5	1,462.4	1,486.0	1,433.0	1,645.1
Deposits in Credit institutions	2,531.9	1,645.4	1,169.3	1,298.4	1,256.8	1,306.6	1,169.3	1,189.9
Derivatives	7.7	1.4	-10.8	-1.8	-1.5	-3.3	-10.8	-7.2
Other	34.3	27.4	31.9	29.3	31.8	30.9	31.9	34.7
Foreign securities	10,940.2	13,985.1	18,015.2	15,137.9	16,337.0	16,982.7	18,015.2	20,370.2
Debt securities	2,489.2	2,613.7	3,897.1	2,963.3	3,352.8	3,568.2	3,897.1	4,481.9
Shares	3,587.8	5,085.5	6,227.7	5,476.2	5,822.3	6,004.4	6,227.7	6,830.3
Investment collective schemes	4,700.2	6,119.8	7,784.2	6,559.8	7,026.6	7,285.8	7,784.2	8,979.4
Deposits in Credit institutions	14.0	5.5	2.3	6.3	4.7	0.8	2.3	3.5
Derivatives	147.1	152.5	94.4	124.2	122.4	115.7	94.4	67.0
Other	1.8	8.1	9.5	8.1	8.2	7.8	9.5	8.1
Doubtful assets and matured investment	4.3	1.5	1.7	3.5	2.7	2.9	1.7	1.5
Intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net fixed assets	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Cash	959.7	1,302.0	2,197.7	1,408.3	1,605.4	2,153.9	2,197.7	2,836.5
Net balance (Debtors - Creditors)	209.6	213.1	208.5	206.5	178.9	309.0	208.5	210.5

1 Provisional data.

Financial mutual funds: number, investors and total net assets by category¹

TABLE 3.6

	2012	2013	2014	2014			2015	
				II	III	IV	I	II ²
NO. OF FUNDS								
Total financial mutual funds	2,185	2,045	1,951	2,023	1,959	1,951	1,936	1,897
Fixed-income ³	454	384	359	375	367	359	358	357
Mixed fixed-income ⁴	125	122	123	119	117	123	122	123
Mixed equity ⁵	117	128	131	126	125	131	132	131
Euro equity	127	108	103	104	103	103	110	110
Foreign equity	211	193	191	190	186	191	193	193
Guaranteed fixed-income	398	374	280	336	303	280	261	240
Guaranteed equity ⁶	361	308	273	297	275	273	263	250
Global funds	192	162	162	163	165	162	168	169
Passive management	85	169	227	217	222	227	233	229
Absolute return	115	97	102	96	96	102	96	95
INVESTORS								
Total financial mutual funds	4,410,771	5,050,719	6,409,806	5,814,175	6,134,711	6,409,806	7,050,828	7,258,056
Fixed-income ³	1,261,634	1,508,009	1,941,567	1,712,748	1,818,308	1,941,567	2,092,925	2,131,346
Mixed fixed-income ⁴	188,574	240,676	603,099	425,424	506,220	603,099	813,223	920,629
Mixed equity ⁵	138,096	182,223	377,265	252,255	313,796	377,265	465,249	502,798
Euro equity	220,450	293,193	381,822	347,335	384,252	381,822	410,761	440,231
Foreign equity	398,664	457,606	705,055	601,531	651,495	705,055	843,867	889,197
Guaranteed fixed-income	1,075,852	1,002,458	669,448	796,983	744,545	669,448	610,911	563,139
Guaranteed equity ⁶	727,880	608,051	557,030	602,530	577,616	557,030	508,952	484,596
Global funds	101,321	128,741	223,670	168,796	195,290	223,670	305,397	334,403
Passive management	125,003	441,705	686,526	673,166	692,827	686,526	667,088	621,502
Absolute return	173,297	188,057	264,324	233,407	250,362	264,324	332,455	370,215
TOTAL NET ASSETS (million euro)								
Total financial mutual funds	124,040.4	156,680.1	198,718.8	182,735.8	192,199.6	198,718.8	219,110.5	222,702.9
Fixed-income ³	40,664.6	55,058.9	70,330.9	62,740.7	66,841.2	70,330.9	72,059.6	71,413.5
Mixed fixed-income ⁴	5,500.9	8,138.0	24,314.3	15,666.0	19,917.0	24,314.3	34,217.4	38,288.1
Mixed equity ⁵	3,179.9	6,312.4	13,570.4	9,242.9	11,668.9	13,570.4	17,038.9	18,262.1
Euro equity	5,270.2	8,632.8	8,401.5	8,601.7	8,693.6	8,401.5	9,621.1	9,598.6
Foreign equity	6,615.0	8,849.0	12,266.4	12,426.8	12,151.9	12,266.4	15,479.0	15,849.0
Guaranteed fixed-income	36,445.0	31,481.2	20,417.0	24,920.1	23,122.1	20,417.0	18,271.9	16,791.7
Guaranteed equity ⁶	14,413.2	12,503.8	12,196.4	12,940.7	12,497.2	12,196.4	11,751.0	11,209.0
Global funds	4,358.6	4,528.1	6,886.3	5,650.3	6,255.6	6,886.3	9,685.5	10,507.7
Passive management	2,991.2	16,515.9	23,837.5	24,898.6	24,971.5	23,837.5	22,688.0	21,531.2
Absolute return	4,601.9	4,659.9	6,498.1	5,648.0	6,080.4	6,498.1	8,298.0	9,252.0

1 Sub-funds which have sent reports to the CNMV, excluding those in process of dissolution or liquidation.

2 Available data: April 2015.

3 Fixed income euro, Foreign fixed-income, Monetary market funds and Short-term monetary market funds.

4 Mixed euro fixed-income and Foreign mixed fixed-income.

5 Mixed euro equity and Foreign mixed equity.

6 Guaranteed equity and partial guarantee.

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

TABLE 3.7

	2012	2013	2014	2014			2015	
				II	III	IV	I	II ¹
INVESTORS								
Total financial mutual funds	4,410,771	5,050,719	6,409,806	5,814,175	6,134,711	6,409,806	7,050,828	7,258,056
Individuals	4,293,071	4,906,380	6,235,148	5,649,064	5,964,341	6,235,148	6,865,393	7,069,546
Residents	4,237,534	4,848,184	6,170,201	5,587,276	5,900,929	6,170,201	6,797,383	7,000,673
Non-residents	55,537	58,196	64,947	61,788	63,412	64,947	68,010	68,873
Legal entities	117,700	144,339	174,658	165,111	170,370	174,658	185,435	188,510
Credit Institutions	473	521	493	590	608	493	525	610
Other resident Institutions	116,589	143,083	173,351	163,695	168,950	173,351	184,104	187,086
Non-resident Institutions	638	735	814	826	812	814	806	814
TOTAL NET ASSETS (million euro)								
Total financial mutual funds	124,040.4	156,680.1	198,718.8	182,735.8	192,199.6	198,718.8	219,110.5	222,702.9
Individuals	101,963.8	125,957.2	159,423.5	145,852.7	153,655.2	159,423.5	176,300.1	179,429.4
Residents	100,515.7	124,175.3	157,135.2	143,752.0	151,456.3	157,135.2	173,789.0	176,862.9
Non-residents	1,448.0	1,781.9	2,288.3	2,100.7	2,198.9	2,288.3	2,511.1	2,566.5
Legal entities	22,076.6	30,722.9	39,295.4	36,883.2	38,544.3	39,295.4	42,810.4	43,273.6
Credit Institutions	1,075.4	547.6	459.8	524.5	528.3	459.8	528.7	683.5
Other resident Institutions	20,657.1	29,743.3	38,245.2	35,871.5	37,486.3	38,245.2	41,577.4	41,957.6
Non-resident Institutions	344.1	431.9	590.4	487.1	529.8	590.4	704.3	632.5

1 Available data: April 2015.

Subscriptions and redemptions of financial mutual funds by category¹

TABLE 3.8

Million euro	2012	2013	2014	2014				2015
				I	II	III	IV	I
SUBSCRIPTIONS								
Total financial mutual funds	51,006.7	91,115.7	136,161.2	34,856.3	32,927.4	31,564.2	36,813.3	48,382.7
Fixed-income	32,924.2	50,154.7	65,698.5	16,218.9	15,222.9	15,127.6	19,129.1	19,411.7
Mixed fixed-income	1,440.2	4,569.8	21,675.7	3,126.7	5,853.9	5,919.4	6,775.7	12,631.5
Mixed equity	590.0	3,021.8	8,991.2	1,615.8	1,973.9	2,856.4	2,545.1	4,174.2
Euro equity	1,257.5	4,082.8	6,702.0	1,921.3	1,665.8	1,536.4	1,578.5	1,653.5
Foreign equity	1,693.8	3,697.4	5,843.2	1,425.9	1,323.2	1,325.8	1,768.3	3,177.2
Guaranteed fixed-income	7,976.3	5,964.0	847.8	287.2	125.2	141.2	294.2	207.8
Guaranteed equity	1,420.7	1,937.5	3,684.6	1,141.2	966.6	697.3	879.5	174.8
Global funds	1,270.9	2,175.2	3,752.9	766.5	836.4	939.5	1,210.5	3,355.6
Passive management	1,402.2	13,627.5	15,081.3	7,394.1	4,087.3	2,083.0	1,516.9	1,118.2
Absolute return	1,031.0	1,885.0	3,884.4	958.7	872.3	937.7	1,115.7	2,478.2
REDEMPTIONS								
Total financial mutual funds	63,744.4	66,982.7	100,188.5	24,786.4	22,161.4	22,735.9	30,504.8	34,975.3
Fixed-income	38,767.8	36,371.6	52,205.8	12,585.6	12,265.9	11,449.0	15,905.3	18,334.6
Mixed fixed-income	2,215.4	2,510.5	5,963.7	803.2	952.2	1,815.7	2,392.6	3,630.1
Mixed equity	973.1	1,139.9	2,423.5	407.0	534.8	506.7	975.0	1,507.4
Euro equity	1,421.2	2,352.5	4,517.1	966.3	882.9	1,075.8	1,592.1	1,750.8
Foreign equity	2,114.4	2,797.2	5,311.4	1,003.1	946.7	1,471.4	1,890.2	1,736.9
Guaranteed fixed-income	8,829.3	10,433.2	11,301.4	4,050.6	2,787.9	1,848.7	2,614.2	2,035.2
Guaranteed equity	4,944.2	4,007.7	4,594.1	1,164.9	1,010.0	1,263.3	1,155.9	1,096.4
Global funds	1,278.4	1,327.8	1,570.6	352.8	301.9	362.9	553.0	1,002.8
Passive management	830.1	4,089.3	10,110.4	3,036.8	2,002.4	2,426.8	2,644.4	3,040.3
Absolute return	2,370.4	1,952.8	2,190.5	416.0	476.7	515.5	782.3	840.8

1 Estimated data.

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

TABLE 3.9

Million euro	2012	2013	2014	2014				2015
				I	II	III	IV	I
NET SUBSCRIPTIONS/REDEMPTIONS								
Total financial mutual funds	-14,597.3	24,086.2	35,794.5	10,082.0	10,766.6	8,666.6	6,279.3	12,863.8
Fixed-income	-7,739.7	13,405.0	13,821.0	3,831.2	2,955.3	3,746.7	3,287.8	1,021.4
Mixed fixed-income	-18.8	2,369.7	15,689.2	2,319.5	4,897.1	4,123.4	4,349.2	9,002.9
Mixed equity	35.8	2,673.3	6,842.3	1,216.3	1,441.5	2,350.5	1,834.0	2,666.8
Euro equity	-115.4	1,733.5	-338.3	-1,220.2	607.3	288.8	-14.2	-96.1
Foreign equity	-425.3	865.9	2,715.6	2,605.7	389.7	-148.1	-131.7	1,440.3
Guaranteed fixed-income	-338.8	-6,717.5	-11,761.5	-4,399.8	-2,796.8	-1,889.9	-2,675.0	-2,243.4
Guaranteed equity	-4,225.9	-2,689.1	-651.7	149.1	-72.9	-491.0	-236.9	-936.0
Global funds	-1,021.0	-176.7	2,110.3	400.7	554.9	563.3	591.4	2,308.8
Passive management	823.8	12,675.2	5,632.0	4,636.7	2,423.8	-299.1	-1,129.4	-1,932.5
Absolute return	-1,571.9	-53.2	1,735.6	542.8	366.7	422.0	404.1	1,631.6
RETURN ON ASSETS								
Total financial mutual funds	6,289.3	8,566.5	6,260.3	2,757.7	2,456.0	806.6	240.0	7,535.3
Fixed-income	1,459.6	990.0	1,451.7	492.0	403.8	354.0	201.9	707.5
Mixed fixed-income	266.1	267.6	487.2	142.6	168.9	127.6	48.1	900.2
Mixed equity	238.2	459.3	415.5	119.8	152.8	75.4	67.5	801.8
Euro equity	558.8	1,629.1	107.0	340.4	241.4	-196.9	-277.9	1,315.7
Foreign equity	759.1	1,368.1	701.7	239.0	343.4	-126.8	246.1	1,772.2
Guaranteed fixed-income	1,727.4	1,754.3	697.3	448.1	187.4	92.0	-30.2	98.3
Guaranteed equity	624.5	779.8	344.5	157.5	203.3	47.6	-63.9	490.6
Global funds	274.9	346.2	248.0	79.1	87.5	42.0	39.4	490.5
Passive management	196.8	861.0	1,704.8	700.3	627.8	381.3	-4.6	790.1
Absolute return	184.1	111.1	102.7	38.9	39.8	10.4	13.6	168.3

Financial mutual funds return on assets. Detail by category

TABLE 3.10

% of daily average total net assets	2012	2013	2014	2014				2015
				I	II	III	IV	I
MANAGEMENT YIELDS								
Total financial mutual funds	6.03	7.37	4.84	1.97	1.68	0.71	0.39	3.94
Fixed-income	4.33	2.96	3.20	1.06	0.86	0.76	0.49	1.19
Mixed fixed-income	6.05	5.20	5.16	1.86	1.63	1.06	0.53	3.49
Mixed equity	9.20	11.84	6.46	2.09	2.24	1.09	0.90	5.78
Euro equity	12.84	28.36	4.00	5.32	3.54	-1.82	-2.86	15.38
Foreign equity	13.51	21.47	8.38	2.64	3.46	-0.52	2.59	13.47
Guaranteed fixed-income	5.30	5.80	3.52	1.81	0.95	0.63	0.09	0.75
Guaranteed equity	5.26	7.34	4.08	1.60	1.94	0.71	-0.22	4.47
Global funds	7.80	9.86	6.07	2.01	1.99	1.01	0.93	6.57
Passive management	7.99	9.84	8.80	3.79	2.87	1.73	0.16	3.61
Absolute return	4.93	3.61	3.11	1.07	1.02	0.49	0.50	2.66
EXPENSES. MANAGEMENT FEE								
Total financial mutual funds	0.94	0.98	0.98	0.24	0.24	0.25	0.25	0.26
Fixed-income	0.66	0.68	0.70	0.17	0.17	0.18	0.18	0.17
Mixed fixed-income	1.10	1.13	1.19	0.29	0.30	0.30	0.29	0.30
Mixed equity	1.51	1.51	1.42	0.36	0.36	0.35	0.35	0.41
Euro equity	1.77	1.85	1.80	0.47	0.44	0.44	0.43	0.51
Foreign equity	1.74	1.83	1.78	0.43	0.44	0.45	0.45	0.50
Guaranteed fixed-income	0.79	0.86	0.88	0.22	0.22	0.22	0.22	0.21
Guaranteed equity	1.23	1.25	1.20	0.30	0.30	0.30	0.29	0.27
Global funds	1.01	1.32	1.20	0.32	0.30	0.29	0.29	0.39
Passive management	0.81	0.72	0.64	0.16	0.16	0.16	0.16	0.17
Absolute return	1.03	1.13	1.07	0.28	0.27	0.26	0.27	0.29
EXPENSES. DEPOSITORY FEE								
Total financial mutual funds	0.08	0.08	0.08	0.02	0.02	0.02	0.02	0.02
Fixed-income	0.08	0.08	0.08	0.02	0.02	0.02	0.02	0.02
Mixed fixed-income	0.08	0.08	0.09	0.02	0.02	0.02	0.02	0.02
Mixed equity	0.12	0.12	0.10	0.03	0.03	0.03	0.03	0.03
Euro equity	0.12	0.09	0.12	0.03	0.03	0.03	0.03	0.03
Foreign equity	0.12	0.12	0.11	0.03	0.03	0.03	0.03	0.03
Guaranteed fixed-income	0.08	0.08	0.08	0.02	0.02	0.02	0.02	0.02
Guaranteed equity	0.08	0.08	0.08	0.02	0.02	0.02	0.02	0.02
Global funds	0.08	0.08	0.09	0.02	0.02	0.02	0.02	0.02
Passive management	0.08	0.08	0.07	0.02	0.02	0.02	0.02	0.02
Absolute return	0.08	0.08	0.08	0.02	0.02	0.02	0.02	0.02

Mutual funds quarterly returns. Detail by category

TABLE 3.11

In %	2012	2013	2014	2014				2015
				I	II	III	IV	I
Total financial mutual funds	5.50	6.50	3.67	1.71	1.41	0.43	0.08	3.85
Fixed-income	3.54	2.28	2.41	0.89	0.67	0.55	0.28	0.99
Mixed fixed-income	4.95	4.16	3.67	1.57	1.34	0.71	0.01	3.27
Mixed equity	7.83	10.85	4.70	1.69	1.89	0.77	0.28	5.56
Euro equity	12.31	28.06	2.09	5.01	3.04	-2.35	-3.38	15.94
Foreign equity	13.05	20.30	6.61	2.22	2.92	-0.91	2.27	14.27
Guaranteed fixed-income	4.85	4.96	2.54	1.56	0.71	0.39	-0.14	0.51
Guaranteed equity	5.07	6.15	2.64	1.26	1.59	0.38	-0.60	4.27
Global funds	7.44	8.71	4.63	1.65	1.69	0.68	0.54	6.64
Passive management	7.10	8.88	7.74	3.45	2.64	1.49	-0.02	3.53
Absolute return	3.84	2.46	1.98	0.82	0.75	0.18	0.22	2.50

Hedge funds and funds of hedge funds

TABLE 3.12

	2012	2013	2014	2014				2015
				I	II	III	IV	I ¹
HEDGE FUNDS								
Investors/shareholders	2,427	2,415	2,819	2,513	2,631	2,627	2,819	2,917
Total net assets (million euro)	918.6	1,036.7	1,369.5	1,172.4	1,261.5	1,353.0	1,369.5	1,505.7
Subscriptions (million euro)	347.6	401.7	574.6	134.5	125.1	196.4	118.6	75.3
Redemptions (million euro)	212.7	414.3	293.8	44.1	58.5	89.6	101.6	30.6
Net subscriptions/redemptions (million euro)	134.8	-12.6	280.8	90.4	66.6	106.8	17.0	44.7
Return on assets (million euro)	55.7	130.0	52.0	45.3	22.5	-15.3	-0.5	91.5
Returns (%)	7.17	16.48	5.30	4.21	1.97	-0.98	0.07	6.76
Management yields (%) ²	8.00	17.22	7.39	5.02	2.53	-0.83	0.57	7.17
Management fee (%) ²	1.38	2.87	2.21	0.94	0.50	0.35	0.40	0.99
Financial expenses (%) ²	0.04	0.04	0.32	0.01	0.01	0.13	0.17	0.12
FUNDS OF HEDGE FUNDS								
Investors/shareholders	3,338	3,022	2,734	2,994	2,972	2,737	2,734	2,746
Total net assets (million euro)	540.0	350.3	345.4	352.1	354.0	367.5	345.4	367.4
Subscriptions (million euro)	23.6	4.9	7.1	1.5	1.5	4.0	0.1	-
Redemptions (million euro)	74.3	215.2	40.8	2.0	4.5	5.9	28.4	-
Net subscriptions/redemptions (million euro)	-50.8	-210.3	-33.7	-0.5	-3.0	-1.9	-28.3	-
Return on assets (million euro)	17.6	20.6	28.9	2.3	4.9	15.5	6.2	-
Returns (%)	0.88	4.39	8.48	0.66	1.42	4.42	1.76	6.42
Management yields (%) ³	4.56	5.78	9.72	1.00	1.73	4.66	2.03	-
Management fee (%) ³	1.28	1.28	1.07	0.27	0.28	0.27	0.25	-
Depository fee (%) ³	0.08	0.08	0.08	0.02	0.02	0.02	0.02	-

1 Available data: February 2015. Return refers to the period December-February.

2 % of monthly average total net assets.

3 % of daily average total net assets.

Management companies. Number of portfolios and assets under management¹

TABLE 3.13

	2012	2013	2014	2014			2015	
				II	III	IV	I	II ²
NUMBER OF PORTFOLIOS³								
Mutual funds	2,205	2,043	1,949	2,012	1,973	1,949	1,939	1,911
Investment companies	2,922	2,975	3,164	3,053	3,119	3,164	3,177	3,275
Funds of hedge funds	24	22	18	20	20	18	18	18
Hedge funds	35	29	35	28	31	35	35	35
Real estate mutual funds	6	6	4	6	6	4	3	3
Real estate investment companies	8	10	7	9	9	7	8	7
ASSETS UNDER MANAGEMENT (million euro)								
Mutual funds	124,040.4	156,680.1	198,718.8	182,735.8	192,199.6	198,718.8	219,110.5	222,702.9
Investment companies	23,011.0	26,830.1	30,613.8	29,395.0	30,149.9	30,613.8	33,702.3	33,740.4
Funds of hedge funds ⁴	539.9	350.3	345.4	354.0	367.6	345.4	367.4	-
Hedge funds ⁴	881.4	1,036.6	1,328.0	1,221.1	1,312.0	1,328.0	1,459.1	-
Real estate mutual funds	4,201.5	3,682.6	419.8	3,525.8	3,495.1	419.8	417.9	418.4
Real estate investment companies	284.1	853.7	806.5	828.9	822.4	806.5	809.4	810.2

1 It is considered as "assets under management" all the assets of the investment companies which are co-managed by management companies and other different companies.

2 Available data: April 2015.

3 Data source: Collective Investment Schemes Registers.

4 Available data for I Quarter 2015: February 2015.

Foreign Collective Investment Schemes marketed in Spain¹

TABLE 3.14

	2012	2013	2014	2014				2015
				I	II	III	IV	I ²
INVESTMENT VOLUME³ (million euro)								
Total	38,075.3	54,727.2	78,904.3	60,859.6	68,004.5	72,631.0	78,904.3	95,322.6
Mutual funds	6,271.5	8,523.2	11,166.0	9,151.9	9,613.9	10,344.7	11,166.0	13,187.9
Investment companies	31,803.8	46,204.0	67,738.3	51,707.6	58,390.6	62,286.3	67,738.3	82,134.7
INVESTORS/SHAREHOLDERS								
Total	819,485	1,067,708	1,317,674	1,037,958	1,263,915	1,233,232	1,317,674	1,328,282
Mutual funds	163,805	204,067	230,104	194,846	228,201	219,098	230,104	260,013
Investment companies	655,680	863,641	1,087,570	843,112	1,035,714	1,014,134	1,087,570	1,068,269
NUMBER OF SCHEMES								
Total	754	782	805	796	802	810	805	836
Mutual funds	421	409	405	414	416	415	405	414
Investment companies	333	373	400	382	386	395	400	422
COUNTRY								
Luxembourg	310	321	333	325	326	332	333	338
France	272	272	264	274	276	274	264	278
Ireland	90	103	117	109	109	113	117	127
Germany	31	32	33	32	33	33	33	32
UK	22	22	26	24	26	26	26	29
The Netherlands	1	2	2	2	2	2	2	2
Austria	23	24	25	24	24	24	25	25
Belgium	3	4	4	4	4	4	4	4
Malta	1	1	0	1	1	1	0	0
Denmark	1	1	1	1	1	1	1	1

1 Exchange traded funds (ETFs) data is not included.

2 Provisional data.

3 Investment volume: participations or shares owned by the investors/shareholders at the end of the period valued at that moment.

Real estate investment schemes¹

TABLE 3.15

	2012	2013	2014	2014			2015	
				II	III	IV	I	II ²
REAL ESTATE MUTUAL FUNDS								
Number	6	6	3	6	6	3	3	3
Investors	25,218	5,750	4,021	4,090	4,093	4,021	3,897	3,897
Asset (million euro)	4,201.5	3,682.6	419.8	3,525.8	3,495.1	419.8	417.9	418.4
Return on assets (%)	-5.53	-11.28	-5.87	-2.31	-0.87	-1.23	-0.26	0.11
REAL ESTATE INVESTMENT COMPANIES								
Number	8	10	7	9	9	7	7	7
Shareholders	937	1,023	845	1,052	1,046	845	842	842
Asset (million euro)	284.1	853.7	806.5	828.9	822.4	806.5	809.4	810.2

1 Real estate investment schemes which have sent reports to the CNMV, excluding those in process of dissolution or liquidation.

2 Available data: April 2015. In this case, return on assets is monthly.

