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Quarter II
2014

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Abbreviations

ABS	Asset-Backed Security
AIAF	Asociación de Intermediarios de Activos Financieros (Spanish market in fixed-income securities)
ANCV	Agencia Nacional de Codificación de Valores (Spain's national numbering agency)
ASCRI	Asociación española de entidades de capital-riesgo (Association of Spanish venture capital firms)
AV	Agencia de valores (broker)
AVB	Agencia de valores y bolsa (broker and market member)
BME	Bolsas y Mercados Españoles (operator of all stock markets and financial systems in Spain)
BTA	Bono de titulización de activos (asset-backed bond)
BTH	Bono de titulización hipotecaria (mortgage-backed bond)
CADE	Central de Anotaciones de Deuda del Estado (public debt book-entry trading system)
CCP	Central Counterparty
CDS	Credit Default Swap
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

Market survey (*)

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

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1 Overview

The abundance of liquidity again set the tone for world financial markets over the second quarter of 2014.[1] Liquidity whose main source was the accommodative monetary policies of the major advanced economies. These policies are not, however, confined to a single type: in the United States, the Federal Reserve has progressively scaled back its bond market purchases on the improving form of employment and activity indicators, while, in the euro area, the ECB has accompanied its latest rate cuts with non-conventional measures designed to reinvigorate lending and economic activity.

The persistence of interest rates approaching zero lent continuing impulse to the "search for yield", and boosted investor flows towards riskier products. In fixed-income markets, the improved macroeconomic prospects of peripheral economies spurred purchases of their sovereign debt, to accompany the buying spree in lower-rated corporate instruments. The result, in both cases, was to compress yields and risk premia to their lowest levels of the past few years. By mid year, US and UK ten-year bonds were yielding approximately 2.7%, compared to the 1.4% of the German benchmark.

Shares also prospered in the second-quarter's more supportive environment. By mid-year, a majority of international stock indices were trading at recent-year highs, while, in some cases, P/E ratios moved ahead of their historical averages. Market volatility and liquidity continued in the comfort zone.

In Spain, improved perceptions of the country's economic and financial progress bolstered purchases of both debt and equity instruments. Government bond yields touched historical lows around mid-year, with the added support of the ECB's newly announced measures. By that point, ten-year bond yields were down to 2.7%, in line with the US equivalent, while the spread over the German bond had fallen below 130 basis points (bp). These more benign financing conditions did not prevent further shrinkage in the volume of fixed-income issues registered with the CNMV (down 36.8% versus the same period in 2013). Bond issuance abroad likewise contracted, albeit by a considerably smaller 3.4%.

In equity markets, the Ibex 35 posted a first-half gain of 12.1% which took it to the highest levels of the past three years, while the index P/E advanced 0.9 points to 15.8. Volatility readings were subdued, with barely a ripple in response to the Russia-Ukraine conflict, while liquidity conditions remained supportive. Trading volumes, finally, expanded 29.2%.

1 The closing date for this report is 13 June.

Key financial indicators

TABLE 1

	3Q13	4Q13	1Q14	2Q14[8]
Short-term interest rates (%)[1]				
Official interest rate	0.50	0.25	0.25	0.15
Euribor 3 month	0.22	0.28	0.31	0.27
Euribor 12 month	0.54	0.54	0.58	0.54
Exchange rates[2]				
Dollar/euro	1.35	1.38	1.38	1.35
Yen /euro	131.8	144.7	142.4	138.1
Medium and long government bond yields[3]				
Germany				
3 year	0.32	0.31	0.18	0.10
5 year	0.94	0.84	0.64	0.43
10 year	1.92	1.85	1.59	1.39
United States				
3 year	0.76	0.67	0.79	0.85
5 year	1.58	1.56	1.62	1.66
10 year	2.80	2.90	2.72	2.60
Corporate debt risk premium: spread over ten-year government bonds (bp)[3]				
Euro area				
High yield	397	366	365	345
BBB	151	130	120	104
AAA	14	21	31	17
United States				
High yield	398	346	343	321
BBB	131	104	103	94
AAA	51	66	59	53
Equity markets				
Performance of main world stock indices (%)[4]				
Euro Stoxx 50	11.2	7.5	1.7	3.8
Dow Jones	1.5	9.6	-0.7	1.9
Nikkei	5.7	12.7	-9.0	1.8
Other indices (%)				
Merval (Argentina)	60.7	12.7	18.2	26.3
Bovespa (Brazil)	10.3	-1.6	-2.1	8.7
Shanghai Comp. (China)	9.9	-2.7	-3.9	1.8
BSE (India)	-1.4	10.5	6.0	14.0
Spanish stock market				
Ibex 35 (%)	18.3	8.0	4.3	7.5
P/E of Ibex 35[5]	13.3	14.9	14.9	15.8
Volatility of Ibex 35 (%)[6]	21.6	18.9	20.1	18.1
SIBE trading volumes[7]	2,374	3,389	2,988	3,600

Source: CNMV, Thomson Datastream and Bolsa de Madrid.

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 volatility. Arithmetical average for the quarter.

7 Daily average in million euros.

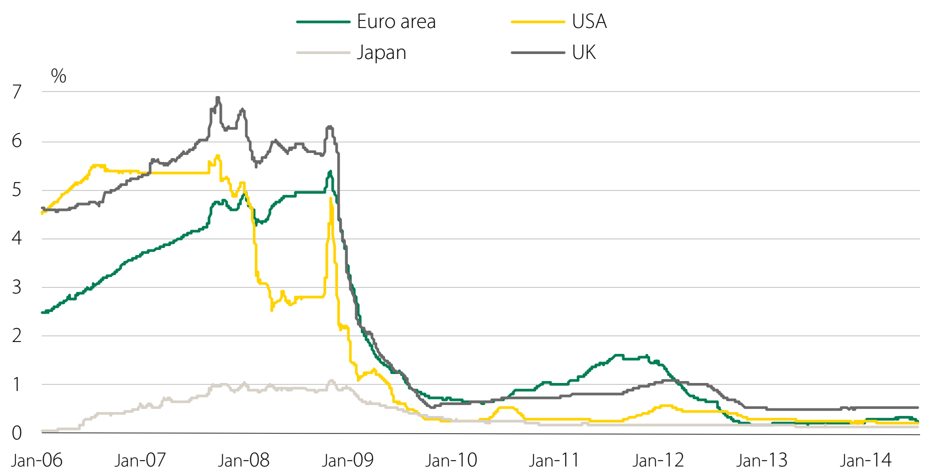
8 Data to 13 June.

2 International financial background

2.1 Short-term interest rates

Economic activity progressed unevenly in the first half of 2014. GDP growth was strongest in the United Kingdom, Japan and the United States, with year-on-year rates of 3.1%, 2.8% and 2.0% respectively, while the euro area barely managed 1%. It was the protracted weakness of Europe's growth and its reduced level of inflation that prompted the ECB to announce an expansionary package at the start of June, including certain non-conventional measures. Its three lines of attack are: i) a cut in the main refinancing rate from 0.25% to 0.15% and negative deposit rates (reduced from 0% to 0.10%); ii) the launch of TLTROs (targeted longer-term refinancing operations), which banks can tap as a function of their loans to the euro area non-financial private sector, excluding home purchase mortgages; and iii) extension of the conditions on its MRO and LTRO[2] financing operations to December 2016. The bank also stepped up efforts to include asset-backed securities in its purchasing programmes. The hope is that these measures will revive bank lending in the euro area, thereby energising the economy, and, ultimately, lift inflation towards the target rate of 2%.

Three-month interest rates FIGURE 1



Source: Thomson Datastream. Data to 13 June.

In the United States, by contrast, the Federal Reserve continued to wind down its expansionary policies in response to improved employment figures and the anchoring of inflation expectations. By mid-June, the amount of the monetary authority's monthly purchases had dropped to 45 billion dollars from the 85 billion of end-2013.

Short-term rates in major advanced economies barely budged from the recent-year lows recorded in most cases (see Figure 1 and Table 2).

2 MROs (main refinancing operations) and LTROs (longer-term refinancing operations).

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

	Dec 10	Dec 11	Dec 12	Dec 13	Sep 13	Dec 13	Mar 14	Jun 14[1]
Euro area								
Official[2]	1.00	1.00	0.75	0.25	0.50	0.25	0.25	0.15
3 month	1.02	1.43	0.19	0.28	0.22	0.28	0.31	0.27
6 month	1.25	1.67	0.32	0.37	0.34	0.37	0.41	0.36
12 month	1.53	2.00	0.55	0.54	0.54	0.54	0.58	0.54
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	0.25	0.24	0.23	0.23
6 month	0.46	0.78	0.51	0.35	0.38	0.35	0.33	0.32
12 month	0.78	1.10	0.85	0.58	0.65	0.58	0.56	0.54
United Kingdom								
Official	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3 month	0.75	1.06	0.52	0.52	0.52	0.52	0.52	0.53
6 month	1.04	1.35	0.67	0.61	0.59	0.61	0.62	0.65
12 month	1.50	1.85	1.02	0.89	0.88	0.89	0.90	0.96
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	0.15	0.15	0.14	0.13
6 month	0.35	0.34	0.29	0.21	0.22	0.21	0.19	0.18
12 month	0.57	0.55	0.50	0.37	0.41	0.37	0.35	0.33

Source: Thomson Datastream.

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

2 Marginal rate at weekly auctions.

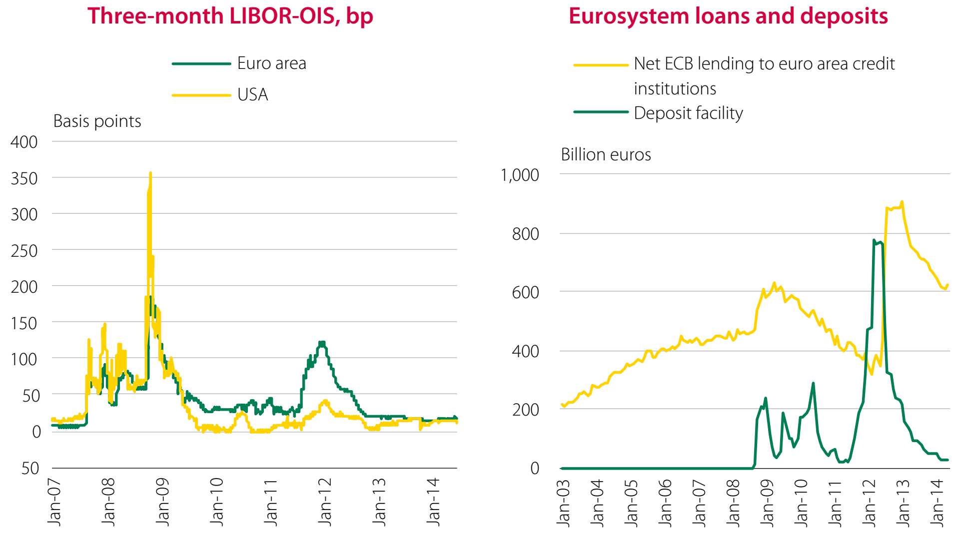
3 Federal funds rate.

4 Monetary policy rate.

The relative stability reigning in the past few months is evidenced by indicators for the interbank market. At mid-June, the three-month LIBOR-OIS spread was less than 20 bp in the euro area and 15 bp in the United States, levels similar to those of the 2013 close and remote from the highs observed in moments of heightened stress. In light of the better funding conditions available on capital markets, euro-area banks continued to reduce their recourse to the Eurosystem to April 2014, followed by a small upturn in May. By the end of this last month, net borrowings stood at 628 billion euros, compared to the 666 billion of December 2013 (see Figure 2). Regarding the marginal deposit facility – much used by the banks throughout the crisis – the logic is that recourse will decline following the ECB's novel decision to charge entities for parking funds at the central bank rather than remunerating their deposits.

Interbank spreads and Eurosystem financing

FIGURE 2



Source: Thomson Datastream and Banco de España.

Three-month forward rates are currently pricing in no change over the next year in euro-area official rates, following the ECB's June cut. In the United States, conversely, they are anticipating a 25 bp hike in mid-2015 (see Table 3). These projections square with the conclusions stated by most analysts.

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

TABLE 3

	Dec 10	Dec 11	Dec 12	Dec 13	Sep 13	Dec 13	Mar 14	Jun 14
Euro area								
Spot	1.01	1.36	0.19	0.29	0.23	0.29	0.31	0.23
FRA 3x6	1.04	1.06	0.17	0.28	0.28	0.28	0.29	0.18
FRA 6x9	1.13	0.93	0.17	0.29	0.33	0.29	0.29	0.16
FRA 9x12	1.23	0.90	0.20	0.33	0.38	0.33	0.29	0.17
FRA 12x15	1.34	0.91	0.23	0.38	0.43	0.38	0.32	0.20
United States								
Spot	0.30	0.58	0.31	0.25	0.25	0.25	0.23	0.23
FRA 3x6	0.39	0.65	0.30	0.28	0.30	0.28	0.24	0.25
FRA 6x9	0.47	0.71	0.33	0.32	0.33	0.32	0.26	0.29
FRA 9x12	0.61	0.75	0.35	0.38	0.37	0.38	0.34	0.37
FRA 12x15	0.78	0.75	0.38	0.45	0.43	0.45	0.46	0.55

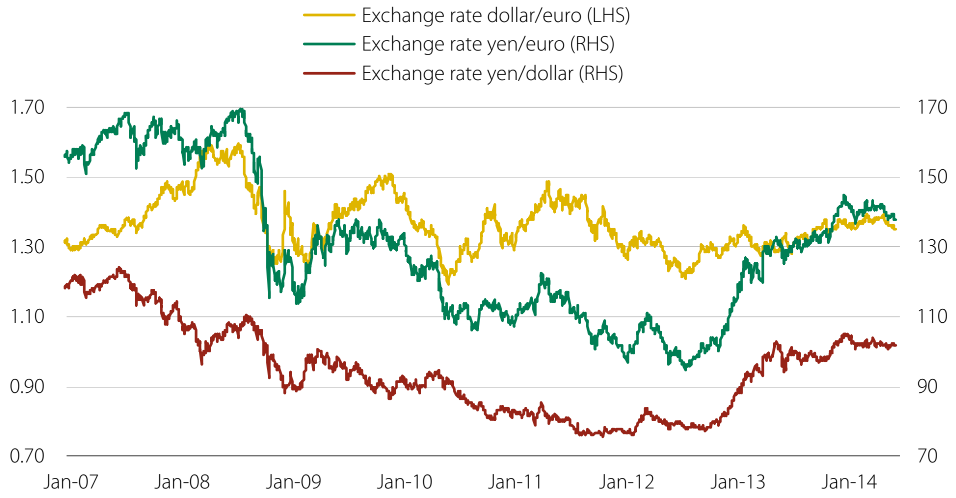
Source: Thomson Datastream.

1 Data at period end. Data to 13 June.

2.2 Exchange rates

Europe's currency held up strongly for most of the first-half period, thanks to vigorous investment in euro-denominated equity and fixed-income instruments. In early May, however, it began to slip a little against the dollar and the yen, ahead of the expected monetary switch that finally materialised at the start of June. By mid-June, euro exchange rates were down to 1.35 dollars versus the 1.38 prevailing for most of the period, and to 138 yens from the 144 with which it started out the year (see Figure 3).

Dollar/euro and yen/euro exchange rates FIGURE 3

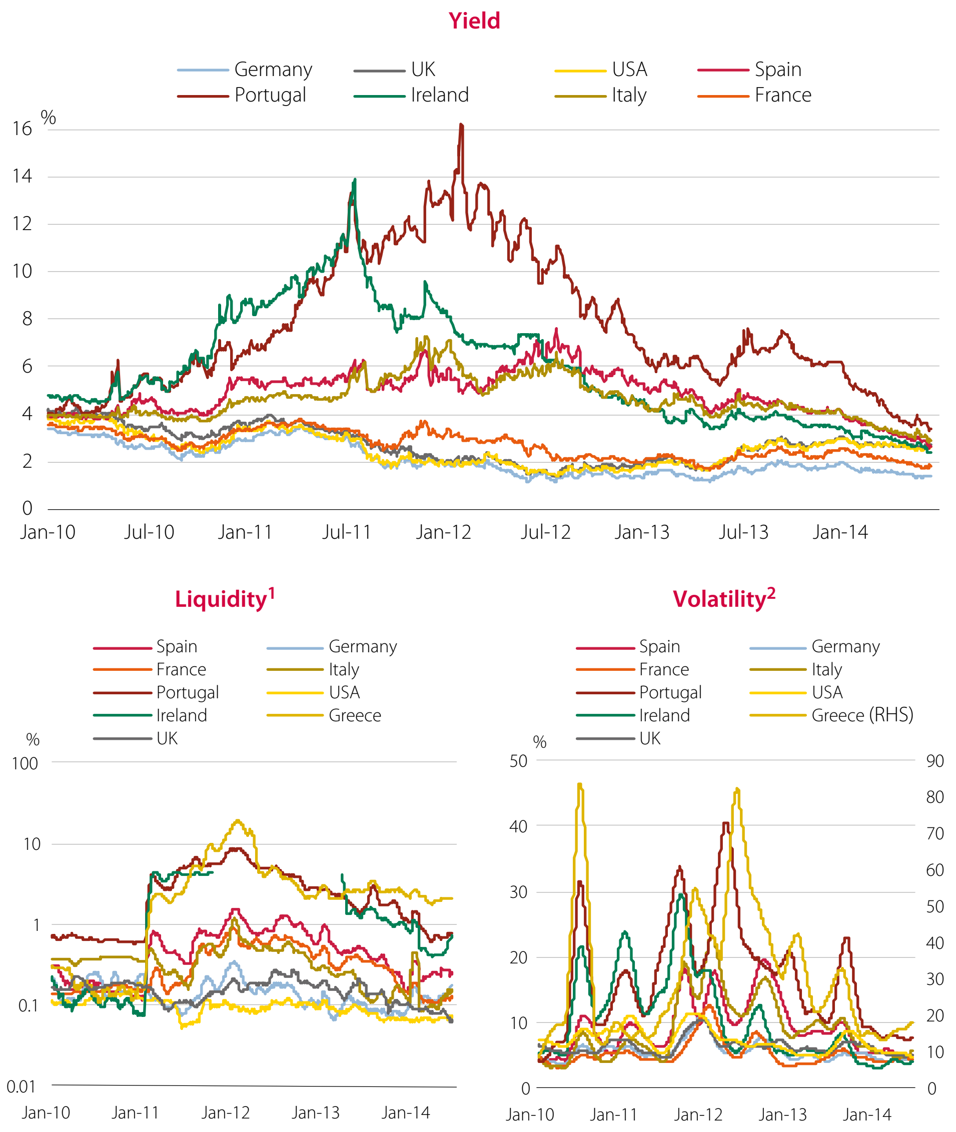


Source: Thomson Datastream. Data to 13 June.

2.3 Long-term interest rates

Diverse factors combined to bring down long-term rates on international debt markets through the first half of 2014. On the one hand, investors pressed on with the "search for yield" strategies that have ramped up purchases of European peripheral sovereign bonds as well as riskier instruments such as shares. In effect, the prospect of a prolonged period of rock-bottom interest rates combined with an abundance of liquidity seeking out profitable channels has enhanced the investment appeal of these European economies. And on the other, the safe-haven status (flight to quality) of the likes of US, UK and German bonds has ensured them investors' continuing favour. In Germany and other euro-area economies, the run-down in yields owed also to expectations for ECB monetary policy, while the slower decline observable in the United States and the United Kingdom reflects both the greater dynamism of their economies and the prospect of official rate hikes in the coming quarters.

Sovereign bond market indicators (ten years) FIGURE 4



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

1 Monthly average of the daily bid-ask spread of 10-year sovereign yields. *Y* axis on a logarithmic scale.

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

As we can see from the upper panel of Figure 4 and Table 4, US and UK ten-year yields fell more slowly on account of the greater vigour of their respective economies, as far as mid-June levels of 2.6-2.7% versus the 1.4% of the German Bund. In three- and five-year tenors, this relative strength translated as a first-half rise in the interval of 9 to 28 bp.

Europe's peripheral economies experienced a sharper run-down in yields, which left the ten-year bonds of Ireland, Spain, Italy and Portugal trading at 2.4%, 2.7%, 2.9% and 3.4% respectively in mid-2014, between 105 and 281 bp lower than at the 2013 close.

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

TABLE 4

	Dec 10	Dec 11	Dec 12	Dec 13	Sep 13	Dec 13	Mar 14	Jun 14
Germany								
3 year	1.16	0.41	0.02	0.31	0.32	0.31	0.18	0.10
5 year	1.91	0.92	0.35	0.84	0.94	0.84	0.64	0.43
10 year	2.90	1.99	1.36	1.85	1.92	1.85	1.59	1.39
United States								
3 year	0.98	0.38	0.35	0.67	0.76	0.67	0.79	0.85
5 year	1.92	0.88	0.69	1.56	1.58	1.56	1.62	1.66
10 year	3.29	1.97	1.71	2.90	2.80	2.90	2.72	2.60
United Kingdom								
3 year	1.14	0.55	0.50	0.84	0.86	0.84	0.82	1.12
5 year	2.07	0.82	0.85	1.72	1.67	1.72	1.63	1.97
10 year	3.61	2.12	1.85	2.93	2.89	2.93	2.72	2.69
Japan								
3 year	0.25	0.18	0.12	0.10	0.14	0.10	0.11	0.11
5 year	0.46	0.34	0.17	0.21	0.25	0.21	0.19	0.18
10 year	1.18	1.00	0.73	0.67	0.71	0.67	0.60	0.59

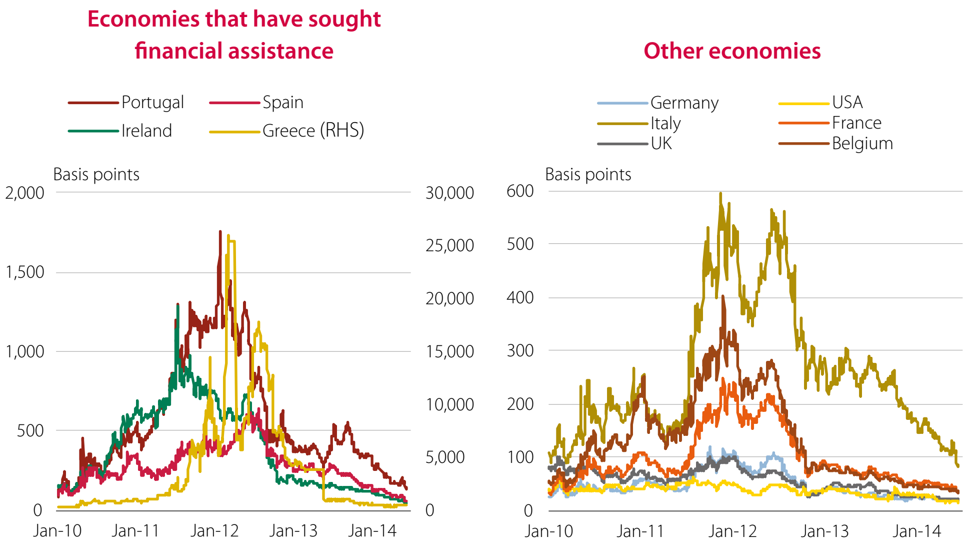
Source: Thomson Datastream.

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

The remission of tensions on European debt markets ensured that the downtrend in sovereign risk premia continued through the first-half period. The spreads on the five-year CDS contracts of Irish, Spanish, Italian and Portuguese bonds dropped to 42, 61, 84 and 143 bp respectively at mid-year 2014, equating to an average decline of 113 bp since the 2013 close. Not only that, their cumulative fall since autumn 2012 has taken them to levels last observed before the first stirrings of the European debt crisis, in May 2010. The easier financing conditions now enjoyed by these economies reflect the renewal of investor confidence after several years of adjustments and reforms at both national and European level. That said, public finances are not entirely fixed, and we cannot rule out some resurgence of market instability on a medium-term horizon.

Sovereign credit spreads (five-year CDS)

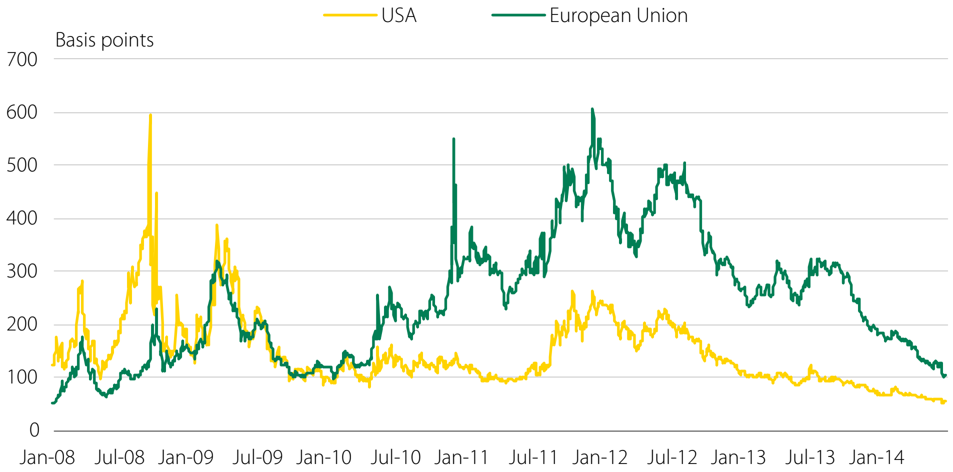
FIGURE 5



Source: Thomson Datastream. Data to 13 June.

Bank sector credit spreads (five-year CDS)

FIGURE 6



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

The hunt for yield continued to fuel investor preferences for riskier private-debt instruments in both the United States and euro area, with a surge in purchases that has brought fresh declines in the associated risk premia. As Table 5 shows, high-yield corporate spreads narrowed from 346 bp in December to 321 bp in June for US issuers, and from 366 bp to 345 bp for issuers in Europe.

Corporate bond risk premiums[1]

TABLE 5

Spread versus ten-year government bonds, in basis points

	Dec 10	Dec 11	Dec 12	Dec 13	Sep 13	Dec 13	Mar 14	Jun 14
Euro area[2]								
High yield	545	926	510	366	397	366	365	345
BBB	253	474	198	130	151	130	120	104
AAA	97	165	50	21	14	21	31	17
United States								
High yield	461	683	507	346	398	346	343	321
BBB	145	261	165	104	131	104	103	94
AAA	37	98	29	66	51	66	59	53

Source: Thomson Datastream.

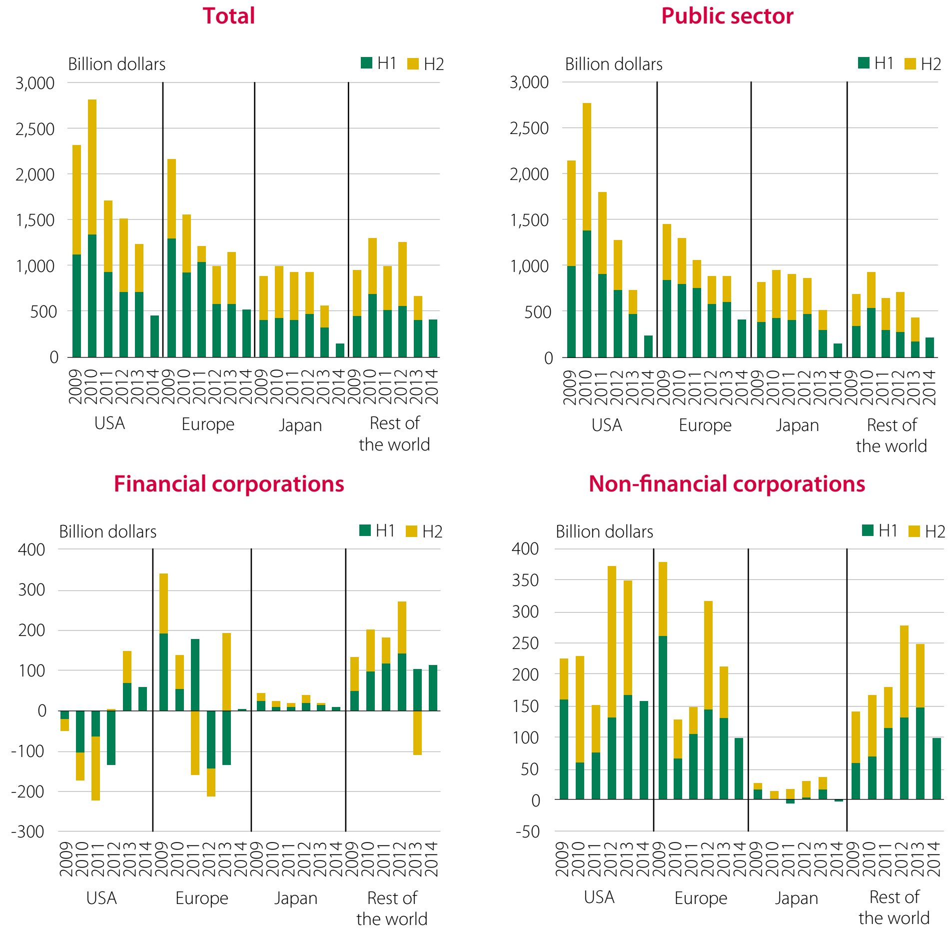
1 Monthly average of daily data. Data to 13 June.

2 Spread over the German bond.

Net debt issuance in international markets summed 1.5 trillion dollars between January and June 2014, a decrease of 24.8% versus the year-ago period. Leading the decline were sovereign debt issues, whose total volume, at 988 billion, was 35% lower than in 2013. In the private sector, financial sector issuance picked up visibly. This was especially so in Europe, where banks' net financing just topped zero after the negative figures of 2013, i.e. the gross amount issued was almost entirely earmarked to cover redemptions of other debt instruments.

Non-financial corporate bond issuance shrank by 24% versus the year-ago period to 353 billion dollars. Behind the decline was the deleveraging process under way across much of the corporate sector, particularly in Europe. One welcome development in the region was a reduction in the market fragmentation persisting since 2012, which had inflated the funding costs of firms based in perceivedly more vulnerable economies (see Figure 8).

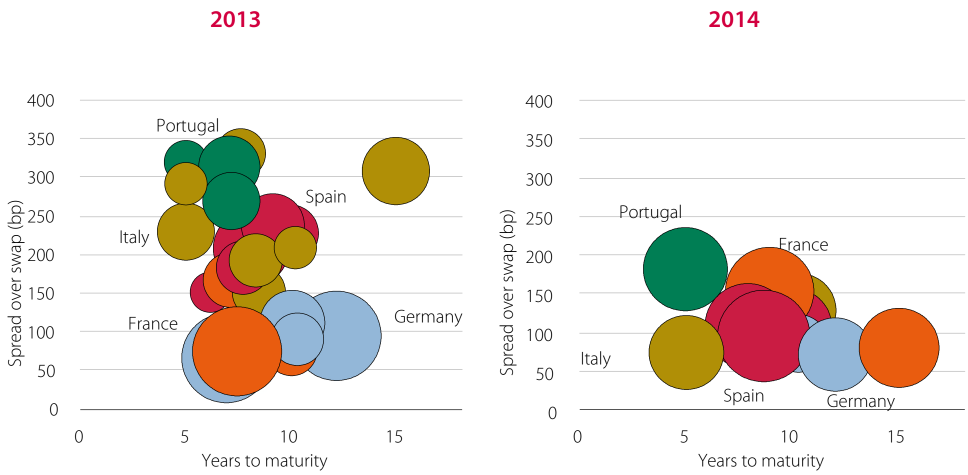
Net international debt issuance FIGURE 7



Source: Dealogic. Half yearly data. Figures for the first half of 2014, based on data to 13 June, are restated on a half-year basis for comparative purposes.

IG bond issuance of European energy utilities[1, 2]

FIGURE 8



Source: Dealogic. 2014 data to 13 June.

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

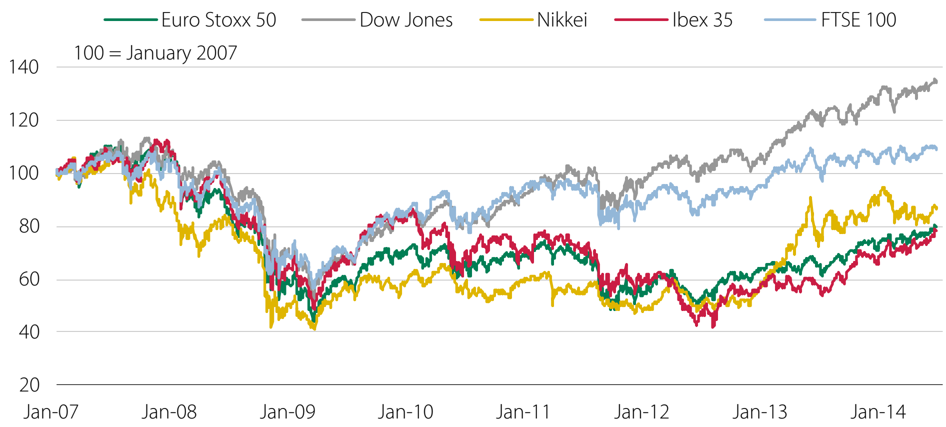
2 For a selection of representative issues.

2.4 International stock markets

Leading advanced economy stock indices powered higher in the second quarter on a string of indicators pointing to the recovery of activity and employment and, more recently, the positive sentiment generated by the ECB's announcement. The abundance of liquidity in the markets also spurred investment in riskier instruments like shares (see Figure 9). Index volatility held at historically reduced levels, in most cases below 15% (see Figure 10).

Performance of main stock indices

FIGURE 9



Source: Thomson Datastream. Data to 13 June.

As we can see from Table 6, European indices led the second-quarter advance with gains ranging from the 1.1% of Italy's Mib 30 to the 7.5% of the Ibex 35, while the US's Dow Jones and S&P 500 chalked up 1.9% and 3.4%, respectively. In Japan, rises of 1.8% for the Nikkei 225 and 3.4% for the Topix marked the consolidation of the price highs attained in 2013.

Panning out to the first six months, the salient development was the strong performance of European indices, with gains in some cases exceeding 10%. US indices posted more modest advances between 1.2% and 4.8% that nonetheless came to crown an almost uninterrupted bull run since mid-2011 that has powered them to record highs. Finally, Japanese markets shed between 4.5% and 7.3% after the price surge of 2013.

Performance of main stock indices[1] (%)

TABLE 6

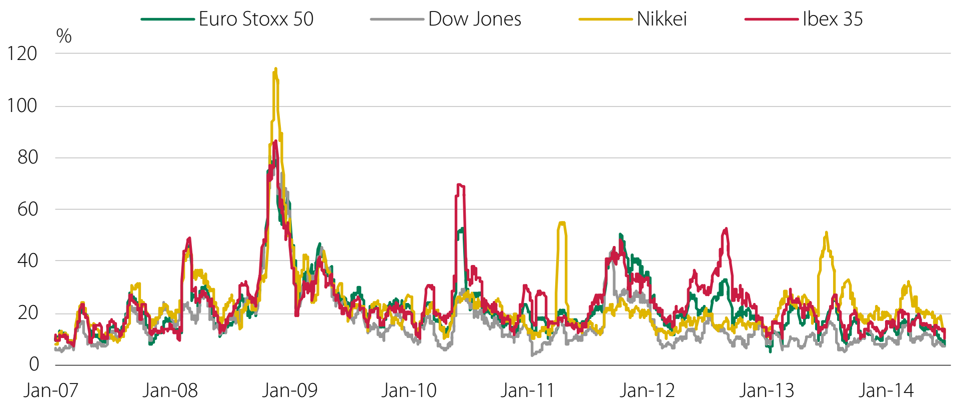
	2010	2011	2012	2013	3Q13	4Q13	1Q14	2Q14[1] %/prior qt.	2Q14[1] %/31/12/13
World									
MSCI World	9.6	-7.6	13.2	24.1	7.7	7.6	0.8	3.2	4.0
Euro area									
Euro Stoxx 50	-5.8	-17.1	13.8	17.9	11.2	7.5	1.7	3.8	5.6
Euronext 100	1.0	-14.2	14.8	19.0	10.3	4.4	2.7	3.4	6.1
Dax 30	16.1	-14.7	29.1	25.5	8.0	11.1	0.0	3.7	3.8
Cac 40	-3.3	-17.0	15.2	18.0	10.8	3.7	2.2	3.5	5.8
Mib 30	-8.7	-24.0	10.2	18.8	11.8	9.4	13.6	1.1	14.8
Ibex 35	*-17.4*	*-13.1*	*-4.7*	*21.4*	*18.3*	*8.0*	*4.3*	*7.5*	*12.1*
United Kingdom									
FTSE 100	9.0	-5.6	5.8	14.4	4.0	4.4	-2.2	2.7	0.4
United States									
Dow Jones	11.0	5.5	7.3	26.5	1.5	9.6	-0.7	1.9	1.2
S&P 500	12.8	0.0	13.4	29.6	4.7	9.9	1.3	3.4	4.8
Nasdaq-Cpte	16.9	-1.8	15.9	38.3	10.8	10.7	0.5	2.7	3.2
Japan									
Nikkei 225	-3.0	-17.3	22.9	56.7	5.7	12.7	-9.0	1.8	-7.3
Topix	-1.0	-18.9	18.0	51.5	5.3	9.1	-7.6	3.4	-4.5

Source: Datastream.

1 In local currency. Data to 13 June.

Historical volatility of main stock indices

FIGURE 10



Source: Thomson Datastream. Data to 13 June.

Leading stock indices offered varying second-quarter returns in terms of dividend yield. In Europe, only the Ibex 35 came out ahead with a jump from 4.1% to 4.6%, while in remaining indices yields sagged by up to 0.4 points. Their levels, however, compared favourably with those of US and Japanese indices, which stood closer to 2%.

Dividend yield of main stock indices (%) TABLE 7

	2009	2010	2011	2012	2013	Sep 13	Dec 13	Mar 14	Jun 14[1]
S&P 500	2.3	2.2	2.6	2.6	2.3	2.4	2.3	2.3	2.3
Topix	1.8	1.9	2.6	2.3	1.7	1.6	1.7	2.0	1.9
Euro Stoxx 50	4.2	4.8	6.3	5.0	4.2	4.4	4.2	4.3	4.2
Euronext 100	4.2	4.3	5.6	4.8	4.2	4.3	4.2	4.4	4.0
FTSE 100	3.7	3.8	4.1	4.1	4.0	4.0	4.0	4.2	3.8
Dax 30	3.5	2.9	4.2	3.4	2.8	3.1	2.8	2.7	2.7
Cac 40	5.0	5.2	7.0	5.7	4.9	4.9	4.9	5.0	4.7
Mib 30	3.4	3.8	5.4	4.1	3.3	3.3	3.3	3.2	2.8
Ibex 35	3.9	5.9	6.9	5.4	4.4	4.3	4.4	4.1	4.6

Source: Thomson Datastream.

1 Data to 13 June.

Share price rises boosted P/E ratios in the second quarter to between the 12.8 of the Dax 30 and the 15.8 of the Ibex 35. As we can see from Figure 11, the uptrend in these multiples since mid-2011 has restored them, in most cases, to levels above their fourteen-year average.

P/E[1] of main stock indices TABLE 8

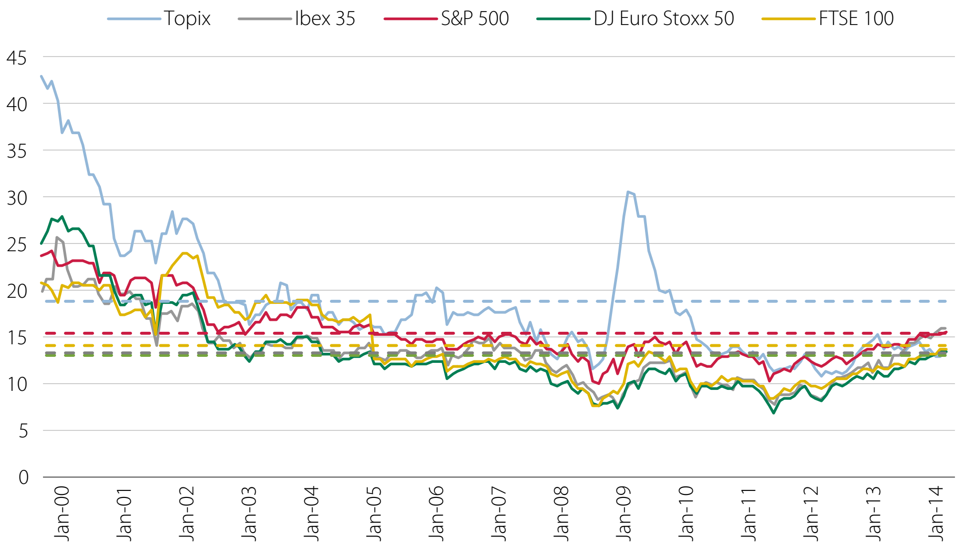
	2009	2010	2011	2012	2013	Sep 13	Dec 13	Mar 14	Jun 14[2]
S&P 500	14.6	13.1	11.7	12.7	15.3	14.2	15.3	15.3	15.4
Topix	19.3	13.6	11.6	13.0	14.3	14.3	14.3	12.8	13.4
Euro Stoxx 50	11.5	9.5	8.5	10.6	12.7	11.9	12.7	12.9	13.4
Euronext 100	12.7	10.6	9.4	11.2	13.3	12.9	13.3	13.9	14.4
FTSE 100	12.5	10.5	9.3	11.0	12.9	12.1	12.9	13.2	13.7
Dax 30	12.7	10.8	9.0	11.1	12.9	11.7	12.9	12.6	12.8
Cac 40	12.1	10.0	8.7	10.7	12.7	12.3	12.7	13.2	13.7
Mib 30	12.4	10.0	8.4	10.4	13.0	12.4	13.0	14.2	14.4
Ibex 35	12.3	9.7	9.2	11.7	14.9	13.3	14.9	14.9	15.8

Source: Thomson Datastream.

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

2 Data to 13 June.

P/E[1] of main stock indices FIGURE 11



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

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

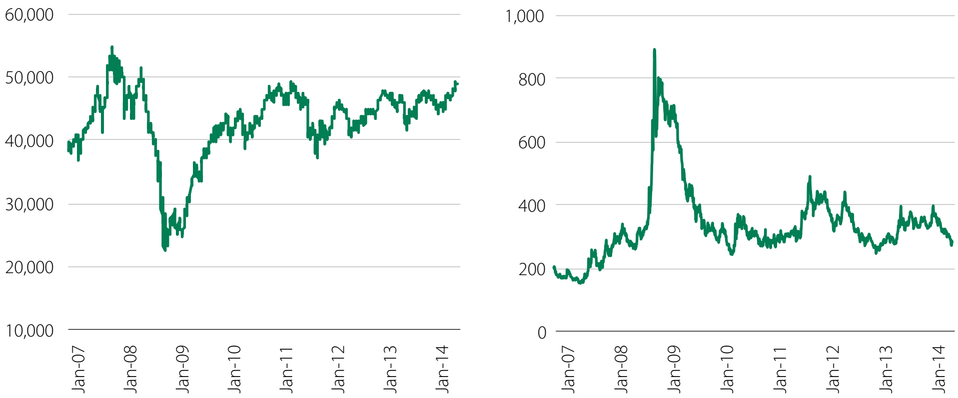
Emerging market stock indices made up the losses suffered in the year's first months, tracing to the Federal Reserve's decision to scale back its bond market purchases and the political uncertainty generated by the Russia-Ukraine conflict. Stock markets fell in consequence, while sovereign risk premia narrowed (see Figure 12). Later, however, the easing of market tensions and volatility got capital flowing back to these economies and prompted a second-quarter share price rally.

Asian markets have performed strongest to date with gains in some cases exceeding 10% (India, Indonesia, Philippines and Thailand). The exception was China's Shanghai Composite, whose 2.1% losses reflect a slight stall in the country's activity. The divergent showing of Latin American markets is largely a product of each country's domestic situation. Hence Argentina's Merval index has surged by 49.3% year to date in contrast to the 20.9% losses of the Venezuelan IBC, while Brazil and Chile have posted index gains ahead of 3%. Finally, the emerging stock markets of Eastern Europe pulled higher in the first half-year with the exceptions of Russia (-4.7%) and Croatia.

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 June.

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

Performance of other leading world indices

TABLE 9

									2Q14[1]	
	Index	2010	2011	2012	2013	3Q13	4Q13	1Q14	%/ prior qt.	%/ 31/12/13
Latin America										
Argentina	Merval	51.8	-30.1	15.9	88.9	60.7	12.7	18.2	26.3	49.3
Brazil	Bovespa	1.0	-18.1	7.4	-15.5	10.3	-1.6	-2.1	8.7	6.4
Chile	IGPA	38.2	-12.4	4.7	-13.5	-5.2	-3.2	1.8	1.8	3.6
Mexico	IPC	20.0	-3.8	17.9	-2.2	-1.1	6.3	-5.3	5.0	-0.6
Peru	IGRA	66.4	-16.7	5.9	-23.6	2.4	-1.0	-9.2	13.4	2.9
Venezuela	IBC	18.6	79.1	302.8	480.5	56.0	52.5	-7.8	-14.2	-20.9
Asia										
China	Shanghai Comp.	-14.3	-21.7	3.2	-6.7	9.9	-2.7	-3.9	1.8	-2.1
India	BSE	15.7	-25.7	30.0	5.9	-1.4	10.5	6.0	14.0	20.8
South Korea	Korea Cmp. Ex	21.9	-11.0	9.4	0.7	7.2	0.7	-1.3	0.3	-1.0
Philippines	Manila Comp.	37.6	4.1	33.0	1.3	-4.2	-4.9	9.1	5.5	15.2
Hong Kong	Hang Seng	5.3	-20.0	22.9	2.9	9.9	2.0	-5.0	5.3	0.1
Indonesia	Jakarta Comp.	46.1	3.2	12.9	-1.0	-10.4	-1.0	11.6	3.3	15.3
Malaysia	Kuala Lumpur Comp.	19.3	0.8	10.3	10.5	-0.3	5.6	-1.0	1.5	0.5
Singapore	SES All-S'Pore	10.1	-17.0	19.7	0.0	0.6	0.0	0.7	3.3	4.0
Thailand	Bangkok SET	40.6	-0.7	35.8	-6.7	-4.7	-6.1	6.0	5.8	12.1
Taiwan	Taiwan Weighted Pr.	9.6	-21.2	8.9	11.8	1.4	5.4	2.8	3.9	6.8
Eastern Europe										
Russia	Russian RTS Index	22.5	-21.9	10.5	-5.5	11.5	1.4	-15.0	12.1	-4.7
Poland	Warsaw G. Index	18.8	-20.8	26.2	8.1	12.4	2.0	2.1	0.7	2.9
Romania	Romania BET	12.3	-17.7	18.7	26.1	14.8	7.5	-2.6	9.3	6.5
Bulgaria	Sofix	-15.2	-11.1	7.2	42.3	2.8	7.7	22.1	-4.7	16.3
Hungary	BUX	0.5	-20.4	7.1	2.2	-1.9	-0.5	-5.6	7.2	1.3
Croatia	CROBEX	5.3	-17.6	0.0	3.1	0.3	-0.9	-2.0	1.3	-0.7

Source: Thomson Datastream.

1 Data to 13 June.

According to the World Federation of Exchanges (WFE), worldwide stock market trading volumes rose by 12.4% in 2013 to 52.5 trillion dollars.[3] Although trading[4] expanded in all regions, the biggest rise corresponded to Asian exchanges (39% in all) in contrast to Europe and America's far more modest 2.3% and 0.2% respectively. The uptrend has persisted through the first stretch of 2014 (1.5% to May) accompanied by a shift in dynamics favouring Europe (19.7%) and the United States (7.7%).

Trading volumes on main international stock markets TABLE 10

Billion euros

Exchange	2010	2011	2012	2013	3Q13	4Q13	1Q14	2Q14[5]
United States[1]	23,188	21,940	17,995	17,511	4,148.9	4,455.2	5,211.8	2,429.5
New York	13,553	12,866	10,416	10,305	2,454.6	2,567.9	2,879.5	985.3
Tokyo[2]	2,872	2,831	2,787	4,913	1,076.1	1,067.8	1,082.6	579.1
London[3]	2,084	2,021	1,698	1,830	433.6	442.8	597.8	365.1
Euronext	1,533	1,520	1,221	1,250	305.8	308.4	382.0	234.3
Deutsche Börse	1,237	1,252	987	1,004	246.6	243.6	304.5	169.2
BME[4]	1,037	925	699	703	158	219	190	185

Source: World Federation of Exchanges, London Stock Exchange 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. As of 2013, figures for this exchange are obtained from the London Stock Exchange.

4 Bolsas y Mercados Españoles. Not including Latibex.

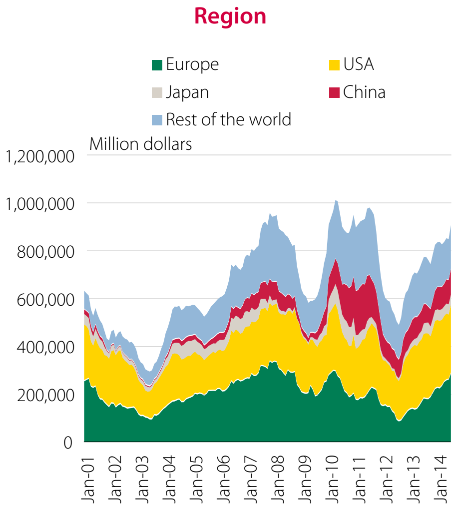
5 Figures to 13 June for BME and to May for remaining exchanges except NYSE Euronext (to April).

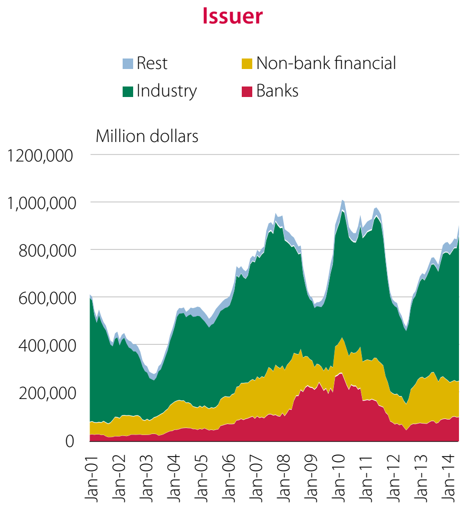
Equity issuance on international markets summed 477 billion dollars to June 2014, equivalent to annual growth of 18.1%. One stand-out was the large advance in completed deals in Europe, whose volume was 58% higher than in 2013. Industrial firms were the most active issuers, with an overall 333 billion dollars raised (70% of the total), 32% more than in 2013.

3 This figure does not include either Borsa Italiana or the London Stock Exchange, which ceased to be a Federation member at end-2013.

4 In dollars.

International equity issuance FIGURE 13





Source: Dealogic. Twelve-month data to 13 June. Data for this last month are restated on a monthly basis for comparative purposes.

3 Spanish markets

3.1 Fixed-income markets

The keynote developments in domestic fixed-income markets over the first half of 2014 were the renewed declines in yields, risk premia and issuance. A number of factors combined to boost purchases of Spanish debt instruments and drive main benchmark yields to historical lows; most prominently, the liquidity surplus on international markets, the improved economic outlook for Spain and, latterly, the monetary policy measures unveiled by the ECB. Despite the cheaper financing on tap, the volume of corporate bond issues registered with the CNMV sank by 36.9%, as a result of ongoing deleveraging by Spanish issuers, particularly the banks, and the availability of alternative funding sources. Note, however, that bond issuance abroad has continued to augment, and that if we include this activity, total first-half issuance dropped by a lesser 20.8%.[5]

In this context, short-term government yields maintained their downward trajectory through the first half of 2014. Between end-2013 and June 2014, the interest rates on three-month, six-month and one-year treasury bills fell by an average of 42 bp (see Table 11), with historical lows recorded across the full spectrum of maturities. Yields on short-term corporate bonds also headed lower albeit rather less than on the equivalent sovereign benchmarks. Commercial paper yields came down by 15 bp on average in three-month, six-month and one-year tenors.

5 FROB issues are also discounted in this calculation. Figures for fixed-income issuance abroad are to April only. If we also include the issues made by foreign-based subsidiaries of Spanish firms, the fall in issuance reduces further, to 16%.

Short-term interest rates[1] (%)

TABLE 11

	Dec 10	Dec 11	Dec 12	Dec 13	Sep 13	Dec 13	Mar 14	Jun 14[3]
Letras del Tesoro								
3 month	1.60	2.20	1.14	0.54	0.26	0.54	0.26	0.17
6 month	2.71	3.47	1.68	0.70	0.92	0.70	0.41	0.23
12 month	3.09	3.27	2.23	0.91	1.23	0.91	0.56	0.48
Commercial paper[2]								
3 month	1.37	2.74	2.83	1.09	1.28	1.09	1.01	0.90
6 month	2.52	3.52	3.58	1.36	1.49	1.36	1.34	1.30
12 month	3.04	3.77	3.80	1.59	1.77	1.59	1.34	1.40

Source: Thomson Datastream and CNMV.

1 Monthly average of daily data.

2 Interest rates at issue.

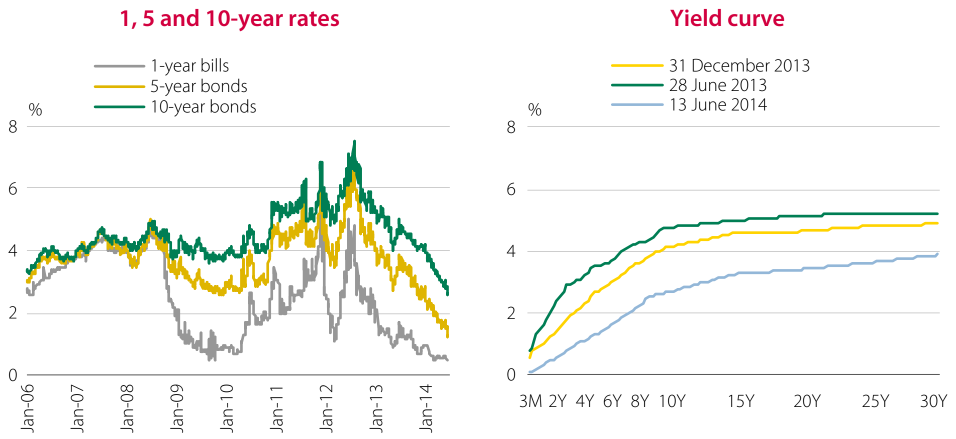
3 Data to 13 June.

Long-term government bond yields fell more steeply than those of shorter-dated instruments (where little downside remains), giving rise to a degree of yield curve flattening (see right-hand panel of Figure 14). The upkeep of strong demand for medium- and long-term government bonds on improvement in the perceived credit risk of the Spanish economy and the measures taken by the ECB, pushed yields down by 129 bp on average in the first half of 2014. By mid-June, the yields on three, five and ten-year sovereigns had fallen to 0.9%, 1.4% and 2.7%, respectively (see Table 12 and left-hand panel of Figure 14). These historically reduced levels even compared favourably with long-term US treasury yields.[6]

Long-term corporate bond yields headed lower in tandem as far as mid-June levels of 1.2%, 1.8% and 3.1% in three, five and ten-year tenors respectively, representing an average decline of 126 bp.

Spanish government debt yields

FIGURE 14



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

6 In the first days of June, yields on three and five-year Spanish government bonds dropped below those of the equivalent US treasuries, while their respective ten-year yields drew into alignment.

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

TABLE 12

	Dec 10	Dec 11	Dec 12	Dec 13	Sep 13	Dec 13	Mar 14	Jun 14[2]
Public fixed income								
3 year	3.87	4.01	3.40	2.00	2.45	2.00	1.26	0.86
5 year	4.65	4.65	4.22	2.68	3.21	2.68	1.96	1.37
10 year	5.38	5.50	5.33	4.14	4.42	4.14	3.31	2.72
Private fixed income								
3 year	4.39	5.43	4.19	2.63	2.71	2.63	1.78	1.22
5 year	4.96	5.91	4.66	2.84	3.58	2.84	2.18	1.78
10 year	6.28	8.06	6.79	4.46	5.26	4.46	3.66	3.15

Source: Thomson Datastream, Reuters and CNMV.

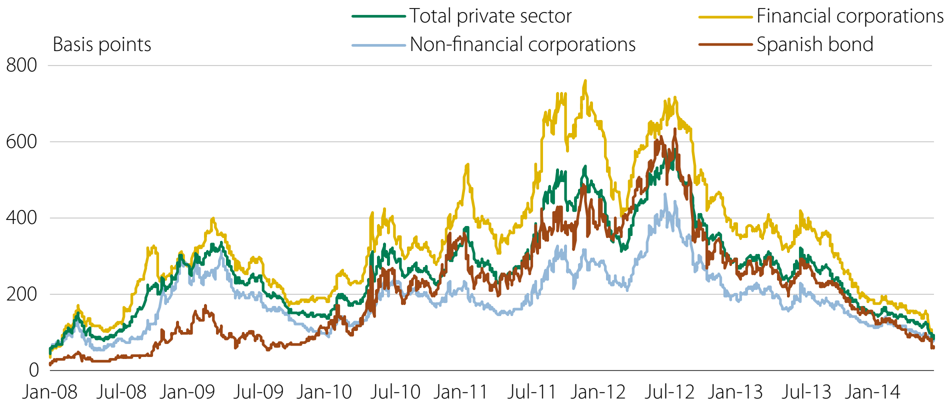
1 Monthly average of daily data.

2 Data to 13 June.

Spain's sovereign risk premium as derived from five-year CDS held to the downward course maintained almost uninterruptedly since autumn 2012 (see Figure 15). By mid-June, the premium was down to lows (61 bp) last observed during the closing quarter of 2009. Meantime, the spread between the ten-year Spanish sovereign and the German Bund narrowed to mid-June levels approaching 130 bp, compared to the 167 bp of end-March and the 220 bp of last December. This strong compression of the risk premium, which barely budged in response to the political crisis between Russia and Ukraine, owes to the relaxing of debt market tensions in Europe, the brighter macroeconomic outlook[7] and the measures launched by the ECB. The reduced levels of indicators measuring sovereign risk contagion across euro-area economies endorses these improved perceptions (see Figure 16).

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

FIGURE 15



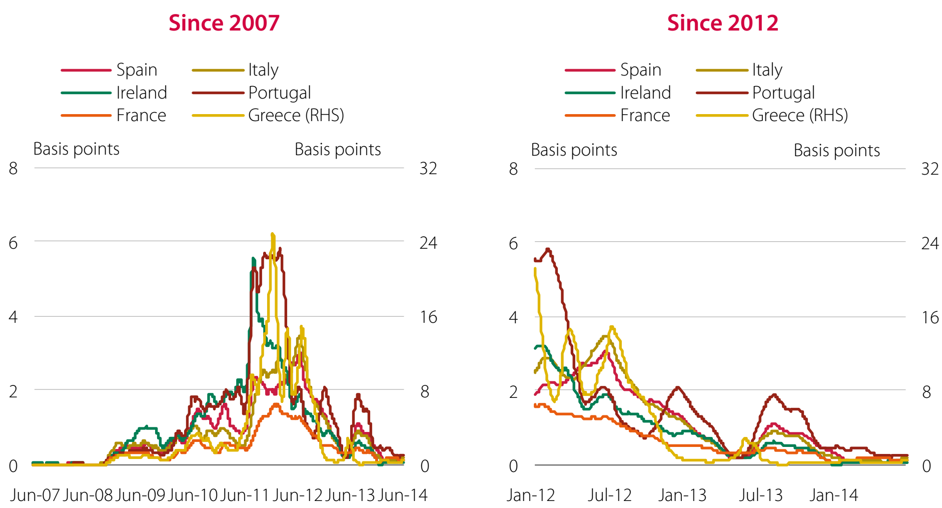
Source: Thomson Datastream. Data to 13 June.

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

7 Rating agency S&P raised the Kingdom of Spain's sovereign ratings from BBB- to BBB for long-term debt and from A-3 to A-2 for short-term debt. This decision followed similar moves by Fitch and Moody's.

The credit spreads of Spanish financial and non-financial corporations performed similarly to their sovereign equivalents. From December to June, the average CDS spreads of private-sector issuers fell from 153 bp to 92 bp, a bare 30 bp ahead of the sovereign CDS. The average CDS spreads of Spanish banks (93 bp) continued to trade higher than the private-sector average, albeit by a much narrower margin,[8] while the average for non-financial issuers stood at 92 bp (see Figure 15). The decline in the credit risk spreads of various sectors of the Spanish economy was accompanied by a decoupling in the price movements of government bonds and shares. This, in turn, was largely a product of bank's lessening exposure to public debt and the progress made in the restructuring and recapitalisation of the country's financial sector.

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



Source: Thomson Datastream and CNMV. Data to 13 June.

1 Defined as the impact on the 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 100 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 30 trading sessions.

Issuance activity contracted further in the first half-year, despite a sizeable improvement in borrowing conditions. The gross volume of fixed-income issues registered with the CNMV summed 44.43 billion euros between January and June, 36.8% less than in 2013 (see Table 13). The biggest declines were in non-convertible bonds, commercial paper, asset-backed securities and, in lesser measure, mortgage covered bonds, issuance segments where the banks are traditionally the biggest players.

8 The fall in the average risk premium of financial institutions owes both to the lower premia attached to component banks and the disappearance of one sample member at the end of May.

Among the factors at work were financial institutions' lower financing needs, and the existence of alternative sources of liquidity like foreign markets or Eurosystem loans.

Commercial paper sales decreased by a similar 36.6% in year-on-year terms to 13.97 billion euros, keeping their share of total issuance at just over 31%. Mortgage covered bond issuance, at 13.45 billion was down by a lesser 9.9%. Sales of territorial covered bonds – secured by loans to public authorities – picked up slightly to 1.72 billion euros, ahead of the 1.62 billion of first-half 2013.

Issuance of non-convertible bonds amounted to 10.09 billion euros, 47.2% less than in the year-ago period. The main influence here was the fall in issuance by the Asset Management Company for Assets Arising from Bank Restructuring (Spanish acronym: SAREB), from 14 billion euros in first-half 2013 (73.8% of bond issue volumes) to 4.08 billion (40.5%) in 2014. Stripping out this effect, non-convertible bonds would have raised an additional 20%. Finally hybrid debt instruments brought in one billion euros compared to 440 million in 2013.

Securitisation sales were down 65.6% versus the year-ago period, with the 4.21 billion euros raised accounting for 9.5% of fixed-income issuance (17.4% in 2013). As in the two previous years, no preference share issues were reported in the period.

Debt issuance abroad by Spanish issuers summed 23.46 billion euros to April 2014, 3.4% less than in the same period last year. The decline was steepest in longer-dated issues, down by 7.2% year on year to 17.51 billion euros. Conversely, short-term sales rose by 9.9% to 5.95 billion euros. Finally, issuance by non-resident subsidiaries of Spanish firms continued its ascent (see Table 13).

Gross fixed-income issues

TABLE 13

Filed[1] with the CNMV

					2013		2014	
	2010	2011	2012	2013	3Q	4Q	1Q	2Q[2]
NOMINAL AMOUNT (million euros)	**226,449**	**287,492**	**357,830**	**138,839**	**21,545**	**42,425**	**20,593**	**23,839**
Mortgage bonds	34,378	67,227	102,170	24,800	6,015	2,250	3,450	10,000
Territorial bonds	5,900	22,334	8,974	8,115	4,000	2,500	1,500	218
Non-convertible bonds and debentures	24,356	18,692	86,442	32,537	172	12,633	5,988	4,100
Convertible/exchangeable bonds and debentures	968	7,126	3,563	803	0	363	0	1,000
Asset-backed securities	63,261	68,413	23,800	28,593	904	14,695	1,850	2,360
Domestic tranche	62,743	63,456	20,627	24,980	904	12,802	1,389	2,078
International tranche	518	4,957	3,173	3,613	0	1,893	461	282
Commercial paper[3]	97,586	103,501	132,882	43,991	10,455	9,983	7,804	6,160
Securitised	5,057	2,366	1,821	1,410	440	400	200	420
Other	92,529	101,135	131,061	42,581	10,015	9,583	7,604	5,740
Other fixed-income issues	0	0	0	0	0	0	0	0
Preference shares	0	200	0	0	0	0	0	0
***Pro memoria*:**								
Subordinated debt issues	9,154	29,199	7,633	4,776	92	2,149	0	1,711
Covered issues	299	10	0	193	0	0	196	0

Abroad by Spanish issuers

					2013		2014	
	2010	2011	2012	2013	3Q	4Q	1Q	2Q[4]
NOMINAL AMOUNT (million euros)	**127,731**	**120,043**	**91,882**	**47,852**	**7,081**	**10,366**	**17,421**	**6,039**
Long term	51,107	51,365	50,312	34,452	3,494	7,436	12,526	4,985
Preference shares	0	0	0	1,653	0	500	3,000	0
Subordinated debt	0	242	307	750	0	750	0	0
Bonds and debentures	50,807	51,123	50,005	32,049	3,494	6,186	9,526	4,985
Asset-backed securities	300	0	0	0	0	0	0	0
Short term	76,624	68,677	41,570	13,400	3,587	2,930	4,896	1,055
Commercial paper	76,624	68,677	41,570	13,400	3,587	2,930	4,896	1,055
Securitised	248	322	11,590	0	0	0	0	0

Pro memoria: Gross issuance of the subsidiaries of Spanish firms resident in the rest of the world

					2013		2014	
	2010	2011	2012	2013	3Q	4Q	1Q	2Q[4]
NOMINAL AMOUNT (million euros)	**191,371**	**108,538**	**49,151**	**48,271**	**10,312**	**12,497**	**13,292**	**5,278**
Financial institutions	162,006	79,342	18,418	8,071	953	3,443	2,549	1,829
Non-financial corporations	29,365	29,197	30,734	40,200	9,359	9,053	10,743	3,449

Source: CNMV and Banco de España.

1 Including those admitted to trading without an issue prospectus.

2 Data to 13 June.

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

4 Data to 30 April.

3.2 Equity markets

3.2.1 Prices

The tone for equity markets in the first half-year was set by a growing rush into equities, propelled by the surfeit of liquidity, investors' keener appetite for risk and the improved situation and outlook of the national economy. The price run-up was sufficiently intense to carry the Ibex 35 to a three-year high (ahead of 11,000 points), and send the P/E zeroing in on its historical average. The rally in bank sector shares contributed strongly to this first-half performance, given its large weight in the Ibex 35 and other domestic indices. Meantime, the surge in transactions pushed trading volumes almost 30% higher versus 2013, breaking with the lethargy of recent years. Liquidity conditions also strengthened in the period, accompanied by low-level volatility.

The Ibex 35's second-quarter rise of 7.5% on top of the 4.3% of the first three months (see Table 14) delivered a first-half advance of 12.1%. The indices specialised in smaller cap firms (the Ibex Medium Cap and Ibex Small Cap) also powered higher, with first-half gains of 11.0% and 19.9%, respectively. Finally, the indices grouping the Latin American securities traded on domestic platforms shook of their first-quarter losses to close the period with rises of 3.9% (FTSE Latibex All-Share) and 3.0% (FTSE Latibex Top).

Performance of Spanish stock indices (%) TABLE 14

	2010	2011	2012	2013	3Q13	4Q13	1Q14	2Q14[1]
Ibex 35	-17.4	-13.1	-4.7	21.4	18.3	8.0	4.3	7.5
Madrid	-19.2	-14.6	-3.8	22.7	19.4	8.4	4.4	7.6
Ibex Medium Cap	-5.6	-20.7	13.8	52.0	22.5	12.5	6.8	3.9
Ibex Small Cap	-18.3	-25.1	-24.4	44.3	22.8	13.0	20.5	-0.5
FTSE Latibex All-Share	9.0	-23.3	-10.7	-20.0	5.4	-5.4	-5.6	10.1
FTSE Latibex Top	9.7	-17.1	-2.6	-12.4	4.2	-1.4	-6.3	9.8

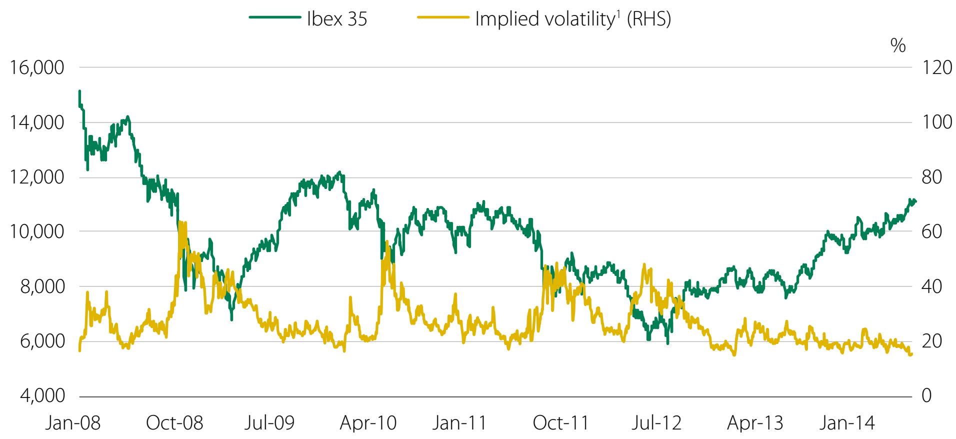
Source: Thomson Datastream.

1 Data to 13 June.

Ibex 35 volatility remained subdued over the first six months of 2014, with readings slightly lower than in 2013. The only incident of note was a mild upswing at the end of January as the Federal Reserve's tapering of it monetary stimulus triggered an increase in uncertainty with its focus on emerging economies. Aside from this spike, the volatility indicator held at around 20% in the first quarter (average of 20.1%) and even lower in the second (average of 18%).

Ibex 35 performance and implied volatility[1]

FIGURE 17



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

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

Of the six sectors making up the Madrid General Index (IGBM), five saw share prices rise in the first half of 2014 (see Table 15). The exception was consumer goods, whose strong bull run of recent years ended with a loss of 1.8% after a timid second-quarter rally (2.6%) failed to offset the 4.3% fall of the first three months. Basic materials, industry and construction led the first-half advance with a rise of 20.4% (11.6% in the first and 7.9% in the second quarter), ahead of financial and real estate services, with quarterly gains of 6.4% and 10.3% (17.3% in the six-month period), and oil and energy, with a first-half gain of 16.1%. In financial and real estate services, the salient development was the 58.6% surge in real estate quotes (42.3% in the first quarter alone). Technology and telecommunications and consumer services had a more modest first-half showing, with the former sector gaining 5.8% despite a 1.3% fall in the first three months, and the latter up by 2.4% (2.8% and -0.4% in the two quarters) after leading the field in 2013 (59%).

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

TABLE 15

	Weighting[2]	2013	3Q13	4Q13	1Q14	2Q14[3]
Financial and real estate services	**43.51**	**19.9**	**28.1**	**10.1**	**6.4**	**10.3**
Real estate and others	0.06	38.3	23.6	24.0	42.3	11.5
Banks	41.19	18.8	28.7	9.9	6.5	10.6
BBVA	13.66	32.5	29.7	8.3	-0.7	11.8
Santander	19.46	18.7	26.7	10.6	8.8	16.0
Oil and energy	**15.17**	**19.0**	**6.5**	**7.4**	**8.8**	**6.7**
Iberdrola	6.11	18.3	9.4	7.9	12.6	7.7
Repsol YPF	4.41	25.9	16.0	2.7	1.1	5.8
Basic materials, industry and construction	**6.64**	**28.9**	**16.1**	**8.0**	**11.6**	**7.9**
Construction	3.60	26.5	15.6	5.9	16.0	7.7
Technology and telecommunications	**16.58**	**22.8**	**15.5**	**5.4**	**-1.3**	**7.2**
Telefónica	12.79	16.1	16.9	2.8	-3.0	9.4
Consumer goods	**11.45**	**17.1**	**16.6**	**6.7**	**-4.3**	**2.6**
Inditex	7.88	13.6	20.1	5.2	-9.1	2.2
Consumer services	**6.66**	**58.9**	**19.6**	**12.2**	**2.8**	**-0.4**

Source: Thomson Datastream, Bolsa de Madrid and BME.

1 Shares capitalising at more than 3% of the IGBM, adjusted for free float.

2 Relative weight (%) in the IGBM as of 1 January 2014.

3 Data to 13 June.

The largest contributions to the second-quarter advance of the IGBM corresponded to the two largest cap financial institutions followed by the top technology and telecoms operator (see Table 16). Coming up next were the two biggest oil and energy firms, another bank, a construction firm and the country's leading clothing manufacturer. Over the six-month period, the biggest impact came from the same two financial institutions, while the only firm detracting points on a significant scale was the aforementioned clothing specialist.

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

		Jun 2014	
Share	**Sector**	**Change (p.p.)**	
Positive impact		**/prior quarter**	**/Dec 13**
Banco Santander	Financial and real estate services	3.11	5.11
BBVA	Financial and real estate services	1.61	1.51
Telefónica	Technology and telecommunications	1.20	0.78
Iberdrola	Oil and energy	0.47	1.29
Banco Sabadell	Financial and real estate services	0.30	0.70
Repsol	Oil and energy	0.26	0.31
ACS	Basic materials, industry and construction	0.21	0.41
Inditex	Consumer goods	0.17	-0.56

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

1 Shares listed with an impact equal to or more than 0.15 percentage points in absolute terms on the quarterly change in the IGBM and that were neither delisted nor suspended from trading at the start of the last quarter considered.

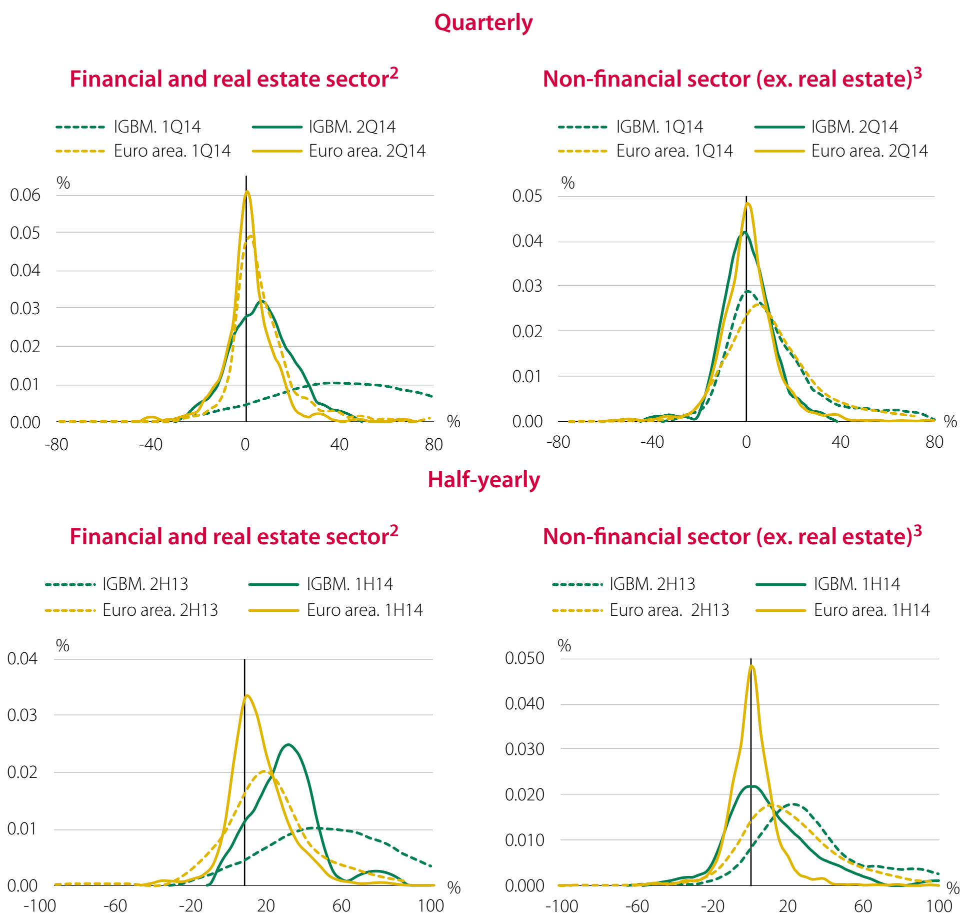
Despite the strong recovery in share prices over 2013 and the first half of 2014, consumer goods remains the only sector trading ahead of its July 2007 levels, when the subprime crisis erupted – concretely by a margin of 88%. Remaining sectors continued to trade below this baseline, with financial and real estate services and basic materials, industry and construction trailing furthest behind, by nearly 45%.

Meantime, the distribution of IGBM returns was markedly different in the first and second quarters, especially in the case of financial and real estate services. The shares of this sector rose sharply in the first quarter (with over 35% of firms securing gains ahead of 20%), but performed more modestly in the second, with returns in most cases bunched between -5% and 5% with a slight bias to the positive side (see top left panel of Figure 18). This contrasts with the experience of listed companies in the euro area, whose return distribution stayed more or less flat though with considerably lower values.

The non-financial sector had a more even first-half run, despite faring rather better in the first versus the second quarter (see top right panel of Figure 18). In particular, the percentage of firms with gains exceeding 20% dropped from 20% to 5%. This pattern was roughly repeated in the euro area as a whole.

The distribution of returns over first-half 2014 tells a similar story (see lower panels of Figure 18). Though robust, the advance in financial and real estate sector shares was slower than in the second half of 2013. In both cases, the Spanish sector outperformed the remainder of the euro area. Finally, the distribution of non-financial sector returns was skewed slightly to the positive side, albeit less so than in the second half of 2013. Over both periods, shares performed slightly better than their peers in the euro area.

Distribution of share returns[1] FIGURE 18



Source: Bolsa de Madrid and Thomson Datastream. Data to 13 June 2014.

1 Analysis run on the companies forming each index on 13 June 2014, when the Spanish IGBM comprised 105 companies against the 1,371 of the euro-area index.

2 The financial and real estate sector comprises credit institutions, insurance undertakings, portfolio and holding companies, other investment service providers and real estate companies: 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.

The price/earnings ratio (P/E) of the Ibex 35 pulled higher in the second quarter after holding flat with occasional fluctuations in the first three months. The increase in the multiple from the 14.9 at the end of 2013 to 15.8 in mid-June 2014, conserved it a small lead over the majority of European exchanges, though with levels still short of the average of the pre-crisis years (16.4 between 1999 and 2006).

3.2.2 Activity: trading, issuance and liquidity

Trading on the Spanish stock market expanded strongly from January to June, though without recouping the levels observed at the start of the crisis. After almost flat growth in 2013 (0.7%), trading on BME exchanges swelled by 29.2% in year-on-year terms. Average daily trading on the electronic market (SIBE) mirrored the improvement, progressing from 2.74 billion in 2013 to 2.99 and 3.60 billion respectively in the first two quarters of 2014.

Trading in Spanish shares listed on Spanish exchanges[1] TABLE 17

Million euros

	2010	2011	2012	2013	1Q14	2Q14[3]
Total	**1,030,498.6**	**926,873.7**	**709,902.0**	**764,986.6**	**218,869.6**	**206,950.8**
Listed on SIBE	1,030,330.2	926,828.6	709,851.7	764,933.4	218,848.5	206,944.6
BME	1,020,063.2	912,176.9	687,456.1	687,527.6	182,995.1	179,317
Chi-X	8,383.6	11,120.3	16,601.3	53,396.7	24,832.0	16,232
Turquoise	269.1	707.7	3,519.6	11,707.9	3,405.8	5,907
BATS	272.4	1,276.4	2,261.9	10,632.1	5,106.7	3,489
Other[2]	1,341.9	1,547.3	12.8	1,669.2	2,508.9	1,999
Open outcry	165.4	42.8	49.9	51.4	20.9	6.0
Madrid	15.7	16.1	3	7.3	1.0	3.4
Bilbao	3.9	0.1	8.5	0.1	14.2	0.0
Barcelona	143.9	26.4	37.7	44.1	5.7	2.6
Valencia	1.9	0.3	0.7	0.0	0.0	0.0
Second market	3.0	2.3	0.4	1.7	0.2	0.2
***Pro memoria*:**						
BME trading of foreign shares[1]	6,415	5,206	4,102	5,640	2,577	2,611.0
MAB	4,147.9	4,379.9	4,329.6	5,896.3	2,092.0	1,737.2
Latibex	521.2	357.7	313.2	367.3	137.3	63.7
ETFs	5,968.2	3,495.4	2,736.0	4,283.9	2,696.6	1,650.6
Total BME trading	1,037,284.3	925,661.3	698,987.5	703,768.7	190,518.8	185,385.8
% Spanish shares on BME versus total SIBE	99.0	98.4	96.9	90.0	83.8	86.8

Source: Bloomberg and CNMV.

1 Spanish shares listed on Spanish exchanges are those with a Spanish ISIN that are admitted to trading in the regulated market of Bolsas y Mercados Españoles, i.e. not including alternative investment market MAB. Foreign shares are those admitted to trading in the regulated market of Bolsas y Mercados Españoles whose ISIN is not Spanish.

2 Difference between the turnover of the EU Composite estimated by Bloomberg for each share and the turnover of the markets and MTFs listed in the table, i.e. including trading on other regulated markets, MTFs and OTC systems.

3 Data to 13 June.

Confining ourselves to turnover in Spanish shares, what stands out is the considerable shift in business away from domestic regulated markets towards other, non-Spanish regulated markets and MTFs. Spanish securities have been caught up in this broader trend, shared with other European exchanges, since the first quarter of 2013. According to Bloomberg, trades in Spanish shares on non-domestic venues summed 63.48 billion euros in the first half of 2014 (see Table 17), equating to 15% of overall activity (10% in full-year 2013).

Equity issuance on domestic markets came to 12.19 billion euros in the first half of 2014 (see Table 18), 53% less than in the same period last year. It bears mention that most of last year's issuance owed to capital increases involving banks intervened to varying extents by the Fund for Orderly Bank Restructuring (FROB). Although more such operations have taken place in 2014, the amounts changing hands have been much lower. Another feature of 2014 issuance is the prevalence of capital increases to cover scrip rather than cash dividend payments, a trend that has been gathering force since the start of the crisis, and especially since 2012. Indeed almost half the capital increases undertaken to mid-year corresponded to this modality.

Capital increases and public offerings TABLE 18

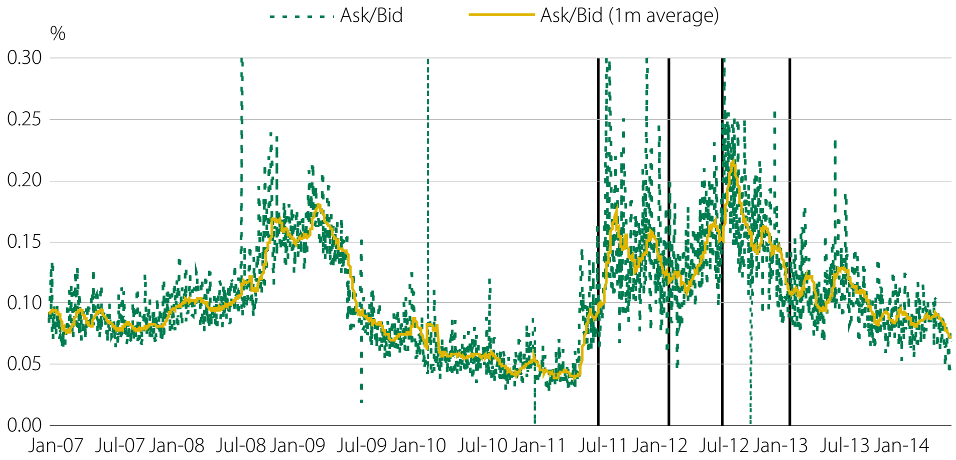
	2011	2012	2013	3Q13	4Q13	1Q14	2Q14[1]
CASH AMOUNTS (million euros)	**20,970.3**	**29,557.4**	**39,171.9**	**8,010.3**	**4,982.5**	**4,829.1**	**7,356.8**
Capital increases	20,843.3	28,326.0	39,171.9	8,010.3	4,982.5	4,829.1	6,120.6
Of which, scrip dividend alternative	3,862.0	8,357.8	9,869.4	2,607.9	2,466.6	2,867.5	2,439.5
Of which, through IPO	6,238.8	2,457.3	1,744.6	689.8	0.0	900.0	405.0
National tranche	5,827.1	2,457.3	1,744.6	689.8	0.0	98.7	18.2
International tranche	411.7	0.0	0.0	0.0	0.0	801.3	386.8
Public offering of shares	127.0	1,231.4	0.0	0.0	0.0	0.0	1,236.2
National tranche	124.7	1,231.4	0.0	0.0	0.0	0.0	55.7
International tranche	2.3	0.0	0.0	0.0	0.0	0.0	1,180.5
NO. OF FILINGS	**90**	**106**	**159**	**43**	**49**	**35**	**40**
Capital increases	90	103	159	43	49	35	37
Of which, bonus issues	24	24	38	13	7	7	6
Of which, through IPO	8	7	6	3	0	2	4
Public offering of shares	1	3	0	0	0	0	3
NO. OF ISSUERS	**44**	**39**	**47**	**27**	**23**	**21**	**26**
Capital increases	44	39	47	27	23	21	26
Of which, through IPO	8	7	6	3	0	2	4
Public offering of shares	1	3	0	0	0	0	2

Source: CNMV.

1 Data available to 13 June 2014.

Finally, the liquidity conditions of the Ibex 35, as measured by the bid/ask spread, strengthened as the year advanced, prolonging the improvement initiated in late summer 2012 (see Figure 19). The indicator's monthly average of 0.07% in mid-June 2014 compares favourably with the 0.09% of the 2013 close, at a safe distance from the historical high of August 2012 (0.22%).

Ibex 35 liquidity. Bid-ask spread[1] FIGURE 19



Source: Thomson Datastream. Data to 13 June.

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

II Reports and analyses

Economic and financial performance of listed companies in 2013

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1 Introduction

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

The aggregate information analysed relates to the results, financial position, cash flows, number of employees and dividends paid. The 147 companies included in the study operate in the following sectors: energy (10 companies), manufacturing (46 companies), retail and services (42 companies), construction and real estate (27 companies), credit institutions (20 companies), and insurance (2 companies).

The analysis is carried out on the following basis:

– The data are obtained from the consolidated or individual periodic financial 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 second 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.

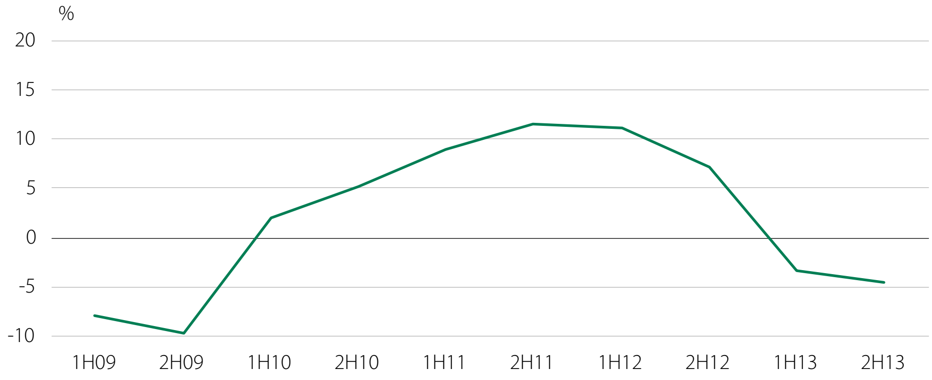
2 Submitted in the form stipulated in Circular 1/2008.

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] fell by 4.5% in 2013.

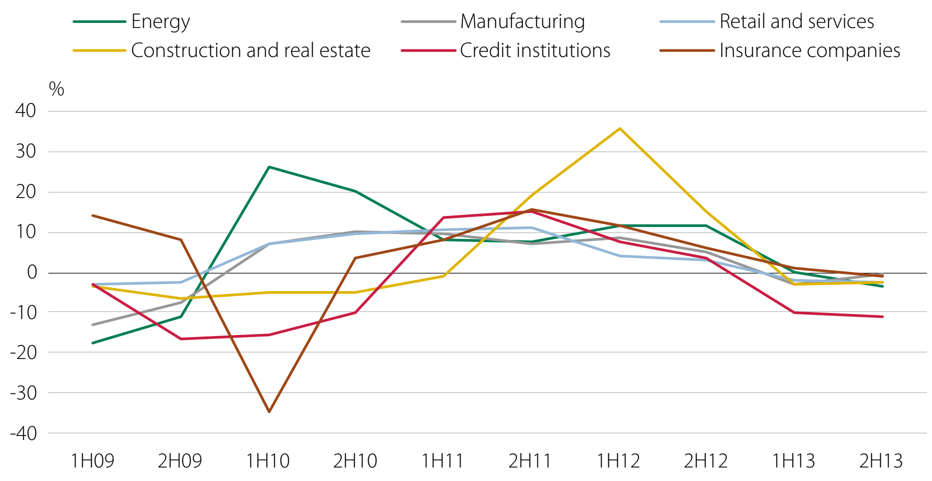
Rate of change in net turnover FIGURE 1



Source: CNMV.

Figure 2 shows the development of net turnover for the different sectors. All sectors recorded negative year-on-year rates of change in 2013. The largest fall corresponded to credit institutions, with a year-on-year rate of -11.2%.

Rates of change in net turnover by sector FIGURE 2



Source: CNMV.

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

By sector, the highlights in 2013 were as follows:

- **Energy**. Turnover fell for the first time since 2010. The revenue of electricity companies fell mainly as a result of: i) the impacts resulting from application of the urgent measures established in Royal Decree-Law 2/2013, of 1 February, and Royal Decree-Law 9/2013, of 12 July; and ii) the reduction in the demand for electricity in Spain, Portugal and the United Kingdom, which was partially offset by the increase in demand in the other countries where the main companies operate (United States and Latin America) and the positive performance of gas.

  In addition, the sales figures of oil companies were affected by macroeconomic variables, such as the average price of Brent oil, which fell by 2.7% on 2012, and the performance of the main benchmark currencies, with a noticeable fall in the US dollar against the euro (3.3%). Similarly, the companies were affected by the halts in production in Libya and the fall in demand in Spain and the rest of Europe.

- **Manufacturing**. The development of net turnover in manufacturing companies was uneven, with an overall net fall of 0.7% recorded over the period.

  Turnover continued to rise in some companies and sectors. In particular, there was a noteworthy 4.9% increase achieved by the main textile manufacturing company, which accounts for 32.1% of the sector's revenue, as a result of its international expansion. Similarly, turnover in the paper and graphic arts sector and the chemical industry sector rose by 3.8% and 0.9%, respectively.

  However, there was a noteworthy fall in the sectors of base metals and metal processing (8.7%), companies related to the construction sector (8.6%) and other manufacturing companies (5.6%), which account for approximately 45.6% of total revenue in the manufacturing sector. This fall 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 energies market, particularly in the US market, which was only partially offset by growing demand in emerging markets; iv) the slowdown in activity in companies currently undergoing bankruptcy proceedings; v) the drop in sales prices in the stainless steel market; and vi) movements in exchange rates.

- **Retail and services**. Turnover in this sector fell by 2.3%. The rate of change would be positive (3.7%) if we excluded the communications sub-sector, which accounts for 46% of the sector's total revenue.

  Sales in the communications sub-sector fell by 8.5% as a result of the negative impact of changes in exchange rates[5] and the disposal of subsidiaries.

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.

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 revenue of technology companies largely due to the positive evolution of the international market relating to engineering projects and construction, particularly of solar thermal plants and others; 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.

– **Construction and real estate**. The net turnover of this sector in 2013 fell by 2.6% on the previous year. The fall was greater in real estate companies (29.0%) than in construction companies (2%).

  With regard to the construction 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 revenue for services and highways, mainly from the business outside Spain.

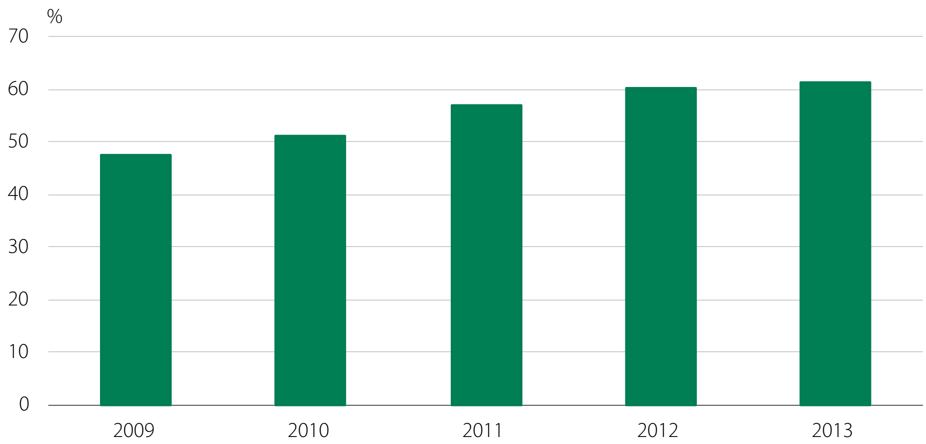
  For its part, turnover in the real estate sector fell across-the-board as a result of the stagnant residential property development business in Spain, the fall in activity in companies subject to bankruptcy proceedings and the impact of significant sales of assets to companies linked to financial institutions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

– **Credit institutions**. Revenue from interest and similar revenue recorded by credit institutions in 2013 fell by 11.2% on the previous year. This fall was mainly the result of the impact of the interest-rate curve on the revision of mortgage lending rates, the process of balance sheet optimisation conducted by credit institutions and the effect of non-performing loans.

– **Insurance companies**. The aggregate volume of premiums net of reinsurance fell at a year-on-year rate of 1%. The life insurance business fell by 6.8%, while the non-life insurance business grew by 1.3%.

Figure 3 shows the percentage of net turnover generated abroad by non-financial companies since 2009. The upward trend in the percentage recorded over recent periods continued in 2013, with foreign operations generating 61.2% 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 38.8%.

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, except the energy sector, recorded an increase in the relative proportion of sales in international markets.

Following three consecutive years in which sales abroad rose by close to 20%, they fell in 2013 by 0.7% on 2012. Nevertheless, the performance of revenue abroad was better than in Spain, where sales fell by 5.3%.

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

	2009	2010	2011	2012	2013
Energy	43.3	44.8	47.0	45.2	45.0
Manufacturing	62.6	65.8	69.0	73.1	74.5
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	72.1
Subtotal, non-financial companies	**47.4**	**51.0**	**57.0**	**60.3**	**61.2**

Source: CNMV.

3 Results

Despite the fall in net sales figures, the aggregate profits of the companies in the sample rose by 60.02 billion euros on the previous year. 98.2% of the increase in aggregate profits was due to the performance of credit institutions and insurance companies, which moved from losses of 43.90 billion euros in 2012 to profits of 15.06 billion euros in 2013.

The percentage of loss-making companies in the sample in 2013 fell by 9.1 percentage points on 2012. Total losses amounted to 9.21 billion euros compared with 68.77 billion euros in 2012.

Losses fell in all sectors. As indicated, there was a noteworthy improvement in the results of financial institutions, which accounted for 83.5% of the losses in 2012.

The percentage of companies recording profits in 2013 stands at 61.2% of the sample, 4.1 percentage points up on 2012. A significant number of companies increased their profits by over 20% (43 companies compared with 28 companies in 2012).

EBITDA,[1] operating profit and profit for the year TABLE 2

	EBITDA			Operating profit			Profit (loss) for the year		
Million euros	2012	2013	Change (%)	2012	2013	Change (%)	2012	2013	Change (%)
Energy	27,241	24,114	-11.5	16,968	13,829	-18.5	10,346	8,392	-18.9
Manufacturing	7,319	7,667	4.8	4,938	5,285	7.0	2,374	2,924	23.2
Retail and services	28,968	28,698	-0.9	14,132	14,329	1.4	4,626	5,915	27.9
Construction and real estate	5,541	3,447	-37.8	2,200	375	-83.0	-4,932	-3,981	19.3
Credit institutions			-	-37,601	10,388	-	-45,876	13,209	-
Insurance companies			-	3,123	2,225	-28.8	1,975	1,854	-6.1
Total[2]	69,120	63,851	-7.6	2,815	46,177	1,540.4	-32,045	27,972	-

Source: CNMV.

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

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

As shown in Table 2, non-financial companies recorded a 7.6% drop in their EBITDA. This fall was higher than the drop in turnover (2.6%) principally as a result of recording the impairment of tangible and intangible assets and goodwill, mainly relating to: i) the generation of electricity through renewable energies in the United States and gas storage in the United States and Canada; and ii) the new Spanish regulatory framework which will be applicable to companies producing electricity from renewable energy sources, co-generation and waste.

However, if we take into account both financial and non-financial companies, 2013 saw a substantial improvement in operating profit and profit for the year compared with 2012 (see Table 2). As indicated above, these figures rose as a result of the positive performance of financial institutions. The operating profit of non-financial companies suffered an 11.9% fall, while the profit for the year improved by 5.4%.

The decisive factors contributing to the rise in profit for the year of non-financial companies, despite the drop in operating profit, were as follows: i) the fall in financial expenses as a result of the reduction in debt and changes in interest rates; ii) the non-recurrence of the losses recorded in the construction sector resulting from the valuation of derivatives and disposal of financial instruments in the previous year; iii) improvements in the results of companies accounted for using the equity method; and iv) the increase in losses for discontinued operations both in the energy sector and in the construction and real estate sector.

By sector, the highlights were as follows:

– **Energy**. The drop in operating profit (18.5%) was significantly higher than the fall in turnover (3.5%).

  Even though supply costs decreased, operating profit fell as a result of the following events which took place in 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.

  The entry into force of Royal Decree 9/2013 led to an analysis of the impairment of assets assigned to regulated businesses and those of renewable energies in Spain. However, the result obtained has not led to significant write-downs.

  The fall in net financial expenses (8.0%) and the lower tax charge suffered by several companies in the sector – as a result of them adhering to the balance sheet revaluations provided for in Law 16/2012 – were not enough to offset the fall in operating margin and the losses for discontinued operations as a result, *inter alia*, of the impact of the agreement reached for the expropriation of one investee.

– **Manufacturing**. Despite the fall in turnover, both EBITDA and operating profit rose, by 4.7% and 7.0%, respectively. This led to an improvement in the EBITDA/sales ratio of 0.8 percentage points, and an improvement in the operating profit/sales ratio of 0.7 percentage points.

  However, the main textile manufacturing company – which accounts for 58.1% of the sector's operating profit – recorded a slight fall in these figures due to the growth in operating expenses as a result of the growth in sales and the new commercial area opened. The EBITDA and operating profit of the chemical industry sector and the paper and graphic arts sector followed the same direction due to the non-recurring expenses for reorganisations and impairment.

  However, EBITDA and operating profit improved for the other companies in the following sectors: manufacturing, foodstuffs and companies linked to the construction sector, due to the net positive effect of non-recurring impacts associated with restructurings, impairment and extraordinary operations recorded in the previous year and to the execution of programmes to reduce costs and optimise variable costs.

  Finally, profit for the year rose by 23.2% as a result of the fall in the tax expense, which, in turn, was the result of some companies adhering to the balance sheet revaluations provided for in Law 16/2012 and restructuring deferred tax assets in the previous year.

– **Retail and services**. EBITDA for the sector as a whole fell by 0.9%, while operating profit rose by 1.4%. The results were conditioned by the performance of the communications sector, which accounts for around 65% of the total for both figures. Its EBITDA and its operating profit fell by 10.1% and 12.5%, respectively, due to the fall in turnover and the lower net profit obtained from non-recurring operations. Finally, the depreciation/amortisation charge fell significantly, although by less than the fall in sales, as a result of the effect of exchange rates and divestments carried out during the year.

  EBITDA and operating profit for the rest of the sector rose by 24.4% and 46.3%, respectively, as a result, *inter alia*, of the following factors: i) the fall in fuel costs and restructuring costs for airlines and ii) the improvement in the effectiveness and optimisation of operating costs in concessions operations. The increase in the depreciation/amortisation expense, which was largely due to the new concession assets in operation, was proportional to the increase in sales.

  The increase of up to 27.9% in profit for the year both in the communications sector – with a rise of 12.9% despite the fall in operating profit – and in the rest of the sectors, was due to: i) the improvement in the results of companies accounted for using the equity method; ii) the fall in losses for net exchange differences; iii) the lower financial expenses as a result of the reduction in average debt and its lower cost; and iv) the improved profit for discontinued operations.

– **Construction and real estate**. Despite the positive performance of the real estate sub-sector, EBITDA for the sector fell by 37.8% due to the fall in the EBITDA of construction companies. Operating profit fell by 83.0%, with negative performance from the construction sector and positive performance from the real estate sector, which reduced its losses.

  The construction sub-sector recorded an operating profit (1.38 billion euros), but this was significantly lower than that recorded the previous year (3.75 billion euros). This fall was mainly due to the impairment of renewable assets as a result of the recent regulatory changes in Spain and the sharp fall in construction activity and cement production in Spain.

  For its part, the real estate sub-sector recorded an operating loss, although the losses (1.01 billion euros) were lower than those recorded in 2012 (1.55 billion euros) due to the lower impairment of real estate assets.

  The sector's losses for the period fell by 19.3% from 4.93 billion euros in 2012 to 3.98 billion euros in 2013. This improvement, which took place despite the losses recorded for discontinued operations (1.51 billion euros), is mainly explained by the sharp losses recorded by the construction sector in 2012 as a result of the impairment and disposal of financial instruments.

– **Credit institutions**. The interest margin fell by 9.7% on 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 11.2% and 12.6% respectively.

As already indicated, the drop in revenue from interest in 2013 was a result of the time structure of interest rates in revaluing mortgage loans, the processes for optimising and restructuring the balance sheets of credit institutions and non-performing loans. Although the fall in interest rates began in the first few months of 2012, it only started to be reflected in mortgage loans at the end of the year, 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, the restructuring process of the financial sector and the transfer of the assets of nationalised banks to the Asset Management Company for Assets Arising from Bank Restructuring (Spanish acronym: SAREB), have led to a significant fall in the volumes of lending to the private sector, as well as the portfolio mix moving towards lower risk products. Finally, the rise in the NPL ratio and, hence, non-performing assets, also contributed significantly to the drop in revenue from interest.

In a scenario characterised by a lack of liquidity tensions thanks to the measures adopted by the European Central Bank (ECB), the reduction in the expense for interest and similar charges reflects the reduction in the cost of financing: i) from customers, as a result of the reduction in deposit rates; and ii) wholesale, as a result of the downward revision of interest rates.

The fall in the interest margin led to a reduction in the gross margin of 2.7%. This fall was limited by the performance of net commissions, which only fell by 1.4%, and the significant increase in profits from financial operations obtained in the first half of the year. This change reflects the profits from swaps of hybrid instruments, buybacks of securitisation bonds and covered bonds, divestments of non-strategic assets, the sale of fixed-income assets available for sale and of the held-to-maturity portfolio and the results of the trading portfolio.

However, despite the fall in the gross margin and the increase in depreciation/amortisation and staff and general costs, operating profit in 2013 amounted to 10.39 billion euros, compared with a loss of 37.60 billion euros recorded in 2012. This change was due to the major provisions made over 2012 as a consequence of the worsening of the quality of the assets and the application of Royal Decree-Law 2/2012 and of Law 8/2012. It should be pointed out that, excluding the effect of the change in losses from the impairment of financial assets, which fell by 62.2%, the operating profit would have only fallen by 1.3%.

The credit institutions in the sample as a whole obtained an aggregate profit before tax of 8.84 billion euros in 2013, compared with net losses of 55.10 billion euros in 2012.

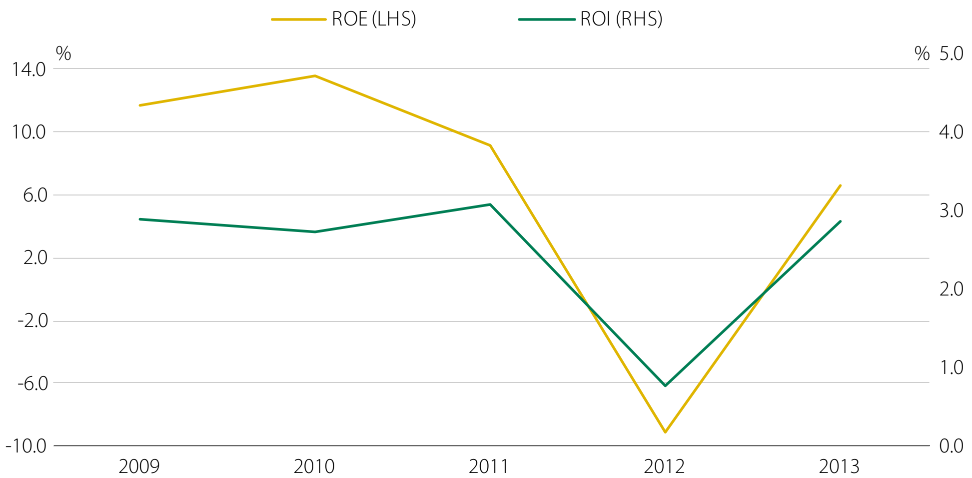
In addition to the improvement in operating profit, this growth reflects the following movements: i) the fall in losses for impairment of other assets and losses from non-current assets held for sale (including foreclosed assets); ii) the fall in profits from the disposal of assets not classified as non-current assets held for sale; and iii) negative consolidation differences recorded by certain institutions which resulted from the sales processes performed by the Fund for Orderly Bank Restructuring (Spanish acronym: FROB).

– **Insurance companies**. In 2013, the aggregate profit of the technical account was 1.9% down on the previous year. The non-life insurance business recorded a fall of 3.9% as the rise in premiums was not enough to absorb the increase in operating expenses. In the life insurance business, however, the technical account grew by 5.0% as the fall in claims and net operating expenses outweighed the fall in premiums. Despite the above, the aggregate profit before tax in 2013 rose by 12.9% on 2012 as a result of greater revenue from savings management and the noteworthy increase in the volume of mutual funds and portfolios under management.

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

Figure 4 shows the ROE and ROI[6] since 2009. ROE and ROI in 2013 stood at 6.6% and 2.9%, respectively, thus recovering the levels of 2011.

ROE and ROI FIGURE 4



Source: CNMV.

Tables 3 and 4 show the trend of ROE and ROI respectively for the different sectors. In 2013, all sectors, except the construction and real estate sector, recorded positive returns on equity and assets. Particularly noteworthy was the change from a negative ROE to a positive ROE for financial institutions. Only the energy sector and the construction and real estate sector had ratios which were worse than those recorded in 2012.

6 For the definitions of ROE and ROI used in this article, see Anta Montero, B. and Casado Galán, Ó. (2009). "La evolución económica y financiera de las empresas cotizadas en el primer semestre de 2009" ["Economic and financial performance of listed companies in the first half of 2009"], in *CNMV Bulletin*, fourth quarter, pp. 39-45. Available at https://www.cnmv.es/DocPortal/Publicaciones/Boletin/BulletinQIV_weben.pdf

ROE (%) TABLE 3

	2009	2010	2011	2012	2013
Energy	13.2	16.2	10.7	9.9	7.7
Manufacturing	6.3	13.8	10.4	8.4	10.9
Retail and services	19.3	21.9	16.4	7.9	10.5
Construction and real estate	3.7	6.6	-0.7	-20.9	-22.9
Total non-financial companies	**13.1**	**16.9**	**10.9**	**5.8**	**6.4**
Credit institutions and insurance companies	10.4	10.3	7.1	-24.4	6.8
Total	**11.7**	**13.6**	**9.2**	**-9.1**	**6.6**

Source: CNMV.

ROI (%) TABLE 4

	2009	2010	2011	2012	2013
Energy	7.2	8.2	6.0	5.8	5.1
Manufacturing	4.9	9.0	7.4	6.2	7.7
Retail and services	7.7	8.5	7.8	4.8	5.5
Construction and real estate	3.2	4.8	2.9	-0.7	2.2
Total non-financial companies	**6.3**	**7.7**	**5.9**	**3.9**	**4.4**
Credit institutions and insurance companies	2.5	2.0	2.4	0.2	2.6
Total	**3.1**	**2.9**	**3.1**	**0.8**	**2.9**

Source: CNMV.

As shown in Table 5, the financial cost of borrowing net of tax rose by 40 basis points, with a range of between 3% and 4% for all sectors.

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

	2009	2010	2011	2012	2013
Energy	3.1	2.9	2.8	2.8	3.0
Manufacturing	3.4	3.4	3.8	3.6	3.9
Retail and services	3.0	2.8	4.1	3.5	3.5
Construction and real estate	3.1	4.4	3.8	4.3	3.5
Total non-financial companies	**3.0**	**3.1**	**3.4**	**3.0**	**3.4**

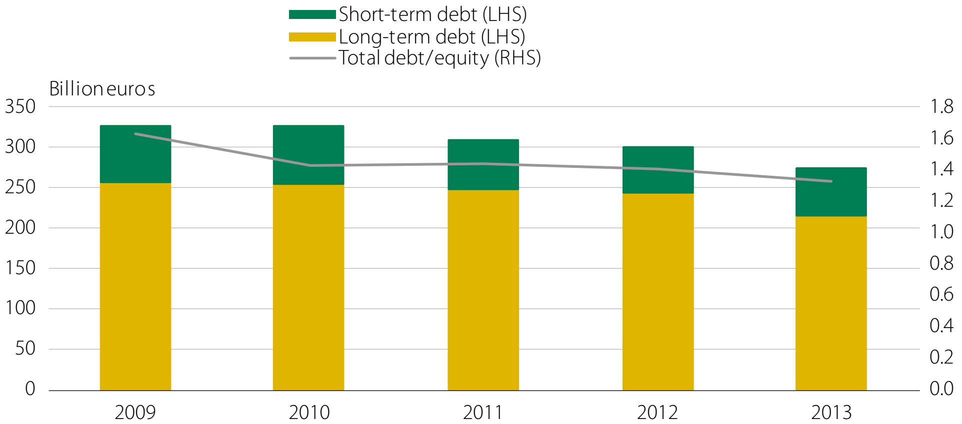
Source: CNMV.

7 This is estimated by relating the financial expense for interest and similar charges with the average debt for the period.
In the case of the construction and real estate sector, this ratio has been calculated in 2013 by taking the legal tax rate and not the effective tax rate because, on an aggregate level, it presents a corporate income tax expense despite the losses in the period.
Similarly, the ratio for total non-financial companies has been adjusted by taking into account the adjustment made in the construction and real estate sector.

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 31 December 2013 amounted to 274.22 billion euros, 8.8% down on year-end 2012 (300.63 billion euros). However, it should be pointed out that: i) the data corresponding to 2012 included one company with a high level of financial debt which no longer forms part of the analysed sample in 2013, as it has been de-listed; and ii) in 2013, several real estate groups have reclassified within other liability headings amounts which were classified as "debts with credit institutions" in 2012, as these were amounts which the financial institutions have transferred to the SAREB. If we exclude these two effects, the fall in debt compared with the previous year would stands at 6.5%.

The percentage of short-term debt rose slightly to 21.5%, compared with 18.9% recorded in 2012. The leverage ratio improved slightly on the previous year, with aggregate debt 1.33 times the level of equity (1.41 times in 2012).

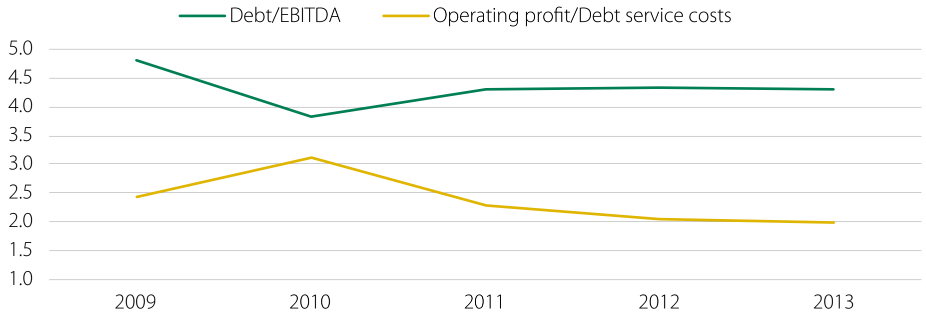
Figure 6 shows the trend in debt-to-EBITDA and the debt service coverage ratio. The ratio of total debt/EBITDA[9] improved slightly and stood at 4.29 years in 2013, compared with 4.32 years in 2012. The debt service coverage ratio (EBIT/financial expenses) also fell slightly to 1.9 times (2.06 times in 2012).

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

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

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. Particularly noteworthy were the construction and real estate sector, due to changes in the composition of the sample as one highly indebted company was de-listed, and the reclassifications of liabilities assigned by the original creditors to the SAREB.

Debt by sector

TABLE 6

Million euros		2009	2010	2011	2012	2013
Energy	Debt	100,572	98,283	95,853	91,233	82,146
	Debt/equity	1.08	0.95	0.92	0.85	0.75
	Debt/EBITDA	3.46	2.81	3.27	3.26	3.41
	Operating profit/debt service cost	3.38	4.15	3.30	3.14	2.90
Manufacturing	Debt	15,953	14,948	17,586	17,232	16,609
	Debt/equity	0.69	0.58	0.63	0.63	0.62
	Debt/EBITDA	3.05	2.11	2.54	2.38	2.17
	Operating profit/debt service cost	3.15	5.00	3.90	3.82	4.56
Retail and services	Debt	108,579	115,413	113,142	117,359	111,795
	Debt/equity	1.78	1.60	2.01	2.00	1.99
	Debt/EBITDA	3.70	3.38	3.78	4.01	3.90
	Operating profit/debt service cost	3.28	3.94	2.45	2.02	2.08
Construction and real estate	Debt	104,762	99,917	83,716	76,236	65,066
	Debt/equity	4.08	3.42	2.98	3.51	4.46
	Debt/EBITDA	22.48	11.18	15.00	15.17	18.87
	Operating profit/debt service cost	0.31	0.98	0.52	0.32	0.09
Adjustments[1]		-1,908	-1,792	-1,404	-1,429	-1,395
Total	**Debt**	**327,958**	**326,769**	**308,893**	**300,633**	**274,221**
	Debt/equity	**1.63**	**1.43**	**1.44**	**1.41**	**1.33**
	Debt/EBITDA	**4.82**	**3.84**	**4.29**	**4.32**	**4.29**
	Operating profit/debt service cost	**2.42**	**3.12**	**2.30**	**2.06**	**1.99**

Source: CNMV.

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

Debt fell by 10% in the energy sector, thus continuing the trend which began in 2009. This fall was the result of the assignment of its receivables from the tariff deficit to the FADE,[10] the divestments made and the financing obtained through issuing other subordinated perpetual financial instruments, which are classified as equity for accounting purposes.

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

Aggregate debt in the retail and services sector fell by 4.7% as a result of the effect of the communications segment, whose gross debt fell by 6.16 billion euros due to the generation of free cash flow and other factors, including the issuance of subordinated perpetual bonds.

The construction and real estate sector reduced its level of gross debt by 14.7% on 2012, with a similar reduction in both sectors.

The fall in the real estate sector was due to the de-listing of one company with a very significant level of debt and the reclassification of liabilities assigned by their original creditors to the SAREB for approximately 2.1 billion euros, which are no longer calculated as debt with credit institutions. The fall in the construction sector was due to the reclassification of debt linked to assets in divestment processes as "non-current liabilities held for sale", which was partially offset by the increase in debt to finance new acquisitions.

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 particular situation which the financial sector is currently undergoing, it is important to include a specific section on the performance of credit institutions and, in particular, on their ratios regarding growth in lending, non-performing loans and solvency.

Aggregate lending by credit institutions as a whole fell by 5.5% in 2013. This fall essentially reflects: i) the ongoing de-leveraging being conducted in Spain as a result of the economic situation; ii) the strategy of credit institutions as a whole to optimise their lending by reducing their exposure to the 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 the SAREB.

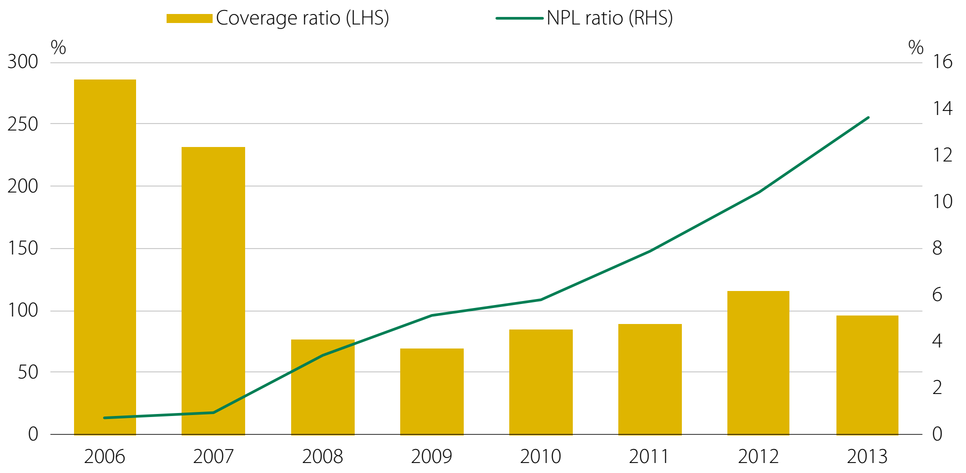
Furthermore, it is important to highlight that a very significant part of the financial support provided by the ECB to Spanish credit institutions as a whole has been used to finance the public sector and therefore the exposure of credit institutions as a whole

10 Electricity System Deficit Securitisation Fund.

to public debt rose from 4.17% of total assets in 2007 to 10.95% in December 2013. However, there was a slight fall in the second half of 2013 as the exposure amounted to 11.93% at 30 June. This trend matches the statistics on outstanding public debt of the Public Treasury, which show a 2.46% fall in the percentage of public fixed-income securities held by Spanish credit institutions in 2013, despite the 17.4% increase in the first half of the year. At 31 December 2013, Spanish credit institutions held 30.98% of total public debt (38.33% in June 2013 and 35.24% in December 2012).

Figure 7 shows the development of the NPL ratio of credit institutions in lending to other resident sectors since 2006, as well as the coverage ratio of doubtful assets.[11]

NPL and coverage ratios of credit institutions FIGURE 7



Source: Bank of Spain.

In 2013, the NPL ratio continued the trend which began in 2006 and rose to 13.62%, despite the transfer of assets with low credit quality to the SAREB. The performance of the job market and the weakness in the economy continued to favour the increase in the NPL ratio, although there are some signs of improvement in these figures. The ratio reached at year-end 2013 includes the impact of the reclassifications of certain re-financed assets from "normal risk" to "doubtful risk" at year-end 2012.

The fall in the coverage ratio in 2008 and 2009 mirrored the sharp increase in the NPL ratio. There was a change in trend in 2010, which continued in 2011, as a result of the processes of integration and restructuring against reserves of the assets of savings banks. The increase was even more significant in 2012 as a result of the impact of the requirements of Royal Decree-Law 2/2012 and Law 8/2012. Finally, the coverage ratio fell in 2013 in line with the increase in the NPL ratio.

The ongoing rise in the NPL ratio since 2007 has increased the volume of refinancings and asset acquisitions or foreclosed assets, especially real estate assets. Assets received as payment of debts are generally classified in the balance sheets of credit institutions under the heading of "non-current assets for sale", although

11 Defined as the ratio of the value adjustments for asset impairments over the doubtful balance.

developments in progress and leased assets are classified under "inventory" and "property, plant and equipment", respectively.

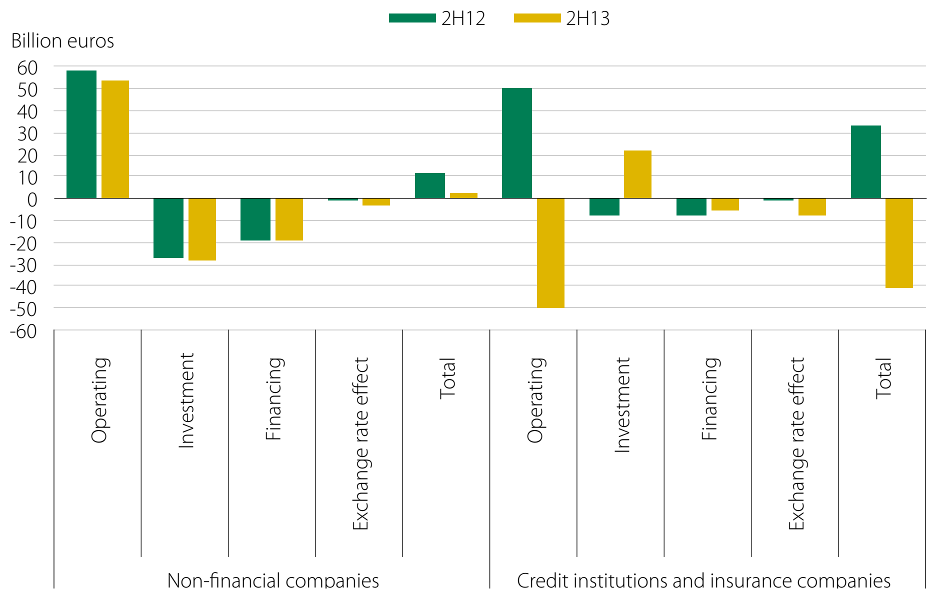
This is why the annual changes of the carrying amount of "non-current assets for sale" have been positive since 2008. The largest increase took place in 2012. Together with foreclosed assets in the period, that year saw the effect of institutions undergoing restructuring processes, reclassifying non-strategic assets and non-performing assets transferable to SAREB as non-current assets for sale. However, in 2013, as a consequence of the divestment processes and transfers of assets to SAREB, the carrying amount of this heading fell by 28.2% to 1.4% of the total assets of the set of institutions in the sample.

Finally, the evolution of the different components of equity was as follows: i) the carrying amount of capital and reserves rose by 9% in 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 18.1% 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 rose by 45.1%.

7 Cash flows

Figure 8 shows the aggregate changes in cash flows generated in 2012 and 2013 by the companies in our sample, distinguishing between flows arising from operations, investment and financing activities. The totals correspond to the changes in cash and cash equivalents over the period. In addition, the figure 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 in 2013 fell by 7.1% on the previous year as the falls in the energy and manufacturing sectors (15.6% and 15.1%, respectively) far outweighed the increases in the retail and services, and construction and real estate sectors (1.3% and 4.4%, respectively).

  Net outflows for investment rose by 7.2% and mostly corresponded to the retail and services sector.

  Net outflows for financing rose by 3.1% due to the increase in debt payments in order to reduce financial leverage, which was partially offset by the reduction in payments for dividends and amounts received from the sale of treasury stock.

  In summary, the operating flows of issuing companies (53.61 billion euros) have been used for investments (28.41 billion euros) and the payment of the financing of borrowing and equity (19.56 billion euros). Cash and cash equivalents rose by 2.56 billion euros despite the net fall in cash of 3.09 billion euros from changes in exchange rates.

– **Credit institutions and insurance companies**. The cash flow statement of the companies in the sample reflected a net decrease in cash and cash equivalents of 41.10 billion euros at year-end 2013, compared with an increase of 33.26 billion euros recorded at year-end 2012.

  This cash outflow was essentially due to the net payments made for operating activities in the year, which amounted to 50.55 billion euros, compared with net inflows of 48.12 billion euros in the same period of the previous year. This movement is essentially explained by the return of financing obtained from the European Central Bank, the reduction in financing needs as a consequence of the reduction in lending volumes and the channelling of deposits to other more profitable off-balance sheet products, such as mutual funds and pension schemes.

  Financing activities recorded net outflows of 4.40 billion euros in 2013, which is lower than the figure recorded in 2012, 7.05 billion euros. This change is the result of operations with hybrid instruments and subordinated debt.

  As a result of investment activities, the credit institutions and insurance companies in the sample recorded net cash inflows of 21.16 billion euros in 2013 compared with net outflows of 6.67 billion euros in the same period of 2012.

  Finally, the effect of exchange differences led to a net decrease in cash of 7.32 billion euros.

  The aggregate cash flow statement reflects the normalisation of access to wholesale financing markets and the policy followed by most Spanish credit institutions of divesting non-performing and non-strategic assets and optimising their lending portfolio.

For their part, insurance companies recorded a net fall in cash of 198 million euros in 2013. Noteworthy was the net cash inflow for investing activities of 944 million euros, compared with a net outflow of 1.03 billion euros recorded in 2012. Net cash inflows from operating activities fell by 53% on the previous year, while net cash outflows for financing activities were up 25.3% on 2012.

8 Number of employees

Table 7 shows the average aggregate workforce for each of the six sectors in 2012 and 2013. The table shows that 2013 saw a 5.8% year-on-year reduction in the average staff of the companies included in the sample.

Average workforce by sector TABLE 7

Number of people	2012	2013	Change (%)
Energy	104,804	103,333	-1.4
Manufacturing	253,708	265,038	4.5
Retail and services	742,292	611,501	-17.6
Construction and real estate	383,358	394,472	2.9
Credit institutions	445,895	441,162	-1.1
Insurance companies	41,400	42,040	1.5
Adjustments[1]	-5,156	-4,354	-
Total	**1,966,301**	**1,853,192**	**-5.8**

Source: CNMV.

1 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 7.4%, with a noteworthy fall in the communications sector (included in the retail and services sector) due to corporate operations. The number of companies which reduced their workforce (84 companies) was higher than the number of companies which increased or maintained their workforce (49 companies).

As a result of the various concentration processes, cost reduction policies and the drive towards electronic banking, the aggregate average workforce of credit institutions fell by 1.1% on the previous year, while the number of branches fell by 11.6%.[12]

9 Dividends

As shown in Table 8, dividends paid in 2013 amounted to 9.99 billion euros, 29.3% down on the previous year.

12 *Statistical Report* of the Bank of Spain.

Dividends paid by sector TABLE 8

Million euros	2012	2013	Change (%)
Energy	2,381	1,746	-26.7
Manufacturing	1,800	1,977	9.8
Retail and services	5,264	3,075	-41.6
Construction and real estate	1,603	697	-56.5
Credit institutions	2,634	2,065	-21.6
Insurance companies	1,238	534	-56.9
Adjustments[1]	-800	-105	-
Total	**14,119**	**9,988**	**-29.3**

Source: CNMV.

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

42.9% of the companies in the sample paid dividends, compared with 51.0% in the previous year. Of the 63 companies which paid dividends in 2013, 41.3% increased the remuneration paid to shareholders compared with the previous year, 42.9% reduced it and the remaining 15.9% kept it at the same level. It should be pointed out that 73.9% of the dividends in 2013 were paid from profits, while this figure stood at 70.0% in 2012.

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.

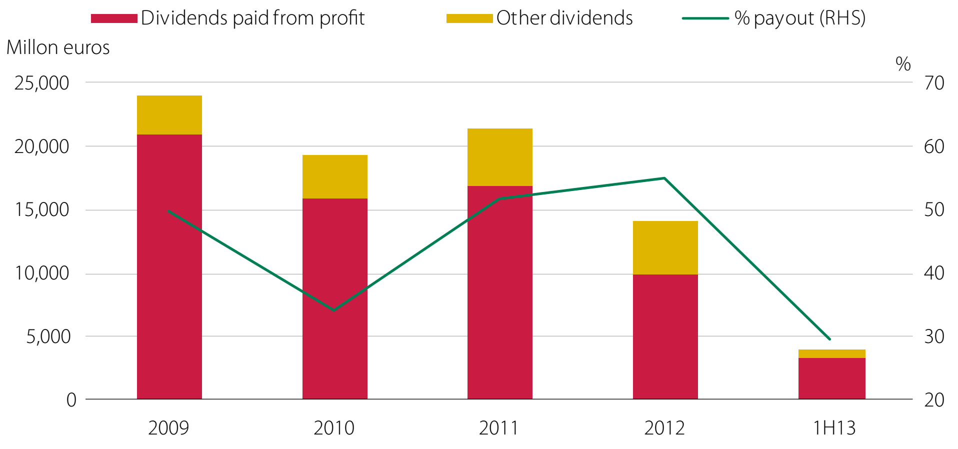
In 2013, as in 2012, 11 companies decided to use scrip dividends. Of all the free allotment rights issued by the 11 companies, only 13.6% of the shareholders chose to sell the rights to the issuer in order to receive the remuneration in cash, while the remaining 86.4% subscribed the scrip shares. This mechanism has allowed companies to save paying 8.20 billion euros in cash, of the 9.87 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 33.3% 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.

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.

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.

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. The payout in 2013 fell by 21.6 percentage points as the dividends paid from profits fell despite the increase in profit for the year attributable to the parent company of the companies which have paid dividends.

10 Conclusions

In 2013, the aggregate profits of the companies in the sample rose by 60.02 billion euros on the previous year. 98.2% of the increase was due to the performance of credit institutions and insurance companies, which moved from losses of 43.90 billion euros in 2012 to profits of 15.06 billion euros in 2013.

If we exclude financial institutions, aggregate profits rose by 5.4%, despite the fall in sales (2.6%), the fall in operating profit (11.9%) and the negative contribution of the result from discontinued operations, which moved from a profit in 2012 (166 million euros) to a loss in 2013 (-2.49 billion euros). This improvement in the profit for the year was essentially due to the following factors: 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 the investments in companies accounted for using the equity method.

The companies continued to maintain a high capacity for generating revenue abroad, although this figure fell slightly in 2013 following three years of double-digit growth. Nevertheless, revenue from abroad partially offset the negative performance of their operations in the Spanish market.

The level of debt of non-financial companies continued falling in 2013. The difficulties in obtaining liquidity through traditional channels have encouraged companies to obtain funds by selling treasury stock and issuing equity instruments.

Despite the fall in the interest margin, credit institutions as a whole obtained profits, after recording losses in 2012. It is important to remember that in 2012 credit institutions were immersed in a process of restructuring and recapitalisation which led to recording significant impairment losses of financial and real estate assets.

The positive results for the year in the banking sector were mostly due to gains obtained from the disposal of non-strategic assets, swap operations and debt buybacks and the considerable reduction in impairment losses.

Similarly, in 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 dividends paid by listed companies in 2013, which fell by 29.3% on the previous year. 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.

Finally, it should be pointed out that the average workforce fell by 5.8% due to corporate operations conducted in the communications sub-sector.

III Regulatory novelties

Recent evolution of mutual funds: changes in investment patterns of unit-holders and risk exposure

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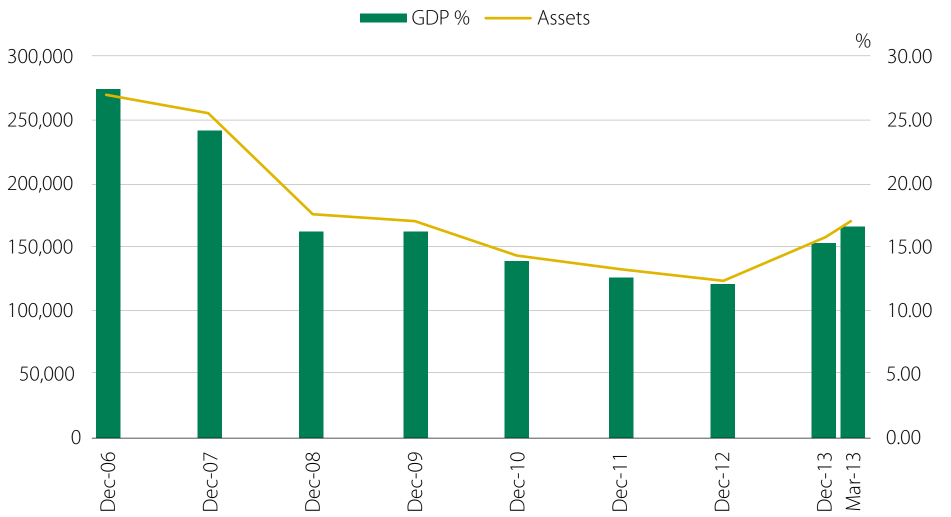
1 Introduction

From 2006 to 2012, the assets under management of mutual funds fell by over 50%, from 270 billion euros (27% of Spanish GDP) to 124 billion euros (12% of GDP). This trend has been reversed and, from the start of 2013, net subscriptions have once again been positive. At the end of March 2014, mutual fund assets amounted to 150 billion euros, equivalent to 16% of GDP, which is still far from the level prior to the crisis (see Figure 1).

Mutual fund assets FIGURE 1



Source: CNMV and INE (National Statistics Institute).

This article focuses on the change in trend over recent quarters and on the changes in the investor pattern that have come with it. Specifically, the article analyses asset flows in the different types or categories of mutual funds since 2012 (the year of the change in trend), together with the reasons which might explain the changes in the decisions adopted by investors.

In particular, there was a substantial fall in guaranteed funds and a sharp rise in formulas which have no guarantee, such as funds with a specific target return. In response to this change, the CNMV has intensified its supervisory work and has promoted measures to improve the information provided to investors so that they can appropriately analyse the products offered by the sector.

It should also be pointed out that, even when the general investor profile is conservative, there is a trend towards taking on greater levels of risk in mixed fund categories, which are characterised by having partial exposure to equity components.

This article is structured as follows: section 2 analyses the evolution of subscriptions and redemptions from 2012 to the end of the first quarter of 2014, identifying the key changes in investor patterns; section 3 focuses on funds with a non-guaranteed specific target return, and analyses the investment flows in this type of fund over the reference period, the possible correspondence with the movements seen in other products – essentially guaranteed funds – and the initiatives adopted by the CNMV to improve the information provided to investors; sections 4 and 5 contain a similar analysis focused on fixed-income funds and mixed funds, respectively; finally, the article closes with section 6, which presents the conclusions.

2 Evolution of net subscriptions and number of unit-holders

In order to facilitate the analysis of subscriptions and redemptions in 2012 (the last year in which there were net redemptions), 2013 and the first quarter of 2014, the different fund categories are grouped together as defined in CNMV Circular 1/2009[1] based on the similarities in their investment policies. The groups[2] which will be used for this purpose are as follows:

– Fixed-income funds: money-market funds, euro fixed income and international fixed income.

– Mixed fixed-income funds: categories of euro mixed fixed income and international mixed fixed income, euro mixed equity and international mixed equity.

– Equity funds: categories of euro equity and international equity.

– Passively-managed funds: almost entirely composed of CIS with an investment policy based on achieving a non-guaranteed target return.[3]

– Guaranteed funds: funds for which there is a guarantee by a third party which protects the initial investment (the guarantee may be on part or all of the initial investment) plus a fixed return (fixed-return guaranteed funds) or variable return linked to the performance of shares, currencies or any other asset (variable-return guaranteed funds and partial guarantee funds).

– Other funds: the other categories (absolute return funds and global funds).

1 CNMV Circular 1/2009, of 4 February, on the categories of collective investment schemes based on their investment profile.

2 Throughout the article, the terms group and category will be used indistinctly to refer to these fund classifications.

3 The passively managed category, which was defined by Circular 1/2009, also includes funds which track or reproduce an index: index funds and exchange traded funds in Article 49 of the Regulation implementing Law 35/2003 on Collective Investment Schemes (Royal Decree 1082/2012, of 13 July).

Tables 1, 2 and 3 summarise the evolution of the assets under management, unit-holders and the flow of net subscriptions, respectively, for each one of these funds and for the sector as a whole.

Fund assets by investment category TABLE 1

	Dec-2012	Dec-2013		Mar-2014	
Million euros	**Amount**	**Amount**	**Change (%)**	**Amount**	**Change (%)**
Fixed income	40,665	55,059	35.4	59,382	7.9
Mixed	8,681	14,450	66.5	18,249	26.3
Equity	11,885	17,482	47.1	19,447	11.2
Passively managed	2,991	16,516	452.2	21,847	32.3
Guaranteed	50,858	43,985	-13.5	40,340	-8.3
Other	8,961	9,188	2.5	10,249	11.5
Total	**124,041**	**156,680**	**26.3**	**169,514**	**8.2**

Source: CNMV.

Number of unit holders of funds by investment category TABLE 2

	Dec-2012	Dec-2013		Mar-2014	
Million euros	**Number**	**Number**	**Change (%)**	**Number**	**Change (%)**
Fixed income	1,262	1,508	19.5	1,612	6.9
Mixed	327	423	29.4	527	24.6
Equity	619	751	21.3	855	13.8
Passively managed	125	442	253.6	575	30.1
Guaranteed	1,804	1,611	-10.7	1,485	-7.8
Other	275	317	15.3	357	12.6
Total	**4,411**	**5,051**	**14.5**	**5,410**	**7.1**

Source: CNMV.

Net subscriptions[1] of funds by investment category TABLE 3

	2012	2013		1Q14	
Million euros	**Amount**	**Amount**	**% of assets[2]**	**Amount**	**% of assets[2]**
Fixed income	-5,844	13,783	33.9	3,633	6.6
Mixed	-1,158	3,941	45.4	3,532	24.4
Equity	-584	2,631	22.1	1,378	7.9
Passively managed	572	9,538	318.9	4,357	26.4
Guaranteed	-4,377	-6,539	-12.9	-3,787	-8.6
Other	-1,347	779	8.7	956	10.4
Total	**-12,738**	**24,133**	**19.5**	**10,070**	**6.4**

Source: CNMV.

1 Subscriptions less redemptions.

2 Calculated as a percentage of the assets at the close of the previous period.

2012 was the last year in which mutual funds recorded net redemptions since the start of the crisis. The amount totalled 12.74 billion euros and affected all fund categories, particularly fixed income and guaranteed funds, with net redemptions of 5.84 and 4.38 billion euros, respectively. The only exception was the passively managed category, which recorded net subscriptions of 572 million euros.

The change in trend led to a net inflow in mutual funds of over 24.13 billion euros in 2013, an amount equivalent to 19.5% of the assets at 31 December 2012. It also led to a net addition of 640,000 investors. There were noteworthy increases in the fixed income and passively managed categories. In the former case, assets rose by 13.78 billion euros and the number of unit-holders by 246,000; in the latter case, the rises were of 9.54 billion euros and 316,000 unit-holders.

On the other hand, the category of guaranteed funds was the only category which suffered a net outflow of funds and unit-holders. This category recorded net redemptions of 6.54 billion euros and it lost 193,000 unit-holders. Following the reluctance of some guarantors to take on new guarantee commitments on maturity of the target return, there have been full or partial transfers of investments to passively managed funds, which also set a specific target return, although without a third-party guarantee.

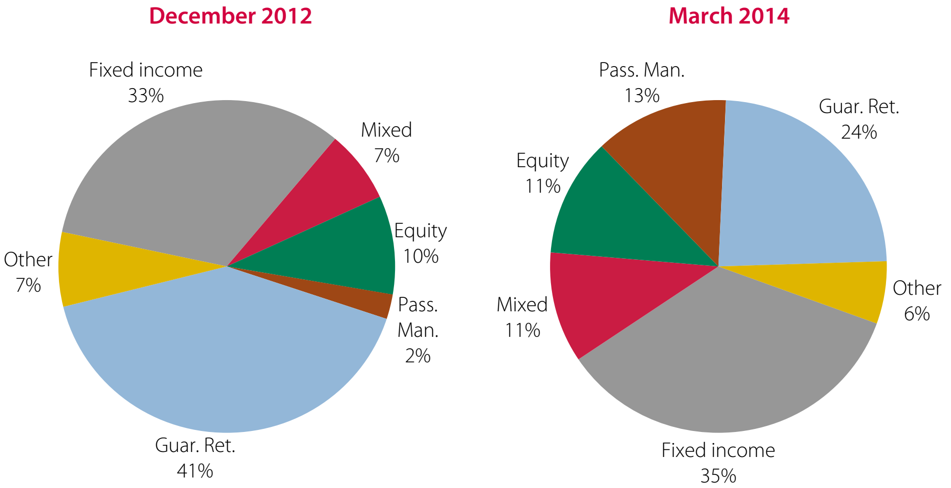
The first quarter of 2014 saw an intensification of the positive trend in net subscriptions, which amounted to 10.07 billion euros, more than double the amount recorded in the same period of 2013 and 42.2% of the total amount recorded in that year. The number of unit-holders also continued to rise in the first quarter of 2014: 359,000 new unit-holders (50% of the net addition of unit-holders in 2013).

The passively managed and fixed income categories were also those that recorded the highest net subscriptions in the first quarter of 2014: 4.36 billion euros and 3.63 billion euros, respectively. These increases might still partially correspond to the transfer of positions in guaranteed mutual funds, which during the period recorded net redemptions of 3.79 billion euros. In addition, it is possible that, following the reduction in the returns on fixed-income assets in recent months, with the subsequent impact on the future return of fixed-income funds, investors might have started to assess other alternatives and increase, for example, their exposure to equity assets.

The category with the third largest growth in the first quarter of 2014 was that of mixed funds, with net subscriptions of 3.53 billion euros (90% of net subscriptions recorded in 2013) and 104,000 unit-holders (8,000 more than in 2013).

As shown in Figure 2, in 2013 and the first quarter of 2014, there were significant changes in the weightings of the different mutual fund investment categories in the sector's total assets. There was a noteworthy increase in passively managed funds, which rose from 2% in December 2012 to 13% in March 2014. As indicated above, the increase in this category was mainly due to the transfer of investors from guaranteed funds, whose relative weighting in total assets fell by 17 percentage points, from 41% at year-end 2012 to 24% in March 2014. Finally, there was also a noteworthy 4% increase in the relative weighting of mixed funds, which rose from 7% to 11% of total assets.

Distribution of fund assets by investment category FIGURE 2



Source: CNMV.

3 Mutual funds with a non-guaranteed target return

Ninety-nine per cent of the assets of the passively managed fund category correspond to funds with an investment policy based on achieving a specific target return.[4] These funds can in turn be classified into two sub-groups:

- Fixed return funds: the prospectus establishes a specific target in terms of annual return (or AER) over a specified time period.[5]

- Variable return funds: the final return is linked to the evolution of one or several equity assets, currencies or other underlying assets.

The construction of the portfolio and the management of the mutual funds with a non-guaranteed target return is similar to that of guaranteed mutual funds, with the difference that there is no return guarantee given by a third party which is enforceable on the maturity date of the target. Therefore, except with regard to the existence of a guarantee, fixed-return funds with a non-guaranteed target return are similar to fixed-return guaranteed funds, and variable-return funds with a non-guaranteed target return are similar to variable-return guaranteed funds.

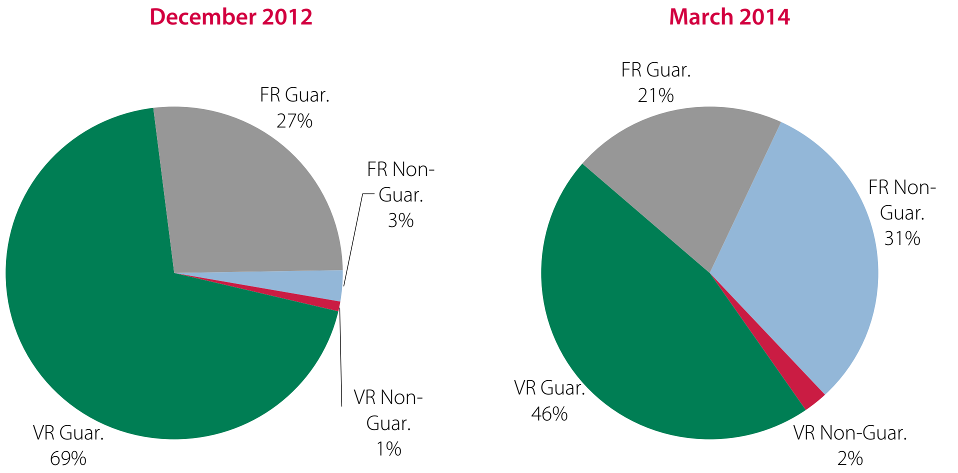
Taking as a reference the joint assets of guaranteed funds and funds with a non-guaranteed target return, Figure 3 compares the relative weighting of the different categories contained in both groups in December 2012 and March 2014.

4 According to the definition in Article 25 of CNMV Circular 6/2010, on transactions of CIS with derivative instruments (hereinafter, the Derivatives Circular).

5 For example: fund "XX" has a non-guaranteed target return of 2% AER for subscriptions made until 01/09/2012 and held until 01/09/2015.

Distribution of the joint assets of funds with a non-guaranteed target return and guaranteed funds

FIGURE 3



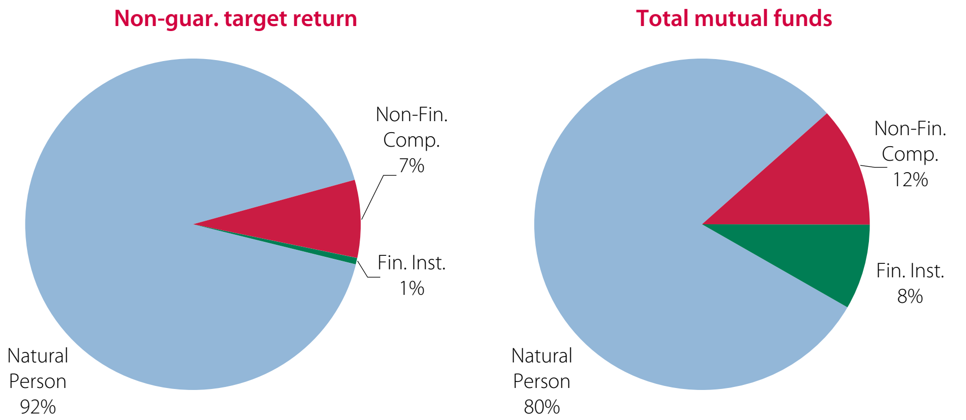
Source: CNMV.

As shown in Figure 3, fixed-return funds with a non-guaranteed target return are the funds which have most significantly increased their relative weighting in the total assets of guaranteed funds and funds with a non-guaranteed target return; specifically, this percentage rose from 3% at the end of 2013 to 31% in March 2014. During this period, the assets of these funds rose from 1.59 billion euros to 18.59 billion euros. A substantial part of the increase in fixed-return funds with a non-guaranteed target return came from transfers from fixed-return guaranteed funds, whose relative weighting fell from 68% to 45%. The assets of these funds dropped by 8.92 billion euros to 27.53 billion euros at the end of the first quarter of 2014.

In the case of the variable-return categories, the 6% fall in the weighting of guaranteed funds has not led to a similar increase in the weighting of variable-return funds with a non-guaranteed target return. However, several entities launched funds of this type over the period, which led to a slight increase in their relative weighting in the total assets of guaranteed funds and funds with a non-guaranteed target return, specifically by one percentage point.

It is important to highlight that both the categories of funds with a non-guaranteed target return and that of guaranteed funds have been the most demanded products by individual investors. In particular, the assets invested by individual investors in funds with a non-guaranteed target return account for 92% of the total of this category, while this figure stands at 80% for mutual funds as a whole (see Figure 4).

Distribution of the assets of funds with a non-guaranteed target return by type of unit-holder[1] FIGURE 4



Source: CNMV.

1 Data at 31 March 2014.

Bearing in mind the conservative profile of the investors in these types of funds, as well as the changes in trend which have been taking place (transfer of unit-holders from guaranteed funds to funds with a non-guaranteed target return), on 12 July 2013, the CNMV issued a communication announcing a series of measures to strengthen transparency in the marketing of funds with a non-guaranteed target return so that unit-holders would be fully aware that the new investment policy does not have the guarantee of a third party separate from the mutual fund.

Therefore, among other measures, it requested that entities avoid modifying the policy of guaranteed funds on maturity to a new policy with a non-guaranteed specific target return.

3.1 Composition of the portfolio and exposure to risk in funds with a non-guaranteed target return

As indicated above, this sub-category of funds is managed with the aim of achieving a non-guaranteed specific target return in a period set in the prospectus.

Fixed-return funds with a non-guaranteed specific target return acquire a portfolio of fixed-income assets with a maturity similar to that of the target which makes it possible to obtain a return, after deducting the fund's expenses and commissions, at least equal to that established in its prospectus. These would therefore be fixed-income mutual funds with an essentially "passive" management based on holding a portfolio of fixed-income assets until their maturity.

Variable-return funds with a non-guaranteed specific target return, in addition to acquiring a portfolio of fixed income with the aim of obtaining the percentage of the initial net asset value guaranteed upon maturity – which normally coincides with 100% –, agree on an OTC derivative instrument with a financial institution, i.e. an unlisted instrument, through which it will obtain the variable return (linked to the evolution of one or several underlyings) specified in their prospectus.

Therefore, in view of the lack of a guarantee, the investor will be exposed at all times to the risks of these investments. These include the credit risk of the fixed-income assets (i.e. that the issuer of the asset will not be able to make the payment of the principal and interests as a consequence of insolvency, bankruptcy or debt restructuring). In the case of variable-return funds with a non-guaranteed specific target return, the investor will also assume counterparty risk (risk of default in the agreed payment obligations in the derivative contracts).

Consequently, the CNMV communication issued in July 2013 placed special emphasis on the need to inform investors about the lack of guarantees. Specifically, operators must:

– Include in the Key Investor Information Document (KIID) a warning in capital letters which highlights the non-guaranteed nature of the fund in the following terms: "THIS FUND DOES NOT HAVE A GUARANTEE FROM A THIRD PARTY. THEREFORE NEITHER THE INVESTOR'S CAPITAL NOR THE RETURN ARE GUARANTEED".

– Indicate, in capital letters, that the target return is not guaranteed, both in the prospectus and in the KIID, and, as the case may be, in the communication to be sent to the unit-holders.

– Specify, in capital letters, that the fund is no longer guaranteed in the document to be sent to the unit-holders of the funds whose guarantee has expired and which establishes a new non-guaranteed investment policy – whatever the new fund category. In addition, the end of the letter will include the following warning in capital letters: "IF YOU DECIDE NOT TO REDEEM, AND MAINTAIN YOUR INVESTMENT, YOU ARE ACCEPTING THAT YOU WILL CONTINUE AS A UNIT-HOLDER OF THE FUND WITH THE AFOREMENTIONED MODIFICATIONS". The operators must send to the CNMV the draft of the letter addressed to unit-holders.

With the aim of illustrating to a greater extent the risks which the unit-holders of a fund with a non-guaranteed specific target return face, the type of fixed-income assets which these funds hold in their portfolio are detailed below:

– Spanish public debt: assets issued directly by the State or the Regional Governments, or which have a specific guarantee from the State.

– Deposits: term deposits in financial institutions.

– Spanish private fixed income: mainly financial issues of mortgage-covered bonds and senior debt and, to a lesser extent, corporate debt.

– Other assets: other assets representing debt, mostly issued by foreign entities.

– Liquidity: temporary acquisitions of assets and sight current accounts aimed at complying with the ratio.

As shown in Table 4, over 80% of the assets of these funds are invested in assets issued or guaranteed by the State, which means that the return offered by the funds with a non-guaranteed specific target return (mainly in the case of fixed-income funds) mirrors the return on these assets.

Distribution of the assets of funds with a specific target return by type of asset[1] TABLE 4

Assets in million euros

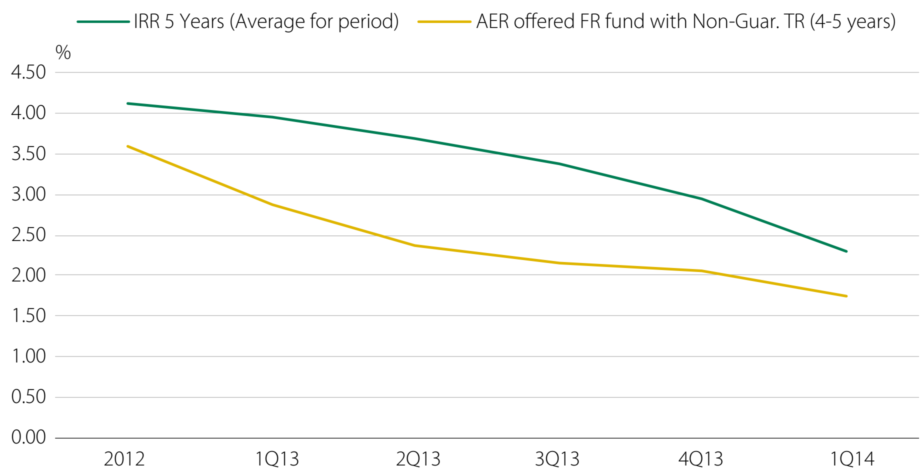
Category	Assets	Spanish public debt (%)	Spanish private fixed-income (%)	Deposits (%)	Other assets (%)	Liquidity (%)
Fixed-return funds with a non-guar. specific target return	18,592.9	83.5	1.8	1.1	1.1	12.6
Variable-return funds with a non-guar. specific target return	1,389.8	74.7	1.4	3.0	1.2	14.2
Total	**19,982.8**	**82.9**	**1.7**	**1.3**	**1.1**	**12.7**

Source: CNMV.

1 Data at 31 March 2014.

In order to illustrate this better, Figure 5 shows the evolution of the internal rate of return (IRR) of Spanish five-year public debt compared with the return or AER offered by fixed-return funds with a non-guaranteed specific target return with similar duration targets (in 2013 and 2014, most of these funds were launched with a term of 4-5 years). As shown, the return offered by fixed-return funds with a non-guaranteed specific target return fell from levels of above 3% in the first quarter of 2013 to 2% in the first quarter of 2014. This reduction is in line with the trend for the IRR of Spanish public debt.

Return of fixed-return funds with a non-guaranteed specific target return versus the return of Spanish public debt FIGURE 5



Source: CNMV and Bloomberg.

In response to this trend in returns, the CNMV also urged entities to adopt measures to guarantee that investors are provided with information on the expected return on their investment at all times.

Accordingly, in the event that a fund with a non-guaranteed return has liquidity windows, unit-holders who intend to subscribe units following the initial marketing period must be informed of the expected return on their investment. This return might be different from that established in the prospectus upon the launch of the fund.

For example, let us suppose that Fund “XX” has a non-guaranteed target return of 4% AER for subscriptions made until 01/09/2012 and held until 01/09/2017, and that this fund offers an annual liquidity window every 1 September. Let us also suppose that, in order to obtain the target return, the fund has acquired a portfolio of Spanish public debt at an IRR net of commissions of 4%. In this case, if an investor had intended to subscribe units on 01/09/2013, following the sharp rise in the value of the fund’s portfolio, he/she could expect a non-guaranteed return of 1.5% AER until 01/09/2017, i.e. 2.5 percentage points lower than that initially established in the prospectus.

Therefore, this information on the recent performance of the mutual fund should also be incorporated in the latest periodic public information. This allows investors to assess and decide, as the case may be, whether to maintain the investment until maturity or to redeem it in the upcoming liquidity windows.

Accordingly, in the previous example, if in 2014 the value of Fund “XX” has once again risen so that the AER to maturity of the target stands at 0.5%, thanks to the information provided in the periodic public information, the investor can evaluate whether to maintain the investment to maturity or request redemption in the next liquidity window on 01/09/2014.

Furthermore, it has been observed that, following the fall in the returns of Spanish public debt since the end of 2013, some operators have registered funds with a non-guaranteed target return with portfolios which are made up of assets of other issuers that could offer higher levels of return but which have higher risk levels, as is reflected in the low ratings given by rating agencies. Bearing in mind the conservative profile of investors in this type of mutual fund, and as a preventative measure, transparency has been increased in the KIID, which must include, where appropriate, warnings about the low credit quality of the assets in which the fund with a non-guaranteed target return invests.

Finally, the increase in the volumes raised in variable-return funds with a non-guaranteed specific target return, although to a lesser extent than in the segment of fixed return, has also led to measures being adopted to improve the information provided to those interested in these types of funds. Specific guidelines have been defined to determine the scenarios for the return which an investor might obtain depending on the evolution of the underlying to which the target is referenced (shares, exchange rates, etc.). These scenarios must be explicitly stated in the KIID.

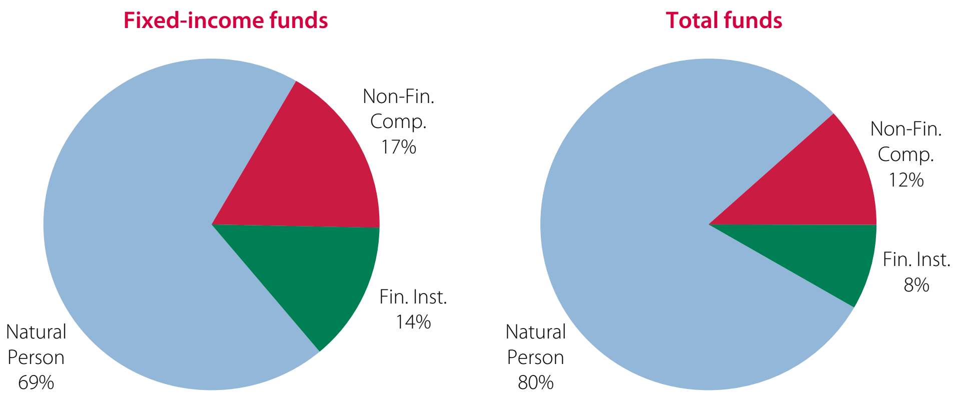
It is therefore particularly relevant that, prior to the acquisition of a fund with a non-guaranteed specific target return, the investor should collect all the necessary information so as to be able to assess the risk that he/she will be exposed to if they decide to invest. These risks include credit risk (associated with the different types of fixed-income assets in which the fund invests) and counterparty risk (associated with the OTC derivative contracts entered into by the fund with financial institutions), as well as various market risks, such as interest-rate risks and even exchange-rate risks (in the case of certain funds with a non-guaranteed specific target return). The measures which the CNMV has adopted aim to improve the information provided to investors so as to make it easier to assess these risks.

4 Analysis of fixed-income funds

The category of fixed-income mutual funds has historically received the highest volumes of investment and is characterised by its highly conservative profile. As at 31 March 2014, the assets of this type of fund amounted to 59.38 billion euros, 35% of total mutual fund assets.

As shown in Figure 6, the search for investments with a low risk profile is not limited to individual investors as this category also shows a significant demand from both financial and non-financial institutions. Among other reasons, this type of unit-holder uses fixed-income mutual funds as an alternative investment for their cash surpluses as these are products which have daily liquidity, are diversified and which can provide an extra return compared with other liquidity instruments, such as current accounts.

Distribution of the assets of fixed-income mutual funds by type of unit-holder[1] FIGURE 6



Source: CNMV.

1 Data at 31 March 2014.

Taking as reference the total assets of fixed-income categories, Figure 7 shows how the distribution changed between December 2012 and March 2014. The categories included in this group have the following characteristics:

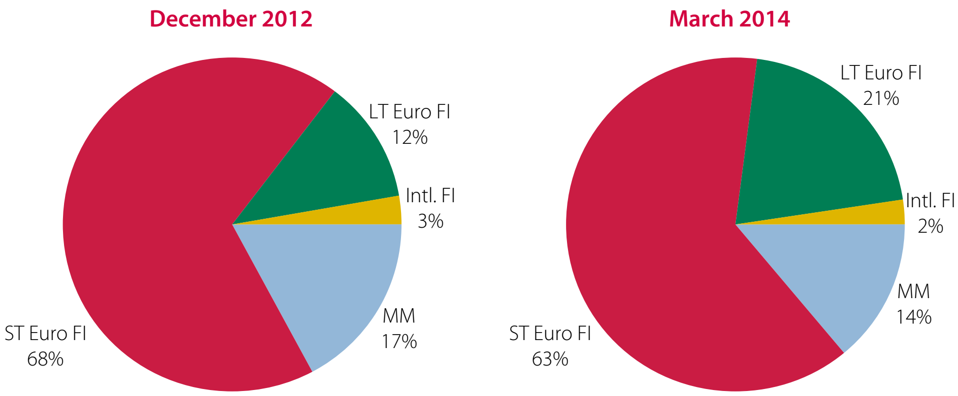
– Money market funds: their objective is to maintain the principal and obtain a return in line with money market rates. They must invest in short-term assets and their portfolios may not have a maturity greater than 12 months. In addition, their portfolio must be made up of assets with a high credit quality.

– Short-term euro fixed-income funds: the average weighted duration of their portfolio (or the target duration indicated in the prospectus) is less than two years and the maximum exposure to non-euro currencies is 10%.

– Long-term euro fixed-income funds: the average weighted duration of their portfolio (or the target duration indicated in the prospectus) is more than two years and the maximum exposure to non-euro currencies is 10%.

– International fixed-income funds: exposure mainly to foreign fixed income with no limits with regard to the duration of the portfolio and they must have over 10% of the assets in non-euro currencies.

Distribution of total assets of fixed-income funds FIGURE 7



Source: CNMV.

At 31 March 2014, 77% of the assets of fixed-income mutual funds corresponded to short-term funds (money market and short-term euro fixed–income funds), which are characterised by having lower levels of volatility. However, it is important to highlight that, since December 2012, the relative weighting of these funds has fallen by eight percentage points to 77%.

This fall contrasts with the nine-percentage point increase in the weighting of long-term funds, which in March 2014 stood at 21%. Bearing in mind the fall over recent months in the return of both short-term funds and of deposits – one of their main alternatives – it seems reasonable to suppose that a significant part of the increase in long-term funds comes from transfers of positions from short-term funds. Long-term mutual funds have a higher expected return, but also higher risk.

For their part, international fixed-income funds do not seem to have generated too much interest, perhaps as a result of the greater complexity for investors when assessing the additional risks which they may involve.

4.1 Composition of the portfolio and exposure to risks in fixed-income funds

Table 5 shows the distribution of the portfolios of fixed-income funds at 31 March 2014 (with the same criteria indicated in the analysis of funds with a non-guaranteed specific target return). Noteworthy is the investment in deposits, with almost 28% of the total volume (which would be concentrated in money market funds and short-term euro fixed-income funds) and in Spanish public debt, with an average weighting of 26.67%.

Distribution of assets of fixed-income funds by type of asset[1] TABLE 5

Assets in million euros

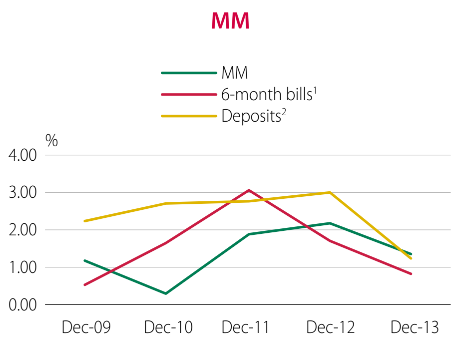
Fund category	Assets	Spanish public debt (%)	Deposits (%)	Spanish private fixed income (%)	Other assets (%)	Liquidity (%)
Money market	8,281.22	37.18	24.02	11.49	18.03	9.28
Short-term euro fixed income	37,479.14	21.73	36.32	21.50	12.70	7.75
Long-term euro fixed income	12,205.13	37.45	7.81	12.29	34.50	7.95
International fixed income	1,416.28	2.71	2.16	7.01	80.42	7.70
Total	**59,381.77**	**26.67**	**27.92**	**17.86**	**19.55**	**8.00**

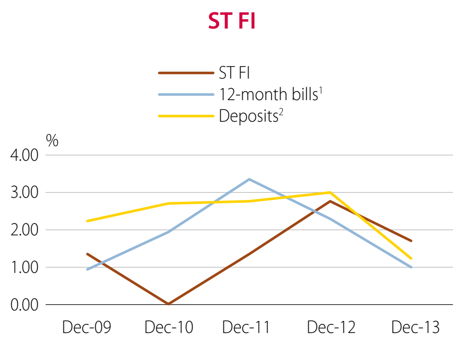
Source: CNMV and authors.

1 Data at 31 March 2014.

Figure 8 shows a comparison of the evolution over the last five years of the return on money market funds and short-term funds with that obtained by six-month and twelve-month Treasury Bills, as well as with deposit rates, which are the assets with the highest weighting in these categories.

Return of money market and short-term fixed-income funds versus return of Spanish public debt and deposits FIGURE 8





Source: Inverco and Bloomberg.

1 Return corresponding to annualised month of March.

2 Average weighted rates for new deposits in households.

As can be seen, in 2012 both categories obtained annual returns of over 2% (2.14% in money market funds and 2.76% in short-term euro fixed-income funds), the highest rates in the last five years. However, in 2013, in response to the fall in the return on Spanish public debt and the recommendations of the Bank of Spain to limit deposit remuneration, the returns of these funds dropped to 1.34% and 1.69%, respectively, at the end of the year.

Given that they invest in instruments with a short-term maturity, these funds are very active in portfolio renewal, acquiring new investments at the existing market rate at each moment. Consequently, the historic information should be carefully analysed, with greater weighting generally being given to returns calculated with the most recent data (weekly, monthly, etc.) than those which are further away in time (for example, cumulative two- or three-year returns).

Through the periodic public information of mutual funds, investors may discover the asset breakdown of the portfolio held by the fund. It would be recommendable for firms, in the explanatory annex which accompanies said information, to provide, *inter alia*, the average return of the fund's portfolio at maturity,[6] the interest rates at which the assets and deposits have been acquired or renewed, as well as any other information relating to the expectations with regard to changes in market rates.

Furthermore, as indicated above, the reduction in the returns of money market funds and short-term euro fixed-income funds would explain a substantial part of the transfer of positions from these funds towards long-term euro fixed-income funds, which have higher expected returns. The investors who opt for this alternative should conduct an appropriate analysis of the risk exposure and should be aware that the longer term (and duration) of these investments makes them more sensitive to changes in expectations on market interest rates, thus increasing the likelihood of incurring losses. Long-term fixed-income fund categories should not be acquired by investors who are not prepared to take on temporary falls in net asset value. On the contrary, these investors could endanger their financial planning if they are forced to request redemptions for liquidity needs at times in which market conditions are unfavourable, with the risk of incurring losses.

5 Analysis of mixed funds

As indicated above, the sharp reduction in recent months in the return on fixed-income assets has been reflected in lower yields of fixed-income fund categories and fixed-return funds with a non-guaranteed specific target return (the most demanded categories in 2013).

6 As indicated above, the CNMV communication issued on 30/06/2013 (*Refuerzo de la transparencia en la comercialización de fondos con objetivo de rentabilidad* [Strengthening transparency in the marketing of funds with a non-guaranteed target return]) indicated that firms should adopt measures aimed at guaranteeing that investors have appropriate information on the expected return of their investment according to the time of each liquidity window. In this case, firms should also provide information on the AER or average return of the portfolio of money market funds and short-term fixed-income funds.

Equity markets have performed well over the last two years and could generate expectations among investors of additional advances in the return on shares thanks to the improvement in the economy and in corporate results. If this is the case, it is possible that an increasing number of investors will opt for certain exposure to equity, for example through mixed mutual funds. The recent trend of these funds (significant net subscriptions and an increase in the number of unit-holders) seems to back up this possibility, as shown in Tables 2 and 3.

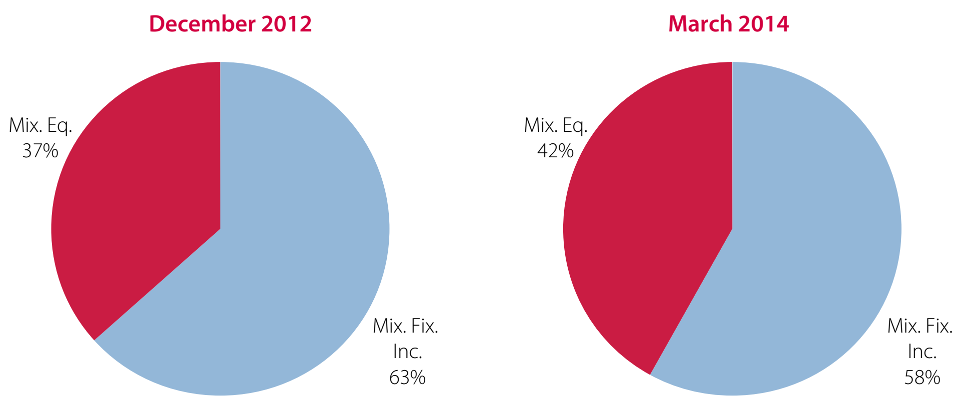
Among mixed funds, we can distinguish between the following two categories:

– Mixed fixed income: the maximum exposure to equity stands at 30%.

– Mixed equity: the exposure to equity stands at between 30% and 75%.

The category of mixed fixed income, which is the more conservative category, has a higher relative weighting in the total assets of mixed funds (58% in March 2014) than the category of mixed equity (42%). However, as shown in Figure 9, the latter has grown more sharply than the former in 2012, increasing its proportion of the total by five percentage points.

Distribution of total mixed-fund assets FIGURE 9

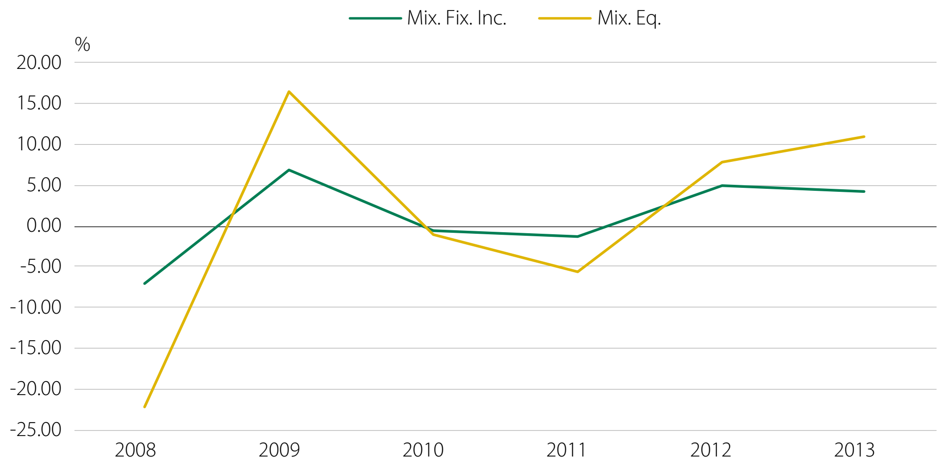


Source: CNMV.

The increase in investor demand for mixed mutual funds should be accompanied by an extremely thorough analysis of the risks associated with these funds, especially in the case of conservative investors who are not familiar with equity and who are considering this option for the first time.

As shown in Figure 10, although these mutual funds do not have full exposure to equity, in the past they have obtained negative returns coinciding with falls in share prices. For example, in 2008, the year in which significant falls in equity prices were recorded, mixed fixed-income funds and mixed equity funds had returns of -7.17% and -22.21%, respectively.

Historic return of mixed mutual funds FIGURE 10



Source: CNMV.

Therefore, investors should not only analyse recent returns, which coincide with positive stock market movements, but also those obtained at times of falls in the market. Investors would therefore have a wider vision of the evolution of returns and the risk of the investment.

This information is particularly relevant when investors are planning the time horizon of their investments, including the necessary recovery periods after suffering losses.

One particular case would be offers of products which combine an investment percentage (for example, 50%) aimed at a deposit with a higher than usual remuneration (or "extra rate") and the rest of the investment aimed at a mixed or equity fund.

These cases would require extra transparency so as to adequately inform the investor of the greater risk which he/she will be taking on as a result of the investment in these mutual funds so as to prevent their decision being essentially based on the deposit bonus or extra rate.

6 Conclusions

Spanish mutual funds continue to hold a high level of assets (over 160 billion euros in March 2014) and have a high number of unit-holders (over 5 million), despite the significant fall suffered between 2008 and 2011. Since 2012, there has been a notable recovery in this type of financial product, which has attractive characteristics for investors in terms of liquidity, diversification and tax issues.

These characteristics, together with the reduction in the return of other alternative investment products (mainly deposits), would help to explain the increase in the level of assets. Between the end of 2012 and the end of March 2014, there was a net inflow of investment in mutual funds of 34.64 billion euros, and everything seems to indicate that this growth will continue in the coming months.

The rises in share prices in 2013 and the start of 2014 have increased the appeal of equity, but in overall terms the unit-holders of mutual funds continue to have a particularly conservative profile. Thus, in March 2014, 71.7% of the sector's assets were concentrated in fixed-income funds, funds with a non-guaranteed specific target return or guaranteed funds.

Even though these categories have a lower risk exposure than other collective investment products, investors must be aware that they are not exempt from risk.

That is why, for this last category, the CNMV has been warning about its characteristics and highlighting the absence of a guarantee mitigating these risks.

In addition, the low returns currently offered by Spanish public debt and deposits are likely to lead to lower growth in the assets of money market funds and short-term fixed-income funds as these funds generally invest in this type of asset. Consequently, investors should not be guided exclusively by information on past returns, but they should analyse the most recent information possible on the position of the portfolio (last period public information, etc.).

The volumes of long-term fixed-income mutual funds and fixed-return funds with a non-guaranteed specific target return could continue to grow, although this growth is expected to be lower than that seen in previous years, in response to the aforementioned reduction in the returns of Spanish fixed-income assets. It is important for investors to be aware of the greater risks of these funds compared with money market funds and short-term fixed-income funds.

Although up to March 2014 the volumes invested have been very low in relative terms, it is also important to highlight the budding growth that could take place in variable-return funds with a non-guaranteed specific target return and guaranteed equity funds. Consequently, the CNMV has adopted preventive measures which aim to improve the transparency of the information provided to investors (highlighting new guidelines determining these scenarios in the KIID). Finally, the trend of investors taking on greater risks would be confirmed through the investment in mixed mutual funds. These funds are an alternative for investors willing to assume certain levels of risk. In these cases, it would be essential to carry out a thorough analysis of: i) the characteristics and risks to which the investor is exposed (as a result of investing in equity, sector and geographical risks, exchange-rate risks, etc.), ii) past returns, and iii) their time horizon.

IV Legislative annex

New legislation since publication of the CNMV bulletin for the first quarter of 2014 is as follows:

Spanish legislation

– CNMV Circular 1/2014, of 26 February, on internal organisation requirements and control functions of entities which provide investment services.

In use of the authority contained in Section 2 of the second final provision of Royal Decree 217/2008, of 15 February, currently in force, on the legal regime of investment firms and other entities which provide investment services, CNMV Circular 1/2014, of 26 February, implements and clarifies the provisions relating to the internal organisation requirements and control functions of entities which provide investment services, in line with the legislation on the securities market, investment firms and solvency. However, it is important to bear in mind that compliance with the obligations provided for in this Circular does not exempt entities from complying with other specific internal control requirements which are applicable to them pursuant to other legislation.

Section 1 of this Circular defines its scope of application as follows:

– Spanish investment firms and non-EU investment firms which operate in Spain (Articles 64 and 71 *quáter* of the Securities Market Act 24/1988, of 28 July, respectively).

– Spanish credit institutions and credit institutions from non-EU States which operate in Spain and which provide investment services or ancillary services in accordance with Article 65.1 of the Securities Market Act 24/1988, of 28 July.

– The branches of investment firms and credit institutions from Member States of the European Union, as well as the agents in Spain of entities established in other Member States of the European Union, for the purposes of complying with the obligations provided for in Article 70 *ter*, section 1, letter e) of the Securities Market Act 24/1988, of 28 July.

Based on the principle of proportionality, the Section 2 of this Circular specifies the organisational structure and internal control requirements of entities which provide investment services so that their organisation may match the range of services provided.

With the aim of strengthening investor protection, Section 3 of the Circular specifies the responsibilities and tasks performed by certain units, such as the compliance function, risk management and internal audit. Similarly, it specifies these units' reporting obligations to the senior management of the entity itself and to the CNMV.

Section 4 addresses the requirements relating to the delegation of compliance functions, risk management and internal audit, requiring that entities have internal manuals which contain the policies and procedures established for these purposes, and which are available to the CNMV.

This Circular 1/2014 updates CNMV Circular 1/1998, of 10 June, on internal control systems, monitoring and ongoing risk evaluations, which is repealed.

By means of its final provisions, Circular 1/2014 amends CNMV Circular 1/2010, of 28 July, on confidential information of entities which provide investment services; CNMV Circular 1/2011, of 21 January, which amends Circular 12/2008, of 30 December, on the solvency of investment firms and their consolidated groups; CNMV Circular 1/2012, of 26 July, which amends Circular 6/2010, of 21 December, on transactions with derivative instruments and other operational aspects of collective investment schemes; Circular 4/2008, of 11 September, on the content of the quarterly, half-yearly and annual reports of collective investment schemes and the statement of financial position; Circular 3/2006, of 26 October, on the prospectuses of collective investment schemes; and CNMV Circular 3/2013, of 12 June, on the implementation of certain obligations relating to information provided to customers who receive investment services, in relation to the appropriateness and suitability test for financial instruments.

– CNMV Resolution of 12 March 2014, which amends Annex I of the Resolution of 16 November 2011, which creates and regulates the CNMV's Electronic Register.

  This Resolution amends Annex I of the CNMV Resolution of 16 November 2011, which creates and regulates the CNMV's Electronic Register, with the aim of incorporating four new procedures relating to:

  – Periodic reporting of Bank Asset Funds (Spanish acronym: FAB).

  – Collective investor claims (Spanish acronym: REC).

  – Statements by entities subject to investor claims (Spanish acronym: ALR).

  – Characteristics of warrants grouped in an issue (Spanish acronym: WAR).

– Royal Decree 215/2014, of 28 March, approving the Organic Statute of the Independent Authority for Fiscal Responsibility (see also the corrigendum).

  In accordance with the provisions of Article 8.2 of Constitutional Law 6/2013, of 14 November, on the creation of the Independent Authority for Fiscal Responsibility, this Royal Decree approves the organic statute of the authority.

  This organic statute is divided into six chapters:

  – Chapter I establishes the nature and legal status of the Independent Authority for Fiscal Responsibility as a public law institution with legal personality and full public and private capacity, autonomous and functionally independent from other Public Administration services.

- Chapter II regulates the preparation and issuance of reports and opinions, as well as the execution of studies by the Independent Authority for Fiscal Responsibility.

- Chapter III, relating to the internal organisation, regulates the figure of the President, the procedure for designating the post, the reasons for dismissal and the duties.

- Chapter IV establishes the regime applicable to the staff of the Independent Authority for Fiscal Responsibility.

- Chapter V regulates the procurement, equity and financing system of the Independent Authority for Fiscal Responsibility.

- Chapter VI regulates its budgetary, accounting and control regime.

- Royal Decree 304/2014, of 5 May, approving the Regulation of Law 10/2010, of 28 April, on prevention of money laundering and terrorist financing.

This Royal Decree implements Law 10/2010, of 28 April, on prevention of money laundering and terrorist financing, by virtue of the authority granted to the Government, in its own fifth final provision, to approve the regulatory provisions for executing and implementing the aforementioned Law 10/2010.

This Regulation completes the new risk-orientated approach of preventive legislation in Spain, incorporating the main new international developments arising from the approval of the new recommendations of the Financial Action Task Force (FATF).

For this purpose, this Regulation regulates the obligations of the entities subject to the law as indicated in Article 2 of Law 10/2010, the institutional organisation as regards the prevention of money laundering and terrorist financing and international financial penalties and countermeasures, while at the same time establishing the structure and functioning of the Financial Ownership File.

It establishes basic and common requirements for all entities subject to the Regulation, allowing a margin of adaptation in application of the Regulation to specific cases. It imposes the adoption of measures to increase effectiveness and efficiency in the use of available resources, emphasising situations, products and customers which have a higher risk level. Accordingly, the entities subject to the law will have to analyse the main risks they face in order to design internal policies and procedures adapted to the entity's risk profile, according to the specific characteristics of the customer and the transaction.

Similarly, it limits the procedural obligations for smaller entities subject to the law, and increases the requirements depending on the dimension and business volume of the entity. Larger entities are required to implement centralised, specialised and automated processing.

Furthermore, the law specifies the content, functioning and possibilities of access to the Financial Ownership File, which, pursuant to Article 50 of this Regulation, is an administrative file created with the aim of preventing and impeding money laundering and terrorist financing.

Finally, a review is carried out of the institutional system focused on the prevention of money laundering and terrorist financing, and the Commission for the Prevention of Money Laundering and Monetary Offences is strengthened, by means of extending the participating institutions and creating a new body reporting to it – the Financial Intelligence Committee. In this regard, it is notable that, pursuant to Article 63 of this Regulation, the plenary session of the aforementioned Commission for the Prevention of Money Laundering and Monetary Offences will be made up of members belonging to different State institutions, including the Director General of the Legal Service of the CNMV. Similarly, the members of the Standing Committee provided for in Section 2 of Article 64 of the Regulation include a CNMV representative.

With entry into force of this Royal Decree, Royal Decree 925/1995, of 9 June, approving the Regulation of Law 19/1993, of 28 December, on certain money laundering prevention measures, is repealed. The remaining legislation relating to this matter will remain in force in as much as it does not contradict the provisions in this Regulation.

– Order ECC/757/2014, of 25 April, authorising "BME Clearing, SAU" to amend the general conditions of the group of contracts of underlying energy assets.

  This Ministerial Order provides the authorisation to amend the general conditions of the group of contracts of underlying energy assets of BME Clearing, S.A.U. The aim of this amendment is so that BME Clearing, S.A.U. may accept, for the purposes of their clearing and settlement, transactions from the Official Futures and Options Secondary Market, whose governing company is MEFF Sociedad Rectora del Mercado de Productos Derivados, S.A.U., with which BME Clearing has reached the corresponding agreement to act as central counterparty in the contracts traded on said official secondary market.

  Similarly, this amendment of the general conditions aims to modify the manner in which monthly and weekly futures are settled.

European legislation

– Commission Delegated Regulation (EU) No. 342/2014, of 21 January 2014, supplementing Directive 2002/87/EC, of the European Parliament and of the Council, and Regulation (EU) No. 575/2013, of the European Parliament and of the Council, with regard to regulatory technical standards for the application of the calculation methods of capital adequacy requirements for financial conglomerates.

This Delegated Regulation eliminates the multiple use of elements eligible for the calculation of own funds of the financial conglomerate, as well as any inappropriate intra-group creation of own funds in those financial conglomerates which include significant banking or investment business and insurance business. The aim is to accurately reflect the availability of the conglomerates' own funds to absorb losses and to ensure supplementary capital adequacy at the level of the financial conglomerate.

Similarly, in order to ensure consistent application of the supplementary capital adequacy calculation, the sectoral requirements which comprise solvency requirements for this purpose should be listed.

Finally, the last part of this Delegated Regulation includes the three technical methods for calculation established in Part II of Annex I of Directive 2002/87/EC (the "accounting consolidation method", the "deduction and aggregation method" and the "combination method") specifying in which circumstances each one of them will be applied, as well as the special features in the treatment of investments that must be applied in certain circumstances.

– Commission Delegated Regulation (EU) No. 382/2014, of 7 March 2014, supplementing Directive 2003/71/EC, of the European Parliament and of the Council, with regard to regulatory technical standards for publication of supplements to the prospectus.

This Delegated Regulation establishes regulatory technical standards which specify certain situations in which the publication of a supplement to the prospectus will be mandatory, without prejudice to the fact that, depending on the characteristics of the issuer or the specific securities, it may be appropriate to publish a supplement in other additional cases.

In this regard, in general, the Delegated Regulation establishes the requirement to publish a supplement to the prospectus at least in the following circumstances:

– Publication of new annual audited financial statements.

– Publication of an amendment to a profit forecast or profit estimate already included in the prospectus.

– Change in control of the issuer.

– Submission of a new public takeover bid by third parties during the offer period of a previous bid, or outcome of any public takeover bid.

– Change in the working capital statement included in the prospectus when the working capital becomes sufficient or insufficient for the issuer's present requirements.

– Application for admission to trading on (an) additional regulated market(s) in (an) additional Member State(s) or intention to make an offer to the public in (an) additional Member State(s) other than the one(s) provided for in the prospectus.

  - Undertaking of a new significant financial commitment.

  - Increase of the aggregate nominal amount of an offering programme.

- Commission Delegated Regulation (EU) No. 523/2014, of 12 March 2014, supplementing Regulation (EU) No. 575/2013, of the European Parliament and of the Council, with regard to regulatory technical standards for determining what constitutes the close correspondence between the value of an institution's covered bonds and the value of the institution's assets.

  This Delegated Regulation establishes all the conditions which need to be met for a close correspondence between the value of a covered bond and the value of an institution's assets to be deemed to exist. These conditions are as follows:

  - Any change in the fair value of the covered bonds issued by institutions resulting at any time in equal changes in the fair value of the assets underlying the covered bonds.

  - The mortgage loans underlying the covered bonds issued by the institution to finance the loans may, at any time, be redeemed by buying back the covered bonds at market or nominal value through the exercise of the delivery option.

  - There is a transparent mechanism for determining the fair value of the mortgage loans and of the covered bonds. Determining the value of the mortgage loans shall include calculating the fair value of the delivery option.

  It establishes that the close correspondence should be reflected in the accounting treatment of those bonds and the underlying mortgage loans, without which it would not be prudent to recognise gains and losses stemming from changes in own credit risk.

- Commission Delegated Regulation (EU) No. 524/2014, of 12 March 2014, supplementing Directive 2013/36/EU, of the European Parliament and of the Council, with regard to regulatory technical standards specifying the information that competent authorities of home and host Member States supply to one another.

  This Regulation specifies the information that the competent authorities of home and host Member States must supply to each other in accordance with Article 50 of Directive 2013/36/EU, of the European Parliament and of the Council, 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.

In order to ensure efficient cooperation between competent authorities of home and host Member States, the Regulation lays down the rules on the information to be exchanged in relation to an institution which operates, through a branch or in the exercise of the freedom to provide services, in one or more Member States other than that in which its head office is situated.

– Commission Delegated Regulation (EU) No. 525/2014, of 12 March 2014, supplementing Regulation (EU) No. 575/2013, of the European Parliament and of the Council, with regard to regulatory technical standards for the definition of "market".

This Delegated Regulation establishes the definition of "market" for the purpose of calculating the overall net position in equity instruments referred to in Article 341(2) of Regulation (EU) No. 575/2013.

In this regard, the term "market", for the euro area, shall mean all equities listed on stock markets located in Member States that have adopted the euro as their currency. For non-euro Member States in third countries, "market" shall mean all equities listed on the stock markets located within a national jurisdiction.

– Commission Delegated Regulation (EU) No. 527/2014, of 12 March 2014, supplementing Directive (EU) No. 2013/36/EU, of the European Parliament and of the Council, with regard to regulatory technical standards specifying the classes of instruments that adequately reflect the credit quality of an institution as a going concern and are appropriate to be used for the purposes of variable remuneration.

This Delegated Regulation establishes the classes of instruments that adequately reflect the credit quality of an institution as a going concern and are appropriate to be used for the purposes of variable remuneration. It also lays down the conditions which must be met for each class of financial instrument for these purposes.

– Commission Recommendation of 9 April 2014, on the quality of corporate governance reporting ("comply or explain").

The purpose of this Recommendation is to provide guidance to Member States, bodies responsible for national corporate governance codes, companies and other parties concerned. The guidance aims to improve the overall quality of corporate governance statements published by companies in accordance with Article 20 of Directive 2013/34/EU and, specifically, the quality of explanations provided by companies in case of departure from the recommendations of the relevant corporate governance code.

The main aim is for companies to avoid making overly general statements, which might not cover important aspects to shareholders, and to avoid providing lengthy information which might not give sufficient insight with regard to the company. For this purpose, paragraph 8 of Section III of this Recommendation establishes that companies should clearly state which specific recommendations they have departed from and for each they should:

- Explain in what manner the company has departed from that recommendation.
- Describe the reasons for the departure.
- Describe how the decision to depart from the recommendation was taken.
- Where the departure is limited in time, explain when the company envisages complying.
- Where applicable, describe the measure taken instead of compliance and explain how that measure achieves the underlying objectives of the specific recommendation or of the code as a whole, or clarify how it contributes to good corporate governance of the company.

- Directive 2014/49/UE, of the European Parliament and of the Council, of 16 April 2014, on deposit guarantee schemes.

  This Directive lays down rules and procedures relating to the establishment and the functioning of deposit guarantee schemes, and constitutes an essential instrument for the achievement of the internal market from the point of view of both the freedom of establishment and the freedom to provide financial services in the field of credit institutions, while increasing the stability of the banking system and the protection of depositors.

  This Regulation starts from the idea that in order to make it easier to take up and pursue the business of credit institutions, it is necessary to eliminate certain differences between the laws of the Member States as regards the rules on deposit guarantee schemes to which those credit institutions are subject. In this regard, it requires all credit institutions to join a deposit guarantee scheme.

  This Directive 2014/49/EU shall apply to:

  - Statutory deposit guarantee schemes.
  - Contractual deposit guarantee schemes that are officially recognised as such pursuant to the Directive.
  - Institutional protection schemes which are officially recognised as deposit guarantee schemes in accordance with the Directive.
  - Credit institutions affiliated to the aforementioned schemes.

  Directive 94/19/EC, of the European Parliament of the Council, of 30 May 1994, on deposit guarantee schemes, is repealed with effect from 4 July 2019.

– Directive 2014/51/EU, of the European Parliament and of the Council, of 16 April 2014, amending Directives 2003/71/EC and 2009/138/EC and Regulations (EC) No. 1060/2009, (EU) No. 1094/2010 and (EU) No. 1095/2010 in respect of the powers of the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority).

  This Directive has objectives which, as they cannot be sufficiently achieved by the Member States, can rather, by reason of its scale, be better achieved at an European Union level.

  These objectives are:

  – Improving the functioning of the internal market by means of ensuring a high, effective and consistent level of prudential regulation and supervision.

  – Protecting policyholders and beneficiaries and thereby businesses and consumers.

  – Protecting the integrity, efficiency and orderly functioning of financial markets.

  – Maintaining the stability of the financial system.

  – Strengthening international supervisory coordination.

  The articles of this Directive amend certain EU legislation, specifically:

  – Directive 2003/71/EC, of the European Parliament and of the Council, of 4 November 2003, on the prospectus to be published when securities are offered to the public or admitted to trading, and amending Directive 2001/34/EC.

  – Directive 2009/138/EC, of the European Parliament and of the Council, of 25 November 2009, on the taking-up and pursuit of the business of Insurance and Re-insurance (Solvency II).

  – Regulation (EC) No. 1060/2009, of the European Parliament and of the Council, of 16 September 2009, on credit rating agencies.

  – Regulation (EU) No. 1095/2010, of the European Parliament and of the Council, of 24 November 2010, establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No. 716/2009/EC and repealing Commission Decision 2009/77/EC.

– Regulation (EU) No. 537/2014, of the European Parliament and of the Council, of 16 April 2014, on specific requirements regarding the statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (see also the corrigendum).

This Regulation lays down requirements for the carrying out of the statutory audit of annual and consolidated financial statements of public-interest entities, rules on the organisation and selection of statutory auditors and audit firms by public-interest entities to promote their independence and the avoidance of conflicts of interest, and rules on the supervision of compliance by statutory auditors and audit firms with those requirements.

In this regard, Title II of the Regulation regulates the conditions for carrying out the statutory audits of public-interest entities. For this purpose, it lays down, among other aspects, the audit fees, the prohibition of the provision of non-audit services, the engagement quality control review, as well as the different reports which must be submitted by the statutory auditors or audit firms which carry out the statutory audit of public-interest entities (audit report, additional report to the audit committee, report to supervisors of public-interest entities and transparency report) and the information which must be provided to the competent authorities on an annual basis.

Title III lays down the conditions, procedure and duration of the engagement of statutory auditors and audit firms by public-interest entities.

Title IV of this Regulation addresses the supervision and surveillance of the activities of statutory auditors and audit firms carrying out statutory audits of public-interest entities, which are mainly conducted by competent authorities, and which must comply with independence and transparency requirements. For this purpose, it highlights the importance of cooperation between the competent authorities of the Member States in ensuring the consistently high quality of statutory audits throughout the European Union.

This Regulation (EU) No. 537/2014 expressly repeals Commission Decision 2005/909/EC.

– Directive 2014/56/EU, of the European Parliament and of the Council, of 16 April 2014, amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts.

The aim of this Directive is to reinforce investor confidence in the truth and fairness of the financial statements published by further enhancing the quality of statutory audits that are performed within the European Union. To this end, the Directive harmonises the rules on independence, objectivity and professional ethics of those persons that carry out statutory audits and the framework for their public oversight.

In order to enhance the independence of statutory auditors and audit firms from the audited entity, when they are carrying out statutory audits, a statutory auditor or an audit firm should not be involved in the audited entity's decision-making process. It is also important that they keep records of all possible threats to their independence and of the safeguards applied. Auditors should also avoid conflicts of interest.

Statutory auditors and audit firms should establish appropriate internal policies and procedures in relation to employees and other persons involved in the statutory audit activity within their organisations, in order to ensure their independence and objectivity.

The Directive establishes that Member States shall ensure that there are effective systems of investigation and sanctions to detect, correct and prevent inadequate execution of the statutory audit.

– Regulation (EU) No. 596/2014, of the European Parliament and of the Council, of 16 April 2014, on market abuse (Market Abuse Regulation), repealing Directive 2003/6/EC, of the European Parliament and of the Council, and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

This Regulation establishes a common regulatory framework in the area of market abuse, which is more uniform and stronger in order to preserve market integrity, avoid potential regulatory arbitrage and ensure accountability in the event of attempted manipulation. It also aims to provide greater legal certainty and less regulatory complexity for market participants and enhance investor protection and confidence in those markets.

The scope of this Regulation is wider than the previous regulation. The Regulation applies to the following:

- Financial instruments admitted to trading on a regulated market or for which a request for admission to trading on a regulated market has been made.

- Financial instruments traded on a multilateral trading facility (MTF), admitted to trading on an MTF or for which a request for admission to trading on an MTF has been made.

- Financial instruments traded on an organised trading facility (OTF).

- Other financial instruments the price or value of which depends or has an effect on the price or value of a financial instrument referred to in the above points, including, but not limited to, credit default swaps and contracts for difference.

For the purposes of transparency, operators of a regulated market, an MTF or an OTF should notify, without delay, their competent authority, of details of the financial instruments which they have admitted to trading, for which there has been a request for admission to trading or that have been traded on their trading venue, as well as when the instrument ceases to be traded or admitted to trading. The notifications should be submitted to the European Securities and Markets Authority (ESMA) by the competent authorities and ESMA should publish a list of all the financial instruments notified.

For the purposes of this Regulation, “market abuse” encompasses unlawful behaviour in the financial markets and should be understood to consist of insider dealing, unlawful disclosure of inside information and market manipulation. In this regard, Article 7 specifies which types of information should be deemed as inside information, Article 10 specifies when unlawful disclosure of inside information takes place, and Article 12 lays down the activities included under market manipulation.

Given legislative, market and technological developments, this Regulation repeals the following legislation as from 3 July 2016:

- Directive 2003/6/EC, of the European Parliament and of the Council, of 28 January 2003, on insider dealing and market manipulation (market abuse) with effect from 3 July 2016.

- Directive 2003/124/EC, implementing Directive 2003/6/EC, of the European Parliament and of the Council, as regards the definition and public disclosure of inside information and the definition of market manipulation.

- Directive 2003/125/EC, implementing Directive 2003/6/EC, of the European Parliament and of the Council, as regards the fair presentation of investment recommendations and the disclosure of conflicts of interest.

- Directive 2004/72/EC implementing Directive 2003/6/EC, of the European Parliament and of the Council, as regards accepted market practices, the definition of inside information in relation to derivatives on commodities, the drawing up of lists of insiders, the notification of managers' transactions and the notification of suspicious transactions.

- Directive 2014/57/EU, of the European Parliament and of the Council, of 16 April 2014, on criminal sanctions for market abuse (market abuse directive).

  This Directive establishes minimum rules for criminal sanctions for insider dealing, for unlawful disclosure of inside information and for market manipulation to ensure the integrity of financial markets in the European Union and to enhance investor protection and confidence in those markets.

  The scope of this Directive is determined in such a way as to complement and ensure the effective implementation of the Market Abuse Regulation (Regulation (EU) No. 596/2014). For this purpose, this Directive applies to the following:

  - Financial instruments admitted to trading on a regulated market or for which a request for admission to trading on a regulated market has been made.

  - Financial instruments traded on an MTF, admitted to trading on an MTF or for which a request for admission to trading on an MTF has been made.

  - Financial instruments traded on an OTF.

– Other financial instruments the price or value of which depends or has an effect on the price or value of a financial instrument referred to in the above points, including, but not limited to, credit default swaps and contracts for difference.

It also applies to conduct and transactions, including bids, relating to the auctioning on an auction platform authorised as a regulated market of emission allowances or other auctioned products based thereon, including when auctioned products are not financial instruments.

In line with the Market Abuse Regulation, this Directive does not apply to:

– Trading in own shares in buyback programmes.

– Trading in securities or associated instruments for the stabilisation of securities.

– Transactions, orders or conduct carried out in pursuit of monetary policy, exchange rate or public debt management, activities in pursuit of the European Union's Climate Policy or activities in pursuit of the European Union's Common Agricultural Policy or Common Fisheries Policy.

This Directive strengthens compliance with rules on market abuse and establishes criminal sanctions for the most serious types of market abuse.

For this purpose, insider dealing and the unlawful disclosure of inside information should be deemed to be serious in cases such as those where the impact on the integrity of the market, the actual or potential profit derived or loss avoided, the level of damage caused to the market, or the overall value of the financial instruments traded is high. Other circumstances will be taken into account including where an offence has been committed within the framework of a criminal organisation or where the person has committed such an offence before.

Market manipulation should be deemed to be serious is cases such as those where the impact on the integrity of the market, the actual or potential profit derived or loss avoided, the level of damage caused to the market, the level of alteration of the value of the financial instrument or spot commodity contract, or the amount of funds originally used is high or where the manipulation is committed by a person employed or working in the financial sector or in a supervisory or regulatory authority.

This Directive 2014/57/EU requires Member States to ensure that inciting, aiding and abetting the commission of criminal offences are also punishable. It also establishes the minimum duration of the maximum imprisonment for each one of the offences, which is at least four years for insider dealing and market manipulation, and at least two years for unlawful disclosure of inside information.

It establishes that Member States should extend liability for the offences provided for in this Directive to legal persons through the imposition of criminal or non-criminal sanctions or other measures which are effective, proportionate and dissuasive (exclusion from entitlement to public benefits or aid, temporary or permanent disqualification from the practice of commercial activities, placing under judicial supervision, judicial winding up or temporary or permanent closure of establishments which have been used for committing the offence).

– Directive 2014/59/EU, of the European Parliament and of the Council, of 15 May, establishing a framework for the recovery and resolution of credit institutions and investment firms, and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No. 1093/2010 and (EU) No. 648/2012, of the European Parliament and of the Council.

  This Directive lays down rules and procedures relating to the recovery and resolution of the following entities:

  – Institutions that are established in the European Union.

  – Financial institutions that are established in the European Union when the financial institution is a subsidiary of a credit institution or investment firm.

  – Financial holding companies, mixed financial holding companies and mixed-activity holding companies that are established in the European Union.

  – Parent financial holding companies in a Member State, European Union parent financial holding companies, parent mixed financial holding companies in a Member State and European Union parent mixed financial holding companies.

  – Branches of institutions that are established outside the European Union in accordance with the specific conditions laid down in this Directive.

  This Directive seeks to a establish a regime which provides authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

  In this regard, the new powers given to authorities should help avoid destabilising financial markets and minimise the costs for taxpayers. These powers should enable authorities, for example, to maintain uninterrupted access to deposits and payment transactions, sell viable portions of the institution where appropriate, and apportion losses in a manner that is fair and foreseeable.

Member States are free to designate one or, exceptionally, more resolution authorities that are empowered to apply the resolution tools and exercise the resolution powers in line with this Directive, ensuring the required speed of action and guaranteeing independence from economic actors and avoiding conflicts of interest. These resolution authorities may be national central banks, competent ministerial departments or other public administrative authorities or authorities entrusted with public administrative powers.

This Directive 2014/59/EU pays special attention to recovery and resolution planning, which is a key component of effective resolution.

Directly related to this is "early intervention", which is the focus of Title III of this Directive. In this regard, in order to preserve financial stability, it is important that competent authorities are able to remedy the deterioration of an institution's financial and economic situation before that institution reaches a point at which authorities have no other alternative than to resolve it. To that end, competent authorities should be granted early intervention powers.

Title IV focuses on "Resolution", which must be carried out to ensure the continuity of critical functions, avoid adverse effects on financial stability, protect public funds by minimising reliance on extraordinary public financial support to failing institutions, protect depositors covered by Directive 2014/49/EU and investors covered by Directive 97/9/EC, and to protect client funds and assets.

Titles V, VI and VII cover the legislative framework applicable to "Cross-border group resolution", to "Relations with third countries" and to "Financing arrangements", respectively.

Title VIII addresses both administrative penalties and other administrative measures, in order to cover all actions applied after an infringement is committed, and which are intended to prevent further infringements, irrespective of their qualification as a sanction or another administrative measure under national law.

Finally, Title IX regulates the powers of execution and, specifically the exercise of the delegation, pursuant to which power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in the Directive.

Similarly, Articles 116 to 126 of this Directive establish the amendments to Directives 82/891/EEC, 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU and to Regulations (EU) No. 1093/2010 and (EU) No. 648/2012.

– Regulation (EU) No. 600/2014, of the European Parliament and of the Council, of 15 May 2014, on markets in financial instruments and amending Regulation (EU) No. 648/2012 (MiFIR).

Regulation (EU) No. 600/2014 establishes, together with Directive 2014/65/EU (MiFID II), the legal framework which regulates the requirements applicable to investment firms, regulated markets and data reporting services providers, and therefore both legal instruments should be read as a whole.

This Regulation establishes uniform requirements in relation to the disclosure of trading data. Accordingly, Title II establishes the legal framework applicable to "Transparency for trading venues", distinguishing between transparency for equity instruments and for non-equity instruments. Title III regulates the "Transparency for systematic internalisers and investment firms trading OTC".

Title IV regulates transaction reporting to competent authorities, establishing the obligations for investment firms to uphold the integrity of markets, maintain records, report transactions and supply financial instrument reference data.

Derivatives are regulated in Title V, which establishes the obligation to trade on a regulated market, MTF or OTF and the clearing obligation for derivatives traded on markets. ESMA is entrusted with the preparation of draft regulatory technical standards in order to specify certain aspects of these obligations.

Title VI regulates the non-discriminatory clearing access for financial instruments. It expressly regulates the non-discriminatory access to a CCP, non-discriminatory access to a trading venue, non-discriminatory access to and obligation to license benchmarks, as well as access for third-country CCPs and trading venues.

The intervention powers of competent authorities, ESMA and the European Banking Authority (EBA), and the powers of ESMA on position management controls and position limits are regulated in Title VII.

Title VIII focuses on the provision of services and performance of activities by third-country firms following an equivalence decision with or without a branch.

This Regulation (EU) No. 600/2014 amends 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.

– Directive 2014/65/EU, of the European Parliament and of the Council, of 15 May 2014, on markets in financial instruments, amending Directive 2002/92/EC and Directive 2011/61/EU (MiFID).

This Directive should be read together with Regulation (EU) No. 600/2014 (MiFIR). Specifically, the Directive shall apply to investment firms, market operators, data reporting service providers, and third-country firms providing investment services or performing investment activities through the establishment of a branch in the European Union.

The Directive contains the provisions governing the authorisation of the business, the acquisition of qualifying holding, the exercise of the freedom of establishment and of the freedom to provide services, the operating conditions for investment firms to ensure investor protection, the powers of supervisory authorities of home and host Member States and the regime for imposing sanctions.

Title II regulates the authorisation and operating conditions for investment firms, establishing the requirement for authorisation, as well as the procedure both for the concession and withdrawal of authorisations. It also pays special attention to the corporate governance of investment firms, as well as the suitability of shareholders or members with qualifying holdings.

The authorisation of regulated markets, the requirements applicable to the management body of a market operator or the persons exercising significant influence over the management of the regulated market, and the organisational requirements and certain aspects of their functioning are regulated in Title III of this Directive. This Title also regulates the rules for access to a regulated market and the monitoring of compliance with the rules of the regulated market and with other legal obligations.

Title IV addresses position limits and position management controls in commodity derivatives and reporting.

The authorisation of data reporting service providers (requirement, scope, procedure, withdrawal of authorisations, requirements and conditions) are regulated in Title V of this Directive.

Title VI addresses supervision, cooperation and enforcement by competent authorities.

This Directive repeals Directive 2004/39/EC with effect from 3 January 2017.

– Commission Implementing Regulation (EU) No. 591/2014, of 3 June 2014, on the extension of the transitional periods related to own funds requirements for exposure to central counterparties in Regulation (EU) No. 575/2013 and Regulation (EU) No. 648/2012, of the European Parliament and of the Council.

  This Implementing Regulation extends the 15-day periods referred to in Article 497, sections 1 and 2 of Regulation (EU) No. 575/2013 and in the first and second sub-paragraphs of Article 89, section 5 *bis* of Regulation (EU) No. 648/2012 to six months. These periods will therefore end on 15 December 2014.

– Commission Implementing Regulation (EU) No. 593/2014, of 3 June 2014, laying down implementing technical standards with regard to the format of the notification according to Article 16, section 1 of Regulation (EU) No. 345/2013, of the European Parliament and of the Council, on European venture capital funds.

  This Implementing Regulation (EU) No. 593/2014 determines the format for notification among the competent authorities and to ESMA of the supervisory information relating to the events provided for in Articles 16, section 1 and 21, section 3 of Regulation (EU) No. 345/2013. It also establishes the requirement of each competent authority to communicate to ESMA the relevant e-mail address for the notification of supervisory information. ESMA shall make known to all competent authorities the list of relevant e-mail addresses, including the relevant e-mail address of ESMA.

– Commission Implementing Regulation (EU) No. 602/2014, of 4 June 2014, laying down implementing technical standards for facilitating the convergence of supervisory practices with regard to the implementation of additional risk weightings according to Regulation (EU) No. 575/2013, of the European Parliament and of the Council.

  This Implementing Regulation provides for implementing technical standards to facilitate the convergence of supervisory practices with regard to the implementation of a uniform approach to assess institutions' material non-compliance with the requirements by reason of negligence or omission, and to the application of the additional risk weightings, for which an appropriate formula is established.

– Commission Implementing Regulation (EU) No. 620/2014, of 4 June 2014, laying down implementing technical standards with regard to the exchange of information between competent authorities of home and host Member States, in accordance with Directive 2013/36/EU, of the European Parliament and of the Council.

  This Implementing Regulation (EU) No. 620/2014 establishes standard forms, templates and procedures for the information sharing requirements which are likely to facilitate the monitoring of institutions which operate, through a branch or in the exercise of the freedom to provide services, in one or more Member States other than that in which their head offices are situated.

  In this regard, it establishes that the information on specific circumstances relating to institutions operating through a branch should be provided without undue delay and no later than within 14 calendar days. Where a branch is considered significant, quantitative information concerning liquidity and information on findings from the supervision of liquidity should be provided on a half-yearly basis. Information other than that referred to above should be provided annually.

  With regard to operational procedures for the transmission of information, competent authorities should maintain, share and regularly update the list of relevant contacts. It also establishes the manner in which the information should be provided, listing the circumstances in which the information may be provided orally before being confirmed in written or electronic form.

  The different forms and templates for providing the information referred to in the Regulation are included in the Annexes.

V Statistics annex

1 Markets

1.1 Equity

Share issues and public offerings[1]

TABLE 1.1

	2011	2012	2013	2013 II	III	IV	2014 I	II[2]
CASH VALUE (million euro)								
Total	20,970.3	29,557.4	39,171.9	18,601.2	8,010.3	4,982.5	4,829.1	7,249.4
Capital increases	20,843.3	28,326.0	39,171.9	18,601.2	8,010.3	4,982.5	4,829.1	6,013.1
Of which, scrip dividend	3,862.0	8,357.8	9,869.4	2,221.1	2,607.9	2,466.6	2,867.5	2,439.5
Of which, primary offerings	6,238.8	2,457.3	1,744.6	1,054.8	689.8	0.0	900.0	405.0
With Spanish tranche	5,827.1	2,457.3	1,744.6	1,054.8	689.8	0.0	98.7	18.2
With international tranche	411.7	0.0	0.0	0.0	0.0	0.0	801.3	386.8
Secondary offerings	127.0	1,231.4	0.0	0.0	0.0	0.0	0.0	1,236.2
With Spanish tranche	124.7	1,231.4	0.0	0.0	0.0	0.0	0.0	55.7
With international tranche	2.3	0.0	0.0	0.0	0.0	0.0	0.0	1,180.5
NOMINAL VALUE (million euro)								
Total	5,702.3	4,705.5	20,150.9	12,094.6	2,400.1	668.8	616.0	1,455.7
Capital increases	5,696.3	4,594.8	20,150.9	12,094.6	2,400.1	668.8	616.0	1,446.3
Of which, primary offerings	2,070.6	613.1	989.4	568.2	421.2	0.0	130.0	7.6
With Spanish tranche	1,888.4	613.1	989.4	568.2	421.2	0.0	16.8	0.1
With international tranche	182.2	0.0	0.0	0.0	0.0	0.0	113.2	7.5
Secondary offerings	6.0	110.6	0.0	0.0	0.0	0.0	0.0	9.5
With Spanish tranche	5.9	110.6	0.0	0.0	0.0	0.0	0.0	0.5
With international tranche	0.1	0.0	0.0	0.0	0.0	0.0	0.0	9.0
NO. OF FILES								
Total	90	106	159	38	43	49	35	35
Capital increases	90	103	159	38	43	49	35	32
Of which, bonus issues	24	24	38	9	13	7	7	6
Of which, primary offerings	8	7	6	3	3	0	2	4
Secondary offerings	1	3	0	0	0	0	0	3
NO. OF ISSUERS								
Total	44	39	47	20	27	23	21	22
Capital increases	44	39	47	20	27	23	21	22
Of which, primary offerings	8	7	6	3	3	0	2	4
Secondary offerings	1	3	0	0	0	0	0	2

1 Includes registered offerings with issuance prospectuses and listings admitted to trading without register issuance prospectuses.
2 Available data: May 2014.

Primary and secondary offerings. By type of subscriber

TABLE 1.2

Million euro	2011	2012	2013	2013 II	III	IV	2014 I	II[1]
PRIMARY OFFERINGS								
Total	6,238.8	2,457.3	1,744.6	1,054.8	689.8	0.0	900.0	405.0
Spanish tranche	5,815.7	6.8	1.8	0.0	1.8	0.0	98.7	18.2
Private subscribers	2,206.3	4.1	0.0	0.0	0.0	0.0	3.3	0.0
Institutional subscribers	3,609.4	2.8	1.8	0.0	1.8	0.0	95.4	18.2
International tranche	411.7	0.0	0.0	0.0	0.0	0.0	801.3	386.8
Employees	11.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	2,450.5	1,742.8	1,054.8	688.0	0.0	0.0	0.0
SECONDARY OFFERINGS								
Total	127.0	1,231.4	0.0	0.0	0.0	0.0	0.0	1,236.2
Spanish tranche	124.7	0.0	0.0	0.0	0.0	0.0	0.0	55.7
Private subscribers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Institutional subscribers	124.7	0.0	0.0	0.0	0.0	0.0	0.0	55.7
International tranche	2.3	0.0	0.0	0.0	0.0	0.0	0.0	1,180.5
Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	1,231.4	0.0	0.0	0.0	0.0	0.0	0.0

1 Available data: May 2014.

Companies listed[1]

TABLE 1.3

				2013			2014	
	2011	2012	2013	II	III	IV	I	II[2]
Total electronic market[3]	130	127	123	125	123	123	125	127
Of which, without Nuevo Mercado	130	127	123	125	123	123	125	127
Of which, Nuevo Mercado	0	0	0	0	0	0	0	0
Of which, foreign companies	7	7	7	7	7	7	7	8
Second Market	7	8	7	8	8	7	7	7
Madrid	2	2	2	2	2	2	2	2
Barcelona	5	6	5	6	6	5	5	5
Bilbao	0	0	0	0	0	0	0	0
Valencia	0	0	0	0	0	0	0	0
Open outcry ex SICAVs	27	23	23	23	23	23	23	22
Madrid	13	11	11	11	11	11	11	10
Barcelona	17	13	13	13	13	13	13	13
Bilbao	8	7	7	7	7	7	7	7
Valencia	6	4	4	4	4	4	4	4
Open outcry SICAVs	0	0	0	0	0	0	0	0
MAB[4]	3,083	3,015	3,066	3,029	3,065	3,066	3,083	3,119
Latibex	29	27	26	27	27	26	26	26

1 Data at the end of period.
2 Available data: May 2014.
3 Without ETFs (Exchange Traded Funds).
4 Alternative Stock Market.

Capitalisation[1]

TABLE 1.4

				2013			2014	
Million euro	2011	2012	2013	II	III	IV	I	II[2]
Total electronic market[3]	531,194.2	532,039.7	705,162.3	626,782.9	705,162.3	705,162.3	732,860.8	767,646.4
Of which, without Nuevo Mercado	531,194.2	532,039.7	705,162.3	626,782.9	705,162.3	705,162.3	732,860.8	767,646.4
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	99,072.0	141,142.4	119,037.5	141,142.4	141,142.4	136,774.1	141,950.5
Ibex 35	322,806.6	324,442.0	430,932.9	383,121.6	430,932.9	430,932.9	430,932.9	475,245.4
Second Market	109.9	20.6	67.5	72.0	67.5	67.5	53.6	54.0
Madrid	22.8	20.3	18.3	22.7	18.3	18.3	16.9	17.2
Barcelona	87.1	0.3	49.3	49.3	49.3	49.3	36.8	36.8
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	3,233.0	2,906.2	2,898.2	2,906.2	2,906.2	2,753.9	2,181.8
Madrid	1,454.7	667.1	519.4	532.3	519.4	519.4	503.2	414.0
Barcelona	3,580.2	2,945.9	2,749.5	2,734.8	2,749.5	2,749.5	2,597.7	2,120.6
Bilbao	45.9	77.8	183.6	236.6	183.6	183.6	183.6	166.8
Valencia	760.4	350.9	342.5	282.4	342.5	342.5	344.1	294.6
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	23,776.0	27,572.2	26,181.9	27,572.2	27,572.2	28,783.3	29,914.9
Latibex	210,773.5	350,635.5	270,926.9	297,925.7	270,926.9	270,926.9	259,328.5	310,632.6

1 Data at the end of period.
2 Available data: May 2014.
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	2011	2012	2013	2013 II	III	IV	2014 I	II[1]
Total electronic market[2]	917,383.3	691,558.3	693,168.0	162,326.4	155,689.7	215,132.1	185,571.8	148,183.5
Of which, without Nuevo Mercado	917,383.3	691,558.3	693,168.0	162,326.4	155,689.7	215,132.1	185,571.8	148,183.5
Of which, Nuevo Mercado	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which, foreign companies	5,206.3	4,102.1	5,640.5	1,197.1	1,445.7	1,828.8	2,576.7	2,270.8
Second Market	2.3	0.4	1.7	0.4	0.5	0.8	0.2	0.2
Madrid	1.7	0.4	1.4	0.2	0.4	0.8	0.2	0.2
Barcelona	0.5	0.0	0.3	0.2	0.1	0.0	0.0	0.0
Bilbao	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valencia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Open outcry ex SICAVs	42.8	49.9	51.4	3.9	29.5	12.5	20.9	4.9
Madrid	16.1	3.0	7.3	0.4	0.5	3.9	1.0	2.7
Barcelona	26.4	37.7	44.1	3.5	29.1	8.5	5.7	2.2
Bilbao	0.1	8.5	0.1	0.0	0.0	0.0	14.2	0.0
Valencia	0.3	0.7	0.0	0.0	0.0	0.0	0.0	0.0
Open outcry SICAVs	5.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MAB[3]	4,379.9	4,329.6	5,896.3	1,170.9	1,269.5	2,217.7	2,092.0	1,371.5
Latibex	357.7	313.2	367.3	100.2	81.7	86.4	137.3	51.2

1 Available data: May 2014.
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	2011	2012	2013	2013 II	III	IV	2014 I	II[2]
Regular trading	873,485.4	658,891.4	668,553.2	157,392.4	150,925.4	206,433.3	179,931.3	139,709.5
Orders	505,870.1	299,022.0	346,049.6	82,041.4	80,420.5	97,827.4	114,916.9	69,536.1
Put-throughs	69,410.4	80,617.0	56,565.3	15,845.9	12,329.6	14,940.2	17,555.2	13,310.2
Block trades	298,204.9	279,252.4	265,938.3	59,505.1	58,175.3	93,665.7	47,459.2	56,863.2
Off-hours	9,801.8	9,630.0	7,654.7	1,927.0	1,048.4	1,720.3	959.4	4,970.2
Authorised trades	3,492.6	7,936.9	4,839.9	705.5	2,029.7	1,005.3	1,219.7	610.7
Art. 36.1 SML trades	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tender offers	4,216.8	9.6	326.5	222.3	104.3	0.0	0.0	0.0
Public offerings for sale	3,922.1	0.0	396.1	2.6	0.0	393.5	850.0	1,642.7
Declared trades	2,212.7	545.0	379.7	0.0	0.0	376.6	400.0	9.9
Options	11,730.3	9,603.4	7,083.5	1,064.5	908.9	4,145.7	1,493.3	557.7
Hedge transactions	8,521.5	4,942.0	3,934.4	1,012.0	672.9	1,057.4	718.2	682.8

1 Without ETFs (Exchange Traded Funds).
2 Available data: May 2014.

Margin trading for sales and securities lending

TABLE 1.7

Million euro	2011	2012	2013	2013 II	III	IV	2014 I	II[1]
TRADING								
Securities lending[2]	493,602.4	395,859.3	464,521.5	113,739.3	93,603.3	154,048.6	116,399.9	107,179.9
Margin trading for sales of securities[3]	518.3	199.2	326.8	84.3	110.6	69.5	72.6	65.6
Margin trading for securities purchases[3]	73.0	44.4	34.1	7.8	8.8	5.2	8.2	1.8
OUTSTANDING BALANCE								
Securities lending[2]	35,626.7	34,915.1	43,398.9	36,758.8	43,274.9	43,398.9	45,982.9	48,662.3
Margin trading for sales of securities[3]	7.0	1.2	7.3	5.6	20.9	7.3	14.9	22.1
Margin trading for securities purchases[3]	3.9	2.5	0.6	2.7	3.2	0.6	1.2	0.2

1 Available data: May 2014.
2 Regulated by Article 36.7 of the Securities Market Law and Order ECO/764/2004.
3 Transactions performed in accordance with Ministerial Order dated 25 March 1991 on the margin system in spot transactions.

1.2 Fixed-income

Gross issues registered at the CNMV

TABLE 1.8

	2011	2012	2013	2013 II	III	IV	2014 I	II[1]
NO. OF ISSUERS								
Total	101	71	49	22	14	23	16	18
Mortgage covered bonds	30	26	12	8	1	5	5	5
Territorial covered bonds	7	11	5	2	1	1	1	1
Non-convertible bonds and debentures	23	24	11	10	3	5	9	13
Convertible bonds and debentures	5	3	4	1	0	2	0	2
Backed securities	34	16	18	3	3	9	1	2
Commercial paper	49	35	20	5	6	5	6	1
Of which, asset-backed	2	1	0	0	0	0	1	0
Of which, non-asset-backed	47	34	20	5	6	5	5	1
Other fixed-income issues	0	0	0	0	0	0	0	0
Preference shares	1	0	0	0	0	0	0	0
NO. OF ISSUES								
Total	352	334	277	74	50	92	85	110
Mortgage covered bonds	115	94	40	14	6	5	6	7
Territorial covered bonds	42	18	6	2	2	1	1	1
Non-convertible bonds and debentures	86	134	170	47	33	63	69	97
Convertible bonds and debentures	9	7	8	1	0	4	0	2
Backed securities[2]	45	35	33	5	3	14	3	2
Commercial paper[3]	53	46	20	5	6	5	6	1
Of which, asset-backed	2	1	0	0	0	0	1	0
Of which, non-asset-backed	51	45	20	5	6	5	5	1
Other fixed-income issues	0	0	0	0	0	0	0	0
Preference shares	2	0	0	0	0	0	0	0
NOMINAL AMOUNT (million euro)								
Total	287,492.0	357,830.2	138,838.6	30,405.9	21,545.1	42,425.2	20,592.5	22,783.2
Mortgage covered bonds	67,226.5	102,170.0	24,799.7	7,340.0	6,014.7	2,250.0	3,450.0	10,000.0
Territorial covered bonds	22,334.2	8,974.0	8,115.0	1,520.0	4,000.0	2,500.0	1,500.0	218.3
Non-convertible bonds and debentures	18,691.7	86,441.5	32,536.9	4,136.3	171.9	12,633.4	5,988.3	3,665.8
Convertible bonds and debentures	7,125.9	3,563.1	803.3	15.0	0.0	363.4	0.0	1,000.0
Backed securities	68,412.8	23,799.6	28,592.9	4,942.0	904.0	14,694.9	1,850.0	2,360.0
Spanish tranche	63,455.9	20,627.1	24,980.1	4,308.7	904.0	12,802.3	1,388.8	2,078.3
International tranche	4,956.9	3,172.5	3,612.8	633.3	0.0	1,892.6	461.2	281.7
Commercial paper[4]	103,501.0	132,882.0	43,990.8	12,452.6	10,454.6	9,983.5	7,804.3	5,539.1
Of which, asset-backed	2,366.0	1,821.0	1,410.0	390.0	440.0	400.0	200.0	420.0
Of which, non-asset-backed	101,135.0	131,061.0	42,580.8	12,062.6	10,014.6	9,583.5	7,604.3	5,119.1
Other fixed-income issues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Preference shares	200.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pro memoria:								
Subordinated issues	29,198.9	7,633.5	4,776.0	978.5	91.9	2,149.0	0.0	1,710.8
Underwritten issues	10.0	0.0	193.0	193.0	0.0	0.0	195.8	0.0

1 Available data: May 2014.
2 Number of securitisation funds registered during the period.
3 Shelf registrations.
4 The figures for commercial paper refer to the amount placed.

Issues admitted to trading on AIAF[1]

TABLE 1.9

Nominal amount in million euro	2011	2012	2013	2013 II	III	IV	2014 I	II[2]
Total	278,656.0	363,952.5	130,468.8	29,756.7	25,032.3	30,697.4	29,151.5	12,540.9
Commercial paper	102,042.0	134,346.9	45,228.6	11,955.5	10,578.4	10,112.8	7,453.5	5,668.2
Bonds and debentures	12,311.9	92,733.5	22,415.6	2,946.1	1,668.2	2,191.2	16,346.5	2,654.4
Mortgage covered bonds	68,346.5	103,470.0	25,399.7	7,240.0	7,114.7	1,650.0	3,050.0	2,500.0
Territorial covered bonds	20,334.2	8,974.0	8,115.0	1,615.0	4,000.0	2,500.0	0.0	1,718.3
Backed securities	75,421.4	24,428.1	29,309.9	6,000.0	1,671.0	14,243.4	2,301.5	0.0
Preference shares	200.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Matador bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1 Includes only corporate bonds.
2 Available data: May 2014.

AIAF. Issuers, issues and outstanding balance

TABLE 1.10

	2011	2012	2013	2013 II	III	IV	2014 I	II[1]
NO. OF ISSUERS								
Total	613	568	494	521	511	494	486	483
Corporate bonds	613	568	493	520	510	493	485	482
Commercial paper	45	42	30	34	28	30	24	22
Bonds and debentures	91	95	90	95	92	90	89	90
Mortgage covered bonds	43	49	48	50	48	48	48	48
Territorial covered bonds	13	18	12	12	12	12	11	10
Backed securities	437	385	341	361	356	341	335	331
Preference shares	60	60	34	39	35	34	34	34
Matador bonds	12	11	9	10	10	9	9	9
Government bonds	–	–	1	1	1	1	1	1
Letras del Tesoro	–	–	1	1	1	1	1	1
Long Government bonds	–	–	1	1	1	1	1	1
NO. OF ISSUES								
Total	3,630	4,382	3,345	4,092	3,653	3,345	3,074	2,952
Corporate bonds	3,630	4,382	3,192	3,944	3,505	3,192	2,922	2,802
Commercial paper	958	1,778	1,130	1,761	1,377	1,130	888	756
Bonds and debentures	645	624	495	519	506	495	512	546
Mortgage covered bonds	253	296	283	311	298	283	273	268
Territorial covered bonds	26	49	39	43	40	39	37	37
Backed securities	1,641	1,527	1,188	1,240	1,224	1,188	1,155	1,138
Preference shares	93	94	47	59	49	47	47	47
Matador bonds	14	14	10	11	11	10	10	10
Government bonds	–	–	153	148	148	153	152	150
Letras del Tesoro	–	–	12	12	12	12	12	12
Long Government bonds	–	–	141	136	136	141	140	138
OUTSTANDING BALANCE[2] (million euro)								
Total	882,395.1	879,627.5	1,442,270.2	1,512,424.9	1,479,979.9	1,442,270.2	1,426,374.9	1,407,531.8
Corporate bonds	882,395.1	879,627.5	708,601.8	797,945.9	754,998.9	708,601.8	669,134.9	640,841.5
Commercial paper	37,549.1	64,927.5	28,816.3	41,434.2	33,196.5	28,816.3	21,886.1	21,132.7
Bonds and debentures	131,756.8	161,225.4	132,076.6	155,079.3	150,121.9	132,076.6	128,478.4	121,623.8
Mortgage covered bonds	241,149.7	293,142.8	246,967.9	273,972.8	262,277.9	246,967.9	233,067.9	220,367.9
Territorial covered bonds	31,884.2	33,314.3	29,793.5	31,527.3	29,532.3	29,793.5	26,768.5	26,625.3
Backed securities	407,908.0	315,373.5	269,176.8	289,848.8	277,947.6	269,176.8	257,186.4	249,344.2
Preference shares	31,088.6	10,813.4	1,076.2	5,633.2	1,128.2	1,076.2	1,053.0	1,053.0
Matador bonds	1,058.8	830.7	694.6	794.6	794.6	694.6	694.6	694.6
Government bonds	–	–	733,668.3	714,479.0	724,981.0	733,668.3	757,240.0	766,690.3
Letras del Tesoro	–	–	89,174.4	89,000.0	90,987.0	89,174.4	82,521.4	79,140.6
Long Government bonds	–	–	644,493.9	625,479.0	633,994.0	644,493.9	674,718.6	687,549.7

1 Available data: May 2014.
2 Nominal amount.

AIAF. Trading

TABLE 1.11

Nominal amount in million euro	2011	2012	2013	2013 II	III	IV	2014 I	II[1]
BY TYPE OF ASSET								
Total	7,388,185.7	3,119,755.1	1,400,757.7	381,979.5	276,318.4	296,729.3	405,073.2	248,168.1
Corporate bonds	7,388,185.7	3,119,755.1	1,400,601.6	381,949.1	276,274.6	296,647.5	405,012.8	248,137.2
Commercial paper	227,534.5	199,794.9	112,559.8	38,208.6	22,824.1	21,315.6	19,546.3	8,897.7
Bonds and debentures	484,705.8	164,098.6	295,191.7	64,485.4	67,158.7	58,576.8	76,360.7	68,509.4
Mortgage covered bonds	662,177.0	994,071.3	341,674.0	91,793.5	46,754.0	87,380.6	111,030.6	83,766.2
Territorial covered bonds	544,780.9	595,599.6	86,758.6	37,393.4	10,242.1	16,897.7	41,879.4	13,931.1
Backed securities	5,462,806.2	1,136,966.1	538,064.8	134,113.6	119,412.6	112,374.1	156,164.4	73,015.5
Preference shares	6,065.0	28,781.3	26,256.0	15,871.6	9,883.0	97.5	26.8	17.4
Matador bonds	116.3	443.2	96.7	83.1	0.0	5.3	4.6	0.0
Government bonds	–	–	156.1	30.5	43.8	81.8	60.4	30.9
Letras del Tesoro	–	–	11.6	4.8	3.5	3.4	4.2	2.3
Long Government bonds	–	–	144.4	25.7	40.3	78.4	56.1	28.6
BY TYPE OF TRANSACTION								
Total	7,388,185.7	3,119,755.1	1,400,757.6	381,979.5	276,318.4	296,729.3	405,073.2	248,168.1
Outright	343,099.6	428,838.0	290,633.0	96,923.3	61,297.8	66,253.1	76,348.3	84,177.8
Repos	198,514.7	108,771.9	69,063.3	16,629.1	17,733.1	16,606.1	8,928.1	5,283.9
Sell-buybacks/Buy-sellbacks	6,846,571.5	2,582,145.2	1,041,061.3	268,427.1	197,287.4	213,870.1	319,796.8	158,706.4

1 Available data: May 2014.

AIAF. Third-party trading. By purchaser sector

TABLE 1.12

Nominal amount in million euro	2011	2012	2013	2013 II	III	IV	2014 I	II[1]
Total	487,543.3	454,385.7	273,704.3	79,714.0	61,279.3	63,644.7	69,066.4	44,589.4
Non-financial companies	131,765.2	77,452.1	37,671.1	11,854.3	7,336.2	9,450.5	9,030.1	5,601.6
Financial institutions	256,975.8	282,733.9	164,787.1	50,902.8	40,443.1	38,589.3	34,851.9	21,634.2
Credit institutions	139,538.2	207,555.6	99,379.4	35,887.5	21,786.8	18,444.9	23,260.3	13,814.8
IICs[2], insurance and pension funds	103,899.9	69,568.7	58,887.8	13,014.0	16,958.6	18,938.3	9,977.0	6,116.3
Other financial institutions	13,537.7	5,609.6	6,519.9	2,001.3	1,697.8	1,206.2	1,614.7	1,703.1
General government	2,602.7	5,448.2	2,941.9	885.4	621.9	452.1	982.5	738.7
Households and NPISHs[3]	10,230.3	11,517.9	8,538.6	4,384.1	1,943.3	1,164.8	1,046.4	528.0
Rest of the world	85,969.3	77,233.7	59,765.6	11,687.4	10,934.8	13,988.0	23,155.5	16,086.9

1 Available data: May 2014.
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

	2011	2012	2013	2013 II	III	IV	2014 I	II[2]
NOMINAL AMOUNTS (million euro)								
Total	2,681.6	7,522.0	779.3	0.0	0.0	0.0	0.0	0.0
Non-convertible bonds and debentures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Convertible bonds and debentures	2,681.6	7,522.0	779.3	0.0	0.0	0.0	0.0	0.0
Backed securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NO. OF ISSUES								
Total	6	7	2	0	0	0	0	0
Non-convertible bonds and debentures	0	0	0	0	0	0	0	0
Convertible bonds and debentures	6	7	2	0	0	0	0	0
Backed securities	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0

1 Includes only corporate bonds.
2 Available data: May 2014.

Equity markets. Issuers, issues and outstanding balances

TABLE 1.14

	2011	2012	2013	2013 II	III	IV	2014 I	II[1]
NO. OF ISSUERS								
Total	59	52	40	51	47	40	38	36
Private issuers	46	39	27	38	34	27	25	23
Non-financial companies	4	3	2	3	2	2	1	1
Financial institutions	42	36	25	35	32	25	24	22
General government[2]	13	13	13	13	13	13	13	13
Regional governments	3	3	3	3	3	3	3	3
NO. OF ISSUES								
Total	240	220	197	216	209	197	195	190
Private issuers	133	122	89	122	109	89	84	79
Non-financial companies	6	3	2	3	2	2	1	1
Financial institutions	127	119	87	119	107	87	83	78
General government[2]	107	98	108	94	100	108	111	111
Regional governments	74	67	64	65	62	64	63	63
OUTSTANDING BALANCES[3] (million euro)								
Total	43,817.5	37,636.4	25,284.5	28,447.7	28,021.9	25,284.5	23,578.4	21,203.1
Private issuers	17,759.6	13,625.4	8,317.5	9,607.8	9,035.1	8,317.5	7,216.1	5,647.3
Non-financial companies	375.4	194.9	2.0	2.0	2.0	2.0	0.0	0.0
Financial institutions	17,384.2	13,430.6	8,315.5	9,605.9	9,033.1	8,315.5	7,216.0	5,647.3
General government[2]	26,057.8	24,010.9	16,967.0	18,839.9	18,986.8	16,967.0	16,362.4	15,555.8
Regional governments	24,014.4	22,145.0	15,716.3	17,377.2	17,519.0	15,716.3	15,066.5	14,285.0

1 Available data: May 2014.
2 Without public book-entry debt.
3 Nominal amount.

Trading on equity markets

TABLE 1.15

Nominal amounts in million euro	2011	2012	2013	2013 II	2013 III	2013 IV	2014 I	2014 II[1]
Electronic market	386.1	1,198.3	1,592.6	138.8	100.9	378.5	761.3	36.6
Open outcry	4,942.5	3,746.6	3,388.3	1,955.7	63.4	1,258.2	512.2	46.6
Madrid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Barcelona	4,885.4	3,407.8	3,197.4	1,890.9	49.8	1,249.5	508.0	44.6
Bilbao	0.5	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Valencia	56.6	338.7	190.9	64.8	13.6	8.7	4.2	2.0
Public book-entry debt	883.4	1,189.0	137.1	32.1	44.0	54.4	0.0	0.0
Regional governments debt	63,443.7	54,015.1	41,062.2	13,945.9	7,751.3	10,971.0	7,634.1	6,222.3

1 Available data: May 2014.

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

TABLE 1.16

Nominal amounts in million euro	2011	2012	2013	2013 II	2013 III	2013 IV	2014 I	2014 II[1]
Total	84,090.9	40,034.0	78,862.0	14,382.0	13,881.0	24,347.0	26,252.0	18,090.0
Outright	81,905.0	40,034.0	78,862.0	14,382.0	13,881.0	24,347.0	26,252.0	18,090.0
Sell-buybacks/Buy-sellbacks	2,185.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1 Available data: May 2014.

1.3 Derivatives and other products

1.3.1 Financial derivatives markets: MEFF

Trading on MEFF

TABLE 1.17

Number of contracts	2011	2012	2013	2013 II	2013 III	2013 IV	2014 I	2014 II[1]
Debt products	18	45,240	13,667	3,208	3,080	1,360	1,282	260
Debt futures[2]	18	45,240	13,667	3,208	3,080	1,360	1,282	260
Ibex 35 products[3,4]	5,819,264	5,410,311	6,416,073	1,861,259	1,471,795	1,707,112	1,906,039	1,214,893
Ibex 35 plus futures	5,291,956	4,745,067	5,578,607	1,509,726	1,305,317	1,525,195	1,698,044	1,050,383
Ibex 35 mini futures	307,411	242,477	198,736	51,176	45,600	54,344	67,358	43,752
Ibex 35 dividend impact futures	3,154	2,162	3,520	94	128	2,714	5,638	859
Call mini options	86,096	225,704	308,084	92,675	80,239	85,780	88,798	66,580
Put mini options	133,801	194,902	327,126	207,587	40,511	39,079	46,201	53,319
Stock products[5]	55,082,944	55,753,236	35,884,393	7,317,714	8,596,470	11,717,195	10,519,859	3,207,081
Futures	24,758,956	21,220,876	14,927,659	3,421,046	2,770,452	4,536,618	4,536,363	2,094,317
Stock dividend futures	–	25,000	66,650	0	12,350	30,000	23,705	4,200
Call options	12,050,946	14,994,283	10,534,741	1,691,096	3,234,368	3,643,255	1,900,418	582,141
Put options	18,273,042	19,513,077	10,355,343	2,205,572	2,579,300	3,507,322	4,059,373	526,423
Pro memoria: MEFF trading on Eurex								
Debt products[6]	267,713	161,376	167,827	38,749	39,075	40,667	49,145	28,885
Index products[7]	451,016	266,422	111,924	26,103	22,543	27,962	16,378	6,388

1 Available data: May 2014.
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

				2013			2014	
	2011	2012	2013	II	III	IV	I	II[1]
WARRANTS[2]								
Premium amount (million euro)	5,544.6	3,834.3	3,621.2	824.0	307.5	984.2	881.4	1,205.1
On stocks	3,211.7	2,231.7	2,211.8	514.9	196.4	590.5	475.9	443.7
On indexes	1,786.8	1,273.5	1,122.6	236.5	81.6	288.2	335.1	746.2
Other underlyings[3]	546.0	329.1	286.8	72.7	29.5	105.5	70.4	15.1
Number of issues	9,237	7,073	8,347	1,612	1,165	2,244	1,921	1,958
Number of issuers	9	7	7	5	3	5	5	5
OPTION BUYING AND SELLING CONTRACTS								
Nominal amounts (million euro)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
On stocks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
On indexes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other underlyings[3]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of issues	0	0	0	0	0	0	0	0
Number of issuers	0	0	0	0	0	0	0	0

1 Available data: May 2014.
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

				2013			2014	
	2011	2012	2013	II	III	IV	I	II[1]
WARRANTS								
Trading (million euro)	1,550.2	762.9	752.7	199.8	178.8	166.7	208.1	154.9
On Spanish stocks	654.2	349.0	379.4	89.7	97.0	98.3	118.2	73.5
On foreign stocks	97.8	87.6	86.3	20.0	13.7	18.6	16.9	11.3
On indexes	518.2	268.6	255.4	81.2	60.9	43.1	66.9	66.2
Other underlyings[2]	280.0	57.7	31.6	8.9	7.1	6.7	6.1	4.0
Number of issues[3]	8,328	7,419	7,299	3,206	2,969	2,966	3,173	2,428
Number of issuers[3]	10	10	8	7	7	8	8	7
CERTIFICATES								
Trading (million euro)	92.1	16.8	1.0	0.7	0.1	0.1	0.6	0.8
Number of issues[3]	13	4	2	2	2	1	2	2
Number of issuers[3]	2	2	1	1	1	1	1	1
ETFs								
Trading (million euro)	3,495.4	2,935.7	2,736.0	454.0	639.1	1,170.1	472.8	563.0
Number of funds	75	74	72	75	75	72	72	72
Assets[4] (million euro)	327.2	274.7	382.0	282.1	320.4	382.0	404.9	n.a.

1 Available data: May 2014.
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

				2013			2014	
Number of contracts	2011	2012	2013	II	III	IV	I	II[2]
On olive oil								
Extra-virgin olive oil futures[3]	63,173	78,566	88,605	23,957	20,561	13,269	9,999	4,181

1 Olive oil futures market.
2 Available data: May 2014.
3 Nominal amount of the contract: 1,000 kg.

2 Investment services

Investment services. Spanish firms, branches and agents

TABLE 2.1

	2011	2012	2013	2013 II	III	IV	2014 I	II[1]
BROKER-DEALERS								
Spanish firms	49	46	41	46	45	41	41	40
Branches	78	16	20	21	20	20	20	20
Agents	6,589	6,264	6,269	6,283	6,252	6,269	6,297	6,263
BROKERS								
Spanish firms	45	41	41	40	42	41	40	39
Branches	14	12	11	11	11	11	18	15
Agents	655	590	520	538	539	520	464	482
PORTFOLIO MANAGEMENT COMPANIES								
Spanish firms	6	6	5	6	5	5	5	5
Branches	5	5	5	5	5	5	5	5
Agents	2	2	1	1	1	1	1	1
FINANCIAL ADVISORY FIRMS								
Spanish firms	82	101	126	112	121	126	130	130
CREDIT INSTITUTIONS[2]								
Spanish firms	187	147	141	144	143	141	143	141

1 Available data: May 2014.
2 Source: Banco de España.

Investment services. Foreign firms

TABLE 2.2

	2011	2012	2013	2013 II	III	IV	2014 I	II[1]
Total	2,814	2,992	3,132	3,065	3,109	3,132	3,147	3,160
European Economic Area investment services firms	2,377	2,534	2,678	2,606	2,649	2,678	2,691	2,704
Branches	36	37	38	35	37	38	38	38
Free provision of services	2,341	2,497	2,640	2,571	2,612	2,640	2,653	2,666
Credit institutions[2]	437	458	454	459	460	454	456	456
From EU member states	429	448	444	449	450	444	447	447
Branches	55	55	52	55	55	52	53	53
Free provision of services	374	390	392	394	395	392	394	394
Subsidiaries of free provision of services institutions	0	0	0	0	0	0	0	0
From non-EU states	8	10	10	10	10	10	9	9
Branches	7	8	8	8	8	8	7	7
Free provision of services	1	2	2	2	2	2	2	2

1 Available data: May 2014.
2 Source: Banco de España and CNMV.

Intermediation of spot transactions[1]

TABLE 2.3

Million euro	2011	2012	2013	2013 I	II	III	IV	2014 I
FIXED-INCOME								
Total	13,609,652.0	10,508,139.1	10,492,026.8	2,468,066.1	2,718,987.5	2,552,857.9	2,752,115.3	2,842,302.0
Broker-dealers	3,759,229.2	2,900,770.8	5,217,059.4	1,186,861.5	1,410,101.5	1,250,338.3	1,369,758.1	1,500,575.6
Spanish organised markets	436,875.9	556,756.0	2,597,608.6	601,621.9	683,222.7	618,834.2	693,929.8	715,449.1
Other Spanish markets	2,764,344.5	1,943,730.6	2,310,403.7	499,387.4	644,733.3	568,187.4	598,095.6	710,743.9
Foreign markets	558,008.8	400,284.2	309,047.1	85,852.2	82,145.5	63,316.7	77,732.7	74,382.6
Brokers	9,850,422.8	7,607,368.3	5,274,967.4	1,281,204.6	1,308,886.0	1,302,519.6	1,382,357.2	1,341,726.4
Spanish organised markets	2,931,505.5	2,521,310.9	69,066.6	14,619.9	15,521.4	11,980.2	26,945.1	30,851.4
Other Spanish markets	6,741,733.6	4,883,226.6	5,007,723.4	1,231,050.3	1,246,976.9	1,224,718.9	1,304,977.3	1,237,155.8
Foreign markets	177,183.7	202,830.8	198,177.4	35,534.4	46,387.7	65,820.5	50,434.8	73,719.2
EQUITY								
Total	977,126.1	736,602.3	692,872.0	158,648.2	166,996.5	160,370.5	206,856.8	211,344.9
Broker-dealers	952,388.7	692,058.6	650,094.9	150,429.3	158,671.5	149,469.9	191,524.2	202,296.1
Spanish organised markets	882,143.3	639,498.2	590,027.1	138,226.7	144,150.0	136,808.0	170,842.4	188,015.6
Other Spanish markets	3,418.3	1,806.3	2,585.4	479.7	735.9	555.7	814.1	642.6
Foreign markets	66,827.1	50,754.1	57,482.4	11,722.9	13,785.6	12,106.2	19,867.7	13,637.9
Brokers	24,737.4	44,543.7	42,777.1	8,218.9	8,325.0	10,900.6	15,332.6	9,048.8
Spanish organised markets	19,372.7	14,532.5	14,677.2	4,967.8	2,880.2	3,095.1	3,734.1	4,227.9
Other Spanish markets	508.5	6,695.5	9,140.4	625.2	1,592.4	2,764.7	4,158.1	1,359.7
Foreign markets	4,856.2	23,315.7	18,959.5	2,625.9	3,852.4	5,040.8	7,440.4	3,461.2

1 Period accumulated data. Quarterly.

Intermediation of derivative transactions[1, 2]

TABLE 2.4

Million euro	2011	2012	2013	2013 I	II	III	IV	2014 I
Total	11,827,144.3	6,536,223.6	6,316,221.8	1,676,070.3	1,428,048.1	1,495,263.5	1,716,839.8	1,926,896.5
Broker-dealers	9,113,831.5	5,777,847.8	6,110,753.4	1,600,131.2	1,387,106.6	1,451,485.8	1,672,029.8	1,879,980.7
Spanish organised markets	3,005,801.7	1,819,388.6	2,410,367.9	576,888.1	572,353.3	537,497.8	723,628.7	790,796.4
Foreign organised markets	5,658,687.9	3,718,052.1	3,423,638.5	954,427.8	765,383.5	834,843.8	868,983.4	969,114.4
Non-organised markets	449,341.9	240,407.1	276,747.0	68,815.3	49,369.8	79,144.2	79,417.7	120,069.9
Brokers	2,713,312.8	758,375.8	205,468.4	75,939.1	40,941.5	43,777.7	44,810.0	46,915.8
Spanish organised markets	6,818.6	5,371.0	4,668.8	1,700.9	1,198.5	732.7	1,036.8	1,071.4
Foreign organised markets	2,451,637.6	566,337.3	29,584.9	7,803.0	8,837.8	9,357.0	3,587.0	3,514.2
Non-organised markets	254,856.6	186,667.5	171,214.7	66,435.2	30,905.2	33,688.0	40,186.2	42,330.2

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

	2011	2012	2013	2013 I	II	III	IV	2014 I
NUMBER OF PORTFOLIOS								
Total	13,409	10,985	11,380	10,983	11,909	11,907	11,380	12,584
Broker-dealers. Total	6,483	4,122	4,001	3,987	3,986	3,931	4,001	4,248
IIC[2]	89	68	59	67	71	66	59	58
Other[3]	6,394	4,054	3,942	3,920	3,915	3,865	3,942	4,190
Brokers. Total	3,637	3,680	3,699	3,887	4,371	4,385	3,699	4,447
IIC[2]	53	51	57	51	54	58	57	57
Other[3]	3,584	3,629	3,642	3,836	4,317	4,327	3,642	4,390
Portfolio management companies. Total	3,289	3,183	3,680	3,109	3,552	3,591	3,680	3,889
IIC[2]	5	5	12	5	5	5	12	12
Other[3]	3,284	3,178	3,668	3,104	3,547	3,586	3,668	3,877
ASSETS UNDER MANAGEMENT (thousand euro)								
Total	9,554,589	9,350,841	10,692,140	9,860,712	10,225,139	10,744,372	10,692,140	11,480,629
Broker-dealers. Total	4,166,167	3,578,436	4,171,331	3,678,390	3,768,661	4,018,413	4,171,331	4,476,143
IIC[2]	961,931	965,479	1,160,986	1,053,238	1,100,775	1,185,098	1,160,986	1,241,865
Other[3]	3,204,236	2,612,957	3,010,345	2,625,150	2,667,886	2,833,315	3,010,345	3,234,278
Brokers. Total	2,361,944	1,927,219	2,284,773	2,063,302	2,219,817	2,790,102	2,284,773	2,463,693
IIC[2]	863,856	417,981	610,839	451,901	506,408	568,414	610,839	656,435
Other[3]	1,498,088	1,509,238	1,673,934	1,611,401	1,713,409	2,221,688	1,673,934	1,807,259
Portfolio management companies. Total	3,026,478	3,845,186	4,236,036	4,119,020	4,236,661	3,935,857	4,236,036	4,540,793
IIC[2]	98,645	107,691	195,735	113,476	108,919	111,496	195,735	201,528
Other[3]	2,927,833	3,737,495	4,040,301	4,005,544	4,127,742	3,824,361	4,040,301	4,339,265

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

	2011	2012	2013	2013 I	II	III	IV	2014 I
NUMBER OF CONTRACTS								
Total	7,748	9,362	9,918	9,654	9,977	10,113	9,918	9,434
Broker-dealers. Total[2]	1,509	1,198	1,221	1,341	1,426	1,437	1,221	1,250
Retail clients	1,492	1,183	1,197	1,295	1,407	1,415	1,197	1,234
Professional clients	12	13	17	13	14	17	17	7
Brokers. Total[2]	4,855	6,445	6,961	6,604	6,829	6,933	6,961	6,495
Retail clients	4,736	6,019	6,674	6,337	6,552	6,658	6,674	6,213
Professional clients	102	406	264	245	254	251	264	259
Portfolio management companies. Total[2]	1,384	1,719	1,736	1,709	1,722	1,743	1,736	1,689
Retail clients	1,374	1,712	1,731	1,703	1,717	1,738	1,731	1,684
Professional clients	10	7	5	6	5	5	5	5
ASSETS ADVISED (thousand euro)								
Total	8,156,953	7,589,555	8,547,601	7,843,675	7,669,724	7,808,777	8,547,601	8,869,694
Broker-dealers. Total[2]	1,213,014	820,465	739,401	978,055	917,210	922,948	739,401	989,484
Retail clients	863,386	568,359	452,458	619,965	660,825	657,597	452,458	480,996
Professional clients	61,711	27,613	44,804	24,231	24,259	42,916	44,804	38,407
Brokers. Total[2]	2,963,397	5,598,708	6,828,313	5,641,826	5,609,395	5,884,830	6,828,313	6,919,775
Retail clients	1,875,867	3,590,416	3,897,689	3,955,705	3,885,782	4,026,339	3,897,689	4,808,503
Professional clients	1,018,647	1,899,566	1,908,486	1,568,975	1,601,814	1,743,956	1,908,486	1,921,458
Portfolio management companies. Total[2]	3,980,542	1,170,382	979,887	1,223,794	1,143,119	1,000,999	979,887	960,435
Retail clients	594,195	705,185	742,043	723,678	715,290	740,544	742,043	712,376
Professional clients	3,386,347	465,197	237,844	500,116	427,829	260,455	237,844	248,059

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]	2011	2012	2013	2013 II	2013 III	2013 IV	2014 I	2014 II[2]
I. Interest income	91,542	56,161	67,333	28,021	46,461	67,333	7,821	11,439
II. Net commission	490,517	410,740	387,216	187,136	277,293	387,216	114,475	150,038
Commission revenues	776,641	589,027	565,787	278,910	411,478	565,787	161,023	211,110
Brokering	529,711	348,403	347,522	175,257	254,621	347,522	98,931	130,158
Placement and underwriting	7,446	6,869	4,824	4,168	4,518	4,824	5,703	3,609
Securities deposit and recording	21,060	19,775	17,987	8,944	13,151	17,987	5,098	6,766
Portfolio management	16,186	14,883	15,581	6,960	10,521	15,581	6,017	6,975
Design and advising	60,712	12,067	18,597	8,410	13,294	18,597	5,002	6,288
Stocks search and placement	485	50	8,659	4,623	7,973	8,659	53	3,766
Market credit transactions	8	8	22	84	19	22	0	0
IICs[3] marketing	59,588	45,050	51,766	24,433	37,532	51,766	14,517	19,630
Other	81,446	141,924	100,829	46,032	69,847	100,829	25,702	33,917
Commission expenses	286,124	178,287	178,571	91,774	134,185	178,571	46,548	61,072
III. Financial investment income	271,956	9,403	256,110	182,949	229,454	256,110	2,765	35,218
IV. Net exchange differences and other operating products and expenses	-194,355	-28,522	-138,467	-126,975	-155,814	-138,467	52,098	41,178
V. Gross income	659,659	447,782	572,192	271,131	397,395	572,192	177,159	237,873
VI. Operating income	207,379	35,304	185,040	70,127	113,752	185,040	84,355	109,253
VII. Earnings from continuous activities	148,553	-12,057	140,805	62,100	96,165	140,805	66,720	88,131
VIII. Net earnings of the period	148,553	-12,057	140,805	62,100	96,165	140,805	66,720	88,131

1 Accumulated data from the beginning of the year to the last day of every quarter. It includes companies removed throughout the year.
2 Available data: April 2014.
3 IIC: Instituciones de Inversión Colectiva / CIS: Collective Investment Schemes.

Results of proprietary trading. Broker-dealers

TABLE 2.8

				2013				2014
Thousand euro[1]	2011	2012	2013	I	II	III	IV	I
TOTAL								
Total	158,070	21,318	192,753	33,556	81,363	126,456	192,753	63,697
Money market assets and public debt	16,458	18,936	17,163	6,465	11,646	14,421	17,163	4,410
Other fixed-income securities	79,041	16	55,096	18,743	38,246	50,933	55,096	11,962
Domestic portfolio	67,052	-14,813	42,328	16,168	31,665	42,557	42,328	7,588
Foreign portfolio	11,989	14,829	12,768	2,575	6,581	8,376	12,768	4,374
Equities	-406,742	356,595	17,869	-152,244	-148,956	-145,147	17,869	137,295
Domestic portfolio	10,381	8,003	44,517	1,937	3,474	39,373	44,517	30,193
Foreign portfolio	-417,123	348,592	-26,648	-154,181	-152,430	-184,520	-26,648	107,102
Derivatives	669,747	-308,833	207,347	169,543	304,823	344,568	207,347	-145,356
Repurchase agreements	785	-3,871	1,378	-436	-514	-520	1,378	168
Market credit transactions	0	0	0	0	32	48	0	0
Deposits and other transactions with financial Intermediaries	16,668	5,383	3,405	615	1,463	2,610	3,405	475
Net exchange differences	-198,307	-37,363	-149,034	-8,399	-132,712	-163,785	-149,034	49,363
Other operating products and expenses	3,952	8,841	10,565	2,490	5,737	7,970	10,565	2,735
Other transactions	-23,532	-18,386	28,964	-3,221	1,598	15,358	28,964	2,645
INTEREST INCOME								
Total	91,541	56,160	67,333	8,317	28,021	46,460	67,333	7,821
Money market assets and public debt	2,327	4,055	4,356	2,232	3,560	4,796	4,356	731
Other fixed-income securities	20,241	17,089	4,572	1,643	1,870	3,239	4,572	1,268
Domestic portfolio	17,903	15,180	3,149	746	1,223	2,264	3,149	971
Foreign portfolio	2,338	1,909	1,423	897	647	975	1,423	297
Equities	54,249	35,220	40,163	3,869	18,541	30,343	40,163	4,954
Domestic portfolio	36,991	19,064	14,672	48	2,741	8,739	14,672	16
Foreign portfolio	17,258	16,156	25,491	3,821	15,800	21,604	25,491	4,938
Repurchase agreements	785	-3,871	1,378	-436	-514	-520	1,378	168
Market credit transactions	0	0	0	0	32	48	0	0
Deposits and other transactions with financial Intermediaries	16,668	5,383	3,405	615	1,463	2,610	3,405	475
Other transactions	-2,729	-1,716	13,459	394	3,069	5,944	13,459	225
FINANCIAL INVEST INCOME								
Total	271,956	9,404	256,109	35,802	182,949	229,454	256,109	2,765
Money market assets and public debt	14,131	14,881	12,807	4,233	8,086	9,625	12,807	3,679
Other fixed-income securities	58,800	-17,073	50,524	17,100	36,376	47,694	50,524	10,694
Domestic portfolio	49,149	-29,993	39,179	15,422	30,442	40,293	39,179	6,617
Foreign portfolio	9,651	12,920	11,345	1,678	5,934	7,401	11,345	4,077
Equities	-460,991	321,375	-22,294	-156,113	-167,497	-175,490	-22,294	132,341
Domestic portfolio	-26,610	-11,061	29,845	1,889	733	30,634	29,845	30,177
Foreign portfolio	-434,381	332,436	-52,139	-158,002	-168,230	-206,124	-52,139	102,164
Derivatives	669,747	-308,833	207,347	169,543	304,823	344,568	207,347	-145,356
Other transactions	-9,731	-946	7,725	1,039	1,161	3,057	7,725	1,407
EXCHANGE DIFFERENCES AND OTHER ITEMS								
Total	-205,427	-44,246	-130,689	-10,563	-129,607	-149,458	-130,689	53,111
Net exchange differences	-198,307	-37,363	-149,034	-8,399	-132,712	-163,785	-149,034	49,363
Other operating products and expenses	3,952	8,841	10,565	2,490	5,737	7,970	10,565	2,735
Other transactions	-11,072	-15,724	7,780	-4,654	-2,632	6,357	7,780	1,013

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

				2013			2014	
Thousand euro[1]	2011	2012	2013	II	III	IV	I	II[2]
I. Interest income	2,481	1,912	1,799	923	1,327	1,799	284	386
II. Net commission	97,886	93,246	110,422	51,268	75,050	110,422	30,650	41,270
Commission revenues	112,351	108,198	130,738	59,205	87,618	130,738	36,017	49,833
Brokering	36,354	38,112	40,196	20,177	28,429	40,196	14,456	18,559
Placement and underwriting	2,870	3,128	4,715	1,957	2,764	4,715	634	1,881
Securities deposit and recording	441	576	505	306	394	505	101	201
Portfolio management	12,352	14,476	16,267	6,341	10,090	16,267	3,624	4,660
Design and advising	5,349	3,123	5,894	1,879	3,345	5,894	1,377	2,031
Stocks search and placement	61	88	55	55	55	55	0	0
Market credit transactions	42	30	11	11	11	11	0	0
IICs[3] marketing	21,381	25,949	35,823	15,402	23,835	35,823	9,705	14,085
Other	33,500	22,715	27,272	13,076	18,694	27,272	6,120	8,415
Commission expenses	14,465	14,952	20,316	7,937	12,568	20,316	5,366	8,563
III. Financial investment income	622	1,255	5	35	273	5	203	169
IV. Net exchange differences and other operating products and expenses	-1,539	-1,459	-1,633	-675	-1,307	-1,633	-261	-335
V. Gross income	99,450	94,954	110,593	51,551	75,343	110,593	30,874	41,490
VI. Operating income	7,758	4,598	18,422	8,736	11,500	18,422	6,871	8,130
VII. Earnings from continuous activities	5,489	3,583	14,321	8,546	11,064	14,321	6,490	7,689
VIII. Net earnings of the period	5,489	3,583	14,321	8,546	11,064	14,321	6,490	7,689

1 Accumulated data from the beginning of the year to the last day of every quarter. It includes companies removed throughout the year.
2 Available data: April 2014.
3 IIC: Instituciones de Inversión Colectiva / CIS: Collective Investment Schemes.

Aggregated income statement. Portfolio management companies

TABLE 2.10

				2013			2014	
Thousand euro[1]	2011	2012	2013	II	III	IV	I	II[2]
I. Interest income	682	733	667	341	501	667	174	231
II. Net commission	7,988	7,879	9,362	4,102	6,413	9,362	2,202	3,106
Commission revenues	18,477	17,887	18,603	9,384	14,385	18,603	2,753	3,881
Portfolio management	16,582	16,307	17,028	8,564	13,170	17,028	2,167	3,331
Design and advising	1,894	1,579	1,575	819	1,214	1,575	458	366
IICs[3] marketing	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	128	184
Commission expenses	10,489	10,008	9,241	5,282	7,972	9,241	551	775
III. Financial investment income	186	4	9	-11	26	9	23	32
IV. Net exchange differences and other operating products and expenses	-11	-1	-32	5	1	-32	-48	-63
V. Gross income	8,845	8,615	10,006	4,437	6,941	10,006	2,351	3,306
VI. Operating income	1,526	1,406	3,554	1,024	2,116	3,554	1,088	1,556
VII. Earnings from continuous activities	1,042	953	2,472	687	1,473	2,472	770	1,106
VIII. Net earnings of the period	1,042	953	2,472	687	1,473	2,472	770	1,106

1 Accumulated data from the beginning of the year to the last day of every quarter. It includes companies removed throughout the year.
2 Available data: April 2014.
3 IIC: Instituciones de Inversión Colectiva / CIS: Collective Investment Schemes.

Surplus equity over capital adequacy requirements

TABLE 2.11

				2013				2014
	2011	2012	2013	I	II	III	IV	I
TOTAL								
Total amount (thousand euro)	1,219,553	1,085,783	1,033,669	1,106,049	1,043,016	1,059,449	1,033,669	n.a.
Surplus (%)[1]	321.37	300.76	322.58	319.33	293.44	315.41	322.58	n.a.
Number of companies according to its surplus percentage								
≤100%	36	37	34	37	31	32	34	n.a.
>100-≤300%	23	24	22	26	30	28	22	n.a.
>300-≤500%	19	17	17	14	16	19	17	n.a.
>500%	22	15	14	16	15	13	14	n.a.
BROKER-DEALERS								
Total amount (thousand euro)	1,134,406	1,017,597	960,624	1,040,039	969,750	977,300	960,624	n.a.
Surplus (%)[1]	345.52	329.03	367.43	355.90	321.70	346.46	367.43	n.a.
Number of companies according to its surplus percentage								
≤100%	12	7	9	10	10	10	9	n.a.
>100-≤300%	10	17	11	16	15	14	11	n.a.
>300-≤500%	13	12	13	10	12	13	13	n.a.
>500%	14	10	8	10	9	8	8	n.a.
BROKERS								
Total amount (thousand euro)	68,007	53,531	62,199	53,556	59,966	66,126	62,199	n.a.
Surplus (%)[1]	189.22	161.23	164.46	160.50	184.41	175.77	164.46	n.a.
Number of companies according to its surplus percentage								
≤100%	21	27	22	24	18	20	22	n.a.
>100-≤300%	12	6	10	9	14	12	10	n.a.
>300-≤500%	5	4	3	3	3	5	3	n.a.
>500%	7	4	6	5	5	5	6	n.a.
PORTFOLIO MANAGEMENT COMPANIES								
Total amount (thousand euro)	17,140	14,655	10,846	12,454	13,300	16,023	10,846	n.a.
Surplus (%)[1]	112.61	79.01	51.21	59.97	61.94	98.92	51.21	n.a.
Number of companies according to its surplus percentage								
≤100%	3	3	3	3	3	2	3	n.a.
>100-≤300%	1	1	1	1	1	2	1	n.a.
>300-≤500%	1	1	1	1	1	1	1	n.a.
>500%	1	1	0	1	1	0	0	n.a.

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.

n.a.: No available data for I Quarter 2014, due to the entry into force, on January 1st 2014, of 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, which has changed the dates of information submission.

Return on equity (ROE) before taxes[1]

TABLE 2.12

				2013				2014
	2011	2012	2013	I	II	III	IV	I
TOTAL								
Average (%)[2]	13.22	3.19	16.49	9.99	12.18	13.12	16.49	25.56
Number of companies according to its annualized return								
Losses	32	31	13	29	25	22	13	15
0-≤15%	44	33	37	34	32	41	37	32
>15-<45%	14	24	22	20	24	21	22	23
>45-≤75%	5	3	9	7	5	4	9	8
>75%	5	2	6	3	6	4	6	8
BROKER-DEALERS								
Average (%)[2]	13.79	2.97	16.39	9.72	11.78	12.98	16.39	25.96
Number of companies according to its annualized return								
Losses	13	14	5	13	13	12	5	5
0-≤15%	24	18	15	19	17	17	15	17
>15-<45%	7	11	16	11	12	13	16	11
>45-≤75%	2	2	4	2	2	1	4	5
>75%	3	1	1	1	2	2	1	3
BROKERS								
Average (%)[2]	7.46	6.25	19.34	15.20	20.26	15.92	19.34	24.77
Number of companies according to its annualized return								
Losses	18	15	8	14	10	9	8	10
0-≤15%	16	11	18	12	11	21	18	12
>15-<45%	6	13	5	8	12	7	5	10
>45-≤75%	3	1	5	5	3	3	5	3
>75%	2	1	5	2	4	2	5	5
PORTFOLIO MANAGEMENT COMPANIES								
Average (%)[2]	4.70	6.59	11.41	5.43	5.87	9.25	11.41	12.55
Number of companies according to its annualized return								
Losses	1	2	0	2	2	1	0	0
0-≤15%	4	4	4	3	4	3	4	3
>15-<45%	1	0	1	1	0	1	1	2
>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:

$$ROE = \frac{Earnings\_before\_taxes(\_annualized)}{Own\_Funds}$$

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

2 Average weighted by equity, %.

Financial advisory firms. Main figures

TABLE 2.13

				2012		2013	
Thousand euro	2011	2012	2013	I	II	I	II
ASSETS ADVISED[1]							
Total	16,033,108	14,776,498	17,630,081	14,694,319	14,776,498	15,442,297	17,630,081
Retail clients	2,181,943	3,267,079	4,991,653	2,443,271	3,267,079	3,975,400	4,991,653
Professional	3,151,565	3,594,287	3,947,782	3,396,260	3,594,287	3,476,305	3,947,782
Other	10,699,600	7,915,132	8,690,646	8,854,788	7,915,132	7,990,593	8,690,646
COMMISSION INCOME[2]							
Total	31,053	26,177	33,273	13,915	26,177	14,700	33,273
Commission revenues	30,844	26,065	33,066	13,833	26,065	14,676	33,066
Other income	209	112	206	82	112	25	206
EQUITY							
Total	12,320	13,402	21,498	13,123	13,402	15,119	21,498
Share capital	3,895	4,365	5,156	4,328	4,365	4,820	5,156
Reserves and retained earnings	950	4,798	9,453	5,912	4,798	7,251	9,453
Income for the year[2]	7,474	4,239	6,890	2,883	4,239	3,048	6,890

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

				2013			2014	
	2011	2012	2013	II	III	IV	I	II[1]
Total financial IICs	5,460	5,246	5,129	5,224	5,178	5,129	5,156	5,168
Mutual funds	2,341	2,205	2,043	2,163	2,084	2,043	2,049	2,031
Investment companies	3,056	2,981	3,035	3,006	3,039	3,035	3,058	3,087
Funds of hedge funds	27	24	22	22	22	22	21	20
Hedge funds	36	36	29	33	33	29	28	30
Total real estate IICs	14	14	16	16	16	16	16	15
Real estate investment funds	6	6	6	6	6	6	6	6
Real estate investment companies	8	8	10	10	10	10	10	9
Total foreign IICs marketed in Spain	739	754	780	753	772	780	796	800
Foreign funds marketed in Spain	426	421	408	406	409	408	414	415
Foreign companies marketed in Spain	313	333	372	347	363	372	382	385
Management companies	114	105	96	102	101	96	96	97
IIC depositories	97	84	77	80	78	77	76	74

1 Available data: May 2014.

Number of IICs investors and shareholders

TABLE 3.2

				2013			2014	
	2011	2012	2013	II	III	IV	I[1]	II[2]
Total financial IICs	5,249,813	4,815,628	5,463,820	5,054,520	5,209,038	5,463,820	5,831,525	5,944,844
Mutual funds	4,835,193	4,410,763	5,050,556	4,646,584	4,799,634	5,050,556	5,409,951	5,521,067
Investment companies	414,620	404,865	413,264	407,936	409,404	413,264	421,574	423,777
Total real estate IICs	30,678	26,155	6,773	22,558	22,484	6,773	5,849	5,773
Real estate investment funds	29,735	25,218	5,750	21,541	21,466	5,750	4,798	4,722
Real estate investment companies	943	937	1,023	1,017	1,018	1,023	1,051	1,051
Total foreign IICs marketed in Spain[3]	761,380	819,485	1,067,708	935,431	1,002,131	1,067,708	1,037,958	–
Foreign funds marketed in Spain	177,832	163,805	204,067	181,158	194,697	204,067	194,846	–
Foreign companies marketed in Spain	583,548	655,680	863,641	754,273	807,434	863,641	843,112	–

1 Provisional data for foreign IICs.
2 Available data: April 2014.
3 Exchange traded funds (ETFs) data is not included.

IICs total net assets

TABLE 3.3

				2013			2014	
Million euro	2011	2012	2013	II	III	IV	I[1]	II[2]
Total financial IICs	155,982.6	147,722.2	184,300.9	160,704.6	171,271.9	184,300.9	198,351.8	202,359.8
Mutual funds[3]	132,368.6	124,040.4	156,680.1	135,933.5	145,168.5	156,680.1	169,513.6	173,248.9
Investment companies	23,614.0	23,681.8	27,620.8	24,771.1	26,103.4	27,620.8	28,838.2	29,110.9
Total real estate IICs	4,807.1	4,485.5	4,536.2	4,839.5	4,759.1	4,536.2	4,464.0	4,450.0
Real estate investment funds	4,494.6	4,201.5	3,682.6	3,985.5	3,899.2	3,682.6	3,614.7	3,602.5
Real estate investment companies	312.5	284.1	853.7	854.0	859.9	853.7	849.3	847.5
Total foreign IICs marketed in Spain[4]	29,969.5	38,075.3	54,727.2	47,202.7	50,468.8	54,727.2	60,859.6	–
Foreign funds marketed in Spain	6,382.9	6,271.5	8,523.2	7,537.5	8,284.4	8,523.2	9,151.9	–
Foreign companies marketed in Spain	23,586.6	31,803.8	46,204.0	39,665.2	42.184.4	46,204.0	51,707.6	–

1 Provisional data for foreign IICs.
2 Available data: April 2014.
3 For March 2014, mutual funds investments in financial IICs reached 4.70 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

Million euro	2011	2012	2013	2013 I	II	III	IV	2014 I[2]
Asset	132,368.6	124,040.4	156,680.1	130,295.4	135,933.5	145,168.5	156,680.1	169,513.6
Portfolio investment	126,370.0	118,446.5	149,343.3	123,616.6	129,370.9	137,908.9	149,343.3	161,847.5
Domestic securities	90,394.4	82,929.6	108,312.7	88,257.3	94,936.5	100,289.7	108,312.7	113,479.1
Debt securities	72,076.1	65,999.1	79,480.4	67,522.7	71,448.3	74,391.7	79,480.4	82,222.1
Shares	3,087.0	3,140.8	5,367.4	3,327.5	3,518.9	4,328.2	5,367.4	6,479.8
Investment collective schemes	6,038.5	3,170.7	4,498.1	3,563.9	3,913.4	4,066.6	4,498.1	4,973.1
Deposits in credit institutions	8,961.2	10,333.3	18,443.7	13,647.7	15,750.8	17,078.0	18,443.7	19,264.4
Derivatives	231.5	285.7	523.0	195.5	305.1	425.1	523.0	523.3
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.3
Foreign securities	35,968.1	35,512.7	41,029.5	35,355.8	34,430.8	37,616.5	41,029.5	48,367.5
Debt securities	22,713.5	20,493.9	20,312.8	18,969.8	18,053.8	19,303.0	20,312.8	24,821.9
Shares	7,037.3	7,668.6	11,034.2	8,241.2	8,458.3	9,531.3	11,034.2	12,343.9
Investment collective schemes	6,061.6	7,112.3	9,286.0	7,904.4	7,725.9	8,461.8	9,286.0	10,747.8
Deposits in credit institutions	23.0	45.8	45.6	36.9	39.3	36.2	45.6	37.6
Derivatives	131.6	191.6	350.9	203.1	153.3	284.0	350.9	410.9
Other	1.1	0.6	0.0	0.5	0.1	0.0	0.0	5.5
Doubtful assets and matured investment	7.5	4.2	1.2	3.6	3.2	2.4	1.2	0.9
Intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash	5,837.6	5,374.7	7,062.3	6,397.1	6,264.0	7,034.6	7,062.3	7,651.2
Net balance (Debtors - Creditors)	161.1	219.2	274.4	281.6	298.7	225.0	274.4	14.9

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

Investment companies asset allocation

TABLE 3.5

Million euro	2011	2012	2013	2013 I	II	III	IV	2014 I[1]
Asset	23,614.0	23,681.8	27,620.8	24,549.9	24,771.1	26,103.4	27,620.8	28,838.2
Portfolio investment	22,521.9	22,512.4	26,105.6	23,310.1	23,438.8	24,596.6	26,105.6	27,223.3
Domestic securities	12,385.3	11,568.0	12,118.9	11,859.7	11,939.5	12,370.8	12,118.9	12,081.9
Debt securities	7,460.8	6,021.4	6,304.3	5,937.5	6,092.5	6,342.6	6,304.3	6,253.8
Shares	2,508.5	2,271.7	3,005.5	2,336.8	2,332.0	2,696.3	3,005.5	3,184.6
Investment collective schemes	667.4	701.0	1,134.9	800.6	805.7	1,031.8	1,134.9	1,317.5
Deposits in credit institutions	1,721.7	2,531.9	1,645.4	2,740.9	2,671.3	2,258.6	1,645.4	1,298.4
Derivatives	-5.2	7.7	1.4	10.0	4.9	9.9	1.4	-1.8
Other	32.2	34.3	27.4	33.9	33.1	31.6	27.4	29.3
Foreign securities	10,131.1	10,940.2	13,985.1	11,446.1	11,495.1	12,223.4	13,985.1	15,137.9
Debt securities	3,070.6	2,489.2	2,613.7	2,217.1	2,041.9	2,154.8	2,613.7	2,963.3
Shares	3,384.3	3,587.8	5,085.5	3,822.5	3,955.9	4,372.5	5,085.5	5,476.2
Investment collective schemes	3,516.3	4,700.2	6,119.8	5,261.0	5,359.0	5,536.6	6,119.8	6,559.8
Deposits in credit institutions	10.8	14.0	5.5	13.5	10.6	8.6	5.5	6.3
Derivatives	145.1	147.1	152.5	130.2	125.9	144.7	152.5	124.2
Other	3.9	1.8	8.1	1.7	1.8	6.2	8.1	8.1
Doubtful assets and matured investment	5.5	4.3	1.5	4.3	4.7	2.4	1.5	3.5
Intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net fixed assets	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Cash	854.6	959.7	1,302.0	1,076.2	1,127.9	1,300.3	1,302.0	1,408.3
Net balance (Debtors - Creditors)	237.4	209.6	213.1	163.4	204.2	206.4	213.1	206.5

1 Provisional data.

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

TABLE 3.6

	2011	2012	2013	2013 II	2013 III	2013 IV	2014 I	2014 II[2]
NO. OF FUNDS								
Total financial mutual funds	2,310	2,185	2,045	2,117	2,070	2,045	2,037	2,022
Fixed-income[3]	508	454	384	408	388	384	374	376
Mixed fixed-income[4]	140	125	122	129	125	122	119	118
Mixed equity[5]	128	117	128	124	128	128	127	126
Euro equity	148	127	108	116	113	108	103	103
Foreign equity	220	211	193	198	192	193	190	190
Guaranteed fixed-income	351	398	374	402	391	374	355	345
Guaranteed equity[6]	420	361	308	336	316	308	307	301
Global funds	203	192	162	174	168	162	160	162
Passive management	59	85	169	126	148	169	205	207
Absolute return	133	115	97	104	101	97	97	94
INVESTORS								
Total financial mutual funds	4,835,193	4,410,771	5,050,719	4,646,619	4,799,719	5,050,719	5,410,205	5,521,333
Fixed-income[3]	1,384,946	1,261,634	1,508,009	1,347,295	1,410,867	1,508,009	1,612,002	1,660,068
Mixed fixed-income[4]	206,938	188,574	240,676	203,705	205,034	240,676	314,879	346,691
Mixed equity[5]	145,150	138,096	182,223	141,715	161,099	182,223	211,810	220,826
Euro equity	237,815	220,450	293,193	239,309	254,009	293,193	323,474	335,376
Foreign equity	448,539	398,664	457,606	427,789	435,571	457,606	531,270	545,899
Guaranteed fixed-income	1,042,658	1,075,852	1,002,458	1,124,209	1,091,051	1,002,458	871,622	835,012
Guaranteed equity[6]	912,298	727,880	608,051	655,760	628,100	608,051	613,296	608,207
Global funds	127,336	101,321	128,741	111,567	117,838	128,741	146,223	151,893
Passive management	100,416	125,003	441,705	224,481	321,669	441,705	575,262	600,121
Absolute return	229,097	173,297	188,057	170,789	174,481	188,057	210,367	217,240
TOTAL NET ASSETS (million euro)								
Total financial mutual funds	132,368.6	124,040.4	156,680.1	135,933.5	145,168.5	156,680.1	169,513.6	173,248.9
Fixed-income[3]	46,945.5	40,664.6	55,058.9	46,736.8	50,381.0	55,058.9	59,381.8	61,010.8
Mixed fixed-income[4]	5,253.6	5,500.9	8,138.0	6,618.4	6,873.4	8,138.0	10,600.2	11,977.2
Mixed equity[5]	2,906.1	3,179.9	6,312.4	3,911.9	4,783.4	6,312.4	7,648.6	8,005.4
Euro equity	4,829.2	5,270.2	8,632.8	5,867.8	7,021.5	8,632.8	7,753.1	8,057.4
Foreign equity	6,281.2	6,615.0	8,849.0	7,297.3	7,967.6	8,849.0	11,693.7	11,797.0
Guaranteed fixed-income	35,058.0	36,445.0	31,481.2	37,316.1	35,504.7	31,481.2	27,529.5	26,328.8
Guaranteed equity[6]	18,014.5	14,413.2	12,503.8	13,032.2	12,767.2	12,503.8	12,810.3	12,775.3
Global funds	5,104.7	4,358.6	4,528.1	4,157.3	4,352.8	4,528.1	5,007.9	5,203.9
Passive management	1,986.2	2,991.2	16,515.9	6,402.4	10,926.5	16,515.9	21,847.0	22,744.8
Absolute return	5,989.7	4,601.9	4,659.9	4,593.4	4,590.4	4,659.9	5,241.5	5,348.3

1 Sub-funds which have sent reports to the CNMV, excluding those in process of dissolution or liquidation.
2 Available data: April 2014.
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

	2011	2012	2013	2013 II	III	IV	2014 I	II[1]
INVESTORS								
Total financial mutual funds	4,835,193	4,410,771	5,050,719	4,646,619	4,799,719	5,050,719	5,410,205	5,521,333
Individuals	4,706,193	4,293,071	4,906,380	4,517,632	4,665,265	4,906,380	5,254,889	5,363,056
Residents	4,645,384	4,237,534	4,848,184	4,461,680	4,608,356	4,848,184	5,194,854	5,298,625
Non-residents	60,809	55,537	58,196	55,952	56,909	58,196	60,035	64,431
Legal entities	129,000	117,700	144,339	128,987	134,454	144,339	155,316	158,277
Credit Institutions	490	473	521	506	520	521	589	587
Other resident Institutions	127,765	116,589	143,083	127,784	133,198	143,083	153,950	156,712
Non-resident Institutions	745	638	735	697	736	735	777	978
TOTAL NET ASSETS (million euro)								
Total financial mutual funds	132,368.6	124,040.4	156,680.1	135,933.5	145,168.5	156,680.1	169,513.6	173,248.9
Individuals	106,627.6	101,963.8	125,957.2	110,298.6	117,097.2	125,957.2	135,612.9	138,303.3
Residents	105,088.0	100,515.7	124,175.3	108,795.3	115,454.6	124,175.3	133,674.6	136,206.3
Non-residents	1,539.6	1,448.0	1,781.9	1,503.4	1,642.5	1,781.9	1,938.3	2,097.1
Legal entities	25,741.1	22,076.6	30,722.9	25,634.9	28,071.3	30,722.9	33,900.7	34,945.6
Credit Institutions	1,446.7	1,075.4	547.6	496.7	568.2	547.6	519.0	617.2
Other resident Institutions	23,880.7	20,657.1	29,743.3	24,719.9	27,044.1	29,743.3	32,922.7	33,863.0
Non-resident Institutions	413.7	344.1	431.9	418.2	459.0	431.9	459.0	465.5

1 Available data: April 2014.

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

TABLE 3.8

Million euro	2011	2012	2013	2013 I	II	III	IV	2014 I
SUBSCRIPTIONS								
Total financial mutual funds	58,145.0	51,006.7	91,115.7	17,899.8	24,368.4	19,197.3	29,650.2	34,856.3
Fixed-income	27,206.2	32,924.2	50,154.7	9,266.2	15,803.3	10,626.0	14,459.2	16,218.9
Mixed fixed-income	1,332.4	1,440.2	4,569.8	784.9	1,009.0	766.6	2,009.3	3,126.7
Mixed equity	815.7	590.0	3,021.8	396.6	496.0	656.0	1,473.2	1,615.8
Euro equity	2,085.0	1,257.5	4,082.8	699.9	866.6	793.8	1,722.5	1,921.3
Foreign equity	3,835.1	1,693.8	3,697.4	698.3	984.9	826.5	1,187.7	1,425.9
Guaranteed fixed-income	13,965.7	7,976.3	5,964.0	2,956.0	1,763.8	908.8	335.4	287.2
Guaranteed equity	2,570.7	1,420.7	1,937.5	469.3	502.7	524.5	441.0	1,141.2
Global funds	3,261.6	1,270.9	2,175.2	500.8	496.7	439.0	738.7	766.5
Passive management	924.7	1,402.2	13,627.5	1,689.9	1,969.8	3,274.0	6,693.8	7,394.1
Absolute return	2,147.7	1,031.0	1,885.0	437.9	475.6	382.0	589.5	958.7
REDEMPTIONS								
Total financial mutual funds	68,983.6	63,744.4	66,982.7	13,654.7	19,151.6	13,330.5	20,845.9	24,786.4
Fixed-income	37,633.9	38,767.8	36,371.6	7,353.2	11,758.0	7,187.6	10,072.8	12,585.6
Mixed fixed-income	3,258.1	2,215.4	2,510.5	471.7	599.6	572.2	867.0	803.2
Mixed equity	1,136.2	973.1	1,139.9	185.2	277.5	236.2	441.0	407.0
Euro equity	1,933.0	1,421.2	2,352.5	425.3	764.4	466.1	696.7	966.3
Foreign equity	4,652.7	2,114.4	2,797.2	583.0	827.3	629.2	757.7	1,003.1
Guaranteed fixed-income	6,737.4	8,829.3	10,433.2	2,427.3	2,099.3	1,864.9	4,041.7	4,050.6
Guaranteed equity	5,632.3	4,944.2	4,007.7	1,030.3	1,357.1	836.3	784.0	1,164.9
Global funds	2,316.3	1,278.4	1,327.8	301.1	316.0	260.7	450.0	352.8
Passive management	1,199.2	830.1	4,089.3	467.2	599.4	847.5	2,175.2	3,036.8
Absolute return	4,484.7	2,370.4	1,952.8	410.4	553.0	429.8	559.6	416.0

1 Estimated data.

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

TABLE 3.9

Million euro	2011	2012	2013	2013 I	2013 II	2013 III	2013 IV	2014 I
NET SUBSCRIPTIONS/REDEMPTIONS								
Total financial mutual funds	-10,853.1	-14,597.3	24,086.2	4,224.4	5,205.5	5,847.4	8,808.9	10,082.0
Fixed-income	-10,423.6	-7,739.7	13,405.0	1,729.5	3,934.9	3,329.4	4,411.2	3,831.2
Mixed fixed-income	-1,980.4	-18.8	2,369.7	419.0	668.7	132.6	1,149.4	2,319.5
Mixed equity	-375.5	35.8	2,673.3	349.0	315.7	668.0	1,340.6	1,216.3
Euro equity	142.0	-115.4	1,733.5	275.0	104.6	328.0	1,025.9	-1,220.2
Foreign equity	-796.0	-425.3	865.9	122.3	133.3	175.4	434.9	2,605.7
Guaranteed fixed-income	7,809.3	-338.8	-6,717.5	537.8	-602.6	-2,334.0	-4,318.7	-4,399.8
Guaranteed equity	-4,053.9	-4,225.9	-2,689.1	-651.9	-952.7	-593.3	-491.2	149.1
Global funds	972.2	-1,021.0	-176.7	-61.0	-197.9	42.0	40.2	400.7
Passive management	60.8	823.8	12,675.2	1,477.0	1,851.1	4,150.7	5,196.4	4,636.7
Absolute return	-2,207.9	-1,571.9	-53.2	27.7	-49.5	-51.4	20.0	542.8
RETURN ON ASSETS								
Total financial mutual funds	-673.3	6,289.3	8,566.5	2,035.2	433.0	3,395.2	2,703.1	2,757.7
Fixed-income	744.9	1,459.6	990.0	296.4	111.7	315.0	266.9	492.0
Mixed fixed-income	-85.1	266.1	267.6	45.8	-15.8	122.4	115.2	142.6
Mixed equity	-189.0	238.2	459.3	64.7	2.6	203.5	188.5	119.8
Euro equity	-666.9	558.8	1,629.1	146.5	71.4	825.7	585.5	340.4
Foreign equity	-947.2	759.1	1,368.1	486.7	-60.0	494.9	446.5	239.0
Guaranteed fixed-income	1,070.4	1,727.4	1,754.3	670.5	265.8	522.7	295.3	448.1
Guaranteed equity	21.8	624.5	779.8	164.2	59.4	328.4	227.8	157.5
Global funds	-307.8	274.9	346.2	69.3	-11.7	153.5	135.1	79.1
Passive management	-163.9	196.8	861.0	47.4	39.9	380.7	393.0	700.3
Absolute return	-150.5	184.1	111.1	43.7	-30.4	48.4	49.4	38.9

Financial mutual funds return on assets. Detail by category

TABLE 3.10

% of daily average total net assets	2011	2012	2013	2013 I	II	III	IV	2014 I
MANAGEMENT YIELDS								
Total financial mutual funds	0.45	6.03	7.37	1.86	0.61	2.67	2.05	1.97
Fixed-income	2.28	4.33	2.96	0.92	0.47	0.84	0.70	1.06
Mixed fixed-income	-0.15	6.05	5.20	1.09	0.05	2.10	1.87	1.86
Mixed equity	-4.3	9.20	11.84	2.25	0.50	4.93	3.72	2.09
Euro equity	-10.77	12.84	28.36	3.10	1.94	13.16	7.93	5.32
Foreign equity	-11.05	13.51	21.47	7.57	-0.21	6.94	5.82	2.64
Guaranteed fixed-income	3.77	5.30	5.80	2.00	0.93	1.66	1.09	1.81
Guaranteed equity	1.29	5.26	7.34	1.45	0.77	2.89	2.05	1.60
Global funds	-4.55	7.80	9.86	1.97	0.05	4.03	3.51	2.01
Passive management	-6.27	7.99	9.84	1.42	0.92	4.20	2.99	3.79
Absolute return	-0.90	4.93	3.61	1.24	-0.41	1.35	1.39	1.07
EXPENSES. MANAGEMENT FEE								
Total financial mutual funds	0.93	0.94	0.98	0.24	0.24	0.25	0.25	0.24
Fixed-income	0.64	0.66	0.68	0.17	0.18	0.17	0.16	0.17
Mixed fixed-income	1.17	1.10	1.13	0.28	0.28	0.28	0.29	0.29
Mixed equity	1.59	1.51	1.51	0.37	0.37	0.40	0.36	0.36
Euro equity	1.80	1.77	1.85	0.43	0.44	0.50	0.47	0.47
Foreign equity	1.77	1.74	1.83	0.46	0.43	0.47	0.46	0.43
Guaranteed fixed-income	0.72	0.79	0.86	0.21	0.21	0.22	0.22	0.22
Guaranteed equity	1.24	1.23	1.25	0.30	0.31	0.31	0.32	0.30
Global funds	1.11	1.01	1.32	0.31	0.28	0.36	0.36	0.32
Passive management	0.75	0.81	0.72	0.18	0.18	0.17	0.19	0.16
Absolute return	1.08	1.03	1.13	0.29	0.26	0.29	0.29	0.28
EXPENSES. DEPOSITORY FEE								
Total financial mutual funds	0.08	0.08	0.08	0.02	0.02	0.02	0.02	0.02
Fixed-income	0.08	0.08	0.08	0.02	0.02	0.02	0.02	0.02
Mixed fixed-income	0.12	0.08	0.08	0.02	0.02	0.02	0.02	0.02
Mixed equity	0.12	0.12	0.12	0.03	0.03	0.03	0.03	0.03
Euro equity	0.12	0.12	0.09	0.03	0.02	0.02	0.02	0.03
Foreign equity	0.12	0.12	0.12	0.03	0.03	0.03	0.03	0.03
Guaranteed fixed-income	0.08	0.08	0.08	0.02	0.02	0.02	0.02	0.02
Guaranteed equity	0.08	0.08	0.08	0.02	0.02	0.02	0.02	0.02
Global funds	0.08	0.08	0.08	0.02	0.02	0.02	0.02	0.02
Passive management	0.08	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 %	2011	2012	2013	2013 I	II	III	IV	2014 I
Total financial mutual funds	-0.08	5.50	6.50	1.65	0.36	2.50	1.85	1.70
Fixed-income	1.56	3.54	2.28	0.76	0.31	0.65	0.54	0.89
Mixed fixed-income	-1.34	4.95	4.16	0.83	-0.19	1.85	1.62	1.57
Mixed equity	-5.64	7.83	10.85	2.02	0.17	4.78	3.52	1.69
Euro equity	-11.71	12.31	28.06	2.95	1.30	13.71	7.99	5.01
Foreign equity	-10.83	13.05	20.30	7.40	-0.69	6.87	5.54	2.22
Guaranteed fixed-income	3.28	4.85	4.96	1.82	0.70	1.46	0.89	1.57
Guaranteed equity	0.14	5.07	6.15	1.16	0.42	2.62	1.83	1.26
Global funds	-4.64	7.44	8.71	1.70	-0.26	3.80	3.25	1.64
Passive management	-7.33	7.10	8.88	1.06	0.86	4.13	2.58	3.44
Absolute return	-1.87	3.84	2.46	0.96	-0.62	1.07	1.04	0.82

Hedge funds and funds of hedge funds

TABLE 3.12

				2013				2014
	2011	2012	2013	I	II	III	IV	I[1]
HEDGE FUNDS								
Investors/shareholders	2,047	2,427	2,415	2,384	2,374	2,333	2,415	2,494
Total net assets (million euro)	728.1	918.6	1,036.7	964.8	981.3	994.8	1,036.7	1,136.5
Subscriptions (million euro)	201.1	347.6	401.7	95.9	76.3	132.6	97.0	85.9
Redemptions (million euro)	92.5	212.7	414.3	82.2	69.4	167.0	95.7	47.5
Net subscriptions/redemptions (million euro)	108.6	134.8	-12.6	13.6	6.9	-34.4	1.3	38.5
Return on assets (million euro)	-26.5	55.7	130.0	31.9	9.6	47.9	40.5	27.3
Returns (%)	-2.60	7.17	16.48	3.84	1.03	5.33	5.41	2.53
Management yields (%) [2]	-1.88	8.00	17.22	3.91	1.73	5.97	4.64	3.12
Management fee (%) [2]	1.66	1.38	2.87	0.54	0.58	0.98	0.74	0.60
Financial expenses (%)[2]	0.06	0.04	0.04	0.01	0.01	0.01	0.01	0.01
FUNDS OF HEDGE FUNDS								
Investors/shareholders	3,805	3,338	3,022	3,211	3,230	3,218	3,022	3,027
Total net assets (million euro)	573	540	350.3	536.2	468.0	418.3	350.3	353.9
Subscriptions (million euro)	10.6	23.6	4.9	0.8	3.6	0.0	0.4	–
Redemptions (million euro)	120.1	74.3	215.2	19.0	69.0	50.8	76.3	–
Net subscriptions/redemptions (million euro)	-109.6	-50.8	-210.3	-18.2	-65.4	-50.8	-75.9	–
Return on assets (million euro)	-12.3	17.6	20.6	14.4	-2.8	1.2	7.9	–
Returns (%)	-1.70	0.88	4.39	2.73	-0.52	0.25	1.89	0.97
Management yields (%)[3]	-0.47	4.56	5.78	3.03	-0.21	0.59	2.28	–
Management fee (%)[3]	1.25	1.28	1.28	0.32	0.31	0.31	0.33	–
Depository fee (%)[3]	0.08	0.08	0.08	0.02	0.02	0.02	0.02	–

1 Available data: February 2014. Return refers to the period December-February.
2 % of monthly average total net assets.
3 % of daily average total net assets.

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

TABLE 3.13

				2013			2014	
	2011	2012	2013	II	III	IV	I	II[2]
NUMBER OF PORTFOLIOS[3]								
Mutual funds	2,341	2,205	2,043	2,163	2,084	2,043	2,049	2,026
Investment companies	3,002	2,922	2,975	2,945	2,977	2,975	3,000	3,020
Funds of hedge funds	27	24	22	22	22	22	22	–
Hedge funds	35	35	29	33	33	29	28	–
Real estate investment fund	6	6	6	6	6	6	6	6
Real estate investment companies	8	8	10	10	10	10	10	10
ASSETS UNDER MANAGEMENT (million euro)								
Mutual funds	132,368.6	124,040.4	156,680.1	135,933.4	145,168.5	156,680.1	169,513.6	173,248.9
Investment companies	23,037.6	23,011.0	26,830.1	24,098.1	25,374.0	26,830.1	28,007.0	28,264.4
Funds of hedge funds[4]	573.0	539.9	350.3	468.0	418.3	350.3	353.9	–
Hedge funds[4]	694.7	881.4	1,036.6	981.3	994.8	1,036.6	1,102.4	–
Real estate investment fund	4,494.6	4,201.5	3,682.6	3,985.5	3,899.2	3,682.6	3,614.7	3,602.5
Real estate investment companies	312.5	284.1	853.7	854.0	859.9	853.7	849.3	847.5

1 It is considered as "assets under management" all the assets of the investment companies which are co-managed by management companies and other different companies.
2 Available data: April 2014.
3 Data source: Collective Investment Schemes Registers.
4 Available data for I Quarter 2014: February 2014.

Foreign Collective Investment Schemes marketed in Spain[1]

TABLE 3.14

				2013				2014
	2011	2012	2013	I	II	III	IV	I[2]
INVESTMENT VOLUME[3] (million euro)								
Total	29,969.5	38,075.3	54,727.2	44,557.3	47,202.7	50,468.8	54,727.2	60,859.6
Mutual funds	6,382.9	6,271.5	8,523.2	7,558.2	7,537.5	8,284.4	8,523.2	9,151.9
Investment companies	23,586.6	31,803.8	46,204.0	36,999.1	39,665.2	42,184.4	46,204.0	51,707.6
INVESTORS/SHAREHOLDERS								
Total	761,380	819,485	1,067,708	889,361	935,431	1,002,131	1,067,708	1,037,958
Mutual funds	177,832	163,805	204,067	186,598	181,158	194,697	204,067	194,846
Investment companies	583,548	655,680	863,641	702,763	754,273	807,434	863,641	843,112
NUMBER OF SCHEMES								
Total	739	754	780	753	753	772	780	796
Mutual funds	426	421	408	417	406	409	408	414
Investment companies	313	333	372	336	347	363	372	382
COUNTRY								
Luxembourg	297	310	320	307	308	317	320	325
France	284	272	260	276	271	274	260	274
Ireland	87	90	102	90	93	97	102	109
Germany	20	31	32	31	30	30	32	32
UK	19	22	22	22	22	22	22	24
The Netherlands	1	1	2	1	2	2	2	2
Austria	25	23	24	21	22	24	24	24
Belgium	5	3	4	3	3	4	4	4
Malta	1	1	1	1	1	1	1	1
Denmark	0	1	1	1	1	1	1	1

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

Real estate investment schemes[1]

TABLE 3.15

				2013			2014	
	2011	2012	2013	II	III	IV	I	II[2]
REAL ESTATE MUTUAL FUNDS								
Number	6	6	6	6	6	6	6	6
Investors	29,735	25,218	5,750	21,541	21,466	5,750	4,798	4,722
Asset (million euro)	4,494.6	4,201.5	3,682.6	3,985.5	3,899.2	3,682.6	3,614.7	3,602.5
Return on assets (%)	-3.23	-5.53	-11.28	-1.88	-2.13	-5.15	-1.59	-0.32
REAL ESTATE INVESTMENT COMPANIES								
Number	8	8	10	10	10	10	10	10
Shareholders	943	937	1,023	1,017	1,018	1,023	1,051	1,051
Asset (million euro)	312.5	284.1	853.7	854.0	859.9	853.7	849.3	847.5

1 Real estate investment schemes which have sent reports to the CNMV, excluding those in process of dissolution or liquidation.
2 Available data: April 2014. In this case, return on assets is monthly.