CNMV BULLETIN
Quarter IV
2013

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Table of contents

Abbreviations

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

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

I Market survey (*)

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

Contents

1 Overview

In the second half of 2013,[1] the global macroeconomic landscape was again dominated by the growth weakness of the major advanced economies – though with improved prospects in some countries from late summer on – and the deceleration of the emerging market economies, which nonetheless continued at the forefront of world GDP growth. The absence of inflationary pressures allowed governments in most advanced economic regions to maintain the markedly expansionary tone of monetary policies, and keep interest rates at historic lows. Key developments were the ECB's November decision to reduce its official rate by a further 25 basis points (bp), on top of an earlier cut last May, leaving its main refinancing rate at 0.25%, and the Federal Reserve's revision of its earlier statement that it would start tapering its asset purchases on financial markets, to the effect that any such reduction was contingent on improved figures for economic activity and employment.

Signals of a possible switch in the Federal Reserve's monetary policy and the failed attempts to approve a ceiling for the country's debt caused a climate of uncertainty among economic agents which was one of the main factors shaping financial market performance from late June onwards. In international debt markets, the greater variability of capital flows drove up the long-term bond yields of sounder economies (the United States, United Kingdom and Germany)[2] along with the risk premiums of the emerging group, but did not hinder the progressive normalisation of European sovereign debt markets. In fact, the credit risk premiums of the euro-area economies worst affected by the turmoil of previous years prolonged the steady descent initiated after summer 2012, reflecting improved perceptions of their macroeconomic and financial health.

In equity markets, a gap opened up between US and Japanese indices, on the one hand, which powered higher almost all year long,[3] and most indices in Europe, which followed up an uneven first-half performance with a strong third-quarter rally fuelled by indicators confirming the recovery of euro-area activity, and the progress made towards banking union. This bull trend carried European indices to full-year advances ranging from 10.8% to 18.3%, albeit with signs of exhaustion setting in over December's closing weeks.

In Spain, various factors helped bolster the performance of domestic financial markets in the second-half period. These were: (i) the perception that economic activity

1 The closing date for this report is 13 December.

2 Ten-year government bond yields in the third quarter were testing 3% in the United States and United Kingdom and 2% in Germany.

3 Main stock indices closed the year with gains ranging from 20.2% and 32.5% in the United States and 44.1% and 48.2% in Japan.

was gaining momentum after the positive GDP outcome of the third-quarter period and the 2014 forecasts issued by international organizations;[4] (ii) progress in the recapitalisation and restructuring of the Spanish financial system; (iii) the deep correction of domestic asset prices endured since the start of the crisis, in real estate especially; and (iv) the efforts being seen to be made in fiscal consolidation. All these elements combined to spur purchasing of domestic financial assets by both resident and non-resident sectors.

Against this backdrop, the yields of the main instruments traded on Spanish debt markets traced a year-long decline reversing only in the middle months. The ten-year bond dropped to mid-December levels of just over 4% (5.3% at end-2012), while its spread over the equivalent German benchmark narrowed from 396 bp to 228 bp. The credit spreads of both the sovereign bond and private-sector issuers (financial and non-financial) resumed levels similar to in spring 2010, when turmoil first erupted on European sovereign debt markets. But despite these easier funding conditions, the volume of debt issues registered with the CNMV in 2013[5] slumped by 60.2% to 125.4 billion euros. Meantime, the big news in business financing was the December launch of the first bond destined for trading on the Alternative Fixed-Income Market (Spanish acronym: MARF), whose regulations were approved last May. This new market seeks to channel more financing to the corporate sector, and, particularly, to facilitate medium-sized companies' access to capital markets.

Spanish equity markets also benefitted in 2013 from changes in agent perceptions of the country's macroeconomic and financial health. Share prices rallied strongly starting in the third quarter though with some loss of steam in the closing stretch. The result was a full-year advance in the Ibex 35 of 13.5%, giving it a mid-way position in the European table. All the sectors tracked managed annual gains on a significant scale, headed by consumer services with just under 50%. Ibex 35 volatility held at historically reduced levels (around 20%) for almost all year accompanied by solid improvement in liquidity conditions. Trading volumes, finally, scraped an increase of 1.1% in 2013, breaking with the downtrend of preceding years. Another noteworthy development was the year-long shift towards alternative platforms for the trading of Spanish shares.

4 Most forecasters expect Spanish GDP to grow just short of 1% in 2014.

5 To 13 December.

Key financial indicators

TABLE 1

	Q1 13	Q2 13	Q3 13	Q4 13[8]
Short-term interest rates (%)[1]				
Official interest rate	0.75	0.50	0.50	0.25
Euribor 3 month	0.21	0.21	0.22	0.25
Euribor 12 month	0.55	0.51	0.54	0.52
Exchange rates[2]				
Dollar / euro	1.28	1.31	1.35	1.37
Yen / euro	120.9	129.4	131.8	141.9
Medium and long government bond yields[3]				
Germany				
3 year	0.06	0.26	0.32	0.29
5 year	0.40	0.65	0.94	0.78
10 year	1.41	1.62	1.92	1.82
United States				
3 year	0.38	0.57	0.76	0.60
5 year	0.81	1.19	1.58	1.47
10 year	1.94	2.29	2.80	2.84
Corporate debt risk premium: spread over ten-year government bonds (bp)[3]				
Euro area				
High yield	428	435	397	374
BBB	186	163	151	133
AAA	44	34	14	25
United States				
High yield	450	446	398	354
BBB	143	152	131	110
AAA	44	59	51	70
Equity markets				
Performance of main world stock indices (%)[4]				
Euro Stoxx 50	-0.5	-0.8	11.2	1.0
Dow Jones	11.3	2.3	1.5	4.1
Nikkei	19.3	10.3	5.7	6.6
Other indices (%)				
Merval (Argentina)	18.4	-12.0	60.7	9.9
Bovespa (Brazil)	-7.5	-15.8	10.3	-4.4
Shanghai Comp. (China)	-1.4	-11.5	9.9	1.0
BSE (India)	-5.0	2.2	-1.4	7.6
Spanish stock market				
Ibex 35 (%)	-3.0	-2.0	18.3	0.9
P/E of Ibex 35[5]	11.3	11.0	13.3	14.4
Volatility of Ibex 35 (%)[6]	21.3	22.8	21.2	18.6
SIBE trading volumes[7]	2,593	2,588	2,373	3,450

Source: CNMV, Thomson Datastream, Bloomberg, Reuters, Banco de España, Bolsa de Madrid, MEFF and AIAF.

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

2 Data at period end.

3 Monthly average of daily data.

4 Cumulative quarterly change in each period.

5 Price earnings ratio.

6 Implied at-the-money (ATM) volatility on nearest expiry at period end. Arithmetical average for the quarter.

7 Daily average in million euros.

8 Data to 13 December.

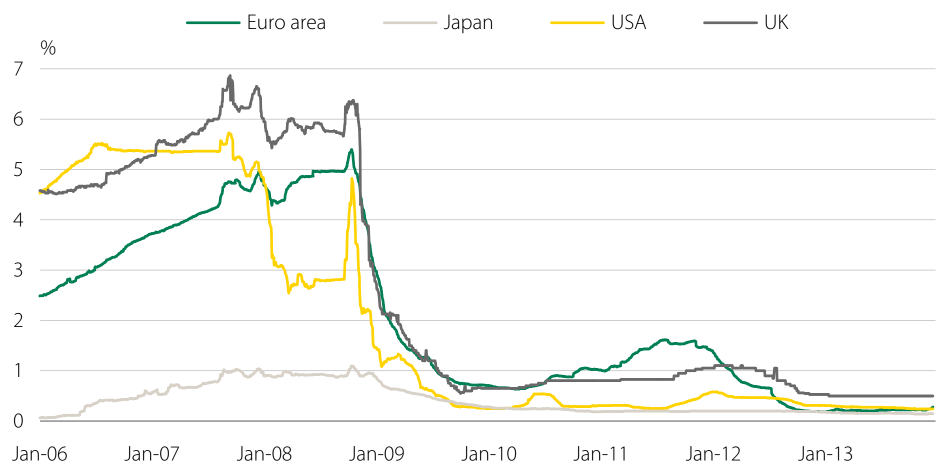
2 International financial background

2.1 Short-term interest rates

The 2013 global macroeconomic and financial landscape was again dominated by the growth frailty of the major advanced economies, which nonetheless performed better in the second half, and by the activity slowdown affecting most emerging market economies. The sluggish advance of GDP in the advanced economies – which will barely scrape 1% growth in full-year 2013[6] – has kept inflationary pressures well in check and favoured the upkeep of expansionary monetary policies in their respective areas. The ECB, to look no further, ordered a new 25 bp cut in its main refinancing rate on 7 November to an all-time low of 25 bp.[7]

The result was that these countries' short-term rates remained broadly unchanged through 2013. By mid-December, three-month rates (see figure 1) stood at 28 bp in the euro area, 24 bp in the United States, 15 bp in Japan and 50 bp in the United Kingdom. In the one-year tenor, only US rates traced a more pronounced decline, that took them to 58 bp in mid-December 2013 from the 85 bp of the 2012 close. In the remaining economies tracked, one-year rates held more or less flat to close at just over 50 bp in the euro area, around 95 bp in the United Kingdom, and under 40 bp in Japan.

Three-month interest rates FIGURE 1



Source: Thomson Datastream. Data to 13 December.

In the United States, the prospect that the Federal Reserve would move to a phased withdrawal of its monetary stimulus measures under Quantitative Easing, particularly its bond purchases on financial markets, weighed heavily on long-term debt markets over the year's second half, but left short-term markets unaffected. The change in US monetary policy hinted at in late June kept the markets guessing right

6 According to the latest IMF forecasts.

7 The marginal lending rate dropped from 1.0% to 0.75%, while the deposit rate held at 0%.

to the end of the year, given the inconclusive nature of the published data on economic activity and employment.

Short-term interest rates[1] (%) TABLE 2

	Dec 10	Dec 11	Dec 12	Dec 13[1]	Mar 13	Jun 13	Sep 13	Dec 13[1]
Euro area								
Official[2]	1.00	1.00	0.75	0.25	0.75	0.50	0.50	0.25
3 month	1.02	1.43	0.19	0.25	0.21	0.21	0.22	0.25
6 month	1.25	1.67	0.32	0.35	0.33	0.32	0.34	0.35
12 month	1.53	2.00	0.55	0.52	0.55	0.51	0.54	0.52
United States								
Official[3]	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
3 month	0.30	0.56	0.31	0.24	0.28	0.27	0.25	0.24
6 month	0.46	0.78	0.51	0.34	0.45	0.41	0.38	0.34
12 month	0.78	1.10	0.85	0.58	0.73	0.68	0.65	0.58
United Kingdom								
Official	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3 month	0.80	1.05	0.53	0.50	0.50	0.50	0.50	0.50
6 month	1.05	1.40	0.70	0.67	0.67	0.67	0.67	0.67
12 month	1.50	1.90	1.00	0.95	0.95	0.95	0.95	0.95
Japan								
Official[4]	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month	0.18	0.20	0.18	0.15	0.16	0.15	0.15	0.15
6 month	0.35	0.34	0.29	0.21	0.26	0.23	0.22	0.21
12 month	0.57	0.55	0.49	0.37	0.45	0.42	0.41	0.37

Source: Thomson Datastream.

1 Average daily data except official rates, which correspond to the last day of the period. Data to 13 December.

2 Marginal rate at weekly auctions.

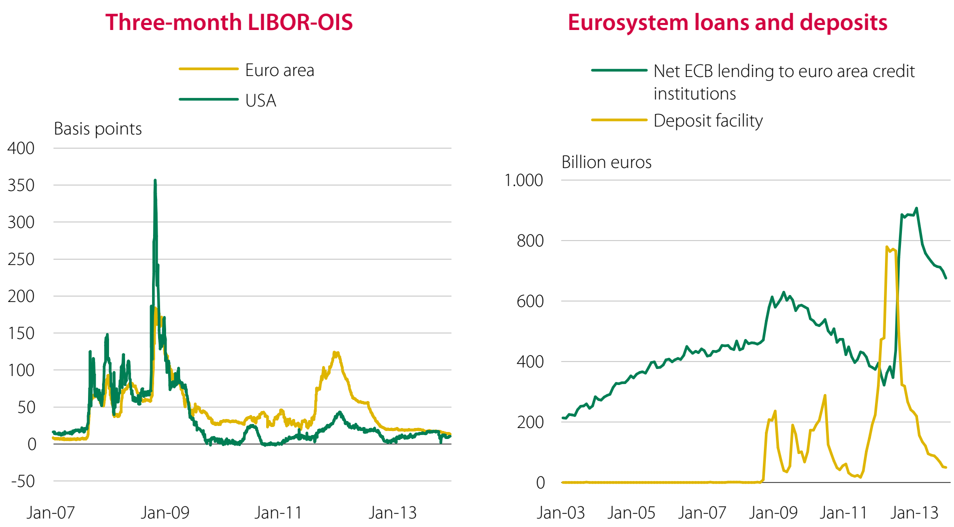
3 Federal funds rate.

4 Monetary policy rate.

Against this backdrop, the three-month LIBOR-OIS spread in US and euro-area interbank markets edged lower in the second half of 2013, from around 15 bp and 20 bp respectively to mid-December levels below 10 bp and 15 bp. The better situation of the European banking industry, though it is yet to receive a clean bill of health, facilitated some reduction in net recourse to Eurosystem funding, whose aggregate amount decreased by over 200 billion euros in 2013, though borrowings remained high by historical standards (see figure 2).

Interbank spreads and Eurosystem financing

FIGURE 2



Source: Thomson Datastream and Banco de España.

Three-month forward rates are currently pricing in no change in either US or euro official rates. This squares with both the predictions made by diverse institutions and the declarations of leading monetary authorities, for whom the absence of inflationary pressures is still the determining factor.

Three-month forward rates (FRAs)[1] (%)

TABLE 3

	Dec 10	Dec 11	Dec 12	Dec 13	Mar 13	Jun 13	Sep 13	Dec 13
Euro area								
Spot	1.01	1.36	0.19	0.28	0.21	0.22	0.23	0.28
FRA 3x6	1.04	1.06	0.17	0.33	0.26	0.29	0.28	0.33
FRA 6x9	1.13	0.93	0.17	0.34	0.31	0.35	0.33	0.34
FRA 9x12	1.23	0.90	0.20	0.35	0.33	0.43	0.38	0.35
FRA 12x15	1.34	0.91	0.23	0.37	0.35	0.49	0.43	0.37
United States								
Spot	0.30	0.58	0.31	0.24	0.28	0.27	0.25	0.24
FRA 3x6	0.39	0.65	0.30	0.26	0.33	0.32	0.30	0.26
FRA 6x9	0.47	0.71	0.33	0.30	0.37	0.39	0.33	0.30
FRA 9x12	0.61	0.75	0.35	0.33	0.39	0.44	0.37	0.33
FRA 12x15	0.78	0.75	0.38	0.39	0.42	0.50	0.43	0.39

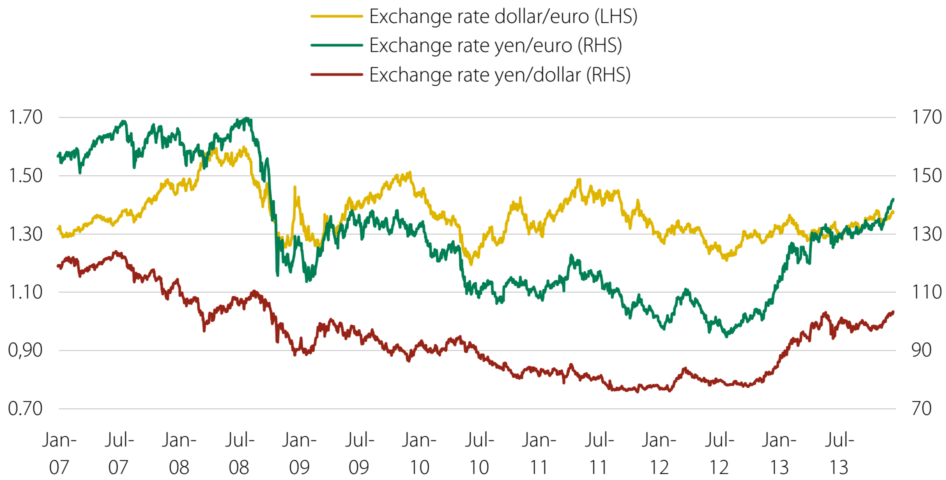
Source: Thomson Datastream.

1 Data at period end. Data to 13 December.

2.2 Exchange rates

Foreign currency markets proved less volatile in the second half after a period characterized by the euro's relative stability versus the dollar and the yen's tumble against other leading currencies. The euro, specifically, appreciated to 1.37 dollars in mid-December, after holding around the 1.30 mark for most of the year, while its exchange rate against the yen progressed from 114 yens at the 2012 close to 129 yens last June, and almost 142 yens in the month of December (see figure 3).

Dollar/euro and yen/euro exchange rates FIGURE 3



Source: Thomson Datastream. Data to 13 December.

2.3 Long-term interest rates

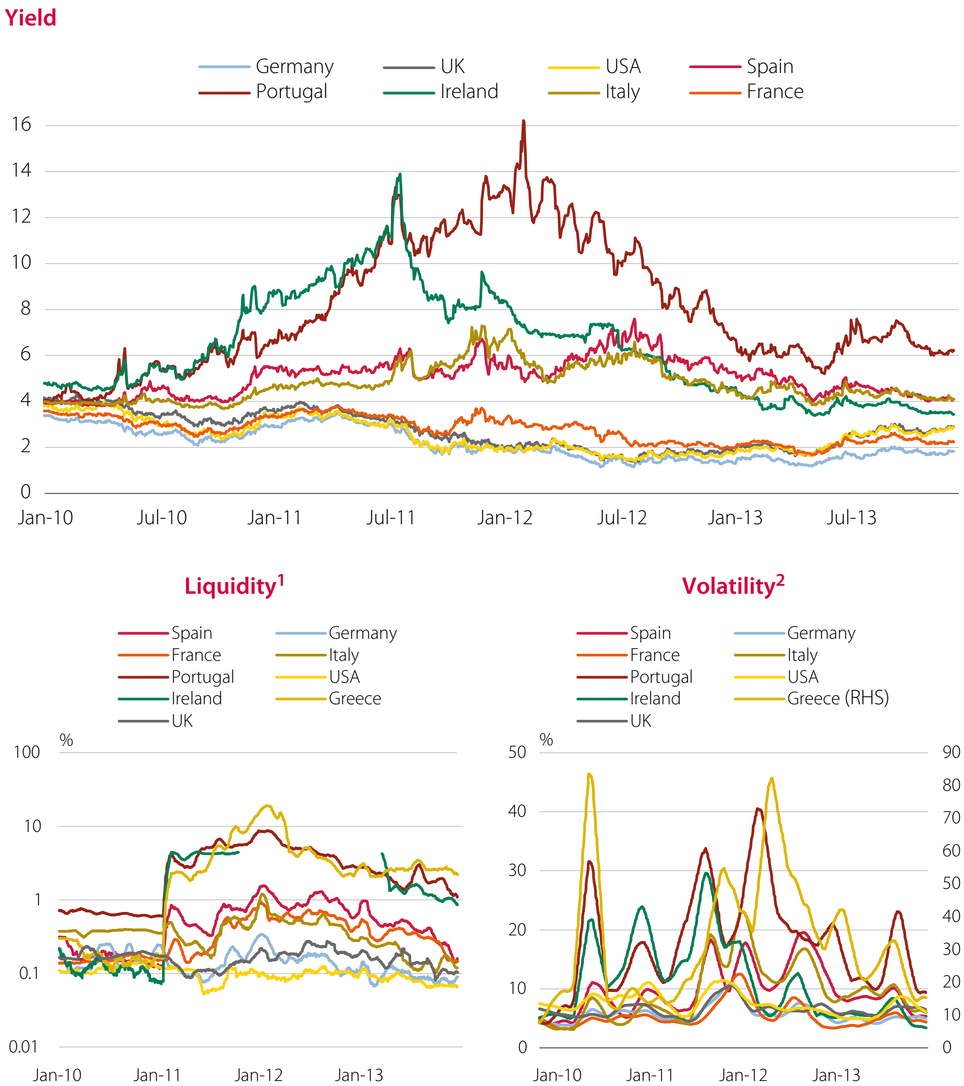
The mood on long-term debt markets in the year's second half was heavily conditioned by changing expectations of a switch in the US monetary policy stance, and the failure of attempts to approve a ceiling for the country's debt. All this against a background of abundant liquidity. The US monetary authority's apparent readiness to taper monthly bond purchases on financial markets as the domestic economy gathered strength pressured debt markets in both "safe havens" and Europe's more fragile economies, though in the latter case, tensions were mostly dispelled in a matter of weeks (see figure 4). The emerging economies, meantime, faced tougher financing conditions, as capital flowed out of both fixed-income and equity instruments.

The long-term government yields of the soundest among the advanced economies pulled higher between the first and the third quarter, most markedly in the United States and the United Kingdom, and despite levelling off or even falling slightly in the last few months, closed the year some way above their start-out levels. In the case of three-year bonds, the increase stopped at just under 30 bp, while ten-year yields rose by between 46 bp in Germany and 113 bp in the United States (see table 4). In Japan, the second-quarter spike in government bond yields in response to the expansionary turn of monetary policy, gave way to a general downward trend that lasted out the year.

In the remaining advanced economies, particularly those showing most vulnerable in previous years, long government yields headed lower for most of the year except

May and June then tended to turn flat in the closing weeks. The summer spike was more pronounced in the case of Portugal, but here too the rise reversed from mid-September on. By the middle of December, Portuguese, Spanish, Italian and Irish ten-year bonds were yielding 6.2%, 4.1%, 4.1% and 3.4% respectively, between 41 bp and 116 bp less than at year-end 2012. One explanation is that improved perceptions of these countries' economic and financial health in a context of historically low interest rates have placed them in the sights of a section of the investor public participating in the search for yield.

Sovereign bond market indicators (ten years) FIGURE 4



Source: Bloomberg, Thomson Datastream and CNMV. Data to 13 December.

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

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

Medium and long government bond yields[1] (%)

TABLE 4

	Dec 10	Dec 11	Dec 12	Dec 13	Mar 13	Jun 13	Sep 13	Dec 13
Germany								
3 year	1.16	0.41	0.02	0.29	0.06	0.26	0.32	0.29
5 year	1.91	0.92	0.35	0.78	0.40	0.65	0.94	0.78
10 year	2.90	1.99	1.36	1.82	1.41	1.62	1.92	1.82
United States								
3 year	0.98	0.38	0.35	0.60	0.38	0.57	0.76	0.60
5 year	1.92	0.88	0.69	1.47	0.81	1.19	1.58	1.47
10 year	3.29	1.97	1.71	2.84	1.94	2.29	2.80	2.84
United Kingdom								
3 year	1.14	0.55	0.50	0.79	0.34	0.62	0.86	0.79
5 year	2.07	0.82	0.85	1.64	0.71	1.29	1.67	1.64
10 year	3.61	2.12	1.85	2.88	1.90	2.21	2.89	2.88
Japan								
3 year	0.25	0.18	0.12	0.09	0.07	0.17	0.14	0.09
5 year	0.46	0.34	0.17	0.20	0.11	0.31	0.25	0.20
10 year	1.18	1.00	0.73	0.65	0.60	0.84	0.71	0.65

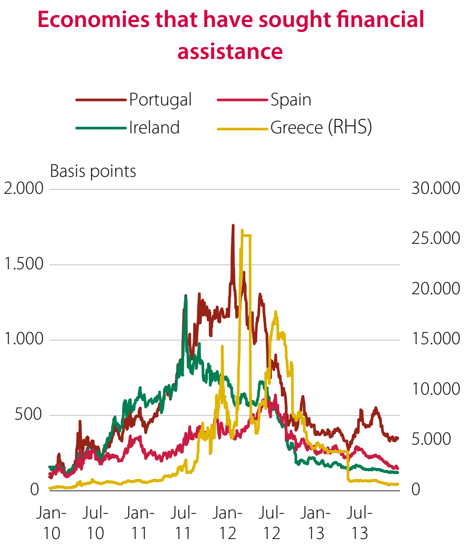
Source: Thomson Datastream.

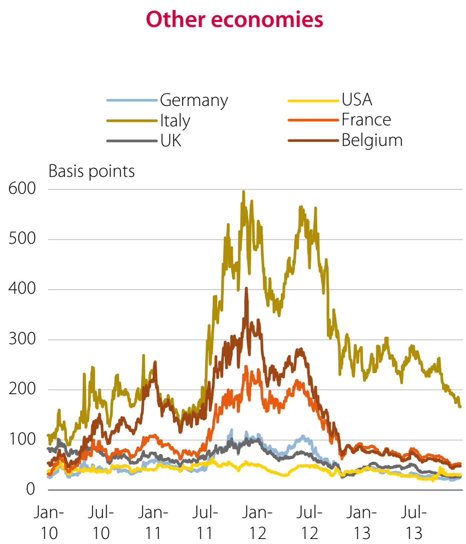
1 Monthly average of daily data. Data to 13 December.

The contrasting performance of bond yields in the more robust and supposedly more fragile economies spurred a practically year-long decline in sovereign risk premiums among this last group, building on the substantial improvement of the last months of 2012 (see figure 5). As we can see, sovereign spreads based on five-year CDS decreased by an average 100 bp in 2013 for economies like Italy, Portugal and Ireland. The Spanish CDS fared even better, registering a fall to mid-December of 146 bp.

Sovereign credit spreads (five-year CDS)

FIGURE 5

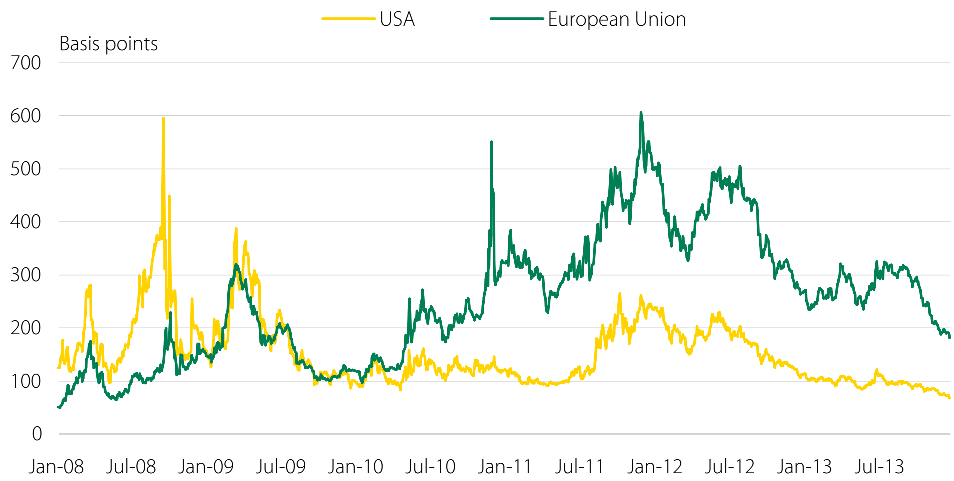




Source: Thomson Datastream. Data to 13 December.

Doubts about the health of European banking began to fade from summer on, to judge by the intervening run-down in sector credit spreads from over 300 bp to mid-December levels of under 200 bp (see figure 6). Among the contributory factors were presumably the progress made in the euro banking union project and the clean-up of the most crisis-hit financial systems. Meantime, the credit spreads of the US banking system held more or less flat through 2013 at around or slightly under 100 bp.

Bank sector credit spreads (five-year CDS) FIGURE 6



Source: Thomson Datastream, indices drawn up by CMA. Data to 13 December.

The abundance of liquidity in financial markets in a setting of low interest rates has triggered a search for yield which, for some time now, has been boosting purchases of medium- and low-quality debt instruments. This investor shift down the quality spectrum has prolonged the downtrend in spreads of BBB and high-yield bonds both in the euro area and the United States. In the case of high-yield instruments, the 2013 decrease ran to 153 bp in the United States and 136 bp in Europe versus falls of 55 bp and 65 bp respectively for BBB-rated assets.

Corporate bond risk premiums[1] TABLE 5

Spread versus ten-year government bonds, in basis points

	Dec 10	Dec 11	Dec 12	Dec 13	Mar 13	Jun 13	Sep 13	Dec 13
Euro area[2]								
High yield	545	926	510	374	428	435	397	374
BBB	253	474	198	133	186	163	151	133
AAA	97	165	50	25	44	34	14	25
United States								
High yield	461	683	507	354	450	446	398	354
BBB	145	261	165	110	143	152	131	110
AAA	37	98	29	70	44	59	51	70

Source: Thomson Datastream.

1 Monthly average of daily data. Data to 13 December.

2 Spread over the German bond.

Long-term debt issuance in international markets summed 3.6 trillion dollars in the full-year period, 24.4% down on the total for 2012. Most of the decline traced to sovereign debt issues, whose total volume was 2.4 trillion dollars against 3.7 trillion in 2012. This scaling back of public debt issuance (net of redemptions) extended to all the areas followed, but was most intense in the United States (see figure 7). In the private sector, the year's highlights were the resurgence of bank sector issuance in both the United States and Europe after several years of negative net financing, and the slightly lower net issuance of non-financial corporations, though still well ahead of the levels observed at the start of the crisis.[8]

Net international debt issuance FIGURE 7

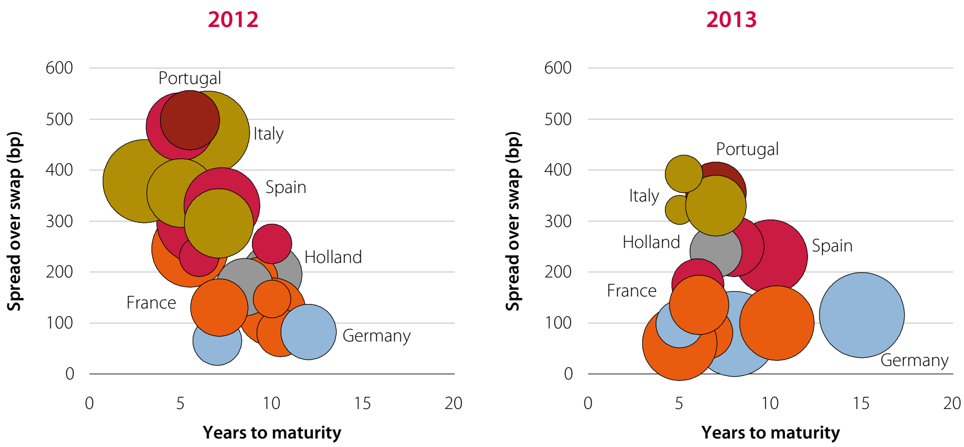
Source: Dealogic. Half yearly data. Figures for the second half of 2013, based on data to 15 December, are restated on a half-year basis for comparative purposes.

Despite the large issue volumes of the non-financial private sector, we can still observe some fragmentation in European debt markets as regards companies' funding costs. As we can see from figure 8, tracking, for illustrative purposes, a series of investment grade issues by European telecommunications operators in 2012 and 2013,

8 In fact, non-financial corporations increased their gross debt issuance by 0.5% in 2013 to 1.75 trillion dollars (1.0% for US corporates and 0.4% for Europeans).

the extra cost borne by those based in Portugal, Italy or Spain versus those in Germany or France has reduced sizeably in 2013 compared to the gap observed in 2012, though major differences persist.

Debt issuance of European telecommunications companies[1] FIGURE 8



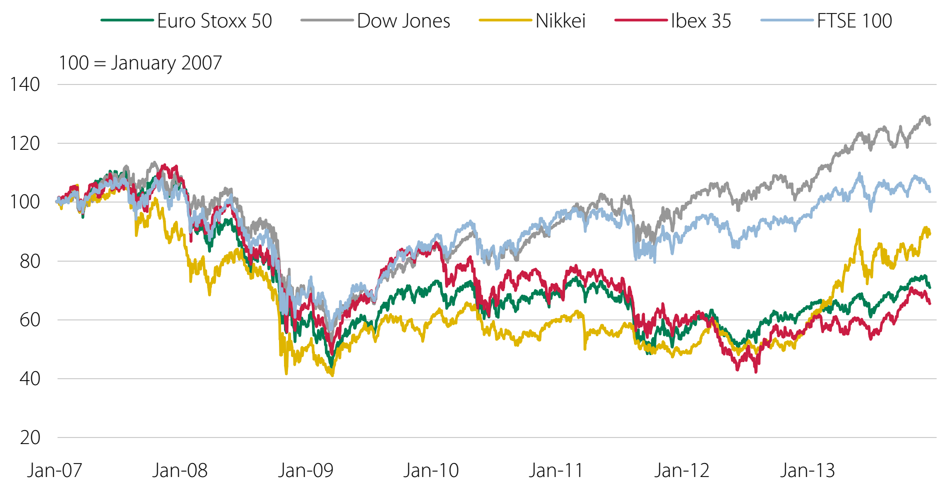
Source: Dealogic. 2013 data to 13 December.

1 Long-term investment-grade floating-rate bonds. The size of the bubble is proportional to the size of the issue.

2.4 International stock markets

Leading world stock indices posted further gains over the second half of 2013. Among European indices, prices rose most steeply in the third quarter on news that the recession was formally over and the slightly better growth prospects announced for the euro area. The bull trend, however, was showing signs of exhaustion by the year's closing weeks. Meantime, most US and Japanese benchmark indices prolonged the run-up experienced since the start of 2013, albeit with some levelling-off in Japan's case, accompanied by a decline in volatility from the peaks of last spring (see figure 9 and table 6).

Performance of main stock indices FIGURE 9



Source: Thomson Datastream. Data to 13 December.

Panning out to the full-year period, the salient development was the confident surge in Japanese stock indices of between 44% and 48%, followed by the main US indices with gains ranging from the 20.2% of the Dow Jones to the Nasdaq's 32.5%. Share prices in both areas were undoubtedly buttressed by the improved economic performance and outlook in a context characterised by strongly expansionary monetary policy.

Among Europe's indices, full-year gains ran from the 10.8% of the Euro Stoxx 50 to the 18.3% of Germany's Dax 30. In a majority of cases, the biggest advance corresponded to the third quarter, with more disparate performances over the rest of the year when presumably domestic conditions had more relative influence.

Performance of main stock indices[1] (%) TABLE 6

	2010	2011	2012	2013[1]	Q1 13	Q2 13	Q3 13	Q4 13[1]
World								
MSCI World	9.6	-7.6	13.2	18.6	7.2	-0.1	7.7	2.9
Euro area								
Euro Stoxx 50	-5.8	-17.1	13.8	10.8	-0.5	-0.8	11.2	1.0
Euronext 100	1.0	-14.2	14.8	12.6	4.7	-1.3	10.3	-1.2
Dax 30	16.1	-14.7	29.1	18.3	2.4	2.1	8.0	4.8
Cac 40	-3.3	-17.0	15.2	11.5	2.5	0.2	10.8	-2.0
Mib 30	-8.7	-24.0	10.2	12.3	-2.6	-0.4	11.8	3.5
Ibex 35	*-17.4*	*-13.1*	*-4.7*	*13.5*	*-3.0*	*-2.0*	*18.3*	*0.9*
United Kingdom								
FTSE 100	9.0	-5.6	5.8	9.2	8.7	-3.1	4.0	-0.3
United States								
Dow Jones	11.0	5.5	7.3	20.2	11.3	2.3	1.5	4.1
S&P 500	12.8	0.0	13.4	24.5	10.0	2.4	4.7	5.6
Nasdaq-Cpte	16.9	-1.8	15.9	32.5	8.2	4.2	10.8	6.1
Japan								
Nikkei 225	-3.0	-17.3	22.9	48.2	19.3	10.3	5.7	6.6
Topix	-1.0	-18.9	18.0	44.1	20.3	9.6	5.3	3.8

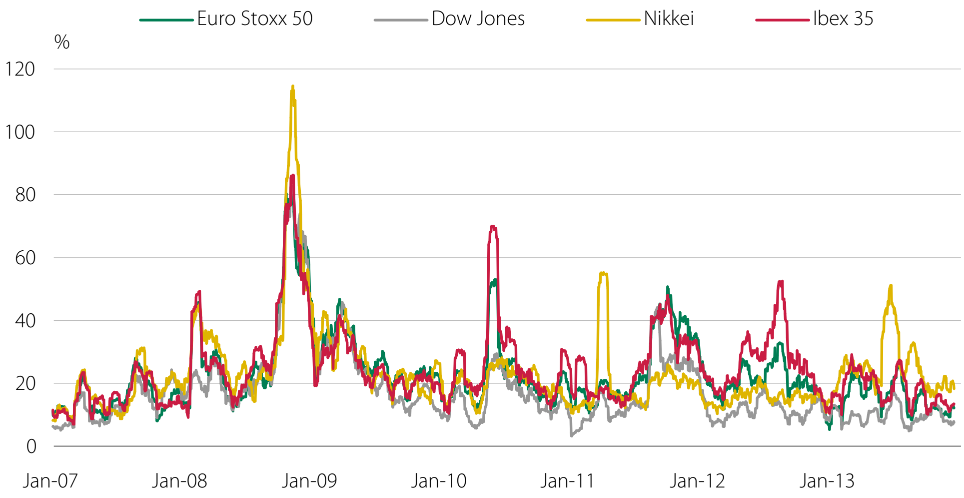
Source: Datastream.

1 In local currency. Data to 13 December.

With the exception of the Japanese indices, observed volatility on equity markets held below 20% throughout the year, similar to the standard levels of non-turbulent periods. In Japan, conversely, volatility spiked at nearly 50% in the spring months, coinciding with the Bank of Japan's unveiling of the largest monetary expansion of recent years. Nikkei readings, however, have settled since September at closer to 20% (see figure 10).

Historical volatility of main stock indices

FIGURE 10



Source: Thomson Datastream. Data to 13 December.

The dividend yields of leading world indices decreased in the second-half period. Although European yields dropped most sharply in the third quarter, their mid-December levels, from the 2.9% of the Dax 30 to the 4.9% of the Cac 40, remained sizeably ahead of the levels recorded in the United States (2.3% for the S&P 500) and Japan (1.7% for the Topix).

Dividend yield of main stock indices (%)

TABLE 7

	2009	2010	2011	2012	2013[1]	Mar 13	Jun 13	Sep 13	Dec 13[1]
S&P 500	2.3	2.2	2.6	2.6	2.3	2.5	2.5	2.4	2.3
Topix	1.8	1.9	2.6	2.3	1.7	1.9	1.8	1.6	1.7
Euro Stoxx 50	4.2	4.8	6.3	5.0	4.3	4.9	5.1	4.4	4.3
Euronext 100	4.2	4.3	5.6	4.8	4.3	4.7	5.0	4.3	4.3
FTSE 100	3.7	3.8	4.1	4.1	4.1	4.0	4.2	4.0	4.1
Dax 30	3.5	2.9	4.2	3.4	2.9	3.4	3.5	3.1	2.9
Cac 40	5.0	5.2	7.0	5.7	4.9	5.6	5.8	4.9	4.9
Mib 30	3.4	3.8	5.4	4.1	3.3	4.1	4.0	3.3	3.3
Ibex 35	3.9	5.9	6.9	5.4	4.3	4.9	5.2	4.3	4.3

Source: Thomson Datastream.

1 Data to 13 December.

The price-earnings ratios (P/E) of leading advanced economy stock indices pulled higher in the second half, rather more intensely among European indices on their better price performance in the period. The outcome was full-year growth upwards of 1.5 points in most of the indices tracked, despite their second-quarter decline. On a broader time perspective (see figure 11), the uptrend in P/E multiples has left them zeroing in on historical averages.

P/E[1] of main stock indices

TABLE 8

	2009	2010	2011	2012	2013[2]	Mar 13	Jun 13	Sep 13	Dec 13[2]
S&P 500	14.6	13.1	11.7	12.7	14.9	13.7	13.7	14.2	14.9
Topix	19.3	13.6	11.6	13.0	14.5	14.1	13.2	14.3	14.5
Euro Stoxx 50	11.5	9.5	8.5	10.6	12.3	10.7	10.3	11.9	12.3
Euronext 100	12.7	10.6	9.4	11.2	13.1	11.9	11.3	12.9	13.1
FTSE 100	12.5	10.5	9.3	11.0	12.5	11.4	10.9	12.1	12.5
Dax 30	12.7	10.8	9.0	11.1	12.5	11.3	10.8	11.7	12.5
Cac 40	12.1	10.0	8.7	10.7	12.4	11.0	10.7	12.3	12.4
Mib 30	12.4	10.0	8.4	10.4	12.6	10.6	10.5	12.4	12.6
Ibex 35	12.3	9.7	9.2	11.7	14.4	11.3	11.0	13.3	14.4

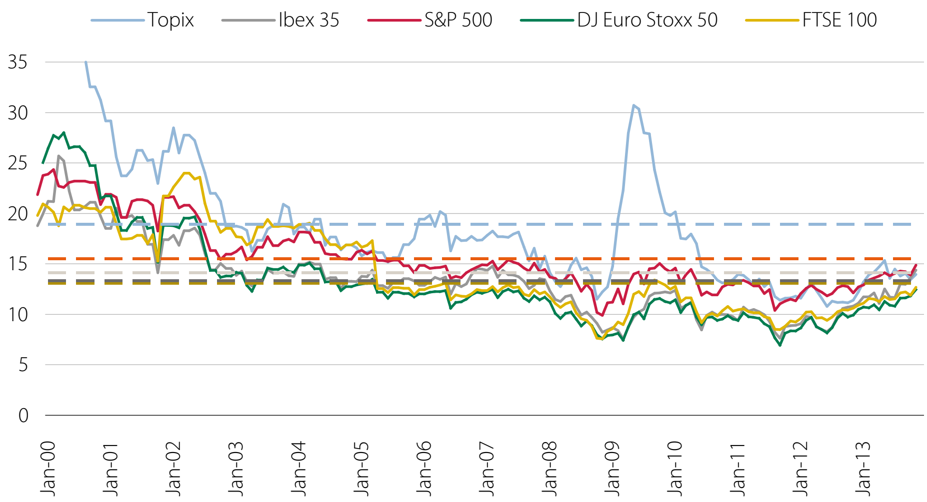
Source: Thomson Datastream.

1 The earnings per share making up the ratio denominator is based on 12-month forecasts.

2 Data to 13 December.

P/E[1] of main stock indices

FIGURE 11



Source: Thomson Datastream. Data for the last trading session in each month. Data to 13 December.

1 The earnings per share making up the ratio denominator is based on 12-month forecasts. Dotted lines represent the historical average of each index since the year 2000.

Emerging market stock indices turned in a divergent second-half performance both within and between economic areas, after the price reversals of the year's second quarter. Specifically, the third quarter saw prices rally in the largest of the emerging economies (with Argentina's Merval index rising by 60.7%, Brazil's Bovespa by 10.3% and China's Shanghai Composite by 9.9%) and most Eastern European indices. Remaining jurisdictions had mixed fortunes, with losses on some stock indices alternating with small advances elsewhere. In the fourth quarter, the disparities were wider still, although share prices moved in a considerably narrower channel. Thus the Philippines index was the worst performing with a fall of 6.9%, while the Argentine index led the field with a 9.9% advance[9] (see table 9).

9 The exception being the Venezuelan index, which has posted large gains over the past three years.

A closer look at index performance by geographical area shows a greater homogeneity among Eastern European economies, with full-year gains in the interval of 1.4% to 39.3% (and only the Russian index recording losses). In Latin America and Asia, conversely, the strong gains of some leading indices contrasted with the equally strong losses of others. The reasons for this divergence are both factors internal to the economy and inter-country differences in the direction and size of capital flows following the announcement of a possible scale-down in the Federal Reserve's bond buying programme. The fall in emerging market stock prices in 2013 (with the MSCI Emerging Index down 0.8% versus the 18.6% rise of the MSCI World Index) and the upturn in emerging market sovereign debt spreads, as gauged from EMBI indices,[10] evidences the tougher financing conditions facing these economies since the middle of the year (see figure 12).

Performance of other leading world indices TABLE 9

	Index	2010	2011	2012	2013[1]	Q1 13	Q2 13	Q3 13	Q4 13[1]
Latin America									
Argentina	Merval	51.8	-30.1	15.9	84.2	18.4	-12.0	60.7	9.9
Brazil	Bovespa	1.0	-18.1	7.4	-17.9	-7.5	-15.8	10.3	-4.4
Chile	IGPA	38.2	-12.4	4.7	-14.2	3.0	-8.5	-5.2	-4.0
Mexico	IPC	20.0	-3.8	17.9	-4.2	0.8	-7.8	-1.1	4.2
Peru	IGRA	66.4	-16.7	5.9	-26.0	-3.7	-21.7	2.4	-4.1
Venezuela	IBC	18.6	79.1	302.8	461.7	31.5	85.5	56.0	47.6
Asia									
China	Shanghai Comp.	-14.3	-21.7	3.2	-3.2	-1.4	-11.5	9.9	1.0
India	BSE	15.7	-25.7	30.0	3.0	-5.0	2.2	-1.4	7.6
South Korea	Korea Cmp. Ex	21.9	-11.0	9.4	-1.7	0.4	-7.1	7.2	-1.7
Philippines	Manila Comp.	37.6	4.1	33.0	-0.8	17.8	-5.6	-4.2	-6.9
Hong Kong	Hang Seng	5.3	-20.0	22.9	2.6	-1.6	-6.7	9.9	1.7
Indonesia	Jakarta Comp.	46.1	3.2	12.9	-3.3	14.5	-2.5	-10.4	-3.3
Malaysia	Kuala Lumpur Comp.	19.3	0.8	10.3	9.0	-1.0	6.1	-0.3	4.1
Singapore	SES All-S'Pore	10.1	-17.0	19.7	-3.2	4.5	-4.8	0.6	-3.2
Thailand	Bangkok SET	40.6	-0.7	35.8	-3.6	12.2	-7.0	-4.7	-3.0
Taiwan	Taiwan Weighted Pr.	9.6	-21.2	8.9	8.8	2.8	1.8	1.4	2.5
Eastern Europe									
Russia	Russian RTS Index	22.5	-21.9	10.5	-8.8	-4.4	-12.6	11.5	-2.2
Poland	Warsaw G. Index	18.8	-20.8	26.2	9.1	-4.9	-0.9	12.4	2.9
Romania	Romania BET	12.3	-17.7	18.7	22.3	9.5	-6.7	14.8	4.2
Bulgaria	Sofix	-15.2	-11.1	7.2	39.3	11.2	15.5	2.8	5.5
Hungary	BUX	0.5	-20.4	7.1	1.4	-1.7	6.5	-1.9	-1.3
Croatia	CROBEX	5.3	-17.6	0.0	1.5	15.4	-10.2	0.3	-2.4

Source: Thomson Datastream.

1 Data to 13 December.

According to the World Federation of Exchanges (WFE), worldwide stock market trading volumes[11] rose 11.4% overall between January and November 2013 compared to the same period in 2012. This turnaround from the declines of previous years owed to a trading upswing on the majority of Asian markets, with jumps of over 60% in

10 Emerging Markets Bond Index. For further details, see footnote to figure 12.

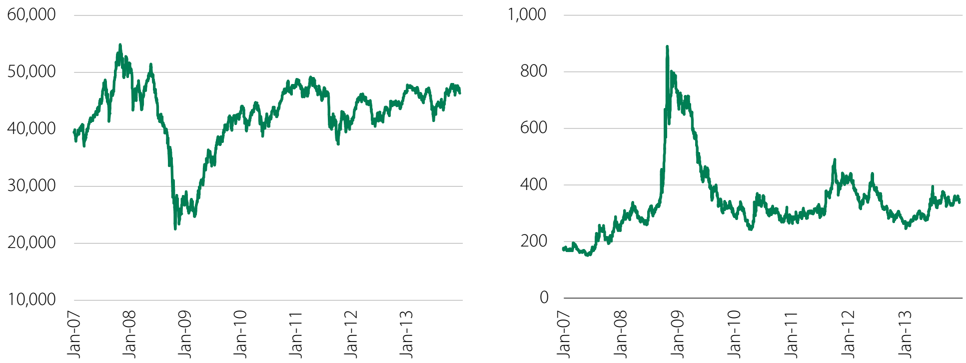
11 Measured in US dollars.

Japan[12] and from 20% to 64% in the various stock exchanges operating in China. In Europe and the United States, the recovery in trading was far more subdued, ranging from 0.9% on the London Stock Exchange to 3.5% on the NYSE Euronext, with some major bourses still in negative terrain (for instance, the Nasdaq OMX, with -4.2%).

Risk valuation in emerging economies

FIGURE 12

Emerging markets stock index (MSCI) | Emerging market bond spreads (EMBI)[1]



Source: Thomson Datastream and Bloomberg. Data to 13 December.

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.

Trading volumes on main international stock markets

TABLE 10

Billion euros

Exchange	2010	2011	2012	2013[5]	Q1 13	Q2 13	Q3 13	Q4 13[5]
United States[1]	23,188	21,940	17,995	16,067	4,051	4,857	4,149	3,011
New York	13,553	12,866	10,416	9,468	2,422	2,860	2,455	1,731
Tokyo[2]	2,872	2,831	2,787	4,550	1,118	1,652	1,076	704
London[3]	2,084	2,021	1,698	1,565	428	443	401	293
Euronext	1,533	1,520	1,221	1,156	309	327	306	215
Deutsche Börse	1,237	1,252	987	931	243	271	247	171
BME[4]	1,037	925	699	672	162	164	158	188

Source: World Federation of Exchanges and CNMV.

1 As of 2009, the sum of the New York Stock Exchange (NYSE), Euronext and Nasdaq OMX; previously the New York Stock Exchange, Nasdaq OMX and the American Stock Exchange.

2 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 2013 to operate these two platforms.

3 Incorporating Borsa Italiana as of 2010.

4 Bolsas y Mercados Españoles. Not including Latibex.

5 Figures to November except BME, to 13 December.

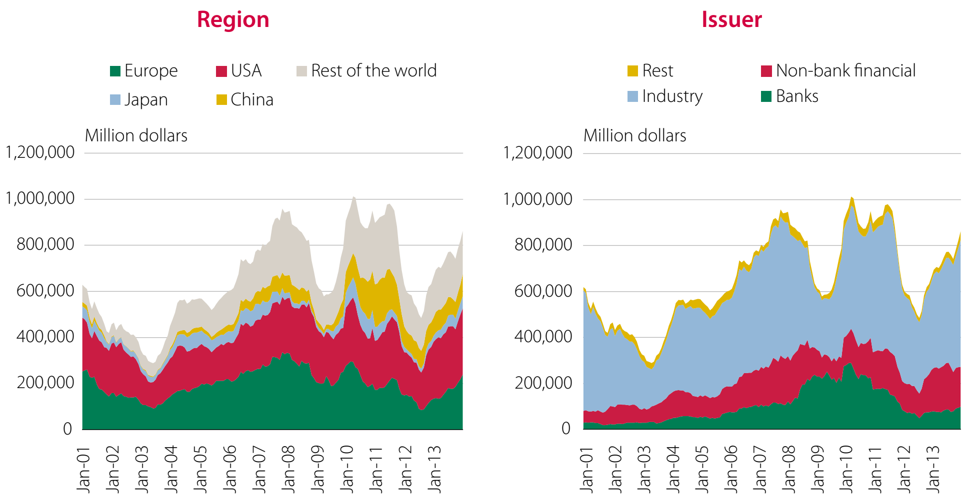
The value of equity issues on world financial markets rose by 30% in 2013[13] as far as 826 billion dollars. Although all main economic areas participated in the increase to

12 All changes referring to specific exchanges are based on the corresponding local currency to avoid distortions resulting from the application of exchange rates.

13 On data to 13 December. Data for this last month are shown in their monthly equivalent for comparative purposes.

some extent, the stand-outs were the 78% rebound in European issuance to 239 billion dollars, and placement volumes in Japan nearly doubling last year's (relatively low) total. US companies, meantime, raised 288 billion dollars in equity capital, 16.9% more than in the previous year. A breakdown by sector shows that industrial firms accounted for the lion's share of the 2013 increase, with issuance up by 43% to 553 billion dollars, while the financial sector splits between banking entities, which raised 29% more, and non-bank financial corporations, with 5.1% less (see figure 13).

International equity issuance FIGURE 13



Source: Dealogic. Twelve months data to 13 December. Data for this last month are shown in their monthly equivalent for comparative purposes.

3 Spanish markets

3.1 Fixed-income markets

Domestic fixed-income markets held within the stabilizing trend initiated after the stormy days of summer 2012, the only blip being a brief spell of tension around mid year due to doubts about the imminent direction of US monetary policy. In general, we can say that the relaxing of tensions on these markets had its cause in agents' growing confidence in the clean-up and restructuring under way in the Spanish financial sector, the strenuous efforts that are being seen to be made in fiscal consolidation, and symptoms of a mild upturn in economic activity.[14]

The result has been a sizeable reduction in public and private debt yields in comparison to 2012, with falls steepest at the long end of the short-term yield curve (maturity of one

14 According to the published data of the National Statistics Office (INE), GDP expanded 0.1% in quarterly terms in the third quarter of 2013, signalling the country's exit from the recession dating from the third quarter of 2011. The consensus projection of various international institutions and research departments at the closing date for this report is that Spain's economy will grow by slightly under 1% and 1.5% in 2014 and 2015 respectively.

year). Three and six-month rates also moved substantially lower in the year, despite a short spike in the middle months. Specifically, average treasury bill yields at three, six and twelve months stood at 0.49%, 0.62% and 0.87% respectively in mid-December 2013, a decrease of between 65 bp and 136 bp from the levels of the 2012 close (see table 11). Commercial paper yields fell further still as far as 1.09%, 1.43% and 1.44% in three, six and twelve-month tenors, between 174 bp and 236 bp less than in December 2012.

Short-term interest rates[1] (%) TABLE 11

	Dec 10	Dec 11	Dec 12	Dec 13[3]	Mar 13	Jun 13	Sep 13	Dec 13[3]
Letras del Tesoro								
3 month	1.60	2.20	1.14	0.49	0.29	0.58	0.26	0.49
6 month	2.71	3.47	1.68	0.62	0.85	0.79	0.92	0.62
12 month	3.09	3.27	2.23	0.87	1.37	1.34	1.23	0.87
Commercial paper[2]								
3 month	1.37	2.74	2.83	1.09	1.49	1.25	1.28	1.09
6 month	2.52	3.52	3.58	1.43	1.72	1.43	1.49	1.43
12 month	3.04	3.77	3.80	1.44	1.90	1.52	1.77	1.44

Source: Thomson Datastream and CNMV.

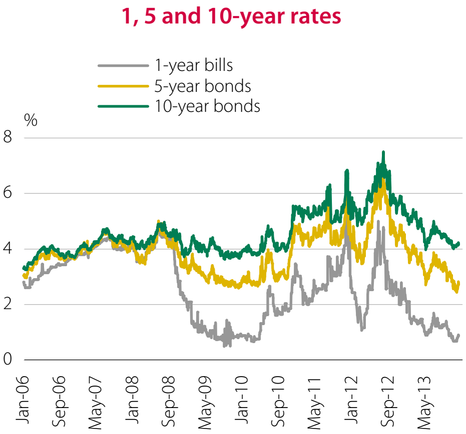
1 Monthly average of daily data.

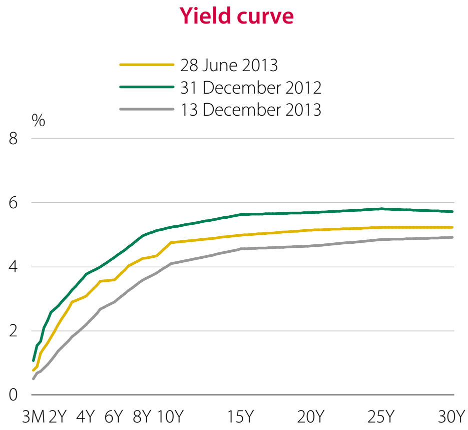
2 Interest rates at issue.

3 Data to 13 December.

Long-term and short-term government bond yields turned in a similar performance, tracing a year-long descent that broke off briefly only in the months of May and June. With this prolongation of the run-down that followed the highs of July 2012, the cumulative fall in yields since the worst days of market turbulence exceeds 300 bp in longer dated instruments. By mid-December, five and ten-year government bonds were yielding 2.6% and 4.1% respectively, 153 bp and 116 bp less than at the 2012 close (see left-hand panel of figure 14 and table 12). These movements prompted a shift in the government yield curve combined with a flattening of the slope, which, considered at as a whole, reflects the robust improvement in the funding conditions of the Spanish public sector (see right-hand panel of figure 14).

Spanish government debt yields FIGURE 14





Source: Thomson Datastream and Bloomberg. Data to 13 December.

Medium and long corporate bond yields[1] (%)

TABLE 12

	Dec 10	Dec 11	Dec 12	Dec 13[2]	Mar 13	Jun 13	Sep 13	Dec 13[2]
Public fixed income								
3 year	3.87	4.01	3.40	1.96	2.85	2.86	2.45	1.96
5 year	4.65	4.65	4.22	2.65	3.65	3.47	3.21	2.65
10 year	5.38	5.50	5.33	4.13	4.93	4.67	4.42	4.13
Private fixed income								
3 year	4.39	5.43	4.19	2.28	2.81	3.00	2.71	2.28
5 year	4.96	5.91	4.66	2.95	3.45	3.81	3.58	2.95
10 year	6.28	8.06	6.79	4.18	5.40	5.38	5.26	4.18

Source: Thomson Datastream, Reuters and CNMV.

1 Monthly average of daily data.

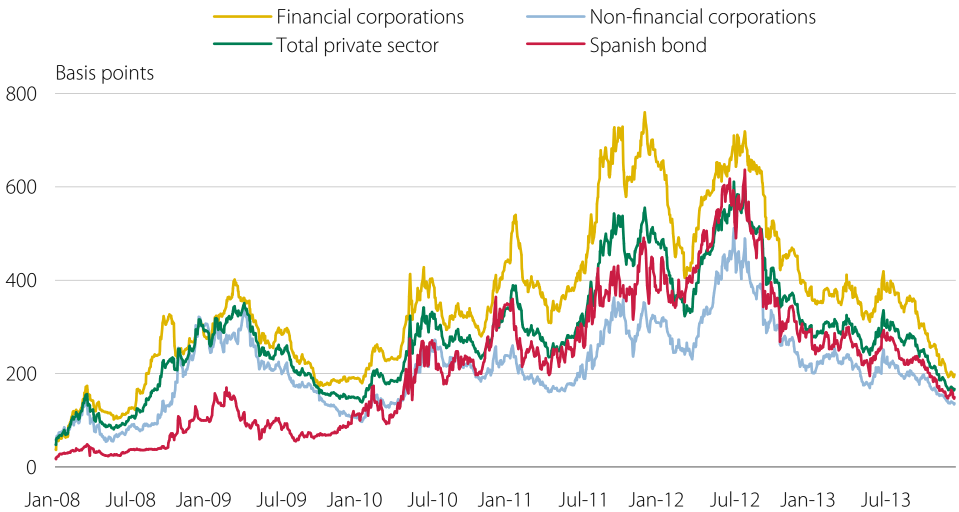
2 Data to 13 December.

Long-term corporate bond yields also headed lower for most of 2013, moving broadly in line with sovereign debt except for a small second-quarter spike in medium-term notes (three and five-year maturities). Finally, the yields of three, five and ten-year corporate bonds dropped by between 171 bp and 261 bp to mid-December values of 2.3%, 3.0% and 4.2% respectively.

Spain's sovereign risk premium as derived from five-year CDS and the Spanish/German ten-year spread headed lower over 2013 with a few intervening fluctuations, reflecting the calmer mood abroad on European sovereign debt markets. Specifically, five-year CDS spreads fell from 295 bp at end-2012 to 150 bp in mid-December 2013 (see figure 15), while the spread versus the German ten-year benchmark narrowed from 396 bp to 228 bp.

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

FIGURE 15



Source: Thomson Datastream. Data to 13 December.

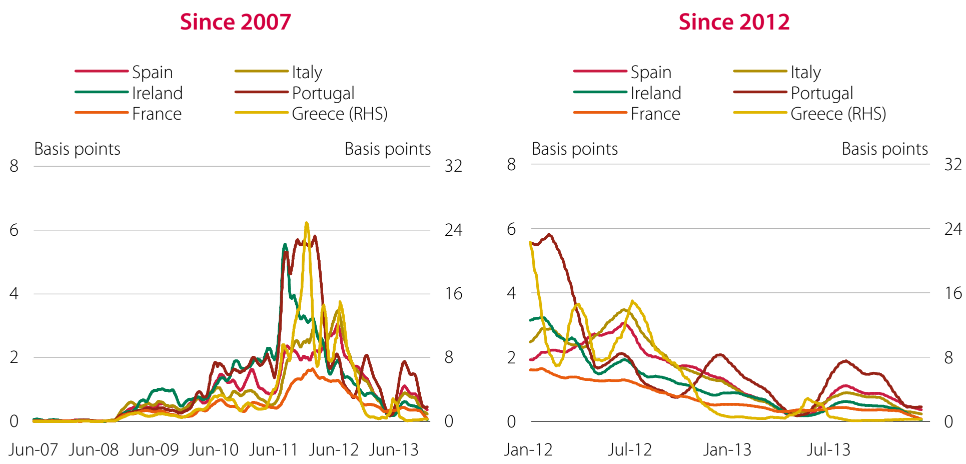
1 Levels for "Total private sector", "Financial corporations" and "Non-financial corporations" correspond to the simple average of component entities.

The credit spreads of Spanish financial and non-financial corporations performed similarly to their sovereign equivalents (see figure 15), namely a year-long decline reversing temporarily in the months of May and June. The average credit spreads of private-sector issuers tended to converge towards the sovereign risk premium, and by mid-December were just 17 bp higher, at 167 bp.

Credit risk perceptions were more acute in the financial than non-financial sectors of the economy, as figure 15 shows. The difference, however, reduced slightly in the second half thanks to advances made in the recapitalisation and restructuring of the Spanish banking sector, with the result that credit spreads of domestic financial issuers were down to 198 bp in mid-December, against the 136 bp average of non-financial issuers (188 bp and 85 bp less respectively than in December 2012).

This downward movement in the yields and risk premiums of the various sectors of the Spanish economy coincided in time with a decoupling in the price movements of public debt and financial sector shares, as well as a notable reduction in sovereign credit risk contagion between European economies. The only setback worth mention was the mid-year jump in the contagion indicator for Portuguese sovereign credit spreads (see figure 16), which tended to reverse over subsequent months.

Indicators of sovereign credit risk contagion in the euro area[1] FIGURE 16



Source: Thomson Datastream and CNMV. Data to 13 December 2013.

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

Issuance activity slowed considerably in 2013, despite the better financing conditions enjoyed by Spain's banks, though sales of certain instruments picked up slightly from summer onwards. Among the highlights in the primary fixed-income market was the end-December issue of the first non-convertible bond to be traded on alternative fixed-income market MARF, whose rules were approved on 22 May. This new market, as stated in our introduction, is geared principally to medium-sized companies whom it offers capital market access under more tailored conditions than those governing regulated markets.

The gross volume of fixed-income issues registered with the CNMV over full-year 2013[15] came to 125.41 billion euros, 60.2% less than in the previous year (see table 13). The biggest declines in straight-money terms corresponded to commercial paper (down 87.09 billion euros), mortgage covered bonds (down 76.87 billion) and, to a lesser extent, non-convertible bonds (down 27.73 billion).

This activity stall in the primary corporate debt market, where the financial sector dominates, reflects the lesser funding needs of potential borrowers, but also a degree of market fragmentation which tends to make issuance costlier for domestic banks. Further, comparison with 2012 is misleading in that last year's volumes were unusually high, for a series of reasons that we discuss below when examining the issue patterns of each debt instrument.

Commercial paper sales dropped 67.3% in year-on-year terms to 42.25 billion euros. The renewed popularity of bank deposits and households' growing preference for more conservative investment options, like certain types of mutual fund, were presumably some of the factors behind the decline.

Issuance of non-convertible bonds amounted to 22 billion euros in full-year 2013, 56% less than in 2012. The main factors at work were the absence in 2013 of government-backed issues (against last year's 42.64 billion euros) and the lower volume of SAREB issues (14.09 billion compared to 36.69 billion in 2012).

Sales of mortgage covered bonds tumbled 76% to 24.10 billion, while those of territorial bonds – secured on portfolios of loans to public sector entities – fell to 8.12 billion euros from 8.97 billion the previous year. The segment of asset-backed securities was again the most dynamic, with a total of 28.14 billion euros raised to mid-December 2013, 22.3% more than in the same period of 2012. Even so, securitisation volumes are still a long way short of their pre-crisis levels.

Hybrid debt instruments accounted for only a small proportion of the annual total. Sales of convertible bonds slumped by 70.5% to 803 million euros, while preference share issues have dried up entirely in the last two years.

Finally, foreign debt financing by Spanish issuers summed 41.27 billion between January and October 2013, 51% less than in the first ten months of 2012. The decline was steepest in short-term instruments (primarily commercial paper), with totals down 69.7% year on year to a 11.76 billion euros, while longer-term issuance fell by 35% to 29.52 billion.

15 To 13 December.

Gross fixed-income issues TABLE 13

filed[1] with the CNMV	2010	2011	2012	2013[2]	2013 Q1	Q2	Q3	Q4[2]
NOMINAL AMOUNT (million euros)	**226,449**	**288,992**	**357,830**	**125,409**	**44,462**	**30,406**	**21,544**	**28,997**
Mortgage bonds	34,378	67,227	102,170	24,100	9,195	7,340	6,015	1,550
Territorial bonds	5,900	22,334	8,974	8,115	95	1,520	4,000	2,500
Non-convertible bonds and debentures	24,356	20,192	86,442	21,996	15,595	4,136	172	2,093
Convertible/exchangeable bonds and debentures	968	7,126	3,563	803	425	15	0	363
Asset-backed securities	63,261	68,413	23,800	28,141	8,052	4,942	904	14,243
Domestic tranche	62,743	62,796	20,627	24,529	6,965	4,309	904	12,351
International tranche	518	5,617	3,173	3,613	1,087	633	0	1,893
Commercial paper[3]	97,586	103,501	132,882	42,253	11,100	12,453	10,454	8,247
Securitised	5,057	2,366	1,821	1,110	180	390	440	100
Other	92,529	101,135	131,061	41,143	10,920	12,063	10,014	8,147
Other fixed-income issues	0	0	0	0	0	0	0	0
Preference shares	0	200	0	0	0	0	0	0
Pro memoria:				**0**				
Subordinated debt issues	9,154	29,277	7,633	4,776	1,557	978	92	2,149
Covered issues	299	10	0	193	0	193	0	0

abroad by Spanish issuers **NOMINAL AMOUNT** (million euros)	2010	2011	2012	2013[4]	2013 Q1	Q2	Q3	Q4[4]
Long term	51,107	51,365	50,353	29,515	16,076	7,446	3,444	2,549
Preference shares	0	0	0	1,653	0	1,153	0	500
Subordinated debt	0	242	307	0	0	0	0	0
Bonds and debentures	50,807	51,123	50,046	27,862	16,076	6,293	3,444	2,049
Asset-backed securities	300	0	0	0	0	0	0	0
Short term	76,624	68,677	41,730	11,759	3,166	3,713	3,587	1,289
Commercial paper	76,624	68,677	41,730	11,759	3,166	3,713	3,587	1,289
Securitised	248	322	11,590	0	0	0	0	0
Total	**127,731**	**120,043**	**92,083**	**41,274**	**19,242**	**11,159**	**7,031**	**3,838**

Source: CNMV and Banco de España.

1 Including those admitted to trading without an issue prospectus.

2 Data to 13 December.

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

4 Data to October.

3.2 Equity markets

3.2.1 Prices

Domestic stock markets were buoyed throughout 2013 by the fading of tensions on European debt markets, the progress made in recapitalising and restructuring the Spanish financial sector and, after summer, agents' improved perceptions on the performance of the economy. Share prices, volatility and liquidity reacted positively to the more benevolent domestic environment in the second half after a somewhat irregular first-half period. Trading volumes expanded slightly in a break with the downtrend in place since 2010.

The Ibex 35 shook off the 4.9% loss of the first six months with 18.3% and 0.9% gains in the third and fourth quarters respectively (see table 14), to secure a year-to-date advance (to 13 December) of 13.5%. Top performers were the lower capitalisation indices (IBEX Medium Cap and IBEX Small Cap) with advances bordering on 40% (around 30% in the second half). Conversely, after a poor first-half performance, the indices grouping the Latin American securities traded on domestic platforms registered full-year losses of 19.7% (FTSE Latibex All-Share) and 12.7% (FTSE Latibex Top), despite a small recovery from mid-year onwards.

Performance of Spanish stock indices (%) TABLE 14

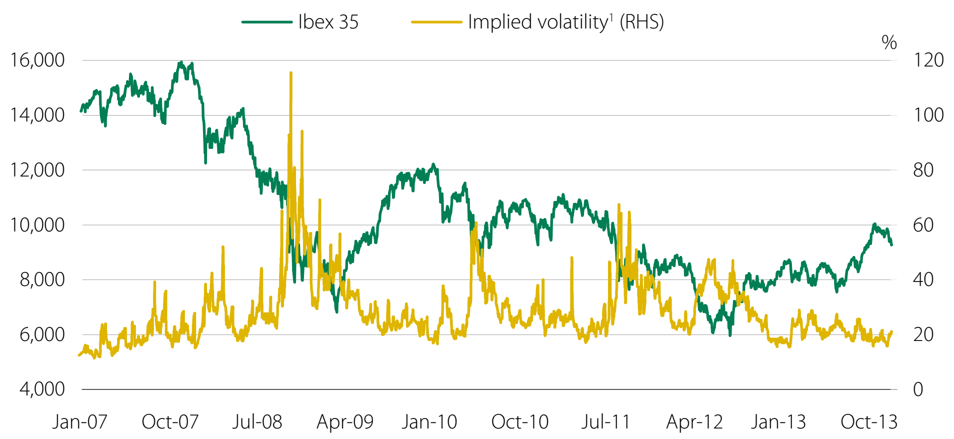
	2010	2011	2012	2013[1]	Q1 13	Q2 13	Q3 13	Q4 13[1]
Ibex 35	-17.4	-13.1	-4.7	13.5	-3.0	-2.0	18.3	0.9
Madrid	-19.2	-14.6	-3.8	14.6	-3.2	-2.1	19.4	1.3
Ibex Medium Cap	-5.6	-20.7	13.8	42.9	2.2	7.9	22.5	5.7
Ibex Small Cap	-18.3	-25.1	-24.4	39.4	7.3	-3.1	22.8	9.2
FTSE Latibex All-Share	9.0	-23.3	-10.7	-19.7	-1.2	-18.8	5.4	-5.0
FTSE Latibex Top	9.7	-17.1	-2.6	-12.7	5.2	-19.0	4.2	-1.7

Source: Thomson Datastream.

1 Data to 13 December.

Ibex 35 volatility remained subdued, with levels a little lower than in the first-half period, only rarely surpassing the 20% mark (see figure 17). This indicator did, however, strain slightly higher at the end of the third quarter due to the uncertainties gripping international markets, the United States especially, about a possible military intervention in Syria, and doubts about the Federal Reserve's next steps with regard to monetary stimulus. That said, its 25% high pales in comparison to the near-50% readings of second-quarter 2012, at the height of the anxieties surrounding the Spanish financial system.

Ibex 35 performance and implied volatility FIGURE 17



Source: Thomson Datastream and MEFF. Data to 13 December.

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

All sectors of the Madrid General Index, without exception, saw their share prices rise in the second half of 2013. The bulk of the advance was in the third quarter, with signs of trend exhaustion setting in as the year neared its close (see table 15). The consumer services sector posted the strongest fourth-quarter gain (5.0% against the 19.6% of the third quarter), followed by oil and energy (3.4% versus 6.5% in the third quarter) and financial and real estate services (1.6%, far below the preceding quarter's 28.1%). In this last sector, the salient development was the progression of real estate, where prices surged by 50.5% over the third and fourth quarters. Basic materials, industry and construction scraped a 1.1% advance (against the 16.1% of the third quarter), while consumer goods and technology and telecommunications shed 0.4% and 1.1% of their value respectively (against the 19.6% and 15.5% gains of the third quarter).

Performance of the Madrid Stock Exchange by sector and leading shares[1] TABLE 15

	Weighting[2]	2013[3]	Q1 13	Q2 13	Q3 13	Q4 13[3]
Financial and real estate services	**42.68**	**10.6**	**-9.4**	**-6.1**	**28.1**	**1.6**
Real estate and others	0.14	35.8	-7.8	-2.1	23.6	21.7
Banks	40.74	9.5	-10.1	-6.5	28.7	1.2
BBVA	13.31	21.8	-2.8	-3.0	29.7	-0.4
Santander	22.10	10.2	-12.0	-3.8	26.7	2.6
Oil and energy	**15.64**	**14.5**	**-3.0**	**7.2**	**6.5**	**3.4**
Iberdrola	6.33	13.3	-10.3	11.7	9.4	3.4
Repsol YPF	4.73	20.5	3.4	5.0	13.0	-1.7
Basic materials, industry and construction	**6.56**	**20.6**	**-0.9**	**3.7**	**16.1**	**1.1**
Construction	3.76	17.6	-0.7	4.0	15.6	-1.6
Technology and telecommunications	**17.50**	**15.3**	**3.9**	**-2.9**	**15.5**	**-1.1**
Telefónica	14.65	10.5	2.9	-6.2	16.9	-2.1
Consumer goods	**12.43**	**9.3**	**0.2**	**-5.9**	**16.6**	**-0.4**
Inditex	9.23	5.2	-2.0	-8.3	20.1	-2.6
Consumer services	**5.18**	**48.7**	**12.6**	**5.2**	**19.6**	**5.0**

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 July 2013.

3 Data to 13 December.

The bull run of the second half tempered the performance divergences that had characterised the first six months, to the extent that all sectors ended the year with gains on a solid scale. Consumer services was the top performer (the only sector in positive terrain over all four quarters), with a full-year advance of 48.7% (12.7% in 2012), while consumer goods' 9.3% left it lagging the field, after leading last year with 55.6%. Basic materials, industry and construction and technology and telecommunications rose 20.5% and 15.3% respectively, after the 8% and 18.3% falls of 2012. And oil and energy and financial and real estate services followed up their 2012 losses of 16% and 4.7% with gains of 14.5% and 10.6% respectively. The real estate sub-sector's full-year advance of 35.8% could only claw back a portion of the losses accumulated in prior years.

Examining the impact of each IGBM company in the fourth quarter of 2013, we see that the most positive input came from three banks, the two biggest listed firms in electricity and gas, and one consumer services operator belonging to the transport and distribution sub-sector (see table 16). Over the full-year period, the top contributors were the two largest cap financial institutions and the largest firm in technology and telecommunications, with an air transport company and an oil company also assisting on a significant though smaller scale. Among the few firms whose share price fell in 2013, the worst chastised was the biggest financial institution participated by the Fund for Orderly Bank Restructuring (FROB), which nonetheless regained ground in the closing months.

Shares with greatest impact on IGBM change[1] TABLE 16

Share	Sector	Dec 2013 Change (p.p.)	
Positive impact		**/prior quarter**	**/Dec 12**
Banco Santander	Financial and real estate services	0.50	1.94
Bankia	Financial and real estate services	0.27	-0.77
Gas Natural SDG	Oil and energy	0.26	0.53
Iberdrola	Oil and energy	0.21	0.83
Caixabank	Financial and real estate services	0.15	0.52
IAG	Consumer services	0.15	1.43
Negative impact			
Telefónica	Technology and telecommunications	-0.31	1.52
Inditex	Consumer goods	-0.22	0.44
Repsol	Oil and energy	-0.09	1.07

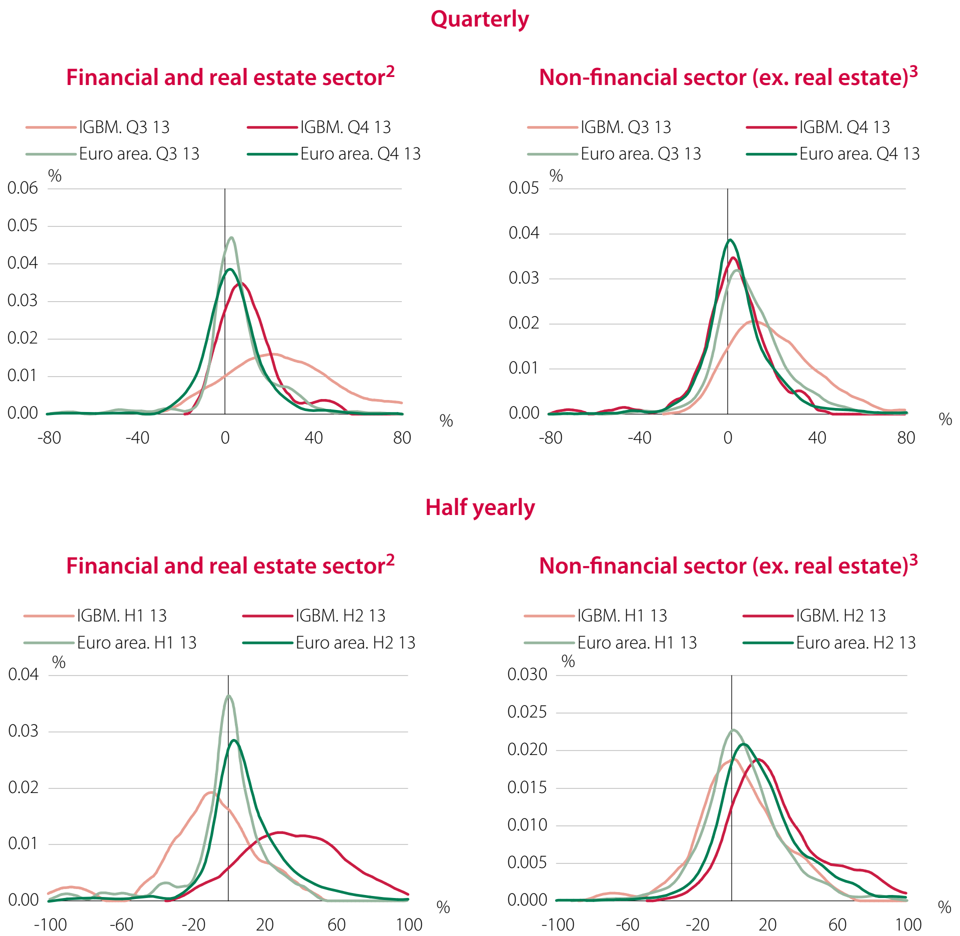
Source: Thomson Datastream and Bolsa de Madrid. Data to 13 December.

1 The shares listed are those having most impact (equal to or more than 0.15 percentage 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.

Despite this improvement in share prices, consumer goods was the only sector to close the year ahead of the levels in place in July 2007, when the subprime crisis erupted – concretely by a margin of 79%. Remaining sectors continued to trade below this baseline, with financial and real estate services and basic materials, industry and construction trailing furthest behind, by nearly 60%.

Meantime, the distribution of IGBM returns in the final quarter was skewed more to the low end for both financial and non-financial companies (see upper panels of figure 18). Hence the percentage of firms reporting price gains from 0% to 10% climbed from 7.5% to 19%, while those with returns in the 30%-40% interval dropped from 7% to 2%. This contrasts with the experience of euro-area listed companies, whose return distribution was essentially unaltered.

Distribution of share returns[1] FIGURE 18



Source: Bolsa de Madrid and Thomson Datastream. Data to 13 December.

1 Analysis run on the companies forming each index on 13 December 2013, when the Spanish IGBM comprised 106 companies against the 1,369 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: 18 companies in Spain (17% of index members) against 340 (25%) in the euro area.

3 The non-financial sector (ex. real estate) comprises listed companies not included in the financial and real estate sector.

If we look, however, at IGBM companies' cumulative price change in the second versus the first half of 2013, we find that shares, especially of financial corporations, performed more strongly overall (see lower panels of figure 18). Hence the percentage of financial corporations recording a negative price change fell in the period from 41% to just 3%. As with quarterly returns, the performance of euro-area shares was notably more stable, with companies bunched more in the middle than at either extreme.

The price/earnings ratio (P/E) of the Ibex 35 climbed sharply in the fourth quarter compared to the more modest advances recorded on other advanced economy exchanges. Panning out to the full-year period, the multiple's progression took it from a flat 11-12 in the first six months, with occasional fluctuations, to 13 between June and September and from there to 14.4 in mid-December, in line with its historical average since 2000 and slightly above the average of main European bourses.

3.2.2 Activity: trading, issuance and liquidity

Trading on the Spanish stock market grew by 1.1% in 2013 to 672.61 billion euros. A modest advance that nonetheless breaks with the downtrend initiated in 2010 (see table 17). Particularly encouraging was the fourth-quarter jump in average daily volumes to 3.48 million, on a par with 2009 levels and a large improvement on each of the first three quarters (2.65, 2.62 and 2.40 billion respectively).[16]

One development of note was the shift in trading away from the domestic regulated market towards alternative venues, most notably CHI-X. This trend, which has been gathering force on other European exchanges for some years now, boosted these platforms' share in the trading volumes of Spanish stocks to just under 20% at the 2013 close, while in other European jurisdictions[17] it is already over 40%.

Equity issuance on domestic markets amounted to 29.22 billion euros to mid-December, equating to a year-on-year increase of 38.2% (see table 18). Note, however, that the upswing owed to capital increases involving banks intervened by the FROB as part of the broader recapitalisation process. These operations, in fact, accounted for 63% of total issue volumes in the year. Fourth-quarter issues, it should also be said, raised a fairly subdued 2.48 billion, more than 60% less than in the same quarter of 2012.

Trading volumes on the Spanish stock market TABLE 17

Million euros

	2011	2012	2013[1]	Q1 13	Q2 13	Q3 13	Q4 13[1]
All exchanges	**925,667**	**698,987**	**672,613**	**162,136**	**164,346**	**158,046**	**188,085**
Electronic market	920,879	694,294	666,835	160,793	163,071	156,665	186,306
Open outcry	48	50	47	6	4	30	8
of which SICAV[2]	6	0	0	–	0	0	0
MAB[3]	4,380	4,330	5,378	1,238	1,171	1,270	1,700
Second market	2	0	2	0	0	1	1
Latibex	358	313	352	99	100	82	71
Pro memoria: non-resident trading (% all exchanges)							
	81.3	79.1	n.a.	78.0	82.1	n.a.	n.a.

Source: CNMV and Directorate-General of Trade and Investments.

1 Data to 13 December.

2 Open-ended investment companies.

3 Alternative investment market. Data from the start of trading on 29 May 2006.

n.a.: data not available at the closing date for this report.

16 Average daily trading in 2012, at 2.73 billion euros, was the lowest since 2004. Average daily trading in 2009, 2010 and 2011 came to 3.49, 4.05 and 3.60 billion eurosrespectively.

17 In the United Kingdom or France.

Equity issuance[1]

TABLE 18

	2011	2012	2013[2]	2013 Q1	Q2	Q3	Q4[2]
CASH AMOUNT[3] (million euros)	**17,146**	**21,142**	**29,222**	**4,996**	**16,372**	**5,370**	**2,484**
Capital increases	17,019	19,911	26,647	4,996	16,372	5,370	2,484
Of which, IPOs	6,239	2,457	1,055	0	1,055	690	0
Domestic tranche	5,827	2,457	1,055	0	1,055	690	0
International tranche	412	0	0	0	0	0	0
Public offerings	127	1,231	0	0	0	0	0
Domestic tranche	125	1,231	0	0	0	0	0
International tranche	2	0	0	0	0	0	0
NO. OF FILINGS[4]	**92**	**105**	**145**	**28**	**37**	**42**	**43**
Capital increases	91	103	145	28	37	42	43
Of which, IPOs	8	7	3	0	3	3	0
Of which, bonus issues	22	22	36	9	9	12	6
Public offerings	2	3	0	0	0	0	0
NO. OF ISSUERS[4]	**46**	**38**	**82**	**17**	**20**	**26**	**22**
Capital increases	45	38	82	17	20	26	22
Of which, rights offerings	8	7	3	0	3	3	0
Public offerings	2	3	0	0	0	0	0

Source: CNMV.

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

2 Cumulative data to 13 December.

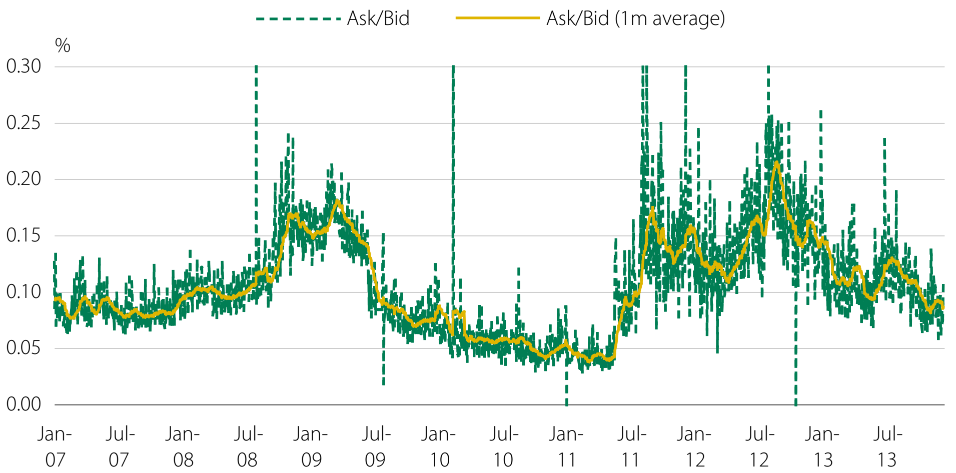
3 Excluding amounts recorded in respect of cancelled transactions.

4 Including all transactions registered, whether or not they eventually went ahead.

Finally, the liquidity conditions of the Ibex 35, as measured by the bid/ask spread, kept up the improvement initiated in the second half of 2012, except for some tightening in the central months as tensions briefly resurfaced on financial markets (see figure 19). The 0.09% average of mid-December compares favourably to the 0.12% of end-June, the 0.15% of the 2012 close, and the average since 2003 (0.10%), and is not far off the levels observed in 2007.

Liquidity indicator (bid/ask spread) of the Ibex 35

FIGURE 19



Source: Thomson Datastream. Data to 13 December.

II Reports and analyses

Economic and financial performance of listed companies in the first half of 2013

Marta Ortega and Belén de Anta (*)

(*) Marta Ortega and Belén de Anta are members of the CNMV's Financial and Corporate Reports Department.

1 Introduction

This article gathers and analyses the key highlights of the periodic financial information[1] for the first half of 2013 submitted to the CNMV by issuers.

The aggregate information analysed relates to the results, financial position, cash flows, number of employees and dividends paid. The 156 companies analysed operate in the following sectors: energy (10 companies), manufacturing (48 companies), retail and services (44 companies), construction and real estate (28 companies), banking (24 companies), and insurance (2 companies).

The analysis is carried out on the following basis:

– The data for analysis are obtained from the consolidated or individual periodic financial reports[2] submitted to the CNMV by the issuers of shares or debt[3] 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 first half of 2013 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. Section 10 presents the article's main conclusions.

1 As provided in 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.

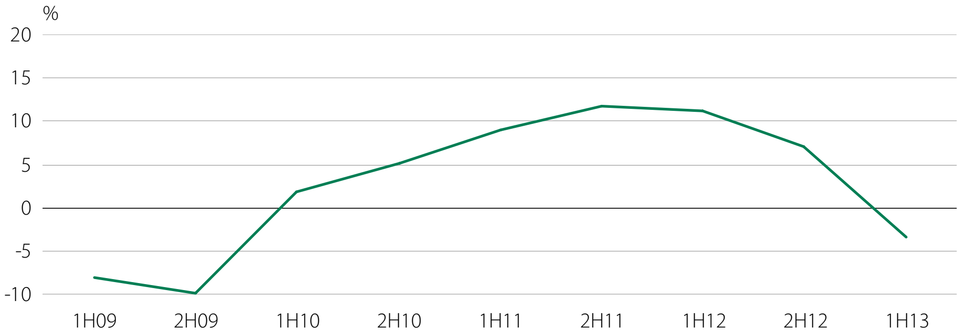
2 Submitted in the form stipulated in Circular 1/2008.

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

2 Net turnover

As shown in figure 1, following three years of positive growth rates, net turnover[4] showed a fall of 3.4% in the first half of 2013.

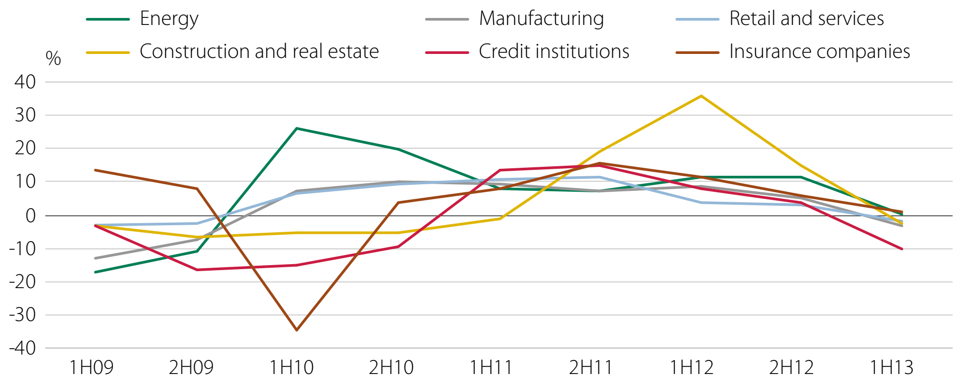
Rate of change in net turnover FIGURE 1



Source: CNMV.

Figure 2 shows the development of net turnover for the different sectors. All sectors, except insurance companies, recorded negative or zero year-on-year rates of change in the first half of 2013. The largest fall corresponded to credit institutions, with a year-on-year rate of -10.1%.

Rates of change in turnover by sector FIGURE 2



Source: CNMV.

By sector, the highlights in the first half of 2013 were as follows:

– **Energy.** This sector remained stable with regard to the comparison period, with the reduction in demand for electricity in Spain and Portugal offset by an increase in the other countries where the main companies operate (United Kingdom, United States and Latin American countries). Similarly, the figures

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.

reflect the positive trend in the demand for gas and the increase in production by oil companies due to the start-up of new international projects.

In addition, the sales figures for the sector were affected by macroeconomic variables, such as the average price of Brent oil, which fell by 5% on the first half of 2012, and the performance of the main benchmark currencies, with noticeable falls in the pound sterling and the US dollar.

– **Manufacturing.** The development of net turnover in manufacturing companies was uneven, with an overall net fall of 3% recorded over the period. There were noteworthy reductions in the sub-sectors of manufactured goods (-2%), base metals (-11.7%) and companies related to the construction business (-9.8%), which together account for approximately 63% of manufacturing revenue. This decrease was mainly due to the following factors: (i) the fall in private consumption; (ii) the fall in activity in the construction sector, above all in Spain; (iii) the slowdown in demand in the renewable energy market, particularly in the US market, which was only partially offset by growing demand in emerging markets; (iv) the fall in activity in companies currently undergoing bankruptcy proceedings; and (v) the drop in sales prices in the stainless steel market.

  Despite the overall downward trend, turnover grew in some companies and sectors. In particular, there was a noteworthy 5.7% increase achieved by the main textile manufacturing company as a result of its international expansion. Similarly, the paper and graphic art sub-sector saw a significant increase in sales of 4.5% due to the increase both in the volume and the sales price of kraftliner paper and the excellent behaviour of the price of cellulose, accompanied by solid demand.

– **Retail and services.** Turnover in this sector fell by 2%, although with uneven performance across the companies. The rate of change recorded by the sector would be positive (3.6%) if we exclude the communications sub-sector, which accounts for approximately half of the total revenue.

  Sales in the communications sub-sector fell by 7.8% as a result of the negative impacts of changes in exchange rates[5] and the disposal of subsidiaries.

  With regard to the rest of the sector, the net increase in sales is basically due to the following factors: (i) the rise in toll income from motorway concessions in Latin America; (ii) the increase in the revenue of technology companies (+8.3%) largely due to the positive evolution of the international market relating to engineering projects and construction of solar thermal plants; and (iii) the increase in fare income for air transport as a result of business combinations and an increase in capacity and gross unit revenue despite the negative effects of the depreciation recorded by the pound against the euro during the reference period.

5 There was a noteworthy depreciation of the Brazilian real and the Argentinean peso, in addition to the devaluation of the Venezuelan bolívar since 1 January 2013.

– **Construction and real estate**. The net turnover of this sector fell by 2.8% in the first half of 2013 compared with the same period of the previous year. This is broken down into a sharp fall in real estate companies (-53.1%) and a smaller percentage fall in construction companies (-1.6%).

  With regard to the construction sub-sector, there was a noteworthy fall in turnover in most companies due to the drop in activity in Spain, mainly relating to civil engineering works. However, this fall was mitigated by the increase in business outside Spain, both in the order book for construction work and the order book for services.

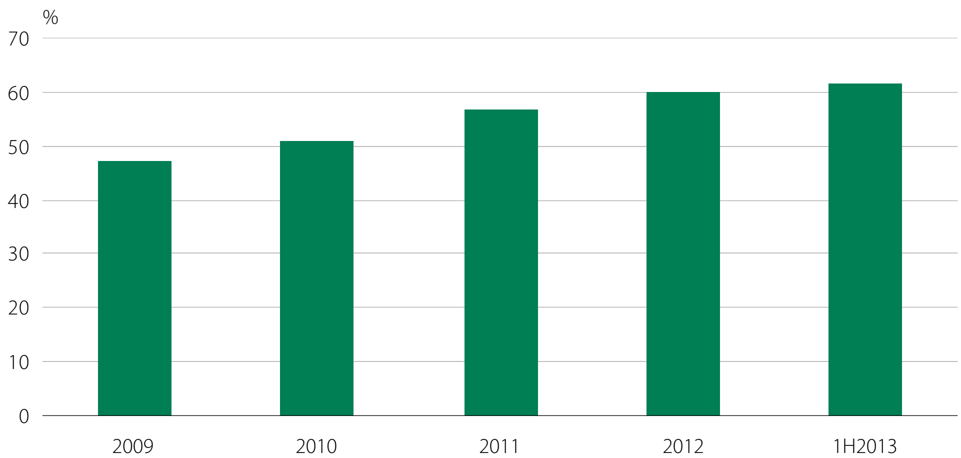
  For its part, turnover in the real estate sub-sector fell across-the-board as a result of the stagnant residential property development business in Spain, the fall in activity in companies subject to bankruptcy proceedings and the impact of significant sales of assets to companies linked to financial institutions in the comparison period.

– **Credit institutions.** Aggregate revenue from interest and similar revenue recorded by the credit institutions in the sample in the first half of 2013 fell by 10.1% on the first half of 2012. This change reflects the impact of the interest rate curve on the review of mortgage lending rates, the de-leveraging processes being conducted by institutions and the effect of non-performing loans.

– **Insurance companies.** The aggregate volume of premiums net of reinsurance rose at a year-on-year rate of 1.1%. This increase was essentially driven by international business.

Figure 3 shows the percentage of net turnover generated abroad for non-financial companies since 2009. The upward trend in the percentage recorded over recent periods continued in the first half of 2013, with foreign operations generating 61.8% of total net turnover. 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 38.2%.

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. All sectors recorded an increase in the relative proportion of sales in international markets.

Sales abroad by listed non-financial companies rose by 2.5% in the first half of 2013 compared with the same period of the previous year, while sales in Spain fell by 7.4%. The data for the first half of 2013 therefore reflect the weakness in domestic demand and the search for new markets conducted by Spanish companies.

Net turnover of non-financial companies generated from foreign operations: breakdown by sector (%) TABLE 1

	2009	2010	2011	2012	1H2013
Energy	43.3	44.8	47.0	45.2	47.0
Manufacturing	62.6	65.8	69.0	73.1	76.4
Retail and services	51.1	57.1	62.5	67.8	68.8
Construction and real estate	38.4	44.5	59.1	69.0	71.3
Subtotal, non-financial companies	**47.4**	**51.0**	**57.0**	**60.3**	**61.8**

Source: CNMV.

3 Results

In contrast to the sales figures, the aggregate profits of the companies in the sample rose by 14.01 billion euros compared with the first half of 2012. 94% of the increase in aggregate profits was due to the performance of credit institutions, which moved from losses of 3.61 billion euros in the first half of 2012 to profits of 9.51 billion euros in 2013.

The percentage of loss-making companies in the sample in the first half of 2013 fell by 13.5 percentage points on year-end 2012. Total losses amounted to 2.9 billion euros compared with 68.77 billion euros in 2012.

There was therefore an improvement in the results of credit institutions, which in the previous year accounted for 72% of the losses. Similarly, the losses of construction and real estate companies fell substantially from 7.06 billion euros at year-end 2012 to losses of 1.6 billion euros in the first half of 2013.

The percentage of companies recording profits in the first half of 2013 stands at 65.7% of the sample, 14 percentage points up on 2012. A significant number of companies increased their profits by over 20% (40 companies compared with 28 companies at year-end 2012).

As shown in table 2, non-financial companies recorded a 7.8% drop in their EBITDA. This fall is higher than the drop in turnover (-1.5%) principally as a result of recording the impairment of tangible and intangible assets and goodwill, mainly relating to the generation of electricity through renewable energies and gas storage in the United States and Canada.

EBITDA,[1] operating profit and profit for the year

TABLE 2

Million euros	EBITDA			Operating profit			Profit (loss) for the period		
	1H2012	1H2013	Change (%)	1H2012	1H2013	Change (%)	1H2012	1H2013	Change (%)
Energy	14,222	12,666	-10.9	9,235	7,580	-17.9	5,790	5,735	-0.9
Manufacturing	3,810	3,749	-1.6	2,599	2,509	-3.5	1,484	1,518	2.3
Retail and services	14,608	13,715	-6.1	7,376	6,275	-14.9	3,011	2,517	-16.4
Construction and real estate	3,626	3,382	-6.7	2,009	1,772	-11.8	-1,937	-517	-73.3
Credit institutions	–	–	–	-3,721	7,324	–	-3,609	9,507	–
Insurance companies	–	–	–	1,073	1,097	2.2	705	751	6.4
Total[2]	**36,254**	**33,442**	**-7.8**	**18,610**	**26,538**	**42.6**	**5,509**	**19,519**	**254.3**

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.

There was substantial improvement in operating profit and profit for the period in the first half of 2013 compared with the same period of the previous year (see table 2). As indicated above, these figures rose as a result of the positive performance of financial institutions. If we exclude this sector, the operating profit and profit for the period of non-financial companies would have changed by -14.8% and 10.1% respectively. We should point out that the increase in depreciation/amortisation charges (2.2%) in all sectors, except construction and real estate, led to a drop in operating profits greater than the fall in EBITDA. One of the determining factors for the rise in profit for the period was the fall in financial expenses as a result of the reduction in debt. The resulting improvement in financial profit (loss) led to a 33.1% reduction in losses. The improvement in the profit for the period was also the result of the fact that the losses recorded in the construction sector resulting from the valuation of derivatives in the previous year was not repeated and as a result of the improvement in the results of companies accounted for using the equity method, among other factors.

By sector, the highlights were as follows:

– **Energy**. Although turnover in the sector remained stable compared with the same period of the previous year, operating profit fell by 17.9%.

  The fall in this margin was due to the following events which took place in the first half of 2013: (i) approval of Law 15/2012, in force as from 1 January 2013, which introduced various tax measures with a direct impact on the electricity sector, aimed at reducing the tariff deficit, such as the tax on electricity production and spent nuclear fuel and the so-called "green cent"; and (ii) the impairment of 1.58 billion euros recorded by one company as a consequence of the review of the business plans in its construction projects for wind farms and gas storage facilities in the United States and Canada.

Despite the noteworthy fall in the operating margin, the profit for the period only fell by 0.9% due to the lower tax charge paid by several companies in the sector, which resulted from them adhering to the balance sheet revaluations under Law 16/2012. This drop in the tax charge had a significant impact on the expense for Corporate Income Tax, which fell by 83.2% from an effective tax rate of 23.4% in the first half of 2012 to a rate of 4.7% in the same period of 2013.

– **Manufacturing.** The 1.6% fall in EBITDA was lower than the fall in sales, leading to an improvement in the EBITDA/sales ratio of 0.7 percentage points. There was a noteworthy improvement in this ratio in the construction sector due to the net positive effect of non-recurring impacts of different signs, such as gains obtained from swap operations and asset sales and loan write-offs, which were partially offset by expenses incurred in asset restructuring processes and staff re-structurings in order to adapt production capacity to demand.

  Operating profit fell by 3.5%, in line with the fall in sales, due to an increase in depreciation/amortisation (+2.4%).

  Finally, profit for the period rose by 2.3% as a result of the fall in the tax expense, which was affected by some companies adhering to the balance sheet revaluations provided for in Law 16/2012.

– **Retail and services.** EBITDA and operating profit for the sector as a whole fell by 6.1% and 14.9% respectively. If we exclude the communications sub-sector, which accounts for a large proportion of the total, EBITDA rose for the rest of the sector by 2.8% (with the EBITDA/sales ratio remaining stable) while operating profit fell by 5.6%, with an increase in depreciation/amortisation of 11.1%.

  The fall in the margins of the communications sub-sector was largely due to the fall in turnover.

  The 16.4% drop in profit for the period is due to the increase in the effective rate of corporate income tax, which rose from 27.8% to 32.1%.

– **Construction and real estate.** EBITDA for the sector fell by 6.7%. The fall affected both construction companies (-3%) and the real estate sub-sector (-78%). Operating profit also fell by 11.8%, with the drop in the real estate sector (-61%) being larger than in the construction sector (-5%).

  The construction sector recorded operating profit over the period, although less than in the same period of the previous year (2.21 billion euros compared with 2.1 billion euros at 30 June 2012). This fall was mainly a result of the sharp decrease in construction and cement production in Spain, together with the reduction in margins in the area of environmental services. Only two companies recorded positive growth in operating profit, which was due to the growing contribution of the motorway concession business outside Spain and reduced asset impairment charges.

The real estate sector recorded operating losses due to the fall in sales (-53.1%) and recording the impairment of its fixed assets, which was partially mitigated by the fall in the structural costs of companies resulting from their low level of activity.

The sector's losses for the period fell by 73.3% from 1.94 billion euros in the first half of 2012 to 517 million euros in the same period of 2013. This improvement is mainly explained by the sharp losses (2.36 billion euros) recorded by the construction sector in the first half of 2012 as a result of the impairment and disposal of financial instruments.

– **Credit institutions.** The aggregate interest margin in the first half of 2013 fell by 9.6% on the same period of the previous year. This drop was the result of the reduction in revenue from interest and similar revenue and the expense for interest and similar charges, which fell by 10.1% and 10.6% respectively.

The change in revenue from interest reflects the fall in interest rates. Although this fall began in the first few months of 2012, it only started to be reflected in mortgage loans at the end of 2012, as a result of the time lag that usually takes place with regard to the review of mortgage interest rates. Similarly, the difficult economic environment, the new regulatory requirements and the restructuring processes in the financial sector have led to a significant fall in the volumes of financing provided to the private sector, as well as a displacement of the lending mix towards lower risk products, which has negatively affected this figure. Finally, the rise in the NPL ratio and, hence, non-performing assets, also contributed significantly to the drop in revenue from interest.

The change in the expense for interest reflects the reduction in the cost of financing: (i) from customers, as a result of the reduction in customer deposits; and (ii) wholesale, as a result of the downward revision of interest rates. All of this has taken place in a scenario characterised by substantial relaxing of liquidity tensions thanks to the measures adopted by the European Central Bank (ECB).

Despite the fall in the interest margin and the fact that net commissions remained stable compared with the first half of 2012 and staff and general costs rose (heavily influenced by the restructuring processes carried out by credit institutions), operating profit in the first half of 2013 amounted to 7.32 billion euros compared with a loss of 3.72 billion euros at the close of June 2012.

The change in the operating profit was largely due to the provisions which most institutions had to make over 2012 as a consequence of the application of Royal Decree-Law 2/2012 and Law 8/2012, which led to an aggregate operating loss in the comparison period.

Similarly, this change reflects the increase in profits from financial operations (swaps of hybrid instruments, buybacks of securitisation bonds and covered bonds, divestments of non-strategic assets mainly carried out by institutions undergoing restructuring or resolution processes, sale of fixed-income assets available for sale and of the held-to-maturity portfolio and the results of the trading portfolio).

The credit institutions in the sample as a whole obtained an aggregate profit before tax of 9.51 billion euros in the first half of 2013, compared with net losses in the same period in 2012.

In addition to the aforementioned improvement in the operating profit, this progress reflects other factors, such as: (i) the fall in losses for impairment of other assets and losses from non-current assets held for sale (including foreclosed assets); (ii) the results from the disposal of assets not classified as non-current assets held for sale as a result of the processes of divestments of non-strategic assets initiated by some institutions; and (iii) negative consolidation differences recorded by certain institutions which resulted from the sales processes performed by the Fund for Orderly Banking Restructuring (Spanish acronym: FROB) in the first half of 2013.

– **Insurance companies.** The technical account of the non-life insurance business recorded an 8.4% rise in aggregate profit (798 million euros). This growth was due to the reduction in claims and net operating expenses.

  The aggregate profit of the technical account of the life insurance business fell by 11.1% (299 million euros) as the increase in premiums in this business and the reduction in claims were not enough to offset the fall in revenue, net of expenses, from property, plant and equipment and investments and the negative impact of the adjustment of technical provisions.

  The increase in the profits of the non-life insurance business offset the fall recorded in the life insurance business so that the aggregate profit before tax for the first half of 2013 was 4.1% up on that obtained in the same period of 2012.

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

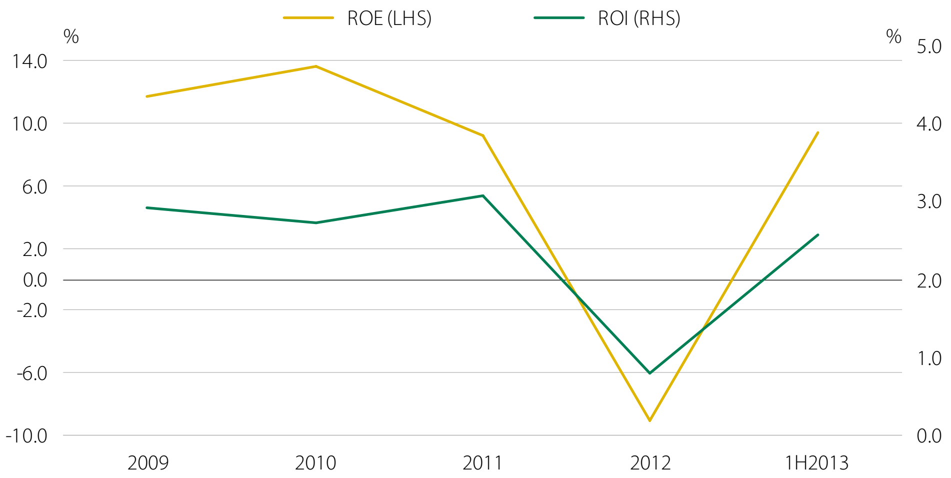
Figure 4 shows the ROE and ROI[6] since 2009. ROE and ROI for the first half of 2013 stood at 9.2% and 2.5%, respectively, thus recovering the levels of 2011.

Tables 3 and 4 show the trend of annualised ROE and ROI respectively for the different sectors. In the first half of 2013, all sectors, except the construction and real estate sector, recorded positive returns on equity and assets. In all sectors, except the energy sector, there was a clear improvement in ROE compared with the previous year. This improvement was particularly significant in the construction and real estate sector and in the credit institution sector.

6 For the definitions of ROE and ROI used in this article see Anta Montero, B. and Casado Galán, Ó. (2009). “Economic and financial performance of listed companies in the first half of 2009”, in *CNMV Bulletin*, fourth quarter, pp. 39-45. Available at http://www.cnmv.es/DocPortal/Publicaciones/Boletin/Bulletin-QIV_weben.pdf

ROE and ROI

FIGURE 4



Source: CNMV.

ROE (%)

TABLE 3

	2009	2010	2011	2012	1H2013
Energy	13.2	16.2	10.7	9.9	10.4
Manufacturing	6.3	13.8	10.4	8.4	11.4
Retail and services	19.3	21.9	16.4	7.9	9.2
Construction and real estate	3.7	6.6	-0.7	-20.9	-5.3
Total non-financial companies	13.1	16.9	10.9	5.8	8.8
Credit institutions and insurance companies	10.4	10.3	7.1	-24.4	9.6
Total	**11.7**	**13.6**	**9.2**	**-9.1**	**9.2**

Source: CNMV.

ROI (%)

TABLE 4

	2009	2010	2011	2012	1H2013
Energy	7.2	8.2	6.0	5.8	6.5
Manufacturing	4.9	9.0	7.4	6.2	7.9
Retail and services	7.7	8.5	7.8	4.8	4.8
Construction and real estate	3.2	4.8	2.9	-0.7	0.9
Total non-financial companies	6.3	7.7	5.9	3.9	5.4
Credit institutions and insurance companies	2.5	2.0	2.4	0.2	2.1
Total	**3.1**	**2.9**	**3.1**	**0.8**	**2.5**

Source: CNMV.

As shown in table 5, the financial cost of borrowing net of tax rose by 50 basis points (bp) within all sectors, except the construction and real estate sector, falling within the range of 3-4%. The clear fall in the financial cost of the construction and real estate sector as shown in table 5 relates to the exclusion of the assets assigned by the original creditors to the Asset Management Company for Assets Arising from Bank

Restructuring (Spanish acronym: SAREB) when calculating the debt with credit institutions. Such assets amounted to approximately 1.6 billion euros.

Financial cost of borrowing net of taxes of non-financial companies (%)[7] TABLE 5

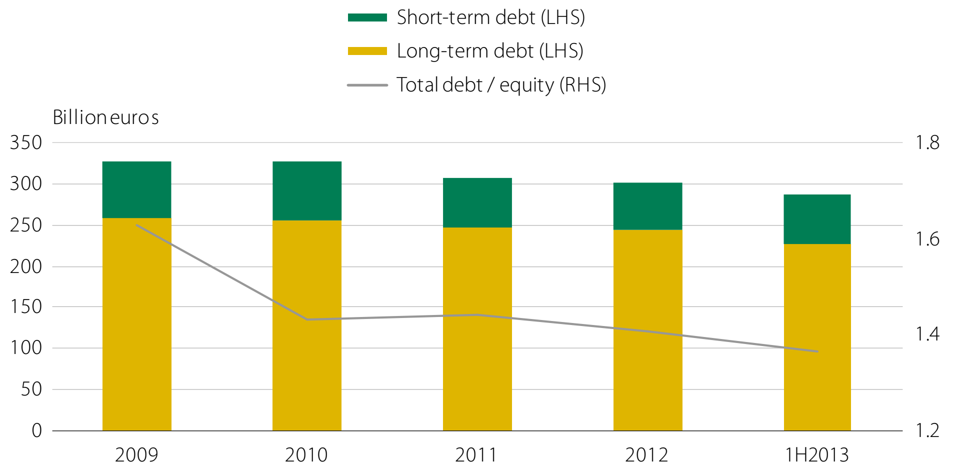
	2009	2010	2011	2012	1H2013
Energy	3.1	2.9	2.8	2.8	3.4
Manufacturing	3.4	3.4	3.8	3.6	3.7
Retail and services	3.0	2.8	4.1	3.5	3.1
Construction and real estate	3.1	4.4	3.8	4.3	2.3
Total non-financial companies	**3.0**	**3.1**	**3.4**	**3.0**	**3.5**

Source: CNMV.

5 Debt

Figure 5 shows the trend of gross financial debt[8] for the non-financial companies in the sample.

Debt structure and leverage ratio of non-financial listed companies FIGURE 5



Source: CNMV.

The level of financial debt of the companies in the sample continued falling in 2013, thus maintaining the trend which began in 2010. The debt of these companies at 30 June 2013 amounted to 285.89 billion euros, 4.9% down on year-end 2012 (300.63 billion euros). However, it should be pointed out that the data corresponding to 2012 included one company with a high level of financial debt which no

7 This is estimated by relating the financial expense for interest and similar charges with the average debt for the period.

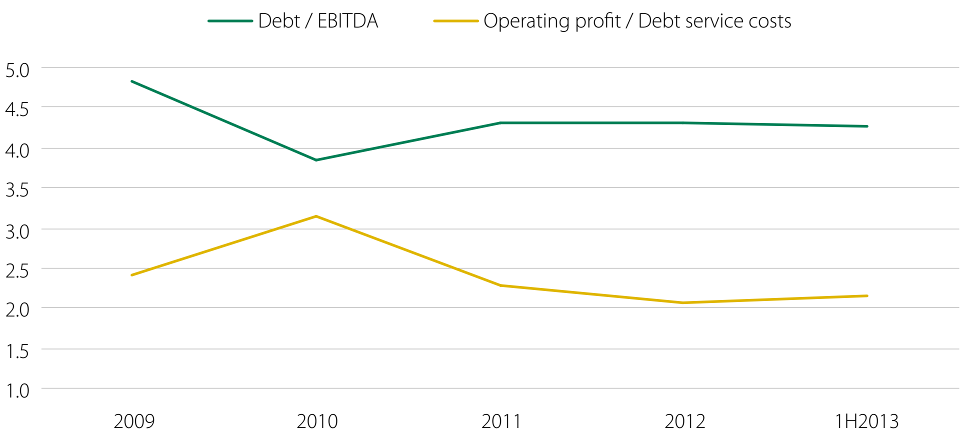
8 Gross financial debt is defined as the sum of debts with credit institutions and issues of debentures and other tradable debt securities.

longer formed part of the analysed sample in 2013, as it has been de-listed. If we remove this company from the calculation, the fall in the sample stands at 3.2%.

The percentage of short-term debt rose slightly to 20.3%, compared with 18.9% recorded in 2012. The leverage ratio improved slightly on the previous year, with aggregate debt 1.36 times the level of equity.

Figure 6 shows the trend in debt-to-EBITDA and the debt service coverage ratios. The ratio of total debt / EBITDA[9] improved slightly and stood at 4.27 years in the first half of 2013 (4.32 years in 2012). The debt service coverage ratio (EBIT / financial expenses) also rose slightly to 2.16 times (2.06 times in 2012).

Debt-to-EBITDA ratio FIGURE 6



Source: CNMV.

Table 6 shows the trend in the level of debt and some key related ratios by sector. All sectors reduced their levels of debt in 2013, with a noteworthy reduction in the retail and services sector (as a result of the sharp fall in the communications subsector) and in the construction and real estate sector (as a result of the change in the composition of the sample as one highly indebted company was de-listed).

The energy sector continued the trend which began in 2009 with a 2% reduction in debt in the first half of 2013 as a result of divestments and financing by issuing other perpetual subordinated bonds which are classified as equity for accounting purposes to an amount of 525 million euros.

The level of debt in the manufacturing sector fell slightly on 2012. The increase in borrowing in some companies was offset by the fall in debt in others.

Aggregate debt in the retail and services sector fell by 5.2% as a result of the effect of the communications segment, whose gross debt fell by 4.16 billion euros due to the generation of free cash flow and other factors, including the sale of treasury stock.

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

Debt by sector

TABLE 6

Million euros		2009	2010	2011	2012	1H2013
Energy	Debt	100,572	98,283	95,853	91,233	89,323
	Debt / Equity	1.08	0.95	0.92	0.85	0.79
	Debt / EBITDA	3.46	2.81	3.27	3.26	3.53
	Operating profit / Debt service cost	3.38	4.15	3.30	3.14	3.01
Manufacturing	Debt	15,953	14,948	17,586	17,232	17,190
	Debt / Equity	0.69	0.58	0.63	0.63	0.66
	Debt / EBITDA	3.05	2.11	2.54	2.38	2.29
	Operating profit / Debt service cost	3.15	5.00	3.90	3.82	4.33
Retail and services	Debt	108,579	115,413	113,142	117,359	111,152
	Debt / Equity	1.78	1.60	2.01	2.00	2.11
	Debt / EBITDA	3.70	3.38	3.78	4.01	4.05
	Operating profit / Debt service cost	3.28	3.94	2.45	2.02	1.93
Construction and real estate	Debt	104,762	99,917	83,716	76,236	69,629
	Debt / Equity	4.08	3.42	2.98	3.51	3.64
	Debt / EBITDA	22.48	11.18	15.00	15.17	10.29
	Operating profit / Debt service cost	0.31	0.98	0.52	0.32	0.85
Adjustments*		-1,908	-1,792	-1,404	-1,429	-1,400
Total	**Debt**	**327,958**	**326,769**	**308,893**	**300,633**	**285,894**
	Debt / Equity	**1.63**	**1.43**	**1.44**	**1.41**	**1.36**
	Debt / EBITDA	**4.82**	**3.84**	**4.29**	**4.32**	**4.27**
	Operating profit / Debt service cost	**2.42**	**3.12**	**2.30**	**2.06**	**2.16**

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 level of gross debt in the construction and real estate sector fell by 8.7% on 2012 as a result of the net effect of the rise of 518 million euros in the construction sector and the fall of 7.13 billion euros in the real estate sector.

The significant fall in the level of debt of the real estate sector was mainly the result of two causes. Firstly, the impact of the debt of one company which was de-listed in 2013, whose debt is included in the figures for 2012. The second cause is the reclassification of liabilities assigned by the original creditors to SAREB for an amount of approximately 1.6 billion euros, which is no longer calculated as debt with credit institutions. If we exclude these effects, the debt of the real estate sector would have only fallen by 2%.

Finally, it should be pointed out that the ratios of the construction and real estate 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

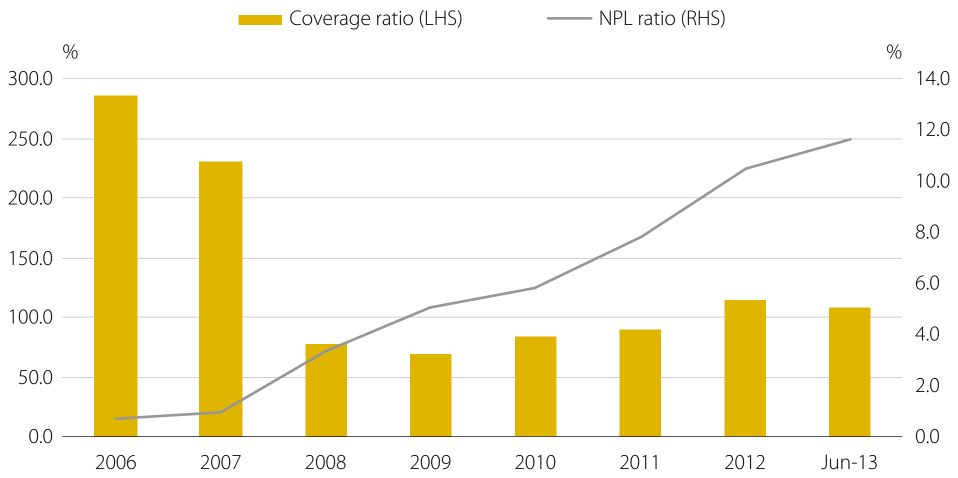
As in previous reports, given the attention paid to the performance of the financial sector, this section focuses on the sector and, more particularly, on the ratios of credit institutions regarding growth in lending, non-performing loans and solvency.

Aggregate lending by credit institutions as a whole fell by 2% over the first six months of 2013. This fall essentially reflects: (i) the ongoing de-leveraging being conducted by these institutions, (ii) their strategy for optimising their lending by reducing their exposure to higher risk segments in order to comply with the capital requirements of the European Banking Authority and Law 9/2012, and (iii) the effect of the increase in impairment losses and the transfer of assets to SAREB.

Furthermore, it is important to highlight that in this same period listed institutions increased their exposure to Spanish sovereign debt, largely financed by funds provided by the ECB. According to the *Statistical Report* of the Bank of Spain, lending to the public sector by credit institutions rose by 19.2% in the first half of 2013 and accounted for 11.9% of their total assets. This percentage has been increasing since 2007, when these assets accounted for 4.2% of the total. According to the statistics on outstanding public debt of the Public Treasury, the percentage of public fixed-income securities held by Spanish credit institutions rose by 17.4% in the first half of 2013.

Figure 7 shows the development of the NPL ratio of credit institutions in lending to other resident sectors (families and companies) since 2006, as well as the coverage ratio of doubtful assets.[10]

NPL and coverage ratios of credit institutions FIGURE 7



Source: Bank of Spain.

10 The coverage ratio of doubtful assets is defined as the percentage of the value adjustments for asset impairments over the doubtful balance.

The non-performing loan ratio once again increased in the first half of 2013, rising to 11.6%.[11] As in previous six-month periods, non-performing loans rose as a result of the poor performance of the Spanish economy, in particular, the ongoing contraction in domestic demand and the sluggish job market and real estate market, to which credit institutions are highly exposed. In addition, we should add the impact on this ratio of the reclassifications of certain re-financed assets from "normal risk" to "doubtful risk".

The fall in the coverage ratio in 2008 and 2009 mirrored the sharp increase in the NPL ratio. There was a notable increase in the coverage ratio in 2010, as a consequence of the processes of integration and restructuring against reserves of the assets of savings banks carried out in that year. However, after this effect had been absorbed, the ratio once again fell in 2011. Finally, due to the effect of the application of the new requirements of Royal Decree-Law 2/2012 and Law 8/2012, the ratio rose in 2012 to 114.4%, which is the highest percentage recorded since 2008. As shown in figure 7, the coverage ratio once again fell in the first half of 2013, in line with the increase in the NPL ratio.

The increase in the NPL ratio since 2007 has increased the volume of asset acquisitions or foreclosed assets, especially real estate assets. Assets received as payment of debts are generally classified in the balance sheets of credit institutions under the heading of "non-current assets for sale", although developments in progress and leased assets are classified under "inventory" and "property, plant and equipment", respectively.

The amount of non-current assets for sale rose to 1.4% of the total in June 2013. The largest increase took place in 2012. Together with the 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 as non-current assets for sale. The divestment processes and transfers of assets to SAREB took place in 2013 and led to a reduction in credit institutions' exposure to non-strategic and non-performing assets.

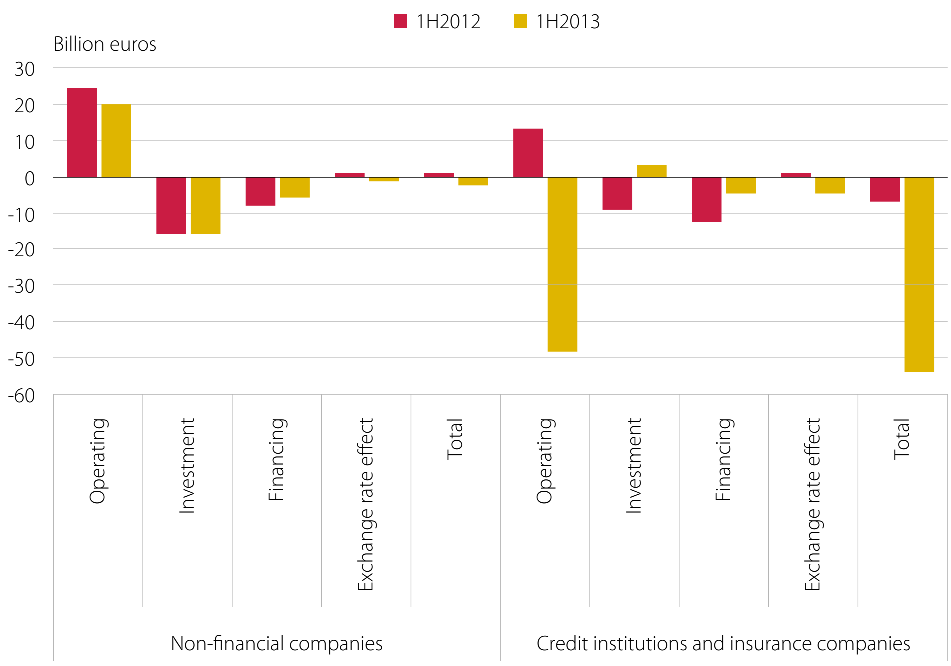
With regard to the evolution of the different components of equity, we can highlight the following figures: (i) the carrying amount of capital and reserves rose by 7.4% in the first half of 2013 as a result of the measures adopted by institutions to strengthen their solvency and comply with new regulatory requirements; (ii) the net losses recorded under valuation adjustments increased by 11.7% in the period due to the fall in the prices of available-for-sale financial assets, which was in turn the result of the volatility in capital markets and the European sovereign debt crisis; and (iii) minority interests, which represent the holdings in the equity of subsidiaries not directly or indirectly attributable to the parent company, fell by 42.1%.

11 *Statistical Report* of the Bank of Spain.

7 Cash flows

Figure 8 shows the aggregate changes in cash flows generated in the first six months of 2012 and 2013 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 period. In addition, figure 8 differentiates between non-financial companies and credit institutions and insurance companies given the different nature of their activities.

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 during the first half of 2013 (20.71 billion euros) fell by 16.3% on the same period of the previous year. This fall took place in every sector, except the retail and services sector, which recorded an increase of 7.0%.

  Net outflows for investment remained fairly stable with a slight reduction of 2.1% on the first half of 2012. The amounts corresponding to investment and divestment flows are very similar to those of the previous year.

  Outflows for financing fell by 22.6% on the first half of 2012 and amounted to 5.7 billion euros. This fall is essentially the result of the reduction in dividends paid in cash with regard to the comparison period.

  In summary, the operating flows of issuing companies have been used over the period for investments after the payment of the financing of borrowing and equity. Payments received for the issue of equity instruments and the sale of treasury stock were practically offset by the payments made for amortisation of the debt of non-financial companies.

– **Credit institutions and insurance companies.** The cash flow statements of listed credit institutions and insurance companies recorded a net fall in aggregate cash and cash equivalents of 53.6 billion euros, compared with a net cash outflow of -6.5 billion euros in the first half of 2012.

  This fall was essentially due to the net payments made for operating activities in the first half of the year, which amounted to 47.78 billion euros, compared with net inflows of 14.01 billion euros in the same period of the previous year.

  Financing activities recorded net cash outflows of 4.9 billion euros, a reduction of 59.8% on the figure for the first half of 2012.

  As a result of investment activities, credit institutions and insurance companies as a whole recorded net cash inflows of 3.74 billion euros in the first half of 2013 compared with net outflows of 9.27 billion euros in the same period of 2012.

  Exchange differences led to a net decrease in cash of 4.67 billion euros.

  The aggregate cash flow statement therefore reflects the policy followed by most Spanish credit institutions of reducing their balance sheets, divesting non-performing and non-strategic assets and optimising their lending portfolio.

8 Number of employees

Table 7 shows the average aggregate workforce for the six sectors in the first half of 2012 and 2013. The table shows that the first six months of 2013 saw a 6.5% year-on-year reduction in the average staff of the companies included in the sample.

Average workforce by sector TABLE 7

Number of people	1H2012	1H2013	Change (%)
Energy	105,388	103,136	-2.1
Manufacturing	257,837	265,142	2.8
Retail and services	754,856	614,929	-18.5
Construction and real estate	386,896	389,050	0.6
Credit institutions	449,649	451,184	0.3
Insurance companies	40,241	41,285	2.6
Adjustments*	-4,711	-3,944	-16.3
Total	**1,990,156**	**1,860,782**	**-6.5**

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 aggregate workforce of the non-financial companies in the sample fell by 8.8%. There were significant changes in some cases, mainly in the communications sub-sector, due to corporate operations. The number of companies which reduced their workforce (84 companies) is higher than the number of companies which increased or maintained their workforce (46 companies).

The average aggregate workforce of credit institutions recorded a 0.3% rise in the first half of 2013 compared with the same period of the previous year. Although workforces fell in most of the companies included in the sample (particularly noteworthy in those companies in which the FROB intervenes or has intervened), the fall was offset by the rise seen in the companies which carried out corporate acquisitions. The average cost per employee rose by 6.8%, reflecting the cost of the workforce adjustments.

As in previous periods, the number of branches of deposit institutions fell by 1.7% over the period,[12] as a result of the various concentration processes, cost reduction policies and the drive towards electronic banking.

9 Dividends

As shown in table 8, dividends paid in the first half of 2013 amounted to 3.81 billion euros, 56.8% down on the same period of the previous year.

Dividends paid by sector TABLE 8

Million euros	1H2012	1H2013	Change (%)
Energy	1,106	547	-50.5
Manufacturing	914	1,052	15.1
Retail and services	4,325	593	-86.3
Construction and real estate	801	304	-62.0
Credit institutions	1,376	1,058	-23.1
Insurance companies	301	271	-10.0
Adjustments*	–	-13	–
Total	**8,823**	**3,812**	**-56.8**

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 the first half of 2013, 32.2% of the companies paid dividends, compared with 41.6% in the same period of the previous year. Of the 49 companies which paid dividends in the first half of 2013, 47% increased the remuneration paid to shareholders compared with the previous period, 34.6% reduced it and the remaining 18.4% kept it at the same level.

It should be pointed out that 81.7% of the dividends paid out over the first half of 2013 were paid from profits, while this figure stood at only 42.1% in the same period of the previous year due to the payment of 3.61 billion euros from reserves made by one of the companies in the sample.

12 *Statistical Report* of the Bank of Spain.

A significant portion of the companies in the energy sector, the retail and services sector and the construction sector paid lower dividends, with a sharp fall (-3.61 billion euros) in one of the companies in the communications sector which did not pay dividends until the second half of 2013.

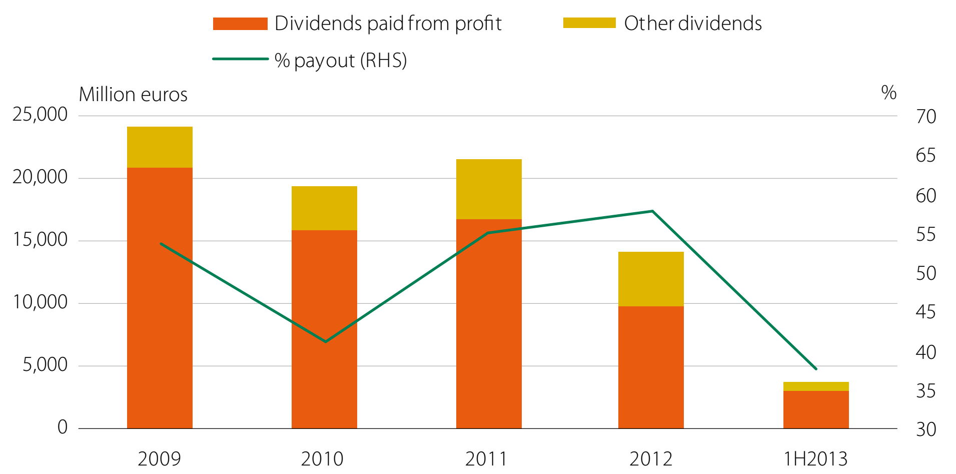
With the aim of mitigating the fall in shareholder remuneration through dividends, especially those paid from profits, companies have been making use of scrip dividends, which consist of giving paid-up shares, with the specific feature that the company offers to buy the free allotment rights at a fixed 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.

Eight companies decided to use scrip dividends in the first half of 2013 (compared with 11 at year-end 2012). Of all the free allotment rights issued by the eight companies, only 19.2% of the shareholders chose to sell the rights to the issuer in order to receive the remuneration in cash (1.05 billion euros), while the remaining 80.8% subscribed the scrip shares. This mechanism has allowed companies to save paying 4.4 billion euros in cash of the 5.45 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 the companies – correcting for the dividends not paid from profits – stood at 29.6% compared with 54.9% in 2012.[13]

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

Dividends paid and payout FIGURE 9



Source: CNMV.

NB: In 2009, we excluded one unusually large dividend which paid out the gain generated on a corporate operation recorded in 2008.

13 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.

In order to analyse the evolution of the payout, it is important to bear in mind that this ratio relates the profits obtained in a year with the dividends paid in that year, including the supplementary dividends relating to the profit of the previous year. Due to the significant losses recorded in 2012, the supplementary dividends paid in the first half of 2013 were very low.

10 Conclusions

The aggregate profits of the companies in our sample in the first half of 2013 rose by 14.01 billion euros on the same period of the previous year. 94% of the increase in aggregate profits was due to the performance of credit institutions, which moved from losses of 3.61 billion euros in the first half of 2012 to profits of 9.51 billion euros in the same period of 2013.

If we exclude financial institutions, aggregate profits increased by 10.1%, despite the fall in sales (-1.5%) and the fall in operating profit (-14.8%). This improvement in the profits for the period is mainly due to: (i) the fall in financial expenses as a result of the reduction in debt, (ii) the non-recurring losses recorded in the construction sector in the previous year as a result of the disposal and valuation of financial instruments and (iii) the improvement in the results of companies accounted for using the equity method.

The capacity of companies to increase their presence in international markets continues to partially offset the negative performance of their operations in the Spanish market, although this did not prevent their net turnovers from falling.

The reduction in the level of debt of non-financial companies which began in 2012 continued during the first half of 2013. The difficulties in obtaining liquidity have encouraged companies to obtain funds by selling treasury stock or issuing equity instruments.

It is important to remember that last year credit institutions were immersed in a process of restructuring and recapitalisation which led to recording significant impairment losses of financial and real estate assets. In the first half of 2013, despite the fall in the interest margin and the fact that impairment losses remain high, credit institutions obtained profits after recording losses in the same period of 2012. This change from losses to profits was due to the positive results obtained in financial operations, mostly as a result of the gains obtained on the disposal of non-strategic assets, swap operations and debt buybacks.

Similarly, in the first six months of 2013, credit institutions continued with their policies of de-leveraging, restructuring their balance sheets and strengthening their solvency.

The fall in profits in 2012, together with the difficulties in obtaining liquidity through borrowing or equity, affected the amount of the dividends paid by listed companies in the first half of 2013, which fell by 56.8% compared with the same period of 2012. In order to offset the fall in dividends paid from profits, companies continued to use different formulas involving a lower cash outflow to remunerate their shareholders, for example through the use of scrip dividends.

The average workforce fell by 6.5% due to corporate operations conducted in the communications sub-sector.

Finally, it should be pointed out that the key figures for the results of the third quarter of 2013 reflect the same trend as that described throughout this article. Net turnover has fallen by 4.0% and operating profit by 12.2%. However, the profit for the period has risen by 19.1%.

New progress towards the introduction of financial education in Spanish schools

Gloria Caballero and Isabel Oliver (*)

(*) Gloria Caballero and Isabel Oliver are members of the CNMV's Research, Statistics and Publications Department.

1 Introduction

Society nowadays poses major challenges to which the education system must adapt. One of these is the need for young people to leave school with a level of financial literacy which will help them to make financial decisions throughout their lives.

This need can already be clearly seen in multiple aspects of daily life, such as decisions relating to savings investment and how to finance purchases of houses and durable goods. However, financial literacy will become even more necessary in the future due to changes in social welfare systems, in particular those relating to pension systems. It is very likely that, due to these changes, young people in the future will have to depend on their own knowledge and professional financial advice to a greater extent than their parents when making decisions that will affect their lives when they stop working.

As adults, people can always perform activities aimed at improving their financial knowledge through different routes (regular training programmes, seminars and conferences, publications, enquiries on websites, discussion forums, etc.). However, the effectiveness of these efforts may be limited by a lack of early exposure to financial education which lays the foundations for basic knowledge. In addition, experience demonstrates that, in the absence of this type of exposure, many adults are not aware of the benefits of improving their financial knowledge and will therefore be unlikely to undertake initiatives of this type.

It is therefore important to offer children and young people opportunities to acquire basic foundations in financial literacy. In addition to preparing them for adult life, financial education in schools can also cover the immediate financial problems which they face. For example, young people often have accounts with access to online payment services through mobile phones and therefore acquiring financial skills may be beneficial for them.

Schools are in a good position to provide financial education to all demographic groups, including the most vulnerable groups, such as low-income groups or immigrant families, which may help, as the case may be, to break the generational cycle of a lack of financial literacy. Schools also have the power or potential to bring together parents and teachers and to spread financial habits which are healthy for the community.

This article aims to summarise and analyse recent initiatives which are being developed in Spain and other countries to promote the incorporation of financial education into schools. Specifically, in Spain, the CNMV and the Bank of Spain have been promoting a financial education programme in schools, which was already provided in the academic years 2010-2011 and 2012-2013, yielding very positive results. The latest PISA international test for Spanish 15-year-olds, which included an assessment of their financial skills for the first time, shows how important it is for young people to have financial skills and it will help countries to identify priorities and develop programmes aimed at the specific needs of young people.

The article is organised into seven sections. Section 2 highlights the importance of financial education in schools. Section 3 analyses the recommendations issued internationally by the OECD with regard to strategies for implementing financial education in schools. Section 4 reviews the contributions of economic literature on the influence of financial education amongst young people. Section 5 lists some initiatives on financial education in schools in different countries, while section 6 refers to progress made in Spain. This last section makes particular reference to the results of the evaluation of the Financial Education Programme in the academic year 2012-2013, as well as the inclusion of the international PISA tests on financial literacy. The article concludes with section 7, which presents the conclusions.

2 The importance of financial education in schools

In the context of schools, financial education relates to the teaching of knowledge, skills, behaviour, values and attitudes which allow students to make informed and sensible financial decisions in their daily lives, preparing them to face the basic financial challenges which they will encounter over their life cycle from a better position.

Young people today will be the consumers of financial products and services tomorrow, and it therefore makes sense for this population group to receive preferential attention in financial literacy strategies with a long-term perspective. Reasons in favour of giving priority attention to this segment of the population include the greater learning capacity of young people compared with adults and their lower exposure to inappropriate beliefs or habits relating to finance, which are unfortunately very common among adults.

Schools are in a good position to allow financial education to penetrate all demographic groups and thus break the cycle of generational financial illiteracy in a standardised manner throughout society. In modern societies, the generalisation of a stage of compulsory education of considerable duration and the growing access of the young population to non-compulsory stages means that schools are an irreplaceable vehicle for promoting equal opportunities and for allowing, as appropriate, financial education to reach young people from all social sectors or groups.

The interest of the promoters of financial education in young people and in schools is not new. The OECD already indicated in 2005 that "financial education should start at school. People should be educated about financial matters as early as possible in their lives".[1]

1 OECD (2005). *Recommendation on Principles and Good Practices for Financial Education and Awareness*. Available at http://www.oecd.org/finance/financial-education/35108560.pdf

In 2012, the OECD published its *Guidelines on Financial Education at School and Guidance on Learning Framework,*[2] which aims to help countries to design, develop and implement their financial education programmes in schools in an efficient manner.

The European Commission also highlights the need to receive financial education at an early age and indicates that "Consumers should be educated in economic and financial matters as early as possible, beginning at school. National authorities should give consideration to making financial education a compulsory part of the school education curriculum".[3]

In line with the aforementioned recommendations, an increasing number of countries recognise the importance of financial education and have included it in the school curriculum. However, there are still significant barriers to overcome: a lack of a clear policy from governments, a lack of resources and materials, saturated curricula and limited experience.

There is no single recipe, but countries which have incorporated financial education into classrooms have partially or totally adopted the recommendations issued by the OECD in the aforementioned 2012 document.

3 OECD Recommendations

The OECD, through the International Network on Financial Education (INFE),[4] offers a series of recommendations for implementing financial education strategies in schools:

- Financial education should be integrated into schools as part of a coordinated national strategy, with a leader or coordinating body which ensures the sustainability of the programme. The education system and its professionals should be involved in developing the strategy.

- There needs to be a learning framework which should establish the objectives and outcomes to be achieved, as well as the content, pedagogical approaches, skills, attitudes and values to be adopted. The framework may be national, regional or local.

- As far as possible there will be a budget provided to achieve these objectives.

- Financial education should start as early as possible, preferably in the first years of compulsory education, and last until young people finish their education.

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2 Available at http://www.oecd.org/finance/financial-education/48493142.pdf

3 Principle 3, point 5 of the Communication from the Commission "Financial Education", of 18 December 2007. Available at http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0808:FIN:EN:PDF

4 The INFE was created by the OECD in 2008 with the aim, *inter alia*, of promoting greater awareness of the importance of financial education in the world, exchanging information, points of view, research and findings and identifying and developing best practices and efficient tools in the area of financial education.

– Financial education should be integrated into the school curriculum. It may be taught as a stand-alone subject or through other subjects, such as Mathematics, Economics, Social Sciences, etc.

– Teacher training is an essential part of the success of financial education. Teachers should be adequately prepared; they should be provided with the resources necessary, as well as pedagogical methods, support and ongoing training for teaching financial education. Training should be provided by qualified staff following predefined guidance (printed material, interactive online tools, competitions, games and films). These materials may be prepared by the Ministry of Education, national banks, the private sector or even different not-for-profit organisations.

– The progress of the students should be assessed and their achievements recognised.

In many countries, private entities or institutions provide financial education in schools. Private funding might ensure the sustainability and continuity of financial education in schools, in addition to technical experience in financial services, and it may be completed by the pedagogical experience of the educational sector. However, it may also be a source of conflicts of interest. The INFE recommends in these cases that countries develop rules and standards for managing and handling conflicts of interest regarding the commercial activities of the institutions involved in financial education.

4 Empirical evidence on the effectiveness of financial education for young people

Research in the area of financial education among young people is relatively recent and much of it demonstrates that their level of financial literacy is very low.

In particular, Lusardi, Mitchell and Curto (2009),[5] using data obtained from the 1997 National Longitudinal Survey of Youth (NLSY97)[6] in the United States, examined the level of financial knowledge among the group included in the survey, and studied the relationship between that level and their sociodemographic characteristics and they identified the factors which determine the level of financial literacy. The aforementioned survey, which aimed to provide empirical evidence to help design consumer policies aimed at the young population, included three questions on financial literacy which have also been used in many international surveys, relating to inflation, calculating compound interest rates and risk diversification.

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5 Lusardi, A., Mitchell, O. and Curto, V. (2009). *Financial Literacy among the Young: Evidence and Implications for Consumer Policy*. NBER Working Paper No. 15352.

6 Survey of a sample of over 9,000 young people between 12 and 17 years old at 31 December 1996 carried out by the US Department of Labor's Bureau of Labor Statistics by means of hour-long personal interviews with both young people and their parents. It was designed to collect information on the transition from school to work and to gather a large quantity of information on the youths' labour market behaviour and their level of education, their families and the characteristics of their environment.

The results of this survey highlighted that less than one third of the young people in the sample (specifically, 27%) had basic knowledge about these three issues. The authors of the study found evidence of a direct relationship between levels of financial literacy and the socio-cultural characteristics of individuals and their family environment. Specifically, respondents whose mothers had a college education were more likely to understand inflation. This relationship was stronger in those cases in which the parents possessed financial instruments, such as stocks or retirement savings. Furthermore, the authors found evidence which suggests the existence of major differences in the levels of financial literacy depending on sex, with the worst results for young people, and racial groups, in this case with worse results for black and Hispanic respondents.

The results of the aforementioned paper are in line with other empirical studies, also based on the US population, which suggest a direct relationship between the level of financial literacy observed and the sociocultural origin of the individuals: young people with greater financial literacy come from better educated and financially sophisticated families to a greater proportion than that corresponding to the proportion of that group in society (Lusardi, Mitchell and Curto, 2009; Atkinson and Messy, 2012).[7]

Several studies obtain results which suggest that there are beneficial long-term effects for individuals associated with providing financial education in schools. In particular, Bernheim, Garret and Maki (1997 and 2001),[8] with data on the United States, show that the introduction of policies for providing financial education to schoolchildren significantly increases saving rates of individuals and the accumulation of wealth during adulthood. This study provides the first evidence on the long-term effects of these policies.

For their part, Lusardi and Mitchell (2009),[9] in addition to concluding that financial knowledge constitutes a key factor for retirement planning, highlight that said knowledge is greater in the case of those individuals who have received some type of financial education at school or in the workplace.

Another noteworthy study is that performed by Lührmann, Serra-Garcia and Winter, from the Economics Department at the University of Munich, whose results suggest that financial education in schools can also generate some short-term beneficial effects.[10] This paper analyses the impact of financial literacy training on high school students aged between 14 and 16 belonging to lower stream high schools in

7 Lusardi, Mitchel and Curto (*op. cit.*); Atkinson, A. and Messy, F. (2012). "Measuring Financial Literacy: Results on the OECD/ International Network on Financial Education (INFE) Pilot study", in OECD (Ed.) *OECD Working Papers in Finance, Insurance and Private Pensions*, Vol. 15.

8 Bernhein, B.D., Garret, D.M. and Maki, D.M. (2001). "Education and Saving: The Long-Term Effects of High School Financial Curriculum Mandates", in *Journal of Public Economics*, Vol. 80 (3), pp. 435-465; Bernhein, B.D., Garret, D.M. and Maki, D.M. (1997). *Education and Saving: The Long-Term Effects of High School Financial Curriculum Mandates*. Stanford University Working Paper No. 97012.

9 Lusardi, A. and Mitchell, O. (2009). *How Ordinary Consumers Make Complex Economic Decisions: Financial Literacy and Retirement Readiness*. NBER Working Paper No. 15350.

10 Lührman, M., Serra-Garcia, M. and Winter, J. (2012). *The effects of financial literacy training: evidence from a field experiment with German high-school children*. Munich Discussion Paper No. 2012-24. Available at http://epub.ub.uni-muenchen.de/14101/1/Luehrmann_Serra-Garcia_Winter.pdf

Germany. A survey was designed which aimed to obtain information on the interest of the students in financial matters, on their self-assessed knowledge and on the contents taught.

The aforementioned study reveals that prior to receiving the programme, students belonging to the sample and to the control group did not show much interest in matters relating to financial education. However, after receiving the course, there was a notable increase in interest of the teenagers in financial matters and their ability to assess risks rose significantly at the same time as the prevalence of impulse purchases decreased. The teenagers became more responsible and showed an increase in their tendency to save.

We should also point out the results of several studies performed in Australia, the United Kingdom and the United States that support the idea that the development of financial attitudes and habits starts at early ages, probably before the age of seven.[11]

5 Financial education in similar countries

The surveys conducted by the OECD reveal that some type of financial education has been introduced into schools in at least 40 countries. These initiatives are developed at a national, regional or local level and, in some cases, include pilot experiences.

Countries are integrating financial education in different ways. In a minority of these countries, financial education has been integrated as a stand-alone subject which is almost always optional. This is the case, for example, in some states in the United States. In most countries, integration is carried out through one or several of the existing subjects, such as Mathematics, Social Sciences, Entrepreneurship, Economics, Moral Education, Politics, etc. Within this approach, the most usual case is for financial education to be integrated into the subject of Mathematics.

The initiatives adopted in some countries are particularly interesting. This is the case, for example, with New Zealand. Since 2004, the New Zealand Commission for Financial Literacy and Retirement Income[12] has worked in collaboration with the Ministry of Education with the aim of including financial education in the school curriculum. As a result of this collaboration, a new curriculum was published in 2009 which aims to develop financial education in schools and it is currently taught

11 Ministerial Council for Education, Early Childhood Development and Youth Affairs (2011). *National Consumer and Financial Literacy Framework*. Available at http://www.mceecdya.edu.au/verve/_resources/National_Consumer_Financial_Literacy_Framework_FINAL.pdf; Whitebread, D. and Bingham, S. (2013). *Habit Formation and Learning in Young Children*. Money Advice Service. Available at https://www.moneyadviceservice.org.uk/en/static/habit-formation-and-learning-in-young-children; Sherraden, S.M., Johnson, L., Guo, B. and Elliot, W. (2009). *Financial Capability in Children: Effects of Participation in School-based Financial Education and Savings Program*. CSD Working Paper No. 09-16. Available at http://csd.wustl.edu/Publications/Documents/WP09-16.pdf. Subsequently republished in the *Journal of Family & Economic Issues* (2011).

12 Independent entity whose aim is to increase financial literacy in the population and financial preparation for retirement.

across the subjects of Language, Social Studies, Mathematics and Technology for students between five and fourteen years old.

In Australia, financial education has been compulsory in schools since 2005 for students of approximately three years of age to ten and is integrated into the subjects of Mathematics, Sciences, Humanities and Technology, among others. A reform of the school curriculum was carried out over 2012-2013 and the subjects will be incorporated into the new curriculum for students between ten and twelve years of age.

In Scotland, financial education has been a compulsory part of the curriculum since 2008. It is taught by means of various practical activities at primary school and secondary school but is not included in specific subjects.

In England, financial welfare and literacy programmes are taught in a subject called Personal, Social, Health and Economic Education. In addition, the programmes of Citizenship and Mathematics make explicit reference to money and financial literacy. As from September 2014, financial education will be compulsory and will be included in the school curriculum.

In Brazil, in 2010, a pilot financial education programme was carried out in 900 state schools covering 30,000 students. The aim is to reach the 58 million students belonging to over 200,000 schools.

From an analysis of the subjects taught in these countries,[13] we can conclude that, even with the corresponding cultural differences, they all teach relatively similar contents.

6 Progress in Spain

In Spain, the Financial Education Plan currently being promoted by the CNMV and the Bank of Spain aims to improve the financial knowledge of the Spanish population as a whole.[14]

The plan was launched in 2008 for an initial period of five years, which finished in 2012. The foundations for financial education were laid during this period and the proposed objectives were met: design of a benchmark portal for financial education (www.finanzasparatodos.es), preparation of informational material and resources, start-up of educational activities for different types of groups, establishment of collaboration agreements with public and private entities to promote financial literacy, etc. On 4 June 2013, the CNMV and the Bank of Spain renewed the Financial Education Plan with the aim of continuing with the actions of this first stage which proved to be effective and in order to face new challenges. This new stage will also last for five years.

13 OECD (2013). Pisa 2012 Financial Literacy Framework. Available at http://www.oecd.org/daf/fin/financial-education/PISA2012FrameworkLiteracy.pdf

14 Financial Education Plan 2013-2017. Available at http://www.cnmv.es/portal/Publicaciones/PlanEducCNMV.aspx

One of the most important challenges and key priorities of the plan in this new stage is the introduction of financial education in compulsory education. The first steps in this direction were taken in September 2009 with the signing of a collaboration agreement between the promoters of the plan and the Ministry of Education, Culture and Sport with the aim of "promoting the financial education of citizens through its expansion within the teaching system", as indicated in the text of the agreement.

Pursuant to this agreement, during the 2010-2011 academic year, a Financial Education Pilot Programme was conducted in the third year of compulsory secondary education. The programme involved almost 3,000 students and 70 teachers from 32 different schools belonging to 14 autonomous regions, in addition to Ceuta and Melilla.

Prior to performing the pilot test, the educational needs of the students were identified according to their age group, placing special emphasis on the concepts of savings, investment and indebtedness, as well as on developing basic skills relating to the processes of contracting financial products.

The resources used to develop this programme include materials prepared by a group of teachers who are experts in the subject. These materials were divided into two levels (I and II), each of which would be taught over approximately ten class hours.

Level I covered content and practical tasks on financial education and security, responsible consumption, savings, personal budgeting, money in cash, bank accounts, cards, personal data protection and banking relationships, as well as a series of practical activities and a glossary of financial terms so as to familiarise students with the concepts used.

Level II worked on methods of payment, savings products and financing products. It also included practical activities and another glossary of financial terms.

Similarly, other tools were designed aimed at raising and maintaining the interest of students and teachers on issues relating to financial education, such as materials in the format of video games or materials adaptable to other technological media, all of which are included on the website www.gepeese.es. This portal is conceived as a repository of resources which offers case studies, role-plays, questionnaires, crosswords and other puzzles, including a game bank, all of which are aimed at making learning more enjoyable and practical.

The pilot programme was popular among teachers and students, as is reflected in the answers to the questionnaires which they both filled out. In particular, the students' answers suggest that these subjects are extremely useful for getting by in their daily lives and for understanding their environment.

With the aim of continuing to raise awareness of the need and importance of financial education in schools, in the first half of 2012 direct contacts were made with the Departments of Education of the various autonomous regions and with the competent education authorities in Ceuta and Melilla. The final aim was to convey the importance of teaching financial education in schools; specifically, the heads of the Regional Departments were informed about the origin of the initiative, the reason for the need to teach financial education, the international initiatives in this area, the contents and resources for teaching the programme, etc.

All of the Regional Departments of Education expressed their interest in the programme and undertook to promote it among the schools in their regions.

In addition, with the aim of extending the programme among private and charter schools, meetings were held with the main associations representing these types of schools,[15] which showed great interest in the programme. In February 2013, the CNMV and the Bank of Spain entered into partnership agreements with all of them. In addition to promoting the Financial Education Pilot Programme to affiliated schools, the associations undertook to provide the schools with the materials necessary to teach the financial education content, to provide training to teachers and to respond to any enquiry or incident arising during the programme.

Thanks to the above actions, in the 2012-2013 academic year, around 400 schools throughout the different autonomous regions and Ceuta and Melilla signed up, allowing around 21,500 students to benefit from the programme.

The evaluation conducted on the programme has revealed positive results, as shown below.

6.1 Evaluation of the Financial Education Pilot Programme in the 2012-2013 academic year

Evaluation is one of the key components for verifying the effectiveness of financial education programmes. Such evaluation should be focused on each one of the stages of its implementation and should take into account the results or the impact to be obtained over the short term and the long term.

In general terms, the objectives of the evaluations are as follows:

(i) To control the manner in which financial education is being taught in the classroom, establishing a mechanism for supervision which a national or local authority can implement.

(ii) To evaluate the relevance and impact of the programme and the learning and teaching framework through the direct opinion of the participants in the programme: students, teachers, education system managers, parents, etc.

(iii) Finally, given that the aim is to measure the improvement in student knowledge, the skills should be assessed by means of formal tests or exams. It may be useful to have standardised national assessments so as to make comparisons on an even basis.

15 Specifically, meetings were held with the Spanish Confederation of Teaching Centres, the Catholic Schools' Association, the Spanish Union of Teaching Cooperatives and the Association of Independent Schools of Private Education.

The evaluation of the programme conducted during the 2012-2013 academic year aimed to answer two questions: (i) whether the programme is viable and valid as part of the curriculum and (ii) whether the programme is effective.

The curricular validity of the programme involves assessing the curricular and teaching aspects of the programme. Therefore, an evaluation is made of the use and impact of the programme, whether it is suitable for the selected educational level and the materials through which it is taught and the satisfaction of the teachers.

Evaluating the curricular validity requires collecting the opinion of the teachers who have taught the programme as they are the teaching experts who have introduced this innovation into the classroom. To this end, a non-experimental design of research by survey was applied to the teachers at the end of the programme.

The effectiveness of the programme is defined through the achievement of the objectives set. This involves acquiring the skills and knowledge established in the programme, which is assessed by means of estimating the performance level shown by students after completing the programme.

Evaluation of the effectiveness involves measuring student performance. To this end, a quasi-experimental pre-test/post-test design was used with a non-equivalent control group, which aims to control the initial differences existing as a result of the non-randomisation of the groups. This design makes it possible to obtain information on progress as it includes two measures of the same students (an initial measure prior to starting the programme, called a pre-test and a final or post-test measure after fully completing the programme). This data, together with the information from the comparison between the group which carried out the programme (experimental group) and the group that did not participate in the programme (control group), has formed the basis for determining the impact of the programme on the students' level of knowledge beyond that which they could learn on their own and through their environment.

The study of the programme's curricular validity has been conducted by analysing the responses given to the questionnaire, which was designed for this purpose, by 648 teachers who taught financial education during the course. This figure represents 70% of the teachers involved in evaluating the programme. The effectiveness of the programme is evaluated by using the data from the performance of a final sample of 2,013 students from the third and fourth years of compulsory secondary education.

Specifically, in relation to the assessment of the programme by teachers, the evaluation revealed the following results:

- The recommended duration of the programme (ten hours) is considered appropriate by a little over half the teachers.

- With regard to the curricular viability, 88% of the respondents believe that a financial education programme should be compulsory in the curriculum for secondary education, 43% believe that the content should be incorporated across the different subjects while close to 30% believe that they should be in the form of a compulsory stand-alone subject.

- Almost all the respondents (94%) believe that the third and fourth years of compulsory secondary education are an appropriate stage for a programme of this type, although they do not rule out other options.

- The contents of the programme which were considered to be most relevant are those on Savings and Personal Budgeting, while the least relevant contents were those relating to Data Protection and Banking Relationships.

- The programme obtains, in all evaluated aspects, a grade of very good. The programme's printed material obtained an average score of over 7 (out of 10). The Gepeese website is also highly rated by teachers who, in all the evaluated aspects, gave average grades of very good. Similarly, the satisfaction with the programme and the impact that teachers estimated it would have on students is higher than 7.

Almost 60% of the teachers provided suggestions for improving the programme, some of which are as follows:

- Including more practical activities and topical cases. Adapting the programme to the students' characteristics, with topics which are more familiar to them.

- Assigning more time to performing the programme.

- Adapting and increasing the flexibility of the programme for other students, not only those in the third year of compulsory secondary education.

- Opinions with regard to the manner the programme should be introduced: as a stand-alone subject, as a block of specific contents of one specific subject (Mathematics, Geography, Social Sciences, etc.) or across-the-board, favouring spreading the multidisciplinary nature of the programme across different subjects.

- Recognition for the teachers who carry out the programme: remuneration, assessment of overtime spent on the programme, etc.

As a general assessment, from the observations of satisfaction, impact and overall quality of the programme, we can conclude that the teachers enjoyed participating in the programme as they would not only repeat their participation but they would recommend it to other teachers and schools. They have felt that it is useful for students and that its contents have a significant impact on the students as they allow them to develop relevant skills in financial education which will contribute to their literacy in this matter, equipping them with tools, skills and knowledge to adopt their financial decisions on a well-informed and appropriate basis.

The results of the programme's curricular validity suggest that the teachers believe that it has been effective, a result which, as indicated above, is basically studied through the performance outcomes of the students. From the questionnaire applied to the teachers, we can deduce that they largely believe that the ultimate objective of the programme has been achieved, i.e. the students are able to incorporate the knowledge and skills promoted by the programme into their daily, personal and family lives.

With regard to the specific results on the effectiveness of the programme, we can conclude that its effect has been positive as the students which participated as an experimental group – i.e. those that worked with the Financial Education Pilot Programme – obtained higher performance levels than would be expected if they had not participated in the programme, although the improvement is relatively small. In this regard, it is important to remember that the time between the pre-test, carried out in February 2013, and the post-test, performed in May 2013, was short and that the actual time for implementation of the programme in the classrooms was also short (the planned duration of the programme was only ten hours).

This allows us to formulate a plausible assumption that constant and ongoing application of the programme might be associated with greater differences in the students' level of performance between the start and the end of the financial education programmes.

6.2 The PISA Report. Result in Spain

Policymakers, educators and researchers need high quality data on levels of financial literacy so as to establish efficient programmes and strategies. Specifically, data analysis is essential for effective implementation of programmes in schools as it makes it possible to identify priorities and measure changes in knowledge over time.

Several countries have undertaken national surveys on financial literacy across their adult population[16] and the OECD has designed a questionnaire to measure levels of financial literacy among adults at an international level (Atkinson and Messy, 2012).[17]

However, to date no data had been collected on levels of financial literacy among young people under 18 years of age and, therefore, there was no possibility of making international comparisons. These comparisons may help national planners identify priorities and develop programmes and policies aimed at covering specific needs. In addition, having access to comparable data over time makes it possible to evaluate the impact of the financial education initiatives in schools and identify options for improving programme efficiency.

The 2012 PISA assessment,[18] promoted by the OECD, is the first international study which has assessed financial literacy among young people. PISA assesses the capacity of students who are about to complete their stage of compulsory education to use skills based on knowledge given during that period. The aim is therefore to evaluate the extent to which school prepares students for daily life, more than to measure the

16 As established in Spain's 2013-2017 Financial Education Plan, a national survey on financial literacy will be carried out over that period with the aim of measuring financial literacy across the adult population. This exercise will help to identify the areas of knowledge which need to be strengthened and to establish the basis on which to measure the effectiveness of financial education programmes in society and the progress made in knowledge.

17 *Op. cit.*

18 Programme for International Student Assessment (PISA).

simple accumulation of knowledge. This study provides a wealth of information for governments and other agents as it is accompanied by fairly detailed data on family characteristics and the student's educational environment.

In 2012, 65 countries or regions participated in the PISA test, which was focused this time on mathematical knowledge. As part of of this test, students from 18 of these countries (including Spain) also had to address problems relating to financial literacy.[19] A sign of the importance given to financial literacy is that PISA will once again assess this knowledge in 2015.

The four areas of financial literacy assessed by PISA are as follows:

– **Money and transactions.** This area focuses on a broad spectrum of personal financial topics: everyday payments, spending, value for money, bank cards, cheques, bank accounts and currencies. The aim, among other skills, is for young people to understand that money is used to exchange goods and services, to identify the different ways to pay for items (in person or via the Internet), to calculate correct change, to understand that money can be borrowed or lent, and the reasons for paying or receiving interest and the differences between a credit card and a debit card.

– **Planning and managing finances.** This area focuses on learning to manage money over both the short-term and long-term. The aim is to identify various types of income, understand the importance and significance of taxes, assess the impact of different types of planning and recognise the importance of saving.

– **Risk and reward.** The aim is to understand the meaning of gains and losses in different financial contexts and to develop the ability to identify ways of managing, balancing and covering risks. The aim is to learn why some methods of saving or investing are more risky than others and how to limit the risk to personal capital, as well as the benefits of diversification.

– **Financial landscape.** The aim is to be aware of the basic features of the financial world. It covers knowing the rights and responsibilities of consumers in the financial marketplace and the main implications of financial contracts. It would also be based on assimilating the consequences of changes in economic conditions and public policies, such as changes in interest rates, inflation, welfare benefits, etc.

The measurement of financial literacy has been included in the subject of Mathematics and results will be published in June 2014. For the test in the area of mathematics as a whole, the key findings can be summarised as follows:[20]

19 Australia, Belgium (Flemish Community), Shanghai-China, Colombia, Croatia, Czech Republic, Estonia, France, Israel, Italy, Latvia, New Zealand, Poland, Russia, Slovenia, Spain and the United States.

20 OECD (2012). *Programa para la Evaluación Internacional de Alumnos (PISA) PISA 2012- Resultados. España* [Programme for International Student Assessment (PISA) Results from PISA 2012 Spain]. Available at http://www.oecd.org/pisa/keyfindings/PISA-2012-results-spain.pdf

- Spain performs below the average, with a mean performance of 484 score points, and ranks between 31 and 36 among the 65 countries and economies which participated in the 2012 PISA assessment.

- Some 24% of students in Spain are low performers in mathematics, meaning that, at best, they can extract relevant information from a single source and can use basic algorithms, formulae, procedures or conventions to solve problems involving whole numbers. This proportion is at the OECD average (23%) and remains stable since 2003 (23%).

- Some 8% of students are top performers in mathematics, meaning that they can develop and work with models for complex situations, and work strategically using broad, well-developed thinking and reasoning skills. This proportion is below the OECD average (13%) and remains stable since 2003 (7.9%).

With regard to the students' willingness and motivation and their influence on performance in this area, the data shows that student engagement with their school, commitment to their own learning, their interest, the positive concept they have about their own possibilities and the use of certain learning strategies (such as control and elaboration) are positively related to performance in mathematics. The data also shows a notable impact of the socio-economic and cultural level of the families in the variability of results among students, irrespective of the school and the other factors under consideration. This may be of major interest when considering specific strategies in designing financial education programmes in schools.

7 Conclusions

As indicated by the OECD, financial literacy is important for economic and financial stability for a number of reasons. Financially literate consumers can make more informed choices and demand higher quality services, which will encourage competition and innovation in the market. They are also less likely to react in unpredictable ways, less likely to make unfounded complaints and are more likely to take appropriate steps to manage risks. All of these factors will lead to a more efficient financial services sector and potentially less costly financial regulatory and supervisory requirements.[21]

In order to achieve these objectives, it is necessary to start providing financial education to children in schools. This is recommended by leading international bodies and institutions, and is also suggested by the empirical studies carried out in several countries in different financial areas which positively relate levels of economic welfare and the quality of personal financial management with early exposure to some type of financial education.

Many governments are currently committed to providing financial education for young people. Financial education is already being taught in schools in numerous

21 OECD (2013) (*op. cit.*). See footnote 13.

countries, and is even formally part of the school curriculum in some of them. Such integration can be implemented by creating a stand-alone subject or by including financial education in an existing subject or by teaching it across several subjects.

In Spain, the CNMV and the Bank of Spain also have the objective to promote the integration of financial education into the school curriculum, as part of the Financial Education Plan which they have been working on together since 2008. The aim is therefore to go beyond a voluntary introduction of this subject in the teaching in schools. It should be pointed out that the educational authorities, and in the sector of private and charter education, the relevant school associations, have welcomed this initiative. Examples of this are the Financial Education Pilot Programme conducted in the 2011-2012 academic year and completed in the 2012-2013 academic year, which was much more ambitious in terms of the number of students and schools involved and the evaluation criteria applied, the results of which have been referred to in this article.

The results of the PISA assessment specifically focused on the area of financial literacy, whose results will be published in June 2014, will give us indications about the route to be followed and the initiatives that we should implement so as to help young people to improve their knowledge, skills, behaviour, values and attitudes in order to allow them to make well-grounded and sensible financial decisions throughout their lives.

III Regulatory novelties

Directive 2011/61/EU of the European Parliament and of the Council, of 8 June 2011, on alternative investment fund managers

Sonia Vadillo Cortázar (*)

(*) Sonia Vadillo Cortázar is a member of the CNMV's Entity Authorisation and Registration Department.

1 Introduction

At the G-20 summit in November 2008, the leaders present concluded that a stable and secure financial system required that all agents with a significant role in financial markets should be subject to appropriate regulation and supervision in order to promote investor protection and the stability of the financial system. In particular, they highlighted the need to regulate and supervise the activity of alternative investment fund managers, which manage a significant volume of assets worldwide and which can therefore exercise considerable influence on markets, spreading or amplifying their risks.

The European Union took on the G-20 recommendation to supervise alternative investment fund managers by means of a legislative initiative. Consequently, following a lengthy negotiation process, on 1 July 2011, Directive 2011/61/EU of the European Parliament and of the Council, of 8 June 2011, on alternative investment fund managers (hereinafter, the Directive or AIFMD) was published in the Official Journal of the European Union.

The Directive, which entered into force on 22 July 2011, was supplemented by EU implementing legislation, including Commission Delegated Regulation (EU) No. 231/2013, of 19 December 2012 (hereinafter, the Regulation),[1] and by guidelines and recommendations issued by the European Securities and Markets Authority (ESMA).[2]

The deadline for transposition into national law by the Member States of the European Union was set as 22 July 2013,[3] and most States have so far complied with this deadline. The laws transposing the aforementioned Directive to national law in Spain are pending approval.[4]

1 Commission Delegated Regulation (EU) No. 231/2013, of 19 December 2012, with regard to exemptions, general operating conditions, depositories, leverage, transparency and supervision. In addition there are two other implementing regulations: Commission Implementing Regulation (EU) No. 447/2013, of 15 May 2013, establishing the procedure for alternative investment fund managers (AIFMs) which choose to opt in under Directive 2011/61/EU of the European Parliament and of the Council, and Commission Implementing Regulation (EU) No. 448/2013, of 15 May 2013, establishing a procedure for determining the Member State of reference of a non-EU AIFM pursuant to Directive 2011/61/EU of the European Parliament and of the Council.

2 See annex for further details.

3 Article 66 of the Directive.

4 On 16 May 2013, the General Secretariat of the Treasury and Financial Policy published on the Treasury website the Draft Bill regulating venture capital firms and other investment firms and their management companies and the Draft amendment to Law 35/2003, of 4 November, on Collective Investment Schemes, on the regime applicable to management companies of collective investment schemes authorised in accordance with Directive 2011/61/EU with the aim of submitting them to a Public Consultation by 3 June 2013.

The aim of the Directive is to establish an internal market in the European Union for managing alternative investment funds in addition to a harmonised and rigourous framework of regulation and supervision of the activities of the managers of said funds.

Alternative investment fund managers (AIFMs) are the legal persons which manage any collective investment undertaking that does not require authorisation in accordance with the Directive on Undertakings for Collective Investment in Transferable Securities (UCITS Directive),[5] which include hedge funds, real estate funds, venture capital firms, etc. The aim is to regulate the management of all investment undertakings not included within the scope of the UCITS Directive so as to have information and be able to evaluate their potential contribution to systemic risk and to develop a passport regime for the sector based on mutual recognition which will allow alternative investment vehicles to be marketed throughout the European Union.

Although the Directive basically follows the principles contained in the UCITS Directive, it contains stricter requirements which affect not only managers, but also depositories and external valuers. Similarly, it contains some provisions which have an impact on the management of alternative investment funds, such as those relating to leverage and liquidity and portfolio management.

This article analyses the main new aspects of the Directive. Specifically, section 2 defines the entities included within its scope of application, the functions which they discharge and the vehicles which they manage. Section 3 describes the authorisation regime and its exceptions, and section 4 analyses the operating and organisational requirements for entities which manage alternative investment funds. Section 5 details the conditions necessary for delegating some of their functions to third parties, and section 6 focuses on the principles applicable to the depository. Section 7 refers to the information which alternative investment fund managers must disclose both to investors and to the competent authorities, and section 8 describes the cross-border passport regime within the European Union. Finally, section 9 presents the conclusions. For your interest, an annex is added which provides a summary of the main implementing provision of the Directive: Commission Delegated Regulation (EU) No. 231/2013, of 19 December 2012.

2 Scope of application

The Directive's scope of application includes all entities which manage one or several alternative investment funds (AIFs) as a regular business, regardless of whether the AIF is of an open-ended[6] or a closed-ended type, whatever the legal form of the AIF, and whether or not the AIF is listed, providing they raise capital from a number

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

6 The latest ESMA draft technical standards on types of AIFMs defines an open-ended AIF as one whose unitholders or shareholders have the right to redeem their units or shares out of the assets of the AIF in accordance with the procedure and frequency established in its articles of association or deed of incorporation, or prospectus or offering documents.

of investors with a view to investing that capital for the benefit of those investors in accordance with a defined investment policy.

It is the responsibility of these entities – referred to in the Directive as "alternative investment fund managers" – to ensure compliance with this rule. Each alternative investment fund should appoint a single manager, which may be an external manager or an internal manager (internally managed vehicles), providing their legal form allows internal management and it is agreed by the governing body.[7]

The management of alternative investment firms, as provided in the Directive, consists of the management of the investments of one or several AIFs, which covers both management of the portfolios and management of the risks associated with the AIF. External AIFMs may also discharge the functions of administration and marketing[8] of AIFs and other activities related to the assets of the AIF. Similarly, as with UCITS management companies, AIFMs may provide certain investment services (discretionary client-by-client management of investment portfolios, investment advice, safekeeping and administration in relation to units of collective investment undertakings and reception and transmission of orders relating to financial instruments) provided they are authorised to do so.[9]

Without prejudice to the exemptions and restrictions provided in the Directive which will be analysed later, this rule is applicable both to AIFMs established in the European Union which manage one or several AIFs and to AIFMs established outside the European Union which manage one or several AIFs of the European Union or which market an AIF in this territory.

Due to the diversity of the types of AIF which are managed in the European Union and the variety of structures and compositions of their portfolios, AIFs are not subject to regulation in this Directive, but they will be regulated and supervised at a national level as appropriate.

In this regard, the Directive uses a wide definition of alternative funds or AIFs.[10] The definition aims to cover any collective investment scheme which is not classified as a UCITS and it is completed with a non-exhaustive list of entities excluded from the scope of application of the Directive, which covers holding companies; pension funds; supranational institutions; national central banks; national, regional and local governments and bodies or other institutions which manage funds supporting social security and pension systems and securitisation special-purpose entities.

Given the complexity of AIFs, their marketing to retail investors will be subject to regulation in each Member State of the European Union, which may allow marketing

7 The Directive uses the term "AIFM" to refer both to external managers and internally managed AIFs. This article will use the same convention, unless otherwise indicated.

8 According to the Directive definition, marketing means a direct or indirect offering or placement at the initiative of the AIFM or on behalf of the AIFM of units or shares of an AIF it manages for investors domiciled or with a registered office in the European Union.

9 In this regard, Article 7 of the UCITS Directive establishes that management companies may be authorised to provide, in addition to the activity of managing UCITS vehicles, services of investment management, investment advice and safekeeping and administration of units in collective investment undertakings.

10 The ESMA Guidelines on key concepts of the AIFMD (ESMA/2013/611) establishes the concepts which cover the definition of AIFs.

in their territory of all or some types of AIF and establish stricter requirements than those provided for their marketing to professional investors.

3 Authorisation regime

As from 22 July 2013, European Union managers of AIFs in the EU will have to obtain authorisation from the competent authorities of their home Member State.[11] Among other requirements, they must provide evidence that they have sufficient initial capital and own funds[12] and that the risks deriving from their activities are suitably covered either through additional own funds or through professional indemnity insurance.[13]

AIFMs performing their activities before 22 July 2013 shall take all necessary measures to comply with this Directive and, as the case may be, shall submit an application for authorisation within one year of that date.[14]

In addition, the Directive provides a less demanding regime for smaller AIFMs, which would not be subject to the authorisation requirement or the obligations established in the Directive.[15] In this case, they must only register in their home Member States and provide the competent authorities, on an annual basis, with information regarding the main instruments with which they are trading and other principal exposures and the most important concentrations of the AIFs they manage.[16] However, AIFMs which, despite not being required to submit an application for authorisation since they do not exceed the aforementioned limits, want to benefit from the rights granted by the Directive (including the possibility of enjoying the Community passport) must comply with all of the authorisation requirements and obligations set forth in the Directive.

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11 According to Article 4, paragraph 1, point (q) of the Directive, "home Member State of the AIFM" means the Member State in which the AIFM has its registered office; for non-EU AIFMs, all references to "home Member State of the AIFM" in the Directive shall be read as the "Member State of reference".

12 Article 9 of the Directive regulates the requirements relating to the initial capital, which must be at least 300,000 euros for an internally managed AIF and at least 125,000 euros when an AIFM is appointed as an external manager of AIFs. An additional amount of own funds will be required in the event that the value of the managed AIFs exceeds 250 million euros.

13 The requirements relating to additional own funds and professional indemnity insurance are specified in section 3 of Commission Delegated Regulation (EU) No. 231/2013, of 19 December 2012.

14 AIFMs which managed closed-ended AIFs before 22 July 2013 and which do not make any additional investments after that date may continue to manage such AIFs without authorisation under the Directive. AIFMs, in so far as they manage AIFs of the closed-ended type whose subscription period for investors has closed prior to the entry into force of the Directive and are incorporated for a period of time which expires at the latest three years after 22 July 2013, may continue to manage such AIFs without needing to comply with the Directive except for Article 22 and, where relevant, Articles 26 to 30, or to submit an application for authorisation.

15 Applicable when the cumulative AIFs under management fall below 100 million euros, or 500 million euros if they only manage unleveraged AIFs that do not grant investors redemption rights during a period of five years. The technical aspects relating to calculating the value of the assets are set out in the aforementioned Commission Delegated Regulation (EU) No. 231/2013, of 19 December 2012.

16 The Directive, however, allows Member States to impose stricter rules in their territory for AIFMs which manage assets falling below the thresholds.

4 General and organisational requirements

The Directive requires AIFMs to act honestly, with due skill, care and diligence and fairly, and in the best interests of the investors and integrity of the market and ensuring fair treatment for all investors. To this end, it is essential that the AIFMs have adequate procedures and resources to manage the risks and liquidity of the AIFs under management, and that they take all reasonable steps to avoid conflicts of interest which may adversely affect the interests of the AIFs and their investors.

AIFMs shall implement adequate risk management systems which are reviewable at least once a year. Such systems must include processes to measure the risks of the AIF's portfolio, including through the use of stress tests, and a documented policy which will set the risk limits and, in particular, the maximum level of leverage. Similarly, the risk management function must be functionally and hierarchically separated from the operating units, including the AIF's portfolio management unit, and its remuneration must be independent from the results of such operating units.

AIFMs must also use adequate systems and procedures for liquidity management which make it possible, firstly, to control the liquidity risk of the AIFs under management and, secondly, to ensure that the liquidity profile of the investments of the AIF complies with the investment strategy and the redemption policy for each AIF.[17]

Furthermore, AIFMs shall ensure that they have appropriate valuation procedures which ensure calculation and publication, at least once a year, of the net asset value of the AIFs and the value of their assets. The valuation may be performed internally or by an external valuer, although the AIFM will in all circumstances be liable for the valuation. For internal valuations, the valuation function must be functionally independent from the portfolio management unit and appropriate steps must be taken to mitigate conflicts of interest. The depository may not be appointed as an external valuer unless potential conflicts of interest are appropriately managed. The external valuer must be subject to mandatory professional registration and be able to provide sufficient professional guarantees.

With the aim of avoiding inappropriate practices, the chapter relating to remuneration is subject to detailed regulation[18] which includes the obligation to establish and maintain, for those employees whose activities have a material impact on the risk profile of the AIFs, remuneration policies and practices which are appropriate for effective and responsible risk management.[19] AIFMs must provide information on these policies and practices in their application for authorisation.

17 Directive (Article 16) and the Regulation (Articles 46 to 49) set out detailed rules on liquidity management.

18 Article 13 and Annex II of the Directive and the ESMA guidelines on sound remuneration policies, of 3 July 2013 (ESMA/2013/232).

19 As indicated in the Recommendation of the Commission of the European Communities (2009/384/EC) on the remuneration policies in the financial services sector, inappropriate remuneration practices induced excessive risk-taking and tended to reward short-term profit.

5 Delegation of functions

AIFMs may delegate some of their functions providing their liability is not affected and they do not become letter-box entities.[20] They must previously inform the competent authorities of their home Member State and delegation will only be possible if it can be justified with objective reasons and it does not prevent the effectiveness of supervision of the AIFM.[21]

Selection of the delegate should be based on prior due diligence which will ensure that it has sufficient resources and that its personnel are sufficiently reputable and experienced to perform the delegated activities. Delegation will be detailed in a written contract which clearly sets out the rights and obligations of the parties.

There are stricter requirements for the delegation of the main functions, i.e. portfolio management or risk management of the AIF and it will only be possible to delegate to entities which are authorised or registered to manage assets or with the prior approval of the competent authorities of the AIFM. If the entity is located in a non-EU third country there must also be cooperation arrangements between the supervisory authorities of said entity and the competent authorities of the home Member State of the AIFM.

The main functions may not be delegated to the depository or another entity whose interests may enter into conflict with those of the AIFM or those of the investors of the AIF unless the performance of these functions has been functionally and hierarchically separated from other potentially conflictive functions and the possible conflicts of interest are properly identified, managed, monitored and disclosed to the investors of the AIF.

6 Depository

One of the main new aspects of the Directive is the obligation to appoint a depository for each AIF, which will be responsible for monitoring cash flows, safekeeping of the assets of the AIF and supervision or oversight of the processes and procedures of the AIFM and the AIF.[22]

20 Commission Delegated Regulation (EU) No. 231/2013, of 19 December 2012, defines the following four situations in which an AIFM is deemed a letter-box entity: (i) the AIFM does not retain the necessary expertise and resources, (ii) it does not have the power to take decisions in key areas, (iii) it loses its contractual rights to inquire, inspect, or have access to information with regard to its delegates, iv) when it delegates the performance of investment management functions to an extent that exceeds, by a substantial margin, the investment management functions performed by the AIFM itself. It includes a series of qualitative criteria to assess when the aforementioned situations take place.

21 The Regulation of December 2012 provides some criteria to evaluate such objective reasons, such as cost saving, optimisation of functions or expertise and the access of the delegate to global trading capabilities.

22 In this regard, it is important to highlight that in Spain, Law 25/2005, of 24 November, regulating venture capital firms and their management companies, which is currently in force, does not include this obligation.

Depositories may be credit institutions, investment firms or other entities permitted to act as depositories under the UCITS Directive. In addition, Member States may authorise other depositories for certain situations provided they perform depository functions in the framework of their professional or business activities, they are subject to mandatory professional registration and they can provide sufficient financial and professional guarantees.[23] The AIFM and the prime broker which acts as a counterparty to the AIF, may not act as depositories except with the requirements provided in the Directive.

The depository should have its registered office in the home country of the AIF or, in the case of a non-EU AIF, in the third country in which the AIF is established, in the home State of the AIFM or in its Member State of reference.[24]

With regard to its obligations, the depository must act honestly, fairly, professionally, independently and in the interest of the AIF and the investors of the AIF. The Directive imposes strict liability on the depository for the loss of financial instruments held in custody and losses resulting from the depository's negligent or intentional failure to properly fulfil its obligations. Consequently, in the event of a loss of financial instruments held in custody by the depository or by a third party, the depository is obliged to return an instrument of the same type or the equivalent in cash unless it can prove that the loss is the result of an unavoidable external event.

7 Transparency requirements

AIFMs which manage EU AIFs or which market AIFs in the European Union are subject to significant disclosure obligations relating to the content of the annual report and disclosures to investors and competent authorities.[25]

The Directive establishes that they should prepare an annual report for each AIF, which will be provided to the competent authorities of the home Member State of the AIFM, the competent authorities of the AIF and the investors which request one. This report will contain at least the accounting data and the auditor's report, the activities for the year, any material changes in the information provided to investors prior to their investment in the AIF and the remuneration paid to senior management and members of staff of the AIFM.

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23 Applicable to AIFs that have no redemption rights exercisable during the period of five years from the date of the initial investments and that do not invest in assets that must be held in custody or invest in issuers or non-listed companies in order to potentially acquire control over such companies.

24 See Commission Implementing Regulation (EU) No. 448/2013, of 15 May 2013, establishing a procedure for determining the Member State of reference of a non-EU AIFM pursuant to Directive 2011/61/EU of the European Parliament and of the Council.

25 The Regulation implements the content and frequency of the disclosures and is completed by the ESMA guidelines of 24 May 2013 on reporting obligations under Articles 3 and 24 of the AIFMD (ESMA/2013/592), which contain principles on transitional arrangements, the timing of the reporting, changes in frequency of reporting and obligations relating to certain types of AIFs, such as those which use leverage on a substantial basis.

Similarly, AIFMs must provide investors, prior to their investment in an AIF, detailed information relating, *inter alia*, to the investment strategy and objectives of the AIF, the delegated functions, the valuation procedures, liquidity risk management, description of fees, charges and expenses and, if available, the latest annual report, the net asset value and the historical performance of the AIF. They must also provide investors with periodic information on risk management, liquidity and the leverage used by the AIF.

In addition, AIFMs are required to provide the competent authorities with regular information that will facilitate identification, assessment, monitoring and effective management of systemic risks. To this end, they must report on the principal markets and instruments in which they trade, as well as the exposures and most important concentrations of each AIF. They will also provide details for each AIF on the main categories of assets in which they invest, the arrangements for managing liquidity, the risk profile, risk management systems, results of the stress tests[26] and the level of leverage. Finally, AIFMs managing leveraged AIFs and AIFs which acquire control of non-listed companies and issuers must provide additional information.

8 Cross-border regime and passport

One of the most significant consequences of the entry into force of the Directive is the creation of the single market for the management and marketing of alternative funds to professional investors in the European Union. The new regime is based on a single authorisation granted to a European AIFM in its home Member State which allows it to manage AIFs established in any Member State and to market such AIFs in the European Union to professional investors.[27]

The Directive also contains the provision that, as from 2015, AIFMs may have their registered office inside or outside the European Union providing they are authorised by the competent authorities of a Member State of reference of the European Union.[28]

The harmonised passport regime applicable to managers from third countries in the European Union, as well as EU managers which perform their activities outside the European Union, would only be applicable as from 2015 providing the review of

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26 In accordance with Article 15, paragraph 3, point (b) of the Directive, AIFMs should ensure that the risks associated with each investment position of the AIF and the overall effect on the AIF's portfolio can be properly identified, measured, managed and monitored on an ongoing basis, in particular by applying appropriate stress tests.

27 The passport regime provided in the UCITS Directive also establishes that management companies authorised in their home Member State may provide services throughout the European Union for which they have received authorisation either through the establishment of a branch or the free provision of services.

28 Article 37 of the Directive and Commission Implementing Regulation (EU) No. 448/2013, of 15 May 2013, set out the criteria for determining the Member State of reference of a non-EU AIFM taking into account, *inter alia*, the place of establishment of the AIF or most of the AIFs under management or the Member State in which the AIFs are managed or will be marketed.

the functioning of the European passport by ESMA is favourable and after the entry into force of a delegated act by the Commission in this regard.[29] This requires the existence of cooperation[30] and exchange of tax information arrangements between the competent authorities of the Member States of the European Union and the supervisory authorities of the third countries, and that the third countries do not appear on the Financial Action Task Force (FATF) list.[31]

We now go on to analyse the European passport regime and the cross-border management and marketing regime provided by the Directive.

– Passport for the management of alternative funds in the European Union.

  (i) Managers from the European Union.

  An AIFM authorised in accordance with the Directive may manage AIFs established in any Member State of the European Union, whether directly or through a branch, providing it has been authorised to manage this type of AIF, without the competent authorities of the host Member State[32] being able to impose additional requirements. The AIFM must inform the authorities of its home Member State about the Member State in which it is going to carry on management activities and its programme of operations. In the event that the AIFM is going to establish a branch, it will also report on its organisational structure, the persons responsible for management of the branch and the address in the home Member State of the AIF from which documents may be obtained.

  (ii) Managers from non-EU countries.

  As from 22 July 2015,[33] managers from third countries may enjoy a passport which allows them to manage an EU AIF providing they receive authorisation from a Member State of reference of the European Union and designate a legal representative in said Member State of reference.

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29 By 22 July 2015, ESMA will issue to the European Parliament, the Council and the Commission: (i) an opinion on the functioning of the passport for EU AIFMs managing and/or marketing EU AIFs pursuant to Articles 32 and 33 and on the functioning of the marketing of non-EU AIFs by EU AIFMs in the Member States and the management and/or marketing of AIFs by non-EU AIFMs in the Member States pursuant to the applicable national regimes set out in Articles 36 and 42; and (ii) advice on the application of the passport to the marketing of non-EU AIFs by EU AIFMs in the Member States and the management and/or marketing of AIFs by non-EU AIFMs in the Member States in accordance with the rules set out in Article 35 and Articles 37 to 41. The Commission will adopt a delegated act within three months from having received positive advice and an opinion from ESMA, and taking into account the criteria and objectives of the Directive, in which it will specify the date when the rules set out in Article 35 and Articles 37 to 41 become applicable in all Member States.

30 ESMA is currently conducting the negotiations for cooperation arrangements with third countries. The arrangements signed to date can be seen on its website: www.esma.europa.eu.

31 Financial Action Task Force (FATF), which publishes a list of non-cooperative countries or territories in the fight against money laundering and terrorist financing.

32 According to Article 4, paragraph 1, point (r), sub-paragraph (ii), “host Member State of the AIFM”: Member State, other than the home Member State, in which an EU AIFM markets units or shares of an EU AIF.

33 See note 29.

– Passport for the marketing of alternative funds in the European Union.

(i) Managers from the European Union.

As from 22 July 2013, EU AIFMs that have been authorised in accordance with the Directive may market the EU AIFs which they manage to professional investors in any Member State providing they previously notify their competent authorities.

As from 22 July 2015,[34] EU AIFMs which have been authorised may market the non-EU AIFs which they manage to professional investors in the European Union providing they previously notify their competent authorities.

(ii) Managers from non-EU countries.

As from 22 July 2015,[35] AIFMs established outside the European Union which intend to market the AIFs that they manage in the territory of the Union may do so providing they are duly authorised in the Member State of reference and they designate a legal representative in said State and send the required information to its competent authorities.

– National private placement regimes.

Currently, the Directive's passport regime only allows EU AIFMs to manage and market EU AIFs to professional investors inside the European Union. The passport for AIFMs and AIFs established outside the European Union will only be possible, as the case may be, as from July 2015.[36]

Until July 2015, marketing to professional investors of non-EU AIFs managed by EU AIFMs and of AIFs managed by non-EU AIFMs will only be possible under national placement regimes providing the States provide for this possibility. Consequently, each Member State will regulate, as the case may be, the conditions for placement in its territory.[37]

Between 22 July 2015 and 22 July 2018 the passport regime may co-exist with the national placement regimes.[38]

– Marketing to retail investors.

The Directive only provides for a passport regime for the marketing of AIFs to professional investors. However, the Member States may allow the marketing

34 See note 29.
35 See note 29.
36 See note 29.
37 It is also essential that AIFMs meet some of the Directive's requirements, that there are cooperation and exchange of information arrangements with the third countries and that these countries do not appear on the FATF list.
38 In 2018, as the case may be, following a favourable opinion and recommendation from ESMA, and taking into account the criteria and objectives of the Directive, the Commission will adopt a delegated act specifying the date on which the national regimes set out in Articles 36 and 42 are to be terminated and the passport regime will become the sole and mandatory regime applicable in all Member States.

of AIFs to retail investors without a passport in their territory and they may impose on the AIFMs or the AIFs stricter requirements than those provided for the marketing to professional investors.

In this regard, on 22 July 2014, the Member States must inform the Commission and ESMA about the types of AIF which may be marketed to retail investors in their territory and any additional requirements imposed.

– Other passport regimes in the European Union.

In parallel with the Directive under analysis, European authorities adopted two regulations creating European venture capital funds and European social entrepreneurship funds.[39] These regulations entered into force on 22 July 2013. Pursuant to these regulations, European managers which manage the funds under these categories for an amount lower than 500 million euros may enjoy a passport for their marketing in the European Union to professional investors and other investors which meet certain conditions. The regime is optional and is less demanding than that provided by the Directive.

9 Conclusions

The Directive on AIFMs is a complex and novel piece of legislation which introduces strict requirements for managing AIFs in the European Union. It is therefore likely that the entities which manage them will have to reconsider their models and undertake organisational changes which allow them to meet the new requirements.

In this regard, the delegation of functions is one of the options to bear in mind given that the Directive allows outsourcing of some of the functions of the AIFM, although under strict conditions which ensure that the core activity is retained. The aim is to avoid practices which tend towards avoiding compliance with the Directive, for example, by designating an entity established in a third country as an AIFM, not subject to authorisation in the European Union, which carries out the effective management of the AIFs in the territory and through EU entities to which functions are delegated.

It has also been suggested that the Directive might favour the establishment of AIFMs in certain Member States from which all the AIFs may be marketed in the rest of the European Union with the aim of concentrating key resources and experience and taking full advantage of any economies of scale. However, the advantages, as the case may be, of grouping together both the management of the AIFs and UCITS vehicles in one single entity are not clear as they are very different business models.

From an investor point of view, the new requirements as regards transparency, restrictions on investments and risk control might favour the acquisition of customers who demonstrate a preference for regulated products and managers.

39 Regulation (EU) No. 345/2013 of the European Parliament and of the Council, of 17 April 2013, on European venture capital funds, and Regulation (EU) No. 346/2013 of the European Parliament and of the Council, of 17 April 2013, on European social entrepreneurship funds.

However, the entities will have to analyse their structures in order to adapt to the new requirements at the same time as they take advantage of the new business opportunities which might arise, taking into account that the European passport will facilitate access to all markets in the European Union.

Finally, it is important to remember that, since 22 July 2013, AIFMs which operated before that date must comply with the provisions contained in the Directive and they have a period of one year to apply for authorisation. Nevertheless, to date it seems that in most Member States entities are in a state of expectation and it is likely that the authorisations of the existing AIFMs will be concentrated in the first half of 2014.

Annex

Implementing legislation: Commission Delegated Regulation (EU) 231/2013, of 19 December 2012

As indicated, the AIFMD is accompanied by three implementing regulations, as well as several guidelines and recommendations issued by ESMA. They are all detailed in the accompanying table, which also includes other texts of interest relating to the Directive published by the European Commission and ESMA.

Implementing legislation and other references of interest relating to the AIFMD TABLE A.1

Commission Delegated Regulation (EU) No. 231/2013, of 19 December 2012, with regard to exemptions, general operating conditions, depositories, leverage, transparency and supervision.
Commission Implementing Regulation (EU) No. 447/2013, of 15 May 2013, establishing the procedure for AIFMs which choose to opt in under Directive 2011/61/EU of the European Parliament and of the Council.
Commission Implementing Regulation (EU) No. 448/2013, of 15 May 2013, establishing a procedure for determining the Member Sate of reference of a non-EU AIFM pursuant to Directive 2011/61/EU of the European Parliament and of the Council.
Questions and answers of the European Commission. Available at http://ec.europa.eu/yqol/index.cfm.
Guidelines on sound remuneration policies under the AIFMD (ESMA/2013/232).
Guidelines on key concepts of the AIFMD (ESMA/2013/611).
Guidelines on the model Memorandum of Understanding concerning consultation, co-operation and exchange of information related to the supervision of AIFMD entities (ESMA/2013/998).
ESMA opinion on practical arrangements for the late transposition of the AIFMD (ESMA/2013/1072). This establishes that authorised AIFMs established in a Member State which has transposed the Directive should be able to manage AIFs with the passport in a Member State which has not transposed it. Similarly, authorised AIFMs may market AIFs in other Member States, although the host Member States of the AIFs have not transposed the Directive.
Draft regulatory technical standards on types of AIFMs (ESMA/2013/413). This defines the AIFMs which manage open-ended AIFs and closed-ended AIFs.
Draft ESMA's guidelines on reporting obligations under Articles 3 and 24 of the AIFMD (ESMA/2013/592).

The most important of the three regulations which implement the Directive is Commission Delegated Regulation (EU) No. 231/2013, of 19 December 2012. This regulation sets out the aspects relating to calculating the threshold of the assets under management by the AIFMs; the leverage; operating conditions for AIFMs, including risk and liquidity management; valuation; delegation of functions; depositories of AIFs; transparency requirements; and, finally, cooperation and exchange of information arrangements with third countries.

Firstly, the Regulation specifies the procedure and frequency for calculating the total value of the assets managed by AIFMs, as well as the information which must be provided to the competent authorities by AIFMs which fall below the thresholds and which benefit from the provisions of the less demanding regime in the Directive.

It also details the potential professional liability risks resulting from the activities of AIFMs, as well as the coverage of the risks with additional own funds or by means of a professional indemnity insurance.

In addition, the Regulation defines the two methods provided for calculating leverage (gross method and commitment method), the criteria for determining when an AIF is considered as employing leverage on a substantial basis and under what circumstances the competent authorities may impose limits to said leverage or other restrictions on the AIFMs.

In line with the provisions for the managers of UCITS, the Regulation implements the general operating and organisational principles of the AIFM and the persons who effectively direct the business of the AIFM. It details the criteria which make it possible to evaluate whether they act honestly, fairly, with due skill, in the best interest of the AIF under management or its investors, whether they employ sufficient personnel and operate with due diligence in selecting and monitoring investments and in designating the prime broker or counterparty and, finally, whether they guarantee fair treatment of investors, particularly as regards incentives and handling of orders. It also specifies situations in which conflicts of interest may arise, the content of the policy which AIFMs must establish and apply in this regard and the procedures to be followed and measures to be adopted in order to prevent, manage, monitor and, as the case may be, report such conflicts.

In addition, one of the essential components of a risk management system is the existence of a permanent risk management function. Therefore, the Regulation specifies the tasks and responsibilities assigned to the function – which should be similar to those provided in the UCITS Directive – as well as the content of the risk management policy. This last point will include the risk limit set, the techniques and mechanisms used to identify, measure and monitor the risks (including liquidity risk) and the guarantees provided to avoid conflicts of interest.

In addition, it establishes the requirements which must be met both by AIFMs assuming exposure to securitisations and entities which act as originators, sponsors or original lenders of such securitisations, in line with the provisions of Directive 2006/48/EC.[40]

Given that valuation standards differ across jurisdictions and asset classes, the Regulation specifies the content of the policies and procedures for valuing the assets of the AIFs, which must set out the obligations, roles and responsibilities of all those involved in the valuation process, as well as the models used. It also specifies the frequency for calculating the net asset value of the AIFs and the valuation of the assets of open-ended AIFs, as well as the professional guarantees required for external valuers.

Functions may only be delegated within strict limits and therefore the Regulation sets out the general principles together with the criteria for assessing, *inter alia*, whether the delegation structure is based on objective reasons, verifying that it does not impede effective supervision of the AIFM, the delegation does not enter into conflict with the interests of the AIFM or of the investors of the AIFs and, finally, that it does not lead to a situation in which the AIFM becomes a letter-box entity.

40 Directive 2006/48/EC of the European Parliament and of the Council, of 14 June 2006, relating to the taking up and pursuit of the business of credit institutions.

With regard to the depository, the Regulation details the particulars which must appear in the written contract that must be drafted for the appointment, the functions and obligations of the depository and, as the case may be, of the third party to which it delegates some of its functions. It also details the situations of the loss of financial instruments, the conditions for discharge of liability and, finally, the criteria for evaluating the existence of prudential regulation and supervision of depositories in third countries.

With regard to transparency, the Regulation specifies the content of both the annual report and the periodic disclosures made by AIFMs to investors and competent authorities.

Finally, the Regulation determines the requirements for the cooperation arrangements with third parties and the mechanisms, instruments and procedures provided for the exchange of information and data protection.

IV Legislative annex

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

Spanish legislation

– CNMV Circular 6/2013, of 25 September, on accounting standards, annual accounts, public financial statements and confidential statements of statistical information on Bank Asset Funds.

  Circular 6/2013 was passed in order to implement the powers contained in Royal Decree-Law 1559/2012, of 15 November, establishing the legal regime for asset management companies. It authorises the CNMV to collect from Bank Asset Funds (Spanish acronym: FAB) the additional information which it considers necessary to discharge its duties, to determine the form and content for submitting certain information, to establish reporting requirements in the annual report of FABs and to determine the special features applicable to FABs with regard to the accounting standards of the Code of Commerce and the Spanish General Chart of Accounts (Spanish acronym: PGC) when drawing up annual accounts and accounting reports.

  With these objectives, the Circular establishes the standard forms for the public half-yearly statements which must be submitted to the CNMV, which include, in addition to the financial statements provided for by the PGC adapted to the nature of FABs, certain statements which include additional breakdowns of the assets and liabilities of FABs with the aim of providing greater transparency and information to investors. Similarly, it regulates the deadlines for submitting these half-yearly statements.

  With regard to annual accounts, it also provides for certain breakdowns of minimum information to be included in the notes to the annual accounts which result from the specific nature of FABs and which are in addition to those required by the PGC.

  Furthermore, the Circular regulates the management report which must be included in the annual and half-yearly reports and the standard forms for quarterly statistical information to be submitted by the management companies of FABs.

  With regard to the special accounting features applicable to FABs referred to in Royal Decree-Law 1559/2012, of 15 November, the Circular only provides for those transactions and events which, as a result of their special features, are not sufficiently regulated by the accounting standards and principles provided in the Code of Commerce and in the PGC.

– CNMV Circular 7/2013, of 25 September, regulating the resolution procedure for claims and complaints against companies which provide investment services and for addressing enquiries in the field of the securities market.

  This Circular specifies, in the field of the securities market, the specific procedure which Law 2/2011, of 4 March, imposed for addressing claims, complaints and enquiries, and which was subsequently implemented by means of Order ECC/2502/2012, of 16 November.

This function is discharged in the CNMV by the Complaints Service, which, as provided for in the aforementioned legislation, is organised and functions in accordance with the principles of independence, transparency, contradiction, effectiveness, legality, freedom and representation.

The Circular distinguishes between two procedures: (i) the procedure for addressing, processing and resolving claims and complaints submitted against entities that provide investment services and management companies of collective investment schemes (Chapter II); and (ii) the procedure for processing and resolving enquiries (Chapter III).

With regard to the procedure for claims and complaints, it is important to highlight that such claims and complaints may only be submitted by retail customers or their representatives by means of forms which follow the structure of the standard forms contained in Annexes 1 and 2 of the Circular. It is also important to stress that, as indicated in Rule 14 of this Circular, the reports issued by the Complaints Service are not binding and are not administrative acts against which appeals may be brought. At any event, if the final report on the claim is unfavourable to the entity against which the claim has been made, the entity has a period of one month following notification of the report to expressly communicate its acceptance, or not, of the suppositions and criteria stated therein, as well as to provide documentary evidence that it has rectified the situation with the claimant, as the case may be. Notwithstanding the above, if the processing of the complaint file reveals data which might constitute an indication of punishable conduct – especially if it involves a serious or repeated breach of rules on transparency or customer protection – the Complaints Service will inform the competent department so that it may take appropriate action. Similarly, if any other offence is revealed which falls outside its scope of action, the CNMV will inform the competent body.

Enquiries must be submitted following the structure of the form contained in Annex 3 of the Circular.

– Law 14/2013, of 27 September, to support entrepreneurs and their internationalisation.

This Law aims to support entrepreneurs and business activity, fostering their development, growth and internationalisation and to promote both entrepreneurial culture and a favourable environment for economic activity.

To this end, it modifies certain provisions of securities market legislation, among which we can highlight:

- **Article 32** of the Law introduces **internationalisation bonds and covered bonds** as negotiable securities under letter l of Article 2.1 of the Securities Market Act 24/1988, of 28 July. These are, in reality, fixed-income securities whose speciality lies in the fact that they are guaranteed with loans granted by the issuer linked to the funding of contracts for exporting goods and services or for use in the internationalisation of companies.

– Subsequently, **Article 34** of the Law specifies the content and differences of internationalisation bonds and covered bonds, and indicates the credit institutions which are allowed to issue them. Internationalisation covered bonds are characterised by the fact that the principal and interest are especially guaranteed by all the aforementioned credits and loans, i.e. those linked to funding contracts for exporting goods or services and to the internationalisation of companies providing they meet the requirements set by legislation and that at all times they appear as an asset on the issuer's balance sheet (without counting those which are linked to the issue of internationalisation bonds), as well as, should they exist, the substitute assets and the economic flows generated by the derivative financial instruments linked to each issue. A repealing provision revokes their previous regulation under Article 13 *bis* of Law 44/2002.

  On the other hand, the principal and interest of internationalisation bonds will be especially guaranteed by the same types of loans and credits referred to in the case of internationalisation covered bonds, providing they are specifically allocated to the issue pursuant to a public document. As in the previous case, they are also guaranteed by the substitute assets and by the flows generated by derivative financial instruments linked to each issue which are specifically allocated in a public document.

– **Article 33** amends Sections 1 and 4 of Article 13 of Law 44/2002, of 22 November, on Reform Measures for the Financial System on "territorial covered bonds" so as to specify, with more detailed wording, which types of loans and credits can act as collateral, expressly excluding those loans which are not linked to the funding of contracts for exporting goods or services or to the internationalisation of companies.

It also amends other related rules: for example, Article 31 introduces a new article, Article 71 *bis*, in Law 22/2003, of 9 July, on Insolvency, on the appointment by the registrar of an independent expert to verify refinancing agreements; and Article 35, which amends Article 8 of Law 1/1994, of 11 March, on the Legal Regime of Mutual Guarantee Companies, with regard to the minimum share capital of these companies.

In addition, the 2nd final provision amends Article 50, Section 5, letter c), as well as Article 53.4, paragraphs 6 and 8, of the Regulation on Private Insurance Planning and Supervision, approved by Royal Decree-Law 2486/1998, of 20 November, so as to introduce the Alternative Fixed-Income Market as a multilateral trading facility. The same is the case with the 4th final provision, which amends Article 70, Section 9, letter d), and Article 72, letter b) of the Regulation on pension schemes and funds, approved by Royal Decree-Law 304/2004, of 20 February.

With regard to the simplification of economic/financial reporting, Article 48 amends Section 2 of Article 28 of the Code of Commerce, and Article 49, with regard to the preparation of abridged annual accounts, amends Section 1 of Article 257 and, regarding the account auditor, Article 263 of the Capital Companies Act.

Similarly, the 6th final provision amends the 3rd additional provision of the consolidated text of the Capital Companies Act, approved by Legislative Royal Decree 1/2010, of 2 July, on the Single Electronic Document (Spanish acronym: DUE).

– Internal Regime Regulation (incorporating the amendment introduced by the Board Resolution of 2 October 2013).

The amendment introduced in the Internal Regime Regulation by means of the Board Resolution, of 2 October 2013, mainly aims to limit the maximum number of executives of the CNMV to ten, in compliance with the provisions of Royal Decree-Law 451/2012, of 5 March, which regulates the remuneration of senior executives in the public business sector and other entities and in the Order of 12 April of the Ministry of Finance and Public Administrations, which approves the classification of public business entities and other entities governed by public law.

With this aim in mind, the departments which report directly to the Chairperson's Office have been re-structured. These departments are the Research, Statistics and Publications Department; the International Relations Department; the Information Systems Department; and the General Secretariat. Similarly, it provides for the creation of two directorates which will also report to the Chairperson's Office: a Deputy Directorate and a Communication Directorate.

The classification of executive, for the purposes of Royal Decree-Law 451/2012, is also given to the heads of the three directorate-generals, the heads of the departments attached to the Board or to the Chairperson's Office, the Director of the Cabinet of the Chairperson's Office and the head of the department that is designated as Vice-Secretary of the Board and of the other committees of the CNMV.

The articles of the CNMV's Internal Regime Regulation which have been amended are 6, 27, 32 and 44.

– Resolution of 2 October 2013 of the CNMV Board, delegating certain powers.

The powers which correspond to the CNMV pursuant to the provisions in Regulation (EU) No. 648/2012 of the European Parliament and of the Council, of 4 July 2012, on OTC derivatives, central counterparties and trade repositories are delegated to the Chairperson and Vice-Chairperson of the CNMV indistinctly.

– CNMV Resolution, of 4 October 2013, amending Annex I of the Resolution of 16 November 2011, which creates and regulates the Electronic Register of the CNMV.

This Resolution once again amends Annex I of the CNMV Resolution of 16 November 2011, which lists the procedures through standardised electronic documents to be submitted to the Electronic Register of the CNMV by means of the

CIFRADOC/CNMV service. The intention is to incorporate two new procedures: (i) firstly, filing of the final conditions of promissory notes, and (ii) the standard forms for the annual report on the remuneration of the directors of listed companies and of the members of the boards of directors and oversight committees of savings banks that issue securities admitted to trading on official securities markets.

– Law 16/2013, of 29 October, establishing certain environmental tax measures and adopting other tax and financial measures.

The 1st final provision of this Law gives a new wording to Articles 28.2, 40.3 and 46.1 of Law 35/2003, of 4 November, on Collective Investment Schemes, at the same time as it introduces a 5th additional provision.

A new aspect introduced by this amendment affects the marketing of units of mutual funds in Spain given that omnibus accounts may be used as from 1 January 2014.

To this end, the new wording of Article 40.3 provides that when the register of a fund's management company contains units in the name of a marketing entity on the account of unit-holders, then that intermediary will be responsible for keeping the register identifying the unit-holders.

However, at the same time, the law requires that the marketing entity should not simultaneously include a unit-holder of a mutual fund in its unit-holder register and in the register of the fund's management company.

Furthermore, units already registered in favour of unit-holders in the unit-holder register of the collective investment scheme will remain in said register even if the marketing entity and the management company choose to keep the register through omnibus accounts once Law 16/2013 enters into force.

Consequently, when the unit-holders are registered in the marketing entities, it will be those entities which assume the corresponding financial and tax obligations.

– Constitutional Law 6/2013, of 14 November, on the creation of an Independent Fiscal Responsibility Authority.

The aim of this Constitutional Law is to ensure effective compliance with the objectives of budgetary stability, public debt and rules on spending, introducing new supervision and transparency mechanisms in the fiscal policies of the Spanish Public Administration Services.

In order to achieve this aim, the Constitutional Law establishes the creation of the Independent Fiscal Responsibility Authority as a public law institution with its own legal personality and full public and private capacity. The Authority will aim to ensure strict compliance with the principles of budgetary stability and financial sustainability by ongoing assessment of the budgetary life cycle and public debt, and an analysis of economic forecasts.

– Royal Decree-Law 14/2013, of 29 November, on urgent measures for adaptation of Spanish law to European Union legislation on supervision and solvency of financial institutions.

The principal aim of this Royal Decree-Law is to conduct the most urgent adaptations of Spanish law to the new aspects deriving from Directive 2013/36/EU, of 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, and Regulation (EU) No. 575/2013, of the European Parliament and of the Council, of 26 June 2013, on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012. This Royal Decree-Law also addresses other urgent reforms.

In this regard, the most important legislative adaptations are those aimed at equipping supervisors and financial entities with the legal guarantees necessary for them to operate in accordance with Regulation (EU) No. 575/2013, and to perform the substantial adaptations of Directive 2013/36/EU.

To this end, it directly incorporates, as Spanish control and discipline legislation, Regulation (EU) No. 575/2013, by means of the corresponding amendment to Article 95 of the Securities Market Act 24/1988, of 28 July, and of Article 1 of Law 26/1988, of 29 July, on the discipline and intervention of credit institutions.

Similarly, with the amendment to Law 13/1985, of 25 May, on investment ratios, equity and reporting requirements of financial intermediaries, and to the Securities Market Act, the supervisory functions and powers of the Bank of Spain and the CNMV are extended and adapted to the new powers established under European Union Law. This thus guarantees proper compliance with the obligations deriving from the new European legislation applicable to credit institutions and investment firms.

It also incorporates new aspects relating to corporate governance as it establishes a limit to the variable remuneration of certain staff of credit institutions and investment firms. Variable remuneration may not exceed 100% of the fixed remuneration unless approval has been obtained from the shareholders, in which case it may reach a maximum limit of 200%.

In addition, adjustments are made aimed at limiting the scope of application of Regulation (EU) No. 575/2013 so as to avoid undesired effects in Spanish regulation, both relating to the core capital of credit institutions and their groups, and with regard to the transitional regime applicable to specialised credit institutions.

The additional provisions of Royal Decree-Law 14/2013 regulate, *inter alia*, for the first time in Spain, the "Legal Entity Identifier" mandated by EMIR, assigning the functions of issuing and managing the identifier in Spain to the Companies Registry. The additional provisions also establish a regime for calculating preferred shares as equity.

Finally, we should highlight the 1st and 4th final provisions, amending Law 13/1984, of 1 June, on the Autonomy of the Bank of Spain and amending Law 9/2012, of 14 November, on the restructuring and resolution of credit institutions, respectively. The amendment to the Law on the Autonomy of the Bank of Spain increases the powers of the Bank, enabling it to draw up technical guides and respond to binding consultations and providing it with instruments for appropriate interpretation and application of supervisory legislation. For its part, the aforementioned amendment to Law 9/2012 aims to correct the current asset situation of the Fund for Orderly Banking Restructuring (Spanish acronym: FROB) so as to ensure compliance with its legally attributed functions.

– Law 19/2013, of 9 December, on transparency, access to public information and good governance.

This Law aims to extend and strengthen the transparency of public activity and to regulate and ensure the right of access to information relating to said activity and to establish the good governance obligations which must be met by public officials, as well as the consequences of a failure to comply. This regulation fills the loopholes and corrects the deficiencies of the previous legislation in force on the right of access to public information and, at the same time, creates an up-to date legal framework which is in line with the public's interests.

The scope of application of this Law covers a wide range of subjects, including all Public Administration Services, the bodies of the legislative and judicial branches with regard to their activities subject to Administrative Law, as well as other constitutional and statutory bodies. The Law will also be applicable to certain entities which, as a result of their special public relevance or the fact that they receive public funds, will be forced to strengthen the transparency of their activities.

Firstly, it regulates and increases the transparency of the activities of all those who provide public services or exercise administrative powers. To this end, it establishes a series of "active publicity" obligations which principally consist of disclosing certain institutional, organisational, planning, legal, economic, budgetary and statistical information without waiting for a specific request from the public.

Secondly, it provides a broad definition of the public's right of access to public information which may be exercised without the need for a request, being only limited by the nature of the information itself or because the information enters into conflict with other protected interests.

With regard to good governance, Law 19/2013 provides strength and legal status to the ethical and conduct principles which should govern the work of public officials. It also establishes a penalty regime applicable in the event of a failure to comply with these principles.

This law also creates and regulates the Transparency and Good Governance Council as a supervision and control body aimed at guaranteeing correct application of the law.

– Law 20/2013, of 9 December, guaranteeing market unity.

The complex territorial structure of the Spanish State leads to market fragmentation, which implies costs and obstacles that hinder business activity. These difficulties, among other consequences, discourage investment and reduce productivity, competitiveness, economic growth and job creation. It is therefore considered necessary to establish basic economic principles to be applied in a standard manner throughout Spanish territory.

Based on this idea, Law 20/2013 aims to establish the basic principles and rules which, respecting the authority of the autonomous regions and local entities, ensure market unity, thus creating a favourable environment for competition and investment. In particular, it aims to guarantee the integrity of the economic system and make it easier to take advantage of economies of scale and the scope of the market through the free access, practice and expansion of economic activities throughout Spain, and to guarantee supervision of this market unity.

The principles established in this Law are mandatory for all Public Administration Services when performing their acts and provisions and for all economic activities, especially those that are significant for the economy.

In accordance with the above, this Law establishes an efficient regulatory framework for economic activities which simplifies current legislation in that it eliminates unnecessary regulations, establishes faster procedures and minimises administrative burdens.

– Constitutional Law 9/2013, of 20 December, on the control of trade debt in the public sector.

This Constitutional Law aims to control trade debt and eradicate late payments by Public Administration Services.

Following on from the report by the Commission for the Reform of Public Administration Services, the new legislation introduces an automatic instrument, which is easy to apply and understandable for the general public and the Public Administration Services, which allows an effective across-the-board control. This instrument is the average payment period as an expression of trade debt so that, as a consequence of the transparency principle, all Public Administration Services must publish their average payment period. Similarly, this Constitutional Law contributes towards reducing this payment period, establishing a structural, progressive and automatic system of measures.

To this end, Constitutional Law 9/2013 is structured into two articles:

- The first amends Constitutional Law 2/2012, of 27 April, on Budgetary Stability and Financial Sustainability in order to extend the principle of financial sustainability so as to include trade debt. It therefore prevents the budgetary stability and sustainability of public finances being placed at risk.

– The second article amends Constitutional Law 8/1980, of 22 September, on Financing the Autonomous Regions, by establishing a new, more flexible, limit to the monthly withholdings or deductions of resources which the State may make from the financing system in the event of a failure to comply with the established average period of payment to suppliers.

European legislation

– Regulation (EU) No. 1073/2013, of the European Central Bank, of 18 October 2013, concerning statistics on the assets and liabilities of investment funds.

The European System of Central Banks (ESCB) requires high-quality statistical information on the activities of investment funds. The aim is to provide the European Central Bank (ECB) with a full statistical overview of the investment fund sector in the Member States whose currency is the euro. This regulation establishes a series of standardised definitions and rules applicable to the statistical information which national central banks, reporting agents or the ECB must provide in this respect, such as general statistical reporting requirements, revaluation adjustments or transactions and minimum standards to be applied by the actual reporting population.

– Regulation (EU) No. 1075/2013 of the European Central Bank, of 18 October 2013, concerning statistics of the assets and liabilities of financial vehicle corporations engaged in securitisation transactions.

The aim of providing information on financial vehicle corporations is to give the ECB adequate statistics on the financial activities of the sub-sector of financial vehicle corporations in the Member States whose currency is the euro. This regulation establishes a series of definitions and rules for consistent, complementary and integrated reporting of financial vehicle corporations and monetary financial institutions. The method of integrated reporting and the exemptions included in this Regulation aim to minimise the reporting burden for reporting agents and to avoid duplication.

– Commission Regulation (EU) No. 1174/2013, of 20 November 2013, amending Regulation (EC) No. 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No. 1606/2002, of the European Parliament and of the Council, as regards International Financial Reporting Standards 10 and 12 and International Accounting Standard 27.

This regulation amends International Financial Reporting Standard (IFRS) 10, IFRS 12 and International Accounting Standard (IAS) 27. It therefore amends Commission Regulation (EC) No. 1126/2008, of 3 November 2008, adopting certain international accounting standards in accordance with Regulation (EC) No. 1606/2002, of the European Parliament and of the Council.

The amendment made to IFRS 10 aims to better reflect the business model of investment entities. To this end, it requires investment entities to measure their subsidiaries at fair value through profit or loss rather than consolidate them.

IFRS 12 has been amended in order to require specific disclosure about subsidiaries of investment entities.

The amendment to IAS 27 removes the option for investment entities to measure investments in certain subsidiaries either at cost or at fair value in their separate financial statements.

The amendments to the above three standards imply amendments to other standards in order to ensure consistency between International Accounting Standards.

– Guidelines and recommendations regarding written agreements between members of central counterparty (CCP) colleges.

  Regulation (EU) No. 648/2012, of the European Parliament and of the Council, of 4 July 2012, on OTC derivatives, central counterparties and trade repositories (known as EMIR) requires the establishment of colleges to facilitate the exercise of the tasks established in Articles 15 (extension of activities and services), 17 (procedure for granting or refusing authorisation), 49 (review of models, stress testing and back testing), 51 (interoperability arrangements) and 54 (approval of interoperability arrangements) of the Regulation. The college shall consist of: the European Securities and Markets Authority (ESMA), the central counterparty's competent authority, the competent national authorities involved, members of the ESCB and central banks.

  These guidelines and recommendations establish the requirements applicable to national competent authorities with regard to establishing, managing and presiding over CCP colleges in accordance with EMIR. Firstly, the guidelines state that when establishing a CCP college, the national competent authority should propose a standard written agreement (Annex I). It also clarifies how the written agreement should be adopted by college members.

  The national competent authorities affected by these guidelines and recommendations should inform ESMA whether they have adopted them or intend to adopt them, indicating the reasons for not doing so, in a period of two months following their publication.

V Statistics annex

1 Markets

1.1 Equity

Share issues and public offerings[1]

TABLE 1.1

	2010	2011	2012	2012 IV	2013 I	II	III	IV[2]
CASH VALUE[3] (million euro)								
Total	16,016.5	17,145.9	21,142.1	6,961.9	4,996.0	16,372.3	5,369.8	2,403.9
Capital increases	15,407.0	17,018.9	19,910.7	6,185.9	4,996.0	16,372.3	5,369.8	2,403.9
Of which, primary offerings	958.7	6,238.8	2,457.3	0.0	0.0	1,054.8	689.8	0.0
With Spanish tranche	61.6	5,827.1	2,457.3	0.0	0.0	1,054.8	689.8	0.0
With international tranche	897.2	411.7	0.0	0.0	0.0	0.0	0.0	0.0
Secondary offerings	609.5	127.0	1,231.4	776.0	0.0	0.0	0.0	0.0
With Spanish tranche	79.1	124.7	1,231.4	776.0	0.0	0.0	0.0	0.0
With international tranche	530.4	2.3	0.0	0.0	0.0	0.0	0.0	0.0
NOMINAL VALUE (million euro)								
Total	6,318.3	5,704.8	4,705.9	1,209.2	4,987.2	12,092.6	2,398.6	528.8
Capital increases	6,309.3	5,698.8	4,595.2	1,132.8	4,987.2	12,092.6	2,398.6	528.8
Of which, primary offerings	6.8	2,070.6	613.1	0.0	0.0	568.2	421.2	0.0
With Spanish tranche	6.4	1,888.4	613.1	0.0	0.0	568.2	421.2	0.0
With international tranche	0.4	182.2	0.0	0.0	0.0	0.0	0.0	0.0
Secondary offerings	9.0	6.0	110.6	76.4	0.0	0.0	0.0	0.0
With Spanish tranche	8.9	5.9	110.6	76.4	0.0	0.0	0.0	0.0
With international tranche	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
NO. OF FILES[4]								
Total	69	92	105	30	28	37	42	34
Capital increases	67	91	103	29	28	37	42	34
Of which, primary offerings	12	8	7	0	0	3	3	0
Of which, bonus issues	15	22	22	4	9	9	12	6
Secondary offerings	3	2	3	1	0	0	0	0
NO. OF ISSUERS[4]								
Total	46	46	38	17	17	20	26	18
Capital increases	45	45	38	16	17	20	26	18
Of which, primary offerings	12	8	7	0	0	3	3	0
Secondary offerings	2	2	3	1	0	0	0	0

1 Includes registered offerings with issuance prospectuses and listings admitted to trading without register issuance prospectuses.
2 Available data: November 2013.
3 Does not include registered amounts that were not carried out.
4 Includes all registered offerings, including the issues that were not carried out.

Primary and secondary offerings. By type of subscriber

TABLE 1.2

Million euro	2010	2011	2012	2012 IV	2013 I	II	III	IV[1]
PRIMARY OFFERINGS								
Total	958.7	6,238.8	2,457.3	0.0	0.0	1,054.8	689.8	0.0
Spanish tranche	61.6	5,815.7	6.8	0.0	0.0	0.0	0.0	0.0
Private subscribers	2.5	2,206.3	4.1	0.0	0.0	0.0	0.0	0.0
Institutional subscribers	59.1	3,609.4	2.8	0.0	0.0	0.0	0.0	0.0
International tranche	897.2	411.7	0.0	0.0	0.0	0.0	0.0	0.0
Employees	0.0	11.4	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	2,450.5	0.0	0.0	1,054.8	689.8	0.0
SECONDARY OFFERINGS								
Total	609.5	127.0	1,231.4	776.0	0.0	0.0	0.0	0.0
Spanish tranche	79.1	124.7	0.0	0.0	0.0	0.0	0.0	0.0
Private subscribers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Institutional subscribers	79.1	124.7	0.0	0.0	0.0	0.0	0.0	0.0
International tranche	530.4	2.3	0.0	0.0	0.0	0.0	0.0	0.0
Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	1,231.4	776.0	0.0	0.0	0.0	0.0

1 Available data: November 2013.

Companies listed[1]

TABLE 1.3

				2012	2013			
	2010	2011	2012	IV	I	II	III	IV[2]
Total electronic market[3]	129	130	127	127	127	125	123	123
Of which, without Nuevo Mercado	129	130	127	127	127	125	123	123
Of which, Nuevo Mercado	0	0	0	0	0	0	0	0
Of which, foreign companies	6	7	7	7	7	7	7	7
Second Market	6	7	8	8	8	8	8	7
Madrid	2	2	2	2	2	2	2	2
Barcelona	4	5	6	6	6	6	6	5
Bilbao	0	0	0	0	0	0	0	0
Valencia	0	0	0	0	0	0	0	0
Open outcry ex SICAVs	28	27	23	23	23	23	23	23
Madrid	13	13	11	11	11	11	11	11
Barcelona	18	17	13	13	13	13	13	13
Bilbao	8	8	7	7	7	7	7	7
Valencia	6	6	4	4	4	4	4	4
Open outcry SICAVs	1	0	0	0	0	0	0	0
MAB[4]	3,144	3,083	3,015	3,015	3,011	3,029	3,065	3,068
Latibex	29	29	27	27	27	27	27	26

1 Data at the end of period.
2 Available data: November 2013.
3 Without ETFs (Exchange Traded Funds).
4 Alternative Stock Market.

Capitalisation[1]

TABLE 1.4

				2012	2013			
Million euro	2010	2011	2012	IV	I	II	III	IV[2]
Total electronic market[3]	531,194.2	498,148.1	532,039.7	532,039.7	539,926.0	539,813.9	626,782.9	687,950.6
Of which, without Nuevo Mercado	531,194.2	498,148.1	532,039.7	532,039.7	539,926.0	539,813.9	626,782.9	687,950.6
Of which, Nuevo Mercado	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which, foreign companies[4]	61,317.5	82,471.4	99,072.0	99,072.0	108,982.0	109,934.0	119,037.5	134,476.0
Ibex 35	322,806.6	320,672.5	324,442.0	324,442.0	321,700.5	318,272.0	383,121.6	412,426.1
Second Market	109.9	59.7	20.6	20.6	72.8	74.6	72.0	68.4
Madrid	22.8	25.5	20.3	20.3	23.6	25.3	22.7	19.1
Barcelona	87.1	34.2	0.3	0.3	49.3	49.3	49.3	49.3
Bilbao	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valencia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Open outcry ex SICAVs	5,340.7	3,704.9	3,233.0	3,233.0	3,165.6	3,027.3	2,898.2	2,814.1
Madrid	1,454.7	833.3	667.1	667.1	629.0	584.5	532.3	513.3
Barcelona	3,580.2	3,242.3	2,945.9	2,945.9	2,874.6	2,781.9	2,734.8	2,623.1
Bilbao	45.9	328.8	77.8	77.8	248.7	320.2	236.6	250.5
Valencia	760.4	240.2	350.9	350.9	344.6	347.1	282.4	283.1
Open outcry SICAVs[5]	126.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MAB[5,6]	24,718.6	23,646.0	23,776.0	23,776.0	24,669.2	24,812.8	26,181.9	27,477.5
Latibex	210,773.5	402,008.5	350,635.5	350,635.5	342,939.4	283,689.4	297,925.7	293,671.0

1 Data at the end of period.
2 Available data: November 2013.
3 Without ETFs (Exchange Traded Funds).
4 Foreign companies capitalisation includes their entire shares, whether they are deposited in Spain or not.
5 Calculated only with outstanding shares, not including treasury shares, because capital stock is not reported until the end of the year.
6 Alternative Stock Market.

Trading

TABLE 1.5

Million euro	2010	2011	2012	2012 IV	2013 I	II	III	IV[1]
Total electronic market[2]	1,026,478.5	917,383.3	691,558.3	168,208.0	160,019.8	162,326.4	155,689.7	156,129.6
Of which, without Nuevo Mercado	1,026,478.5	917,383.3	691,558.3	168,208.0	160,019.8	162,326.4	155,689.7	156,129.6
Of which, Nuevo Mercado	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which, foreign companies	6,415.3	5,206.3	4,102.1	780.8	1,168.9	1,197.1	1,445.7	1,330.0
Second Market	3.0	2.3	0.4	0.0	0.0	0.4	0.5	0.5
Madrid	2.8	1.7	0.4	0.0	0.0	0.2	0.4	0.5
Barcelona	0.3	0.5	0.0	0.0	0.0	0.2	0.1	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	157.2	42.8	49.9	17.7	5.6	3.9	29.5	7.5
Madrid	15.7	16.1	3.0	0.3	2.5	0.4	0.5	3.5
Barcelona	135.7	26.4	37.7	9.0	3.1	3.5	29.1	3.9
Bilbao	3.9	0.1	8.5	8.5	0.0	0.0	0.0	0.0
Valencia	1.9	0.3	0.7	0.0	0.0	0.0	0.0	0.0
Open outcry SICAVs	8.1	5.6	0.0	0.0	0.0	0.0	0.0	0.0
MAB[3]	4,147.9	4,379.9	4,329.6	1,060.0	1,238.1	1,170.9	1,269.5	1,379.7
Latibex	521.2	357.7	313.2	88.7	98.9	100.2	81.7	57.1

1 Available data: November 2013.
2 Without ETFs (Exchange Traded Funds).
3 Alternative Stock Market.

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

TABLE 1.6

Million euro	2010	2011	2012	2012 IV	2013 I	II	III	IV[2]
Regular trading	983,584.5	873,485.4	658,891.4	159,082.8	153,802.1	157,392.4	150,925.4	151,225.2
Orders	541,879.8	505,870.1	299,022.0	52,601.8	85,760.3	82,041.4	80,420.5	69,734.3
Put-throughs	58,678.1	69,410.4	80,617.0	16,986.8	13,449.6	15,845.9	12,329.6	10,815.8
Block trades	383,026.6	298,204.9	279,252.4	89,494.2	54,592.1	59,505.1	58,175.3	70,675.0
Off-hours	17,209.5	9,801.8	9,630.0	3,300.4	2,959.0	1,927.0	1,048.4	1,141.3
Authorised trades	2,660.5	3,492.6	7936.9	2,406.5	1,099.4	705.5	2,029.7	552.2
Art. 36.1 SML trades	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tender offers	312	4,216.8	9.6	0.0	0.0	222.3	104.3	0.0
Public offerings for sale	1,448.2	3,922.1	0.0	0.0	0.0	2.6	0.0	393.5
Declared trades	2,273.4	2,212.7	545.0	3.0	3.0	0.0	0.0	314.4
Options	11,474.7	11,730.3	9,603.4	2,838.9	964.4	1,064.5	908.9	1,613.4
Hedge transactions	7,515.8	8,521.5	4,942.0	576.3	1,192.0	1,012.0	672.9	889.5

1 Without ETFs (Exchange Traded Funds).
2 Available data: November 2013.

Margin trading for sales and securities lending

TABLE 1.7

Million euro	2010	2011	2012	2012 IV	2013 I	II	III	IV[1]
TRADING								
Securities lending[2]	556,246.7	493,602.4	395,859.3	102,447.3	103,130.3	113,739.3	93,603.3	112,867.9
Margin trading for sales of securities[3]	598.0	518.3	199.2	6.1	62.3	84.3	110.6	67.0
Margin trading for securities purchases[3]	65.9	73.0	44.4	10.3	12.4	7.8	8.8	4.6
OUTSTANDING BALANCE								
Securities lending[2]	36,195.9	35,626.7	34,915.1	34,915.1	33,761.3	36,758.8	43,274.9	49,431.5
Margin trading for sales of securities[3]	9.9	7.0	1.2	1.2	4.9	5.6	20.9	10.3
Margin trading for securities purchases[3]	5.0	3.9	2.5	2.5	1.9	2.7	3.2	2.1

1 Available data: November 2013.
2 Regulated by Article 36.7 of the Securities Market Law and Order ECO/764/2004.
3 Transactions performed in accordance with Ministerial Order dated 25 March 1991 on the margin system in spot transactions.

1.2 Fixed-income

Gross issues registered[1] at the CNMV

TABLE 1.8

	2010	2011	2012	2012 IV	2013 I	II	III	IV[2]
NO. OF ISSUERS								
Total	115	101	71	32	19	22	14	19
Mortgage covered bonds	25	30	26	11	9	8	1	2
Territorial covered bonds	6	7	11	0	1	2	1	0
Non-convertible bonds and debentures	39	23	24	8	6	10	3	5
Convertible bonds and debentures	2	5	3	1	1	1	0	2
Backed securities	36	34	16	9	5	3	3	7
Commercial paper	58	49	35	9	4	5	6	5
Of which, asset-backed	2	2	1	1	0	0	0	0
Of which, non-asset-backed	56	47	34	8	4	5	6	5
Other fixed-income issues	0	0	0	0	0	0	0	0
Preference shares	0	1	0	0	0	0	0	0
NO. OF ISSUES								
Total	349	353	334	69	61	74	50	65
Mortgage covered bonds	88	115	94	18	15	14	6	2
Territorial covered bonds	9	42	18	0	1	2	2	0
Non-convertible bonds and debentures	154	87	134	23	27	47	33	42
Convertible bonds and debentures	3	9	7	2	3	1	0	4
Backed securities	36	45	35	17	11	5	3	12
Commercial paper	59	53	46	9	4	5	6	5
Of which, asset-backed	2	2	1	1	0	0	0	0
Of which, non-asset-backed	57	51	45	8	4	5	6	5
Other fixed-income issues	0	0	0	0	0	0	0	0
Preference shares	0	2	0	0	0	0	0	0
NOMINAL AMOUNT (million euro)								
Total	226,448.9	288,992.0	357,830.2	84,903.7	44,462.4	30,405.9	21,544.2	20,111.2
Mortgage covered bonds	34,378.5	67,226.5	102,170.0	13,020.0	9,195.0	7,340.0	6,014.7	1,350.0
Territorial covered bonds	5,900.0	22,334.2	8,974.0	0.0	95.0	1,520.0	4,000.0	0.0
Non-convertible bonds and debentures	24,356.0	20,191.7	86,441.5	39,814.9	15,595.4	4,136.3	171.9	1,265.8
Convertible bonds and debentures	968.0	7,125.9	3,563.1	842.5	424.8	15.0	0.0	363.4
Backed securities	63,260.5	68,412.8	23,799.6	11,185.0	8,052.0	4,942.0	904.0	9,893.4
Spanish tranche	62,743.0	63,455.9	20,627.1	9,397.5	6,965.1	4,308.7	904.0	8,000.8
International tranche	517.5	4,956.9	3,172.5	1,787.5	1,086.9	633.3	0.0	1,892.6
Commercial paper[3]	97,586.0	103,501.0	132,882.0	20,041.2	11,100.2	12,452.6	10,453.6	7,238.6
Of which, asset-backed	5,057.0	2,366.0	1,821.0	300.0	180.0	390.0	440.0	100.0
Of which, non-asset-backed	92,529.0	101,135.0	131,061.0	19,741.2	10,920.2	12,062.6	10,013.6	7,138.6
Other fixed-income issues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Preference shares	0.0	200.0	0.0	0.0	0.0	0.0	0.0	0.0
Pro memoria:								
Subordinated issues	9,154.2	29,198.9	7,633.5	2,492.0	1,556.5	978.5	91.9	1,409.5
Underwritten issues	299.0	10.0	0.0	0.0	0.0	193.0	0.0	0.0

1 Includes issuance and trading prospectuses.
2 Available data: November 2013.
3 The figures for commercial paper refer to the amount placed in the year.

Issues admitted to trading on AIAF[1]

TABLE 1.9

Nominal amount in million euro	2010	2011	2012	2012 IV	2013 I	II	III	IV[2]
Total	223,404.5	278,656.0	363,952.5	81,533.4	44,982.2	29,756.3	25,031.8	14,950.9
Commercial paper	99,784.4	102,042.0	134,346.9	18,964.1	12,581.9	11,955.5	10,578.4	7,341.9
Bonds and debentures	24,728.6	12,311.9	92,733.5	39,732.8	15,609.8	2,945.8	1,667.7	1,346.6
Mortgage covered bonds	32,861.0	68,346.5	103,470.0	12,820.0	9,395.0	7,240.0	7,114.7	0.0
Territorial covered bonds	5,900.0	20,334.2	8,974.0	0.0	0.0	1,615.0	4,000.0	0.0
Backed securities	60,030.5	75,421.4	24,428.1	10,016.5	7,395.5	6,000.0	1,671.0	6,262.4
Preference shares	100.0	200.0	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: November 2013.

AIAF. Issuers, issues and outstanding balance

TABLE 1.10

	2010	2011	2012	2012 IV	2013 I	II	III	IV[1]
NO. OF ISSUERS								
Total	634	613	568	568	545	521	511	498
Corporate bonds	634	613	568	568	545	520	510	497
Commercial paper	60	45	42	42	36	34	28	30
Bonds and debentures	93	91	95	95	93	95	92	91
Mortgage covered bonds	33	43	49	49	50	50	48	48
Territorial covered bonds	12	13	18	18	12	12	12	12
Backed securities	459	437	385	385	369	361	356	344
Preference shares	59	60	60	60	58	39	35	34
Matador bonds	12	12	11	11	11	10	10	10
Government bonds	–	–	–	–	–	1	1	1
Letras del Tesoro	–	–	–	–	–	1	1	1
Long Government bonds	–	–	–	–	–	1	1	1
NO. OF ISSUES								
Total	3,630	4,382	4,907	4,907	4,459	4,092	3,653	3,433
Corporate bonds	3,630	4,382	4,907	4,907	4,459	3,944	3,505	3,286
Commercial paper	958	1,778	2,529	2,529	2,150	1,761	1,377	1,202
Bonds and debentures	645	624	558	558	564	519	506	500
Mortgage covered bonds	253	296	328	328	326	311	298	290
Territorial covered bonds	26	49	52	52	43	43	40	38
Backed securities	1,641	1,527	1,334	1,334	1,272	1,240	1,224	1,198
Preference shares	93	94	94	94	92	59	49	47
Matador bonds	14	14	12	12	12	11	11	11
Government bonds	–	–	–	–	–	148	148	147
Letras del Tesoro	–	–	–	–	–	12	12	12
Long Government bonds	–	–	–	–	–	136	136	135
OUTSTANDING BALANCE[2] (million euro)								
Total	850,181.7	882,395.1	879,627.5	879,627.5	848,906.4	1,512,424.9	1,479,979.9	1,457,682.0
Corporate bonds	850,181.7	882,395.1	879,627.5	879,627.5	848,906.4	797,945.9	754,998.9	729,641.0
Commercial paper	23,233.6	37,549.1	64,927.5	64,927.5	50,854.3	41,434.2	33,196.5	30,496.2
Bonds and debentures	146,077.7	131,756.8	161,225.4	161,225.4	168,809.8	155,079.3	150,121.9	144,168.2
Mortgage covered bonds	195,734.8	241,149.7	293,142.8	293,142.8	288,052.8	273,972.8	262,277.9	257,167.9
Territorial covered bonds	18,350.0	31,884.2	33,314.3	33,314.3	31,014.3	31,527.3	29,532.3	27,293.5
Backed securities	434,835.1	407,908.0	315,373.5	315,373.5	299,019.5	289,848.8	277,947.6	268,644.5
Preference shares	30,891.8	31,088.6	10,813.4	10,813.4	10,325.1	5,633.2	1,128.2	1,076.2
Matador bonds	1,058.8	1,058.8	830.7	830.7	830.7	794.6	794.6	794.6
Government bonds	–	–	–	–	–	714,479.0	724,981.0	728,041.0
Letras del Tesoro	–	–	–	–	–	89,000.0	90,987.0	89,839.0
Long Government bonds	–	–	–	–	–	625,479.0	633,994.0	638,202.0

1 Available data: November 2013.
2 Nominal amount.

AIAF. Trading

TABLE 1.11

Nominal amount in million euro	2010	2011	2012	2012 IV	2013 I	II	III	IV[1]
BY TYPE OF ASSET								
Total	4,383,118.7	7,388,185.7	3,119,755.1	961,635.0	445,730.4	381,979.5	276,318.4	166,368.7
Corporate bonds	4,383,118.7	7,388,185.7	3,119,755.1	961,635.0	445,730.4	381,949.1	276,274.6	166,322.1
Commercial paper	385,238.9	227,534.5	199,794.9	43,443.5	30,211.6	38,208.6	22,824.1	15,521.1
Bonds and debentures	922,393.1	484,705.8	164,098.6	37,341.6	104,970.8	64,485.4	67,158.7	26,557.7
Mortgage covered bonds	271,441.8	662,177.0	994,071.3	275,727.2	115,745.9	91,793.5	46,754.0	65,594.6
Territorial covered bonds	14,458.2	544,780.9	595,599.6	127,290.5	22,225.5	37,393.4	10,242.1	6,399.1
Backed securities	2,784,775.4	5,462,806.2	1,136,966.1	470,358.1	172,164.5	134,113.6	119,412.6	52,158.6
Preference shares	4,635.7	6,065.0	28,781.3	7,438.9	403.9	15,871.6	9,883.0	86.4
Matador bonds	175.7	116.3	443.2	35.1	8.3	83.1	0.0	4.7
Government bonds	–	–	–	–	–	30.5	43.8	46.6
Letras del Tesoro	–	–	–	–	–	4.8	3.5	2.5
Long Government bonds	–	–	–	–	–	25.7	40.3	44.1
BY TYPE OF TRANSACTION								
Total	4,383,118.7	7,388,185.7	3,119,755.1	961,635.0	445,730.4	381,979.5	276,318.4	166,368.7
Outright	288,927.3	343,099.6	428,838.0	77,828.8	66,158.8	96,923.3	61,297.8	39,938.3
Repos	304,493.2	198,514.7	108,771.9	18,811.8	18,095.0	16,629.1	17,733.1	12,218.7
Sell-buybacks/Buy-sellbacks	3,789,698.3	6,846,571.5	2,582,145.2	864,994.5	361,476.7	268,427.1	197,287.4	114,211.6

1 Available data: November 2013.

AIAF. Third-party trading. By purchaser sector

TABLE 1.12

Nominal amount in million euro	2010	2011	2012	2012 IV	2013 I	II	III	IV[1]
Total	553,896.6	487,543.3	454,385.7	82,251.6	71,301.0	79,714.0	61,279.3	39,553.1
Non-financial companies	162,949.5	131,765.2	77,452.1	19,089.8	16,710.7	11,854.3	7,336.2	5,054.8
Financial institutions	289,950.4	256,975.8	282,733.9	41,576.2	33,736.1	50,902.8	40,443.1	25,056.6
Credit institutions	102,372.1	139,538.2	207,555.6	31,434.2	21,555.2	35,887.5	21,786.8	9,133.2
IICs[2], insurance and pension funds	125,899.4	103,899.9	69,568.7	8,701.1	10,460.9	13,014.0	16,958.6	15,151.8
Other financial institutions	61,678.9	13,537.7	5,609.6	1,440.9	1,720.0	2,001.3	1,697.8	771.6
General government	3,117.7	2,602.7	5,448.2	322.3	479.4	885.4	621.9	228.5
Households and NPISHs[3]	14,244.4	10,230.3	11,517.9	3,213.5	1,106.1	4,384.1	1,943.3	704.2
Rest of the world	83,634.6	85,969.3	77,233.7	18,049.8	19,268.7	11,687.4	10,934.8	8,509.1

1 Available data: November 2013.
2 IICs: Instituciones de Inversión Colectiva / CIS: Collective Investment Schemes.
3 Non-profit institutions serving households.

Issues admitted to trading on equity markets[1]

TABLE 1.13

	2010	2011	2012	2012 IV	2013 I	II	III	IV[2]
NOMINAL AMOUNTS (million euro)								
Total	868.0	2,681.6	7,522.0	0.0	779.3	0.0	0.0	0.0
Non-convertible bonds and debentures	400.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Convertible bonds and debentures	468.0	2,681.6	7,522.0	0.0	779.3	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	8	6	7	0	2	0	0	0
Non-convertible bonds and debentures	7	0	0	0	0	0	0	0
Convertible bonds and debentures	1	6	7	0	2	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: November 2013.

Equity markets. Issuers, issues and outstanding balances

TABLE 1.14

	2010	2011	2012	2012 IV	2013 I	II	III	IV[1]
NO. OF ISSUERS								
Total	60	59	52	52	51	47	45	40
Private issuers	46	46	39	39	38	34	32	27
Non-financial companies	5	4	3	3	3	2	2	2
Financial institutions	41	42	36	36	35	32	30	25
General government[2]	14	13	13	13	13	13	13	13
Regional governments	3	3	3	3	3	3	3	3
NO. OF ISSUES								
Total	247	240	220	220	216	209	209	200
Private issuers	145	133	122	122	122	109	101	89
Non-financial companies	7	6	3	3	3	2	2	2
Financial institutions	138	127	119	119	119	107	99	87
General government[2]	102	107	98	98	94	100	108	111
Regional governments	64	74	67	67	65	62	66	65
OUTSTANDING BALANCES[3] (million euro)								
Total	41,091.3	43,817.5	37,636.4	37,358.4	36,778.1	28,447.7	28,021.9	25,786.3
Private issuers	19,261.5	17,759.6	13,625.4	13,347.4	12,965.5	9,607.8	9,035.1	8,432.3
Non-financial companies	376.6	375.4	194.9	194.9	195.0	2.0	2.0	2.0
Financial institutions	18,884.8	17,384.2	13,430.6	13,152.6	12,770.6	9,605.9	9,033.1	8,430.3
General government[2]	21,829.9	26,057.8	24,010.9	24,010.9	23,812.6	18,839.9	18,986.8	17,354.0
Regional governments	19,442.4	24,014.4	22,145.0	22,145.0	22,047.3	17,377.2	17,519.0	15,879.6

1 Available data: November 2013.
2 Without public book-entry debt.
3 Nominal amount.

Trading on equity markets

TABLE 1.15

				2012	2013			
Nominal amounts in million euro	2010	2011	2012	IV	I	II	III	IV[1]
Electronic market	504.5	386.1	1,198.3	144.6	974.5	138.8	100.9	283.2
Open outcry	7,525.6	4,942.5	3,746.6	347.6	111.0	1,955.7	63.4	1,243.0
Madrid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Barcelona	7,146.7	4,885.4	3,407.8	341.0	7.2	1,890.9	49.8	1,235.4
Bilbao	2.3	0.5	0.2	0.0	0.0	0.0	0.0	0.0
Valencia	376.6	56.6	338.7	6.6	103.8	64.8	13.6	7.6
Public book-entry debt	331.1	883.4	1,189.0	6.6	6.5	1.4	0.2	0.5
Regional governments debt	62,029.0	63,443.7	54,015.1	12,521.7	8,393.9	13,945.9	7,751.3	8,294.6

1 Available data: November 2013.

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

TABLE 1.16

				2012	2013			
Nominal amounts in million euro	2010	2011	2012	IV	I	II	III	IV[1]
Total	265,966.0	84,090.9	40,034.0	6,841.0	11,401.0	14,382.0	13,881.0	16,732.8
Outright	110,011.0	81,905.0	40,034.0	6,841.0	11,401.0	14,382.0	13,881.0	16,732.8
Sell-buybacks/Buy-sellbacks	155,433.0	2,185.9	0.0	0.0	0.0	0.0	0.0	0.0
Others	522.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1 Available data: November 2013.

1.3 Derivatives and other products

1.3.1 Financial derivatives markets: MEFF

Trading on MEFF

TABLE 1.17

				2012	2013			
Number of contracts	2010	2011	2012	IV	I	II	III	IV[1]
Debt products	14	18	45,240	15,783	6,019	3,208	3,080	406
Debt futures[2]	14	18	45,240	15,783	6,019	3,208	3,080	406
Ibex 35 products[3,4]	6,946,167	5,819,264	5,410,311	1,035,203	1,375,908	1,861,259	1,471,795	1,197,740
Ibex 35 plus futures	6,280,999	5,291,956	4,745,067	856,141	1,238,369	1,509,726	1,305,317	1,062,754
Ibex 35 mini futures	357,926	307,411	242,477	34,786	47,616	51,176	45,600	37,804
Ibex 35 dividend impact futures	–	3,154	2,162	1,015	584	94	128	1,637
Call mini options	122,158	86,096	225,704	86,915	49,390	92,675	80,239	62,790
Put mini options	185,083	133,801	194,902	56,347	39,949	207,587	40,511	32,755
Stock products[5]	57,291,482	55,082,944	55,753,236	12,196,833	8,253,014	7,317,714	8,596,470	7,841,683
Futures	19,684,108	24,758,956	21,220,876	4,377,763	4,199,543	3,421,046	2,770,452	2,006,809
Stock dividend futures	–	–	25,000	23,500	24,300	0	12,350	1,000
Call options	17,186,515	12,050,946	14,994,283	3,409,731	1,966,022	1,691,096	3,234,368	3,037,171
Put options	20,420,859	18,273,042	19,513,077	4,385,839	2,063,149	2,205,572	2,579,300	2,796,703
Pro-memoria: MEFF trading on Eurex								
Debt products[6]	373,113	267,713	161,376	42,392	49,336	38,749	39,075	28,505
Index products[7]	604,029	451,016	266,422	55,070	35,316	26,103	22,543	18,024

1 Available data: November 2013.
2 Contract size: 100 thousand euros.
3 The number of Ibex 35 mini futures (multiples of 1 euro) was standardised to the size of the Ibex 35 plus futures (multiples of 10 euro).
4 Contract size: Ibex 35, 10 euros.
5 Contract size: 100 Stocks.
6 Bund, Bobl and Schatz futures.
7 Dax 30, DJ EuroStoxx 50 and DJ Stoxx 50 futures.

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

Issues registered at the CNMV

TABLE 1.18

				2012	2013			
	2010	2011	2012	IV	I	II	III	IV[1]
WARRANTS[2]								
Premium amount (million euro)	4,915.3	5,544.6	3,834.3	957.7	1,505.4	824.0	307.5	844.7
On stocks	2,537.4	3,211.7	2,231.7	568.6	909.9	514.9	196.4	530.4
On indexes	1,852.6	1,786.8	1,273.5	297.8	516.3	236.5	81.6	224.4
Other underlyings[3]	525.4	546.0	329.1	91.4	79.1	72.7	29.5	89.9
Number of issues	8,375	9,237	7,073	2,223	3,326	1,612	1,165	1,922
Number of issuers	9	9	7	6	6	5	3	5
OPTION BUYING AND SELLING CONTRACTS								
Nominal amounts (million euro)	64.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
On stocks	47.0	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]	17.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of issues	7	0	0	0	0	0	0	0
Number of issuers	1	0	0	0	0	0	0	0

1 Available data: November 2013.
2 Includes issuance and trading prospectuses.
3 Includes the following underlying: baskets of stocks, exchange rates, interest rates and commodities.

Equity markets. Warrants and ETF trading

TABLE 1.19

				2012	2013			
	2010	2011	2012	IV	I	II	III	IV[1]
WARRANTS								
Trading (million euro)	1,603.2	1,550.2	762.9	145.7	207.4	199.8	178.8	122.5
On Spanish stocks	759.8	654.2	349.0	72.4	94.3	89.7	97.0	72.1
On foreign stocks	60.7	97.8	87.6	20.4	34.0	20.0	13.7	13.0
On indexes	689.5	518.2	268.6	44.5	70.1	81.2	60.9	31.7
Other underlyings[2]	93.2	280.0	57.7	8.3	9.0	8.9	7.1	5.7
Number of issues[3]	7,750	13,165	11,980	2,816	3,106	3,206	2,969	2,514
Number of issuers[3]	10	9	34	7	7	7	7	8
CERTIFICATES								
Trading (million euro)	22.0	92.1	16.8	1.1	0.1	0.7	0.1	0.1
Number of issues[3]	16	32	13	2	1	2	2	1
Number of issuers[3]	2	2	7	1	1	1	1	1
ETFs								
Trading (million euro)	6,229.7	3,495.4	2,935.7	1,027.0	454.0	639.1	1,170.1	317.8
Number of funds	65	75	74	74	75	75	75	73
Assets[4] (million euro)	827.8	327.2	274.7	274.7	264.3	282.1	320.4	n.a.

1 Available data: November 2013.
2 Includes the following underlying: baskets of stocks, exchange rates, interest rates and commodities.
3 Issues or issuers which were traded in each period.
4 Assets from national collective investment schemes is only included because assets from foreign ones are not available.
n.a.: No available data.

1.3.3 Non-financial derivatives

Trading on MFAO[1]

TABLE 1.20

				2012	2013			
Number of contracts	2010	2011	2012	IV	I	II	III	IV[2]
On olive oil								
Extra-virgin olive oil futures[3]	165,840	63,173	78,566	34,639	30,818	23,957	20,561	10,851

1 Olive oil futures market.
2 Available data: November 2013.
3 Nominal amount of the contract: 1,000 kg.

2 Investment services

Investment services. Spanish firms, branches and agents

TABLE 2.1

	2010	2011	2012	2012 IV	2013 I	II	III	IV[1]
BROKER-DEALERS								
Spanish firms	50	49	46	46	46	46	45	42
Branches	80	78	15	15	17	21	20	18
Agents	6,560	6,589	6,267	6,267	6,222	6,283	6,252	6,254
BROKERS								
Spanish firms	45	45	41	41	41	40	42	42
Branches	13	14	10	10	12	11	11	10
Agents	689	655	601	601	531	538	539	530
PORTFOLIO MANAGEMENT COMPANIES								
Spanish firms	6	6	6	6	6	6	5	5
Branches	5	5	5	5	5	5	5	5
Agents	2	2	2	2	1	1	1	1
FINANCIAL ADVISORY FIRMS								
Spanish firms	58	82	101	101	107	112	121	125
CREDIT INSTITUTIONS[2]								
Spanish firms	186	187	172	172	165	162	161	157

1 Available data: November 2013.
2 Source: Banco de España.

Investment services. Foreign firms

TABLE 2.2

	2010	2011	2012	2012 IV	2013 I	II	III	IV[1]
Total	2,671	2,814	2,992	2,992	3,036	3,065	3,109	3,140
European Economic Area investment services firms	2,238	2,377	2,534	2,534	2,578	2,606	2,649	2,680
Branches	40	36	37	37	35	35	37	37
Free provision of services	2,198	2,341	2,497	2,497	2,543	2,571	2,612	2,643
Credit institutions[2]	433	437	458	458	458	459	460	460
From EU member states	423	429	448	448	448	449	450	450
Branches	55	55	55	55	55	55	55	55
Free provision of services	368	374	393	393	393	394	395	395
Subsidiaries of free provision of services institutions	0	0	0	0	0	0	0	0
From non-EU states	10	8	10	10	10	10	10	10
Branches	8	7	8	8	8	8	8	8
Free provision of services	2	1	2	2	2	2	2	2

1 Available data: November 2013.
2 Source: Banco de España and CNMV.

Intermediation of spot transactions[1]

TABLE 2.3

Million euro	2010	2011	2012	2012 III	IV	2013 I	II	III
FIXED-INCOME								
Total	14,595,537.7	13,609,652.0	10,508,139.1	2,832,874.6	2,616,273.8	2,468,066.1	2,718,987.5	2,552,857.9
Broker-dealers	3,382,387.4	3,759,229.2	2,900,770.8	702,234.0	815,092.5	1,186,861.5	1,410,101.5	1,250,338.3
Spanish organised markets	522,958.6	436,875.9	556,756.0	79,741.7	241,643.5	601,621.9	683,222.7	618,834.2
Other Spanish markets	2,405,641.0	2,764,344.5	1,943,730.6	535,897.8	477,969.5	499,387.4	644,733.3	568,187.4
Foreign markets	453,787.8	558,008.8	400,284.2	86,594.5	95,479.5	85,852.2	82,145.5	63,316.7
Brokers	11,213,150.3	9,850,422.8	7,607,368.3	2,130,640.6	1,801,181.3	1,281,204.6	1,308,886.0	1,302,519.6
Spanish organised markets	2,497,019.3	2,931,505.5	2,521,310.9	821,980.5	410,948.1	14,619.9	15,521.4	11,980.2
Other Spanish markets	8,213,592.3	6,741,733.6	4,883,226.6	1,248,066.3	1,355,643.5	1,231,050.3	1,246,976.9	1,224,718.9
Foreign markets	502,538.7	177,183.7	202,830.8	60,593.8	34,589.7	35,534.4	46,387.7	65,820.5
EQUITY								
Total	1,126,824.3	977,126.1	736,602.3	161,003.6	169,249.7	158,648.2	166,996.5	160,370.5
Broker-dealers	1,096,904.7	952,388.7	692,058.6	152,091.4	147,036.2	150,429.3	158,671.5	149,469.9
Spanish organised markets	1,010,063.4	882,143.3	639,498.2	139,669.9	134,707.5	138,226.7	144,150.0	136,808.0
Other Spanish markets	4,112.2	3,418.3	1,806.3	313.5	568.3	479.7	735.9	555.7
Foreign markets	82,729.1	66,827.1	50,754.1	12,108.0	11,760.4	11,722.9	13,785.6	12,106.2
Brokers	29,919.6	24,737.4	44,543.7	8,912.2	22,213.5	8,218.9	8,325.0	10,900.6
Spanish organised markets	24,169.3	19,372.7	14,532.5	2,446.6	4,492.8	4,967.8	2,880.2	3,095.1
Other Spanish markets	706.4	508.5	6,695.5	2,274.0	2,892.4	625.2	1,592.4	2,764.7
Foreign markets	5,043.9	4,856.2	23,315.7	4,191.6	14,828.3	2,625.9	3,852.4	5,040.8

1 Period accumulated data. Quarterly.

Intermediation of derivative transactions[1,2]

TABLE 2.4

Million euro	2010	2011	2012	2012 III	IV	2013 I	II	III
Total	14,478,583.8	11,827,134.6	6,536,223.6	1,448,643.7	1,228,532.3	1,676,070.3	1,428,048.1	1,495,263.5
Broker-dealers	11,604,972.2	9,113,831.5	5,777,847.8	1,363,424.2	1,143,602.4	1,600,131.2	1,387,106.6	1,451,485.8
Spanish organised markets	3,462,417.7	3,005,801.7	1,819,388.6	444,898.0	361,123.2	576,888.1	572,353.3	537,497.8
Foreign organised markets	6,843,714.9	5,658,687.9	3,718,052.1	874,970.8	719,909.4	954,427.8	765,383.5	834,843.8
Non-organised markets	1,298,839.6	449,341.9	240,407.1	43,555.4	62,569.8	68,815.3	49,369.8	79,144.2
Brokers	2,873,611.6	2,713,303.1	758,375.8	85,219.5	84,929.9	75,939.1	40,941.5	43,777.7
Spanish organised markets	41,003.2	6,818.6	5,371.0	1,132.3	1,114.4	1,700.9	1,198.5	732.7
Foreign organised markets	1,886,757.1	2,451,627.9	566,337.3	33,694.7	41,781.0	7,803.0	8,837.8	9,357.0
Non-organised markets	945,851.3	254,856.6	186,667.5	50,392.5	42,034.5	66,435.2	30,905.2	33,688.0

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 management[1]

TABLE 2.5

				2012		2013		
	2010	2011	2012	III	IV	I	II	III
NUMBER OF PORTFOLIOS								
Total	13,231	13,409	10,985	11,154	10,985	10,983	11,909	11,907
Broker-dealers	7,530	6,483	4,122	4,238	4,122	3,987	3,986	3,931
IIC[2]	67	89	68	68	68	67	71	66
Other[3]	7,463	6,394	4,054	4,170	4,054	3,920	3,915	3,865
Brokers	3,690	3,637	3,680	3,726	3,680	3,887	4,371	4,385
IIC[2]	43	53	51	51	51	51	54	58
Other[3]	3,647	3,584	3,629	3,675	3,629	3,836	4,317	4,327
Portfolio management companies	2,011	3,289	3,183	3,190	3,183	3,109	3,552	3,591
IIC[2]	5	5	5	5	5	5	5	5
Other[3]	2,006	3,284	3,178	3,185	3,178	3,104	3,547	3,586
ASSETS UNDER MANAGEMENT (thousand euro)								
Total	9,347,508	9,554,589	9,350,841	9,003,989	9,350,841	9,860,712	10,225,139	10,744,372
Broker-dealers	4,078,668	4,166,167	3,578,436	3,565,715	3,578,436	3,678,390	3,768,661	4,018,413
IIC[2]	838,040	961,931	965,479	936,229	965,479	1,053,238	1,100,775	1,185,098
Other[3]	3,240,629	3,204,236	2,612,957	2,629,486	2,612,957	2,625,150	2,667,886	2,833,315
Brokers	2,380,015	2,361,944	1,927,219	1,944,396	1,927,219	2,063,302	2,219,817	2,790,102
IIC[2]	848,597	863,856	417,981	412,365	417,981	451,901	506,408	568,414
Other[3]	1,531,418	1,498,088	1,509,238	1,532,030	1,509,238	1,611,401	1,713,409	2,221,688
Portfolio management companies	2,888,825	3,026,478	3,845,186	3,493,878	3,845,186	4,119,020	4,236,661	3,935,857
IIC[2]	111,461	98,645	107,691	109,313	107,691	113,476	108,919	111,496
Other[3]	2,777,364	2,927,833	3,737,495	3,384,565	3,737,495	4,005,544	4,127,742	3,824,361

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

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

TABLE 2.6

				2012		2013		
	2010	2011	2012	III	IV	I	II	III
NUMBER OF CONTRACTS								
Total	5,642	7,748	9,362	7,998	9,362	9,654	9,977	10,113
Broker-dealers. Total[2]	1,366	1,509	1,198	1,214	1,198	1,341	1,426	1,437
Retail clients	1,354	1,492	1,183	1,201	1,183	1,295	1,407	1,415
Professional clients	6	12	13	11	13	13	14	17
Brokers. Total[2]	3,374	4,855	6,445	5,144	6,445	6,604	6,829	6,933
Retail clients	3,311	4,736	6,019	5,015	6,019	6,337	6,552	6,658
Professional clients	63	102	406	112	406	245	254	251
Portfolio management companies. Total[2]	902	1,384	1,719	1,640	1,719	1,709	1,722	1,743
Retail clients	893	1,374	1,712	1,632	1,712	1,703	1,717	1,738
Professional clients	9	10	7	8	7	6	5	5
ASSETS ADVISED (thousand euro)								
Total	7,480,464	8,156,953	7,589,555	8,416,146	7,589,555	7,843,675	7,669,724	7,808,777
Broker-dealers. Total[2]	1,254,313	1,213,014	820,465	1,060,070	820,465	978,055	917,210	922,948
Retail clients	557,140	863,386	568,359	814,465	568,359	619,965	660,825	657,597
Professional clients	261,782	61,711	27,613	20,726	27,613	24,231	24,259	42,916
Brokers. Total[2]	2,433,197	2,963,397	5,598,708	3,372,057	5,598,708	5,641,826	5,609,395	5,884,830
Retail clients	1,494,874	1,875,867	3,590,416	2,175,617	3,590,416	3,955,705	3,885,782	4,026,339
Professional clients	938,323	1,018,647	1,899,566	1,097,741	1,899,566	1,568,975	1,601,814	1,743,956
Portfolio management companies. Total[2]	3,792,954	3,980,542	1,170,382	3,984,019	1,170,382	1,223,794	1,143,119	1,000,999
Retail clients	381,725	594,195	705,185	676,580	705,185	723,678	715,290	740,544
Professional clients	3,411,229	3,386,347	465,197	3,307,439	465,197	500,116	427,829	260,455

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

Aggregated income statement. Broker-dealers

TABLE 2.7

Thousand euro[1]	2010	2011	2012	2012 IV	2013 I	II	III	IV[2]
I. Interest income	102,054	91,542	56,161	56,161	7,515	26,865	45,081	48,682
II. Net commission	533,858	490,517	410,740	410,740	97,329	187,136	277,293	314,375
Commission revenues	798,152	776,641	589,027	589,027	142,577	278,910	411,478	465,015
Brokering	555,207	529,711	348,403	348,403	88,899	175,651	258,341	292,763
Placement and underwriting	8,499	7,446	6,869	6,869	4,293	8,367	8,717	9,205
Securities deposit and recording	22,367	21,060	19,775	19,775	4,308	8,944	13,151	14,619
Portfolio management	13,880	16,186	14,883	14,883	3,544	6,960	10,521	11,954
Design and advising	53,722	60,712	12,067	12,067	4,551	8,410	13,294	14,916
Stocks search and placement	36	485	50	50	15	30	55	432
Market credit transactions	9	8	8	8	6	84	19	20
IICs[3] marketing	65,487	59,588	45,050	45,050	11,374	24,433	37,532	42,548
Other	78,944	81,446	141,924	141,924	25,586	46,032	69,847	78,557
Commission expenses	264,294	286,124	178,287	178,287	45,248	91,774	134,185	150,640
III. Financial investment income	48,588	271,956	9,403	9,403	36,603	184,105	230,834	219,202
IV. Net exchange differences and other operating products and expenses	26,081	-194,355	-28,522	-28,522	-5,908	-126,975	-155,814	-129,768
V. Gross income	710,580	659,659	447,782	447,782	135,539	271,131	397,395	452,491
VI. Operating income	276,253	207,379	35,304	35,304	29,470	70,127	113,752	137,917
VII. Earnings from continuous activities	196,834	148,553	-12,057	-12,057	27,353	62,100	96,165	115,953
VIII. Net earnings of the period	196,834	148,553	-12,057	-12,057	27,353	62,100	96,165	115,953

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: October 2013.
3 IIC: Instituciones de Inversión Colectiva / CIS: Collective Investment Schemes.

Results of proprietary trading. Broker-dealers

TABLE 2.8

Thousand euro[1]	2010	2011	2012	2012 III	2012 IV	2013 I	2013 II	2013 III
TOTAL								
Total	181,096	158,070	21,318	106,042	21,318	33,556	81,363	126,456
Money market assets and public debt	17,536	16,458	18,936	15,865	18,936	6,465	11,646	14,421
Other fixed-income securities	67,554	79,041	16	52,456	16	18,743	38,246	50,933
Domestic portfolio	55,334	67,052	-14,813	41,412	-14,813	16,168	31,665	42,557
Foreign portfolio	12,220	11,989	14,829	11,044	14,829	2,575	6,581	8,376
Equities	284,782	-406,742	356,595	229,149	356,595	-152,244	-148,956	-145,147
Domestic portfolio	-9,277	10,381	8,003	3,572	8,003	1,937	3,474	39,373
Foreign portfolio	294,059	-417,123	348,592	225,577	348,592	-154,181	-152,430	-184,520
Derivatives	-229,222	669,747	-308,833	-209,674	-308,833	169,543	304,823	344,568
Repurchase agreements	-2,166	785	-3,871	-3,680	-3,871	-436	-514	-520
Market credit transactions	0	0	0	0	0	0	32	48
Deposits and other transactions with financial intermediaries	-359	16,668	5,383	4,927	5,383	615	1,463	2,610
Net exchange differences	24,445	-198,307	-37,363	17,439	-37,363	-8,399	-132,712	-163,785
Other operating products and expenses	1,635	3,952	8,841	6,612	8,841	2,490	5,737	7,970
Other transactions	16,891	-23,532	-18,386	-7,052	-18,386	-3,221	1,598	15,358
INTEREST INCOME								
Total	102,053	91,541	56,160	43,328	56,160	7,515	26,865	45,080
Money market assets and public debt	5,787	2,327	4,055	1,889	4,055	1,430	2,404	3,416
Other fixed-income securities	21,773	20,241	17,089	13,660	17,089	1,643	1,870	3,239
Domestic portfolio	20,174	17,903	15,180	12,244	15,180	746	1,223	2,264
Foreign portfolio	1,599	2,338	1,909	1,416	1,909	897	647	975
Equities	76,685	54,249	35,220	31,005	35,220	3,869	18,541	30,343
Domestic portfolio	57,237	36,991	19,064	17,033	19,064	48	2,741	8,739
Foreign portfolio	19,448	17,258	16,156	13,972	16,156	3,821	15,800	21,604
Repurchase agreements	-2,166	785	-3,871	-3,680	-3,871	-436	-514	-520
Market credit transactions	0	0	0	0	0	0	32	48
Deposits and other transactions with financial intermediaries	-359	16,668	5,383	4,927	5,383	615	1,463	2,610
Other transactions	333	-2,729	-1,716	-4,473	-1,716	394	3,069	5,944
FINANCIAL INVEST INCOME								
Total	48,588	271,956	9,404	39,958	9,404	36,604	184,105	230,834
Money market assets and public debt	11,749	14,131	14,881	13,976	14,881	5,035	9,242	11,005
Other fixed-income securities	45,781	58,800	-17,073	38,796	-17,073	17,100	36,376	47,694
Domestic portfolio	35,160	49,149	-29,993	29,168	-29,993	15,422	30,442	40,293
Foreign portfolio	10,621	9,651	12,920	9,628	12,920	1,678	5,934	7,401
Equities	208,097	-460,991	321,375	198,144	321,375	-156,113	-167,497	-175,490
Domestic portfolio	-66,514	-26,610	-11,061	-13,461	-11,061	1,889	733	30,634
Foreign portfolio	274,611	-434,381	332,436	211,605	332,436	-158,002	-168,230	-206,124
Derivatives	-229,222	669,747	-308,833	-209,674	-308,833	169,543	304,823	344,568
Other transactions	12,183	-9,731	-946	-1,284	-946	1,039	1,161	3,057
EXCHANGE DIFFERENCES AND OTHER ITEMS								
Total	30,455	-205,427	-44,246	22,756	-44,246	-10,563	-129,607	-149,458
Net exchange differences	24,445	-198,307	-37,363	17,439	-37,363	-8,399	-132,712	-163,785
Other operating products and expenses	1,635	3,952	8,841	6,612	8,841	2,490	5,737	7,970
Other transactions	4,375	-11,072	-15,724	-1,295	-15,724	-4,654	-2,632	6,357

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]	2010	2011	2012	2012 IV	2013 I	II	III	IV[2]
I. Interest income	1,629	2,481	1,912	1,912	391	923	1,327	1,452
II. Net commission	109,165	97,886	93,246	93,246	24,515	51,268	75,050	85,607
Commission revenues	126,055	112,351	108,198	108,198	28,394	59,205	87,618	100,584
Brokering	38,176	36,354	38,112	38,112	10,384	20,177	28,429	33,454
Placement and underwriting	2,748	2,870	3,128	3,128	199	1,957	2,764	3,617
Securities deposit and recording	366	441	576	576	138	306	394	443
Portfolio management	19,489	12,352	14,476	14,476	3,044	6,341	10,090	11,617
Design and advising	3,618	5,349	3,123	3,123	1,065	1,879	3,345	3,631
Stocks search and placement	304	61	88	88	55	55	55	55
Market credit transactions	27	42	30	30	3	11	11	11
IICs[3] marketing	23,946	21,381	25,949	25,949	7,111	15,402	23,835	26,675
Other	37,381	33,500	22,715	22,715	6,396	13,076	18,694	21,080
Commission expenses	16,890	14,465	14,952	14,952	3,879	7,937	12,568	14,977
III. Financial investment income	456	622	1,255	1,255	91	35	273	-39
IV. Net exchange differences and other operating products and expenses	-1,416	-1,539	-1,459	-1,459	-208	-675	-1,307	-1,281
V. Gross income	109,834	99,450	94,954	94,954	24,789	51,551	75,343	85,738
VI. Operating income	9,457	7,758	4,598	4,598	3,375	8,736	11,500	14,096
VII. Earnings from continuous activities	6,452	5,489	3,583	3,583	3,373	8,546	11,064	13,682
VIII. Net earnings of the period	6,452	5,489	3,583	3,583	3,373	8,546	11,064	13,682

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: October 2013.
3 IIC: Instituciones de Inversión Colectiva / CIS: Collective Investment Schemes.

Aggregated income statement. Portfolio management companies

TABLE 2.10

Thousand euro[1]	2010	2011	2012	2012 IV	2013 I	II	III	IV[2]
I. Interest income	407	682	733	733	182	341	501	555
II. Net commission	10,097	7,988	7,879	7,879	2,014	4,102	6,413	7,038
Commission revenues	20,994	18,477	17,887	17,887	4,625	9,384	14,385	15,260
Portfolio management	18,020	16,582	16,307	16,307	4,226	8,564	13,170	13,943
Design and advising	1,160	1,894	1,579	1,579	399	819	1,214	1,317
IICs[3] marketing	34	0	0	0	0	0	0	0
Other	1,779	0	0	0	0	0	0	0
Commission expenses	10,897	10,489	10,008	10,008	2,611	5,282	7,972	8,222
III. Financial investment income	51	186	4	4	-7	-11	26	49
IV. Net exchange differences and other operating products and expenses	22	-11	-1	-1	19	5	1	-14
V. Gross income	10,577	8,845	8,615	8,615	2,208	4,437	6,941	7,628
VI. Operating income	1,154	1,526	1,406	1,406	474	1,024	2,116	2,300
VII. Earnings from continuous activities	939	1,042	953	953	316	687	1,473	1,574
VIII. Net earnings of the period	939	1,042	953	953	316	687	1,473	1,574

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: October 2013.
3 IIC: Instituciones de Inversión Colectiva / CIS: Collective Investment Schemes.

Surplus equity over capital adequacy requirements

TABLE 2.11

				2012		2013		
	2010	2011	2012	III	IV	I	II	III
TOTAL								
Total amount (thousand euro)	1,399,885	1,219,553	1,089,801	1,222,062	1,089,801	1,085,783	1,106,049	1,043,016
% surplus[1]	313.47	321.37	278.34	286.90	278.34	300.76	319.33	293.44
Number of companies according to its surplus percentage								
≤100%	29	36	37	35	37	37	31	32
>100- ≤300%	36	23	24	24	24	26	30	28
>300- ≤500%	17	19	17	23	17	14	16	19
>500%	19	22	15	14	15	16	15	13
BROKER-DEALERS								
Total amount (thousand euro)	1,315,284	1,134,406	1,012,821	1,137,674	1,012,821	1,017,597	1,040,039	969,750
% surplus[1]	331.24	345.52	296.89	302.28	296.89	329.03	355.90	321.70
Number of companies according to its surplus percentage								
≤100%	8	12	7	9	7	10	10	10
>100- ≤300%	19	10	17	13	17	16	15	14
>300- ≤500%	12	13	12	16	12	10	12	13
>500%	11	14	10	9	10	10	9	8
BROKERS								
Total amount (thousand euro)	67,273	68,007	61,602	67,193	61,602	53,531	53,556	59,966
% surplus[1]	192.26	189.22	188.07	200.37	188.07	161.23	160.50	184.41
Number of companies according to its surplus percentage								
≤100%	19	21	27	23	27	24	18	20
>100- ≤300%	14	12	6	10	6	9	14	12
>300- ≤500%	5	5	4	6	4	3	3	5
>500%	7	7	4	4	4	5	5	5
PORTFOLIO MANAGEMENT COMPANIES								
Total amount (thousand euro)	17,328	17,140	15,378	17,195	15,378	14,655	12,454	13,300
% surplus[1]	119.49	112.61	87.13	107.13	87.13	79.01	59.97	61.94
Number of companies according to its surplus percentage								
≤100%	2	3	3	3	3	3	3	2
>100- ≤300%	3	1	1	1	1	1	1	2
>300- ≤500%	0	1	1	1	1	1	1	1
>500%	1	1	1	1	1	1	1	0

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

Return on equity (ROE) before taxes[1]

TABLE 2.12

	2010	2011	2012	2012 III	IV	2013 I	II	III
TOTAL								
Average (%)[2]	14.68	13.22	3.19	11.78	3.19	9.99	12.18	13.12
Number of companies according to its annualized return								
Losses	24	32	31	36	31	29	25	22
0-≤15%	45	44	33	33	33	34	32	41
>15-<45%	17	14	24	22	24	20	24	21
>45-≤75%	8	5	3	1	3	7	5	4
>75%	7	5	2	4	2	3	6	4
BROKER-DEALERS								
Average (%)[2]	15.28	13.79	2.97	12.36	2.97	9.72	11.78	12.98
Number of companies according to its annualized return								
Losses	10	13	14	14	14	13	13	12
0-≤15%	24	24	18	21	18	19	17	17
>15-<45%	8	7	11	11	11	11	12	13
>45-≤75%	4	2	2	0	2	2	2	1
>75%	4	3	1	1	1	1	2	2
BROKERS								
Average (%)[2]	8.16	7.46	6.25	5.54	6.25	15.20	20.26	15.92
Number of companies according to its annualized return								
Losses	13	18	15	20	15	14	10	9
0-≤15%	17	16	11	8	11	12	11	21
>15-<45%	8	6	13	11	13	8	12	7
>45-≤75%	4	3	1	1	1	5	3	3
>75%	3	2	1	3	1	2	4	2
PORTFOLIO MANAGEMENT COMPANIES								
Average (%)[2]	2.12	4.70	6.59	4.30	6.59	5.43	5.87	9.25
Number of companies according to its annualized return								
Losses	1	1	2	2	2	2	2	1
0-≤15%	4	4	4	4	4	3	4	3
>15-<45%	1	1	0	0	0	1	0	1
>45-≤75%	0	0	0	0	0	0	0	0
>75%	0	0	0	0	0	0	0	0

1 ROE has been calculated as:

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

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	2010	2011	2012	2011 II	2012 I	II	2013 I
ASSETS ADVISED[1]							
Total	16,114,880	16,033,108	14,776,498	16,033,108	14,694,319	14,776,498	15,437,210
Retail clients	1,710,385	2,181,943	3,267,079	2,181,943	2,443,271	3,267,079	3,973,782
Professional	3,854,641	3,151,565	3,594,287	3,151,565	3,396,260	3,594,287	3,472,835
Other	10,549,854	10,699,600	7,915,132	10,699,600	8,854,788	7,915,132	7,990,593
COMMISSION INCOME[2]							
Total	20,745	31,053	26,177	31,053	13,915	26,177	14,685
Commission revenues	20,629	30,844	26,065	30,844	13,833	26,065	14,660
Other income	116	209	112	209	82	112	25
EQUITY							
Total	10,062	12,320	13,402	12,320	13,123	13,402	12,153
Share capital	3,014	3,895	4,365	3,895	4,328	4,365	4,820
Reserves and retained earnings	247	950	4,798	950	5,912	4,798	4,306
Income for the year[2]	6,801	7,474	4,239	7,474	2,883	4,239	3,027

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			
	2010	2011	2012	IV	I	II	III	IV[1]
Total financial IICs	5,627	5,460	5,246	5,246	5,243	5,224	5,178	5,143
Mutual funds	2,429	2,341	2,205	2,205	2,207	2,163	2,084	2,054
Investment companies	3,133	3,056	2,981	2,981	2,979	3,006	3,039	3,037
Funds of hedge funds	32	27	24	24	24	22	22	22
Hedge funds	33	36	36	36	33	33	33	30
Total real estate IICs	16	14	14	14	15	16	16	16
Real estate investment funds	8	6	6	6	6	6	6	6
Real estate investment companies	8	8	8	8	9	10	10	10
Total foreign IICs marketed in Spain	660	739	754	754	753	753	772	784
Foreign funds marketed in Spain	379	426	421	421	417	406	409	412
Foreign companies marketed in Spain	281	313	333	333	336	347	363	372
Management companies	123	114	105	105	105	102	101	98
IIC depositories	114	97	84	84	83	80	78	77

1 Available data: November 2013.

Number of IICs investors and shareholders

TABLE 3.2

				2012	2013			
	2010	2011	2012	IV	I	II	III[1]	IV[2]
Total financial IICs	5,578,524	5,249,813	4,815,628	4,815,628	4,927,974	5,054,520	5,209,038	5,284,691
Mutual funds	5,160,889	4,835,193	4,410,763	4,410,763	4,523,130	4,646,584	4,799,634	4,874,509
Investment companies	417,635	414,620	404,865	404,865	404,844	407,936	409,404	410,182
Total real estate IICs	76,223	30,678	26,155	26,155	25,069	22,558	22,484	6,943
Real estate investment funds	75,280	29,735	25,218	25,218	24,048	21,541	21,466	5,924
Real estate investment companies	943	943	937	937	1021	1,017	1,018	1,019
Total foreign IICs marketed in Spain[3]	865,767	761,380	817,309	817,309	887,121	951,529	1,001,473	–
Foreign funds marketed in Spain	193,233	177,832	163,255	163,255	186,449	185,490	194,030	–
Foreign companies marketed in Spain	666,534	583,548	654,054	654,054	700,672	766,039	807,443	–

1 Provisional data for foreign IICs.
2 Available data: October 2013.
3 Exchange traded funds (ETFs) data is not included.

IICs total net assets

TABLE 3.3

				2012	2013			
Million euro	2010	2011	2012	IV	I	II	III[1]	IV[2]
Total financial IICs	170,073.1	155,982.6	147,722.2	147,722.2	154,845.3	160,704.6	171,271.9	177,412.6
Mutual funds[3]	143,918.2	132,368.6	124,040.4	124,040.4	130,295.4	135,933.5	145,168.5	150,207.2
Investment companies	26,155.0	23,614.0	23,681.8	23,681.8	24,549.9	24,771.1	26,103.4	27,205.4
Total real estate IICs	6,437.5	4,807.1	4,485.5	4,485.5	4,915.2	4,839.5	4,759.1	4,732.6
Real estate investment funds	6,115.6	4,494.6	4,201.5	4,201.5	4,071.4	3,985.5	3,899.2	3,864.4
Real estate investment companies	321.9	312.5	284.1	284.1	843.8	854.0	859.9	868.2
Total foreign IICs marketed in Spain[4]	36,692.9	29,969.5	37,990.7	37,990.7	44,504.2	48,227.8	50,738.9	–
Foreign funds marketed in Spain	8,535.9	6,382.9	6,248.7	6,248.7	7,559.1	7,851.0	8,268.5	–
Foreign companies marketed in Spain	28,156.9	23,586.6	31,742.0	31,742.0	36,945.1	40,376.8	42,470.4	–

1 Provisional data for foreign IICs.
2 Available data: October 2013.
3 For September 2013, mutual funds investments in financial IICs reached 3.88 billion euro.
4 Exchange traded funds (ETFs) data is not included.

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

Mutual funds asset allocation[1]

TABLE 3.4

				2012		2013		
Million euro	2010	2011	2012	III	IV	I	II	III[2]
Asset	143,918.2	132,368.6	124,040.4	125,108.2	124,040.4	130,295.4	135,933.5	145,168.5
Portfolio investment	137,295.4	126,370.0	118,446.5	119,558.0	118,446.5	123,616.6	129,370.9	137,908.9
Domestic securities	89,630.2	90,394.4	82,929.6	83,428.6	82,929.6	88,257.3	94,936.5	100,289.7
Debt securities	68,575.1	72,076.1	65,999.1	67,268.2	65,999.1	67,522.7	71,448.3	74,391.7
Shares	3,829.2	3,087.0	3,140.8	2,942.0	3,140.8	3,327.5	3,518.9	4,328.2
Investment collective schemes	7,338.6	6,038.5	3,170.7	3,326.8	3,170.7	3,563.9	3,913.4	4,066.6
Deposits in Credit institutions	9,460.8	8,961.2	10,333.3	9,650.0	10,333.3	13,647.7	15,750.8	17,078.0
Derivatives	426.2	231.5	285.7	241.6	285.7	195.5	305.1	425.1
Other	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign securities	47,626.5	35,968.1	35,512.7	36,123.3	35,512.7	35,355.8	34,430.8	37,616.5
Debt securities	30,337.4	22,713.5	20,493.9	21,553.5	20,493.9	18,969.8	18,053.8	19,303.0
Shares	8,385.8	7,037.3	7,668.6	7,452.0	7,668.6	8,241.2	8,458.3	9,531.3
Investment collective schemes	8,404.7	6,061.6	7,112.3	6,928.3	7,112.3	7,904.4	7,725.9	8,461.8
Deposits in Credit institutions	108.0	23.0	45.8	37.4	45.8	36.9	39.3	36.2
Derivatives	387.1	131.6	191.6	151.5	191.6	203.1	153.3	284.0
Other	3.6	1.1	0.6	0.6	0.6	0.5	0.1	0.0
Doubtful assets and matured investment	38.6	7.5	4.2	6.1	4.2	3.6	3.2	2.4
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	6,531.4	5,837.6	5,374.7	5,324.0	5,374.7	6,397.1	6,264.0	7,034.6
Net balance (Debtors - Creditors)	91.4	161.1	219.2	226.2	219.2	281.6	298.7	225.0

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

				2012		2013		
Million euro	2010	2011	2012	III	IV	I	II	III[1]
Asset	26,155.0	23,614.0	23,681.8	24,014.5	23,681.8	24,549.9	24,771.1	26,103.4
Portfolio investment	25,187.3	22,521.9	22,512.4	22,300.8	22,512.4	23,310.1	23,438.8	24,596.6
Domestic securities	12,881.4	12,385.3	11,568.0	11,196.4	11,568.0	11,859.7	11,939.5	12,370.8
Debt securities	5,435.9	7,460.8	6,021.4	6,562.6	6,021.4	5,937.5	6,092.5	6,342.6
Shares	2,988.6	2,508.5	2,271.7	2,149.5	2,271.7	2,336.8	2,332.0	2,696.3
Investment collective schemes	758.7	667.4	701.0	650.7	701.0	800.6	805.7	1,031.8
Deposits in Credit institutions	3,675.2	1,721.7	2,531.9	1,794.8	2,531.9	2,740.9	2,671.3	2,258.6
Derivatives	-5.9	-5.2	7.7	4.0	7.7	10.0	4.9	9.9
Other	29.0	32.2	34.3	34.6	34.3	33.9	33.1	31.6
Foreign securities	12,298.1	10,131.1	10,940.2	11,100.0	10,940.2	11,446.1	11,495.1	12,223.4
Debt securities	3,606.8	3,070.6	2,489.2	2,972.9	2,489.2	2,217.1	2,041.9	2,154.8
Shares	4,166.0	3,384.3	3,587.8	3,433.4	3,587.8	3,822.5	3,955.9	4,372.5
Investment collective schemes	4,390.5	3,516.3	4,700.2	4,523.9	4,700.2	5,261.0	5,359.0	5,536.6
Deposits in Credit institutions	12.1	10.8	14.0	11.0	14.0	13.5	10.6	8.6
Derivatives	119.9	145.1	147.1	154.6	147.1	130.2	125.9	144.7
Other	2.8	3.9	1.8	4.2	1.8	1.7	1.8	6.2
Doubtful assets and matured investment	7.9	5.5	4.3	4.4	4.3	4.3	4.7	2.4
Intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net fixed assets	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Cash	832.0	854.6	959.7	1,530.9	959.7	1,076.2	1,127.9	1,300.3
Net balance (Debtors - Creditors)	135.5	237.4	209.6	182.7	209.6	163.4	204.2	206.4

1 Provisional data.

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

TABLE 3.6

				2012	2013			
	2010	2011	2012	IV	I	II	III	IV[2]
NO. OF FUNDS								
Total financial mutual funds	2,408	2,310	2,185	2,185	2,185	2,117	2,070	2,062
Fixed-income[3]	537	508	454	454	448	408	388	388
Mixed fixed-income[4]	160	140	125	125	126	129	125	120
Mixed equity[5]	138	128	117	117	120	124	128	125
Euro equity	172	148	127	127	126	116	113	113
Foreign equity	232	220	211	211	209	198	192	191
Guaranteed fixed-income	276	351	398	398	409	402	391	389
Guaranteed equity[6]	499	420	361	361	348	336	316	316
Global funds	192	203	192	192	182	174	168	166
Passive management	61	59	85	85	103	126	148	153
Absolute return	141	133	115	115	114	104	101	101
INVESTORS								
Total financial mutual funds	5,160,889	4,835,193	4,410,771	4,410,771	4,523,140	4,646,619	4,799,719	4,874,623
Fixed-income[3]	1,622,664	1,384,946	1,261,634	1,261,634	1,283,052	1,347,295	1,410,867	1,442,327
Mixed fixed-income[4]	270,341	206,938	188,574	188,574	194,084	203,705	205,034	213,842
Mixed equity[5]	171,336	145,150	138,096	138,096	140,132	141,715	161,099	164,181
Euro equity	266,395	237,815	220,450	220,450	231,881	239,309	254,009	265,980
Foreign equity	501,138	448,539	398,664	398,664	409,552	427,789	435,571	437,874
Guaranteed fixed-income	790,081	1,042,658	1,075,852	1,075,852	1,114,875	1,124,209	1,091,051	1,072,244
Guaranteed equity[6]	1,065,426	912,298	727,880	727,880	703,587	655,760	628,100	624,125
Global funds	105,720	127,336	101,321	101,321	104,718	111,567	117,838	121,402
Passive management	90,343	100,416	125,003	125,003	170,399	224,481	321,669	355,711
Absolute return	277,445	229,097	173,297	173,297	170,860	170,789	174,481	176,937
TOTAL NET ASSETS (million euro)								
Total financial mutual funds	143,918.2	132,368.6	124,040.4	124,040.4	130,295.4	135,933.5	145,168.5	150,207.2
Fixed-income[3]	56,614.6	46,945.5	40,664.6	40,664.6	42,690.3	46,736.8	50,381.0	52,214.0
Mixed fixed-income[4]	7,319.0	5,253.6	5,500.9	5,500.9	5,965.6	6,618.4	6,873.4	7,211.0
Mixed equity[5]	3,470.5	2,906.1	3,179.9	3,179.9	3,593.6	3,911.9	4,783.4	5,190.1
Euro equity	5,356.8	4,829.2	5,270.2	5,270.2	5,691.8	5,867.8	7,021.5	7,896.2
Foreign equity	8,037.3	6,281.2	6,615.0	6,615.0	7,224.0	7,297.3	7,967.6	8,400.6
Guaranteed fixed-income	26,180.2	35,058.0	36,445.0	36,445.0	37,653.1	37,316.1	35,504.7	34,501.5
Guaranteed equity[6]	22,046.5	18,014.5	14,413.2	14,413.2	13,925.5	13,032.2	12,767.2	12,858.8
Global funds	4,440.3	5,104.7	4,358.6	4,358.6	4,366.9	4,157.3	4,352.8	4,545.3
Passive management	2,104.8	1,986.2	2,991.2	2,991.2	4,511.4	6,402.4	10,926.5	12,760.9
Absolute return	8,348.1	5,989.7	4,601.9	4,601.9	4,673.3	4,593.4	4,590.4	4,628.8

1 Sub-funds which have sent reports to the CNMV, excluding those in process of dissolution or liquidation.
2 Available data: October 2013.
3 From III 2011 on includes: Fixed income euro, Foreign fixed-income, Monetary market funds and Short-term monetary market funds. Until II 2011 included: Fixed income euro, Foreign fixed-income and Monetary market funds.
4 Mixed euro fixed-income and Foreign mixed fixed-income.
5 Mixed euro equity and Foreign mixed equity.
6 Guaranteed equity and partial guarantee.

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

TABLE 3.7

				2012	2013			
	2010	2011	2012	IV	I	II	III	IV[1]
INVESTORS								
Total financial mutual funds	5,160,889	4,835,193	4,410,771	4,410,771	4,523,140	4,646,619	4,799,719	4,874,623
Individuals	5,019,902	4,706,193	4,293,071	4,293,071	4,400,031	4,517,632	4,665,265	4,736,854
Residents	4,954,891	4,645,384	4,237,534	4,237,534	4,344,170	4,461,680	4,608,356	4,679,627
Non-residents	65,011	60,809	55,537	55,537	55,861	55,952	56,909	57,227
Legal entities	140,987	129,000	117,700	117,700	123,109	128,987	134,454	137,769
Credit Institutions	524	490	473	473	500	506	520	520
Other resident Institutions	139,550	127,765	116,589	116,589	121,922	127,784	133,198	136,525
Non-resident Institutions	913	745	638	638	687	697	736	724
TOTAL NET ASSETS (million euro)								
Total financial mutual funds	143,918.1	132,368.6	124,040.4	124,040.4	130,295.4	135,933.5	145,168.5	150,207.2
Individuals	113,660.6	106,627.6	101,963.8	101,963.8	106,634.4	110,298.6	117,097.2	121,013.3
Residents	111,900.1	105,088.0	100,515.7	100,515.7	105,154.3	108,795.3	115,454.6	119,301.3
Non-residents	1,760.5	1,539.6	1,448.0	1,448.0	1,480.1	1,503.4	1,642.5	1,712.0
Legal entities	30,257.5	25,741.1	22,076.6	22,076.6	23,661.0	25,634.9	28,071.3	29,193.9
Credit Institutions	1,926.1	1,446.7	1,075.4	1,075.4	610.5	496.7	568.2	601.9
Other resident Institutions	27,644.6	23,880.7	20,657.1	20,657.1	22,662.2	24,719.9	27,044.1	28,140.1
Non-resident Institutions	686.9	413.7	344.1	344.1	388.2	418.2	459.0	451.9

1 Available data: October 2013.

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

TABLE 3.8

				2012		2013		
Million euro	2010	2011	2012	III	IV	I	II	III
SUBSCRIPTIONS								
Total financial mutual funds	78,805.2	58,145.0	51,006.7	18,221.5	8,724.7	17,899.8	24,368.4	19,197.3
Fixed-income	41,656.1	27,206.2	32,924.2	14,366.3	4,884.3	9,266.2	15,803.3	10,626.0
Mixed fixed-income	3,538.8	1,332.4	1,440.2	310.6	391.6	784.9	1,009.0	766.6
Mixed equity	1,221.7	815.7	590.0	94.7	197.7	396.6	496.0	656.0
Euro equity	1,673.0	2,085.0	1,257.5	312.1	310.3	699.9	866.6	793.8
Foreign equity	4,455.2	3,835.1	1,693.8	393.4	354.1	698.3	984.9	826.5
Guaranteed fixed-income	11,513.4	13,965.7	7,976.3	1,851.5	1,245.8	2,956.0	1,763.8	908.8
Guaranteed equity	5,120.1	2,570.7	1,420.7	272.4	179.0	469.3	502.7	524.5
Global funds	3,018.1	3,261.6	1,270.9	168.6	338.2	500.8	496.7	439.0
Passive management	683.8	924.7	1,402.2	263.6	522.2	1,689.9	1,969.8	3,274.0
Absolute return	5,924.8	2,147.7	1,031.0	188.3	301.5	437.9	475.6	382.0
REDEMPTIONS								
Total financial mutual funds	104,385.6	68,983.6	63,744.4	21,398.1	12,295.4	13,654.7	19,151.6	13,330.5
Fixed-income	68,806.1	37,633.9	38,767.8	16,247.2	6,157.7	7,353.2	11,758.0	7,187.6
Mixed fixed-income	4,955.7	3,258.1	2,215.4	484.2	508.1	471.7	599.6	572.2
Mixed equity	1,311.8	1,136.2	973.1	163.0	251.0	185.2	277.5	236.2
Euro equity	2,369.9	1,933.0	1,421.2	314.2	334.2	425.3	764.4	466.1
Foreign equity	3,303.3	4,652.7	2,114.4	449.3	540.6	583.0	827.3	629.2
Guaranteed fixed-income	6,797.4	6,737.4	8,829.3	1,793.0	2,220.3	2,427.3	2,099.3	1,864.9
Guaranteed equity	7,620.2	5,632.3	4,944.2	1,077.5	1,294.8	1,030.3	1,357.1	836.3
Global funds	2,694.4	2,316.3	1,278.4	269.7	330.7	301.1	316.0	260.7
Passive management	1,474.1	1,199.2	830.1	195.8	161.8	467.2	599.4	847.5
Absolute return	5,053.0	4,484.7	2,370.4	404.2	496.2	410.4	553.0	429.8

1 Estimated data.

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

TABLE 3.9

				2012		2013		
Million euro	2010	2011	2012	III	IV	I	II	III
NET SUBSCRIPTIONS/REDEMPTIONS								
Total financial mutual funds	-25,580.6	-10,853.1	-14,597.3	-3,177.2	-3,579.6	4,224.4	5,205.5	5,847.4
Fixed-income	-27,149.9	-10,423.6	-7,739.7	-1,885.4	-1,297.8	1,729.5	3,934.9	3,329.4
Mixed fixed-income	-1,417.0	-1,980.4	-18.8	-46.1	-107.1	419.0	668.7	132.6
Mixed equity	-90.0	-375.5	35.8	-45.2	-38.0	349.0	315.7	668.0
Euro equity	-696.9	142.0	-115.4	13.5	24.7	275.0	104.6	328.0
Foreign equity	1,152.1	-796.0	-425.3	-38.6	-188.7	122.3	133.3	175.4
Guaranteed fixed-income	4,716.0	7,809.3	-338.8	215.7	-873.0	537.8	-602.6	-2,334.0
Guaranteed equity	-2,500.1	-4,053.9	-4,225.9	-1,040.2	-1,258.9	-651.9	-952.7	-593.3
Global funds	323.6	972.2	-1,021.0	-105.5	-5.5	-61.0	-197.9	42.0
Passive management	-790.3	60.8	823.8	140.0	420.0	1,477.0	1,851.1	4,150.7
Absolute return	871.7	-2,207.9	-1,571.9	-385.4	-255.3	27.7	-49.5	-51.4
RETURN ON ASSETS								
Total financial mutual funds	135.7	-673.3	6,289.3	3,175.6	2,513.4	2,035.2	433.0	3,395.2
Fixed-income	64.5	744.9	1,459.6	560.1	450.4	296.4	111.7	315.0
Mixed fixed-income	-56.4	-85.1	266.1	128.2	95.0	45.8	-15.8	122.4
Mixed equity	-53.4	-189.0	238.2	121.1	101.8	64.7	2.6	203.5
Euro equity	-254.1	-666.9	558.8	361.8	354.9	146.5	71.4	825.7
Foreign equity	877.4	-947.2	759.1	328.2	140.5	486.7	-60.0	494.9
Guaranteed fixed-income	-170.4	1,070.4	1,727.4	852.8	828.4	670.5	265.8	522.7
Guaranteed equity	-392.8	21.8	624.5	480.2	289.0	164.2	59.4	328.4
Global funds	123.1	-307.8	274.9	121.8	75.7	69.3	-11.7	153.5
Passive management	-109.7	-163.9	196.8	135.6	115.0	47.4	39.9	380.7
Absolute return	107.7	-150.5	184.1	85.8	62.9	43.7	-30.4	48.4

Financial mutual funds return on assets. Detail by category

TABLE 3.10

% of daily average total net assets	2010	2011	2012	2012 III	2012 IV	2013 I	2013 II	2013 III
MANAGEMENT YIELDS								
Total financial mutual funds	1.09	0.45	6.03	2.83	2.31	1.86	0.69	2.67
Fixed-income	0.78	2.28	4.33	1.58	1.34	0.92	0.58	0.84
Mixed fixed-income	0.61	-0.15	6.05	2.65	2.06	1.09	0.06	2.10
Mixed equity	0.11	-4.30	9.20	4.34	3.68	2.25	0.57	4.93
Euro equity	-3.05	-10.77	12.84	8.15	7.49	3.10	2.08	13.16
Foreign equity	14.80	-11.05	13.51	5.48	2.60	7.57	-0.22	6.94
Guaranteed fixed-income	-0.11	3.77	5.30	2.58	2.50	2.00	0.98	1.66
Guaranteed equity	-0.46	1.29	5.26	3.36	2.26	1.45	0.77	2.89
Global funds	4.15	-4.55	7.80	3.18	2.11	1.97	0.06	4.03
Passive management	-2.50	-6.27	7.99	5.92	4.23	1.42	1.02	4.20
Absolute return	2.49	-0.90	4.93	2.11	1.67	1.24	-0.47	1.35
EXPENSES. MANAGEMENT FEE								
Total financial mutual funds	0.91	0.93	0.94	0.23	0.24	0.24	0.27	0.25
Fixed-income	0.65	0.64	0.66	0.16	0.17	0.17	0.22	0.17
Mixed fixed-income	1.20	1.17	1.10	0.27	0.27	0.28	0.32	0.28
Mixed equity	1.65	1.59	1.51	0.37	0.36	0.37	0.42	0.40
Euro equity	1.78	1.80	1.77	0.44	0.44	0.43	0.47	0.50
Foreign equity	1.84	1.77	1.74	0.41	0.42	0.46	0.48	0.47
Guaranteed fixed-income	0.62	0.72	0.79	0.20	0.21	0.21	0.23	0.22
Guaranteed equity	1.24	1.24	1.23	0.31	0.31	0.30	0.31	0.31
Global funds	1.06	1.11	1.01	0.23	0.22	0.31	0.32	0.36
Passive management	0.72	0.75	0.81	0.20	0.19	0.18	0.19	0.17
Absolute return	1.06	1.08	1.03	0.23	0.24	0.29	0.30	0.29
EXPENSES. DEPOSITORY FEE								
Total financial mutual funds	0.09	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	0.03	0.02
Mixed fixed-income	0.10	0.12	0.08	0.02	0.02	0.02	0.03	0.02
Mixed equity	0.12	0.12	0.12	0.03	0.03	0.03	0.03	0.03
Euro equity	0.11	0.12	0.12	0.03	0.03	0.03	0.03	0.02
Foreign equity	0.12	0.12	0.12	0.03	0.03	0.03	0.03	0.03
Guaranteed fixed-income	0.07	0.08	0.08	0.02	0.02	0.02	0.02	0.02
Guaranteed equity	0.10	0.08	0.08	0.02	0.02	0.02	0.02	0.02
Global funds	0.09	0.08	0.08	0.02	0.02	0.02	0.03	0.02
Passive management	0.07	0.08	0.08	0.02	0.02	0.02	0.02	0.02
Absolute return	0.08	0.08	0.08	0.02	0.02	0.02	0.02	0.02

Mutual funds quarterly returns. Detail by category

TABLE 3.11

In %	2010	2011	2012	2012 III	2012 IV	2013 I	2013 II	2013 III
Total financial mutual funds	0.35	-0.08	5.50	2.72	2.08	1.65	0.36	2.50
Fixed-income	0.11	1.56	3.54	1.35	1.12	0.76	0.31	0.65
Mixed fixed-income	-0.54	-1.34	4.95	2.41	1.75	0.83	-0.19	1.85
Mixed equity	-0.98	-5.64	7.83	4.12	3.30	2.02	0.17	4.78
Euro equity	-2.94	-11.71	12.31	8.16	7.28	2.95	1.30	13.71
Foreign equity	14.22	-10.83	13.05	5.27	2.32	7.40	-0.69	6.87
Guaranteed fixed-income	-0.67	3.28	4.85	2.42	2.27	1.82	0.70	1.46
Guaranteed equity	-1.79	0.14	5.07	3.89	1.99	1.16	0.42	2.62
Global funds	3.22	-4.64	7.44	2.93	2.03	1.70	-0.26	3.80
Passive management	-2.36	-7.33	7.10	5.44	4.04	1.06	0.86	4.13
Absolute return	1.53	-1.87	3.84	1.82	1.36	0.96	-0.32	1.07

Hedge funds and funds of hedge funds

TABLE 3.12

				2012		2013		
	2010	2011	2012	III	IV	I	II	III[1]
HEDGE FUNDS								
Investors/shareholders	1,852	2,047	2,427	2,305	2,427	2,384	2,374	2,266
Total net assets (million euro)	646.2	728.1	918.6	828.7	918.6	964.8	981.3	982.4
Subscriptions (million euro)	236.6	201.1	347.6	83.0	132.4	95.9	76.3	88.1
Redemptions (million euro)	268.6	92.5	212.7	50.9	68.2	82.2	69.4	115.2
Net subscriptions/redemptions (million euro)	-32.0	108.6	134.8	32.1	64.2	13.6	6.9	-27.1
Return on assets (million euro)	26.3	-26.5	55.7	22.2	25.7	31.9	9.6	28.2
Returns (%)	5.37	-2.60	7.17	2.85	3.03	3.72	1.03	2.49
Management yields (%)[2]	6.33	-1.88	8.00	2.72	3.01	3.91	1.73	3.64
Management fee (%)[2]	1.91	1.66	1.38	0.32	0.36	0.54	0.58	0.64
Financial expenses (%)[2]	0.07	0.06	0.04	0.01	0.01	0.01	0.01	0.01
FUNDS OF HEDGE FUNDS								
Investors/shareholders	4,404	3,805	3,338	3,513	3,338	3,211	3,230	3,176
Total net assets (million euro)	694.9	573.0	540.0	561.3	540.0	536.2	468.0	466.6
Subscriptions (million euro)	47.9	10.6	23.6	13.7	0.5	0.8	3.6	–
Redemptions (million euro)	184.8	120.1	74.3	21.2	26.4	19.0	69.0	–
Net subscriptions/redemptions (million euro)	-136.9	-109.6	-50.8	-7.5	-25.9	-18.2	-65.4	–
Return on assets (million euro)	21.7	-12.3	17.6	7.4	4.5	14.4	-2.8	–
Returns (%)	3.15	-1.70	0.88	1.38	0.60	2.73	-0.52	-0.12
Management yields (%)[3]	4.38	-0.47	4.56	1.66	1.22	3.03	-0.21	–
Management fee (%)[3]	1.25	1.25	1.28	0.32	0.33	0.32	0.31	–
Depository fee (%)[3]	0.08	0.08	0.08	0.02	0.02	0.02	0.02	–

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

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

TABLE 3.13

				2012	2013			
	2010	2011	2012	IV	I	II	III	IV[2]
NUMBER OF PORTFOLIOS[3]								
Mutual funds	2,429	2,341	2,205	2,205	2,207	2,163	2,093	2,081
Investment companies	3,068	3,002	2,922	2,922	2,922	2,945	2,977	2,970
Funds of hedge funds	32	27	24	24	24	22	22	22
Hedge funds	31	35	35	35	33	33	33	30
Real estate investment fund	8	6	6	6	6	6	6	6
Real estate investment companies	8	8	8	8	9	10	10	10
ASSETS UNDER MANAGEMENT (million euro)								
Mutual funds	143,918.2	132,368.6	124,040.4	124,040.4	130,295.4	135,933.4	145,168.5	150,207.2
Investment companies	25,361.3	23,037.6	23,011.0	23,011.0	23,936.4	24,098.1	25,374.0	26,440.9
Funds of hedge funds[4]	694.9	573.0	539.9	539.9	536.2	467.9	466.6	–
Hedge funds[4]	643.5	694.7	882.5	882.5	964.8	981.3	982.4	–
Real estate investment fund	6,115.6	4,494.6	4,201.5	4,201.5	4,071.4	3,985.5	3,899.2	3,864.4
Real estate investment companies	321.9	312.5	284.1	284.1	843.8	854.0	859.9	868.2

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: October 2013.
3 Data source: Collective Investment Schemes Registers.
4 Available data for III Quarter 2013: August 2013.

Foreign Collective Investment Schemes marketed in Spain[1]

TABLE 3.14

				2012		2013		
	2010	2011	2012	III	IV	I	II	III[2]
INVESTMENT VOLUME[3] (million euro)								
Total	36,692.9	29,969.5	37,990.7	38,409.5	37,990.7	44,504.2	48,227.8	50,738.9
Mutual funds	8,535.9	6,382.9	6,248.7	7,591.8	6,248.7	7,559.1	7,851.0	8,268.5
Investment companies	28,156.9	23,586.6	31,742.0	30,817.7	31,742.0	36,945.1	40,376.8	42,470.4
INVESTORS/SHAREHOLDERS								
Total	865,767	761,380	817,309	819,911	817,309	887,121	951,529	1,001,473
Mutual funds	193,233	177,832	163,255	186,878	163,255	186,449	185,490	194,030
Investment companies	666,534	583,548	654,054	633,033	654,054	700,672	766,039	807,443
NUMBER OF SCHEMES								
Total	660	739	754	749	754	753	753	772
Mutual funds	379	426	421	418	421	417	406	409
Investment companies	281	313	333	331	333	336	347	363
COUNTRY								
Luxembourg	290	297	310	308	310	307	308	317
France	225	284	272	279	272	276	271	274
Ireland	75	87	90	90	90	90	93	97
Germany	20	20	31	23	31	31	30	30
UK	16	19	22	21	22	22	22	22
The Netherlands	1	1	1	1	1	1	2	2
Austria	27	25	23	20	23	21	22	24
Belgium	5	5	3	5	3	3	3	4
Malta	1	1	1	1	1	1	1	1
Denmark	0	0	1	1	1	1	1	1

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

Real estate investment schemes[1]

TABLE 3.15

				2012	2013			
	2010	2011	2012	IV	I	II	III	IV[2]
REAL ESTATE MUTUAL FUNDS								
Number	7	6	6	6	6	6	6	6
Investors	75,280	29,735	25,218	25,218	24,048	21,541	21,466	5,924
Asset (million euro)	6,115.6	4,494.6	4,201.5	4,201.5	4,071.4	3,985.5	3,899.2	3,864.4
Return on assets (%)	-4.74	-3.23	-5.53	-1.93	-2.59	-1.88	-2.13	-0.79
REAL ESTATE INVESTMENT COMPANIES								
Number	8	8	8	8	9	10	10	10
Shareholders	943	943	937	937	1,021	1,017	1,018	1,019
Asset (million euro)	321.9	312.5	284.1	284.1	843.8	854.0	859.9	868.2

1 Real estate investment schemes which have sent reports to the CNMV, excluding those in process of dissolution or liquidation.
2 Available data: October 2013. In this case, return on assets is monthly.