# CNMV BULLETIN
October
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# Initials and acronyms

| | |
|---|---|
| AA. PP. | Public administration service |
| ABS | Asset-Backed Security |
| AIAF | Spanish Market in Fixed-income Securities |
| AIF | Alternative Investment Fund |
| ANCV | Spanish National Securities Numbering Agency |
| APA | Approved Publication Arrangement |
| APR | Annual Percentage Rate |
| ASCRI | Spanish Venture Capital & Private Equity Association |
| AV | Broker |
| BIS | Bank For International Settlements |
| BME | Spanish Stock Markets and Financial Systems |
| CADE | Public Debt Book-entry Trading System |
| CC. AA. | Autonomous regions |
| CCP | Central Counterparty |
| CDS | Credit Default Swap |
| CFA | Atypical financial contract |
| CFD | Contract for Differences |
| CIS | Collective Investment Company/Collective Investment Scheme |
| CISMC | CIS Management Company |
| CNMV | (Spanish) National Securities Market Commission |
| CP | Crowdfunding Platforms |
| CS | Customer Service |
| CSD | Central Securities Depository |
| CSRD | Central Securities Depositories Regulation |
| CTP | Consolidated Tape Provider |
| DLT | Distributed Ledger Technology |
| EAF | Financial advisory firm |
| EBA | European Banking Authority |
| EBITDA | Earnings Before Interest, Taxes, Depreciation and Amortisation |
| EC | European Commission |
| ECA | Credit and savings institution |
| ECB | European Central Bank |
| ECR | Venture capital firm |
| EFAMA | European Fund and Asset Management Association |
| EFSM | European Financial Stabilisation Mechanism |
| EICC | Closed-ended collective investment company |
| EIOPA | Occupational Pensions Authority |
| EIP | Public interest entity |
| EMIR | European Market Infrastructure Regulation |
| EMU | Economic and Monetary Union |
| ESEF | European Single Electronic Format |
| ESFS | European System of Financial Supervision |
| ESG | Environment, Social and Governance |
| ESMA | European Securities and Markets Authority |
| ESRB | European Systemic Risk Board |

| | |
|---|---|
| ETF | Exchange Traded Fund |
| EU | European Union |
| EUSEF | European Social Entrepreneurship Fund |
| FICC | Closed-ended collective investment fund |
| FII | Real estate investment fund |
| FIN-NET | Financial Dispute Resolution Network |
| FINTECH | Financial Technology |
| FOGAIN | Investment Guarantee Fund |
| FRA | Forward Rate Agreement |
| FROB | Fund for Orderly Bank Restructuring |
| FSB | Financial Stability Board |
| FTA | Asset securitisation fund |
| FTH | Mortgage Securitisation Fund |
| GDP | Gross Domestic Product |
| HF | Hedge Fund |
| HFT | High Frequency Trading |
| IAGC | Annual corporate governance report |
| IARC | Annual report on director remuneration |
| IAS | International Accounting Standards |
| ICO | Initial Coin Offering |
| IF | Investment Firm / Investment Fund |
| IFRS | International Financial Reporting Standards |
| IIMV | Ibero-American Securities Market Institute |
| IMF | International Monetary Fund |
| IOSCO | International Organization of Securities Commissions |
| IPO | Initial Public Offering (for sale/subscription of securities) |
| IPP | Periodic public information |
| IRR | Internal Rate of Return |
| ISIN | International securities identification number |
| KIID/KID | Key Investor Information Document |
| LATIBEX | Market of Latin American Securities |
| LEI | Legal Entity Identifier |
| LIIC | Spanish Collective Investment Companies Act |
| LMV | Spanish Securities Market Act |
| MAB | Alternative Stock Market |
| MAD | Market Abuse Directive |
| MAR | Market Abuse Regulation |
| MARF | Alternative Fixed-Income Market |
| MBS | Mortgage-Backed Securities |
| MEFF | Spanish Financial Futures Market |
| MFP | Maximum Fee Prospectus |
| MiFID | Markets in Financial Instruments Directive |
| MiFIR | Markets in Financial Instruments Regulation |
| MOU | Memorandum of Understanding |
| MREL | Minimum Requirement for Own Funds and Eligible Liabilities |
| MTF | Multilateral Trading Facility |
| MTS | Market for Treasury Securities |
| NCA | National Competent Authority |
| NDP | National Domestic Product |
| OECD | Organisation for Economic Cooperation and Development |
| OIS | Overnight Indexed Swaps |
| OTC | Over The Counter |
| OTF | Organised Trading Facility |
| PER | Price-to-Earnings Ratio |

| | |
|---|---|
| PRIIP | Packaged Retail and Insurance Based Investment Product - |
| PUI | Loan of last resort |
| RAROC | Risk-Adjusted Return On Capital |
| REIT | Real Estate Investment Trust |
| RENADE | Spanish National Registry for Greenhouse Gas Emission Allowances |
| RFQ | Request for Quote |
| RFR | Risk Free Rate |
| ROA | Return On Assets |
| ROE | Return On Equity |
| SAMMS | Advanced Secondary Market Tracking System |
| SAREB | Asset Management Company for Assets Arising from Bank Restructuring |
| SENAF | Electronic Trading Platform for Spanish Government Bonds |
| SEND | Electronic Debt Trading System |
| SEPBLAC | The Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences |
| SGC | Portfolio management company |
| SGECR | Venture capital firm management company |
| SGEIC | Closed-ended investment scheme management company |
| SGFT | Asset securitisation fund management company |
| SIBE | Electronic Spanish Stock Market Interconnection System (SIBE) |
| SICAV | Open-ended collective investment company |
| SICC | Closed-ended collective investment company |
| SII | Real estate investment company |
| SIL | Hedge fund with legal personality |
| SME | Small and Medium Enterprise |
| SOC | National Electronic Clearing System |
| SPV/SFV | Special purpose/financial vehicle |
| SRB | Single Resolution Board |
| SREP | Supervisory Review and Evaluation Process |
| STOR | Suspicious Transaction and Order Report |
| SV | Broker-dealer |
| T2S | Target2-Securities |
| TER | Total Expense Ratio |
| TOB | Takeover Bid |
| TRLMV | Recast Text of the Spanish Securities Market Act |
| TVR | Theoretical Value of the Right |
| UCITS | Undertaking for Collective Investment in Transferable Securities |
| VCF | Venture Capital Fund |
| XBRL | Extensible Business Reporting Language |

# I Market survey (*)

(*) This report has been prepared by the Department of Research and Statistics of the Directorate General for Strategic Policy and International Affairs of the CNMV.

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# Exhibits

# 1 Overview

**Market developments at home and abroad continue to be characterised by the tightening of monetary policy and the recent increase in geopolitical risks, the consequences of which for inflation and economic activity are difficult to predict.**[1] Inflation rates have been falling steadily for several months, even if they have not yet reached the targets set by the central banks. In addition, there are still concerns about the trajectory of underlying rates and energy prices, along with potential secondary effects on other prices. There has been a marked slowdown in economic activity in some economies, which has led to downward revisions to the latest forecasts. However, there remains a high degree of uncertainty regarding the duration and impact of the rapid rise in interest rates, particularly in economies with higher debt levels and a greater reliance on floating interest rates. Despite this uncertainty, forecasts point to weaker growth but do not anticipate a widespread decline in activity levels.

**Monetary policy tightened further in 2023, although there are some differences between the economic areas.** In the United States, the Fed raised interest rates once by 25 basis points (bp) in the third quarter. In the United States, the Federal Reserve raised interest rates once by 25 bp to 5.25-5.5% in the third quarter, as did the Bank of England, and the European Central Bank (ECB) decided on 2 hikes of 25 bp to 4.5%. Throughout the entire year, the ECB has implemented interest rate hikes totalling 2 percentage points (pp), with a cumulative increase of 4.5 p.p. since the period of increasing interest rates began. In comparison, the Fed, which adopted a more forward-looking and intense approach to this process, has raised interest rates by 1 p.p. this year and a total of 5.25 p.p. overall.

**The financial markets have responded to this scenario of heightened inflation, stricter monetary policy, and economic uncertainty with a certain level of fluctuation.** In terms of equity markets, major stock indices experienced notable increases during the first quarter of the year, followed by a loss of momentum in the second quarter, and ultimately recording slight declines in the third quarter (below 5% in most cases). In the cumulative figure for 2023, there have been significant gains: European indices have risen by between 7.5% and 19.1% (14.6% for the Ibex 35), US indices by between 1.1% and 26.3% and Japanese indices by just over 20%.

1 Although the closing date for this report is 30 September, except for certain specific information, the increase in political risk due to the significant resurgence of the Israel-Palestine conflict cannot be ignored. This will undoubtedly have significant consequences both politically and economically at the global level.

**Long-term sovereign debt markets saw yields rise in the third quarter of the year (particularly strong in the latter part of the year) by between 40 and 76 bp in the euro area and the United States, in line with expectations that interest rates will remain high for an extended period.** The movement of these yields throughout 2023 has been mixed, yet predominantly upward. In March, there were declines attributed to challenges faced by various banks in the United States and Europe, but subsequent increases followed. This trend has intensified in the weeks of October, with levels nearing 5% in the United States and ranging from 3% to 5% in Europe. In Spain, this yield reached 3.9% (an increase of 28 bp). Interest rate hikes have been more intense in shorter terms, leading to a substantial flattening of yield curves in many economies, and even a reversal of yield curves in some cases.

**In this context, the stress indicator for the Spanish financial markets[2] has remained close to the threshold between medium and low risk levels (0.27) in this last quarter, reaching 0.25[3] in the first week of October.** After reaching high risk levels at the end of 2022, this indicator gradually fell back to the aforementioned value of 0.25 over the course of 2023, with some ups and downs (see Figure 1). The increase in interest rates has meant that the segments that reached the highest risk levels in the third quarter were the fixed income segments, both short (money market) and long term (bond market), with peaks above 0.60.[4] The level of correlation between the different financial segments has decreased slightly in the last three months, which has contributed to the decrease in the general indicator.

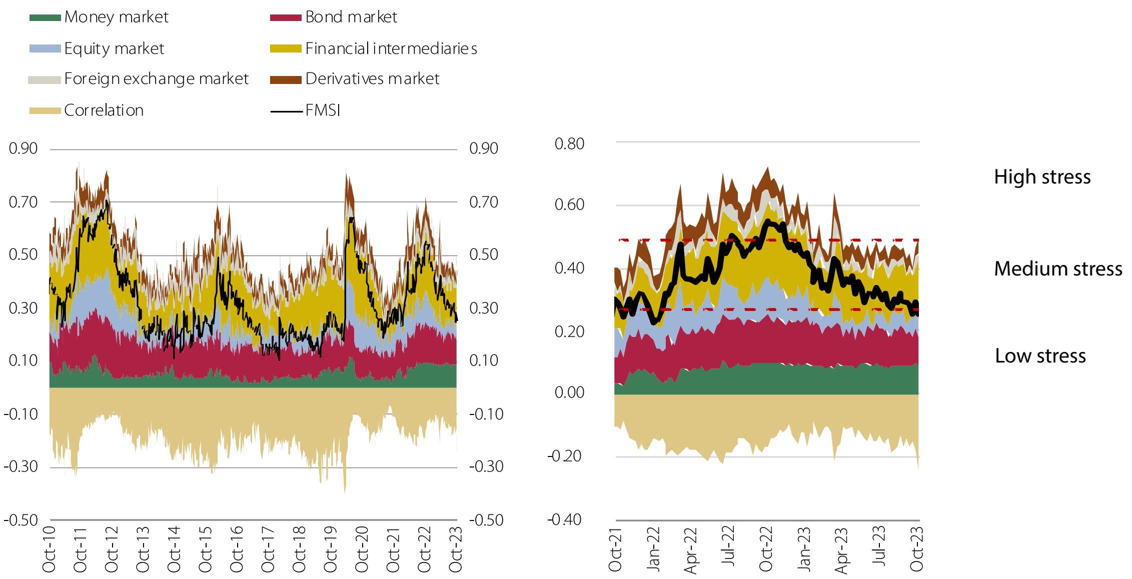
2 The stress indicator calculated by the CNMV provides a real-time measure of systemic risk in the Spanish financial system that ranges from zero to one. To do this, it evaluates stress in six segments of the financial system and makes an aggregate, obtaining a single figure that takes into account the correlation between these segments. Econometric estimates indicate that index values below 0.27 correspond to periods of low stress, while scores between 0.27 and 0.49 correspond to periods of medium stress, and values above 0.49 indicate periods of high stress. For further details on recent movements in this indicator and its components, see the quarterly publication of the *Financial Stability Note*, and the CNMV's statistical series (market stress indicators), available at http://www.cnmv.es/portal/menu/Publicaciones-Estadisticas-In- vestigacion.aspx. For more information on the methodology of this index, see Cambón, M.I. and Estévez, L. (2016). "A Spanish Financial Market Stress Index (FMSI)". *Spanish Review of Financial Economics*, Vol. 14, No. 1, pp. 23-41, or as CNMV Working Paper No. 60 (http://www.cnmv.es/DocPortal/Publicaciones/MONOGRAFIAS/Monografia_60_en.pdf).

3 This indicator has a weekly frequency. The figure presented in this report corresponds to 6 October.

4 However, these values have been significantly lower than those reached in the second half of 2022, when the risk in the bond market at times reached above 0.75.

**Stress indicator of the Spanish financial markets** FIGURE 1

**General indicator**




Sourde: CNMV.

## Síntesis de indicadores financieros

TABLE 1

| | Dec-22 | Mar-23 | Jun-23 | Sep-23 |
|---|---|---|---|---|
| **Short-term interest rates[1] (%)** | | | | |
| Official interest rate | 2.50 | 3.50 | 4.00 | 4.50 |
| €STR 3 months | 1.00 | 2.08 | 2.97 | 3.52 |
| €STR 12 months | -0.11 | 0.55 | 1.45 | 2.42 |
| Exchange rates[2] | | | | |
| Dollar/euro | 1.07 | 1.09 | 1.09 | 1.06 |
| Yen/euro | 140.7 | 144.8 | 157.2 | 158.1 |
| **Yield on medium and long-term government bonds[3]** | | | | |
| Germany | | | | |
| 3 years | 2.23 | 2.63 | 2.80 | 3.01 |
| 5 years | 2.16 | 2.45 | 2.50 | 2.69 |
| 10 years | 2.13 | 2.40 | 2.40 | 2.70 |
| United States | | | | |
| 3 years | 4.05 | 4.10 | 4.27 | 4.74 |
| 5 years | 3.77 | 3.83 | 3.95 | 4.48 |
| 10 years | 3.62 | 3.66 | 3.75 | 4.37 |
| **Private debt risk premiums: spread over 10-year public debt[3] (bp)** | | | | |
| Euro area | | | | |
| High yield | 620 | 599 | 595 | 563 |
| BBB | 227 | 219 | 215 | 197 |
| AAA | 81 | 107 | 102 | 89 |
| United States | | | | |
| High yield | 501 | 516 | 491 | 435 |
| BBB | 202 | 211 | 209 | 181 |
| AAA | 74 | 89 | 85 | 70 |
| Equity markets | | | | |
| **Performance of the main stock market indices[4] (%)** | | | | |
| Eurostoxx 50 | 14.3 | 13.7 | 1.9 | -5.1 |
| Dow Jones | 15.4 | 0.4 | 3.4 | -2.6 |
| Nikkei | 0.6 | 7.5 | 18.4 | -4.0 |
| Return of other indices (%) | | | | |
| Merval (Argentina) | 45.3 | 21.6 | 73.5 | 32.0 |
| Bovespa (Brazil) | -0.3 | -7.2 | 15.9 | -1.3 |
| Shangai Comp. (China) | 2.1 | 5.9 | -2.2 | -2.9 |
| BSE (India) | 4.8 | -4.5 | 11.2 | 2.8 |
| **Spanish stock market** | | | | |
| Return of the Ibex 35 (%) | 11.7 | 12.2 | 3.9 | -1.7 |
| PER of the Ibex 35[5] | 10.8 | 11.6 | 11.0 | 10.4 |
| Volatility of the Ibex 35[6] (%) | 19.3 | 16.1 | 14.8 | 14.6 |
| SIBE trading volumes[7] | 1,230 | 1,357 | 1,201 | 945 |

Source: CNMV, Refinitiv Datastream and Madrid Stock Exchange.

1 Monthly average of daily data. The benchmark interest rate corresponds to the marginal rate of the weekly auction at the close of the period.
2 Data at the close of the period.
3 Monthly average of daily data. In the euro area, the spread is calculated relative to the German government bond.
4 Cumulative quarterly yields in each period.
5 Price-earnings ratio (PER).
6 Implied volatility. Arithmetic mean of the quarter.
7 Daily average, in millions of euros.

**New Cybersecurity Good Governance Code** EXHIBIT 1

On 13 July, the CNMV published the Good Governance Code on Cybersecurity,[1] which was drawn up as part of the National Cybersecurity Forum. This forum is made up of a group of experts in the field who have analysed the various existing regulations and standards from a practical and up-to-date perspective in order to improve good governance in this area.

The aim of the Code is to propose practises to organisations that support a model of good governance of cybersecurity and facilitate its management in networks and information systems. It is also intended to help improve the decision-making process in this area by the governing bodies of organisations and, in particular, by the management body.

This Code contains recommendations of a general scope that are structured into principles that can be applied by any organisation seeking appropriate cybersecurity governance. The Code is not intended as a new standard for controls that must be implemented to achieve a certain level of compliance. Rather, it is a set of 13 principles that enable organisations to review their level of maturity to achieve the necessary objectives. For each of these principles, a number of specific recommendations are given to help orientate oneself towards them in practise.

The first principle of the Code pertains to proportionality and mandates that recommendations ought to be implemented while considering various factors specific to the organisation. These factors include its complexity, size, prevailing risks, available resources, and other relevant circumstances. The rest of the principles have been organised into three large blocks:

**1. Strategy and organisation**

It sets out the key principles on which governance bodies should base cybersecurity strategy and organisation. These principles are directly related to cybersecurity governance and relate to the alignment of cybersecurity with the company's mission and vision, accountability and organisation issues, and the ethical use of resources.

**2. Management**

It comprises a set of essential activities, controls and decisions that organisations should follow to ensure they have sufficient cybersecurity maturity. These measures include prevention, detection, response, and recovery. These principles must be applied by the organisation's management from the Cybersecurity or Information Security Unit.

**3. Oversight**

It describes the minimum elements that must be validated by the organisation›s governing bodies and the essential requirements that must cover the information needed to carry out this validation. It specifies how monitoring by the organisation›s management and the Cybersecurity or Information Security Department should be carried out on an ongoing basis.

Although the Code is not a CNMV document and does not constitute a recommendation by the institution to listed companies, the CNMV is disseminating this new Code in view of the interest it may have for them and the growing risk of cyberattacks[2] and is helping to ensure that listed companies and regulated entities are aware of it.

1 National Cybersecurity Forum (2023). *Good of Good Governance in Cybersecurity*.

2 See the section on cyber risk in the publication CNMV (2023). *Financial Stability Note*. June, No. 24. Available at: https://www.cnmv.es/DocPortal/Publicaciones/NotaEstabilidad/Nota_Estabilidad_Fin_jun23_en.pdf

# 2 Fixed income markets

## 2.1 Interest rates

**In line with the direction set by central banks, short-term interest rates in the major economies continued their upward trajectory throughout the third quarter of 2023, mirroring the trend that has been observed since the start of the previous year.** Central banks have significantly increased official interest rates since the beginning of 2021 in order to combat the sharp rise in inflation, which has fallen compared to the maximum levels set in 2022 but is still above the monetary authorities' targets. During this period, the ECB tightened its monetary policy more than its counterpart in the United States, and as a result the spread between the 3-month interest rates in the United States and the euro area has narrowed. At the middle of the year, this spread was 192 bp and had fallen to 163 bp by the end of September (see Figure 2).

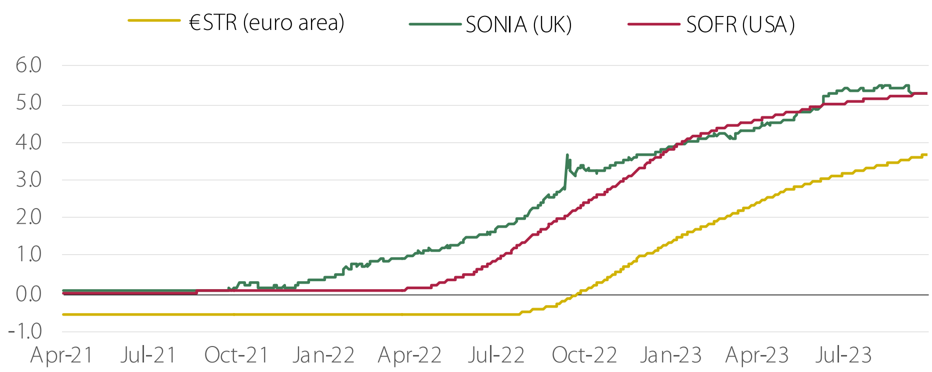
**Since the beginning of the year, the ECB has raised official interest rates six times, twice by 50 bp in February and March and four more times by 25 bp in the remaining months of the year.** As a result, the interest rates set by the European monetary authority at the end of the third quarter of 2023 were 4.5% for the main refinancing operations, 4% for the marginal deposit facility and 4.75% for the credit facility. In line with these increases, 3-month interest rates[5] in the euro area have risen by 242 bp since the beginning of the year and stood at 3.60% at the end of

5 €STR rates.

September. The increases in interest rates implemented by the monetary authority have considered various factors, including the inflation forecasts managed by the institution, which indicate higher rates for both this year and the following year.[6] Concerning the purchase programs conducted by the ECB, the size of the asset portfolio included in the APP[7] program is still being reduced as the principal of maturing securities is not being reinvested. As far as the PEPP[8] programme is concerned, the ECB intends to continue reinvesting the principal of the acquired securities as they mature, at least until the end of 2024.

**In the United States, 3-month interest rates[9] increased by 27 bp during the last quarter to 5.27%.** This slight growth was caused by the Federal Reserve (Fed) raising the key interest rate by 25 bp at the end of July, continuing the trend of previous months, albeit with less intensity. Since the beginning of the year, the official reference interest rate has risen from 4.5% to 5.5%, its highest level since 2001. In addition to this increase, the monetary authority has indicated that it will continue its policy of reducing the asset portfolio.

**Three-month interest rates** FIGURE 2




Source: Refinitiv Datastream. Data until 29 September.

**Commencing the process of rate hikes in December 2021, the Bank of England has established the official rate at 5.25%, a level similar to that of 2007.** This level was reached following the most recent decision by the central bank in August, of 25 bp. When combined with previous decisions, these increases amount to a total rate hike of 175 bp in 2023. Short-term interest rates remained reasonably stable in the third quarter (the 3-month SONIA benchmark closed at 5.29% in September, a similar level to the beginning of the quarter), but have risen significantly over the course of the year (by 1.53 pp).

6 The latest inflation forecasts of 5.6% in 2023, 3.2% in 2024 and 2.1% in 2025 are higher than those published in March (5.3% in 2023, 2.9% in 2024 and 2.1% in 2025).

7 APP: Asset Purchase Programme

8 PEPP: Pandemic Emergency Purchase Programme

9 SOFR rates.

**In Japan official interest rates remain negative and unchanged since February 2016.** The recent actions taken by the Bank of Japan align with its objective of maintaining official rates at -0.1% and continuing the unrestricted purchase of Japanese government bonds. This approach aims to ensure that the yield on the 10-year sovereign bond remains near zero.

## Short-term interest rates[1]

TABLE 2

%

| | Dec-19 | Dec-20 | Dec-21 | Dec-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 |
|---|---|---|---|---|---|---|---|---|
| **Euro area** | | | | | | | | |
| Official | 0.00 | 0.00 | 0.00 | 2.50 | 2.50 | 3.50 | 4.00 | 4.50 |
| 3 months | -0.40 | -0.54 | -0.58 | 2.07 | 2.07 | 2.08 | 2.97 | 3.52 |
| 6 months | -0.34 | -0.52 | -0.54 | 2.57 | 2.57 | 1.54 | 2.54 | 3.26 |
| 12 months | -0.26 | -0.50 | -0.50 | 3.03 | 3.03 | 0.55 | 1.45 | 2.42 |
| **United States** | | | | | | | | |
| Official | 1.75 | 0.25 | 0.25 | 4.50 | 4.50 | 5.00 | 5.25 | 5.50 |
| 3 months | 1.91 | 0.23 | 0.21 | 4.74 | 4.74 | 4.43 | 4.94 | 5.23 |
| 6 months | 1.90 | 0.26 | 0.31 | 5.16 | 5.16 | 3.92 | 4.72 | 5.12 |
| 12 months | 1.97 | 0.34 | 0.52 | 5.47 | 5.47 | n/a | n/a | n/a |
| **United Kingdom[2]** | | | | | | | | |
| Official | 0.75 | 0.10 | 0.25 | 3.50 | 3.50 | 4.25 | 5.00 | 5.25 |
| 3 months | 0.79 | 0.03 | 0.16 | 3.78 | 3.78 | 4.21 | 4.97 | 5.40 |
| 6 months | 0.87 | 0.04 | 0.36 | 4.30 | 4.30 | 4.36 | 5.29 | 5.51 |
| 12 months | 0.97 | 0.10 | 0.72 | 4.39 | 4.39 | 4.46 | 5.62 | 5.59 |
| **Japan[3]** | | | | | | | | |
| Official | -0.10 | -0.10 | -0.10 | -0.10 | -0.10 | -0.10 | -0.10 | -0.10 |
| 3 months | -0.06 | -0.10 | -0.08 | -0.04 | -0.04 | n/a | n/a | n/a |
| 6 months | 0.01 | -0.06 | -0.05 | 0.05 | 0.05 | n/a | n/a | n/a |
| 12 months | 0.11 | 0.05 | 0.05 | n/a | n/a | n/a | n/a | n/a |

Sourde: Refinitiv Datastream.

1 Monthly average of daily data, except official rates, corresponding to the close of the period. Since 2023, it has contained the recommended benchmarks as an alternative to Libor: in the euro area, the €STR rates; in the United States, the SOFRs, and in the United Kingdom, the SONIA benchmark Data until 29 September.

2 The 12-month SONIA benchmark has also been included in the data for December 2022 as the Libor in sterling has been discontinued at this term.

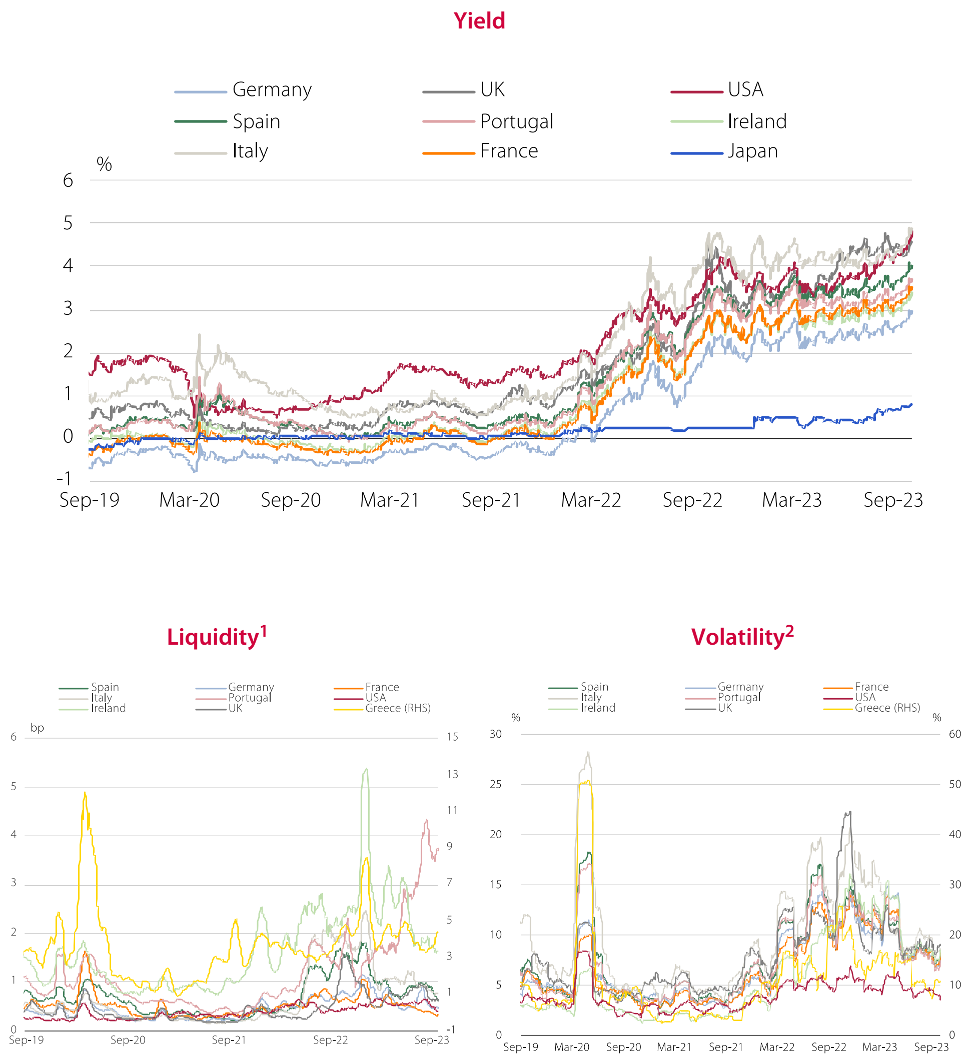
3 The recommended benchmark rate is TONAR, which is overnight and does not include liquid forward benchmarks.

**In this context, yields on 10-year government bonds generally rose in the last quarter, particularly in the United States.** The rise intensified at the end of September and beginning of October due to the expectation of higher key interest rates for an extended period and an inflation rate that will approach the central banks' targets, albeit slowly.

**The annual balance shows that the increase in yields varies, with a more moderate increase in the euro area countries than in the United States and the United Kingdom.** In the euro area, there are cases of annual increases of up to 30 bp, and there are even cases such as Greece, where government bond yields are expected to fall (by 24 bp) in 2023 due to the country's economic progress. Yields were between 2.8% in Germany and 4.8% in Italy (3.9% in Spain) at the end of the third quarter. In the United States and the United Kingdom, the annual increases amount to 74 and 77 bp, respectively, which leaves the rate level at 4.57% and 4.44%.

## 10-year sovereign bond market indicators

FIGURE 3




Source: Bloomberg, Refinitiv Datastream and own calculations. Data until 29 September.

1 Monthly deviation of the daily bid-ask spread of 10-year sovereign bond yields.

2 Annualised standard deviation of daily changes in the prices of 40-day sovereign bonds.

**The flattening of yield curves or their inversion is continuing in many reference countries.** This is due to a much faster and stronger rise in shorter-term interest rates, which are moving in line with central bank decisions, while yields on longer-term assets have not risen to such a degree. In the latter case, the prospect of weaker growth in economic activity may partly explain this lower increase. Sometimes the fact that yield curves invert is associated with future periods of economic recession.

## Medium- and long-term government bond yields[1]

TABLE 3

%

| | Dec-19 | Dec-20 | Dec-21 | Dec-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 |
|---|---|---|---|---|---|---|---|---|
| **Germany** | | | | | | | | |
| 3 years | -0.62 | -0.78 | -0.72 | 2.23 | 2.23 | 2.63 | 2.80 | 3.01 |
| 5 years | -0.54 | -0.75 | -0.56 | 2.16 | 2.16 | 2.45 | 2.50 | 2.69 |
| 10 years | -0.27 | -0.57 | -0.31 | 2.13 | 2.13 | 2.40 | 2.40 | 2.70 |
| **United States** | | | | | | | | |
| 3 years | 1.64 | 0.19 | 0.95 | 4.05 | 4.05 | 4.10 | 4.27 | 4.74 |
| 5 years | 1.68 | 0.38 | 1.23 | 3.77 | 3.77 | 3.83 | 3.95 | 4.48 |
| 10 years | 1.86 | 0.93 | 1.46 | 3.62 | 3.62 | 3.66 | 3.75 | 4.37 |
| **United Kingdom** | | | | | | | | |
| 3 years | 0.53 | -0.07 | 0.61 | 3.37 | 3.37 | 3.50 | 4.71 | 4.69 |
| 5 years | 0.58 | -0.04 | 0.67 | 3.41 | 3.41 | 3.40 | 4.44 | 4.57 |
| 10 years | 0.78 | 0.26 | 0.83 | 3.38 | 3.38 | 3.54 | 4.32 | 4.39 |
| **Japan** | | | | | | | | |
| 3 years | -0.14 | -0.14 | -0.11 | 0.02 | 0.02 | -0.03 | -0.05 | 0.09 |
| 5 years | -0.11 | -0.11 | -0.09 | 0.17 | 0.17 | 0.13 | 0.07 | 0.27 |
| 10 years | -0.02 | 0.02 | 0.05 | 0.33 | 0.33 | 0.37 | 0.40 | 0.70 |

Sourde: Refinitiv Datastream.

1 Monthly average of daily data. Data until 29 September.

**In Spain, yields on short-term public and private debt have continued to rise, although the increases have been less pronounced in private debt assets, with yields on these assets remaining below those on public debt.** In the wake of the ECB's interest rate hikes, public debt instruments offered significantly higher yields, with yields on 3-, 6- and 12-month treasury bills averaging 3.55%, 3.72% and 3.74% respectively in September, which corresponds to an increase of 23 to 37 percentage points in the quarter and 127 to 206 bp over the year as a whole.

## Short-term interest rates[1]

TABLE 4

%

| | Dec-19 | Dec-20 | Dec-21 | Dec-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 |
|---|---|---|---|---|---|---|---|---|
| **Treasury bills** | | | | | | | | |
| 3 months | -0.58 | -0.70 | -0.78 | 1.49 | 1.49 | 2.62 | 3.19 | 3.55 |
| 6 months | -0.47 | -0.59 | -0.63 | 2.16 | 2.16 | 2.91 | 3.35 | 3.72 |
| 12 months | -0.48 | -0.63 | -0.60 | 2.47 | 2.47 | 3.02 | 3.51 | 3.74 |
| **Corporate commercial paper[2]** | | | | | | | | |
| 3 months | 0.20 | 0.49 | 0.38 | 2.27 | 2.27 | 0.84 | 1.00 | 1.68 |
| 6 months | 0.52 | 0.55 | 0.50 | 0.98 | 0.98 | 1.43 | 1.65 | 1.80 |
| 12 months | 0.71 | 1.44 | 0.81 | 1.46 | 1.46 | 1.85 | 2.75 | 2.96 |

Sourde: Refinitiv Datastream and CNMV.

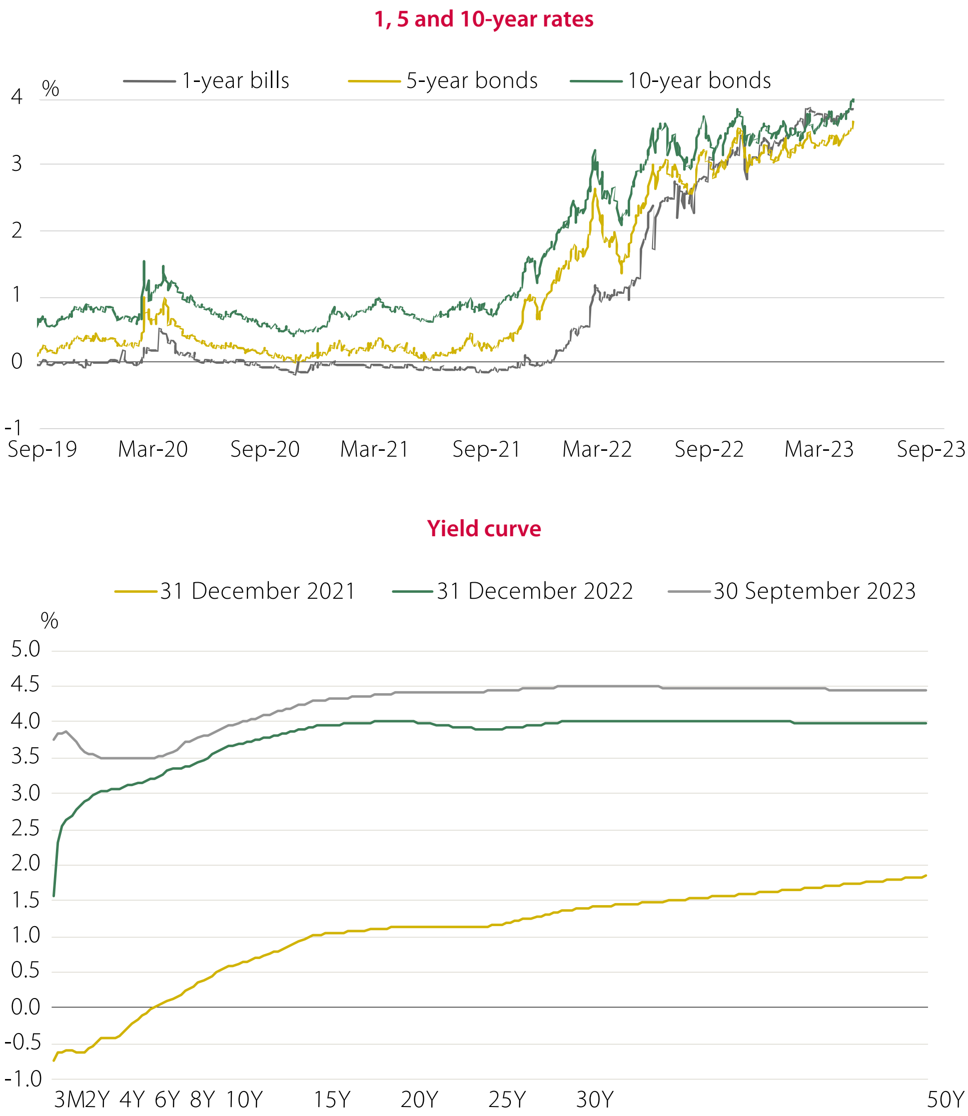
1 Monthly average of daily data.

2 Issuance interest rates.

Yields on short-term private debt assets in September were 1.68%, 1.80% and 2.96% for 3-, 6- and 12-month maturities respectively. These figures represent an increase of between 15 and 68 bp on the previous quarter and up to 1.5 bp for the year as a whole. The fact that the issue rates for promissory notes are on average below the level observed for government debt instruments with the same maturities is due to the fact that some banks are issuing commercial paper at very low interest rates.

**In the last quarter, there was a parallel increase in medium- and long-term government bond rates, similar to the trend observed in short-term assets for public debt.** In September (monthly average), the interest rates on 3-, 5-, and 10-year Spanish government bonds reached 3.43%, 3.37%, and 3.72% respectively, indicating increases ranging from 26 to 35 bp compared to June. Throughout the year, these yields exhibited less variation than short-term rates, fluctuating between 54 and 89 bp. In the case of Spain, the yield curve also flattened significantly (see the panels in Figure 4), but did not invert.

**Yields on Spanish public debt** FIGURE 4




Source: Refinitiv Datastream and Bloomberg. Data until 29 September.

## Medium- and long-term private fixed income yields[1]

TABLE 5

| | Dec-19 | Dec-20 | Dec-21 | Dec-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 |
|---|---|---|---|---|---|---|---|---|
| **Public sector fixed income** | | | | | | | | |
| 3 years | -0.29 | -0.53 | -0.48 | 2.54 | 2.54 | 3.05 | 3.17 | 3.43 |
| 5 years | -0.06 | -0.42 | -0.20 | 2.71 | 2.71 | 3.12 | 3.11 | 3.37 |
| 10 years | 0.45 | 0.05 | 0.39 | 3.18 | 3.18 | 3.45 | 3.37 | 3.72 |
| **Corporate bonds** | | | | | | | | |
| 3 years | 0.20 | -0.19 | 0.12 | 3.07 | 3.07 | 3.81 | 4.32 | 4.38 |
| 5 years | 0.23 | -0.13 | 0.13 | 2.93 | 2.93 | 3.73 | 4.17 | 4.27 |
| 10 years | 0.79 | 0.41 | 0.56 | 3.11 | 3.11 | 4.43 | 4.51 | 4.74 |

Source: Refinitiv Datastream, Refinitiv Eikon and CNMV.

1 Monthly average of daily data.

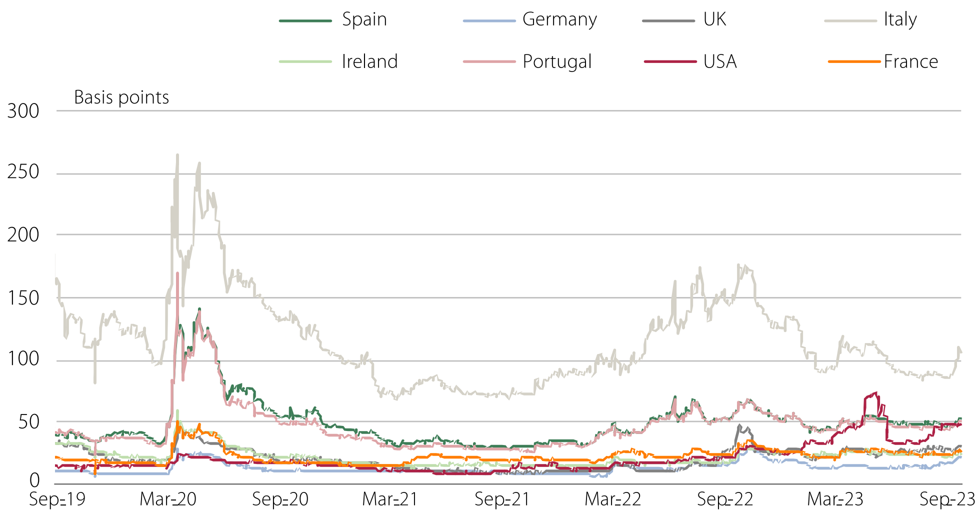
**Long-term private debt yields rose somewhat less sharply than government debt yields in the last quarter, but accumulated stronger increases over the course of the year.** Yields (monthly average) on these investments reached 4.38%, 4.27% and 4.74% for the 3-, 5- and 10-year maturities respectively in September, between 6 and 23 bp higher than in June and between 1.31 and 1.63 bp higher than in December last year. Therefore, there has been an increase in the risk premium for long-term private fixed-income assets, of between 90 and 102 bp depending on the term.

### 2.2 Risk premiums

**Sovereign credit risk premiums in the advanced economies, as measured by the 5-year CDS (credit default swap) contracts, generally rose slightly in the third quarter of 2023.** Within the euro area, the increases were strongest in Italy (16.7 bp), Greece (12 bp) and Germany (7.7 bp), to 111.8 bp, 93.5 bp and 22.5 bp, respectively. The rise in Italian bond yields can be attributed to the Italian government's revised downward growth forecast and increased deficit projections for both 2023 and 2024. There were negligible changes in sovereign CDS for other economies within the euro area. Noteworthy developments outside of Europe included a rise in the risk premium on US sovereign bonds, increasing by nearly 14 bp during the quarter, as well as a rise of 11.3 bp in Japan. Overall, these increases may not be substantial, but they highlight the uncertainty surrounding the impact of higher interest rates on overall economic activity and specifically on public finances. In the case of the United Estates, it was specifically the expected fiscal deterioration over the next three years that prompted Fitch to downgrade the economy's long-term credit rating from AAA to AA+ in August, and with it the risk premium.

**With the exception of the United States, Greece and Italy, the annual balance of risk premiums derived from these CDSs shows very little upward or downward fluctuation in the major economies.** By the end of September, the sovereign risk premium in the United States had risen by 22.6 bp, as the above-mentioned elements were exacerbated by the uncertainty surrounding the problems of several medium-sized banks in the year from March to May this year. In contrast, the risk premium in Greece and Italy fell by 50 and 26 bp respectively.

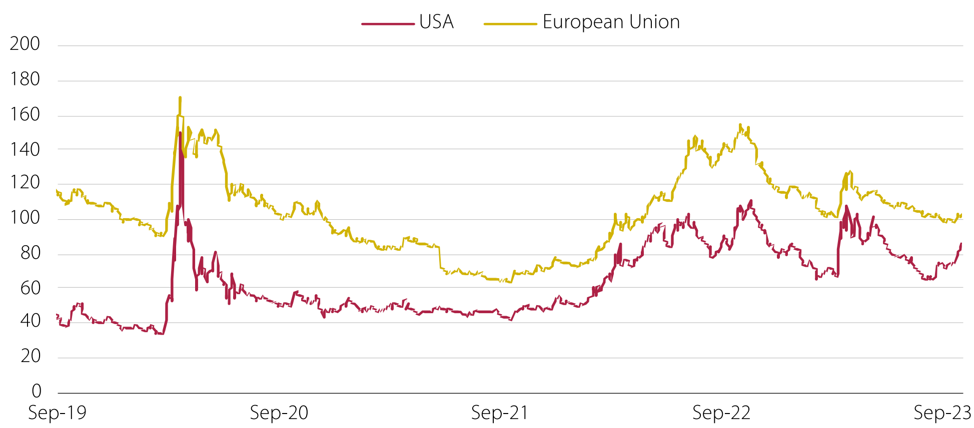
**Sovereign debt credit risk premiums (5-year CDS)** FIGURE 5




Source: Refinitiv Datastream. Data until 29 September.

**The trajectory of the risk premium for the banking sector (5-year CDS) in the third quarter of the year showed increases in the United States and decreases in Europe.** As can be seen in Figure 6, the pattern of this indicator in the United States was significantly affected by the problems of several banks in March and April, but then returned to values similar to those at the beginning of the year. More recently, the upward trend in this risk premium has been part of a general revision of risk premiums in the US economy. The risk premiums of European banks rose somewhat in March and April due to the uncertainty caused by the problems of several banks in the United States and Europe, but then gradually declined. The annual balance sheet shows a decline (-16 bp) to 101 bp for the latter and a slight increase (2 bp) to 85 bp for US banks.

**Banking sector credit risk premiums (5-year CDS)** FIGURE 6




Source: Refinitiv Datastream, indices prepared by CMA. Data until 29 September.

**Credit risk premiums in the private fixed income markets of the advanced economies show stability or slight decreases over the year as a whole.** As can be seen in Table 6, there was only a moderate increase in these premiums observed for lower credit quality assets (high yield) in the United States during the first quarter of the year. This increase coincided with a period of turbulence associated with the banking sector. In 2023 as a whole, both the euro area and the United States have seen decreases of varying intensity, with riskier assets falling by almost 60 bp and BBB assets by 20-30 bp. In the case of AAA debt assets, a slight increase can be observed for companies in the euro area (8 bp) and a decrease for US companies (-4 bp).

## Spread vs. 10-year government debt, basis points[1]

TABLE 6

Spread vs. 10-year government debt, basis points

| | Dec.-19 | Dec.-20 | Dec.-21 | Dec.-21 | Dec.-22 | Mar.-23 | Jun.-23 | Sep.-23 |
|---|---|---|---|---|---|---|---|---|
| **Euro area**[2] | | | | | | | | |
| High yield | 489 | 443 | 428 | 620 | 620 | 599 | 595 | 563 |
| BBB | 137 | 124 | 121 | 227 | 227 | 219 | 215 | 197 |
| AAA | 66 | 53 | 66 | 81 | 81 | 107 | 102 | 89 |
| **United States** | | | | | | | | |
| High yield | 430 | 418 | 350 | 501 | 501 | 516 | 491 | 435 |
| BBB | 141 | 126 | 119 | 202 | 202 | 211 | 209 | 181 |
| AAA | 46 | 47 | 39 | 74 | 74 | 89 | 85 | 70 |

Sourde: Refinitiv Datastream.

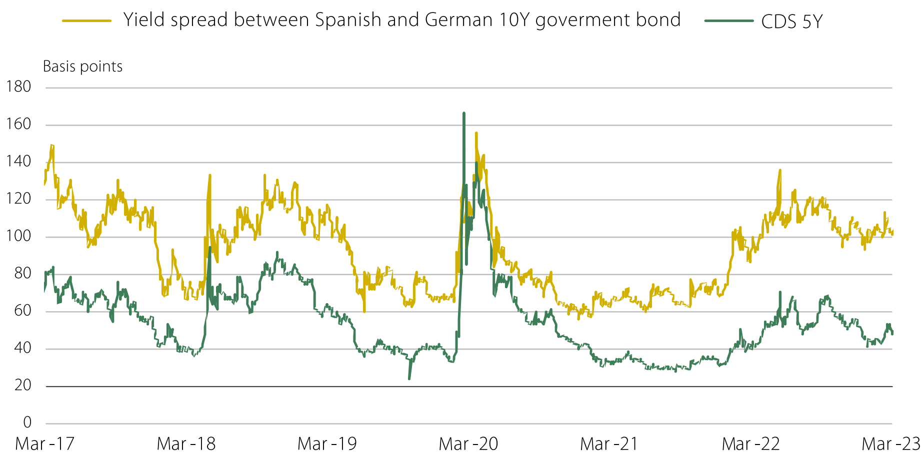
1 Monthly average of daily data. Data until 29 September.

2 Spread vs. the German bond.

**Throughout the year, the sovereign risk premium in Spain has displayed minimal fluctuations, with only a slight rise observed in the last few days of September.** This premium, measured as the spread between the yield on 10-year government bonds and the yield on German government bonds with the same maturity, stood at 109.3 bp at the end of September, 10.2 bp more than in the middle of the year and practically the same as at the beginning of the year. The CDS premium fluctuated less and stood at 52.6 bp at the end of the third quarter, 2.5 bp more than in June and 2.5 bp less than in December 2022.

## Risk premium of Spanish issuers: public sector

FIGURE 7

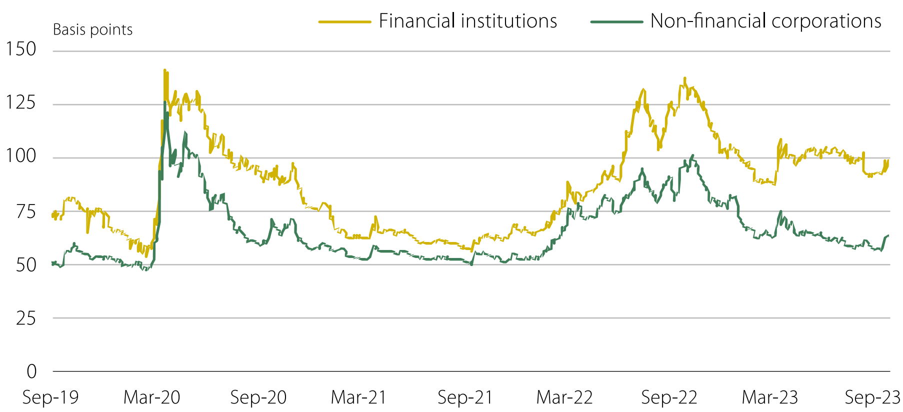



Source: Refinitiv Datastream and own calculations. Data until 29 September.

**The risk premiums of Spain's private sub-sectors hardly changed in the third quarter, after initially falling and then rising in the final days of the quarter.** As shown in Figure 8, the average CDS of financial institutions was 98 bp at the end of September, 3.7 bp lower than at the end of June and 5.8 bp lower than at the end of 2022. As far as non-financial corporations are concerned, these contracts were trading at an average of 63.1 bp at the end of the quarter, which is practically the same level as in the middle of the year, but significantly lower than at the beginning of the year (almost 20 bp lower). The relatively good economic performance could partly explain the more favourable trend in the credit risk premium of non-financial institutions compared to financial institutions, in addition to the negative impact that the recent turmoil in the banking system, particularly the events surrounding certain banks in the United States and Switzerland, may have had on the latter.

## Risk premium of Spanish issuers: private sector[1]

FIGURE 8




Source: Refinitiv Datastream and own calculations. Data until 29 September.

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

## 2.3 Debt issues and trading

**Gross long-term debt issues in international markets from the beginning of the year to the end of September decreased by 3% year-on-year to just over US$9 trillion.**[10] These declines, which continue the trend from 2022, can be partly explained by the tightening of financing conditions as a result of the central banks' policy of raising interest rates. There is considerable heterogeneity between sectors and regions. The financial sector recorded the sharpest decline in the volume of issues, with a fall of 9.6% compared to the same period of the previous year, followed by the public sector, where issues fell by 4.3% compared to the previous year. In contrast, the non-financial sector increased its debt issue volume by 16% compared to 2022.

**Broken down by region, there is a clear difference between the trajectory on the primary market for debt instruments in Europe and the United States.** While the US economy issued US$4.1 trillion in the year to September, down 14.2% on the previous year, Europe issued US$2.2 trillion, 40.1% more than in 2022. The different maturity schedules of the two regions, which lead to different refinancing requirements, as well as a greater and earlier tightening of financing conditions in the United States could explain this discrepancy.

**Gross sovereign debt issues fell by 4.3% compared with the first nine months of 2022, to US$3.4 trillion.** These results were particularly affected by the decline in the issue of this type of debt instrument in the United States last year, which was 15.8% lower than in the same period of the previous year. In Europe, on the other hand, the issue volume rose again significantly after two years of considerable declines.

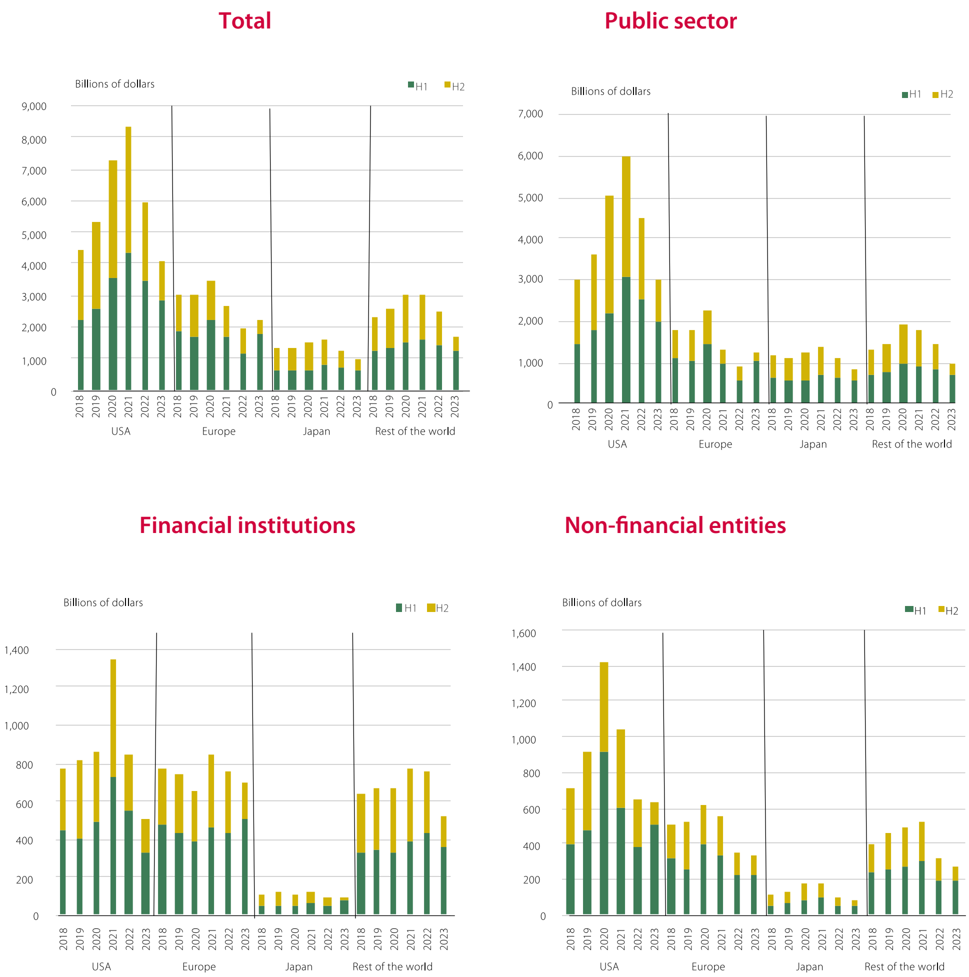
**Gross debt issues by companies in the financial sector fell by 9.6% in 2023. The overall decline is almost exclusively attributable to developments in the United States, where issues by financial institutions fell by 39.8% to 501 billion.** This has taken place against the backdrop of problems at some mid-sized institutions in the period between March and May this year, which may have affected the performance of the US primary debt market. In contrast, both Europe and Japan saw increases in the debt issues of these entities: in Europe they increased by 13.8% and reached US$691 billion, the highest figure in recent years, and in Japan they did so by 58%, to US$101 billion.

**Lastly, referring to the non-financial private sector, as discussed earlier, there was a widespread increase in debt issue during 2023.** In Europe, the United States, and Japan, these increases were 26.8% to US$339 billion, 19% to US$629 billion, and 10.5% to US$85 billion, respectively. The figures for the US sector are particularly noteworthy as they contrast with the decline in issue in all other sectors.

10 The decline in net long-term debt issues from the star the year was much more pronounced, 49%, resulting in net issues of US$735.5 billion. This was due both to the fall in gross issues and to the increase in maturities as a whole.

## International gross fixed income issues

FIGURE 9




Source: Dealogic. Half-yearly data to 30 September. The data corresponding to the remaining months of 2023 have been semi-annualised.

**During the third quarter, private fixed income issues by Spanish issuers within Spain (registered with the CNMV and conducted through the MARF) amounted to approximately €13 billion. Additionally, issues made abroad in July and August reached approximately €19.9 billion.**

**In Spain,** issues registered with the CNMV fell by 61% in the quarter compared with the same period of the previous year, primarily due to a decline in commercial paper issues. MARF reported admissions totalling €3.297 billion, which corresponds to the figures for the third quarter of the previous year. During this period, 75% of issues in Spain were registered with the CNMV, while the remainder were admitted to the MARF.

**For the year as a whole, issues of fixed-income securities registered in Spain totalled €71.813 billion, 21% less than in the same period of 2022 (€61.109 billion at the CNMV and €10,704 million at the MARF).** Notable was the decrease in issues of covered bonds (particularly in the third quarter), regional covered bonds and asset-backed securities, which totalled €20.55 billion, €750 million and €8.655

billion respectively, representing a decrease of 25%, 79% and 50% compared to the same period in 2022. In contrast, there was a significant rise in issues of bonds and non-convertible bonds during 2023, reaching €3.62 billion, which is three times the amount compared to the previous year.

As mentioned above, the issue of commercial paper also decreased significantly, amounting to €21.67 billion between January and September, 24.4% less than in 2022. Almost half of this amount was issued during the first quarter of the year.

**Issues admitted to the MARF up to September totalled €10.703 billion, 2.9% more than in the same period in 2022 (€10.402 billion).** Over the course of the year, the relative importance of commercial paper within this market was maintained, accounting for 93% of total admissions, as in the previous year.

## Gross private fixed income issues registered in Spain

TABLE 7

Nominal amounts in millions of euros

| | | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| **CNMV** | **2019** | **2020** | **2021** | **2022** | **Mar.** | **Jun.** | **Sep.** | **Jan.-Sep.** |
| **Long-term** | **52,305** | **80,753** | **59,533** | **59,073** | **19,152** | **17,093** | **3,190** | **39,435** |
| Non-convertible bonds[2] | 9,101 | 5,545 | 3,080 | 1,739 | 1,241 | 1,489 | 889 | 3,619 |
| Convertible bonds | 0 | 0 | 1,210 | 1,800 | 130 | 1,000 | 0 | 1,130 |
| Covered bonds | 22,933 | 22,960 | 28,920 | 31,350 | 8,750 | 11,800 | 0 | 20,550 |
| Territorial-covered bonds | 1,300 | 9,150 | 5,500 | 3,540 | 750 | 0 | 0 | 750 |
| Asset-backed securities | 16,471 | 35.0811 | 18,376 | 20,645 | 3,801 | 2,804 | 2,051 | 8,655 |
| Preference shares | 1,000 | 1,750 | 1625 | 0 | 1,100 | 0 | 250 | 1,350 |
| Other issues | 1,500 | 6,266 | 823 | 0 | 3,380 | 0 | 0 | 3,380 |
| **Short-term[1]** | **15,085** | **22,257** | **20,157** | **39,524** | **10,447** | **4,745** | **6,483** | **21,675** |
| Commercial paper | 15,085 | 22,257 | 20,157 | 39,524 | 10,447 | 4,745 | 6,483 | 21,675 |
| Securitisation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **67,390** | **103,610** | **79,690** | **98,598** | **29,599** | **21,838** | **9,673** | **61,110** |
| | | | | | | | | |
| *Pro memoria:* | | | | | | | | |
| Subordinated issues | 3,214 | 14,312 | 5,727 | 1,825 | 1,653 | 836 | 533 | 3,022 |
| | | | | | | | | |
| **Admitted to the MARF** | **10,348** | **9,651** | **13,968** | **13,772** | **3,868** | **3,539** | **3,297** | **10,704** |
| | | | | | | | | |
| **Total** | **77,738** | **113,261** | **93,658** | **112,370** | **33,467** | **25,377** | **11,406** | **71,814** |

Sourde: CNMV.

1 The figures for commercial paper issues correspond to the amounts placed.

2 The CNMV registry also incorporates the issues of the SAREB (Asset Management Company for Assets Arising from Bank Restructuring, Sociedad de Gestión de Activos procedentes de la Reestructuración Bancaria), which, as it belongs to the public sector, are not included in this table. The amount of issues of this company in 2023 is €8.437 billion, made entirely in the first quarter.

**Debt issues carried out by Spanish issuers abroad in the aggregate for the year amounted to €94.9 billion.** This is an increase of 37.5% compared to the same period of the previous year and is explained by the increase in both long-term (38.8%)

and short-term (36.3%) issues. For these issues as a whole, the total amount of short-term issues has been slightly higher than that of long-term issues for several months. It is also important to note that there appears to be a certain specialisation in the type of long-term issues abroad and in Spain: abroad, issues are mainly focused on conventional bonds and debentures, while issues registered with the CNMV are concentrated on covered bonds and asset-backed securities.

**Gross private fixed income issues of Spanish issuers abroad** TABLE 8

Nominal amounts in millions of euros

| | | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | **2019** | **2020** | **2021** | **2022** | **Mar.** | **Jun.** | **Sep.** | **Jan.-Sep.** |
| **Long-term** | **53,234** | **46,282** | **64,089** | **48,037** | **18,995** | **16,312** | **9,589** | **44,896** |
| Preference shares | 3,070 | 1,850 | 3,820 | 0 | 800 | 1,000 | 0 | 1,800 |
| Subordinated long-term bonds | 1,755 | 0 | 1,350 | 0 | 1,368 | 0 | 0 | 1,368 |
| Bonds and debentures | 48,409 | 44,432 | 58,920 | 48,037 | 16,827 | 14,318 | 9,589 | 40,733 |
| Backed securities | 0 | 0 | 0 | 0 | 0 | 994 | 0 | 995 |
| Short-term | 47,087 | 45,714 | 63,104 | 64,834 | 18,053 | 21,658 | 10,309 | 50,021 |
| Commercial paper | 47,087 | 45,714 | 63,104 | 64,834 | 18,053 | 21,658 | 10,309 | 50,021 |
| Asset securitisation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **100,321** | **91,996** | **127,194** | **112,871** | **37,048** | **37,971** | **19,897** | **94,916** |
| | | | | | | | | |
| ***Pro memoria:* gross issues of subsidiaries of Spanish companies in ROW** | | | | | | | | |
| Financial institutions | 57,449 | 42,120 | 40,597 | 58,750 | 15,636 | 15,429 | 9,014 | 40,079 |
| Non-financial companies | 34,893 | 28,928 | 29,036 | 24,093 | 6,121 | 4,802 | 3,724 | 14,647 |
| **Total** | **92,342** | **71,048** | **69,633** | **82,843** | **21,757** | **20,232** | **12,737** | **54,726** |

Source: Bank of Spain. Third quarter data is for July and August.

**The amount of debt issues with environmental, social and governance (ESG) criteria from Spanish private sector issuers totalled €4.406 billion in the third quarter of the year, significantly higher than in 2022 (€2.53 billion in the same period).** The cumulative amount in 2023 up to September is €10.35 billion, also exceeding the €8.64 billion in 2022. The number of issues totalled 7 for financial institutions and 12 for non-financial companies. By type of issue, green issues predominated, with a total of 15, compared with 2 social and 2 sustainable issues.[11]

Overall, it can be deduced from the cumulative data up to September that the total number of issues by Spanish issuers would increase by almost 4% by the end of the year compared to 2022 if the observed trend continues.

**In terms of activity on the Spanish trading venues, there was a notable variation among different platforms. Debt trading experienced growth on the Electronic**

11 ESG issues by public administrations for the year as a whole amounted to €4.396 billion, practically the same figure as in 2022.

**Debt Trading System (SEND) and multilateral trading facilities (MTF), while there was an overall decline on the organised trading facilities (OTF).** Cumulative trading on the SEND in the first three quarters of the year was above €17 billion, 18.7% more than in 2022. In MTFs, trading in SENAF increased from 75 billion between January and September 2022 to 242 billion in the same period in 2023. In the case of the OTFs, differences were observed both between the different venues and between types of debt. Thus, although in aggregate terms trading in these OTFs fell by 27.7% to €493.7 billion, Spanish government bond trading increased in two OTFs: CAPI and TEUR (Tradition). CAPI recorded an increase in total trading of almost 13%, which increased its importance within the OTFs from 25% to 28%. In contrast, both CIMB and TEUR trading declined, by 38.2% and 35.6% respectively. The importance of the latter fell from 68% to 44%.

## The OECD begins preparing a report on the revitalisation of the Spanish capital market, supported by the European Union

EXHIBIT 2

The Organisation for Economic Co-operation and Development (OECD) began work on the report "Proposals for a capital market that supports sustainable economic growth" at the beginning of July this year. The first meeting was attended by the head of the European Commission's Directorate-General for Structural Reform Support (DG REFORM), the OECD's Director of Financial and Enterprise Affairs, the Deputy Director-General for Financial Legislation of the General Secretariat of the Ministry of Finance and the Chairman of the CNMV.

The project had previously been proposed by the CNMV and the Government of Spain to the European Commission, under the title "Capital markets for a vibrant and sustainable Spanish economy and corporate sector". The CNMV, the European Commission, the Ministry of Economic Affairs and the OECD are involved in the project.

The aim of the project is to promote the use of the Spanish capital markets as a means of financing Spanish companies, particularly in the context of the necessary transition to a sustainable economy, and to promote the use of green financial instruments. The primary goal is to enhance competitiveness and promote the growth and resilience of the Spanish economy.

As part of this objective, the OECD will hold meetings with key stakeholders in Spain to define a strategy that includes possible reforms in the area of capital markets and access to finance that will actively contribute to achieving the above objectives.

The project, funded by the European Union through the Technical Support Instrument,[1] is expected to have a duration of 20 months. At its conclusion, in late 2024, it will culminate in several significant milestones, including a report on the state of the capital market in Spain, along with recommendations and an action plan.

All participants involved in the project expressed a highly positive initial evaluation. The Director General of DG Reform highlighted that fostering deeper and more integrated capital markets not only offers a wider range of sustainable financing sources but also contributes to the advancement of the objectives set forth by the Capital Markets Union. Similarly, the Director of the OECD emphasised the crucial role of a properly functioning capital market in granting Spanish companies the necessary access to capital for innovation and expansion, which, in turn, fosters a dynamic and resilient business sector that contributes to sustainable economic growth in the long run.

The CNMV welcomed this initiative and thanked the Spanish authorities for their support, especially the Ministry of Economic Affairs and Digital Transformation through the General Secretariat of the Ministry of Finance, as well as the openness of the European Commission and the OECD in this important area. The CNMV believes that the revitalisation of the capital market is absolutely essential for the possibilities of growth and transformation of our economy. This project involves first-class international technical assistance and is expected to result in proposals and reforms that will benefit our market.

1 https://reform-support.ec.europa.eu/our-projects/country-factsheets/spain_en

# 3 Equity markets

## 3.1 Prices and returns

**After a first half of the year of gains, the main international equity indices recorded declines in the third quarter. The reason for this was the prospect that the high interest rate scenario would last longer than expected,[12] against the backdrop of a certain deterioration in the economic situation.** The intensity of the declines was low, meaning that all indices posted significant gains for the year. However, the risk of further declines in the coming months remains if uncertainty about the trajectory of interest rates and inflation persists, while the economic slowdown and the decline in corporate earnings are confirmed in some regions. With the exception of the Japanese Topix index, all major indices recorded declines in the quarter, which were somewhat more pronounced for some European indices (in particular 5.1% for the European Eurostoxx 50 and 4.7% for the German Dax 30) and somewhat more modest for the US indices (between 2.6% for the Dow Jones and 4.1% for the Nasdaq). The Ibex fell by 1.7%, slightly less than the major European indices.

12 See the heading “Interest rates”.

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

TABLE 9

%

| | 2019 | 2020 | 2021 | 2022 | Mar-23 | Jun-23 | Sep-23 | Jan.-Sep-23 |
|---|---|---|---|---|---|---|---|---|
| **World** | | | | | | | | |
| MSCI World | 25.2 | 14.1 | 20.1 | 19.5 | 7.3 | 6.3 | -3.8 | 9.6 |
| Euro area | | | | | | | | |
| Eurostoxx 50 | 24.8 | -5.1 | 21.0 | -11.7 | 13.7 | 1.9 | -5.1 | 10.0 |
| Euronext 100 | 24.9 | -3.6 | 23.4 | -9.6 | 10.4 | 1.0 | -3.6 | 7.5 |
| DAX 30 | 25.5 | 3.5 | 15.8 | -12.3 | 12.2 | 3.3 | -4.7 | 10.5 |
| CAC 40 | 26.4 | -7.1 | 28.9 | -9.5 | 13.1 | 1.1 | -3.6 | 10.2 |
| MIB 30 | 28.3 | -5.4 | 23.0 | -13.3 | 14.4 | 4.1 | 0.0 | 19.1 |
| Ibex 35 | 11.8 | -15.5 | 7.9 | -5.6 | 12.2 | 3.9 | -1.7 | 14.2 |
| **United Kingdom** | | | | | | | | |
| FTSE 100 | 12.1 | -14.3 | 14.3 | 0.9 | 2.4 | -1.3 | 1.0 | 2.1 |
| **United States** | | | | | | | | |
| Dow Jones | 22.3 | 7.2 | 18.7 | -8.8 | 0.4 | 3.4 | -2.6 | 1.1 |
| S&P 500 | 28.9 | 16.3 | 26.9 | -19.4 | 7.0 | 8.3 | -3.6 | 11.7 |
| Nasdaq-Cpte | 35.2 | 43.6 | 21.4 | -33.1 | 16.8 | 12.8 | -4.1 | 26.3 |
| **Japan** | | | | | | | | |
| Nikkei 225 | 18.2 | 16.0 | 4.9 | -9.4 | 7.5 | 18.4 | -4.0 | 22.1 |
| Topix | 15.2 | 4.8 | 10.4 | -5.1 | 5.9 | 14.2 | 1.5 | 22.8 |

Source: Refinitiv Datastream.

1 In local currency. Data until 29 September.

**The performance of the main stock market indices over the course of the year shows gains in all regions (see Table 9), with the Japanese markets and the US technology index Nasdaq posting the strongest gains. Nevertheless, most indices did not manage to recover all the losses accumulated in 2022 and remain below the closing levels of 2021.** In the euro area, gains ranged between 10% for the European Eurostoxx 50 and 19.1% for the Italian Mib 30, while in the United Kingdom they were limited to 2.1% for the British FTSE 100. Likewise, the US indices showed contrasting performances: the tech-focused Nasdaq experiencing a substantial gain of 26.3% due to promising developments in artificial intelligence, while the Dow Jones index, tied to traditional economy and financial sector companies, only recorded a modest gain of 1.1%. Japan's indices outperformed other major global indices, with the Nikkei 225 and Topix both achieving significant gains of 22.1% and 22.8% respectively.

**In Spain, the Ibex 35 ended the quarter down 1.7%, the best performance among the major euro area indices after the Italian index, and for the year as a whole it is up 14.6%, almost 5 pp more than the Eurostoxx 50.** Despite this slight decline, the Ibex 35 was able to recoup all the losses of the previous year thanks to its cumulative annual gain, although it is still slightly below the levels it had before the outbreak of the pandemic.

**The performance of the Ibex 35 during the quarter was similar to that of mid-cap companies (1.9%), while small caps underperformed (4.5%) as they were more affected by the tightening of financial conditions.** Although both types of companies showed an upward trend over the year (with gains of 7.1% and 2.5% respectively), their performance was significantly lower than that of big caps, which are favoured by their international expansion and less exposure to the prospects of deteriorating economic conditions in the euro area and, as mentioned above, the relatively lower relative cost of financing conditions. The Latin American indices for companies listed in euros, FTSE Latibex All-Share and FTSE Latibex Top, also performed slightly better than the major European indices in the quarter (with declines of 0.2% and 2.2% respectively), which can be attributed to the relatively more positive performance of the main Latin American stock market[13] and the stability of the region's currencies[14] in the quarter.

**Most sectors closed the quarter with losses, with the technology and renewable energies sectors experiencing significant declines, despite which most of them showed a positive performance over the year.** The extent of the declines varied between companies and sectors, but the rise in interest rates, increased debt costs, and deteriorating business prospects in the face of an economic slowdown were factors that influenced the impact on valuations.

**Apart from tech companies and the renewable energy sector, there were also declines, although to a lesser extent, in electricity companies, commodity producers, industrial companies, food sector companies, and consumer services. Notably, companies in the tourism, transportation, and trade sectors experienced significant declines within this group.** One of the most notable declines among technology companies was Amadeus, which was affected by the decline of all companies in the sector internationally, while the renewable energy and electricity sectors were affected by the decline in electricity prices and the continued growth in installed capacity in the case of the former. Commodity producers and industrial companies were impacted by concerns over a potential decline in economic activity, while companies in the food sector faced challenges due to reduced demand and increasing production costs. Additionally, the tourism, transport, and trade sectors were adversely affected by the conclusion of the tourist season and a weakening demand for consumer goods.

13 The main Brazilian stock market index, Bovespa, fell 1.3% in the third quarter of the year, while the Mexican IPC index shed 5%.

14 In the third quarter of the year, the Brazilian real depreciated 1.8% against the euro, while the Mexican peso appreciated 1.5%.

## Performance of Spanish stock market indices and sectors

TABLE 10

| Index | 2020 | 2021 | 2022 | Mar-23[1] | Jun-23[1] | Sep-23[1] | Jan-Sep-23 |
|---|---|---|---|---|---|---|---|
| Ibex 35 | -15.5 | 7.9 | -5.6 | 12.2 | 3.9 | -1.7 | 14.6 |
| Madrid | -15.4 | 7.1 | -4.8 | 11.8 | 3.5 | -1.3 | 14.3 |
| IBEX Medium Cap | -9.7 | 8.6 | -7.4 | 7.1 | -2.4 | -1.9 | 2.5 |
| IBEX Small Cap | 18.9 | 1.8 | -12.8 | 11.9 | 0.3 | -4.5 | 7.1 |
| FTSE Latibex All-Share | -22.0 | 5.8 | 10.7 | -2.8 | 5.8 | -0.2 | 2.6 |
| FTSE Latibex Top | -19.1 | 13.5 | 7.8 | -4.5 | 12.2 | -2.2 | 4.8 |
| **Sectors[2]** | | | | | | | |
| **Financial services** | **-26.4** | **20.3** | **7.9** | **13.3** | **2.8** | **6.8** | **24.5** |
| Banking | -27.5 | 20.7 | 9.0 | 13.9 | 3.1 | 6.9 | 25.6 |
| Insurance | -23.6 | 7.3 | -8.3 | 0.2 | -4.6 | 6.8 | 2.1 |
| Oil and energy | 5.0 | -1.6 | 5.2 | 4.0 | 0.6 | -5.8 | -1.4 |
| Petroleum | -40.8 | 26.5 | 42.2 | -4.5 | -6.0 | 16.8 | 5.2 |
| Electricity and gas | 14.2 | -4.2 | -1.0 | 6.0 | 2.5 | -9.8 | -2.0 |
| **Basic mats., industry and construction** | **-2.5** | **9.3** | **-11.3** | **10.1** | **4.5** | **-2.4** | **12.2** |
| Construction | -16.3 | 15.2 | -4.3 | 9.8 | 3.7 | -2.7 | 10.7 |
| Manufacture and assembly of capital goods | 50.7 | -20.4 | -13.8 | 6.5 | 9.6 | 0.1 | 16.9 |
| Minerals, metals and metal products processing | -0.1 | 28.7 | -14.2 | 10.2 | 1.7 | -6.9 | 4.3 |
| Engineering and others | -6.1 | 29.2 | -46.3 | 13.0 | 15.5 | 6.0 | 38.3 |
| **Technology and telecommunications** | **-21.9** | **9.0** | **-22.8** | **19.9** | **3.3** | **-8.5** | **13.3** |
| Telecommunications and others | -25.8 | 15.7 | -25.7 | 16.4 | -1.8 | -3.3 | 10.5 |
| Electronics and software | -18.8 | 1.2 | -17.0 | 26.2 | 11.6 | -16.0 | 18.3 |
| **Consumer goods** | **-15.3** | **0.9** | **-17.0** | **16.4** | **11.4** | **0.1** | **29.8** |
| Textile, clothing and footwear | -17.3 | 9.5 | -14.2 | 24.3 | 14.7 | -0.5 | 42.0 |
| Food and drink | 10.6 | -1.6 | -12.9 | 9.2 | -1.7 | -5.4 | 1.6 |
| Pharmaceutical products and biotechnology | -18.3 | -17.9 | -0.7 | -13.2 | 11.1 | 6.9 | 3.1 |
| **Consumer services** | **-36.7** | **-1.9** | **-15.9** | **21.8** | **3.6** | **-5.5** | **19.3** |
| Leisure, tourism and hospitality | -27.8 | 27.5 | -35.7 | 26.2 | 13.7 | -5.2 | 36.0 |
| Transportation and distribution | -38.8 | -2.6 | -13.7 | 22.8 | 3.7 | -5.7 | 20.1 |
| **Real estate services** | **-32.1** | **13.0** | **-16.0** | **-4.2** | **-0.8** | **-0.9** | **-5.8** |

Source: BME and Refinitiv Datastream.

1 Variation compared to the previous quarter.

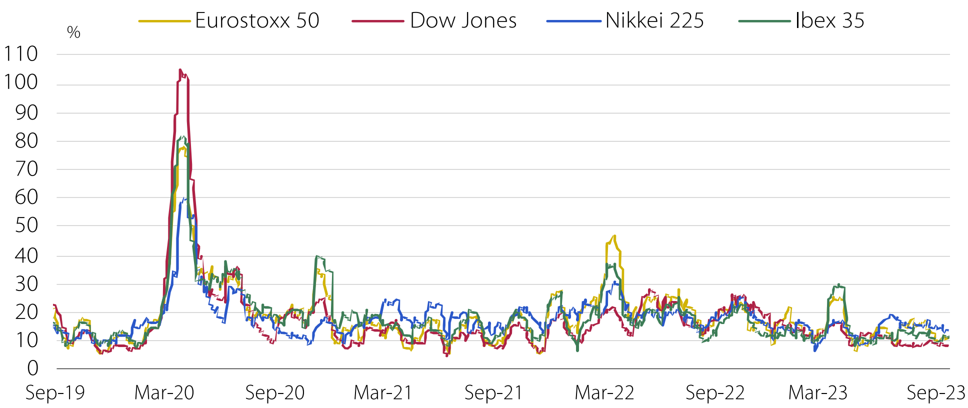
2 Sectors belonging to the IGBM The information corresponding to the most representative subsectors is displayed within each sector.

**By contrast, the strongest gains were recorded by the financial services and oil sectors as well as companies in engineering and pharmaceutical industries.** The financial sector continues to benefit from the rise in interest rates, which is helping to increase banks' net interest margins and support the activities of insurance companies. Oil companies are benefiting from favourable conditions as oil prices have surged by 27% since the end of June. Engineering companies are experiencing significant growth due to increased activity in this sector. In addition, pharmaceutical companies are benefiting from their anti-cyclical nature and some companies are seeing their share prices recover after suffering significant losses last year.

### 3.2 Volatility

**The historical volatility of the most important stock market indices fell to very low levels for most of the year, although slight increases were observed in the European Eurostoxx 50 and the Japanese Nikkei 225 in the third quarter (see Figure 10).** The volatility of the Eurostoxx 50 rose in the last quarter in line with the ECB's interest rate hike and the prospects of a deterioration in the economic situation, although it reached a low level in the second half of the quarter (around 10%). In the third quarter, the volatility of the Eurostoxx 50 and the Dow Jones averaged less than 14% and 9% respectively (both below their historical averages), while this indicator for the Nikkei 225 was over 15% and thus above its historical average.

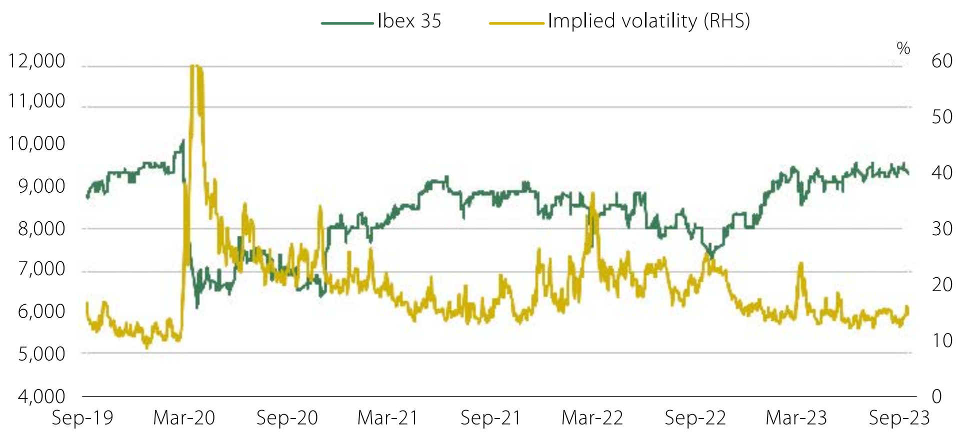
**Historical volatility of main stock indices** FIGURE 10




Source: Refinitiv Datastream. Data until 29 September.

**In the case of the Ibex 35, historical volatility has fallen for four consecutive quarters and is at its lowest level in the last year (12.14%).** Contrary to expectations, the behaviour of this indicator has been less volatile than the Eurostoxx 50 itself or other European markets that have experienced more significant impacts from the tightening of monetary policy, with its value currently standing below its annual average of 13.6%. The decrease in volatility – as measured by the implied volatility of options on this index – shown in Figure 11, is because the Ibex 35's variability has been lower throughout the year. Since the end of March, it has fluctuated between 9,000 and 9,640 points without significant daily changes.

**Performance of the Ibex 35 and implied volatility[1]** FIGURE 11




Source: Refinitiv Datastream and MEFF. Data until 29 September.

1 At-the-money (ATM) implied volatility of the first maturity.

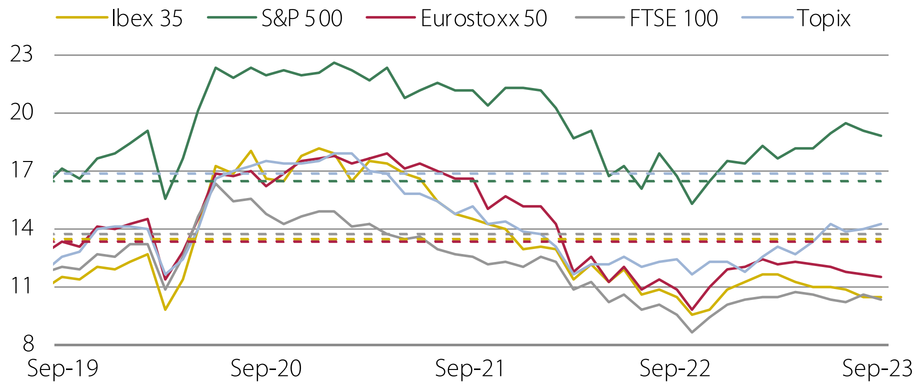
## 3.3 Dividend yield and PER

**The dividend yield fell on all major indices as a result of the rise in share prices over the course of the year, against a backdrop of rising shareholder remuneration in most companies or sectors.** Over the course of the year, this indicator fell for most indices, although the intensity of the decline slowed as the extent of the market rise slowed.

**The dividend yields of the European indices remain higher than those of the US indices and Japan, although the gap has narrowed slightly.** The dividend yield of the US S&P 500 index stood at 2% at the end of September (compared to 2.2% at the end of 2022), while that of the European Eurostoxx 50 reached 3.2% (3.5% at the end of 2022). Although the dividend yields of all European indices fell, the largest declines were recorded by the Spanish Ibex 35 (0.5 percentage points to 3.4%), mainly due to an increase in the denominator as a result of the index's better performance, and to a lesser extent by the Eurostoxx 50 itself (0.4 percentage points to 3.2%) and the German Dax 30 (0.4 percentage points to 3.4%). The highest dividend yield was still achieved by the Italian Mib 30 (4.4%), followed by the British FTSE 100 (3.8%), while the Spanish Ibex 35 (3.4%) had the same dividend yield as the German Dax 30.

**The P/E ratios of major equity indices experienced a reversal in their upward trend after rising in the initial months of the year. However, the extent of this reversal varied across different indices** (refer to Figure 12). During the third quarter, these ratios slightly declined in both the euro area and the United States. This decline aligned with the decrease in equity prices and was accompanied by the expectation of stability in corporate earnings in the upcoming months. In contrast, these ratios rose slightly in the same period in the United Kingdom and Japan, supported by the upward performance of these markets. At the end of September, the value of this ratio was higher for the US indices than for the European ones, with values of 18.7x for the S&P 500, compared to 11.4x and 10.4x for the Eurostoxx 50 and the UK FTSE 100, respectively. The Japanese Topix 500 reached an intermediate value of 14.2x. In turn, as can be seen in Figure 12, with the exception of the S&P 500, all the PER ratios are below their average values reached in the last decade.

**PER[1] of the main stock market indices** FIGURE 12




Source: Refinitiv Datastream. Data for the last session of each month. Data until 30 September.

1 Earnings per share in the denominator of this ratio are based on 12-month forecasts. The dotted lines represent historical averages for each index since 2000.

**In Spain, the P/E ratio of the Ibex 35 has fallen in recent months from 11.3x in January to 10.4x in September,** the lowest value so far this year, **supported by the recovery in expected corporate profits.** The P/E ratio of the Spanish index is still lower than that of the Eurostoxx 50 (1.4x) and, moreover, has widened its gap with respect to the latter since the beginning of the year due to the prospects of higher corporate earnings growth in the Spanish market compared to the Eurostoxx 50 (see Figure 12).

## 3.4 Trading, issues and liquidity

**The trading volumes of the main exchanges[15] showed significant falls in all regions between January and September, except in Japan, where they were more moderate. The rise in interest rates and the low volatility environment have discouraged trading activity on stock exchanges (see Table 11).** In the United States, the decline in trading was almost 30%,[16] spread across all markets and was somewhat more pronounced in Cboe Global Markets (-33.8%). In Europe, the decline in trading was also widespread across all markets, although more heterogeneity was observed, with the largest declines on the London Stock Exchange and Deutsche Börse (41.4% and 38.1% respectively), compared with more moderate falls on Euronext, Cboe Equities Europe and BME itself (22.6%, 19.4% and 19.3% respectively).

15 According to data published by the World Federation of Stock Exchanges and the European Federation of Stock Exchanges.

16 Data to 30 September for BME, and to 31 August for the other market operators, except for Cboe Global Markets which are to 30 June.

As indicated at the outset, the best relative performance was in the Japanese markets, where trading declined by only 8.8%.

**Trading volumes on the main international stock exchanges** TABLE 11

Billions of euros

| | 2019 | 2020 | 2021 | 2022 | Mar.-23 | Jun.-23 | Sep.-23[1] | Jan.-Sep.-23[1] (%) |
|---|---|---|---|---|---|---|---|---|
| **Market operator** | | | | | | | | |
| United States[2] | 36,874 | 61,492 | 65,954 | 72,051 | 15,306 | 14,529 | 7,539 | -29.0 |
| Nasdaq OMX | 14,210 | 21,840 | 23,553 | 25,703 | 5,540 | 5,356 | 3,612 | -28.2 |
| NYSE[3] | 10,918 | 22,991 | 24,637 | 28,399 | 6,218 | 5,870 | 3,926 | -27.3 |
| Cboe Global Markets | 11,747 | 16,661 | 17,764 | 17,949 | 3,548 | 3,303 | - | -33.8 |
| Japan Exchange Group | 4,542 | 5,399 | 5,555 | 5,551 | 1,300 | 1,499 | 994 | -8.8 |
| London Stock Exchange Group | 1,784 | 1,837 | 1,320 | 1,175 | 252 | 227 | 65 | -41.4 |
| Euronext[3] | 1,713 | 2,193 | 2,493 | 2,698 | 700 | 579 | 360 | -22.6 |
| Deutsche Börse | 1,344 | 1,812 | 1,686 | 1,437 | 314 | 262 | 159 | -38.1 |
| BME[4] | 469 | 429 | 378 | 352 | 90 | 75 | 62 | -19.3 |
| Cboe Equities Europe[5] | 1,667 | 1,462 | 1,568 | 2,268 | 623 | 483 | 286 | -19.4 |

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

1 Data to 30 September for BME, and to 31 August for the other market operators, except for Cboe Global Markets which are to 30 June. The year-on-year changes shown in this column cover the cumulative periods up to the last month mentioned in each case.

2 Since 2009, the sum of the Nasdaq OMX, the New York Stock Exchange (NYSE) and Cboe Global Markets (formerly BATS) has been used.

3 Includes Belgium, the Netherlands, France, Portugal, Ireland and, from May 2021, Borsa Italiana.

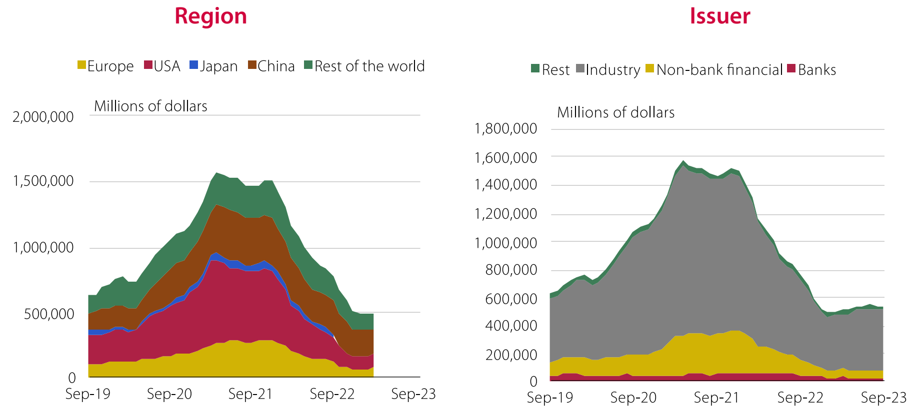
4 Bolsas y Mercados Españoles. Latibex is not included.

5 BATS Europe until February 2017, the date on which it was acquired by the Cboe Global Markets group.

**Equity issuance on the international financial markets, which had fallen by 28% in 2022, has recovered slightly so far this year, although volumes are still far from the amounts observed in 2020 and 2021 (see Figure 13).** The total volume of shares issued between January and September totalled US$425 billion, 5.2% higher than in the same period in 2022. The regional analysis reveals that this increase can be almost exclusively explained by the growth of issues in Europe and the United States, with variations of over 50% compared to the previous year, reaching amounts of US$84.3 billion and US$112.1 billion, respectively. On the other hand, there is a significant decrease in issues made in China (-26.4%) and in other economic regions (-20.3%).

**Broken down by sector, differences can be seen between banks and other financial institutions, whose issue volume fell, and other issuers, whose issue volume increased.** Issuance by banks fell by more than 30% between January and September, while issuance by non-bank financial institutions fell by 2.6%. These two subsectors account for just under 20% of the total volume of shares issued. In contrast, industrial companies, which account for around 75% of the total issue volume (US$328 billion between January and September), recorded growth of 10% and other issuers 7%.

**International equity issues** FIGURE 13




Source: Dealogic. Accumulated data for 12 months to 30 September.

**Trading in Spanish equities amounted to around €128 billion in the third quarter of the year, 14.1% less than in the same quarter of 2022 and the lowest figure in a quarter of the last 10 years.** This decline is due both to the fall in trading volumes in BME (-13.2%) and in competing trading venues (-14.8%).

**The volume of Spanish securities traded so far this year exceeds €476 billion, 17.8% less than in the same period of 2022.** As already indicated in the explanation of trading volumes on the international markets, equity trading has also gradually declined in Spain, which is probably largely due to the rise in interest rates and the gradual decline in volatility, a circumstance that discourages algorithmic and high-frequency trading. The Spanish regulated market accounted for €220.16 billion of the total (down 19.6%) and competing trading venues for €256.0 billion (down 16.2%). Both have experienced a similar decline in activity recently, which can be partly attributed to changes in market volatility. During periods of high price volatility, competing venues that have a greater focus on high-frequency trading tend to see a greater increase in securities trading. However, in periods of decreasing volatility like the current one, this trend is less pronounced. As can be deduced from Table 12, the aggregate amount of trading in competing venues has been higher in all quarters of 2023 than that registered in BME, although the share of the latter has remained stable at 46.5%[17, 18] in recent quarters, slightly below the values of 2022.[19]

17 Calculated as percentages of total trading subject to non-discretionary market rules.

18 Other alternative sources of information, in particular that provided by BME based on Liquidmetrix data, point to BME's having a higher market share in securities trading in September, 67.9%. The difference is explained by the trading volume in foreign centres, which is considerably lower in the information provided by Liquidmetrix.

19 In the first three quarters of 2022, it stood at an average of 47.5%, compared to 46.6% in the same period of 2023.

**Trading in Spanish equities admitted to trading on Spanish stock exchanges[1]** TABLE 12

Amounts in millions of euros

| | 2019 | 2020 | 2021 | 2022 | Mar-23 | Jun-23 | Sep-23 | Jan-Sep-23 |
|---|---|---|---|---|---|---|---|---|
| **Total** | **805,833.0** | **780,343.5** | **690,205.8** | **738,361.6** | **188,170.4** | **160,330.6** | **127,661.1** | **476,162.2** |
| Admitted to SIBE electronic platform | 805,826.6 | 778,341.0 | 690,198.4 | 738,353.3 | 188,169.4 | 160,329.7 | 127,661.0 | 476,160.2 |
| BME | 460,267.4 | 418,512.6 | 365,170.2 | 351,801.8 | 87,332.8 | 73,976.7 | 58,850.8 | 220,160.3 |
| Cboe Equities[2] | 256,772.5 | 275,682.4 | 238,466.3 | 297,465.9 | 73,290.9 | 64,241.8 | 47,937.5 | 185,470.2 |
| Turquoise | 30,550.6 | 23,242.2 | 23,101.3 | 19,474.6 | 5,244.7 | 3,699.4 | 3,332.7 | 12,276.8 |
| Other | 58,236.1 | 62,903.8 | 63,460.6 | 69,611.0 | 22,301.0 | 18,411.8 | 17,540.0 | 58,252.9 |
| Open outcry | 6.2 | 2.5 | 7.4 | 8.3 | 1.0 | 0.9 | 0.1 | 2.0 |
| ***Pro memoria*** | | | | | | | | |
| Trading of foreign equities through BME | 3,480.5 | 4,273.8 | 4,236.0 | 4,770.9 | 885.9 | 503.4 | 2,562.2 | 3,951.5 |
| BME MTF Equity[3] | 4,007.7 | 3,929.0 | 3,536.5 | 3,837.3 | 996.8 | 732.5 | 528.8 | 2,258.0 |
| Latibex | 136.6 | 79.5 | 48.9 | 93.4 | 28.9 | 18.2 | 11.4 | 58.5 |
| ETF | 1,718.0 | 2,551.1 | 1,549.0 | 1,604.8 | 374.5 | 234.9 | 361.2 | 970.6 |
| Total trading through BME | 469,616.6 | 429,348.5 | 374,655.6 | 362,116.5 | 89,619.8 | 75,466.6 | 62,314.5 | 227,400.9 |
| % Spanish equities traded through BME/ total Spanish equities | 57.4 | 53.9 | 53.3 | 48.8 | 46.8 | 46.5 | 46.5 | 46.7 |
| **Systematic internalisers[4]** | **141,308.3** | **144,694.4** | **48,469.9** | **42,059.5** | **11,897.0** | **11,983.2** | **8,661.9** | **32,542.1** |

Source: Bloomberg and own compilation by the authors.

1 This includes the trading of Spanish equities subject to market rules or MTF (lit plus dark). Spanish shares on Spanish stock exchanges are those with a Spanish ISIN that are admitted to trading on the regulated market of Bolsas y Mercados Españoles (BME), i.e., not including the Alternative Stock Market (MAB). Foreign equities are those admitted to trading in the regulated BME market with an ISIN that is not Spanish.

2 Includes trading that until 2020 was carried out through Chi-X and BATS, which since January 2021 has moved to Amsterdam as a result of Brexit.

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

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

**The distribution of trading in Spanish shares between the regulated market and other competing markets and trading venues continued to be concentrated on the regulated market and Cboe Global Markets, which together account for around 85% of total trading.** The latter market, which operates out of Amsterdam, continues to hold a leading position among BME's competitors, with trading in the third quarter amounting to almost €48 billion, representing 70% of trading abroad and more than 81% of BME's trading in the same period. While Cboe continues to hold a leading position among foreign venues, it has experienced a decrease in its significance compared to others. These other venues have increased their share of foreign trading to over 25% throughout the year, while Turquoise has maintained a relatively stable share of around 5% (refer to Table 12).

**Trading carried out by systematic internalisers amounted to around €8.66 billion in the third quarter and €32.54 billion year-to-date.** These figures represent a year-on-year drop of 5.7% in the first case, but an increase of 4.2% in the second, due to the accumulated growth in the first half. The relative importance of this type of trading, which had declined significantly in 2021 and 2022, therefore recovered slightly to 6.4%[20] (5% in 2022 and 6.5% in 2021).[21]

**Equity issues in Spanish markets stood at €1.98 billion in the third quarter, levels similar to those of one year ago.** Almost all of this amount was attributable to capital increases under the dividend yield format, while the other ways of raising capital were negligible. The dividend yield format helps to strengthen companies' balance sheets by limiting the company's cash outflows. They totalled €1.98 billion in the quarter, almost 16% **more than in the same period in 2022.** Cumulative equity issuance for the year reached €3.508 billion, a decrease from €4.209 billion in the same period of 2022. There have been no IPOs in the market thus far this year, but there are indications of a potential market revival in the upcoming year. The alternative market BME Growth has remained dynamic, adding eight new companies so far this year, as has the MTF Portfolio Stock Exchange, which has added three more companies.

**The liquidity conditions of the Ibex 35, measured through the bid-ask spread, remained at satisfactory levels and values similar to those of previous quarters.** Despite the decrease in trading, the reduced levels of volatility in the quarter allowed the bid-ask spread to stand at an average of 0.062%, slightly below the values of the first 2 quarters of the year and the average for the year as a whole (0.064%). As can be seen in Figure 14, the liquidity indicator of the Ibex 35, which had deteriorated very slightly in the first quarter of the year following the news about the problems of some US and Swiss banks, has subsequently improved to values similar to those of the years immediately before the pandemic. Market liquidity conditions are considered favourable.

20 Total trading being defined as the sum of trading subject to non-discretionary market rules and that carried out through systematic internalisers.

21 In the period 2018-2020 the share of trading through systematic internalisers is estimated at 13-15%.

## Capital increases and public offerings

TABLE 13

| | 2020 | 2021 | 2022 | Mar-23 | Jun-23 | Sep-23 | Jan-Sep-23 |
|---|---|---|---|---|---|---|---|
| **NUMBER OF ISSUERS[1]** | | | | | | | |
| **Total** | **28** | **32** | **27** | **6** | **8** | **10** | **24** |
| Capital increases | 28 | 31 | 27 | 6 | 8 | 10 | 24 |
| Primary offerings | 1 | 1 | 1 | 0 | 0 | 0 | 0 |
| Secondary offerings | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| **NUMBER OF ISSUES[1]** | | | | | | | |
| **Total** | **40** | **50** | **55** | **9** | **10** | **10** | **29** |
| Capital increases | 40 | 49 | 55 | 9 | 10 | 10 | 29 |
| Primary offerings | 1 | 1 | 1 | 0 | 0 | 0 | 0 |
| Initial public offering (IPO)[2] | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| **CASH AMOUNT[1] (millions of euros)** | | | | | | | |
| **Capital increases with fund-raising** | **8,903.1** | **12,227.7** | **2,520.3** | **13.9** | **451.2** | **7.6** | **472.6** |
| With pre-emptive subscription rights | 6,837.2 | 7,060.4 | 254.5 | 0 | 150.1 | 0 | 150.1 |
| Without preemptive rights | 150.1 | 100.0 | 200.0 | 0 | 0 | 0 | 0.0 |
| Accelerated book builds | 750.0 | 0 | 251.7 | 0 | 2.9 | 0 | 2.9 |
| Capital increases with non-monetary considerations[3] | 233.0 | 3,525.3 | 1,381.2 | 0 | 0 | 6.1 | 6.1 |
| Capital increases by conversion | 162.4 | 109.5 | 81.6 | 13.9 | 26.8 | 1.5 | 42.2 |
| Other | 770.3 | 1,432.6 | 351.6 | 0.0 | 271.4 | 0.0 | 271.4 |
| **Scrip issue[4]** | **6,194.9** | **5,478.1** | **3,591.5** | **1,025.6** | **35.6** | **1,974.7** | **3,035.9** |
| Of which, scrip dividend | 6,193.1 | 5,478.1 | 3,590.0 | 1,025.6 | 35.6 | 1,974.7 | 3,035.9 |
| **Total capital increases** | **15,098.0** | **17,505.8** | **6,111.8** | **1,039.5** | **486.6** | **1,982.3** | **3,508.5** |
| **Public offerings for the sale of securities** | **0.0** | **2,200.2** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| ***Pro memoria:* transactions on BME Growth[5]** | | | | | | | |
| Number of issuers | 9 | 44 | 41 | 12 | 11 | 15 | 38 |
| Number of issues | 14 | 77 | 88 | 30 | 21 | 24 | 75 |
| Cash value (millions of euros) | 238.0 | 2,441.0 | 2,329.5 | 102.9 | 567.9 | 496.6 | 1,167.3 |
| Capital increases | 238.0 | 2,441.0 | 2,329.5 | 102.9 | 567.9 | 496.6 | 1,167.3 |
| Of which, primary offerings | 173.0 | 1,654.0 | 1,487.1 | 0.0 | 481.3 | 455.1 | 936.4 |
| Secondary offerings | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 |

Source: BME and CNMV.

1 Registered transactions at the CNMV. Does not include data from MAB, ETF or Latibex.

2 Trades linked to the exercise of green shoe options are separately accounted for.

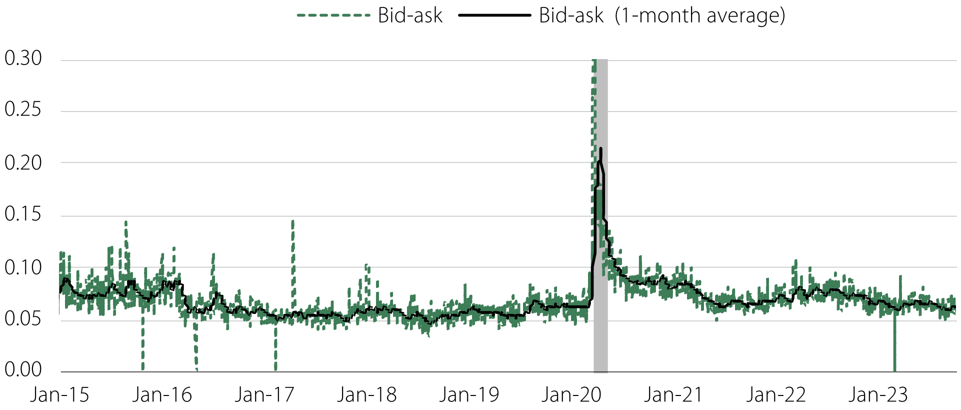
3 Capital increases for non-monetary considerations are valued at market prices.

4 In scrip dividends, the issuer gives existing shareholders the option of receiving their dividend in cash or converting it into shares in a bonus issue.

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

## Liquidity indicator (bid-ask spread) of the Ibex 35

FIGURE 14




Source: Refinitiv Datastream and own calculations. Information on the bid-ask spread of the Ibex 35 and the average of the last month is presented here. The vertical lines of the figure refer to the introduction of the precautionary ban on short-selling dated 11 August 2011, its subsequent lifting on 16 February 2012, the new ban of 23 July 2012 and its lifting on 1 February 2013 and the most recent ban which lasted from 16 March to 18 May 2020. The last two bans affect all entities.

## Retailer activity in the equity market increases compared to 2021

EXHIBIT 3

The CNMV[3] has updated the analysis of the behaviour of retail investors in the equity market, which it first published in 2021, and updated the interactive dashboard[2] with the 2022 data.

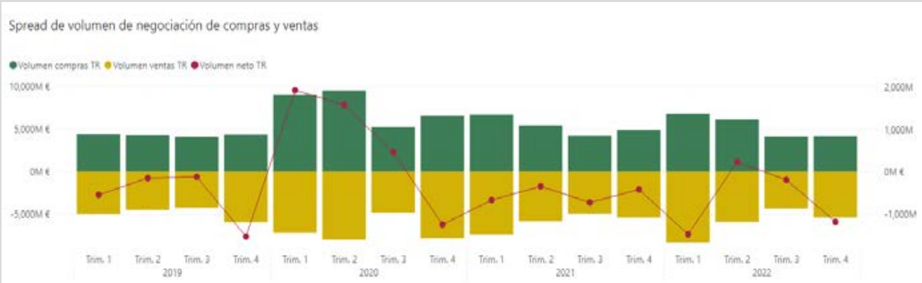
In 2021, the CNMV released a report[1] that analysed the behaviour of retail investors in equity markets from 2019 to 2020. The main objective of this report was to create an interactive dashboard that offers insights into the behaviour of these investors during the pandemic and identifies any significant changes in their previous patterns. The findings of the report revealed a notable surge in retail investor participation in the stock market during the initial months of the pandemic, which gradually declined over time.

Since then, the dashboard has been regularly updated on an annual basis.

According to the information received and prepared by the CNMV, the participation of retail investors in the equity market increased slightly in 2022, interrupting the decline observed in 2021. In particular, their share in total purchases traded in Ibex 35 shares stood at 6.27% (6.13% in 2021) and in total sales was 7.04% (6.74% in 2021). These levels of participation are higher than those observed before the pandemic.

In 2022, the volume of retail investor purchases of Ibex 35 shares was €21.22 billion and sales of €23.83 billion, a decrease of 0.4% in the former compared to 2021 and an increase of 1.6% in the latter. As can be seen in Figure E3.1, these volumes, very similar to those of last year, are lower than those recorded during the pandemic, but higher than those observed before it. In 2022, the sales position of retailers was once again higher.

**Evolution of the trading volume of monthly purchases and sales** FIGURE E3.1



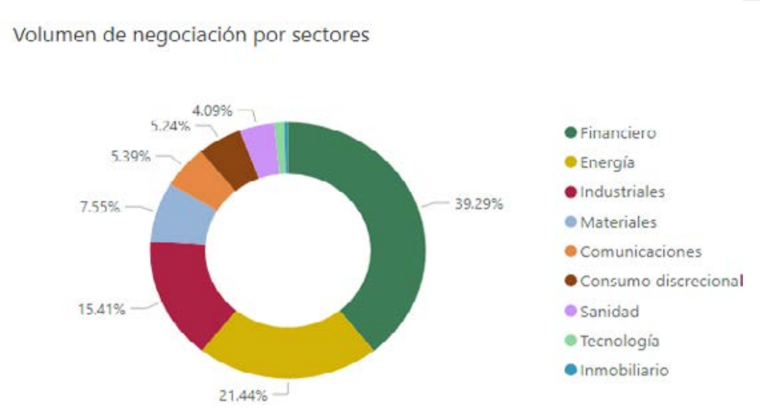

Source: CNMV. The net volume is represented on the right axis.
Click here to open in Power BI.

The number of purchase and sale transactions carried out by retailers fell significantly in 2022, accounting for 15.7% of purchases and 16.1% of sales, which, with a similar trading volume in absolute terms to the previous year, means a significant increase in the average volume per transaction in all age groups analysed. This amounted to €3,017 for purchase transactions and €3,472 for sales, compared to €2,733 and €2,997 respectively in 2021.

Broken down by sector, securities in the financial sector continued to account for the majority of trading, rising to over 39% of the total volume (see Figure E3.2), interrupting the declines recorded in 2020 and 2021. Trading in consumer discretionary and basic industry stocks also increased in importance, while industrial, healthcare and communications companies saw declines.

## Volumen de negociación por sectores (2022)

FIGURE E3.2




Sourde: CNMV.
Click here to open in Power BI.

Men again accounted for the majority of the trading volume of Ibex 35 shares in 2022 with a percentage of 81.1%, slightly higher than the 80.7% recorded in 2021. The proportion of shares traded by women fell in the middle quarters of the year and recovered slightly towards the end of the year. In 2022 as a whole, their share was 18.9%.

Finally, the decline in the average age of investors, which was initially observed in the first half of 2020 with the entry of many young investors, was again reversed in 2022 for men, with an average age of 51.6 years (compared to 51.1 in 2021). On the other hand, the average age for women decreased once again, reaching 54.8 years in 2022, compared to 55.2 in 2021. In both cases, the average ages continue to be lower than those observed before the pandemic. From late February to early March 2022, there was a significant increase in the number of investors in the market, which coincided with the greatest turmoil in the market in the wake of the war in Ukraine.

More details on this work can be found on the interactive dashboard published on the CNMV website.

1 https://www.cnmv.es/DocPortal/Publicaciones/MONOGRAFIAS/DT_78_Comp_minoristas_COVID_ES.pdf
2 Microsoft Power BI
3 https://www.cnmv.es/WebServices/VerDocumento/Ver?t=%7b1d1082f9-5aaa-4add-8732-640aee82ad55 %7d

# II Reports and analysis

# Impact of share buybacks on the market value of Spanish listed companies (2011-2022)

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**Maribel Sáez Lacave**

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# 1 Introduction

Share buybacks have gained popularity among companies globally, but along with that popularity, controversies have also emerged. Traditionally, buybacks were seen as a beneficial mechanism that could capitalise on tax inefficiencies, signal firm value to the market, or address agency problems (Bhattacharya and Jacobsen, 2016). In the past decade, though, buybacks have faced significant criticism, with a prevailing perception that they encourage underinvestment and hinder long-term economic growth (Lazonick, 2014).

However, empirical studies repeatedly show that shareholders perceive buyback announcements as positive news. This is supported by the fact that companies that announce buybacks tend to earn above-average abnormal returns in both the short and long term (Ikenberry, Lakonishok and Vermaelen, 1995; Peyer and Vermaelen, 2009; Dittmar and Field, 2015). However, it is worth noting that long-term abnormal returns have declined in recent years, and been lower in European countries (Fu and Huang, 2016; Manconi, Peyer and Vermaelen, 2019).

This paper analyses the market reaction to the announcement of share buybacks by Spanish listed companies in the period 2011-2022. The study shows a sharp increase in transactions during the period, with a total of 211 buyback announcements, most of which were aimed at either redeeming the shares and reducing capital or paying remuneration in shares to managers or employees. The results show that companies realise small but significant abnormal returns of around 1% on average in the short term (3 days after the announcement). Moreover, the cross-sectional analysis shows that the magnitude of the reaction strongly depends on the characteristics of the announcement. The abnormal returns are higher when the maximum percentage to buy is higher and when it is the company's first buyback announcement. Furthermore, these abnormal returns are negatively correlated with profitability in the previous months and with company size. This could indicate that managers buy back shares when they believe the stock is undervalued. On the other hand, there is no evidence of abnormal returns for longer terms.

In general, buybacks can be interpreted as a mechanism used by managers when they realise that the share price is low and the company is undervalued. But regardless of the reason for the buyback, on average the results of the announcement do not lead to large movements in the stock price. That said, it is difficult to judge the actual effect of the buyback as it is not known how undervalued the managers thought the stock was.

Furthermore, the absence of substantial long-term results appears to challenge the idea that buybacks negatively impact shareholders by leading to underinvestment. At the very least, the findings suggest that the advantages generated by buybacks, such as improved alignment of incentives between managers and shareholders, outweigh the potential negative effects of reduced long-term investment.

In any case, caution is required when interpreting the results. Firstly, the small sample size limits the significance of the tests carried out. Secondly, the results suggest that each buyback is unique, that there is a large variance in responses and that the market takes into account the particular characteristics of the proposed buyback and the company carrying out the buyback.

In addition to this introduction, the rest of the paper is divided into five sections. Section 2 provides an overview of the possible explanations for share buybacks and the market reaction to them. This is followed by a presentation of the data and a discussion of the sample characteristics in Section 3. The methodology used to calculate the abnormal returns is explained in Section 4 and the results of the analysis, both for the short and long term, are presented in Section 5. Finally, brief conclusions are drawn in Section 6.

# 2 Overview of the relevant literature

In this section, we first provide a brief overview of the literature on market reactions to cash distributions and dividend payments and the possible explanations common to both cases. Second, we discuss the research on the relationship between dividends and buybacks and their similarities and differences.[1]

## 2.1 Market reaction to the announcement of share buybacks and dividends

The main issue at the centre of researchers' attention in relation to cash distributions is the positive market reaction to dividend or buyback announcements. Specifically, in the United States, the average reaction to the announcement of a buyback is between 2% and 3% (Vermaelen, 2005; Peyer and Vermaelen, 2009; Obernberger, 2014), while the average reaction to a dividend increase (decrease) from the previous year is 1.5% (-3%) and to the inclusion (omission) of dividend payments in a given year is 3% (-7%) (DeAngelo et al., 2009).

There are several explanations for these positive reactions. First, according to the "signalling theory" – developed by Dann (1981), Vermaelen (1981), and Lakonishok and Vermaelen (1990) – the dividend or buyback would be interpreted by investors as a signal that managers expect higher future returns. In contrast, according to a second theory, the "agency cost theory" (Jensen, 1986), cash distributions are not a signal but an indication that agency costs are being reduced, since buybacks reduce free cash flow and managers, if they want to invest, must do so by raising new funds and not with retained earnings. The third theory, the "optimal capital structure theory", is related to the second theory in that it states that the market reaction to distributions is positive because they increase debt and lead to a capital

1 In this case, the study will focus more on the empirical evidence in this regard. Readers interested in a more detailed analysis of all this literature can consult the following article: Sáez Lacave, M. and Gutiérrez Urtiaga, M. (2019). "Recompras y operativa de acciones propias". *CNMV Bulletin*, Quarter III, pp. 95-125. Available at: https://www.cnmv.es/DocPortal/Publicaciones/Boletin/Bulletin_III_2019en.PDF

structure that better aligns the interests of managers and shareholders (Dittmar, 2000; Lie, 2005). However, this last theory cannot be generalised to all companies because while some companies change their capital structure after cash distributions, many others issue equity at the same time so that the distributions do not affect their capital structure and are still received with positive abnormal returns (Chen and Wang, 2012).

Next, the article will focus on the empirical evidence regarding the signalling and agency costs theories, which are by far the most popular.

### 2.1.1 The signalling theory

The most widely accepted explanation for significant market reactions to distribution announcements is the signalling theory. According to this theory, when there is asymmetric information, companies can use various types of signalling to convey inside information to the public, including changes in dividend policy. In particular, managers may use dividend payout announcements to signal changes in their expectations about the company's future prospects (Miller and Rock, 1985).

According to the theory, there are positive (negative) reactions to announcements of short-term dividend increases (decreases). Empirical studies support this prediction. Dividend announcements are linked to abnormal returns of approximately 3%, while omissions and cuts in dividends generate abnormal returns ranging from -3.5% to -7% (Michaely, Thaler, and Womack, 1995; Kahle and Williams, 2018).

Open market buyback authorisations, which are a weaker signal and a lower commitment to distribute cash to shareholders compared to buybacks, takeover bids or regular cash dividends, are associated with abnormal returns of 2.6%, while suspensions lead to share price declines of 1.4% on average (Bargeron et al., 2022).

According to this theory, an effective signal should be quickly recognised by the market. Therefore, the observed long-term abnormal returns would reflect a market that is less efficient at incorporating new information. These abnormal long-term returns are higher for small companies that have obtained low returns in the months prior to the announcement and for "value firms", characterised by low market value to book value ratios (Ikenberry, Lakonishok and Vermaelen, 1995; Peyer and Vermaelen, 2009; Manconi, Peyer and Vermaelen, 2019).

If anything, long-term returns appear to have declined in recent years (Obernberger, 2014; Fu and Huang, 2016; Lee, Park and Pearson, 2020). In general, the literature tends to reject the notion of a highly inefficient market, resulting in limited empirical support for the signalling theory and its ability to justify long-term abnormal returns (Allen and Michaely, 2003; Farre Mensa, Michaely, and Schmalz, 2014).

### 2.1.2 The agency cost theory

This hypothesis states that distributions are used to solve agency problems. It is argued that dividend payments can reduce the agency costs associated with free cash flow by eliminating excess cash under the control of managers (Jensen, 1986). Allen and Michaely (2003) conclude that dividends and buybacks appear to serve to reduce potential over-investment. Recent research by John, Knyazeva, and Knyazeva (2011) demonstrates that firms with higher free cash flow rates and less shareholder control, often due to being located in remote US locations, tend to pay higher amounts to shareholders. Other studies suggest that firms with better governance structures also tend to pay more (La Porta, Lopez-de-Silanes, Shleifer, and Vishny, 2000; Alzahrani and Lasfer, 2012).

The most contentious area of research in recent years focuses on short-termism, specifically the debate over whether attempts to avoid over-investment result in underinvestment. Do managers cut back on long-term investments to fund distributions motivated by short-term goals? Cash distributions tend to be negatively correlated with investments (Grullon and Michaely, 2004; Boudry, Kallberg and Liu, 2013), but this correlation does not necessarily imply a causal relationship: a lack of investment opportunities could lead to both low investments and high distributions to shareholders. Furthermore, there is no evidence of long-term destruction of shareholder value (Moore, 2023; Bargeron and Bonaimé, 2020). Regarding this point, Fried and Wang (2019) and Roe (2018) argue that when considering net distributions (cash distributions in dividends and buybacks minus share issues), the proportion of profits distributed by US listed companies decreases from 90% to less than 50% of net profits. Furthermore, the cash distributed, predominantly by established listed companies, can be directed towards investments in smaller companies that offer superior investment prospects (Fried and Wang, 2019).

## 2.2 Buybacks vs. dividends

While buybacks and dividends are similar in that they represent cash distributions to shareholders, there are also important differences between them, not only in terms of how they work and their frequency, but also in terms of the possible specific reasons for buybacks.

As Bonaimé and Kahle (2022) explain, it is initially noticeable that, at least in the USA, companies are now spending more on buybacks than on dividends, and have been doing so to an increasing extent since the turn of the century. However, buybacks fluctuate more than dividends: buybacks tend to rise and fall with the business cycle, while dividends tend to increase steadily over time.

In addition, the proportion of companies buying back shares has increased, both on a stand-alone basis and as a supplement to dividend payments. In contrast, companies that only pay dividends have become rare. While the real value of dividend payments has increased, payout yields, which are defined as payments in relation to market capitalisation, have stagnated. Conversely, a comparable trend can be observed with buyback announcements: although the total value of these announcements has risen over time, the frequency of such announcements has remained constant in the United States since the beginning of the century. Taken together, these patterns suggest that most of the increase in distributions is attributable to large companies. Whether through dividends or buybacks, payouts are increasingly concentrated in fewer companies (Fried and Wang, 2019). However, there is a consistent pattern of dividends being primarily focused on the largest and most profitable companies (DeAngelo, DeAngelo, and Skinner, 2004; Kahle and Stulz, 2017; Kahle and Stulz, 2021).

What are the proposed explanations for the relative increase in buybacks versus dividends?

### 2.2.1 Greater flexibility of buybacks

The first explanation is the greater flexibility of buybacks. Managers prefer the flexibility of buybacks to the rigidity of dividends (Brav et al., 2005). The market expects stable dividends and reacts negatively if they are not maintained from one year to the next. However, this was not initially the case with buybacks, which were seen as one-off transactions. Flexibility increases the company's ability to invest in profitable projects as they arise. In addition, the payment flexibility of buybacks allows for lower hedging requirements (Bonaimé, Hankins and Harford, 2014). Moreover, payout levels are positively associated with debt capacity (Kumar and Vergara-Alert, 2020) and internal capital markets (Jordan, Liu, and Wu, 2018), but negatively correlated with product market threats (Hoberg, Phillips, and Prabhala, 2014).

Alternatively, certain firms might not require the additional financial flexibility offered by buybacks compared to dividends. These companies have the option to use pre-set accelerated share repurchase (ASR) plans and the 10b5-1 rule, mechanisms which enable them to make more consistent payments, resembling dividends, while using buybacks.[2] Although the flexibility of share buybacks has contributed to their popularity, paradoxically companies are buying back shares more and more regularly, so investors expect them to continue (although not yet to the extent that they expect dividends to continue).

In any case, with the increased flexibility of buybacks, both signalling and agency cost reduction explanations become less effective in explaining buybacks, as managers show reduced long-term commitment to them. Additionally, buybacks have a lower risk of causing underinvestment compared to dividends because they can be easily reversed if favourable investment prospects become available.

Hence, it is crucial to analyse the distinct incentives behind buybacks that do not exist with dividends, considering that the overall reasons and challenges associated with buybacks become less significant in this scenario.

2 Accelerated share repurchase (ASR) programs are agreements where a company buys a large number of its own shares from an investment bank in a single transaction, and cancels them. The investment bank borrows these shares from institutional investors and sells them to the company. Then, it uses the money paid by the company to buy back the shares in the market, without the direct participation of the company.

### 2.2.2 Undervaluation, market timing and synchronisation

Undervaluation is in itself a valid reason for share buybacks, without the need to send a signal or message to the market or solve agency problems. Indeed, when asked, CFOs reject the notion that the purpose of the buyback is to send a signal, pointing out that the most obvious reason to buy back shares is to "capitalise on an undervalued share price" (Brav et al., 2005). This would mean that managers have the ability to engage in market timing, i.e. to recognise times when the market price is low.

Indeed, managers may repurchase shares when they believe the price is low for various reasons, such as to fulfil obligations to give shares to managers or employees or to counteract price declines due to negative liquidity shocks in the market (Hong, Wang and Yu, 2008).

The motivation of managers to repurchase shares at low prices would result in price synchronization, where managers initiate buybacks when they perceive the price to be low, and investors observe these transactions and adjust their own valuations based on the managers' beliefs. As a result, expectations among investors become synchronized.

The empirical evidence seems to be consistent with this interpretation of buybacks. Indeed, firms tend to repurchase shares after a significant price decline (Comment and Jarrell, 1991; Ikenberry, Lakonishok and Vermaelen, 1995; Stephens and Weisbach, 1998; Jagannathan, Stephens and Weisbach, 2000; Peyer and Vermaelen, 2009). Peyer and Vermaelen (2009), for example, analysed 3,481 buyback transactions in the USA from 1991 to 2001 and found that the companies achieved an average return of -9.05% in the 6 months prior to the announcement and, in contrast, achieved positive abnormal returns in the period thereafter. They also found that companies with the most negative returns in the pre-buyback period had the highest abnormal long-term returns in the post-buyback period. Lee, Park and Pearson (2020) analysed a large sample of recent buybacks and reported that this pattern is weaker in the new millennium.

Furthermore, the ability of managers to identify undervalued periods for buybacks has been more effectively evaluated in the United States after the Securities and Exchange Commission (SEC) implemented changes to the reporting system in 2004. The availability of more detailed and dependable data on buyback prices has facilitated a more direct assessment of managers' market timing skills. Studies using this data generally report that managers repurchase at advantageous prices. But this skill is concentrated in certain subsets of companies: companies that do it on an occasional basis, small companies, high-growth companies, and companies with more liquid shares and less institutional ownership (De Cesari et al., 2012; Ben-Rephael, Oded, and Wohl, 2014; Dittmar and Field, 2015).

All of this suggests that while some companies successfully synchronise with the market when they engage in buybacks, these beneficial transactions tend to be small and rare. The abnormal ex-post returns and the ability to synchronise a buyback programme depend on its environment, the type of company and the decade of implementation.

It is also important to know that market timing and market synchronisation are a zero-sum game. If managers are indeed able to read the market and buy when the price is too low, there will be a transfer of wealth from selling to non-selling shareholders, from which some shareholders will only benefit in the long run if other (selling) shareholders suffer losses (Babenko, Tserlukevich and Wan, 2020). From this perspective, buybacks can be examined as a conflict between long-term shareholders who gain from the company purchasing shares at a low cost, and short-term shareholders who may face liquidity shocks that compel them to sell at lower prices (Fried and Wang, 2019). Unlike dividends, buybacks represent an asymmetric distribution, rather than equal compensation for all shareholders.

Since this explanation is based on the idea that managers exploit their information advantage to buy shares at lower prices, buybacks can be perceived as market manipulation. This is closely related to the mechanics and modalities of buybacks. However, it is important to note that currently most buybacks are conducted under safe harbour conditions, which mitigates concerns about manipulation.[3]

### 2.2.3 Other theories about buybacks

There are at least three other theories about buybacks:

- The first, more mechanical, has to do with liquidity. Eberhart, Maxwell and Siddique (2004) hypothesise that the buying and selling of own shares by companies after announcing buybacks increases the liquidity of the stock and this would explain the positive price reaction to these announcements.

- The second theory refers to the use of buybacks to facilitate the exit of dissatisfied shareholders and avoid takeover bids or hostile takeovers. According to Bagwell (1991), the market reaction to buybacks is not due to the effects of the buybacks, but to the fact that the possibility of a takeover bid remains high after the buyback.

- The third interpretation is that buybacks allow managers to increase their remuneration. In this sense, the interpretation would be that buybacks do not reduce agency problems, but are an expression of these problems. It is possible that managers use buybacks as an alternative to dividends to increase their variable remuneration based on book values, as buybacks allow for less dilution (dividends imply mechanical price declines) and thus higher earnings per share (Bonaimé et al., 2020; Almeida, Fos and Kronlund, 2016). In addition, buybacks provide liquidity when managers sell their stock holdings

3 In Europe, Article 5 of the Market Abuse Directive (MAD - now the Market Abuse Regulation or MAR) stipulates that buybacks are deemed safe if: i) they are carried out as part of a public buyback programme for the purpose of reducing capital, implementing convertible bonds or remunerating managers or employees by delivering shares, or ii) in the case of buybacks carried out for the purpose of stabilising prices or increasing liquidity, if they are carried out in accordance with a recognised market practise that sets limits and technical conditions. Sanctions for non-compliance are laid down in Regulation (EU) No. 596/2014 of the European Parliament and of the Council, of 16 April 2014, on market abuse.

and it has been reported that managers may use buybacks to support share prices out of self-interest (Edmans, Fang and Huang, 2022; Moore, 2023).

Finally, buybacks could be a symptom of more general conflicts of interest. For example, if buybacks are financed with debt, as many companies now do (Farre-Mensa, Michaely and Schmalz, 2023), they can exacerbate conflicts of interest between shareholders and bondholders.

# 3 Descriptive data and statistics

To begin with, all the open market share buyback announcements of Spanish listed companies from January 2011 to December 2022 are collected from the CNMV's official announcement repository. The daily prices of the shares of the companies in the continuous market of the Madrid Stock Exchange are extracted from Compustat Global and the accounting data of Amadeus. Data for the factorial models are obtained from the Kenneth French website. The data on the evolution of the indices of the Spanish market are downloaded from the website of Bolsas y Mercados Españoles (BME) and the data on current interest rates in the euro area, from the website of the European Central Bank (ECB).

Table 1 shows how share buybacks change throughout the study period. The number of announcements is very low at the beginning and increases rapidly from 2015 to reach a maximum of 48 at the end of the study period. Although this is not the rule, some companies make more than one buyback announcement in the same year. In addition, towards the end of the period, there are a significant number of announcements that represent a continuation of a previous buyback plan, either by extending the duration, increasing the number of shares to be acquired or renewing a plan that has already been completed (some companies have annual plans). It should also be noted that, in most cases, the announcement of share buybacks coincides with other important news, such as resolutions of the Annual General Meeting or dividend or earnings announcements. As will be seen below, this will make it difficult to calculate abnormal returns linked to share buyback announcements. Finally, on average, the duration of the programmes is 173 days and the maximum percentage of capital expected to be acquired is 2.63% of the capital, with no clear trend over time in either of these two parameters.

**Descriptive statistics of share buyback program announcements by year** TABLE 1

| Year | Total number of announcements | Number of companies | Extensions and renewals | Number without simultaneous news | Average length | % of maximum capital to be acquired (average) |
|---|---|---|---|---|---|---|
| 2011 | 4 | 4 | 0 | 4 | 273 | 4.2 |
| 2012 | 1 | 1 | 0 | 1 | 341 | 5 |
| 2013 | 4 | 3 | 0 | 1 | 72 | 9.4 |
| 2014 | 4 | 4 | 0 | 1 | 121 | 2.2 |
| 2015 | 12 | 8 | 2 | 4 | 362 | 2 |
| 2016 | 16 | 15 | 3 | 10 | 170 | 1.35 |
| 2017 | 12 | 11 | 3 | 4 | 184 | 2.8 |
| 2018 | 20 | 18 | 2 | 11 | 182 | 3.1 |
| 2019 | 19 | 19 | 1 | 8 | 228 | 3.29 |
| 2020 | 29 | 26 | 2 | 19 | 230 | 2.38 |
| 2021 | 41 | 34 | 6 | 23 | 105 | 1.65 |
| 2022 | 48 | 36 | 14 | 14 | 53 | 2.79 |
| **Total** | **211** | **180** | **33** | **100** | **173** | **2.63** |

Source: Compiled by the authors.

Table 2 breaks down the number of announcements by year and purpose of the buyback. It can be seen that share buybacks for the purpose of conversion (of debt securities into shares) are very rare and remain stable over the entire period, while both buybacks for handover to managers or employees and buybacks for capital reduction are increasing strongly, with the latter showing strong growth in the last years of the period.

## Number of annual share buyback announcements by purpose

TABLE 2

| Year | Total number of announcements | Capital reduction | Remmuneration | Conversion | Mixed |
|---|---|---|---|---|---|
| 2011 | 4 | 0 | 1 | 2 | 1 |
| 2012 | 1 | 1 | | | |
| 2013 | 4 | 1 | 2 | 1 | |
| 2014 | 4 | 3 | | | 1 |
| 2015 | 12 | 7 | 5 | | |
| 2016 | 16 | 5 | 9 | 2 | |
| 2017 | 12 | 7 | 4 | 1 | |
| 2018 | 20 | 12 | 5 | 3 | |
| 2019 | 19 | 12 | 7 | | |
| 2020 | 29 | 15 | 13 | 1 | |
| 2021 | 41 | 17 | 22 | 2 | |
| 2022 | 48 | 30 | 14 | 1 | 3 |
| **Total** | **211** | **110** | **82** | **13** | **5** |

Source: Compiled by the authors.

Table 3 shows that buybacks for the purpose of capital reduction have on average a longer duration (199 vs. 141 days) and a higher percentage of the maximum capital to be acquired (3.77% vs. 0.67%) compared to buybacks for delivery to managers or employees. Table 4 lists the companies that have announced buybacks for the purpose of capital reduction or for remuneration and indicates how often they have done so during the reporting period. The total number of companies in the sample amounts to 157. A total of 62 companies have carried out at least one buyback transaction (39% of the companies in the sample). And 40 companies have executed at least one buyback for the purpose of cancelling shares (25% of the companies in the sample) and 37 companies have announced at least one buyback to comply with remuneration plans (23% of the companies).

## Characteristics of share buyback programs by purpose (2011-2022)

TABLE 3

| Purpose of the buyback | Total number of announcements | Number of companies | Extensions and renewals | Number without simultaneous news | Length of the buyback period | | | | % of maximum capital to be acquired | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Average | Std. dev. | Min. | Max. | Average | Std. dev. | Min. | Max. |
| Capital reduction | 111 | 40 | 21 | 41 | 199 | 162.1 | 20 | 878 | 3.77 | 2.9 | 0.04 | 17 |
| Remuneration | 82 | 37 | 12 | 48 | 141 | 336.9 | 5 | 2,470 | 0.67 | 1.3 | 0.01 | 9.8 |
| Conversion | 13 | 9 | 0 | 9 | 120 | 111.1 | 15 | 363 | 4.0 | 9.7 | 0.09 | 36.3 |
| Mixed | 5 | 5 | 0 | 2 | 279 | 180.3 | 152 | 407 | 4.96 | 3.8 | 0.46 | 10.0 |
| **Total** | **211** | **91** | **33** | **100** | **173** | **245.3** | **5** | **2,470** | **2.63** | **3.7** | **0.01** | **36.3** |

Source: Compiled by the authors.

## Companies with share buyback announcements by purpose (2011-2022)

TABLE 4

| Company | No. of capital reduction announcements | Sum % shares maximum | Company | No. of remuneration announcements | Sum % shares maximum |
|---|---|---|---|---|---|
| IBERDROLA | 10 | 8.9 | LOGISTA | 9 | 1.7 |
| FERROVIAL | 9 | 27.3 | REIG JOFRE | 7 | 1.2 |
| ERCROS | 7 | 36.5 | AMADEUS | 5 | 0.4 |
| MEDIASET | 7 | 33.3 | FLUIDRA | 5 | 2.2 |
| REPSOL | 7 | 20.7 | ENDESA | 4 | 0.1 |
| ACS | 6 | 19.5 | INDRA | 4 | 2.0 |
| BBVA | 4 | 26.9 | AXIARE | 3 | 4.8 |
| MIQUEL COSTAS | 4 | 8.3 | ENAGÁS | 3 | 0.5 |
| NEINOR HOMES | 4 | 5.9 | COLONIAL | 3 | 4.4 |
| ACERINOX | 3 | 10.0 | IAG | 3 | 1.6 |
| BANCO SANTANDER | 3 | 21.9 | NH HOTEL GROUP | 3 | 0.1 |
| LAR ESPAÑA | 3 | 13.3 | ARIMA | 2 | 4.4 |
| TALGO | 3 | 19.9 | CELLNEX TELECOM | 2 | 0.1 |
| VIDRALA | 3 | 3.0 | DIA | 2 | 2.2 |
| AMADEUS | 2 | 8.5 | FERROVIAL | 2 | 0.5 |
| APPLUS SERVICES | 2 | 10.0 | GRENERGY | 2 | 1.7 |
| CIE AUTOMOTIVE | 2 | 10.0 | INDITEX | 2 | 0.2 |
| ENCE | 2 | 6.6 | NATURGY | 2 | 0.1 |
| FCC | 2 | 0.9 | RENTA CORPORACIÓN | 2 | 1.2 |
| GLOBAL DOM. ACCESS | 2 | 10.0 | ATRESMEDIA | 1 | 0.4 |
| IAG | 2 | 17.9 | EDREAMS ODIGEO | 1 | 9.8 |
| ROVI | 2 | 4.0 | ENCE | 1 | 1.0 |
| NATURGY | 2 | 3.9 | GLOBAL DOM. ACCESS | 1 | 1.0 |
| PROSEGUR CASH | 2 | 4.5 | IBERDROLA | 1 | 0.1 |
| PROSEGUR SEG. | 2 | 20.0 | INM. DEL SUR | 1 | 0.5 |
| TUBACEX | 2 | 5.4 | LÍNEA DIRECTA | 1 | 0.1 |
| ACCIONA | 1 | 5.0 | MÁSMÓVIL IBERCOM | 1 | 0.8 |
| AEDAS HOMES | 1 | 4.4 | METROVACESA | 1 | 0.1 |
| CAIXABANK | 1 | 10.0 | NEINOR HOMES | 1 | 1.2 |
| DIA | 1 | 6.2 | NICOLÁS CORREA | 1 | 0.8 |
| FLUIDRA | 1 | 1.8 | PHARMA MAR | 1 | 2.2 |
| INM. DEL SUR | 1 | 1.5 | PRISA | 1 | 0.1 |
| LIBERBANK | 1 | 2.0 | PROSEGUR CASH | 1 | 0.9 |
| MELIÁ HOTELS | 1 | 3.7 | PROSEGUR SEG. | 1 | 0.7 |
| OHL | 1 | 3.0 | SOLTEC | 1 | 0.5 |
| PHARMA MAR | 1 | 0.8 | TELEPIZZA GROUP | 1 | 3.4 |
| PRIM | 1 | 1.4 | TUBACEX | 1 | 0.1 |
| SOLARIA | 1 | 10.0 | | | |
| UNICAJA BANCO | 1 | 5.0 | | | |
| VOCENTO | 1 | 3.0 | | | |

Source: Compiled by the authors.

Table 4 lists the companies that have announced buybacks for the purpose of capital reduction and for remuneration and indicates how often they have done so during the reporting period. The total number of companies in the sample amounts to 157. A total of 62 companies have carried out at least one buyback transaction (39% of the companies in the sample). And 40 companies have executed at least one buyback for the purpose of reducing capital (25% of the companies in the sample) and 37 companies have announced at least one buyback to use the shares for remuneration purposes (23% of the companies).

As discussed in Section 2, one of the possible causes of these positive abnormal returns around share buyback announcements is the ability of managers to anticipate the market, i.e. the market timing effect. In other words, shares are bought because they are perceived to be cheap, regardless of the intended use of these shares (which is almost evenly split between buybacks for capital reduction and for remuneration in the sample analysed). In order to analyse this hypothesis, it is necessary to identify companies that are highly likely to be undervalued at a certain point in time. Following Peyer and Vermaelen (2009), an undervaluation index is constructed by sorting the observations of the companies according to their gross return in the last six months, their market capitalisation and their market-to-book ratio into terciles. The index takes values between 0 and 6, with the highest values corresponding to smaller companies that have underperformed in the months prior to the announcement and have a low market-to-book ratio, indicating that these companies are more likely to be undervalued.

Table 5 presents the average values of the variables and the undervaluation index for the entire sample and specifically for days with buyback announcements. It distinguishes between firms that make announcements and those that do not, taking into account the purpose of the buyback. Additionally, it includes the dividend payout ratio and leverage, which are expected to decrease the likelihood of a buyback.

The days without buyback announcements closely resemble the days with announcements, except for the average capitalisation, which is higher on announcement days. This relationship could simply be the result of the parallel trend between the increasing number buybacks over the years and the increase in market capitalisation. Analysing the days of buyback announcements, we observe that, as anticipated, firms engaging in buybacks exhibit lower leverage and a lower dividend payout ratio compared to non-buyback firms. Regarding measures of undervaluation, it is evident that companies undertaking buybacks tend to have, on average, lower levels of undervaluation compared to those that do not engage in buybacks. However, it is important to note that the focus should not solely be on the undervaluation, but rather on the managers' perception of the disparity between market value and their own estimated value. Next, we conduct a regression analysis to determine the importance of undervaluation as a potential explanatory variable for abnormal returns.

**Differences in the economic variables of companies that carry out buybacks and those that do not** TABLE 5

Average number of days with announcements

| Variable | Average | Std. dev. | Min. | Max. | All | Companies that do not announce | Companies that do announce | Companies with buybacks for capital reduction | Companies with buybacks for remuneration |
|---|---|---|---|---|---|---|---|---|---|
| Dividend payout ratio | 25.51 | 43.03 | 0 | 100 | 25.98 | 26.09 | 14.01 | 8.79 | 24.88 |
| Debt-to-equity ratio | 0.27 | 0.19 | 0 | 1.13 | 0.28 | 0.28 | 0.25 | 0.24 | 0.28 |
| Capitalisation | 4.84E+09 | 1.22E+10 | 4,496,000 | 1.14E+11 | 5.06E+09 | 5.02E+09 | 9.70E+09 | 1.18E+10 | 7.99E+09 |
| Market-to-book ratio | 2.48 | 13.39 | -352.62 | 269.37 | 2.41 | 2.39 | 3.39 | 3.01 | 4.82 |
| Gross profitability last 6 months | 1.03 | 0.36 | 0.03 | 15.05 | 1.03 | 1.03 | 1.03 | 1.06 | 1.03 |
| Undervaluation index | 2.96 | 1.62 | 0 | 6 | 2.97 | 2.97 | 2.42 | 2.49 | 2.29 |
| Number of observations | 244,947 | | | | 18,314 | 18,136 | 178 | 98 | 73 |

Source: Compiled by the authors.

# 4 Methodology

The aim of the study is to estimate the market reaction to the announcement of share buybacks. It is important to measure this reaction in both the short term (immediately following the announcement) and the long term (months afterward). This is necessary because if the market is not entirely efficient, these measures may diverge since in the short term, there is a possibility of both overreaction and underreaction occurring.

To make this estimate, the daily returns of each share are calculated, where $R_{i,t}$ is the daily return of the share *i* on day *t*. An attempt is made to determine whether a return is higher or lower than the *normal* or expected return for that day. Therefore, abnormal return (AR) is defined as:

$$AR_{i,t} = R_{i,t} - E\left(R_{i,t}\right) \tag{1}$$

The cumulative abnormal return for the days from the announcement to day *t* is then calculated as the sum of the abnormal returns for all these days:

$$CAR_i(0,t) = \sum_{k=0}^{k=t} AR_{i,k} \tag{2}$$

Different models are used for the calculation of the expected return depending on whether the short term or the long term is being considered.

In the short term, the systematic risk characteristics of assets are very unlikely to change significantly. Therefore, for short-term analysis (i.e. if $t$ is a day close to 0 which is the day of the announcement), the average daily return of the stock in the days prior to the announcement, e.g. between days -180 and -20, can be considered as "normal return". The expected return is then calculated as follows:

$$E(R_{i,t}) = \bar{R}_i = \frac{\sum_{d=-180}^{d=-20} R_{i,d}}{160} \tag{3}$$

In the short term, an alternative approach to consider is using the average market return as a benchmark. This helps to account for global market movements that may have a correlation with the buyback decision. The market return can be determined by either taking the return of the market index or calculating the average return of all stocks in the sample on that specific day. In the latter case, if there are $N$ companies listed on the market, the expected return is calculated as:

$$E(R_{i,t}) = R_{m,t} = \frac{\sum_{n=1}^{n=N} R_{n,t}}{N} \tag{4}$$

For estimates of long-term abnormal returns, the systematic risk of the share must be considered. Therefore, in the most basic model, the long-term expected return is calculated from the CAPM (asset pricing) model:

$$E(R_{i,t}) = R_f + \hat{\beta}_1(R_{m,t} - R_f) \tag{5}$$

where $R_f$ is the return of the risk-free asset and $R_{m,t}$ is the return of the market index. It is also possible to apply a factor regression model such as, for example, the Fama and French three-factor model (1993):

$$E(R_{i,t}) = R_f + \hat{\beta}_1(R_{m,t} - R_f) + \hat{\beta}_2 SMB_t + \hat{\beta}_3 HML_t \tag{6}$$

Where the factor $SMB_t$ (small minus big) is the difference in the return of the portfolio composed of the shares of small companies and the portfolio of large companies of this market during the period $t$ (1, 3 or 6 months). And $HML_t$ (high minus low) is the difference in the return of the portfolios composed of the shares of companies with high and low market-to-book ratios. If expected returns are being calculated one month ahead, betas will have to be estimated with an OLS regression using a long time series of returns and monthly factors. In addition, in this case, the European-level regional factors of Fama and French (2012)[4] will be used as risk factors.

4 Fama and French (2012) argue that factorial models with factors built for various countries should be used only when there is sufficient economic integration. For the construction of the European factors, Fama and French use data from Germany, Austria, Belgium, Denmark, Spain, Finland, France, Greece, Italy, Ireland, Norway, the Netherlands, Portugal, the United Kingdom, Sweden and Switzerland. Therefore, in the case of Spain, the degree of integration with the countries used for the construction of the European factors is high, although not homogeneous. On the other hand, the use of specific factors for Spain would be very problematic, since the factors would be built with a very small number of shares in each portfolio. Therefore, the use of European factors seems the most reasonable option.

# 5 Results

## 5.1 Abnormal short-term returns following buyback announcements

We begin by examining the market reaction to buyback announcements in the short term, i.e. in the days closest to the announcement, and conduct two analyses. First, we examine whether buyback announcements are viewed as good news by investors by measuring abnormal returns around the day of the announcement. Second, we examine the extent to which different variables determine the market reaction to the announcement. These variables are divided into two groups. The first group includes characteristics of the company making the announcement: dividend payout ratio, leverage and undervaluation index. In the second group, the characteristics of the announcement itself: objective of the buyback, maximum percentage of shares to be acquired, whether there are simultaneous confounding news an indicator in case the buyback is a continuation of a previous buyback.

Table 6 shows the cumulative abnormal returns (CARs) for windows of 2 days (0,+1), 3 days (0,+2) and 4 days (0,+3) after the announcement (day 0). The first three columns show the results using the average market return of the same day of the window as the benchmark normal return. The next three columns use the average return of each company's shares in the window (-180, -20)[5] as the benchmark. Panel A contains all buyback announcements, while panel B contains only those announcements for which no other news was found that could affect prices in the days leading up to the announcement. This gives a more accurate estimate, but, as the number of observations falls by half, explanatory power is lost. As can be seen by looking at the market mean model, if all announcements and all targets are considered, the average cumulative abnormal return is 0.53% for the window (0.+1), 1.19% for the window (0.+2) and 1.68% for the window (0.+3). These averages are all positive and significant in both statistical and economic terms and of similar value to that found by Manconi, Peyer and Vermaelen (2019) for a sample of buybacks from 31 different countries (excluding the United States) over the period 1998-2010. However, they are lower than those observed in the studies that have been carried out in the United States that find values around 3-4% (Peyer and Vermaelen, 2009).

It is also interesting to note that the standard deviation is high. Taking the CARs (0,+3) of the market mean model and considering all announcements and all targets, the standard deviation of the cumulative abnormal return is 8.6%, with 25% of buybacks being below -1.8% and 25% above 3.5%. The 10% with lowest CARs is below -4% and the 10% with highest CARs, above 7%.

5 Although not reported here, the results, available upon request, are similar when using the CAPM model and the three-factor model to measure abnormal short-term returns.

## 5.2 Determinants of short-term abnormal returns in the cross-section

The previous analysis estimated the average abnormal returns of the group of companies that make buyback announcements. However, the market reaction to the announcements is not homogeneous and depends on the characteristics of the announcement and the company that makes it. To identify these differences in market reaction it is necessary to perform a cross-sectional analysis of the CARs obtained by the different companies.

The reduced number of observations (announcements) does not allow for a robust regression analysis to be carried out. Therefore, the results are obtained from a mean difference test. For this, the mean values of the variables of interest are taken and the mean values of the CARs (0,+3) are calculated for the observations above and below the mean. In the case of categorical variables (0/1), the difference between observations taking the values 1 and 0 is studied. The difference is then calculated and a mean difference *t-test* is performed. The results are shown in Table 7.[6]

When examining the characteristics of the announcement, it is interesting to note that insignificant differences appear in the CARs (cumulative abnormal returns) between announcements that coincide with other significant news about the company and those that do not. As for the other characteristics of the announcement, the first announcement of a company tends to yield higher returns than subsequent ones. This is probably due to the higher degree of unexpectedness and novelty that attracts the market's attention. On the other hand, although the average number of CARs is lower when the announcement is a continuation of an existing plan, the difference is not significant, but this could be due to the small number of cases. The difference in returns between companies announcing higher and lower maximum buyback percentages is significant and positive. In contrast, a longer duration of the buyback period seems to correspond to lower abnormal returns, although again the difference is insignificant. This effect of the buyback percentage and length could be related to the fact, as mentioned in Section 2.2.c, that bigger and faster repurchases generate more buying pressure and greater liquidity. However, it would also be consistent with the greater commitment to buy a higher amount and thus with the theories of signalling, agency costs and even market timing and signalling.

6 Table 7 only shows the results of the mean difference test for CARs (0,+3). In robustness analysis, estimates were also made for the differences between the first and third terciles and between the first and fourth quartiles and the abnormal returns for other periods were also studied, using CAR (0,+1) and CAR (0,+2). The results, available upon request, are similar in all cases to those presented here.

## Short-term cumulative abnormal returns after buyback announcements

TABLE 6

| | | Abnormal return relative to average market return | | | Abnormal return with respect to the company's average return of (-180 to -20) | | |
|---|---|---|---|---|---|---|---|
| | | CAR | CAR | CAR | CAR | CAR | CAR |
| | No. | (0,+1) | (0,+2) | (0,+3) | (0,+1) | (0,+2) | (0,+3) |
| **A. Announcements with other simultaneous news** | | | | | | | |
| All targets | 190 | 0.0053** | 0.0119*** | 0.0168*** | 0.0050** | 0.0115*** | 0.0162*** |
| | | (2.28) | (4.16) | (5.01) | (2.17) | (4.03) | (4.88) |
| Capital reduction | 107 | 0.0065** | 0.0071** | 0.0125*** | 0.0061** | 0.0066* | 0.0118*** |
| | | (2.34) | (2.11) | (3.18) | (2.22) | (1.95) | (3.01) |
| Remuneration | 69 | 0.0072* | 0.0089* | 0.0136** | 0.0064 | 0.0078 | 0.0123** |
| | | (1.73) | (1.78) | (2.31) | (1.57) | (1.57) | (2.11) |
| Conversion | 12 | -0.013 | 0.0760*** | 0.0763*** | -0.0106 | 0.0810*** | 0.0830*** |
| | | (-1.0) | (4.63) | (4.02) | (-0.80) | (5.017) | (4.447) |
| Other | 2 | 0.0000 | -0.012 | -0.008 | -0.0039 | -0.017 | -0.015 |
| | | (0.00) | (-0.3) | (-0.19) | (-0.10) | (-0.47) | (-0.34) |
| **B. Announcements without other simultaneous news** | | | | | | | |
| All targets | 89 | 0.0098*** | 0.0091** | 0.01454** | 0.0090*** | 0.0077* | 0.0129*** |
| | | (3.00) | (2.26) | (3.10) | (2.77) | (1.95) | (2.77) |
| Capital reduction | 39 | 0.0109** | 0.0068 | 0.0123* | 0.0111** | 0.0071 | 0.0127** |
| | | (2.45) | (1.25) | (1.91) | (2.51) | (1.32) | (1.99) |
| Remuneration | 40 | 0.0113** | 0.0134** | 0.0204*** | 0.0095* | 0.0107 | 0.0171** |
| | | (2.06) | (1.99) | (2.62) | (1.75) | (1.60) | (2.23) |
| Conversion | 9 | -0.001 | 0.0014 | 0.0002 | -0.001 | 0.0009 | -0.000 |
| | | (-0.1) | (0.16) | (0.02) | (-0.19) | (0.112) | (-0.03) |
| Other | 1 | 0.0109 | -0.006 | -0.006 | -0.000 | -0.023 | -0.029 |
| | | (0.84) | (0.92) | (0.93) | (-0.00) | (-0.35) | (-0.38) |

Source: Compiled by the authors. Statistic *t* in parentheses. Asterisks indicate significance at 10% (*), 5% (**), or 1% (***).

## Test of equality of means of the CARs by subsamples

TABLE 7

| | | Average CAR (0,+3) with respect to the company's average return | | | | | Average CAR (0,+3) with respect to average market return | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | No. announcements | Above median | Below median | Difference | Statistic *t* | Degrees of freedom | Above median | Below median | Difference | Statistic *t* | Degrees of freedom |
| Other simultaneous news | 188 | 0.0195 | 0.0125 | 0.007 | -0.555 | 186 | 0.0195 | 0.0147 | 0.0048 | -0.4065 | 186 |
| First buyback announcement | 188 | 0.0298 | 0.0104 | 0.0194* | -1.413 | 186 | 0.0309 | 0.0114 | 0.0195* | -1.5091* | 186 |
| Continuation of previous programme | 188 | 0.0075 | 0.0178 | -0.0103 | 0.5997 | 186 | 0.0097 | 0.0187 | -0.0089 | 0.5513 | 186 |
| Maximum percentage of capital to be acquired | 185 | 0.0229 | 0.0087 | 0.0142* | -1.1101 | 183 | 0.0237 | 0.0099 | 0.0138* | -1.1501* | 183 |
| Length of the buyback period | 143 | 0.0099 | 0.0216 | -0.0117 | 0.7236 | 141 | 0.0124 | 0.0223 | -0.01 | 0.6583 | 141 |
| Dividend payout ratio | 166 | 0.0102 | 0.0112 | -0.0011 | 0.1278 | 164 | 0.0127 | 0.0108 | 0.0019 | -0.2355 | 164 |
| Debt-to-equity ratio | 165 | 0.0138 | 0.0077 | 0.0061 | -0.7342 | 163 | 0.0137 | 0.0101 | 0.0036 | -0.4434 | 163 |
| Undervaluation index | 158 | 0.006 | 0.014 | -0.008 | 0.8752 | 156 | 0.0047 | 0.0156 | -0.0109 | 1.2148 | 156 |
| Gross profitability last 6 months | 180 | -0.001 | 0.0361 | -0.0371*** | 2.8911 | 178 | 0.0052 | 0.0309 | -0.0257** | 2.1121** | 178 |
| Market-to-book ratio | 166 | 0.019 | 0.0016 | 0.0174** | -2.1371 | 164 | 0.0205 | 0.0023 | 0.0182** | -2.2731** | 164 |
| Capitalisation | 188 | 0.0084 | 0.0251 | -0.0167* | 1.3297 | 186 | 0.01 | 0.0255 | -0.0155* | 1.3062* | 186 |

Source: Compiled by the authors. Statistic *t* in parentheses. Asterisks indicate significance at 10% (*), 5% (**), or 1% (***).

When analysing the characteristics of the company making the announcement, there are no significant differences either in terms of the dividend payout ratio or in terms of leverage or in relation to the undervaluation index. However, when this index is broken down into its three components (return, market-to-book ratio and size), there are important differences. In particular, the results for returns and size are in the expected direction: companies that have underperformed in the last six months or smaller companies have higher abnormal returns after the announcement. This is consistent with the idea that these companies may be undervalued and the announcement serves as a wake-up call for the market. However, the market-to-book ratio goes in the opposite direction to what Peyer and Vermaelen (2009) predict. These authors argue that companies with a high market-to-book ratio, which is interpreted as an indicator of high growth prospects (growth companies), are more likely to be undervalued than companies with a low market-to-book ratio (value companies). However, in the sample analysed, the companies with the best growth prospects are also those whose announcements are more positively received by the market. This explains why the undervaluation index, which combines the three measures mentioned above, is not significant. The reasons for this mixed result do not seem clear, but could be due to the sectoral composition of the sample with a significant weight of the banking sector, which had poor growth prospects during the period analysed.

### 5.3 Abnormal long-term returns following buyback announcements

This section studies long-term abnormal returns after buyback announcements. Most explanations for buybacks and the market's reaction to them have to do with the information that the announcements convey to the market. Therefore, if the market is efficient, the reaction should be short term and not show abnormal returns in the long term.

While early studies in the United States found significant and high abnormal returns over periods of up to 48 months (Ikenberry, Lakonishok and Vermaelen, 1995), more recent studies find that these long-term abnormal returns are much lower or have even disappeared (Fu and Huang, 2016). The studies carried out for European countries also do not observe significant long-term returns (Manconi, Peyer and Vermaelen, 2019).

As explained in the section on methodology, models that take into account market risk in the calculation of normal or expected returns are used to calculate long-term abnormal returns. Table 8 shows the results obtained for the CAPM model and the Fama and French three-factor model for horizons of 1 month, 3 months, 6 months and 1 year. Due to the sample's characteristics, with a majority of observations concentrated in the most recent year, the analysis cannot be extended beyond a 12-month period without losing nearly 50% of the observations.

It is clear that, regardless of the model used and the horizon considered, no significant long-term abnormal returns are found.

**Long-term cumulative abnormal returns after buyback announcements** TABLE 8

| | | Abnormal return with respect to CAPM | | | | Abnormal return with respect to FF3 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | CAR | CAR | CAR | CAR | CAR | CAR | CAR | CAR |
| | No. | (0,+30) | (0,+90) | (0,+180) | (0,+365) | (0,+30) | (0,+90) | (0,+180) | (0,+365) |
| **Announcements with other simultaneous news** | | | | | | | | | |
| All targets | 111 | 0.0059 | -0.0293 | -0.0323 | -0.0544 | 0.0051 | -0.0303 | -0.042 | -0.0359 |
| | | (0.0842) | (-0.0494) | (-0.0135) | (-0.0056) | (0.0885) | (-0.0574) | (-0.0193) | (-0.0044) |
| Capital reduction | 60 | 0.0156 | -0.0144 | -0.0522 | -0.1287 | 0.0178 | 0.0024 | -0.0271 | -0.072 |
| | | (0.1631) | (-0.0175) | (-0.0158) | (-0.0096) | (0.2165) | (0.0034) | (-0.0093) | (-0.0057) |
| Remuneration | 41 | 0.0065 | -0.0583 | -0.0473 | -0.0946 | 0.0201 | -0.0503 | -0.0682 | -0.0216 |
| | | (0.0538) | (-0.0579) | (-0.0114) | (-0.0056) | (0.2311) | (-0.053) | (-0.0178) | (-0.0019) |
| Conversion | 9 | -0.0211 | 0.0928 | 0.2653 | 0.6334 | -0.0898 | -0.0269 | 0.1187 | 0.1439 |
| | | (-0.1285) | (0.0742) | (0.0533) | (0.0311) | (-0.5402) | (-0.0232) | (0.0249) | (0.007) |
| Other | 1 | -0.3778 | -0.8922 | -1.2539 | -0.7521 | -0.5757 | -1.268 | -1.2542 | -0.0754 |
| | | (-0.2845) | (-0.0947) | (-0.0345) | (-0.0063) | (-0.4541) | (-0.1831) | (-0.051) | (-0.0009) |
| **Announcements without other simultaneous news** | | | | | | | | | |
| All targets | 59 | 0.0036 | -0.0599 | -0.1028 | -0.2578 | 0.0018 | -0.0578 | -0.0926 | -0.0819 |
| | | (0.0316) | (-0.066) | (-0.0273) | (-0.0169) | (0.0218) | (-0.0721) | (-0.0269) | (-0.0071) |
| Capital reduction | 22 | 0.028 | -0.0243 | -0.0519 | -0.027 | 0.0199 | 0.0068 | 0.0277 | 0.1066 |
| | | (0.1506) | (-0.0154) | (-0.0081) | (-0.001) | (0.1339) | (0.0055) | (0.005) | (0.0046) |
| Remuneration | 26 | -0.0009 | -0.0701 | -0.1173 | -0.4783 | 0.0195 | -0.0714 | -0.1472 | -0.2019 |
| | | (-0.0051) | (-0.0516) | (-0.0202) | (-0.0202) | (0.1802) | (-0.0535) | (-0.0273) | (-0.0143) |
| Conversion | 8 | -0.0059 | -0.0288 | -0.0676 | -0.1336 | -0.0382 | -0.0575 | -0.096 | -0.2202 |
| | | (-0.0335) | (-0.021) | (-0.0123) | (-0.006) | (-0.2045) | (-0.0451) | (-0.0182) | (-0.0099) |
| Other | 1 | -0.3778 | -0.8922 | -1.2539 | -0.7521 | -0.5757 | -1.268 | -1.2542 | -0.0754 |
| | | (-0.2845) | (-0.0947) | (-0.0345) | (-0.0063) | (-0.4541) | (-0.1831) | (-0.051) | (-0.0009) |

Source: Compiled by the authors. Statistic *t* in parentheses. Asterisks indicate significance at 10% (*), 5% (**), or 1% (***).

One possible explanation for this result, which is consistent with the lack of results for Europe and the reduction of positive results for the United States in recent years, would be an increase in market efficiency. Another explanation has to do with the likelihood of the company being taken over. Billett and Hui (2007) find that the firms most likely to be affected by a hostile takeover are most likely to engage in a buyback to prevent the takeover, as buybacks theoretically allow disgruntled shareholders to sell before the takeover occurs (Bagwell, 1991), and also reduce the agency problems caused by free cash flows that can lead to a hostile takeover (Hirshleifer and Thakor, 1994). However, if after the buyback the probability of a takeover remains high (at least for some companies), this will lead to long-term positive abnormal returns after buyback announcements (Bargeron et al., 2017). The fact that hostile takeover bids have declined in the U.S. over time, and are much less likely in Europe, would explain the pattern observed for long-term abnormal returns.

## Conclusions

This study analyses the reaction of the Spanish market to the announcement of share buybacks between 2011 and 2022, a period in which the number of share buybacks increased sharply both to reduce capital by redeeming shares and to remunerate managers and employees with shares.

The results show that the announcement of share buybacks is received as positive news by investors. Abnormal returns in the days following the announcement average around 1%. However, there does not appear to be a significant average impact on long-term share value. These results are independent of the purpose of the buyback and are similar to those observed in other European markets.

The market reaction is not homogeneous and varies greatly from one announcement to the next. Depending on the characteristics of the buyback, significant differences in the short-term reaction can be observed. In particular, the higher the maximum percentage that is bought back and if there have been no previous buyback programmes, the stronger the reaction. Company characteristics also play a role. In particular, small companies and those with low returns compared to the market show higher abnormal returns after the buyback announcement. Higher returns are also observed for growth companies compared to value companies.

It is important to exercise caution when interpreting the results, as although an average positive result of 1% is observed following the announcement of a short-term buyback, it is impossible to determine how prices would have developed in the absence of such an announcement. A possible explanation, consistent with the literature, would point to a process whereby i) managers find it attractive to buy back shares when their valuation is higher than the market price and ii) investors update their valuation by observing the managers' buyback decision. An additional explanation that would indicate improved liquidity after the buyback is also possible. In any case, the average impact is small. And, as far as the long term is concerned, the absence of abnormal returns can be interpreted as evidence of an efficient market that quickly incorporates new information. Finally, given that the impact is short-term and is small, but positive, it does not seem that investors believe that buybacks destroy value or that they cause significant levels of underinvestment.

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# Alternative fixed income markets: the Spanish MARF market

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# 1 Introduction to alternative markets

Most large companies, both in Spain and in other jurisdictions, are listed on the main stock markets and issue debt securities with a certain frequency. However, there are a very large number of much smaller companies, especially small and medium-sized enterprises[1] (SMEs), which, due to their size,[2] find it very difficult or impossible to raise funds on the capital markets in the form of equity or debt. This particular characteristic restricts their access to diverse financing sources and makes them largely reliant on bank financing,[3] thereby increasing their financial vulnerability. This vulnerability is especially pronounced during periods of reduced bank credit, such as the 2008 financial crisis, or when financial conditions become more stringent, as is the case currently. In such situations, credit availability becomes scarcer and more expensive, exacerbating the challenges faced by these businesses in achieving medium-term growth prospects.

An article in the CNMV Bulletin for the third quarter of last year was devoted exclusively to alternative markets for growth companies, with a particular focus on the Spanish case of BME Growth. In this article,[4] the challenges encountered by small and medium-sized enterprises in raising funding were thoroughly discussed. It also highlighted the emergence of alternative equity and fixed-income markets tailored specifically for these businesses, which have been established in recent years as an alternative to traditional markets.

These markets are specifically designed for this type of companies and therefore have easier processes and lower costs in a more flexible regulatory environment. Their development is considered important for a country's economic growth, as they expand the financing alternatives for its companies and favour a more efficient allocation of resources.

In general, the first alternative markets were equity markets and subsequently debt markets, which are the subject of this article, were developed.[5] The first specific

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1 SMEs form a significant part of the business landscape in European countries, particularly in Spain. In the European Union, they account for over 99.5% of companies, employ approximately 66% of the workforce, and contribute nearly 57% to GDP. Similarly, in Spain, SMEs represent roughly 99.5% of companies, generate over 62% of GDP, and employ more than 60% of the workforce.

2 According to the definition of SMEs in Annex I of Commission Regulation (EU) No. 651/2014, of 17 June 2014, SMEs are enterprises that employ fewer than 250 people and whose turnover does not exceed €50 million or whose balance sheet does not exceed €43 million. They are further subdivided into medium-sized enterprises (fewer than 250 employees and up to €50 million turnover or €43 million balance sheet), small enterprises (fewer than 50 employees and up to €10 million turnover or balance sheet) and micro-enterprises (fewer than 10 employees and up to €2 million turnover or balance sheet).

3 The financing they receive is usually for limited amounts in the short and medium term and includes the provision of guarantees, which in many cases are personal.

4 See the article González Redondo, J. (2022). "Alternative markets for growth companies and the Spanish case, BME Growth", *CNMV Bulletin,* Quarter III, pp. 77-118. Available at: https://www. https://www.cnmv.es/DocPortal/Publicaciones/Boletin/BT_III_ENen.pdf

5 Previously, the London Stock Exchange had launched its alternative equity market, the Alternative Investment Market (AIM), in 1995, and Euronext had followed in its footsteps with the creation of Alternext in 2005.

market for fixed-income securities of this type in Europe was created in Norway in 2005, when the Oslo Stock Exchange established the Oslo ABM.[6] Later, the Sttugart and Italian stock exchanges launched their own markets, BondM Market and ExtraMot Pro respectively, in response to the sharp decline in credit supply in Europe. The first alternative market of its kind in Spain emerged later, in 2013, with the creation of MARF (Spanish Alternative Fixed Income Market), and subsequently other European markets introduced dedicated segments for debt trading within their alternative markets. The start-up of this market was particularly relevant for Spain, since most of the companies are SMEs, which implies a greater reliance on bank financing and conditions the supply of credit.

This paper is a continuation of last year's paper (focusing on equity markets) and extends the analysis to the alternative fixed income markets, with a particular focus on the Spanish Alternative Fixed Income Market (MARF). To this end, the functioning of the market, its structure, the evolution of its activity since its creation in 2013 and the behaviour of securities in the market are described. It also describes the main characteristics of the companies that issue on the MARF, distinguishing between their size, their sector and their issuing presence on other markets, as well as other variables of interest. Finally, some conclusions are drawn and some perspectives on the challenges facing the market in the coming years are outlined.

## 2 Main characteristics of alternative fixed income markets and European markets of reference

The main advantage of alternative markets is that they offer smaller companies the access to capital markets, enabling them to benefit from improved access to finance, increased liquidity, enhanced visibility, and professionalisation of their operations. Easier access to financing can allow companies to grow, develop their projects and even compete and expand internationally. This type of market makes it easier for smaller companies to access institutional investors who have a better understanding of the needs and challenges faced by these enterprises.

Experience has shown that it is easier for small, fast-growing and innovative high-tech companies to raise funds in the form of equity rather than debt because they prefer to use their resources for growth rather than debt servicing. In contrast, for all SMEs whose business and growth are more stable, debt is the ideal source of funding as it is more cost-effective and facilitates the financing of the financial cycle. In this type of markets, this is possible because there is a pool of investors who are aware of both problems and are willing to take risks and provide the necessary financial resources for each type of company, either in the form of equity or debt or in exchange for a higher return for the higher risk taken.

In addition, alternative bond markets are not only a financing alternative for many companies, but also contribute to the development of capital markets by providing

6 In 2013 it was renamed Nordic ABM.

a platform for trading debt securities that are not normally listed on traditional regulated fixed income markets.

### 2.1 Advantages and disadvantages of issuing debt on a market

Many of the advantages and disadvantages of investing in alternative fixed income markets are similar to those of investing in alternative equity markets (see the article referenced in the introduction), so we will not go into detail here. However, it is important to note that the key benefits include: i) enabling company expansion by increasing awareness, brand image and visibility; ii) improving transparency and communication; iii) promoting professional management and attracting talent to the company; iv) facilitating access to a wide range of institutional investors;[7] v) operating in simple and flexible markets that improve the company's liquidity; and vi) potential tax benefits.[8]

Alternative fixed income markets enable companies to diversify their sources of financing, thus reducing their financial vulnerability. Additionally, these markets offer the following advantages:

i) They enable indirect investment in early-stage companies that are not yet eligible for listing on a stock exchange and raising capital.

ii) They provide investors with the opportunity to diversify their portfolio risk by investing in instruments that carry a certain level of risk but are not traded on a stock exchange.

The primary drawbacks, which are also common to alternative equity markets, include the following: i) reduced market liquidity, which may discourage certain investors from participating in these markets;[9] ii) the costs associated with fulfilling administrative obligations;[10] iii) Limited supervision and monitoring of these markets compared to traditional markets;[11] iv) Insufficient analyst coverage for the issues listed in these markets.

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7 Investors can improve the diversification of their portfolios and invest in companies or sectors that were not previously represented in the markets. Many of these companies are unlisted and the assets they issue in alternative markets are the only ones available to investors.

8 Some countries such as Italy have tax incentives for debt issues made by SMEs.

9 Mainly institutional investors such as investment or pension funds whose regulations limit their investments to issues with a minimum rating or a high degree of liquidity.

10 In certain cases, the administrative costs and adherence to market reporting regulations associated with financing through alternative markets can result in significantly higher financing costs compared to traditional bank debt.

11 In the case of MARF, the market, its members and participating companies are subject to the supervision of the CNMV, but it is the responsibility of the market operator to ensure effective compliance with the Market Regulation and other applicable regulations, in particular with regard to the rules on market abuse by issuers, members, registered advisors and other participants. In addition, the registered adviser should ensure that issuers properly fulfil their disclosure obligations to the management company and to investors, both in terms of form and content.

## 2.2 Alternative debt markets in Europe

Alternative fixed income markets, primarily established in response to the credit crunch during the financial crisis, have observed comparatively slower growth compared to equity markets. In Europe, these markets have experienced significant fragmentation, primarily attributed to variances in issuer size but also influenced by other contributing factors. These include the different regulatory regimes existing in the different countries and the various degrees of maturity achieved by the respective public debt markets.

The most relevant alternative European fixed income markets, with the exception of the Spanish MARF, which will be dealt with under the following headings, are:

- **Nordic ABM**

  It was created in 2005 by the Oslo Stock Exchange and currently belongs to the Euronext group. Originally called Oslo ABM, it had two segments: ABM Retail and ABM Professional. The market is made up of a set of registered issues, but it is neither a regulated market nor a multilateral trading facility. It is aimed at both institutional and retail investors. It currently has more than 1,350 registered issues.

  The issue process is simple and relies on the figure of the manager, which is usually an investment bank that assists and advises the issuer in the preparation of the offering documents and the placement of the issue among potential investors. The market does not require a special prospectus to be prepared for the issue. It is sufficient to prepare a document with the characteristics of the issue and the annual report. The minimum issue volume must be NOK 2 million (approx. €173,000) and it is possible to register both bonds and commercial paper.

- **Euronext Growth and Euronext Access**

  This market was created in 2005, initially as a Euronext Paris trading platform for the listing of SME shares, called Alternext, which also traded bonds of this type of company from 2012. It currently has two multilateral trading facilities for SMEs: Euronext Growth and Euronext Access, in which both stocks and bonds are traded. Both operate fixed income in the Paris, Brussels and Lisbon markets. In this market, the issuer must have the support of the "listing sponsor", who assists the issuer both at the time of issue of the securities and during their life.

- **BondM Market**

  It was created in 2010 as a segment of the Stuttgart Stock Exchange specifically for trading in fixed-income securities issued by SMEs.[12] This market is also

12 It has its origin in the Mittelstand Bond Market, which was created by the Stuttgart Stock Exchange as a segment intended for the issue of debt by unlisted medium-sized companies.

unregulated and focuses on issues with an average amount of between €25 and €150 million, but is open to both institutional and private investors.[13] In the first years after its foundation, the market experienced several defaults among its issuers, which led to a loss of investor confidence and it was even temporarily closed.

As a result, the Frankfurt Stock Exchange also listed debt securities on its Scale market, which is aimed at growth companies, in order to make it easier for SMEs to raise funds in the form of debt capital. This market is recognised as an SME Growth Market under European Union regulations, which requires a higher level of information and transparency.

- **ExtraMot Pro**

This market has its origin in 2013, when it was created by Borsa Italiana[14] as a source of financing for SMEs following the introduction in 2012 by the Government of a new regulation that allowed unlisted companies to issue debt instruments commonly known as "mini-bonds".

The market is considered a multilateral trading facility and is intended for use by professional investors. The size of the issues must reach a minimum of €20 million and has the same advantageous tax regime as debt issued by listed companies.

In addition, an admission document with details of the issue must be submitted and the issuer must have published its annual financial statements (in IFRS or US GAAP format) for the last two years, of which at least the last year must have been audited. No advisor or manager is required to avoid costs for the issuer. It is currently one of the largest markets in Europe for debt issued by SMEs.

13 The nominal value of the securities traded is 1,000 euros.

14 The market is currently integrated into Euronext and since the end of October 2021 has been called Euronext Growth Milan.

## 3 The Spanish case: the Alternative Fixed Income Market (Mercado Alternativo de Renta Fija, or MARF)

The MARF was established in 2013 by the Ministry of Economy[15] to offer solvent SMEs an additional funding option through the issue of short and medium term debt via the capital markets. This was in response to the challenges faced by companies in securing financing following the credit crunch of 2008 and their reliance on bank loans.[16]

The market began operating in October of that same year[17] under the management of Bolsas y Mercados Españoles (BME) and since then has experienced sustained growth. Since its inception, more than 130 issuers have registered their issues on this market, with a total volume of more than €70.5 billion, of which €8.8 billion have been issued so far in 2023.[18] Issues in this market accounted for around 6% of total issues of fixed-income assets by Spanish companies in 2022. Issues are mainly focused on commercial paper and, to a lesser extent, bonds, but include all types of fixed-income assets, from asset-backed securities to project bonds or green bonds.

The market is intended for companies of any legal form,[19] origin, and sector, although the majority of issues are made by industrial companies and those in the consumer goods and services and renewable energy sectors. While most issuers are of national origin, there have also been eight Portuguese companies, as well as four companies from Germany, the Netherlands, and the United Kingdom, that have entered the market.

The market targets qualified investors, both domestic and international, seeking to diversify their portfolios with fixed income securities. These securities are typically issued by unlisted companies that demonstrate good business potential and span a wide range of sectors.

15 The creation of this market fulfils one of the obligations under the Memorandum of Understanding (MoU) signed as part of the financial assistance programme for banks in 2012.

16 For more details on SME financing in Spain, see these two reports: i) Banco de España (2023). *Informe de la situación financiera de los hogares y las empresas. Primer semestre,* and ii) Sociedades de Garantía Recíproca (CESGAR) (2023). *La financiación de la pyme en España. Resultados de 2022.* The first aspect highlights the significant reliance of Spanish SMEs on bank financing, along with the challenges faced by many companies, particularly the smallest, youngest, and most vulnerable ones, in accessing credit. This situation has worsened since the end of 2021. The second shows that most of the funds raised by companies are used to finance working capital and investments in fixed assets, while investments in expansion and growth fall to a negligible level. The main sources of financing were bank and commercial loans and, to a lesser extent, financing through the Instituto de Crédito Official (ICO, or Official Credit Institute) and leasing.

17 The creation of the market was announced in September 2012, but it was only launched in October 2013.

18 Source: CNMV. Data as of 31 July 2023.

19 The public limited company is the most prevalent legal form among companies, but limited companies and even cooperatives have also used the market for financing.

The market has simple regulations[20] and procedures and lower costs than the official regulated markets and, as with BME Growth, the figure of the registered adviser who advises and assists the company in accessing the market and in all relevant matters during the life of the issues placed on the market (see Table 2 of the article González Redondo (2022), *op. cit.*)

The market has the legal structure of a multilateral trading facility, so the access requirements for issuers are more flexible than for the regulated market.

### 3.1 Main characteristics of MARF

The market is directed and managed by BME, which is subject to the supervision of the CNMV,[21] and has a managing director who is responsible for its daily management. It also has a Listing and Delisting Committee, a Listing Department and an Oversight Department. Since 2020 it has been included by the European Central Bank (ECB) as an eligible multilateral facility for its monetary policy operations.

The types of assets that can be issued on the market are all the usual types of fixed income assets: commercial paper, bonds, debentures, other securities that create or recognise debt (e.g. project bonds), as well as equity securities (e.g. preference shares) and securities issued by securitisation funds (usually bonds or commercial paper). In general, companies make contact with this market through an issue of commercial paper, to subsequently make longer-term issues. As in the other markets for fixed-income securities, there are also an increasing number of issuers and issues of green bonds[22] or those linked to sustainability criteria[23] on this market.

The table provided below displays the primary types of assets issued in the MARF, along with their key characteristics such as the type of issue (individual issues or issue programs), maturity, transaction structure, interest rate (discount, fixed, or floating), currency, and nominal amount. There is no specific maximum issue amount for each individual issue or issue program.

20 The MARF is governed by the Market Regulation dated 30 May 2018 and the associated circulars and operating instructions, which set out the rules applicable to market participants (issuers, registered advisors, market members and broker-dealers) and other interested entities and persons.

21 As an entity that manages a multilateral trading facility in accordance with MiFID.

22 The first green bond issue was made in 2009 by the company Grenergy.

23 Until August 2023, at least nine issuers had issued green bonds or bonds linked to sustainability criteria on the market.

## Types of assets issued in the MARF

TABLE 1

| | Commercial paper | Bonds | Project bonds | Asset-backed securities |
|---|---|---|---|---|
| **Issue** | Programmes | Individual/ programmes | Individual | Individual/ programmes |
| **Maturity** | Up to 2 years | From 2 years | From 5 to 30 years | More than 2 years |
| **Structure** | To maturity | To maturity / redeemable | To maturity / redeemable | To maturity / pass-through |
| **Interest rate** | Issuance at discount | Fixed/floating | Fixed/floating | Fixed/floating |
| **Currency** | Multi-currency (€, $, £, ¥) | Multi-currency (€, $, £, ¥) | Multi-currency (€, $, £, ¥) | Multi-currency (€, $, £, ¥) |
| **Nominal unit minimum** | €100,000 | €100,000 | €100,000 | €100,000 |

Source: Alternative Fixed Income Market (Mercado Alternativo de Renta Fija) (BME).

The most common uses of the funds obtained with the issues vary depending on the type of asset and the maturity periods. The most common being the following:

- **Commercial paper:** financing of working capital and short-term operations.

- **Bonds (medium- and long-term debt):** investment financing, refinancing of debt maturities and other corporate transactions (acquisitions).

- **Project bonds:** financing the development of new projects and refinancing debt maturities of current ones.

- **Securitisations:** the most common are usually on invoices or loans to companies (SMEs), but they could also be synthetic.[24]

The market also hosts issues of other types of assets such as asset-backed **commercial paper**, covered bonds and preferred participations, albeit less frequently.

The market has the following participants:

- **Issuers:** They hold securities that have been admitted to the market or that have included a key information document for the listing of securities on the market. The listing of securities[25] can be requested either by the issuers themselves, who must appoint a registered adviser to fulfil their responsibilities and obligations for each of the issues to be listed, or by the market participants, or it can be initiated by a third party.

24 In synthetic securitisations, securitisation funds put together their assets using a portfolio of credit derivatives, sometimes combined with other assets.

25 Agreements to join the market must be authorised by the Listing and Delisting Committee and notified to the CNMV.

- **Registered advisers:** issuers aiming to enter the market are required to seek guidance from a "registered adviser". This specialist assists them in preparing the necessary documentation, ensuring compliance with market requirements, and creating suitable and comprehensible information for investors.

- **Market members:** participate in the market by carrying out the operations for which they are authorised in accordance with regulation.[26] The following may participate in this market: Investment firms, credit institutions authorised in Spain, investment firms and credit institutions authorised in other Member States of the European Union and the same entities authorised in a State that is not a member of the European Union, provided that the authorisation granted by the authorities of the country of origin entitles them to execute orders both on their own behalf and on behalf of clients and that the CNMV has not refused these entities access to the market. In addition, the State Administration may participate in the market through the General Directorate of the Ministry of Finance, the Bank of Spain and the General Directorate of Social Security.

- **Broker-dealers:** market members may participate in the market directly or through access provided by the broker-dealers, which may place orders on the market on behalf of the members.

Furthermore, **rating agencies** originally played an important role in the market, as a credit rating was mandatory either for the issuer or for the issue itself.[27] Later, this obligation was lifted by Circular 2/2018, of 4 December, on the Listing and Delisting of Securities on the Alternative Fixed Income Market, i.e. a credit rating was no longer mandatory for issue on this market and became optional.[28]

### 3.2 Market structure

The trading of securities traded in the MARF is restricted to its members and broker-dealers, which will access it through two trading systems:

- **Order book:** this system has two trading modalities: multilateral and bilateral. There is a single order book in which orders are entered one after the other according to a double priority principle in terms of price[29] and execution time.

- **Request for quote trading system:** This system allows members and broker-dealers to request quotations on securities admitted to trading from one or more market members.

26 To become a member of the market, authorised companies must sign the corresponding contract with the market's management company, BME.

27 The agencies that issue these ratings must be registered with the European Securities and Markets Authority (ESMA).

28 Issues only have to be rated if the issuer itself or the investors request it.

29 In accordance with Circular 1/2016, of 18 May 2016, on the trading rules for securities traded on the MARF, all orders are limit orders that are executed at the best limit price.

Trading is carried out electronically in both systems, with all trading activities and information being transmitted in real time. In addition, market participants can communicate previously agreed trades to the market in the form of trades at agreed prices and applications. The market does not currently have a market maker, although the Market Regulation leaves this option open.

## 3.3 Listing of securities on the MARF

MARF Circular 2/2018 sets out the requirements, documentation and procedures applicable to the listing and delisting of securities on the market, which are based on different aspects:

- **Of a formal nature:**

i) The issuing company must justify to the market its creation, its continued operation and its non-dissolution.

ii) The company must appoint a registered adviser for each issue to be listed on the market.

iii) The application for listing may be made either by the issuer itself or by any market participant or initiated by a third party. In the case of securities issued by a securitisation fund, the listing may be applied for by the fund management company.

iv) The issuer must have filed the separate financial statements (or consolidated financial statements, if applicable) for the last two financial years with the Mercantile Registry, unless the issuer has been newly established, in which case accreditation is limited to the financial statements filed.[30]

- **Characteristics of the securities:**

i) The securities must be aimed exclusively at qualified investors, with a minimum nominal amount per unit of €100,000 at the time of disbursement. They must also be freely tradable and transferable and represented by book-entry securities.

ii) They must be registered with the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores (Iberclear) or with another central securities depository.

30 In the case of issues guaranteed by a third party, the guaranteeing company must have submitted its annual financial statements for the last two financial years.

- **Documents:**

i) The company must prepare an information document for the listing, which must contain a description of the nature and character of its activities. This document must set out the characteristics of the securities issued.

ii) At the request of the issuer or investors, a report on the creditworthiness and risk assessment of the issue prepared by a body registered and certified by ESMA.

iii) In the case of issues of commercial paper or other fixed-income securities as part of a key information document for the admission of commercial paper or securities, a supplementary certificate on the issue and placement of each of the issues made[31] must be submitted.

iv) Similarly, if deemed appropriate in light of experience or circumstances, the market management company may determine that issues must have a valuation report prepared by an independent expert of recognised standing in order to be listed on the market.

Subsequent to their listing on the MARF, the issuers themselves must send the following information[32] to the market or send it through their registered advisor:

i) The periodic valuation of the securities and the issues in which they are included, to be carried out by an independent entity.

ii) Changes or adjustments to the terms of the securities (interest rate, changes in par value, early redemptions, exclusions, etc.).

iii) Regular financial information for public distribution, including the audited annual financial statements and the corresponding management report, as soon as they are available and no later than the convening of the general meeting or meeting at which they are to be approved.

iv) Any other relevant information that has an impact on the economic activity and financial position of the company or represents a material change in its business, results, financial position and indebtedness.

As mentioned above, from the market's inception until December 2018, a credit rating was mandatory in order to issue debt securities on this market, but this obligation has no longer been in force since that date.[33]

31 In the case of the inclusion of securities issued by a securitisation fund, the authorised copies of the certificate of incorporation, the transfer of assets and the issue of securities must also be attached.

32 As established in MARF Circular 5/2013, of 8 July.

33 As established in Circular 2/2018 of 4 December on the listing and delisting of securities in the Alternative Fixed Income Market.

- **Accounting standards:**

  The audited financial information may be presented in accordance with the International Financial Reporting Standards (IFRS) format or national accounting standard if the listed company belongs to an EU Member State. If the company does not belong to a Member State, it must be presented in IFRS format or according to the generally accepted accounting principles (US GAAP).

## 3.4 Trajectory of MARF activities since its foundation

Since its creation in 2013, more than 130 companies from various sectors have joined the market,[34] which has since become a major source of financing for numerous companies. After an initial phase of promotion and awareness of the market and its opportunities among both issuers and investors, the market's growth prospects have been realised and, barely three years after its launch, it is already recording issues worth more than €2.0 billion per year.

The Spanish economy's return to a growth phase since 2014[35] provided a significant impetus to the market, driving its expansion. This was fuelled by companies' revived growth plans and their demand for alternative funding sources, as well as the increasing interest of investors in emerging sectors and new businesses, particularly in an environment of historically low interest rates.

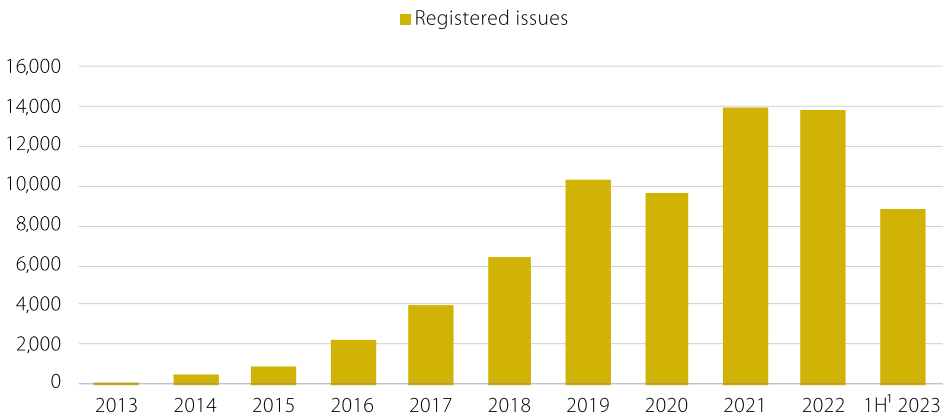
his enabled a period of sustained market growth, so that just six years after its introduction, the MARF exceeded the threshold of € 10 billion per year in registered issues, a figure that has been comfortably maintained every year to date, with the exception of 2020 (see Figure 1).

34 The first debt issue in this market was made by the construction company Copasa, which placed €50 million in 7-year bonds in December 2013.

35 Spanish GDP growth returned to positive rates in 2014 (1.4%), which increased in subsequent years to stand in the range of 2-3.8% between 2015 and 2019.

## Volume of registered issues

FIGURE 1




Source: CNMV. Annual data in millions of euros.

1 Data until 31 July 2023.

The market faced a downturn in 2020 due to the COVID-19 pandemic crisis. In this challenging situation, where debt markets were largely inaccessible and many companies urgently required funds to mitigate the impact of the crisis, the MARF played a crucial role. This was made possible by the intervention of the ICO (Instituto de Crédito Oficial, Official Credit Institute) as the guarantor for numerous issues in the market, allowing funds to be channelled to companies (see Exhibit 1).

## Issues in the MARF guaranteed by the ICO

EXHIBIT 1

To address the challenges faced by many companies in accessing financing due to the pandemic-induced crisis, the Government implemented a guarantee program for bank loans through the ICO (Instituto de Crédito Oficial, Official Credit Institute). This program was extended to companies with commercial paper issues in the Alternative Fixed Income Market (MARF)[1] to stimulate the short-term debt market. The amount allocated for guaranteeing commercial paper issued in the MARF was up to €4.0 billion, subject to the following conditions:

– The beneficiary companies had to have a non-financial purpose, be domiciled in Spain, not be in the situation of a company in crisis[2] or in bankruptcy proceedings and already have a commercial paper program in force and included in the MARF.[3]

– The commercial paper issued had to correspond to a commercial paper program included in the MARF.

– The maximum amount of the guarantee could not exceed the amount of the commercial paper program in force and could not exceed 70% of the individual commercial paper issues.

– The cost of the guarantee was 30 basis points (bp) on the guaranteed amount for commercial paper with a term of up to 12 months and 60 bp for commercial paper with a term of between 12 and 24 months.

– The beneficiary companies were to use the financing received to cover liquidity needs arising from the payment of wages and salaries, the settlement of invoices to suppliers, working capital requirements, the maturity of financial or tax obligations and other liquidity requirements.

The amount of issues guaranteed under this format amounted to €410.6 billion in 2020 through 66 bond and commercial paper issues by 15 companies, which mobilised funds amounting to €597.2 billion. In 2021, this amount was €305 million through 75 bond and commercial paper issues. Some of the companies benefiting from this measure include El Corte Inglés, Audax Renovables, Hotusa, Grupo Pikolin, Pryconsa, Tubacex, and Copasa.

Furthermore, the ICO also initiated a direct subscription program for commercial paper and bonds in the MARF, which operates independently from the aforementioned guarantee program. As part of this program, the entity subscribed €627 billion in debt instruments in 2020 through 122 issues from 26 different issuers, which means that funds of €1.823 billion were mobilised and the amount of funding passed on to these companies was increased threefold.

1 Pursuant to Royal Decree Law 15/2020, of 21 April, on urgent supplementary measures to support the economy and employment.

2 Subsequently, a tranche of €50 million was extended to enable companies that are in insolvency proceedings, but current with their payments, to access funding from the MARF.

3 In addition, a tranche of the guarantee line in the amount of €250 million was released to guarantee the commercial paper of those companies that were unable to benefit from the first tranche because their commercial paper program was in the process of being renewed.

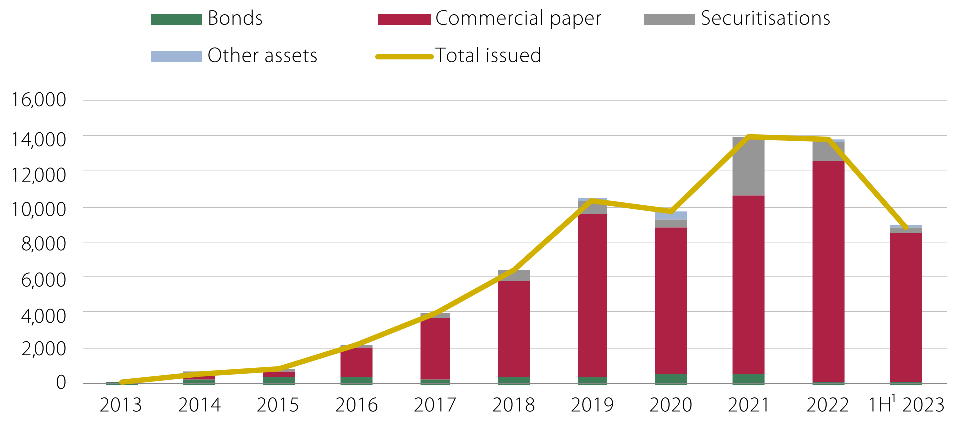
### 3.4.1 Change over time of amount issued by asset type

As previously stated, various types of assets are accepted in the market, but the most common ones are commercial paper, followed by different securitisation instruments to a lesser extent. Initially, during its early years, the majority of issues in the MARF consisted of medium and long-term bonds. This was primarily due to the challenges faced by issuers in raising funds through alternative means at those terms. However, the market swiftly established itself as a prominent source of short-term financing, addressing companies' liquidity needs and financing their working capital.

Since 2016, the volume of commercial paper issued has already significantly exceeded that of bonds, and the gap between the two has widened further. Bond issues have accounted for less than 5% of the total volume of commercial paper in recent years (see Figure 2).

In contrast, the inclusion of securitisation issues has shown consistent growth, accounting for slightly over 10% of the total admitted amount in the market. In certain years, such as 2020, they have represented more than one-fifth. This increase can be attributed to the requirement of being admitted in a regulated market or multilateral trading facility, allowing them to serve as collateral in financing operations with the ECB.[36] Similarly, although in minimal proportions (less than 1% of the overall total), the market has registered issues of covered bonds and, in some instances, preferred securities.

**Volume of registered issues by type** FIGURE 2



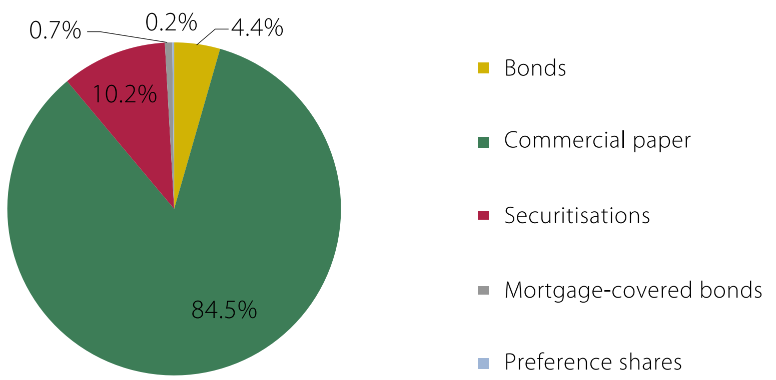

Source: CNMV. Annual data in millions of euros.

1 Data until 31 July 2023.

Cumulatively since the beginning of the market, commercial paper accounts for 85% of the total volume, a percentage that has risen to over 90% in the last two years. As described below, the market was largely set up as an instrument to finance the working capital of companies, especially larger companies (see Figures 3 and 4).

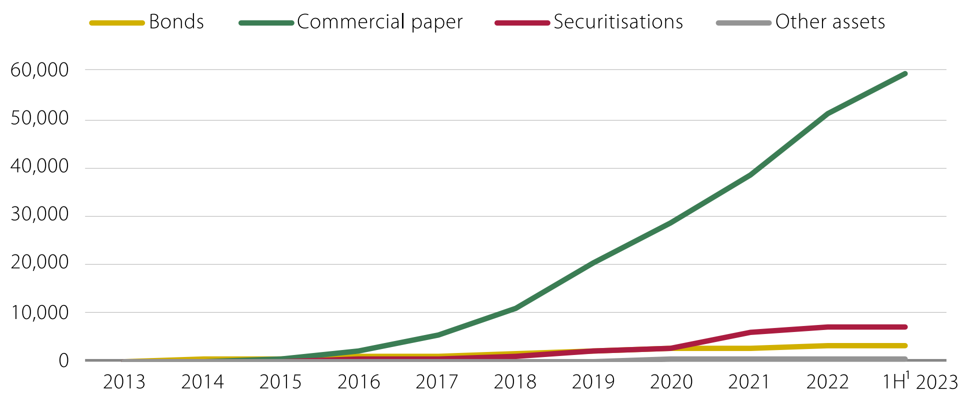
36 In October 2020, the ECB announced that it would include the MARF as an authorised multilateral trading facility for its monetary policy operations.

**Distribution of issues by type of asset** FIGURE 3




Source: Compiled by the author.

**Cumulative issues volume by type** FIGURE 4



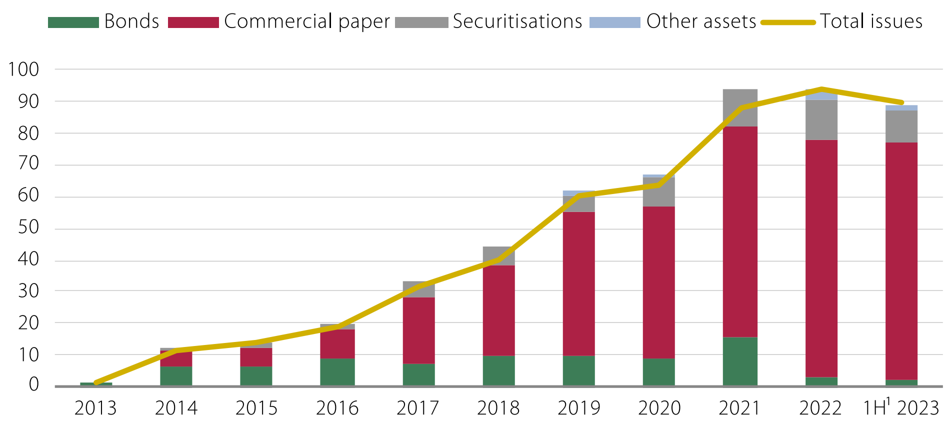

Source: BME. Annual data on the number of companies.

1 Data until 31 July 2023.

### 3.4.2 Trend in the number of issuers

The number of annual issuers of the different types of assets followed a similar trend as the relevance of these assets in issue, with issuers of bonds playing a greater role in the early years of MARF and issuers of commercial paper and securitisations playing a greater role more recently. Data for the last 3 years shows that the total number of issuers is around 90, most of which issue commercial paper (see Figure 5).

**Issues by type of asset** FIGURE 5

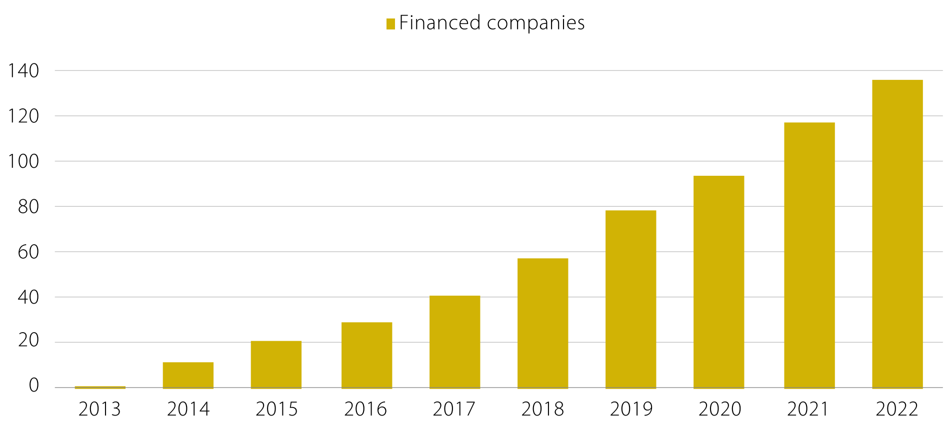



Source: CNMV. Annual data on the number of issuing companies.

1 Data until 31 July 2023.

The total number of companies that have received financing since the MARF was founded is over 130 (see Figure 6), with around 90 issuers per year in recent years. These include more than 120 companies of various sectors and sizes, 7 securitisation fund management companies[37] and 1 listed real estate investment company (SOCIMI). Many of these companies were not previously present on the capital markets.

**Companies that have received financing through the MARF** FIGURE 6




Source: BME.

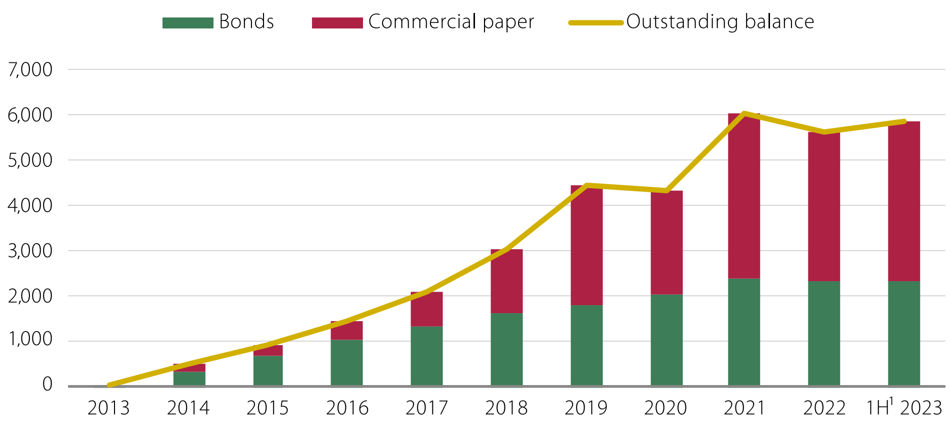
37 Securitisation fund management companies issue securities through various independent vehicles, often unrelated to one another. Since its establishment, the MARF has registered securitisation fund issues from over 20 distinct vehicles.

### 3.4.3 Trajectory of outstanding balance of the assets issued

The outstanding amount of assets issued in the MARF has gradually increased to just under €6 billion[38] (see Figure 7). Of this amount, bonds account for around 40% (almost €2.5 billion), which corresponds to around 75% of the total amount of bonds issued on this market. This underlines the important role that this market plays as a source of stable medium and long-term financing for a group of medium-sized companies.

The remaining amount, slightly exceeding €3.5 billion, consists of commercial paper. On average, these assets have a maturity period of 3 to 6 months. They make up approximately one third of the total annual volume of this asset class issued. Typically, large companies conduct commercial paper issues through extensive programs. These programs are divided into various tranches throughout the year, allowing the companies to cater to their liquidity requirements by offering them to different investors.

**Outstanding balance of issues by type of asset** FIGURE 7




Source: CNMV. Annual data in millions of euros.

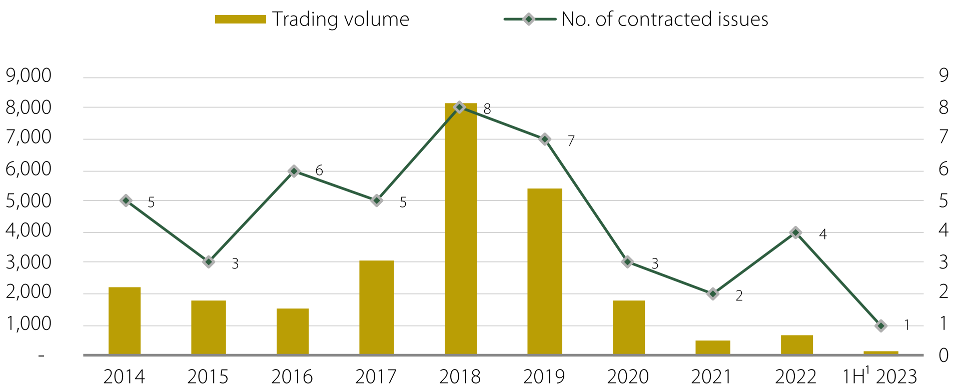
1 Data until 31 July 2023.

### 3.4.4 Secondary market activity

The primary market for this market is highly active, but the activity in the secondary market is minimal. The turnover of stocks is low, indicating that the majority of investors have adopted buy-and-hold strategies, holding onto securities until they mature. Figure 8 illustrates a gradual decline in trading activity in this market in recent years, which contradicts the expanding volumes in the primary market. Nevertheless, preliminary data on transaction settlements from Iberclear indicate the presence of over-the-counter (OTC) activity in the secondary market.

38 The figure does not include other assets such as asset-backed securities, which are subject to partial redemptions at certain intervals.

**Trading volume** FIGURE 8




Source: CNMV. Annual data in thousands of euros.

1 Data until 31 July 2023.

## 3.5 Activity of issuers and investors in the market

A detailed analysis of the market data of recent years allows us to better understand the type of issuers participating in it and their characteristics, as well as the issues made, taking into account variables such as the average issue amount of the issuer, the term of the issue, the size of the issue, the accrued interest rate or the degree of recurrence in the market.

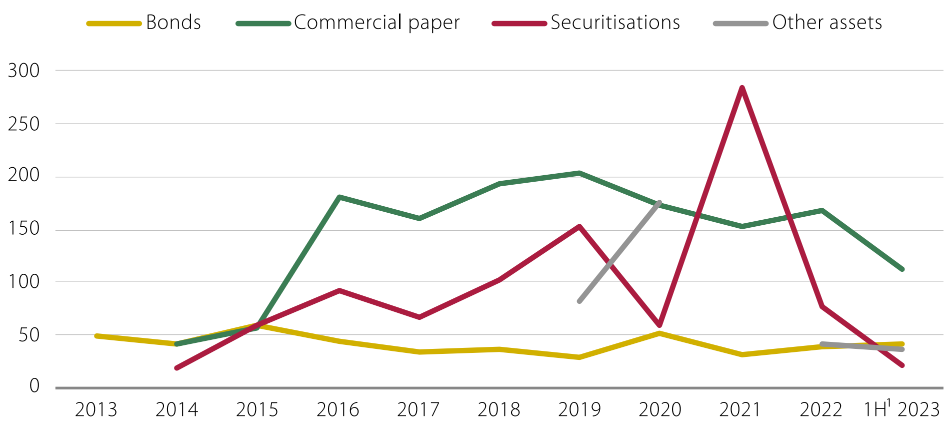
### 3.5.1 Average amount issued by issuer and of issues

The average issue amount by issuers varies significantly based on the specific features of each asset type and its maturity period. For bond issues, the average amount remains relatively stable over time (refer to Figure 9) at approximately €40 million. Medium-sized companies primarily issue bonds to secure medium- to long-term financing for their operations or to fund specific projects, such as project bonds. These issuers dominate this asset class. Bonds are characterised by the fact that they do not have interim repayments, as is the case with some bank loans, but are repaid upon maturity, allowing issuers to pay only the interest and use the proceeds for other purposes. These are tailor-made issues with relatively small volumes, which are often carried out via private placement.

The average issue amount of commercial paper issuers, which fluctuate more over time, is around €150 million, as they are large issuers[39] that use the funds to finance their working capital. The average amount issued in securitisations also fluctuates depending on the transaction and collateral, although it tends to have relatively high average values due to the costs of structuring the transaction.

39 Large issues are usually instrumented through a commercial paper program.

**Average amount issued per issuer** FIGURE 9




Source: CNMV. Annual data in millions of euros.

1 Data until 31 July 2023.

On average, bond issues have an average size of €26.3 million, ranging from €2 million to over €180 million. The average size for commercial paper is €25 million, with a range of €0.5 million to over €60 million. The costs associated with issues, such as advisory services, bank fees, rating reports, and royalties, can be higher for inaugural issues. However, as companies establish a presence in the market, the costs for subsequent tranches and issues tend to decrease. Many companies opt to issue several offerings, highlighting the market's potential as a financing source for them.

### 3.5.2 Distribution of issuers according to the term of the issue

Of the more than 120 companies[40] that have issued on the market, more than half have issued only short-term commercial paper, almost 30% have issued medium and long-term bonds and debentures and only 15% have issued both maturities. The fact that only a small percentage of issuers have issued with different maturities reflects a certain specialisation of issuers who only want to finance themselves on the market with the maturities that are most favourable for them.

### 3.5.3 Interest rate and average term of the issues

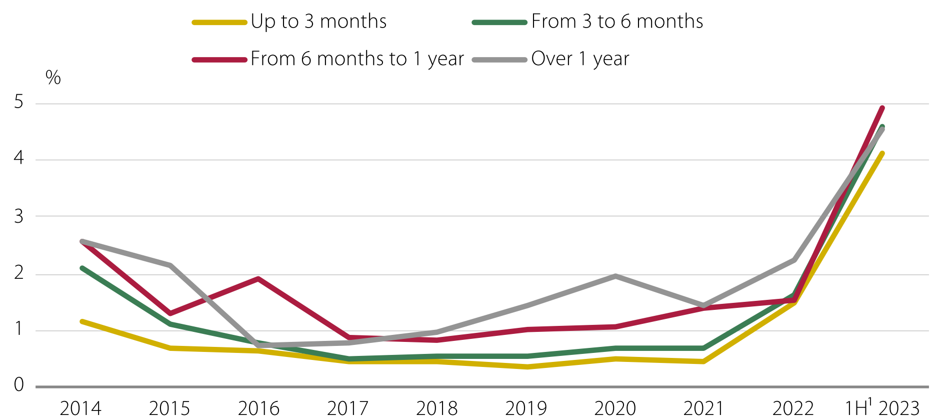
The average interest rate on issues is subject to variations based on factors such as timing, maturity, asset type, and issuer credit quality. Generally, there has been a downward trend in rates until 2021, aligning with the ECB's expansionary monetary policy and historically low interest rate environment. However, the trend shifted in 2022 as monetary policy adjusted to address escalating inflation concerns. Figure 10 illustrates how the average internal rates of return (IRRs) of promissory

40 The figure does not include securitisation fund management companies.

note issues[41] align with this overall trend across various maturities.[42] Additionally, it is worth noting that these issues had issuers with significant credit quality, further contributing to the decrease in issue rates.

We also analysed whether the interest rate on commercial paper issued in the MARF has a credit spread compared to those placed by larger issuers in the regulated AIAF market.[43] The available data suggests the existence of a small size premium, estimated at around 25, 40 and 70 basis points for the 3, 6 and 12 month maturities respectively, which would have remained relatively stable in all years except 2023, where the sharp rise in interest rates would cause a widening (see Figures 10, 11, 12 and 13). This preliminary data suggests that the very low interest rate environment of recent years would have favoured riskier investments, as these would have benefited from the increased risk appetite of less risk-averse, yield-seeking investors. However, once interest rates have normalised, investors appear to be demanding higher returns to compensate for the credit risk they are taking.

**Average rate of commercial paper issues by term** FIGURE 10




Source: Compiled by the author.

1 Data until 31 July 2023.

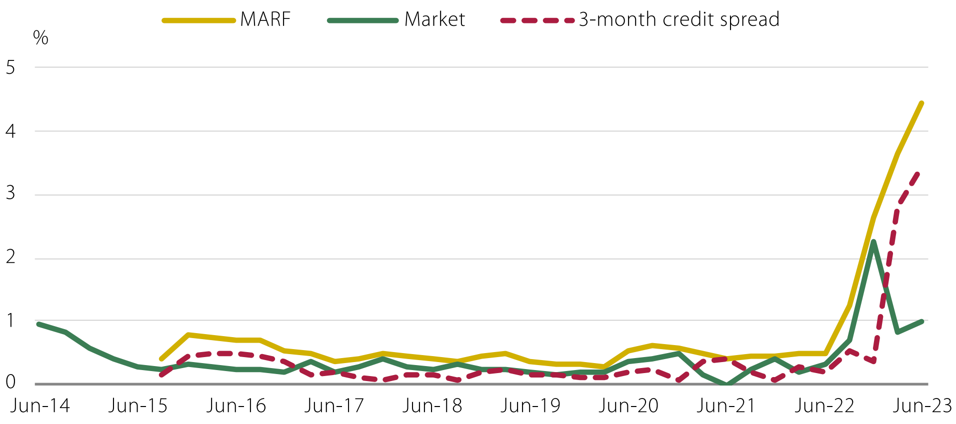
41 Data on long-term assets were not included due to the limited depth of the sample and the heterogeneity of the data (bonds with different maturities, which differ greatly in terms of both type – simple bonds and securitisations – and credit risk).

42 The sample shows discontinuities, as the availability and homogeneity of the data at certain points in time and for certain maturities is low.

43 The sample of interest rates of the AIAF regulated market includes both non-financial and financial issuers.

## 3-month note credit spread

FIGURE 11

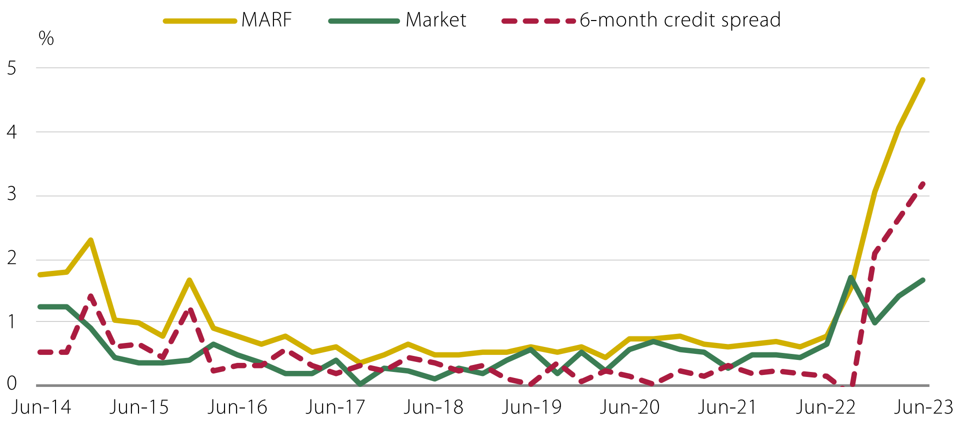



Source: Compiled by the author.

1 Data until 31 July 2023.

## 6-month note credit spread

FIGURE 12

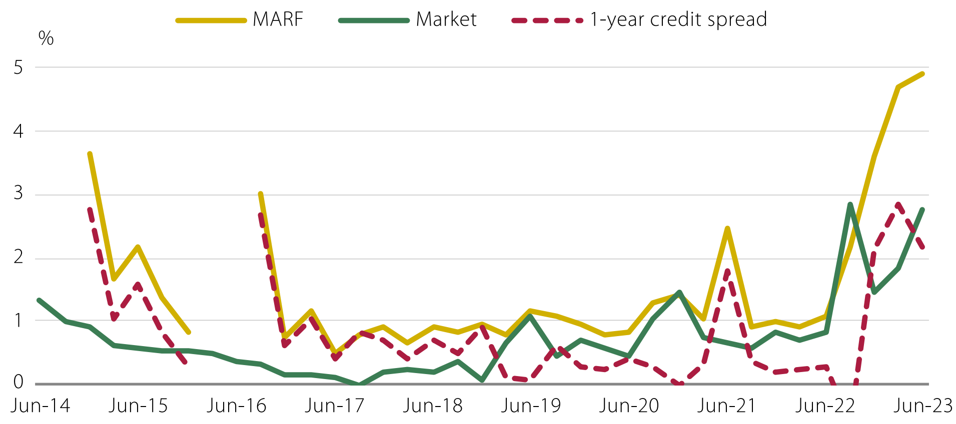



Source: Compiled by the author.

1 Data until 31 July 2023.

## 1-year note credit spread

FIGURE 13



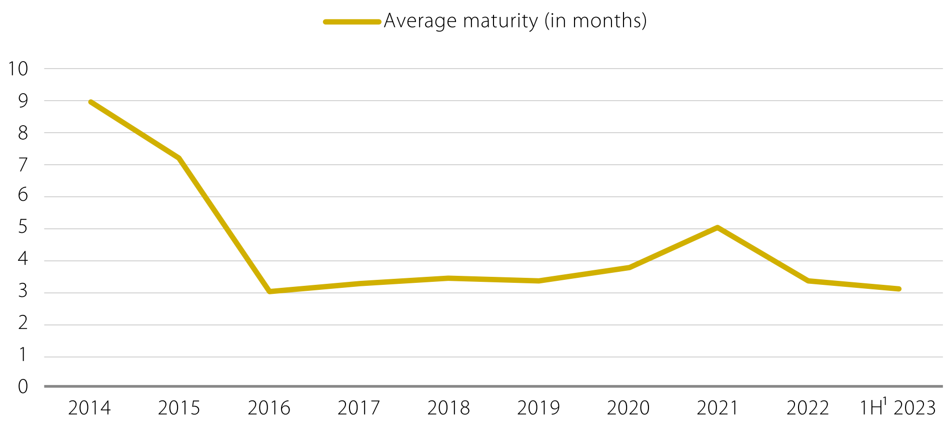

Source: Compiled by the author.

1 Data until 31 July 2023.

The average term of bond issues varies greatly and is usually between 3 and 10 years. The average term is around 5 years, but for project bonds it can be 30 years or longer. Bonds issued by securitisation funds have also gradually increased their maturity to over 20 years at the time of issue.[44] Commercial paper, on the other hand, followed the opposite trend, with maturities ranging from 9 months in the early years of the MARF to 3 months, which corresponded to companies' usual need for working capital financing. Originally there was a tendency to issue with longer maturities, but the simplification of the process and the establishment of the commercial paper programme allows companies to adapt the issue maturities to their financing needs (see Figure 14).

## Trend in average term of commercial paper issues

FIGURE 14




Source: Compiled by the author.

1 Data until 31 July 2023.

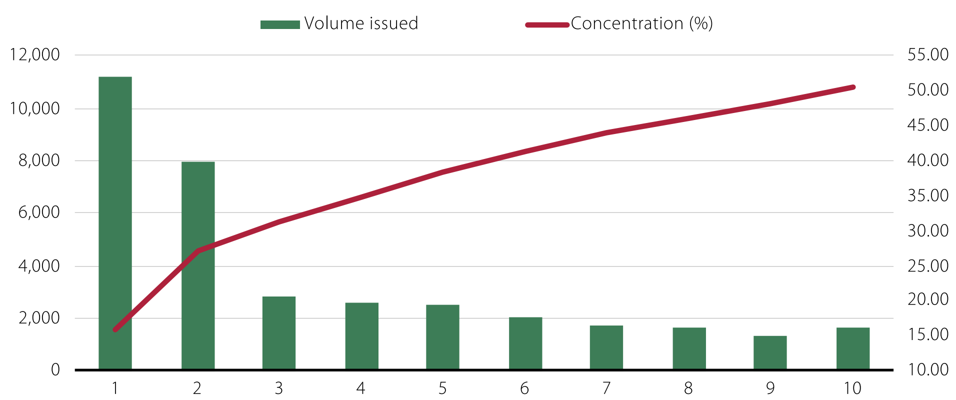
44 The effective repayment of securitisation bonds is generally lower, as there are usually early partial repayments.

### 3.5.4 Concentration per issuer

The degree of concentration observed in the MARF is high, as a small number of companies account for a significant proportion of the amount issued. For example, a single company, El Corte Inglés, accounts for almost 16% of the total amount issued on the market since its inception, a figure that rises to 19% for commercial paper issues.

The data shows that only 3 companies account for almost a third of the total volume of issues on the market and that the 10 largest issuers account for more than half, with each of them issuing more than €1.3 billion. They are all characterised by the fact that they are important companies with high turnover volumes, 4 of which are listed on the continuous market.[45] There are a large number of companies (more than 50) for which the volume of funds raised on this market is significant, ranging from €50 million to €250 million (see Figure 15).

**Concentration of issuers in the market** FIGURE 15



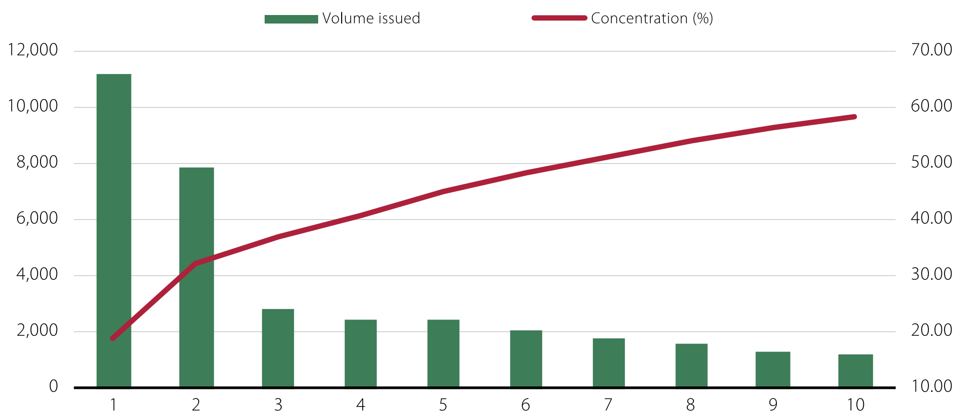

Source: Compiled by the author. Annual data in millions of euros. Note: the most relevant issuers by volume issued are presented from 1 to 10.

The data show that the high concentration of issuers in the MARF comes from the commercial paper segment. In contrast, there is no significant concentration of bond issues. In commercial paper, only 6 issuers account for almost half of the total issue volume in this asset class. Nevertheless, there are a considerable number of companies (more than 60) of medium or large size that regularly issue on this market in order to finance themselves in the short term with (cumulative) amounts of between €100 million and €1.2 billion. In addition, a small number of companies have only issued for amounts below €100 million or even less, probably because the cost of market access is still relatively high for many of them and it is only worthwhile for them to issue for longer maturities or by setting up recurring issue programmes (see Figure 16).

45 The largest listed issuers are Audax Renovables, Elecnor, Sacyr and Tubacex. Two of the companies included in this group were previously listed on the continuous market, from which they are currently excluded (MásMóvil and Europac).

## Concentration of commercial paper issuers

FIGURE 16



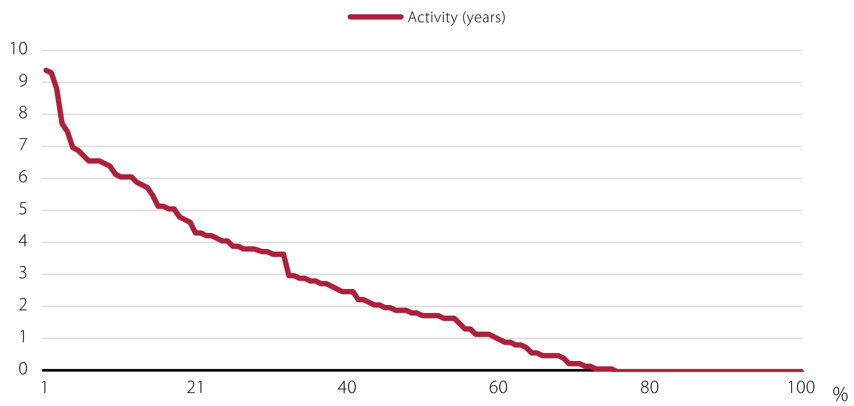

Source: Compiled by the author. Volumes in millions of euros. Note: the most relevant issuers by volume issued are presented from 1 to 10.

### 3.5.5 Recurrence of issuers on the market

60% of issuers show continuity in their issuing activity on the market, as they have issued on the market for more than one year, half of them even for more than three years. This shows once again how important the MARF is as a stable source of financing for many companies (see Figure 17).

## Continuity (in years) of issuer activity on MARF

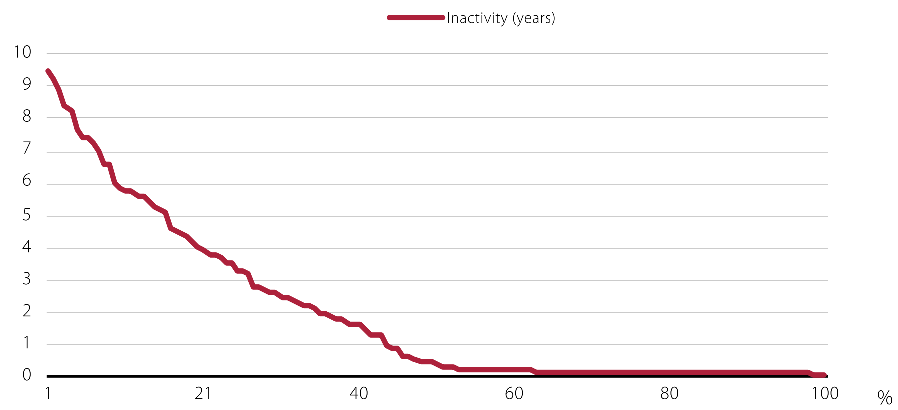
FIGURE 17




Source: Compiled by the author.

Companies that have issued bonds with a term of less than one year, on the other hand, are in many cases issuers that have issued a single medium-term bond to finance a specific project. The issuers of commercial paper also tend to be either smaller companies that have only recently entered the market and are still exploring their options as a financing alternative, or companies that initially issued relatively small amounts and then decided not to continue, probably because they felt that this was not the most efficient alternative for their needs (see Figure 18).

**Inactivity (in years) of issuers in the MARF** FIGURE 18




Source: Compiled by the author.

### 3.5.6 Investors

In terms of participants in this market, the focus is on accredited investors, which include both domestic and international companies. This include various categories such as private banking clients, family offices, various mutual funds (including those specialising in high-yield bonds), pension funds, open-ended collective investment companies (SICAVs), insurance companies, credit institutions and banks. In addition, many of the issues are tailored to small or medium volumes and are brought to the market via private placements.

# 4 Characteristics of issuing companies in the MARF

As we did in last year's analysis of the alternative equity market mentioned at the beginning, we have included a section in that we attempt to briefly describe some of the characteristics of the companies issuing on the MARF. For this purpose, we have used both quantitative and qualitative information on more than 120 companies available on the market's websites and the companies themselves, as well as in the informative documents for market listing, in the annual financial and audit reports of the various companies and in commercial databases. Although the market comprises various types of issuers[46] with very different characteristics and special features, this analysis focuses on non-financial companies, as the market is geared towards corporate finance and they are the most important in terms of both number (around 120 companies) and issue volume.

46 The different types of issuers included in the market include non-financial corporations, securitisation fund management companies, financial institutions, an insurer, a credit financial institution and even a real estate collective investment company (SOCIMI).

Variables of interest for these companies, such as their size, stock market presence and capitalisation, issuing activity in other markets, sector of activity, geographical origin and international activity, are described below.

### 4.1 Size

The company size was analysed by considering two variables: the number of employees and annual turnover, in accordance with the European Union's definition of an SME,[47] whereby a distinction was made between the following company sizes:

i) Large: more than 250 employees, annual turnover exceeding €50 million and/or balance sheet total exceeding €43 million.

ii) Medium: fewer than 250 employees, annual turnover not exceeding €50 million and/or balance sheet total not exceeding €43 million.

iii) Small: fewer than 50 employees, annual turnover and/or balance sheet total not exceeding €10 million.

iv) Micro-enterprise: if it has fewer than 10 employees and its turnover or balance sheet size is less than €2 million per year.

Looking at the criterion of the number of employees, as shown in Table 2, most of the companies tapping into this market are large (69.5%), with SMEs accounting for less than a third, of which more than half are medium-sized enterprises. Around 15% of companies are therefore small companies, for which this market is of considerable qualitative importance, not so much because of the volume of funds raised, but because it represents a relevant financing alternative, particularly in the medium and long term. In terms of issue volume, large companies account for more than 90% of the market.[48]

**Classification of companies by number of employees and issuer weight** TABLE 2

| Average number of employees | No. of companies | Percentage (%) | Issuer weight (%) |
|---|---|---|---|
| < 10 | 3 | 2.9 | 0.3 |
| ≥ 10 and < 50 | 11 | 10.5 | 2.8 |
| ≥ 50 and < 250 | 18 | 17.1 | 6.0 |
| > 250 | 73 | 69.5 | 90.8 |
| **Total** | **105** | **100.0** | **100.0** |

Source: CNMV. Note: Data is not available for 15 issuing companies.

47 According to Annex I of Commission Regulation (EU) No. 651/2014, of 17 June 2014.

48 A sample of these issuers' liabilities indicates that funds raised through the MARF account for a significant portion of their short-term debt financing (typically between 30% and 80%), which in many cases exceeds funds raised through banks.

Most of the large issuers are large, but about one third are very large companies or large groups, which in turn account for almost two thirds of the funds raised, as mentioned in the section on issuer concentration.

**Classification of companies by number of employees and issuer weight** TABLE 3

| Average number of employees | No. of companies | Percentage (%) | Issuer weight (%) |
|---|---|---|---|
| ≥ 250 and < 1,000 | 27 | 37.0 | 16.9 |
| ≥ 1,000 and < 5,000 | 24 | 32.9 | 19.1 |
| ≥ 5,000 and < 10,000 | 8 | 11.0 | 8.8 |
| > 10,000 | 14 | 19.2 | 55.1 |
| **Total** | **73** | **100.0** | **100.0** |

Source: Compiled by the author. Note: Data is not available for 15 issuing companies.

As can be seen from Table 4, more than 85% of the issuing companies (91 companies) can be considered large in the sense of the SME definition, and only 3% can be defined as small, including even 1 company with a minimum turnover of less than €2 million. As with the number of employees, almost 30% of the large issuers (see Table 5) are very large companies or groups – with a turnover of more than €1 billion – which account for more than two thirds of the total amount of incoming funds.

**Classification of companies by annual turnover and issuer weight** TABLE 4

| Annual turnover (millions of euros) | No. of companies | Percentage (%) | Issuer weight (%) |
|---|---|---|---|
| ≤ 2 M € | 1 | 0.9 | 0.2 |
| ≥ 2 and ≤ 10 M € | 3 | 2.8 | 0.2 |
| > 10 and ≤ 50 M € | 11 | 10.4 | 3.0 |
| > 50 M € | 91 | 85.8 | 96.6 |
| **Total** | **106** | **100.0** | **100.0** |

Source: Compiled by the author. Note: Data is not available for 16 companies.

**Classification of companies by number of employees and issuer weight** TABLE 5

| Annual turnover (millions of euros) | No. of companies | Percentage (%) | Issuer weight (%) |
|---|---|---|---|
| ≥ 50 and ≤ 100 M € | 11 | 12.1 | 2.2 |
| ≥ 100 and ≤ 500 M € | 10 | 44.0 | 17.4 |
| > 500 and ≤ 1,000 M € | 14 | 15.4 | 11.6 |
| > 1,000 and ≤ 5,000 M € | 23 | 25.3 | 43.6 |
| > 5,000 M € | 3 | 3.3 | 25.2 |
| **Total** | **106** | **100.0** | **100.0** |

Source: Compiled by the author.

Looking at the number of employees and turnover together, it can be concluded that barely a fifth of the companies represented on the market can be considered SMEs and that the majority of these companies are medium-sized enterprises. The result seems reasonable because, despite easy market access, a certain company size is required to compensate for the costs of access and to generate competitive advantages, as well as a certain degree of development and professionalisation of the issuers in order to obtain satisfactory access to the market.

### 4.2 Stock market presence, capitalisation and issuing activity in other markets

Most of the companies issuing on the MARF are unlisted, almost 75% (84 companies),[49] while the rest are companies listed either on the Spanish continuous market (24 companies) or on the alternative market BME Growth (6 companies). The market also includes numerous issues from 8 issuers from Portugal and some from companies from Germany, the United Kingdom and the Netherlands, some of which are themselves listed on the stock exchanges of their countries of origin.

In this context, it is important to emphasise the function of this market as an exposure vehicle for many unlisted issuers. This helps to raise the profile of these companies with potential investors and can also be a first step for some of these issuers to access other markets for fundraising. This can be via equity, as with BME Growth, the stock exchange or international alternative markets, or via debt, as with the AIAF.

The majority of the listed companies (80%) are on the continuous market, compared with a smaller proportion on the alternative market BME Growth. For the latter companies, the previous listing on another market has accelerated their presence on the MARF, which is consistent with the argument presented above. The value of companies listed on the continuous market is between €10 million and €4.0 billion, while the capitalisation of companies listed on BME Growth is between €25 million and €350 million.

Analysing the capitalization of issuing companies gives a rough estimate of their size and capacity to access capital markets for funding. Yet, for technology firms or those in high-growth sectors, market value might rely less on current turnover, but on the prospects that these variables may have in the medium and long term. In these cases, their ability to raise funds in the form of debt may be more limited than in the form of equity due to the greater difficulty in repaying the funds raised in the short term.

Table 6 displays the capitalization distribution of listed issuers, revealing that approximately 30% have a capitalisation below €200 million, as per MiFID II SME criteria. Among these, slightly over 50% have less than €100 million in capitalisation, with 3 of them having less than €50 million. Nearly 50% of issuers fall within the €200 million to €1 billion capitalisation range, and just over a quarter are larger, including 2 companies in the Ibex 35[50] index.

49 Of these, five companies were previously listed on the continuous market of the Spanish stock exchange and one was on the alternative market BME Growth.

50 The companies Sacyr and Solaria.

**Distribution of issuer companies by market capitalisation** TABLE 6

| Market value/capitalisation (millions of euros) | No. of companies | Percentage (%) |
|---|---|---|
| 0 and ≤ 100 M € | 5 | 16.7 |
| ≥ 100 and ≤ 200 M € | 4 | 13.3 |
| ≥ 200 and ≤ 500 M € | 6 | 20.0 |
| > 500 and ≤ 1,000 M € | 7 | 23.3 |
| > 1,000 M € | 8 | 26.7 |
| **Total** | **30** | **100.0** |

Source: Compiled by the author. Note: market capitalisation at the end of August 2023.

Finally, only two companies[51] had previously issued debt securities on the AIAF regulated market,[52] making the MARF their entry point to the debt markets as an alternative to traditional bank financing.

## 4.3 Sector of activity

The analysis of sectors within the non-financial companies that have participated in this market reveals a significant and varied representation of sub-sectors in the MARF. These sub-sectors range from those closely associated with the traditional economy to others with a technological profile (see Figure 19).

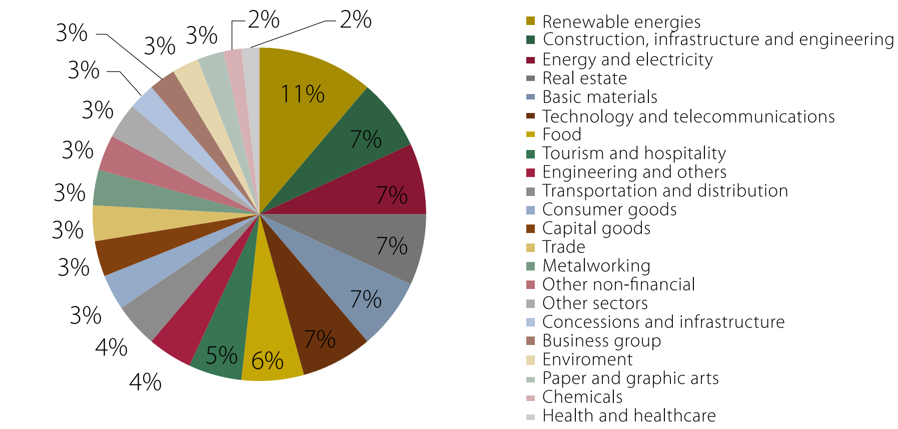
Among the 25 sub-sectors, there is notable diversity in the number of companies within each. The renewable energy sector stands out with the highest number of issuers, followed by the energy, electricity, construction, engineering, technology, telecommunications, real estate, and basic materials sectors to a lesser extent.

The presence of various sectors illustrates the market's versatility and its potential to serve as a source of financing for a wide range of companies. These companies include those seeking resources for daily operations as well as those looking to fund their expansion and growth initiatives.

51 The companies Sacyr and Vocento.

52 Some business groups such as El Corte Inglés had also issued debt in international markets through group companies.

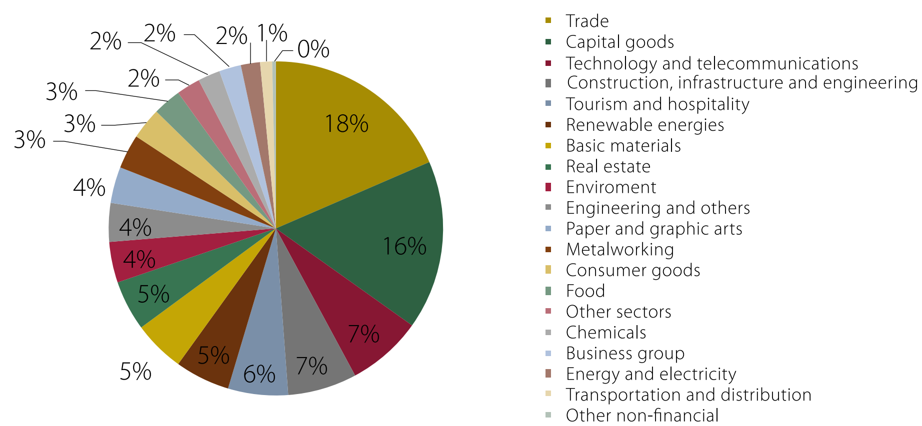
Sector classification of non-financial issuer companies in MARF FIGURE 19




Source: Compiled by the author.

Figure 20, depicting the sectoral classification weighted by the issued amounts in each sector, reveals notable changes compared to the previous figure. In terms of amounts issued, the trade and capital goods sectors are the most heavily weighted, accounting for more than a third of the total amount issued. This emphasises the adaptability of this market to different types of companies, especially those with high working capital requirements.

Sectoral classification of issuers in the MARF weighted by amount issued FIGURE 20




Source: Compiled by the author.

### 4.4 Origin and international activity

The majority of MARF issuers are of domestic origin (more than 90%). However, there is a relatively high number of issuers from Portugal (8 companies), which can be explained by the geographical, cultural and economic links with this country, and despite the fact that the debt instruments are also traded on Euronext Lisbon.

The headquarters of the issuing companies are primarily located in the Community of Madrid, followed by the Basque Country, Catalonia, and Galicia, in that order. These regions contribute the most issuers to the market.[53] This distribution of companies differs from that of the BME Growth alternative equity market. Similar to the BME Growth market, the geographical distribution of registered company offices does not align with the regions' contribution to the national GDP. However, it is a fact that companies with the highest economic activity, including those in dynamic sectors like renewable energies, technology, or engineering, tend to be situated in regions where the country's economic activity is most concentrated.

Nearly 70% of issuers declare some kind of international activity, with a substantial number having a significant presence and active operations in both Europe and Latin America. This underscores the need for a market that supports access to essential resources for funding such expansion.

# 5 Conclusions and future challenges

This article examines the features of alternative fixed income markets, with a detailed analysis of the unique aspects and development of the Spanish MARF market and the companies that have utilised it since its establishment in 2013.

The market has experienced continuous and sustained growth and can now be considered a well-established financing option for companies of various sizes and across all economic sectors, a decade after its inception. Over these operational years, it has shown its effectiveness in facilitating financing for companies, particularly medium and large ones, with an appealing risk-to-return ratio for numerous investors. However, for SMEs, its impact has been primarily on medium-sized companies, with smaller companies having only a marginal presence.

While the market accommodates various debt products, the most significant growth has been in commercial paper issue, a crucial tool for financing the working capital of many companies. Even so, bond issues in the MARF have also been instrumental in financing medium and long-term projects for smaller companies on occasions. It is also essential to recognise the significance of securitisation activities within the market. This, in itself, serves as a financing option for numerous small companies by securitising SME loans or invoices.

As this article reiterates, the strengths of the market lie in its lean, fast and simplified issue process and the significant contribution that registered advisers and market intermediaries make to its operation and growth. Nevertheless, challenges arise due to the inherent risks associated with the assets traded. While all debt

53 With 51, 17, 8 and 7 companies, respectively. The Valencian Community has 5 domiciled companies; Asturias, the Balearic Islands, and Castilla y León, 4 companies each; Aragon and Navarre have 3; Andalusia, with 2, and Murcia has only one company domiciled.

instruments carry market, credit and liquidity risks, the latter two are particularly important in the alternative markets. Evaluating the credit risk of small companies can be challenging because investors often have limited knowledge about many of them. In such instances, transparency and the availability of sufficient information are essential for accurate pricing and market functionality. Additionally, liquidity risk, which is becoming more significant for corporate debt assets, might be heightened in these alternative markets. However, the presence of a substantial number of investors pursuing buy-and-hold strategies may partially alleviate this risk.

Moreover, despite attempts to reduce expenses, issue costs, including registered advisor fees and bank charges, can be relatively high for smaller offerings or shorter maturities. This can act as a deterrent to issue activity. However, for larger issuers, these costs are offset by ongoing market engagement through commercial paper issue programs or substantial bond offerings.

Looking to the future, the growth prospects of MARF appear promising, considering the size of the Spanish economy and the significant presence of medium-sized companies, including those that are publicly traded but not yet active in this market. In addition, the introduction of more sustainable offerings could further boost growth as investor interest in such investments grows.

Nevertheless, there are factors that could curb its expansion. First of all, it is important to bear in mind that the majority of companies in Spain are SMEs. For many of these companies, issue costs in MARF may be lower compared to traditional markets, but they could still be considered relatively high. This is primarily due to the small average size of companies, which is closely linked to the country's production structure. It is unlikely that this structure will change significantly in the short term.

Another important factor that could limit the growth of MARF is the competition from alternative sources of financing available to small and medium-sized enterprises (SMEs) in addition to traditional bank financing. Foremost among these alternatives is private finance, which is the subject of another article in this bulletin. Private finance can take various forms and has experienced significant growth in recent years, both in Spain and worldwide. Organisations such as venture capital firms, for example, fall under this type of financing.

The continued success of the alternative fixed-income market hinges on the implementation of effective regulation. In this market, finding the right balance is crucial, as regulation needs to lower access costs for issuers without compromising market transparency and the protection of investors. While the market currently caters to professional investors, the potential inclusion of retail investors in the future, drawn by the prospect of higher returns, should be accompanied by certain safeguards to mitigate their risk. One such measure could be the requirement for issues tradable among them to possess a credit rating.

Furthermore, the lack of a liquid secondary market, especially for longer-term issues, restricts the growth of the market. Therefore, despite the costs involved, it is worth considering the introduction of liquidity providers or specialists to increase market liquidity.

However, it is important that cultural barriers to funding are overcome and awareness of the market is raised. Many companies that could potentially benefit from this market do not yet see it as a viable financing option because they are not familiar with it. Therefore, they tend to choose the traditional route of bank financing, which they find more familiar and convenient. In this respect, the market should make a greater effort to educate potential issuers and provide them with comprehensive information about how it works so that they can make well-informed decisions about their financing choices.

Authorities may consider taking measures to foster the growth of these markets, such as the guarantees implemented during the pandemic, as well as exploring options like tax incentives similar to those seen in the Italian market or a potential revision of the withholding tax system for assets traded in a multilateral trading facility.

Finally, it is important to mention the ongoing OECD project called "Proposals for a Capital Market Supporting Sustainable Economic Growth", which is supported by the CNMV, the Ministry of Economic Affairs, and the European Commission. This project is expected to conclude by the end of 2024, leading to the publication of an action plan that may introduce new initiatives aimed at improving and simplifying companies' access to capital markets in Spain, including alternative markets.

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# III Legislative Annex

Since the publication of the *CNMV Bulletin* for the first quarter of 2023, the following legislative developments have taken place:

# Spanish legislation

– Law 11/2023, of 8 May, transposing the European Union directives on the accessibility of certain products and services, the migration of highly qualified persons, taxation and the digitisation of notarial and registry procedures, and amending Law 12/2011, of 27 May, on civil liability for damage caused by nuclear or radioactive substances.

  This Law transposes six directives of the European Union:

  - Directive (EU) 2019/882 of the European Parliament and of the Council, of 17 April 2019, on accessibility requirements for products and services. The aim of the legislation is twofold: firstly, to remove and prevent obstacles to the free movement of certain accessible products and services resulting from differences in accessibility standards in the Member States and, secondly, to harmonise Spanish legislation with EU regulations the proper functioning of the internal market, eliminate fragmentation in the market for accessible products and services and promote economies of scale, among other things.

  - In part, Directive (EU) 2021/1883 of the European Parliament and of the Council, of 20 October 2021, on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment and repealing Council Directive 2009/50/EC.

  - Council Directive (EU) 2020/284, of 18 February 2020, amending Directive 2006/112/EC as regards the introduction of certain requirements for payment service providers.

  - Directive (EU) 2019/1151 of the European Parliament and of the Council, of 20 June 2019, amending Directive (EU) 2017/1132 as regards the use of digital tools and processes in the area of Company Law, known as the "Company Digitalisation Directive" or the "Digital Tools Directive". The aim is to create a legal and administrative environment that meets the new economic and social challenges of digitalisation. It is mainly based on the fully online incorporation of companies and their subsequent or successive acts, the online filing of the documents required for these operations, the possibility of opening and registering a branch in another Member State fully online and the operation of business registers.

  - Council Directive (EU) 2020/262, of 19 December 2019, laying down the general arrangements for excise duty.

- Council Directive (EU) 2020/1151, of 29 July 2020, amending Directive 92/83/EEC on the harmonisation of the structures of excise duties on alcohol and alcoholic beverages.

Attention is drawn to the following amendments:

- Title IV consists of six articles, from 34 to 39, which contain amendments to various regulations, in particular the Notarial Act, of 28 May 1862; the Commercial Code; the Mortgage Act, approved by the Decree of 8 February 1946, Law 14/2000, of 29 December, on fiscal, administrative and social measures; Law 24/2001, of 27 December, on fiscal, administrative and social measures; and the recast text of the Spanish Corporate Enterprises Act, approved by Royal Decree-Law 1/2020, of 2 July, to incorporate Directive (EU) 2019/1151 of the European Parliament and of the Council, of 20 June 2019, amending Directive (EU) 2017/1132 as regards the use of digital tools and procedures in the field of Company Law into our legal system.

  The Notarial Act has been revised with the following amendments: regulation of an electronic protocol that records the authentic versions of public instruments, authorisation of justified digital access to the single computerised general register by the General Council of Notaries and public administrations, introduction of a new article that allows the execution of certain deeds through videoconferencing and electronic appearance, and provisions on the security and archiving of documents. With a view to the proper cooperation and organisation of the notary with the authorities, notaries are obliged to keep computerised and, if necessary, paper-based registers of notarially authenticated and executed deeds.

  The amendments to the Mortgage Act mainly concern the following aspects: regulation of a comprehensive electronic platform for administrative purposes, authorisation to communicate with citizens and other bodies via electronic channels, use of electronic means to publicise the register, establishment of an additional electronic registration system and of an electronic archive with up-to-date property information (effective one year after publication in the Official State Gazette [*BOE*]).

  The relevant amendments are incorporated into legislation and include fiscal, administrative and social measures to allow registrars to use videoconferencing and interoperable systems with other registries. This permission is granted to enable the fulfilment of their respective public functions as described in the Mortgage Act and other relevant legislation. In addition, interested parties will have access to the applications hosted on the registrars' electronic platform via electronic identification systems. In addition, the information and communication systems used by registrars and notaries are required to be interoperable to enable seamless communication and integration between the two organisations.

- The Second Final Provision amends certain provisions, all of general application, of Organic Law 3/2018, of 5 December, on the Protection of Personal Data and Guarantee of Digital Rights, due to the correction of errors in the European Data Protection Regulation and, consequently, the removal of the warning from the catalogue of sanctions that can be imposed on data controllers and processors, replacing it with the wording of a summons. The reform also introduces a new article that enables and regulates the implementation of investigation procedures via digital systems and increases the maximum duration of the sanction procedure from 9 to 12 months and that of the preliminary investigation procedure from 12 to 18 months.

Royal Decree-Law 5/2023, of 28 June, adopting and extending certain measures in response to the economic and social consequences of the war in Ukraine, to support the reconstruction of the island of La Palma and other vulnerable situations, to implement the European Union directives on structural changes to commercial companies and on the reconciliation of family and professional life for parents and carers, and to transpose and apply European Union law.

This Royal Decree-Law is divided into a factual part and the enacting terms, consisting of 5 books containing 226 articles, 5 additional provisions, 10 transitional provisions, 1 derogating provision and 9 final provisions.

The First Book transposes Directive (EU) 2019/2121 of the European Parliament and of the Council, of 27 November 2019, as regards cross-border conversions, mergers and divisions into Spanish law and is divided into four titles.

Title I of this document consists of two chapters. Chapter I outlines preliminary provisions regarding limitations and exclusions that are relevant to various structural modification processes governed by the document. Chapter II introduces a novel approach by providing common regulations that apply to all structural modifications, whether they are internal or cross-border operations. These common provisions cover several aspects, such as creating the structural modification plan, preparing reports by the administrative body and independent experts, making the agreement publicly available before approval, obtaining unanimous consent for the structural modification, publishing and addressing challenges to the agreement, safeguarding the interests of shareholders and creditors, and ensuring the registration and validity of the recorded operation.

These common provisions are complemented in Title II by a series of specific provisions for each of the types of internal changes regulated by the law: transformation by change of corporate form (Chapter I), merger (Chapter II), spin-off (Chapter III) and global transfer of assets and liabilities (Chapter IV).

Law 3/2009, of 3 April, on structural changes to commercial companies is repealed. The First Transitional Provision provides for the temporary application of the provisions contained in the First Book of this Royal Decree-Law to structural changes of commercial companies that are not yet authorised at the time of the entry into force of the Royal Decree-Law. The Second and Third Additional Provisions describe the requirement for pre-registration in the event of conversion, merger, spin-off, or global transfer of assets and liabilities involving unregistered partnerships and, more broadly, irregular companies. They also outline the regulatory framework for conversions, mergers, spin-offs and global or partial transfers of assets and liabilities between credit institutions and insurance companies.

Title I of Book Five introduces a number of urgent financial measures. Chapter I introduces amendments that relate specifically to covered bonds and addressing the following areas: the criteria for assessing the value of assets within the cover pool, the guidelines for the management of loan inflows and outflows from the cover pool by financial institutions, the approval process for loan restructurings by the cover pool supervisor in cases where it arises from a mandatory requirement, the protocol for actions to be taken by the special administrator when the liabilities of the covered bond programme are less than the assets, and the clarification of the registration framework for the cover pool supervisor together with the definition of its regulatory framework.

Title VI of Book V includes a number of organisational measures aimed at increasing administrative efficiency. Chapter II introduces modifications to Law 10/2014, of 26 June 2014, concerning the regulation, supervision, and solvency of credit institutions. These changes reinstate the one-year timeframe within which the Bank of Spain is empowered to conclude sanctioning procedures, which had been revoked by Law 6/2023, of 17 March, regarding Securities Markets and Investment Services. The Bank of Spain, when exercising its sanctioning powers, should have sufficient time, equivalent to that already available to the CNMV and the Directorate-General for Insurance and Pension Funds, to ensure that sanctioning procedures are properly investigated. Chapter III amends Article 8.6 and the Third Additional Provision of Law 50/1997, of 27 November, on the Government, in relation to the General Committee of Secretaries of State and Undersecretaries of State, with regard to its meetings, deliberations and the adoption of resolutions, so that these may be held telematically on an ordinary basis.

The Third Final Provision amends Royal Decree-Law 1/2010, of 2 July, which approves the recast text of the Spanish Corporate Enterprises Act in order to adapt it to the provisions of Directive (EU) 2019/2121, of 27 November, on structural changes to capital companies.

– Royal Decree 571/2023, of 4 July, on foreign investments.

The publication of this new Royal Decree is firstly due to the "Framework Definition of Foreign Direct Investment" published in its fourth edition in 2008 by the Organisation for Economic Co-operation and Development (OECD), which leads to the introduction of a number of changes in order to align with global standards and remove the obligation to report investments in traded securities that are not linked to the intention to influence the control of a company and therefore fall into the category of portfolio investment; in addition, the limits of the various statistical reports are modified based on the experience gained during the 20 years of validity of the previous Royal Decree.

Given the changes that have taken place over the last two decades since the adoption of Royal Decree 664/1999, of 23 April 1999, it was considered imperative to formulate a new legal framework. This updated framework aims to adapt the regulations to the recent changes introduced by subsequent royal decree laws and to comply with Regulation (EU) 2019/452 of the European Parliament and of the Council, of 19 March 2019. The main objectives of this reformulation include improving the quality and global comparability of statistics, minimising the administrative burden for investors and clarifying the cases in which the foreign investment regime can be suspended. These measures aim to create more legal certainty for investors.

The regulation duly acknowledges the stipulations of Law 10/2010, of 28 April, concerning the prevention of money laundering and terrorism financing. It abstains from altering the existing procedures for managing receipts and payments to and from foreign countries. These continue to adhere to the protocols set forth in Royal Decree 1816/1991, of 20 December, which pertains to Foreign Economic Transactions, along with its implementing regulations.

This Royal Decree concerning foreign investment, which supersedes Royal Decree 664/1999, of 23 April 1999, on the same subject, officially came into effect on 1 September 2023.

## Spanish National Securities Market Commission

– CNMV Resolution of 11 July 2023, on product intervention measures relating to financial contracts for differences and other leveraged products.

– Resolution of 26 July, of the Board of the CNMV, approving the Internal Regime. Amendments include Article 27.2, which creates a Deputy Secretary-General within the General Secretariat, and Article 27.6 with regard to deputisation; a new letter ñ) is introduced in Article 30.3 (Supervision of proxy advisors); a final subparagraph is inserted in Article 31.1 (Money Laundering Prevention Unit); Article 31.2.c) (Powers of the Financial and Corporate Reports Department) is amended; Article 33.1 is amended and Article 33.2 (Powers of the General Secretariat) is reworded; and a new letter m) is inserted in Article 42.1 (Internal working procedures of the CNMV: Procedures for the resolution of central counterparties and the preventive resolution of investment firms).

## Other

– Resolution of 16 May 2023, of the Bank of Spain, publishing the Agreement with the Official Association of Property and Commercial Registrars of Spain, for the filing of accounts.

## European Securities and Markets Authority (ESMA)

- Guidelines on CCP recovery plan scenarios (Article 9(12) of CCPRRR) (31.01.2022). European Securities and Markets Authority (ESMA).

- Guidelines on the CCP recovery plan indicators (Article 9(5) CCPRRR) (31.01.2022). European Securities and Markets Authority (ESMA).

- Guidelines on certain aspects of the MiFID II remuneration requirements (03.04.2023). European Securities and Markets Authority (ESMA).

- Guidelines on certain aspects of the MiFID II suitability requirements (03.04.2023). European Securities and Markets Authority (ESMA).

- Guidelines for common procedures and methodologies for the supervisory review and evaluation process (SREP) under Directive (EU) 2019/2034 (20.07.2022). European Securities and Market Authority (ESMA)/ European Banking Authority (EBA).

- Guidelines on the consistent application of the triggers for the use of Early Intervention Measures (Article 18(8) of CCPRRR) (01.06.2023). European Securities and Markets Authority (ESMA).

- Guidelines further specifying the circumstances for temporary restrictions in the case of a significant non-default event in accordance with Article 45a of EMIR (02.06.2023). European Securities and Markets Authority (ESMA).

- Guidelines on the application of the circumstances under which a central counterparty is deemed to be failing or likely to fail (Article 22(6) of CCPRRR) (01.06.2023). European Securities and Markets Authority (ESMA).

- Guidelines on the methodology to be used by the resolution authority for determining the valuation of contracts prior to their termination as referred to in Article 29(1) of CCPRRR (02.06.2023). European Securities and Markets Authority (ESMA).

## EU legislation (in order of publication in the *OJEU*)

- Regulation (EU) 2023/1113 of the European Parliament and of the Council, of 31 May 2023, on information accompanying transfers of funds and certain crypto-assets and amending Directive (EU) 2015/849.

  Published in the *OJEU* (L) No. 150, of 09 June 2023, pp. 1–39.

– Regulation (EU) 2023/1114 of the European Parliament and of the Council, of 31 May 2023, on markets in crypto-assets, and amending Regulations (EU) No. 1093/2010 and (EU) No. 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937.

  Published in the *OJEU* (L) No. 150, of 9 June 2023, pp. 40–225.

– Commission Delegated Regulation (EU) 2023/1626, of 19 April 2023, on amending the regulatory technical standards laid down in Delegated Regulation (EU) 2018/1229 as regards the penalty mechanism for settlement fails relating to cleared transactions submitted by CCPs for settlement.

  Published in the *OJEU* (L) No. 201, of 11 August 2023, pp. 1–3.

# IV Statistics Annex

# 1 Markets

## 1.1 Equity

### Share issues and public offerings[1]

TABLE 1.1

| | 2020 | 2021 | 2022 | 2022 III | IV | 2023 I | II | III |
|---|---|---|---|---|---|---|---|---|
| **NO. OF ISSUERS** | | | | | | | | |
| Total | 28 | 32 | 27 | 9 | 12 | 6 | 8 | 10 |
| Capital increases | 28 | 31 | 27 | 9 | 12 | 6 | 8 | 10 |
| Primary offerings | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 |
| Bonus issues | 12 | 14 | 12 | 4 | 3 | 3 | 3 | 7 |
| Of which, scrip dividend | 10 | 10 | 11 | 4 | 2 | 3 | 3 | 7 |
| Capital increases by conversion | 2 | 4 | 4 | 1 | 3 | 2 | 2 | 1 |
| For non-monetary consideration | 1 | 4 | 2 | 0 | 2 | 0 | 0 | 1 |
| With pre-emptive subscription rights | 5 | 4 | 2 | 0 | 0 | 0 | 1 | 0 |
| Without trading warrants | 9 | 10 | 10 | 3 | 5 | 1 | 3 | 1 |
| Secondary offerings | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| **NO. OF ISSUES** | | | | | | | | |
| Total | 40 | 50 | 55 | 9 | 25 | 9 | 10 | 10 |
| Capital increases | 40 | 49 | 55 | 9 | 25 | 9 | 10 | 10 |
| Primary offering | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 |
| Bonus issues | 17 | 20 | 16 | 4 | 3 | 3 | 3 | 7 |
| Of which, scrip dividend | 15 | 16 | 15 | 4 | 2 | 3 | 3 | 4 |
| Capital increases by conversion | 2 | 4 | 14 | 1 | 12 | 5 | 3 | 1 |
| For non-monetary consideration | 2 | 5 | 5 | 0 | 4 | 0 | 0 | 1 |
| With pre-emptive subscription rights | 5 | 4 | 2 | 0 | 0 | 0 | 1 | 0 |
| Without trading warrants | 13 | 15 | 17 | 3 | 6 | 1 | 3 | 1 |
| Secondary offerings | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| **CASH VALUE** (millions of euros) | | | | | | | | |
| Total | 15,098.0 | 19,906.1 | 6,111.8 | 1,923.0 | 1,902.1 | 1,039.5 | 486.8 | 1,982.3 |
| Capital increases | 15,098.0 | 17,705.8 | 6,111.8 | 1,923.0 | 1,902.1 | 1,039.5 | 486.8 | 1,982.3 |
| Primary offerings | 150.1 | 100.0 | 200.0 | 200.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Bonus issues | 6,194.9 | 5,478.1 | 3,591.5 | 1,610.8 | 328.3 | 1,025.6 | 35.6 | 1,974.7 |
| Of which, scrip dividend | 6,193.1 | 5,451.8 | 3,590.0 | 1,610.8 | 326.8 | 1,025.6 | 35.6 | 1,974.7 |
| Capital increases by conversion | 162.4 | 109.5 | 81.6 | 2.0 | 76.5 | 13.9 | 26.8 | 1.5 |
| For non-monetary consideration[2] | 233.0 | 3,525.3 | 1,381.2 | 0.0 | 1,363.8 | 0.0 | 0.0 | 6.1 |
| With pre-emptive subscription rights | 6,837.2 | 7,060.4 | 254.2 | 0.0 | 0.0 | 0.0 | 150.1 | 0.0 |
| Without trading warrants | 1,520.3 | 1,432.6 | 603.3 | 110.3 | 133.6 | 0.0 | 274.3 | 0.0 |
| Secondary offerings | 0.0 | 2,200.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **NOMINAL VALUE** (millions of euros) | | | | | | | | |
| Total | 1,282.1 | 4,967.2 | 529.6 | 116.5 | 107.5 | 85.8 | 36.5 | 128.3 |
| Capital increases | 1,282.1 | 4,884.9 | 529.6 | 116.5 | 107.5 | 85.8 | 36.5 | 128.3 |
| Primary offerings | 7.8 | 5.4 | 0.8 | 0.8 | 0.0 | 0.0 | 0.0 | 0.0 |
| Bonus issues | 799.6 | 796.2 | 334.4 | 111.5 | 4.9 | 77.6 | 2.1 | 127.5 |
| Of which, scrip dividend | 797.8 | 770.0 | 332.9 | 111.5 | 3.4 | 77.6 | 2.1 | 127.5 |
| Capital increases by conversion | 1.7 | 46.3 | 6.5 | 0.0 | 6.4 | 8.2 | 26.8 | 0.0 |
| For non-monetary consideration | 68.0 | 3,289.0 | 19.3 | 0.0 | 10.6 | 0.0 | 0.0 | 0.8 |
| With pre-emptive subscription rights | 370.9 | 98.8 | 22.9 | 0.0 | 0.0 | 0.0 | 2.4 | 0.0 |
| Without trading warrants | 34.2 | 649.2 | 145.6 | 4.1 | 85.5 | 0.0 | 5.1 | 0.0 |
| Secondary offerings | 0.0 | 82.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| ***Pro memoria*: transactions BME Growth[3]** | | | | | | | | |
| No. of issuers | 9 | 44 | 41 | 19 | 13 | 12 | 11 | 15 |
| No. of issues | 14 | 77 | 88 | 30 | 18 | 30 | 21 | 24 |
| Cash value (millions of euros) | 238.5 | 2,440.8 | 2,329.5 | 643.0 | 724.3 | 102.9 | 567.9 | 496.6 |
| Capital increases | 238.5 | 2,440.8 | 2,329.5 | 643.0 | 724.3 | 102.9 | 567.9 | 496.6 |
| Of which, primary offerings | 173.5 | 1,654.2 | 1,487.1 | 399.3 | 680.7 | 0.0 | 481.3 | 455.1 |
| Secondary offerings | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

1 Registered transactions at the CNMV. Does not include data from BME Growth, ETF or Latibex.
2 Capital increases for non-monetary consideration are valued at market prices.
3 Unregistered transactions at the CNMV. Source: BME and CNMV.

## Companies listed[1]

TABLE 1.2

| | 2020 | 2021 | 2022 | 2022 III | 2022 IV | 2023 I | 2023 II | 2023 III |
|---|---|---|---|---|---|---|---|---|
| Total electronic market[2] | 126 | 123 | 121 | 121 | 121 | 120 | 120 | 120 |
| Of which, foreign companies | 7 | 6 | 6 | 6 | 6 | 6 | 8 | 8 |
| Second market | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Madrid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Barcelona | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bilbao | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Valencia | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Open outcry | 11 | 10 | 9 | 9 | 9 | 9 | 8 | 8 |
| Madrid | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Barcelona | 6 | 6 | 6 | 6 | 6 | 6 | 5 | 5 |
| Bilbao | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 0 |
| Valencia | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 2 |
| BME MTF Equity[3] | 2,580 | 2,432 | 1,349 | 2,093 | 1,349 | 819 | 716 | 677 |
| Latibex | 19 | 19 | 19 | 19 | 19 | 19 | 18 | 18 |

1 Data at the end of period.
2 Without ETFs (Exchange Traded Funds).
3 Alternative Stock Market.

## Capitalisation[1]

TABLE 1.3

Millions of euros

| | 2020 | 2021 | 2022 | 2022 III | 2022 IV | 2023 I | 2023 II | 2023 III |
|---|---|---|---|---|---|---|---|---|
| Total electronic market[2] | 690,101.6 | 781,805.0 | 724,476.0 | 645,678.0 | 724,476.0 | 791,476.3 | 800,849.6 | 804,856.2 |
| Of which, foreign companies[3] | 113,478.9 | 147,213.9 | 141,178.4 | 115,485.5 | 141,178.4 | 155,953.6 | 161,893.9 | 179,416.9 |
| Ibex 35 | 424,167.3 | 475,870.0 | 438,222.8 | 391,213.3 | 438,222.8 | 488,225.9 | 500,608.7 | 489,171.6 |
| Second market | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Madrid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Barcelona | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Bilbao | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Valencia | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Open outcry | 1,053.6 | 1,319.3 | 1,227.9 | 1,153.2 | 1,227.9 | 1,305.4 | 1,136.4 | 1,242.2 |
| Madrid | 30.9 | 23.1 | 32.8 | 37.5 | 32.8 | 36.5 | 34.5 | 34.5 |
| Barcelona | 956.0 | 1,258.7 | 14.7 | 1,122.2 | 1,201.5 | 1,275.4 | 1,108.4 | 1,214.2 |
| Bilbao | 20.6 | 19.2 | 0.0 | 14.7 | 0.0 | 14.7 | 14.7 | 14.7 |
| Valencia | 76.0 | 45.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| BME MTF Equity[4, 5] | 43,595.5 | 48,656.9 | 39,070.4 | 41,877.1 | 39,070.4 | 36,209.6 | 36,125.4 | 60,103.1 |
| Latibex | 177.2 | 196.1 | 228.5 | 203.4 | 228.5 | 239.3 | 258.8 | 283.6 |

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

## Trading

TABLE 1.4

Millions of euros

| | 2020 | 2021 | 2022 | 2022 III | 2022 IV | 2023 I | 2023 II | 2023 III |
|---|---|---|---|---|---|---|---|---|
| Total electronic market[1] | 422,786.4 | 372,972.8 | 356,572.7 | 68,491.7 | 78,751.1 | 88,218.7 | 74,480.1 | 61,413.0 |
| Of which, foreign companies | 4,273.8 | 4,343.6 | 4,770.9 | 660.4 | 674.6 | 885.9 | 885.9 | 503.4 |
| Second market | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Madrid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Barcelona | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Bilbao | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Valencia | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Open outcry | 2.5 | 7.4 | 8.3 | 0.8 | 2.0 | 1.0 | 0.9 | 0.1 |
| Madrid | 0.1 | 0.1 | 0.6 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Barcelona | 2.4 | 7.4 | 7.7 | 0.8 | 2.0 | 0.0 | 0.0 | 0.0 |
| Bilbao | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.0 | 0.9 | 0.1 |
| Valencia | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| BME MTF Equity[2] | 3,929.0 | 3,559.2 | 3,837.3 | 759.0 | 1,160.7 | 996.8 | 732.5 | 528.8 |
| Latibex | 79.5 | 48.9 | 93.4 | 21.5 | 27.2 | 28.9 | 18.2 | 11.4 |

1 Without ETFs (Exchange Traded Funds).
2 Alternative Stock Market.

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

TABLE 1.5

Millions of euros

| | 2020 | 2021 | 2022 | 2022 III | 2022 IV | 2023 I | 2023 II | 2023 III |
|---|---|---|---|---|---|---|---|---|
| Regular trading | 405,120.5 | 355,841.2 | 342,364.3 | 66,656.5 | 73,313.2 | 86,577.5 | 72,907.0 | 60,309.0 |
| Orders | 278,516.1 | 237,430.5 | 247,439.8 | 52,307.0 | 52,983.3 | 65,232.4 | 47,538.1 | 44,758.9 |
| Put-throughs | 42,666.5 | 40,006.0 | 35,058.8 | 6,932.9 | 7,779.0 | 8,951.4 | 7,114.3 | 5,441.9 |
| Block trades | 83,938.0 | 78,404.7 | 59,865.7 | 7,416.7 | 12,550.9 | 12,393.7 | 18,254.6 | 10,108.1 |
| Off-hours | 4,174.3 | 4,890.0 | 3,873.0 | 343.2 | 792.9 | 807.9 | 820.0 | 299.5 |
| Authorised trades | 2,001.4 | 1,213.3 | 867.1 | 212.8 | 109.4 | 84.6 | 65.7 | 183.9 |
| Art. 36.1 SMA trades | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Tender offers | 5,250.9 | 5,306.1 | 5,125.0 | 184.2 | 3,153.1 | 0.0 | 0.0 | 0.0 |
| Public offerings for sale | 967.8 | 1,723.2 | 467.5 | 220.0 | 0.0 | 0.0 | 72.4 | 0.0 |
| Declared trades | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Options | 3,369.1 | 2,787.7 | 2,458.4 | 551.1 | 980.4 | 442.1 | 423.5 | 461.2 |
| Hedge transactions | 1,902.4 | 1,211.5 | 1,417.5 | 323.9 | 402.2 | 306.6 | 191.5 | 159.5 |

1 Without ETFs (Exchange Traded Funds).

## 1.2 Fixed income

### Gross long-term issues registered at the CNMV

TABLE 1.6

| | 2020 | 2021 | 2022 | 2022 | | 2023 | | |
|---|---|---|---|---|---|---|---|---|
| | | | | III | IV | I | II | III |
| **NO. OF ISSUERS** | | | | | | | | |
| Total | 40 | 30 | 27 | 7 | 10 | 16 | 12 | 8 |
| Mortgage-covered bonds | 13 | 7 | 8 | 1 | 2 | 6 | 5 | 0 |
| Territorial-covered bonds | 3 | 3 | 3 | 1 | 0 | 1 | 0 | 0 |
| Non-convertible bonds and debentures | 11 | 10 | 7 | 4 | 3 | 4 | 6 | 4 |
| Convertible bonds and debentures | 0 | 3 | 2 | 0 | 1 | 1 | 2 | 0 |
| Backed securities | 15 | 12 | 11 | 2 | 4 | 3 | 2 | 3 |
| Other fixed-income issues | 2 | 1 | 0 | 0 | 0 | 2 | 0 | 0 |
| Preference shares | 2 | 3 | 0 | 0 | 0 | 2 | 0 | 1 |
| **NO. OF ISSUES** | | | | | | | | |
| Total | 233 | 156 | 127 | 29 | 42 | 40 | 33 | 26 |
| Mortgage-covered bonds | 26 | 16 | 21 | 5 | 4 | 7 | 11 | 0 |
| Territorial-covered bonds | 6 | 3 | 4 | 1 | 0 | 1 | 0 | 0 |
| Non-convertible bonds and debentures | 143 | 81 | 45 | 8 | 23 | 11 | 12 | 6 |
| Convertible bonds and debentures | 0 | 4 | 4 | 0 | 1 | 1 | 2 | 0 |
| Backed securities | 52 | 48 | 53 | 15 | 14 | 15 | 8 | 19 |
| Other fixed-income issues | 4 | 1 | 0 | 0 | 0 | 3 | 0 | 0 |
| Preference shares | 2 | 3 | 0 | 0 | 0 | 2 | 0 | 1 |
| **NOMINAL AMOUNT** (millions of euros) | | | | | | | | |
| Total | 109,819.7 | 81,210.7 | 84,866.9 | 8,406.5 | 29,965.9 | 27,589.0 | 17,593.3 | 3,789.8 |
| Mortgage-covered bonds | 22,960.0 | 28,920.0 | 31,350.0 | 6,000.0 | 4,050.0 | 8,750.0 | 11,800.0 | 0.0 |
| Territorial-covered bonds | 9,150.0 | 5,500.0 | 3,540.0 | 500.0 | 0.0 | 750.0 | 0.0 | 0.0 |
| Non-convertible bonds and debentures | 33,412.5 | 24,756.7 | 27,532.2 | 547.4 | 22,063.5 | 9,678.3 | 1,989.3 | 1,489.3 |
| Convertible bonds and debentures | 0.0 | 1,210.0 | 1,800.0 | 0.0 | 500.0 | 130.0 | 1,000.0 | 0.0 |
| Backed securities | 36,281.0 | 18,375.7 | 20,644.7 | 1,359.1 | 3,352.4 | 3,800.5 | 2,804.0 | 2,050.5 |
| Other fixed-income issues | 6,266.2 | 823.3 | 0.0 | 0.0 | 0.0 | 3,380.2 | 0.0 | 0.0 |
| Preference shares | 1,750.0 | 1,625.0 | 0.0 | 0.0 | 0.0 | 1,100.0 | 0.0 | 250.0 |
| ***Pro memoria:*** | | | | | | | | |
| Subordinated issues | 14,312.1 | 5,727.2 | 1,825.1 | 87.0 | 286.8 | 1,652.9 | 836.0 | 533.2 |
| Underwritten issues | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

### Issues admitted to trading on AIAF[1]

TABLE 1.7

Nominal amount in millions of euros

| | 2020 | 2021 | 2022 | 2022 | | 2023 | | |
|---|---|---|---|---|---|---|---|---|
| | | | | III | IV | I | II | III |
| Total | 104,403.5 | 78,865.8 | 98,766.9 | 24,686.6 | 18,088.0 | 30,064.6 | 21,875.5 | 9,887.4 |
| Commercial paper | 22,257.7 | 20,157.0 | 39,524.5 | 16,288.0 | 9,669.3 | 10,446.9 | 4,744.9 | 6,482.5 |
| Bonds and debentures | 5,404.8 | 3,288.1 | 3,707.7 | 539.5 | 1,016.3 | 1,237.2 | 2,876.6 | 961.9 |
| Mortgage-covered bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 130.0 | 0.0 | 0.0 |
| Territorial-covered bonds | 22,960.0 | 28,920.0 | 31,350.0 | 6,000.0 | 4,050.0 | 9,100.0 | 11,450.0 | 0.0 |
| Backed securities | 9,150.0 | 5,500.0 | 3,540.0 | 500.0 | 0.0 | 750.0 | 0.0 | 0.0 |
| Preference shares | 36,281.0 | 18,375.7 | 20,644.7 | 1,359.1 | 3,352.4 | 3,800.5 | 2,804.0 | 2,193.0 |
| Matador bonds | 1,750.0 | 1,625.0 | 0.0 | 0.0 | 0.0 | 1,100.0 | 0.0 | 250.0 |
| Other fixed-income issues | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

1 Only corporate bonds are included.

## AIAF. Issuers, issues and outstanding balance

TABLE 1.8

| | 2020 | 2021 | 2022 | 2022 III | IV | 2023 I | II | III |
|---|---|---|---|---|---|---|---|---|
| **NO. OF ISSUERS** | | | | | | | | |
| Total | 321 | 292 | 272 | 275 | 272 | 270 | 270 | 264 |
| Corporate bonds | 287 | 255 | 236 | 238 | 236 | 234 | 234 | 230 |
| Commercial paper | 8 | 7 | 6 | 5 | 6 | 7 | 9 | 10 |
| Bonds and debentures | 39 | 37 | 31 | 32 | 31 | 31 | 31 | 32 |
| Mortgage-covered bonds | 29 | 27 | 23 | 25 | 23 | 23 | 23 | 23 |
| Territorial-covered bonds | 8 | 6 | 4 | 4 | 4 | 5 | 5 | 5 |
| Backed securities | 222 | 198 | 187 | 187 | 187 | 183 | 182 | 176 |
| Preference shares | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Matador bonds | 5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Government bonds | 34 | 38 | 36 | 37 | 36 | 36 | 36 | 35 |
| *Letras del Tesoro* | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Long government bonds | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Regional government debt | 15 | 15 | 14 | 15 | 14 | 15 | 15 | 13 |
| Foreign public debt | 10 | 13 | 13 | 13 | 13 | 13 | 13 | 12 |
| Other public debt | 10 | 11 | 9 | 10 | 9 | 9 | 9 | 9 |
| **NO. OF ISSUES** | | | | | | | | |
| Total | 2,610 | 2,451 | 2,353 | 2,337 | 2,353 | 2,332 | 2,297 | 2,558 |
| Corporate bonds | 1,646 | 1,453 | 1,370 | 1,334 | 1,370 | 1,338 | 1,303 | 1,245 |
| Commercial paper | 53 | 54 | 121 | 49 | 121 | 126 | 141 | 134 |
| Bonds and debentures | 580 | 469 | 367 | 380 | 367 | 334 | 291 | 264 |
| Mortgage-covered bonds | 200 | 183 | 156 | 174 | 156 | 156 | 160 | 159 |
| Territorial-covered bonds | 22 | 18 | 13 | 14 | 13 | 13 | 13 | 12 |
| Backed securities | 777 | 715 | 699 | 703 | 699 | 693 | 683 | 661 |
| Preference shares | 9 | 11 | 11 | 11 | 11 | 13 | 12 | 12 |
| Matador bonds | 5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Government bonds | 964 | 998 | 983 | 1,003 | 983 | 994 | 994 | 1,001 |
| *Letras del Tesoro* | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Long government bonds | 231 | 233 | 232 | 234 | 232 | 232 | 232 | 229 |
| Regional government debt | 167 | 171 | 155 | 165 | 155 | 158 | 156 | 158 |
| Foreign public debt | 533 | 558 | 560 | 564 | 560 | 565 | 566 | 573 |
| Other public debt | 21 | 24 | 24 | 28 | 24 | 27 | 28 | 29 |
| **OUTSTANDING BALANCE**[1] (millions of euros) | | | | | | | | |
| Total | 6,297,532.5 | 6,261,394.3 | 6,036,311.1 | 6,099,991.9 | 6,036,311.1 | 9,452,238.5 | 9,639,230.5 | 9,996,668.2 |
| Corporate bonds | 458,580.5 | 432,063.7 | 384,144.5 | 409,648.5 | 384,144.5 | 383,888.8 | 387,351.1 | 382,671.8 |
| Commercial paper | 4,812.4 | 5,747.3 | 8,715.2 | 4,833.2 | 8,715.2 | 8,363.9 | 6,814.4 | 6,694.0 |
| Bonds and debentures | 48,105.9 | 43,975.9 | 37,838.3 | 37,359.7 | 37,838.3 | 42,406.7 | 43,015.3 | 43,872.7 |
| Mortgage-covered bonds | 199,054.1 | 199,681.7 | 175,698.3 | 200,556.4 | 175,698.3 | 174,231.5 | 181,803.7 | 181,775.8 |
| Territorial-covered bonds | 18,262.3 | 17,544.0 | 12,585.0 | 14,585.0 | 12,585.0 | 13,240.0 | 13,240.0 | 13,040.0 |
| Backed securities | 181,341.0 | 156,695.2 | 140,888.0 | 143,894.7 | 140,888.0 | 136,127.1 | 133,307.9 | 129,088.7 |
| Preference shares | 6,690.0 | 8,225.0 | 8,225.0 | 8,225.0 | 8,225.0 | 9,325.0 | 8,975.0 | 8,006.0 |
| Matador bonds | 314.8 | 194.6 | 194.6 | 194.6 | 194.6 | 194.6 | 194.6 | 194.6 |
| Government bonds | 5,838,952.0 | 5,829,330.6 | 5,652,166.6 | 5,690,343.4 | 5,652,166.6 | 9,068,349.7 | 9,251,879.4 | 9,613,996.4 |
| *Letras del Tesoro* | 79,765.7 | 79,409.6 | 74,881.0 | 76,859.5 | 74,881.0 | 72,577.0 | 71,003.9 | 71,485.1 |
| Long government bonds | 1,026,625.5 | 1,094,574.1 | 1,184,497.3 | 1,177,934.7 | 1,184,497.3 | 1,221,927.2 | 1,254,525.0 | 1,268,136.6 |
| Regional government debt | 32,775.5 | 36,131.2 | 35,109.3 | 35,594.6 | 35,109.3 | 37,120.9 | 37,611.5 | 37,590.6 |
| Foreign public debt | 4,692,674.9 | 4,592,786.5 | 4,339,951.8 | 4,359,064.7 | 4,339,951.8 | 7,698,245.0 | 7,849,887.4 | 8,197,432.5 |
| Other public debt | 7,110.4 | 26,429.1 | 17,727.1 | 40,889.9 | 17,727.1 | 38,479.6 | 38,851.6 | 39,351.6 |

1 Nominal amount.

## AIAF. Trading

TABLE 1.9

Nominal amount in millions of euros

| | 2020 | 2021 | 2022 | 2022 III | 2022 IV | 2023 I | 2023 II | 2023 III |
|---|---|---|---|---|---|---|---|---|
| **BY TYPE OF ASSET** | | | | | | | | |
| Total | 140,509.4 | 47,719.0 | 18,782.9 | 3,222.3 | 4,162.8 | 6,046.5 | 8,322.8 | 2,979.1 |
| Corporate bonds | 170.2 | 174.3 | 106.7 | 18.4 | 25.4 | 28.7 | 23.2 | 23.6 |
| Commercial paper | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Bonds and debentures | 169.4 | 174.3 | 105.8 | 18.4 | 24.5 | 27.0 | 23.2 | 23.6 |
| Mortgage-covered bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.7 | 0.0 | 0.0 |
| Territorial-covered bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Backed securities | 0.0 | 0.0 | 0.9 | 0.0 | 0.9 | 0.0 | 0.0 | 0.0 |
| Preference shares | 0.8 | 0.0 | 0.0 | 0.0 | 0.0 | 1.0 | 0.0 | 0.0 |
| Matador bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Government bonds | 140,339.2 | 47,544.7 | 18,676.2 | 3,203.9 | 4,137.5 | 6,017.8 | 8,299.7 | 2,955.6 |
| *Letras del Tesoro* | 27,975.5 | 5,186.3 | 730.3 | 170.3 | 204.9 | 211.5 | 250.4 | 60.9 |
| Long government bonds | 83,478.8 | 21,997.4 | 5,623.7 | 501.4 | 887.6 | 1,977.4 | 2,263.4 | 1,808.4 |
| Regional government debt | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Foreign public debt | 28,884.9 | 20,361.0 | 12,322.3 | 2,532.1 | 3,044.9 | 3,828.9 | 5,785.9 | 1,086.3 |
| Other public debt | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **BY TYPE OF TRANSACTION** | | | | | | | | |
| Total | 140,509.4 | 47,719.0 | 18,782.9 | 3,222.3 | 4,162.8 | 6,046.5 | 8,322.8 | 2,979.1 |
| Outright | 140,509.4 | 47,719.0 | 18,782.9 | 3,222.3 | 4,162.8 | 6,046.5 | 8,322.8 | 2,979.1 |
| Repos | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Sell-buybacks/Buy-sellbacks | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

## AIAF. Third-party trading. By purchaser sector

TABLE 1.10

Nominal amount in millions of euros

| | 2020 | 2021 | 2022 | 2022 III | 2022 IV | 2023 I | 2023 II | 2023 III |
|---|---|---|---|---|---|---|---|---|
| Total | 140,495.9 | 47,564.1 | 18,771.9 | 3,219.9 | 4,162.4 | 6,035.5 | 8,322.1 | 2,978.2 |
| Non-financial companies | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial institutions | 140,495.9 | 47,564.1 | 18,771.9 | 3,219.9 | 4,162.4 | 6,035.5 | 8,322.1 | 2,978.2 |
| Credit institutions | 176.6 | 278.3 | 92.6 | 18.0 | 26.2 | 54.2 | 45.1 | 49.2 |
| CIS, insurance and pension funds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other financial institutions | 140,319.3 | 47,285.8 | 18,679.3 | 3,201.9 | 4,136.2 | 5,981.3 | 8,277.0 | 2,929.0 |
| General government | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Households and NPISHs[1] | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Rest of the world | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

1 Non-profit institutions serving households.

## Equity markets. Issuers, issues and outstanding balances

TABLE 1.11

| | 2020 | 2021 | 2022 | 2022 III | IV | 2023 I | II | III |
|---|---|---|---|---|---|---|---|---|
| **NO. OF ISSUERS** | | | | | | | | |
| Total | 11 | 10 | 8 | 10 | 8 | 8 | 8 | 8 |
| Private issuers | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Non-financial companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Financial institutions | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| General government[1] | 7 | 6 | 4 | 6 | 4 | 4 | 4 | 4 |
| Regional governments | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| **NO. OF ISSUES** | | | | | | | | |
| Total | 44 | 49 | 40 | 43 | 40 | 39 | 37 | 36 |
| Private issuers | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 10 |
| Non-financial companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Financial institutions | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 10 |
| General government[1] | 33 | 38 | 29 | 32 | 29 | 28 | 26 | 26 |
| Regional governments | 18 | 26 | 24 | 25 | 24 | 24 | 23 | 23 |
| **OUTSTANDING BALANCES**[2] (millions of euros) | | | | | | | | |
| Total | 6,158.4 | 8,399.3 | 7,717.5 | 7,886.8 | 7,717.5 | 7,685.8 | 7,217.9 | 7,213.6 |
| Private issuers | 366.3 | 319.4 | 273.3 | 283.4 | 273.3 | 256.6 | 297.3 | 293.1 |
| Non-financial companies | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial institutions | 366.3 | 319.4 | 273.3 | 283.4 | 273.3 | 256.6 | 297.3 | 293.1 |
| General government[1] | 5,792.2 | 8,079.9 | 7,444.2 | 7,603.3 | 7,444.2 | 7,429.3 | 6,920.6 | 6,920.6 |
| Regional governments | 5,179.3 | 7,549.3 | 7,338.6 | 7,398.6 | 7,338.6 | 7,338.6 | 6,838.6 | 6,838.6 |

1 Without public book-entry debt.
2 Nominal amount.

## SENAF. Public debt trading by type

TABLE 1.12

Nominal amount in millions of euros

| | 2020 | 2021 | 2022 | 2022 III | IV | 2023 I | II | III |
|---|---|---|---|---|---|---|---|---|
| Total | 120,706.0 | 174,959.0 | 100,432.0 | 20,829.0 | 24,584.0 | 47,188.0 | 48,985.0 | 45,593.0 |
| Outright | 120,706.0 | 174,959.0 | 100,432.0 | 20,829.0 | 24,584.0 | 47,188.0 | 48,985.0 | 45,593.0 |
| Sell-buybacks/Buy-sellbacks | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

## 1.3 Derivatives and other products

### 1,3,1 Financial derivative markets: MEFF

**Trading on MEFF** TABLE 1.13

Number of contracts

| | | | | 2022 | | 2023 | | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | III | IV | I | II | III |
| Debt products | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt futures[1] | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ibex 35 products[2, 3] | 6,395,357 | 5,547,599 | 5,693,086 | 1,303,319 | 1,349,644 | 1,264,832 | 1,120,767 | 385,535 |
| Ibex 35 plus futures | 5,905,782 | 5,260,568 | 5,445,516 | 1,258,725 | 1,285,178 | 1,219,196 | 1,099,365 | 371,177 |
| Ibex 35 mini futures | 154,351 | 92,657 | 93,450 | 20,341 | 17,037 | 16,595 | 13,016 | 6,034 |
| Ibex 35 micro futures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ibex 35 dividend impact futures | 91,571 | 45,450 | 19,708 | 1,650 | 12,498 | 5,015 | 1,425 | 0 |
| Ibex 35 sector futures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Call mini options | 104,132 | 69,667 | 42,485 | 9,023 | 10,441 | 8,517 | 3,376 | 3,338 |
| Put mini options | 139,521 | 79,257 | 91,927 | 13,580 | 24,490 | 15,509 | 3,584 | 4,986 |
| Stock products[4] | 30,313,892 | 25,434,719 | 25,333,109 | 5,283,881 | 8,376,571 | 9,785,272 | 3,923,006 | 5,316,876 |
| Futures | 10,968,411 | 11,346,047 | 10,313,726 | 1,549,644 | 3,887,983 | 6,057,018 | 938,150 | 3,098,879 |
| Stock dividend futures | 130,055 | 2,100 | 12,550 | 6,050 | 6,400 | 300 | 250 | 0 |
| Stock plus dividend futures | 7,752 | 20,800 | 13,510 | 0 | 4,470 | 4,090 | 0 | 12,224 |
| Call options | 8,564,019 | 6,131,488 | 7,900,379 | 1,969,545 | 2,361,984 | 1,842,611 | 1,232,244 | 817,032 |
| Put options | 10,643,655 | 7,934,284 | 7,092,944 | 1,758,642 | 2,115,734 | 1,881,253 | 1,752,362 | 1,388,741 |

1 Contract size: €100,000.
2 The number of Ibex 35 mini futures (multiples of €1) and micro futures (multiples of €0.1) was standardised to the size of the Ibex 35 plus futures (multiples of €10).
3 Contract size: Ibex 35, €10.
4 Contract size: 100 stocks.

### 1,3,2 Warrants. option buying and selling contracts. and ETF (Exchange-Traded Funds)

**Issues registered at the CNMV** TABLE 1.14

| | | | | 2022 | | 2023 | | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | III | IV | I | II | III |
| **WARRANTS** | | | | | | | | |
| Premium amount (millions of euros) | 1,151.8 | 2,142.7 | 5,233.0 | 1,289.1 | 1,209.7 | 2,166.9 | 1,371.3 | 944.5 |
| On stocks | 429.7 | 792.8 | 1,595.9 | 344.1 | 386.3 | 344.5 | 187.7 | 220.3 |
| On indexes | 674.0 | 1,258.6 | 3,014.2 | 754.5 | 719.8 | 1,736.5 | 1,152.9 | 658.1 |
| On commodities | 23.3 | 87.1 | 493.6 | 99.0 | 87.5 | 77.6 | 24.9 | 22.0 |
| On exchange rates | 24.8 | 4.2 | 18.2 | 0.5 | 16.2 | 8.4 | 5.8 | 0.7 |
| On derivatives | 0.0 | 0.0 | 111.1 | 90.9 | 0.0 | 0.0 | 0.0 | 0.5 |
| Number of issues | 3,081 | 4,581 | 7,383 | 1,819 | 1,500 | 2,991 | 2,098 | 1,391 |
| Number of issuers | 5 | 3 | 2 | 2 | 1 | 2 | 2 | 2 |

## Equity markets. Warrants and ETF trading

TABLE 1.15

| | 2020 | 2021 | 2022 | 2022 | | 2023 | | |
|---|---|---|---|---|---|---|---|---|
| | | | | III | IV | I | II | III |
| **WARRANTS** | | | | | | | | |
| Trading (millions of euros) | 319.7 | 289.2 | 599.6 | 161.4 | 172.4 | 112.6 | 71.3 | 109.0 |
| On Spanish stocks | 121.1 | 123.3 | 86.0 | 20.8 | 20.3 | 20.0 | 12.9 | 11.1 |
| On foreign stocks | 26.0 | 18.2 | 26.4 | 4.4 | 8.5 | 8.9 | 4.3 | 3.1 |
| On indexes | 161.7 | 143.4 | 436.8 | 119.8 | 129.1 | 81.1 | 47.8 | 92.6 |
| Other underlyings[1] | 10.9 | 4.3 | 50.4 | 16.5 | 14.6 | 2.6 | 6.3 | 1.8 |
| Number of issues[2] | 3,785 | 3,249 | 764 | 970 | 764 | 1,123 | 894 | 852 |
| Number of issuers[2] | 7 | 4 | 2 | 2 | 2 | 2 | 3 | 2 |
| **CERTIFICATES** | | | | | | | | |
| Trading (millions of euros) | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Number of issues[2] | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Number of issuers[2] | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| **ETFs** | | | | | | | | |
| Trading (millions of euros) | 2,548.1 | 1,549.0 | 1,604.8 | 328.5 | 291.0 | 374.5 | 234.9 | 361.2 |
| Number of funds | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Assets[3] (millions of euros) | 241.5 | 259.8 | 241.2 | 206.7 | 241.2 | 230.5 | 235.8 | 220.8 |

1 It includes the following underlying: baskets of stocks, exchange rates, interest rates and commodities.
2 Issues or issuers which were traded in each period.
3 Only assets from national collective investment schemes are included because assets from foreign schemes are not available.

# 2 Investment services

## Investment services. Spanish firms, branches and agents

TABLE 2.1

| | 2020 | 2021 | 2022 | 2022 III | IV | 2023 I | II | III |
|---|---|---|---|---|---|---|---|---|
| **BROKER-DEALERS** | | | | | | | | |
| Spanish firms | 38 | 33 | 34 | 34 | 34 | 35 | 37 | 38 |
| Branches in Spain | 14 | 13 | 15 | 15 | 15 | 15 | 16 | 16 |
| Agents operating in Spain | 1,407 | 1,359 | 1,222 | 1,194 | 1,222 | 1,229 | 1,263 | 1,273 |
| Branches in EEA[1] | 8 | 4 | 5 | 4 | 5 | 5 | 5 | 5 |
| Firms providing services in EEA[1] | 25 | 20 | 23 | 21 | 23 | 23 | 23 | 25 |
| Passports to operate in EEA[1, 2] | 205 | 161 | 204 | 192 | 204 | 204 | 254 | 255 |
| **BROKERS** | | | | | | | | |
| Spanish firms | 57 | 58 | 61 | 62 | 61 | 61 | 61 | 62 |
| Branches in Spain | 24 | 21 | 20 | 19 | 20 | 20 | 23 | 20 |
| Agents operating in Spain | 353 | 729 | 1,246 | 1,102 | 1,246 | 1,222 | 1,297 | 1,312 |
| Branches in EEA[1] | 0 | 4 | 6 | 6 | 6 | 6 | 4 | 4 |
| Firms providing services in EEA[1] | 30 | 30 | 32 | 34 | 32 | 32 | 32 | 34 |
| Passports to operate in EEA[1, 2] | 205 | 200 | 211 | 211 | 211 | 211 | 229 | 227 |
| **PORTFOLIO MANAGEMENT COMPANIES** | | | | | | | | |
| Spanish firms | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **FINANCIAL ADVISORY FIRMS** | | | | | | | | |
| Spanish firms | 140 | 140 | 143 | 144 | 143 | 141 | 144 | 144 |
| Branches in Spain | 23 | 21 | 21 | 21 | 21 | 21 | 21 | 21 |
| Branches in EEA[1] | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Firms providing services in EEA[1] | 27 | 26 | 23 | 25 | 23 | 23 | 23 | 23 |
| Passports to operate in EEA[1, 2] | 47 | 49 | 46 | 48 | 46 | 46 | 47 | 47 |
| **CREDIT INSTITUTIONS[3]** | | | | | | | | |
| Spanish firms | 110 | 108 | 108 | 109 | 108 | 108 | 109 | 109 |

1 EEA: European Economic Area.
2 Number of passports to provide services in the EEA. The same entity may provide investment services in one or more Member States.
3 Source: Banco de España [Bank of Spain] and CNMV.

## Investment services. Foreign firms

TABLE 2.2

| | 2020 | 2021 | 2022 | 2022 III | IV | 2023 I | II | III |
|---|---|---|---|---|---|---|---|---|
| Total | 3,617 | 1,369 | 1,432 | 1,430 | 1,432 | 1,357 | 1,327 | 1,325 |
| Investment services firms | 3,131 | 952 | 974 | 974 | 974 | 897 | 868 | 868 |
| From EU Member states | 3,128 | 947 | 968 | 969 | 968 | 891 | 862 | 862 |
| Branches | 66 | 41 | 43 | 43 | 43 | 45 | 47 | 46 |
| Free provision of services | 3,062 | 906 | 925 | 926 | 925 | 846 | 815 | 816 |
| From non-EU States | 3 | 5 | 6 | 5 | 6 | 6 | 6 | 6 |
| Branches | 0 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Free provision of services | 3 | 3 | 4 | 3 | 4 | 4 | 4 | 4 |
| Credit institutions[1] | 486 | 417 | 458 | 456 | 458 | 460 | 459 | 457 |
| From EU Member states | 480 | 412 | 452 | 450 | 452 | 454 | 453 | 451 |
| Branches | 50 | 52 | 52 | 52 | 52 | 51 | 50 | 50 |
| Free provision of services | 430 | 360 | 400 | 398 | 400 | 403 | 403 | 401 |
| Subsidiaries of free provision of services institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| From non-EU States | 6 | 5 | 6 | 6 | 6 | 6 | 6 | 6 |
| Branches | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Free provision of services | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 |

1 Source: Banco de España [Bank of Spain] and CNMV.

## Intermediation of spot transactions[1]

TABLE 2.3

Millions of euros

| | | | | 2022 | | | 2023 | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | II | III | IV | I | II |
| **FIXED INCOME** | | | | | | | | |
| Total | 3,782,640.8 | 2,594,772.6 | 2,901,223.2 | 805,570.9 | 624,759.1 | 635,540.3 | 865,166.3 | 802,217.1 |
| Broker-dealers | 3,345,439.9 | 2,585,400.6 | 2,890,878.3 | 803,336.2 | 622,580.6 | 632,703.3 | 862,910.3 | 800,030.6 |
| Spanish organised markets | 1,261,885.8 | 1,191,945.3 | 662,074.8 | 202,988.9 | 135,350.2 | 109,796.8 | 120,914.8 | 125,460.2 |
| Other Spanish markets | 1,721,922.5 | 910,070.8 | 1,289,213.6 | 360,096.8 | 230,319.1 | 237,722.5 | 394,767.4 | 331,687.3 |
| Foreign markets | 361,631.6 | 483,384.5 | 939,589.9 | 240,250.5 | 256,911.3 | 285,184.0 | 347,228.1 | 342,883.1 |
| Brokers | 437,200.9 | 9,372.0 | 10,344.9 | 2,234.7 | 2,178.5 | 2,837.0 | 2,256.0 | 2,186.5 |
| Spanish organised markets | 1,229.4 | 1,017.0 | 2,044.6 | 408.3 | 417.5 | 857.6 | 409.7 | 170.7 |
| Other Spanish markets | 405,199.7 | 66.4 | 454.6 | 84.9 | 130.5 | 207.9 | 84.8 | 33.9 |
| Foreign markets | 30,771.8 | 8,288.6 | 7,845.7 | 1,741.5 | 1,630.5 | 1,771.5 | 1,761.5 | 1,981.9 |
| **EQUITY** | | | | | | | | |
| Total | 1,816,691.4 | 1,200,274.7 | 146,070.1 | 35,219.7 | 44,140.4 | 38,967.4 | 48,641.1 | 65,948.8 |
| Broker-dealers | 1,793,180.4 | 1,180,119.1 | 130,376.3 | 32,127.8 | 40,605.9 | 34,925.3 | 37,961.4 | 61,515.5 |
| Spanish organised markets | 261,188.7 | 76,177.3 | 38,170.8 | 11,921.0 | 7,398.6 | 9,009.5 | 15,218.5 | 14,931.2 |
| Other Spanish markets | 5,938.7 | 6,870.4 | 2,802.8 | 501.6 | 763.6 | 809.1 | 970.0 | 687.0 |
| Foreign markets | 1,526,053.0 | 1,097,071.4 | 89,402.7 | 19,705.2 | 32,443.7 | 25,106.7 | 21,772.9 | 45,897.3 |
| Brokers | 23,511.0 | 20,155.6 | 15,693.8 | 3,091.9 | 3,534.5 | 4,042.1 | 10,679.7 | 4,433.3 |
| Spanish organised markets | 7,137.8 | 6,622.8 | 5,978.1 | 1,246.1 | 1,378.8 | 1,604.3 | 2,160.7 | 1,579.4 |
| Other Spanish markets | 1,094.9 | 1,486.3 | 864.8 | 193.7 | 194.5 | 169.9 | 6,927.7 | 248.3 |
| Foreign markets | 15,278.3 | 12,046.5 | 8,850.9 | 1,652.1 | 1,961.2 | 2,267.9 | 1,591.3 | 2,605.6 |

1 Period accumulated data. Quarterly.

## Intermediation of derivative transactions[1, 2]

TABLE 2.4

Millions of euros

| | | | | 2022 | | | 2023 | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | II | III | IV | I | II |
| Total | 11,557,923.7 | 9,485,119.1 | 9,792,568.5 | 2,502,567.8 | 1,905,425.4 | 2,758,375.2 | 2,654,973.5 | 2,190,955.1 |
| Broker-dealers | 11,261,186.5 | 9,350,998.3 | 8,817,459.1 | 2,348,805.3 | 1,578,581.7 | 2,436,358.5 | 2,274,128.3 | 1,883,370.6 |
| Spanish organised markets | 3,839,450.0 | 4,273,458.5 | 4,192,650.3 | 1,159,203.0 | 696,719.6 | 1,123,297.4 | 948,680.0 | 767,313.4 |
| Foreign organised markets | 5,884,599.5 | 4,122,054.3 | 4,451,806.6 | 1,132,031.8 | 864,404.5 | 1,277,525.0 | 1,296,845.1 | 1,086,613.4 |
| Non-organised markets | 1,537,137.0 | 955,485.5 | 173,002.2 | 57,570.5 | 17,457.6 | 35,536.1 | 28,603.2 | 29,443.8 |
| Brokers | 296,737.2 | 134,120.8 | 975,109.4 | 153,762.5 | 326,843.7 | 322,016.7 | 380,845.2 | 307,584.5 |
| Spanish organised markets | 12,975.9 | 6,858.9 | 9,075.1 | 2,274.4 | 1,210.0 | 2,605.3 | 1,974.7 | 1,093.8 |
| Foreign organised markets | 195,686.4 | 124,124.2 | 960,541.5 | 150,540.6 | 323,409.1 | 317,698.2 | 375,250.9 | 303,264.6 |
| Non-organised markets | 88,074.9 | 3,137.7 | 5,492.8 | 947.5 | 2,224.6 | 1,713.2 | 3,619.6 | 3,226.1 |

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

## Portfolio management. Number of portfolios and assets under management[1]

TABLE 2.5

| | 2020 | 2021 | 2022 | 2022 II | 2022 III | 2022 IV | 2023 I | 2023 II |
|---|---|---|---|---|---|---|---|---|
| **NUMBER OF PORTFOLIOS** | | | | | | | | |
| Total[2] | 44,982 | 89,646 | 103,905 | 100,549 | 101,970 | 103,905 | 107,445 | 109,790 |
| Broker-dealers. Total | 3,585 | 19,317 | 21,914 | 21,949 | 22,161 | 21,914 | 21,780 | 21,362 |
| CIS[3] | 42 | 38 | 29 | 39 | 37 | 29 | 27 | 24 |
| Other[4] | 3,543 | 19,279 | 21,885 | 21,910 | 22,124 | 21,885 | 21,753 | 21,338 |
| Brokers. Total | 41,397 | 70,329 | 81,991 | 78,600 | 79,809 | 81,991 | 85,665 | 88,428 |
| CIS[3] | 82 | 64 | 38 | 60 | 64 | 38 | 43 | 48 |
| Other[4] | 41,315 | 70,265 | 81,953 | 78,540 | 79,745 | 81,953 | 85,622 | 88,380 |
| **ASSETS UNDER MANAGEMENT** (thousands of euros) | | | | | | | | |
| Total[2] | 6,098,558 | 8,088,415 | 8,206,522 | 7,843,069 | 8,165,778 | 8,206,522 | 8,836,150 | 9,495,573 |
| Broker-dealers. Total | 2,687,786 | 2,907,767 | 2,901,726 | 2,714,109 | 2,834,296 | 2,901,726 | 3,028,061 | 3,160,950 |
| CIS[3] | 1,280,966 | 592,849 | 393,165 | 402,884 | 403,677 | 393,165 | 330,085 | 338,712 |
| Other[4] | 1,406,820 | 2,314,918 | 2,508,561 | 2,311,225 | 2,430,619 | 2,508,561 | 2,697,976 | 2,822,238 |
| Brokers. Total | 3,410,772 | 5,180,648 | 5,304,796 | 5,128,960 | 5,331,482 | 5,304,796 | 5,808,089 | 6,334,623 |
| CIS[3] | 1,256,276 | 1,125,208 | 1,276,836 | 864,387 | 1,231,823 | 1,276,836 | 1,433,316 | 1,572,117 |
| Other[4] | 2,154,496 | 4,055,440 | 4,027,960 | 4,264,573 | 4,099,659 | 4,027,960 | 4,374,773 | 4,762,506 |

1 Data at the end of period. Quarterly.
2 Only data on broker-dealers and brokers are shown.
3 It includes both resident and non-resident CIS management.
4 It includes the rest of clients, both covered and not covered by the Investment Guarantee Fund – an investor compensation scheme regulated by Royal Decree 948/2001.

## Financial advice. Number of contracts[1, 2]

TABLE 2.6

| | 2020 | 2021 | 2022 | 2022 II | 2022 III | 2022 IV | 2023 I | 2023 II |
|---|---|---|---|---|---|---|---|---|
| **NUMBER OF CONTRACTS** | | | | | | | | |
| Total[3] | 31,169 | 34,006 | 48,139 | 49,475 | 50,157 | 48,139 | 42,336 | 59,425 |
| Broker-dealers. Total | 8,721 | 9,727 | 20,133 | 17,300 | 17,502 | 20,133 | 21,168 | 22,293 |
| Retail clients | 8,670 | 9,674 | 20,076 | 17,243 | 17,442 | 20,076 | 21,102 | 22,218 |
| Professional clients | 45 | 48 | 43 | 48 | 52 | 43 | 52 | 58 |
| Eligible counterparties | 6 | 5 | 14 | 9 | 8 | 14 | 14 | 17 |
| Brokers. Total | 22,448 | 24,279 | 28,006 | 32,175 | 32,655 | 28,006 | 21,168 | 37,132 |
| Retail clients | 22,128 | 24,007 | 27,638 | 31,858 | 32,329 | 27,638 | 21,102 | 36,744 |
| Professional clients | 282 | 235 | 327 | 279 | 287 | 327 | 52 | 349 |
| Eligible counterparties | 38 | 37 | 41 | 38 | 39 | 41 | 14 | 39 |
| ***Pro memoria*: commission received for financial advice**[4] (thousands of euros) | | | | | | | | |
| Total[3] | 39,803 | 48,086 | 45,484 | 24,373 | 37,106 | 45,484 | 9,247 | 18,611 |
| Broker-dealers | 5,813 | 7,944 | 7,937 | 3,248 | 4,989 | 7,937 | 2,133 | 4,150 |
| Brokers | 33,990 | 40,142 | 37,547 | 21,125 | 32,117 | 37,547 | 7,114 | 14,461 |

1 Data at the end of period. Quarterly.
2 Quarterly data on assets advised are not available since the entry into force of CNMV Circular 3/2014, of 22 October.
3 Only data on broker-dealers and brokers are shown.
4 Accumulated data from the beginning of the year to the last day of every quarter. It includes companies removed during the year.

## Aggregated income statement. Broker-dealers

TABLE 2.7

Thousands of euros[1]

| | | | | 2022 | | 2023 | | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | III | IV | I | II | III[2] |
| I. Interest income | 35,957 | 41,565 | 66,519 | 43,362 | 66,519 | 5,563 | 37,714 | 48,979 |
| II. Net commission | 310,868 | 265,790 | 191,789 | 141,271 | 191,789 | 55,830 | 104,273 | 120,387 |
| Commission revenues | 525,812 | 481,945 | 293,594 | 218,557 | 293,594 | 82,098 | 155,637 | 179,620 |
| Brokering | 254,307 | 164,293 | 105,849 | 78,952 | 105,849 | 34,364 | 62,903 | 71,274 |
| Placement and underwriting | 5,279 | 86,324 | 7,881 | 7,358 | 7,881 | 1,254 | 2,119 | 2,634 |
| Securities deposit and recording | 39,260 | 36,880 | 32,979 | 25,234 | 32,979 | 8,760 | 16,731 | 18,810 |
| Portfolio management | 13,128 | 15,860 | 14,096 | 10,150 | 14,096 | 3,555 | 7,362 | 8,705 |
| Design and advice | 16,282 | 20,316 | 19,162 | 12,759 | 19,162 | 4,882 | 9,140 | 10,821 |
| Stock search and placement | 1,960 | 5,306 | 1,010 | 977 | 1,010 | 14 | 16 | 159 |
| Market credit transactions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CIS marketing | 50,985 | 64,608 | 63,402 | 47,478 | 63,402 | 17,047 | 33,879 | 39,667 |
| Other | 144,611 | 88,356 | 49,215 | 35,647 | 49,215 | 12,222 | 23,486 | 27,550 |
| Commission expenses | 214,944 | 216,155 | 101,805 | 77,286 | 101,805 | 26,268 | 51,364 | 59,233 |
| III. Financial investment income | 97,113 | 32,733 | 57,558 | 37,641 | 57,558 | 14,147 | 25,730 | 27,661 |
| IV. Net exchange differences and other operating products and expenses | 91,278 | 35,370 | 1,372 | 1,890 | 1,372 | 1,170 | 2,715 | 2,749 |
| V. Gross income | 535,216 | 375,458 | 317,238 | 224,164 | 317,238 | 76,710 | 170,431 | 199,776 |
| VI. Operating income | 124,993 | 88,966 | 90,039 | 67,909 | 90,039 | 20,525 | 55,115 | 66,287 |
| VII. Earnings from continuous activities | 102,928 | 93,481 | 82,156 | 66,992 | 82,156 | 19,209 | 53,414 | 64,575 |
| VIII. Net earnings from the period | 102,928 | 90,708 | 82,156 | 66,992 | 82,156 | 19,209 | 53,414 | 64,575 |

1 Accumulated data from the beginning of the year to the last day of every quarter. It includes companies removed during the year.
2 Available data: July 2023.

## Results of proprietary trading. Broker-dealers

TABLE 2.8

Thousands of euros[1]

| | | | | 2022 | | | 2023 | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | II | III | IV | I | II |
| **TOTAL** | | | | | | | | |
| Total | 221,894 | 108,249 | 122,542 | 54,477 | 83,012 | 122,542 | 21,103 | 66,321 |
| Money market assets and public debt | 23,229 | 3,039 | -2,032 | -558 | -467 | -2,032 | -541 | 1,196 |
| Other fixed-income securities | 18,457 | 19,224 | 47,796 | 19,341 | 28,736 | 47,796 | 14,269 | 24,075 |
| Domestic portfolio | 11,796 | 4,920 | 7,462 | 5,475 | 7,203 | 7,462 | 2,055 | 4,614 |
| Foreign portfolio | 6,661 | 14,304 | 40,334 | 13,866 | 21,533 | 40,334 | 12,214 | 19,461 |
| Equities | 21,860 | 6,845 | 11,693 | 4,943 | 8,131 | 11,693 | 2,319 | 3,513 |
| Domestic portfolio | 22,859 | 5,281 | 7,200 | 3,757 | 5,855 | 7,200 | 1,435 | 1,902 |
| Foreign portfolio | -999 | 1,564 | 4,493 | 1,186 | 2,276 | 4,493 | 884 | 1,611 |
| Derivatives | 28,367 | -21,138 | 2,064 | 646 | 1,010 | 2,064 | -1,153 | -1,490 |
| Repurchase agreements | -6,851 | -6,446 | -21 | -48 | -83 | -21 | 427 | 948 |
| Market credit transactions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deposits and other transactions with financial intermediaries | -6,207 | 3,177 | 9,394 | 2,643 | 5,065 | 9,394 | 5,443 | 11,076 |
| Net exchange differences | -981 | 971 | -273 | 485 | 1,158 | -273 | -300 | -294 |
| Other operating products and expenses | 92,259 | 34,398 | 1,645 | 900 | 732 | 1,645 | 1,470 | 3,008 |
| Other transactions | 51,761 | 68,179 | 52,276 | 26,125 | 38,730 | 52,276 | -831 | 24,289 |
| **INTEREST INCOME** | | | | | | | | |
| Total | 35,957 | 41,564 | 66,519 | 28,205 | 43,362 | 66,519 | 5,562 | 37,713 |
| Money market assets and public debt | 922 | 804 | 457 | 236 | 340 | 457 | 145 | 263 |
| Other fixed-income securities | 1,347 | 732 | 209 | 84 | 136 | 209 | 151 | 366 |
| Domestic portfolio | 556 | 81 | 76 | 30 | 43 | 76 | 85 | 212 |
| Foreign portfolio | 791 | 651 | 133 | 54 | 93 | 133 | 66 | 154 |
| Equities | 962 | 973 | 4,014 | 1,113 | 1,452 | 4,014 | 327 | 758 |
| Domestic portfolio | 766 | 539 | 630 | 292 | 528 | 630 | 98 | 303 |
| Foreign portfolio | 196 | 434 | 3,384 | 821 | 924 | 3,384 | 229 | 455 |
| Repurchase agreements | -6,851 | -6,446 | -21 | -48 | -83 | -21 | 427 | 948 |
| Market credit transactions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deposits and other transactions with financial intermediaries | -6,207 | 3,177 | 9,394 | 2,643 | 5,065 | 9,394 | 5,443 | 11,076 |
| Other transactions | 45,784 | 42,324 | 52,466 | 24,177 | 36,452 | 52,466 | -931 | 24,302 |
| **FINANCIAL INVESTMENT INCOME** | | | | | | | | |
| Total | 97,113 | 32,734 | 57,557 | 24,762 | 37,642 | 57,557 | 14,147 | 25,730 |
| Money market assets and public debt | 22,307 | 2,235 | -2,489 | -794 | -807 | -2,489 | -686 | 933 |
| Other fixed-income securities | 17,110 | 18,492 | 47,587 | 19,257 | 28,600 | 47,587 | 14,118 | 23,709 |
| Domestic portfolio | 11,240 | 4,839 | 7,386 | 5,445 | 7,160 | 7,386 | 1,970 | 4,402 |
| Foreign portfolio | 5,870 | 13,653 | 40,201 | 13,812 | 21,440 | 40,201 | 12,148 | 19,307 |
| Equities | 20,898 | 5,872 | 7,679 | 3,830 | 6,679 | 7,679 | 1,992 | 2,755 |
| Domestic portfolio | 22,093 | 4,742 | 6,570 | 3,465 | 5,327 | 6,570 | 1,337 | 1,599 |
| Foreign portfolio | -1,195 | 1,130 | 1,109 | 365 | 1,352 | 1,109 | 655 | 1,156 |
| Derivatives | 28,367 | -21,138 | 2,064 | 646 | 1,010 | 2,064 | -1,153 | -1,490 |
| Other transactions | 8,431 | 27,273 | 2,716 | 1,823 | 2,160 | 2,716 | -124 | -177 |
| **EXCHANGE DIFFERENCES AND OTHER ITEMS** | | | | | | | | |
| Total | 88,824 | 33,951 | -1,534 | 1,510 | 2,008 | -1,534 | 1,394 | 2,878 |
| Net exchange differences | -981 | 971 | -273 | 485 | 1,158 | -273 | -300 | -294 |
| Other operating products and expenses | 92,259 | 34,398 | 1,645 | 900 | 732 | 1,645 | 1,470 | 3,008 |
| Other transactions | -2,454 | -1,418 | -2,906 | 125 | 118 | -2,906 | 224 | 164 |

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

## Aggregated income statement. Brokers

TABLE 2.9

Thousands of euros[1]

| | 2020 | 2021 | 2022 | 2022 III | 2022 IV | 2023 I | 2023 II | 2023 III[2] |
|---|---|---|---|---|---|---|---|---|
| I. Interest income | 932 | 454 | 960 | 960 | 960 | 67 | 143 | 1,030 |
| II. Net commission | 143,162 | 173,785 | 170,724 | 128,015 | 170,724 | 42,637 | 83,223 | 100,950 |
| Commission revenues | 165,094 | 202,333 | 198,293 | 150,324 | 198,293 | 50,377 | 98,993 | 120,342 |
| Brokering | 22,035 | 14,140 | 18,030 | 13,239 | 18,030 | 5,373 | 9,758 | 11,007 |
| Placement and underwriting | 2,157 | 1,481 | 1,187 | 428 | 1,187 | 369 | 450 | 450 |
| Securities deposit and recording | 754 | 425 | 286 | 219 | 286 | 66 | 138 | 166 |
| Portfolio management | 14,554 | 22,874 | 23,388 | 18,245 | 23,388 | 6,081 | 12,411 | 14,454 |
| Design and advice | 34,128 | 40,421 | 38,167 | 32,640 | 38,167 | 7,326 | 14,613 | 18,747 |
| Stock search and placement | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Market credit transactions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CIS marketing | 62,134 | 91,375 | 94,339 | 68,553 | 94,339 | 23,098 | 49,110 | 57,791 |
| Other | 29,331 | 31,617 | 22,896 | 17,000 | 22,896 | 8,064 | 12,512 | 17,725 |
| Commission expenses | 21,932 | 28,548 | 27,569 | 22,309 | 27,569 | 7,740 | 15,770 | 19,392 |
| III. Financial investment income | -5,562 | 666 | -1,479 | -1,861 | -1,479 | 319 | 583 | 825 |
| IV. Net exchange differences and other operating products and expenses | -968 | -776 | 588 | 899 | 588 | -489 | -493 | -595 |
| V. Gross income | 137,564 | 174,129 | 170,793 | 128,013 | 170,793 | 42,534 | 83,454 | 102,210 |
| VI. Operating income | 3,339 | 26,155 | 10,018 | 4,736 | 10,018 | 7,154 | 7,344 | 8,996 |
| VII. Earnings from continuous activities | 2,836 | 22,802 | 10,364 | 6,664 | 10,364 | 7,055 | 7,791 | 9,245 |
| VIII. Net earnings of the period | 2,836 | 22,802 | 10,364 | 6,664 | 10,364 | 7,055 | 7,791 | 9,245 |

1 Accumulated data from the beginning of the year to the last day of every quarter. It includes companies removed during the year.
2 Available data: July 2023.

## Capital adequacy. Broker-dealers and brokers[1, 2]

TABLE 2.10

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| **TOTAL**[3] | | | | | |
| Own fund surplus (thousands of euros) | 915,187 | 1,165,522 | 1,026,770 | 612,842 | 449,135 |
| Surplus (%)[4] | 429.56 | 486.61 | 277.64 | 541.03 | 363.05 |
| Number of companies according to surplus percentage | | | | | |
| ≤ 100% | 20 | 23 | 26 | 25 | 34 |
| > 100-≤ 300% | 28 | 30 | 29 | 35 | 29 |
| > 300-≤ 500% | 10 | 10 | 12 | 12 | 10 |
| > 500% | 15 | 13 | 10 | 19 | 15 |
| **BROKER-DEALERS** | | | | | |
| Own fund surplus (thousands of euros) | 874,235 | 1,118,273 | 960,720 | 506,721 | 372,541 |
| Surplus (%)[4] | 464.51 | 520.42 | 285.14 | 654.90 | 431.57 |
| Number of companies according to surplus percentage | | | | | |
| ≤ 100% | 7 | 7 | 9 | 4 | 9 |
| > 100-≤ 300% | 10 | 14 | 11 | 12 | 12 |
| > 300-≤ 500% | 7 | 4 | 8 | 5 | 3 |
| > 500% | 14 | 11 | 8 | 12 | 8 |
| **BROKERS** | | | | | |
| Own fund surplus (thousands of euros) | 40,952 | 47,249 | 66,051 | 106,121 | 76,595 |
| Surplus (%)[4] | 164.84 | 191.77 | 200.79 | 295.60 | 204.86 |
| Number of companies according to surplus percentage | | | | | |
| ≤ 100% | 13 | 16 | 17 | 21 | 25 |
| > 100-≤ 300% | 18 | 16 | 18 | 23 | 17 |
| > 300-≤ 500% | 3 | 6 | 4 | 7 | 7 |
| > 500% | 1 | 2 | 2 | 7 | 7 |

1 From 2014 to 2020 this table only includes the entities subject to reporting requirements according to Regulation (EU) No. 575/2013, of the European Parliament and of the Council, of 26 June 2013, on prudential requirements for credit institutions and investment firms.

2 From II-2021 onwards there are no quarterly data available, due to regulatory changes made by Regulation (EU) 2019/2033 of the European Parliament and of the Council, of 27 November 2019, on the prudential requirements of investment firms, and Directive (EU) 2019/2034 of the European Parliament and of the Council, of 27 November 2019, on the prudential supervision of investment firms.

3 Only data on broker-dealers and brokers are shown.

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

## Return on equity (ROE) before taxes[1]

TABLE 2.11

| | 2020 | 2021 | 2022 | 2022 II | 2022 III | 2022 IV | 2023 I | 2023 II |
|---|---|---|---|---|---|---|---|---|
| **TOTAL[2]** | | | | | | | | |
| Average (%)[3] | 18.71 | 13.68 | 19.39 | 19.33 | 17.89 | 19.39 | 17.84 | 23.20 |
| Number of companies according to annualised return | | | | | | | | |
| Losses | 32 | 30 | 37 | 35 | 41 | 37 | 32 | 39 |
| 0-≤ 15% | 15 | 20 | 17 | 10 | 15 | 17 | 15 | 14 |
| > 15-≤ 45% | 20 | 14 | 13 | 18 | 9 | 13 | 23 | 22 |
| > 45-≤ 75% | 9 | 9 | 7 | 7 | 11 | 7 | 12 | 7 |
| > 75% | 15 | 17 | 19 | 22 | 19 | 19 | 12 | 14 |
| **BROKER-DEALERS** | | | | | | | | |
| Average (%)[3] | 19.72 | 11.48 | 20.42 | 20.26 | 19.58 | 20.42 | 16.03 | 25.11 |
| Number of companies according to annualised return | | | | | | | | |
| Losses | 12 | 13 | 11 | 8 | 12 | 11 | 12 | 13 |
| 0-≤ 15% | 6 | 8 | 10 | 9 | 10 | 10 | 7 | 9 |
| > 15-≤ 45% | 9 | 6 | 5 | 7 | 3 | 5 | 8 | 7 |
| > 45-≤ 75% | 6 | 4 | 2 | 3 | 4 | 2 | 4 | 3 |
| > 75% | 2 | 1 | 5 | 4 | 4 | 5 | 2 | 3 |
| **BROKERS** | | | | | | | | |
| Average (%)[3] | 12.48 | 23.97 | 14.91 | 15.23 | 10.41 | 14.91 | 26.45 | 15.17 |
| Number of companies according to annualised return | | | | | | | | |
| Losses | 20 | 17 | 26 | 27 | 29 | 26 | 20 | 26 |
| 0-≤ 15% | 9 | 12 | 7 | 1 | 5 | 7 | 8 | 5 |
| > 15-≤ 45% | 11 | 8 | 8 | 11 | 6 | 8 | 15 | 15 |
| > 45-≤ 75% | 3 | 5 | 5 | 4 | 7 | 5 | 8 | 4 |
| > 75% | 13 | 16 | 14 | 18 | 15 | 14 | 10 | 11 |

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 Only data on broker-dealers and brokers are shown.

3 Average weighted by equity, %.

## Financial advisory firms. Main figures[1]

TABLE 2.12

Thousands of euros

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| **ASSETS UNDER ADVICE[2]** | | | | | |
| Total | 31,658,460 | 21,627,677 | 17,423,050 | 19,530,452 | 18,616,506 |
| Retail clients | 10,281,573 | 8,313,608 | 6,907,284 | 9,125,730 | 10,164,034 |
| Rest of clients and entities | 21,376,887 | 13,314,069 | 10,515,766 | 10,404,722 | 8,452,472 |
| Professional | 7,052,031 | – | – | – | – |
| Other | 14,324,856 | – | – | – | – |
| **COMMISSION INCOME[3]** | | | | | |
| Total | 62,168 | 56,963 | 45,782 | 56,823 | 56,757 |
| Commission revenues | 61,079 | 56,029 | 45,153 | 56,430 | 56,133 |
| Other income | 1,088 | 934 | 629 | 393 | 624 |
| **EQUITY** | | | | | |
| Total | 33,572 | 32,089 | 30,177 | 33,334 | 35,546 |
| Share capital | 6,894 | 5,770 | 5,454 | 6,151 | 6,971 |
| Reserves and retained earnings | 15,386 | 17,260 | 18,979 | 21,128 | 23,912 |
| Income for the year[3] | 10,626 | 8,172 | 4,837 | 6,517 | 3,708 |
| Other own funds | 666 | 888 | 907 | -461 | 955 |

1 Annual frequency since 2015 (CNMV Circular 3/2014, of 22 October).

2 Data at the end of each period. Since 2019, due to the entry into force of CNMV Circular 4/2018, there is no disaggregated information of non-retail clients.

3 Accumulated data from the beginning of the year.

# 3 Collective investment schemes (CIS)

## Number, management companies and depositories of CIS registered at the CNMV

TABLE 3.1

| | | | | 2022 | | 2023 | | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | III | IV | I | II | III[1] |
| Total financial CIS | 4,018 | 3,815 | 2,675 | 3,304 | 2,675 | 2,175 | 2,101 | 2,096 |
| Mutual funds | 1,515 | 1,452 | 1,484 | 1,447 | 1,484 | 1,498 | 1,502 | 1,499 |
| Investment companies | 2,427 | 2,280 | 1,091 | 1,770 | 1,091 | 565 | 479 | 474 |
| Funds of hedge funds | 7 | 10 | 8 | 8 | 8 | 8 | 7 | 7 |
| Hedge funds | 69 | 73 | 92 | 79 | 92 | 104 | 113 | 116 |
| Total real estate CIS | 5 | 4 | 4 | 4 | 4 | 3 | 3 | 3 |
| Real estate mutual funds | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Real estate investment companies | 3 | 2 | 2 | 2 | 2 | 1 | 1 | 1 |
| Total foreign CIS marketed in Spain | 1,048 | 1,074 | 1,095 | 1,082 | 1,095 | 1,103 | 1,104 | 1,107 |
| Foreign funds marketed in Spain | 407 | 416 | 426 | 412 | 426 | 433 | 432 | 435 |
| Foreign companies marketed in Spain | 641 | 658 | 669 | 670 | 669 | 670 | 672 | 672 |
| Management companies | 123 | 123 | 123 | 122 | 123 | 121 | 121 | 120 |
| CIS depositories | 35 | 33 | 34 | 35 | 34 | 34 | 34 | 34 |

1 Available data: August 2023.

## Number of CIS investors and shareholders

TABLE 3.2

| | | | | 2022 | | 2023 | | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | III | IV | I | II | III[1] |
| Total financial CIS | 13,015,104 | 16,160,034 | 16,247,654 | 16,355,169 | 16,247,654 | 16,427,321 | 16,391,042 | 16,360,593 |
| Mutual funds | 12,654,439 | 15,810,134 | 16,115,864 | 16,180,878 | 16,115,864 | 16,319,739 | 16,287,186 | 16,257,811 |
| Investment companies | 360,665 | 349,900 | 131,790 | 174,291 | 131,790 | 107,582 | 103,856 | 102,782 |
| Total real estate CIS[2, 3] | 798 | 691 | 593 | 690 | 593 | 590 | 589 | 588 |
| Total foreign CIS marketed in Spain[4] | 4,312,340 | 6,073,537 | 6,412,067 | 6,510,617 | 6,412,067 | 6,595,130 | 6,352,744 | – |
| Foreign funds marketed in Spain | 592,053 | 776,206 | 830,870 | 872,941 | 830,870 | 874,350 | 875,602 | – |
| Foreign companies marketed in Spain | 3,720,287 | 5,297,331 | 5,581,197 | 5,637,676 | 5,581,197 | 5,720,780 | 5,477,142 | – |

1 Available data: July 2023.
2 Investors and shareholders who invest in different sub-funds from the same CIS have been taken into account once. For this reason, investors and shareholders may be different from those in Tables 3.6 and 3.7.
3 Real estate mutual funds and real estate investment companies.
4 Only data on UCITS are included. From I-2018 onwards data are estimated.

## CIS total net assets

TABLE 3.3

Millions of euros

| | 2020 | 2021 | 2022 | 2022 III | 2022 IV | 2023 I | 2023 II | 2023 III[1] |
|---|---|---|---|---|---|---|---|---|
| Total financial CIS | 306,654.5 | 353,203.3 | 327,330.7 | 319,630.5 | 327,330.7 | 342,746.9 | 351,541.5 | 356,123.9 |
| Mutual funds[2] | 279,694.5 | 324,701.0 | 311,466.4 | 299,627.1 | 311,466.4 | 328,868.5 | 337,642.3 | 342,013.4 |
| Investment companies | 26,960.0 | 28,502.3 | 15,864.3 | 20,003.4 | 15,864.3 | 13,878.4 | 13,899.2 | 14,110.5 |
| Total real estate CIS[3] | 1,218.0 | 1,224.3 | 1,279.0 | 1,291.5 | 1,279.0 | 1,300.9 | 1,308.1 | 1,334.8 |
| Total foreign CIS marketed in Spain[4] | 199,419.3 | 276,231.9 | 201,058.7 | 204,425.1 | 201,058.7 | 210,956.0 | 221,827.9 | – |
| Foreign funds marketed in Spain | 27,355.5 | 36,662.6 | 27,630.3 | 29,612.8 | 27,630.3 | 29,406.2 | 32,430.7 | – |
| Foreign companies marketed in Spain | 172,063.8 | 239,569.4 | 173,428.3 | 174,812.3 | 173,428.3 | 181,549.9 | 189,397.2 | – |

1 Available data: July 2023.
2 Mutual funds investment in financial mutual funds of the same management company reached €8,860.7 million in June 2023.
3 Real estate mutual funds and real estate investment companies.
4 Only data on UCITS are included. From I-2018 onwards data are estimated.

## Asset allocation of mutual funds

TABLE 3.4

Millions of euros

| | 2020 | 2021[1] | 2022 | 2022 II | 2022 III | 2022 IV | 2023 I | 2023 II |
|---|---|---|---|---|---|---|---|---|
| Asset | 279,694.5 | 324,701.0 | 311,466.4 | 302,684.2 | 299,627.1 | 311,466.4 | 328,868.5 | 337,642.3 |
| Portfolio investment | 256,257.2 | 299,434.9 | 291,188.2 | 280,372.8 | 280,711.5 | 291,188.2 | 306,708.1 | 318,273.5 |
| Domestic securities | 54,587.8 | 54,716.7 | 58,740.0 | 49,626.0 | 51,177.3 | 58,740.0 | 67,379.7 | 73,446.8 |
| Debt securities | 38,394.5 | 35,648.2 | 42,044.2 | 32,086.7 | 35,401.3 | 42,044.2 | 49,481.2 | 55,901.0 |
| Shares | 6,185.3 | 6,828.5 | 6,113.0 | 6,314.9 | 5,562.3 | 6,113.0 | 6,593.5 | 6,562.7 |
| Collective investment schemes | 8,511.0 | 11,396.8 | 9,927.7 | 10,141.3 | 9,616.3 | 9,927.7 | 10,063.4 | 9,753.6 |
| Deposits in credit institutions | 1,341.5 | 627.2 | 431.8 | 928.2 | 407.2 | 431.8 | 1,001.6 | 986.4 |
| Derivatives | 140.9 | 168.9 | 159.5 | 97.2 | 130.6 | 159.5 | 174.2 | 180.4 |
| Other | 14.6 | 47.1 | 63.8 | 57.7 | 59.6 | 63.8 | 65.8 | 62.7 |
| Foreign securities | 201,664.8 | 244,714.6 | 232,444.2 | 230,741.8 | 229,529.5 | 232,444.2 | 239,322.2 | 244,818.5 |
| Debt securities | 86,151.5 | 95,131.8 | 110,173.6 | 102,155.0 | 105,119.9 | 110,173.6 | 114,190.3 | 119,650.7 |
| Shares | 33,886.1 | 46,254.6 | 41,321.4 | 41,171.1 | 40,119.8 | 41,321.4 | 43,666.7 | 45,265.4 |
| Collective investment schemes | 81,358.2 | 103,089.6 | 80,592.6 | 87,306.3 | 84,093.3 | 80,592.6 | 81,221.1 | 79,629.7 |
| Deposits in credit institutions | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 40.1 |
| Derivatives | 268.0 | 238.0 | 356.1 | 108.8 | 196.0 | 356.1 | 243.6 | 232.2 |
| Other | 0.8 | 0.6 | 0.5 | 0.6 | 0.6 | 0.5 | 0.4 | 0.4 |
| Doubtful assets and matured investments | 4.6 | 3.5 | 4.0 | 5.0 | 4.7 | 4.0 | 6.3 | 8.2 |
| 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 | 22,203.0 | 23,950.8 | 18,515.0 | 20,480.2 | 16,774.6 | 18,515.0 | 20,142.6 | 17,023.6 |
| Net balance (Debtors - Creditors) | 1,234.3 | 1,315.3 | 1,763.2 | 1,831.3 | 2,140.9 | 1,763.2 | 2,017.8 | 2,345.1 |

1 Data revised and modified in April 2023.

## Asset allocation of investment companies

TABLE 3.5

Millions of euros

| | | | | 2022 | | | 2023 | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | II | III | IV | I | II |
| Asset | 26,960.0 | 28,502.3 | 15,864.3 | 23,706.8 | 20,003.4 | 15,864.3 | 13,878.4 | 13,899.2 |
| Portfolio investment | 24,548.9 | 25,729.9 | 12,349.9 | 17,719.0 | 14,487.3 | 12,349.9 | 12,782.8 | 13,009.0 |
| Domestic securities | 3,419.9 | 3,525.2 | 2,583.6 | 3,828.0 | 3,118.1 | 2,583.6 | 2,403.8 | 2,233.2 |
| Debt securities | 734.3 | 734.3 | 773.6 | 1,510.1 | 1,044.9 | 773.6 | 905.3 | 845.1 |
| Shares | 1,601.2 | 1,633.7 | 819.9 | 1,260.8 | 928.7 | 819.9 | 855.9 | 847.7 |
| Collective investment schemes | 967.7 | 1,067.4 | 950.2 | 982.4 | 1,090.5 | 950.2 | 597.4 | 495.6 |
| Deposits in credit institutions | 47.7 | 19.1 | 1.4 | 15.4 | 4.1 | 1.4 | 9.4 | 9.7 |
| Derivatives | 3.2 | -0.4 | -0.8 | -1.2 | -1.0 | -0.8 | -0.7 | -0.3 |
| Other | 65.9 | 71.1 | 39.3 | 60.5 | 50.9 | 39.3 | 36.5 | 35.4 |
| Foreign securities | 21,125.7 | 22,202.8 | 9,763.6 | 13,889.9 | 11,366.6 | 9,763.6 | 10,376.4 | 10,772.6 |
| Debt securities | 3,243.8 | 2,683.8 | 1,807.1 | 1,893.4 | 1,812.7 | 1,807.1 | 2,129.4 | 2,316.7 |
| Shares | 6,548.1 | 7,157.9 | 3,605.4 | 4,761.4 | 4,151.5 | 3,605.4 | 3,871.6 | 4,059.2 |
| Collective investment schemes | 11,297.4 | 12,335.3 | 4,325.7 | 7,212.2 | 5,383.9 | 4,325.7 | 4,364.6 | 4,377.9 |
| Deposits in credit institutions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 10.1 |
| Derivatives | 23.8 | 8.3 | 7.9 | 4.5 | 0.6 | 7.9 | -9.3 | -10.4 |
| Other | 12.6 | 17.5 | 17.4 | 18.5 | 17.8 | 17.4 | 20.1 | 19.2 |
| Doubtful assets and matured investments | 3.2 | 1.8 | 2.6 | 1.1 | 2.6 | 2.6 | 5.1 | 3.2 |
| Intangible assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net fixed assets | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Cash | 2,219.3 | 2,476.4 | 2,962.6 | 5,592.3 | 5,176.0 | 2,962.6 | 972.9 | 748.0 |
| Net balance (Debtors - Creditors) | 191.4 | 295.5 | 551.3 | 395.0 | 339.7 | 551.3 | 122.2 | 141.7 |

## Financial mutual funds: number, investors and total net assets by category[1, 2]

TABLE 3.6

| | 2020 | 2021 | 2022 | 2022 III | 2022 IV | 2023 I | 2023 II | 2023 III[3] |
|---|---|---|---|---|---|---|---|---|
| **NO. OF FUNDS** | | | | | | | | |
| Total financial mutual funds | 1,644 | 1,611 | 1,684 | 1,625 | 1,684 | 1,711 | 1,712 | 1,714 |
| Fixed income[4] | 276 | 266 | 293 | 274 | 293 | 305 | 318 | 319 |
| Mixed fixed income[5] | 174 | 181 | 171 | 168 | 171 | 172 | 169 | 171 |
| Mixed equity[6] | 186 | 192 | 206 | 197 | 206 | 205 | 201 | 201 |
| Euro equity | 104 | 94 | 86 | 85 | 86 | 86 | 84 | 84 |
| Foreign equity | 276 | 307 | 339 | 329 | 339 | 346 | 344 | 343 |
| Guaranteed fixed income | 55 | 43 | 49 | 46 | 49 | 54 | 55 | 55 |
| Guaranteed equity[7] | 133 | 114 | 102 | 101 | 102 | 102 | 100 | 100 |
| Global funds | 248 | 263 | 291 | 284 | 291 | 292 | 292 | 290 |
| Passive management[8] | 118 | 88 | 93 | 85 | 93 | 99 | 100 | 102 |
| Absolute return | 72 | 61 | 54 | 54 | 54 | 50 | 49 | 49 |
| **INVESTORS** | | | | | | | | |
| Total financial mutual funds | 12,660,100 | 15,816,557 | 16,119,440 | 16,188,727 | 16,119,440 | 16,324,195 | 16,291,184 | 16,262,594 |
| Fixed income[4] | 4,135,294 | 5,476,096 | 5,539,272 | 5,530,370 | 5,539,272 | 5,765,890 | 5,758,338 | 5,764,443 |
| Mixed fixed income[5] | 1,203,280 | 1,459,004 | 1,216,179 | 1,256,457 | 1,216,179 | 1,189,189 | 1,134,835 | 1,128,090 |
| Mixed equity[6] | 745,112 | 721,346 | 696,718 | 705,131 | 696,718 | 687,885 | 677,824 | 674,056 |
| Euro equity | 530,107 | 778,138 | 836,711 | 852,841 | 836,711 | 831,302 | 731,138 | 727,664 |
| Foreign equity | 3,043,542 | 3,882,184 | 4,156,864 | 4,239,517 | 4,156,864 | 4,120,024 | 4,192,805 | 4,197,222 |
| Guaranteed fixed income | 135,320 | 77,430 | 141,717 | 99,959 | 141,717 | 163,890 | 174,478 | 175,414 |
| Guaranteed equity[7] | 356,439 | 265,043 | 209,188 | 204,133 | 209,188 | 201,886 | 196,580 | 196,105 |
| Global funds | 1,409,759 | 1,989,428 | 2,067,594 | 2,111,670 | 2,067,594 | 2,032,052 | 2,125,591 | 2,103,906 |
| Passive management[8] | 511,251 | 505,514 | 596,475 | 512,763 | 596,475 | 682,907 | 644,831 | 641,037 |
| Absolute return | 587,040 | 659,411 | 658,722 | 672,922 | 658,722 | 649,170 | 654,764 | 654,657 |
| **TOTAL NET ASSETS** (millions of euros) | | | | | | | | |
| Total financial mutual funds | 279,694.5 | 324,701.0 | 311,466.4 | 299,627.1 | 311,466.4 | 328,868.5 | 337,642.3 | 342,013.5 |
| Fixed income[4] | 81,015.9 | 88,422.8 | 98,561.1 | 93,280.9 | 98,561.1 | 108,580.5 | 114,003.1 | 116,234.0 |
| Mixed fixed income[5] | 43,200.4 | 50,869.7 | 37,846.0 | 39,147.9 | 37,846.0 | 37,402.7 | 36,139.8 | 36,074.5 |
| Mixed equity[6] | 30,432.7 | 28,141.1 | 24,247.9 | 23,812.0 | 24,247.9 | 24,675.4 | 24,543.9 | 24,680.5 |
| Euro equity | 7,091.1 | 8,279.6 | 7,226.3 | 6,764.1 | 7,226.3 | 7,644.0 | 7,198.3 | 6,954.6 |
| Foreign equity | 37,722.5 | 51,222.2 | 45,588.9 | 44,650.5 | 45,588.9 | 47,883.6 | 50,285.8 | 52,167.2 |
| Guaranteed fixed income | 4,177.0 | 2,346.7 | 5,454.9 | 3,323.4 | 5,454.9 | 6,596.7 | 7,309.3 | 7,348.1 |
| Guaranteed equity[7] | 11,037.1 | 8,094.9 | 6,306.7 | 6,082.6 | 6,306.7 | 6,164.9 | 6,035.4 | 6,065.4 |
| Global funds | 40,944.5 | 67,591.0 | 63,717.0 | 64,401.4 | 63,717.0 | 63,777.2 | 63,319.0 | 63,083.7 |
| Passive management[8] | 14,014.3 | 12,500.4 | 15,935.0 | 11,470.4 | 15,935.0 | 20,064.8 | 22,661.8 | 23,188.5 |
| Absolute return | 10,057.4 | 7,231.2 | 6,582.5 | 6,693.5 | 6,582.5 | 6,078.5 | 6,145.9 | 6,217.0 |

1 Sub-funds which have sent reports to the CNMV excluding those in process of dissolution or liquidation.
2 Data on side-pocket sub-funds are only included in aggregate figures, and not in each individual category.
3 Available data: July 2023.
4 It includes: public debt constant net asset value short-term money market funds (MMFs), low volatility net asset value short-term MMFs, variable net asset value short-term MMFs, variable net asset value standard MMFs, euro fixed income and short-term euro fixed income.
5 It includes: mixed euro fixed income and foreign mixed fixed income.
6 It includes: mixed euro equity and foreign mixed equity.
7 It includes: guaranteed equity and partial guarantee.
8 It includes: passive management CIS, index-tracking CIS and non-guaranteed specific return target CIS.

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

TABLE 3.7

| | 2020 | 2021 | 2022 | 2022 III | 2022 IV | 2023 I | 2023 II | 2023 III[1] |
|---|---|---|---|---|---|---|---|---|
| **INVESTORS** | | | | | | | | |
| Total financial mutual funds | 12,660,100 | 15,816,557 | 16,119,440 | 16,188,727 | 16,119,440 | 16,324,195 | 16,291,184 | 16,262,594 |
| Natural persons | 12,437,954 | 15,541,300 | 15,839,201 | 15,909,624 | 15,839,201 | 16,039,876 | 16,003,999 | 15,976,746 |
| Residents | 12,339,829 | 15,427,337 | 15,717,938 | 15,789,576 | 15,717,938 | 15,915,812 | 15,876,013 | 15,848,673 |
| Non-residents | 98,125 | 113,963 | 121,263 | 120,048 | 121,263 | 124,064 | 127,986 | 128,073 |
| Legal persons | 222,146 | 275,257 | 280,239 | 279,103 | 280,239 | 284,319 | 287,185 | 285,848 |
| Credit institutions | 1,403 | 746 | 883 | 872 | 883 | 893 | 935 | 944 |
| Other resident institutions | 219,849 | 273,421 | 278,246 | 277,116 | 278,246 | 282,230 | 285,050 | 283,681 |
| Non-resident institutions | 894 | 1,090 | 1,110 | 1,115 | 1,110 | 1,196 | 1,200 | 1,223 |
| **TOTAL NET ASSETS** (millions of euros) | | | | | | | | |
| Total financial mutual funds | 279,694.5 | 324,701.0 | 311,466.4 | 299,627.1 | 311,466.4 | 328,868.5 | 337,642.3 | 342,013.5 |
| Natural persons | 230,573.8 | 264,075.7 | 257,253.5 | 246,633.7 | 257,253.5 | 273,071.9 | 281,796.1 | 285,643.3 |
| Residents | 227,444.5 | 260,321.1 | 253,545.2 | 243,098.7 | 253,545.2 | 269,153.1 | 277,717.1 | 281,518.5 |
| Non-residents | 3,129.3 | 3,754.6 | 3,708.3 | 3,535.0 | 3,708.3 | 3,918.8 | 4,079.0 | 4,124.8 |
| Legal persons | 49,120.7 | 60,625.3 | 54,212.8 | 52,993.4 | 54,212.8 | 55,796.6 | 55,846.2 | 56,370.2 |
| Credit institutions | 480.0 | 472.5 | 351.8 | 291.4 | 351.8 | 340.6 | 378.8 | 395.2 |
| Other resident institutions | 47,995.2 | 59,288.6 | 53,052.7 | 51,901.1 | 53,052.7 | 54,380.1 | 54,267.1 | 54,685.3 |
| Non-resident institutions | 645.4 | 864.2 | 808.3 | 800.9 | 808.3 | 1,075.8 | 1,200.2 | 1,289.7 |

1 Available data: July 2023.

## Subscriptions and redemptions of financial mutual funds by category[1, 2]

TABLE 3.8

Millions of euros

| | 2020 | 2021[3] | 2022 | 2022 II | 2022 III | 2022 IV | 2023 I | 2023 II |
|---|---|---|---|---|---|---|---|---|
| **SUBSCRIPTIONS** | | | | | | | | |
| Total financial mutual funds | 113,265.7 | 149,397.2 | 162,843.5 | 41,415.0 | 27,024.0 | 53,228.4 | 40,646.6 | 33,728.1 |
| Fixed income | 51,487.7 | 58,255.2 | 89,725.6 | 19,905.2 | 14,439.8 | 36,804.9 | 25,279.7 | 21,046.4 |
| Mixed fixed income | 15,496.2 | 21,116.1 | 11,075.6 | 2,506.1 | 2,976.4 | 1,278.2 | 1,591.7 | 1,203.5 |
| Mixed equity | 8,861.2 | 11,113.2 | 6,933.1 | 1,658.0 | 1,141.0 | 1,655.8 | 1,158.9 | 930.6 |
| Euro equity | 2,232.1 | 3,005.8 | 2,989.1 | 1,235.3 | 587.2 | 380.4 | 502.0 | 352.4 |
| Foreign equity | 15,974.8 | 19,019.8 | 18,529.7 | 4,803.0 | 2,900.1 | 2,291.6 | 3,063.7 | 3,347.2 |
| Guaranteed fixed income | 424.7 | 9.0 | 3,751.3 | 437.5 | 1,033.7 | 2,278.0 | 1,238.5 | 853.6 |
| Guaranteed equity | 74.2 | 86.8 | 680.3 | 61.1 | 208.9 | 396.6 | 4.9 | 44.4 |
| Global funds | 11,391.1 | 30,193.0 | 17,969.3 | 8,438.0 | 2,262.3 | 3,029.1 | 2,630.0 | 2,091.1 |
| Passive management | 4,944.6 | 2,827.9 | 8,884.4 | 1,671.8 | 1,123.6 | 4,785.9 | 4,774.5 | 3,311.3 |
| Absolute return | 2,379.0 | 3,770.3 | 2,305.0 | 698.7 | 351.0 | 327.9 | 402.7 | 547.6 |
| **REDEMPTIONS** | | | | | | | | |
| Total financial mutual funds | 112,634.4 | 121,859.1 | 145,802.6 | 37,376.8 | 24,555.9 | 44,652.8 | 31,104.8 | 29,125.6 |
| Fixed income | 47,611.0 | 49,850.1 | 74,352.0 | 15,545.9 | 12,540.9 | 31,647.5 | 16,257.3 | 15,197.0 |
| Mixed fixed income | 14,974.6 | 13,690.2 | 17,345.2 | 7,929.2 | 2,383.7 | 2,779.0 | 2,577.6 | 2,720.5 |
| Mixed equity | 7,667.5 | 14,639.8 | 7,440.1 | 2,274.2 | 1,474.8 | 1,589.8 | 1,409.0 | 1,467.1 |
| Euro equity | 4,205.3 | 2,979.1 | 3,205.0 | 1,031.8 | 633.0 | 693.5 | 750.9 | 1,052.1 |
| Foreign equity | 13,449.4 | 13,586.3 | 16,794.8 | 4,157.4 | 2,651.5 | 2,800.8 | 3,694.6 | 2,914.6 |
| Guaranteed fixed income | 1,030.6 | 1,720.9 | 335.2 | 91.8 | 40.3 | 80.3 | 128.6 | 124.8 |
| Guaranteed equity | 2,245.2 | 2,914.0 | 2,060.0 | 862.6 | 99.7 | 177.0 | 115.2 | 165.5 |
| Global funds | 12,743.7 | 15,234.6 | 17,670.9 | 3,680.6 | 3,293.5 | 3,761.0 | 3,836.9 | 3,890.9 |
| Passive management | 4,985.6 | 4,372.9 | 4,236.9 | 1,175.5 | 771.7 | 641.3 | 1,363.7 | 1,082.4 |
| Absolute return | 3,721.4 | 2,871.1 | 2,362.2 | 627.6 | 666.8 | 482.6 | 971.0 | 510.7 |

1 Estimated data.
2 Data on side-pocket sub-funds are only included in aggregate figures, and not in each individual category.
3 Data revised and modified in April 2023.

## Change in assets in financial mutual funds, by category: net subscriptions/redemptions and return on assets[1, 2]

TABLE 3.9

Millions of euros

| | | | | 2022 | | | 2023 | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021[3] | 2022 | II | III | IV | I | II |
| **NET SUBSCRIPTIONS/REDEMPTIONS** | | | | | | | | |
| Total financial mutual funds | 660.3 | 27,583.3 | 16,977.9 | 3,943.9 | 2,503.9 | 8,577.2 | 9,519.2 | 4,609.5 |
| Fixed income | 2,062.6 | 7,674.2 | 15,171.0 | 4,461.7 | 1,708.7 | 5,198.9 | 9,034.4 | 5,269.7 |
| Mixed fixed income | 2,619.5 | 6,537.6 | -8,999.8 | -5,840.5 | 743.9 | -1,564.6 | -1,023.5 | -1,449.5 |
| Mixed equity | 1,601.4 | -4,179.3 | -686.9 | -620.5 | -284.2 | 85.7 | -281.7 | -535.0 |
| Euro equity | -2,007.7 | 13.8 | -335.9 | 202.8 | -53.0 | -321.3 | -248.9 | -696.2 |
| Foreign equity | 2,633.1 | 5,260.9 | 1,782.7 | 603.8 | 276.5 | -500.2 | -616.5 | 429.7 |
| Guaranteed fixed income | -707.4 | -1,787.1 | 3,355.8 | 345.6 | 933.1 | 2,197.7 | 1,098.5 | 728.8 |
| Guaranteed equity | -2,254.2 | -2,949.3 | -1,409.6 | -831.3 | 108.8 | 219.6 | -237.9 | -134.9 |
| Global funds | -1,501.2 | 22,755.0 | 3,824.2 | 5,158.6 | -983.4 | -729.4 | -1,171.0 | -1,279.2 |
| Passive management | -23.8 | -2,700.6 | 4,551.5 | 516.6 | 412.2 | 4,145.7 | 3,547.1 | 2,238.9 |
| Absolute return | -1,761.9 | -3,041.9 | -274.9 | -52.8 | -358.7 | -154.7 | -581.4 | 37.2 |
| **RETURN ON ASSETS** | | | | | | | | |
| Total financial mutual funds | -310.6 | 17,471.5 | -30,163.5 | -17,270.1 | -5,549.2 | 3,278.7 | 7,895.8 | 4,177.5 |
| Fixed income | 371.5 | -265.8 | -5,031.3 | -2,290.9 | -1,285.8 | 81.4 | 985.6 | 153.0 |
| Mixed fixed income | -220.0 | 1,160.1 | -3,997.8 | -1,990.7 | -731.3 | 274.1 | 586.5 | 190.5 |
| Mixed equity | 55.5 | 1,890.4 | -3,204.9 | -1,814.0 | -541.9 | 350.6 | 712.0 | 403.6 |
| Euro equity | -1,044.9 | 1,176.4 | -715.3 | -485.7 | -548.7 | 783.9 | 667.1 | 251.0 |
| Foreign equity | 1,012.7 | 8,242.5 | -7,412.1 | -5,511.9 | -970.1 | 1,439.9 | 2,911.6 | 1,974.0 |
| Guaranteed fixed income | 75.2 | -43.3 | -247.6 | -54.1 | -68.1 | -66.2 | 43.3 | -16.3 |
| Guaranteed equity | 62.2 | 7.2 | -378.6 | -133.9 | -115.3 | 4.5 | 96.1 | 5.3 |
| Global funds | -595.3 | 3,894.8 | -7,693.1 | -3,996.0 | -980.6 | 47.8 | 1,231.1 | 825.0 |
| Passive management | -28.7 | 1,192.9 | -1,109.3 | -750.9 | -272.9 | 318.9 | 584.8 | 358.2 |
| Absolute return | 1.7 | 216.5 | -372.4 | -241.9 | -34.6 | 43.8 | 77.6 | 33.1 |

1 Data on side-pocket sub-funds are only included in aggregate figures, and not in each individual category.
2 A change of category is treated as a redemption in the original category and a subscription in the final one. For this reason, and the adjustments due to deregistrations in the quarter, the net subscription/refund data may be different from those in Table 3.8.
3 Data revised and modified in April 2023.

## Return on assets in financial mutual funds. Breakdown by category[1]

TABLE 3.10

% of daily average total net assets

| | 2020 | 2021[2] | 2022 | 2022 II | III | IV | 2023 I | II |
|---|---|---|---|---|---|---|---|---|
| **MANAGEMENT YIELDS** | | | | | | | | |
| Total financial mutual funds | 0.85 | 6.75 | -8.81 | -5.38 | -1.58 | 1.29 | 2.68 | 1.49 |
| Fixed income | 0.99 | 0.15 | -5.03 | -2.41 | -1.28 | 0.19 | 1.07 | 0.26 |
| Mixed fixed income | 0.50 | 3.37 | -8.65 | -4.68 | -1.61 | 1.02 | 1.80 | 0.78 |
| Mixed equity | 1.60 | 8.43 | -11.32 | -6.75 | -1.86 | 1.75 | 3.19 | 1.97 |
| Euro equity | -12.72 | 16.30 | -8.09 | -5.96 | -7.11 | 11.21 | 9.10 | 3.79 |
| Foreign equity | 4.76 | 19.78 | -14.02 | -11.10 | -1.68 | 3.45 | 6.49 | 4.45 |
| Guaranteed fixed income | 2.18 | -0.85 | -7.98 | -2.31 | -2.47 | -1.33 | 0.83 | -0.10 |
| Guaranteed equity | 1.00 | 0.59 | -5.40 | -2.04 | -1.77 | 0.19 | 1.67 | 0.21 |
| Global funds | -0.30 | 7.92 | -10.32 | -5.55 | -1.15 | 0.38 | 2.23 | 1.61 |
| Passive management | 0.29 | 9.61 | -8.63 | -6.63 | -2.21 | 2.31 | 3.36 | 1.83 |
| Absolute return | 0.87 | 3.78 | -4.81 | -3.23 | -0.39 | 0.79 | 1.37 | 0.70 |
| **EXPENSES, MANAGEMENT FEE** | | | | | | | | |
| Total financial mutual funds | 0.83 | 0.86 | 0.81 | 0.20 | 0.21 | 0.20 | 0.20 | 0.20 |
| Fixed income | 0.42 | 0.40 | 0.37 | 0.09 | 0.09 | 0.09 | 0.10 | 0.11 |
| Mixed fixed income | 0.88 | 0.88 | 0.87 | 0.22 | 0.22 | 0.23 | 0.22 | 0.23 |
| Mixed equity | 1.28 | 1.28 | 1.14 | 0.29 | 0.29 | 0.29 | 0.28 | 0.28 |
| Euro equity | 1.45 | 1.30 | 1.22 | 0.30 | 0.30 | 0.31 | 0.30 | 0.31 |
| Foreign equity | 1.31 | 1.31 | 1.15 | 0.29 | 0.29 | 0.29 | 0.29 | 0.29 |
| Guaranteed fixed income | 0.36 | 0.36 | 0.35 | 0.08 | 0.09 | 0.08 | 0.10 | 0.11 |
| Guaranteed equity | 0.44 | 0.44 | 0.40 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 |
| Global funds | 1.07 | 1.15 | 1.16 | 0.29 | 0.29 | 0.29 | 0.29 | 0.28 |
| Passive management | 0.41 | 0.37 | 0.34 | 0.09 | 0.08 | 0.08 | 0.10 | 0.11 |
| Absolute return | 0.78 | 0.68 | 0.51 | 0.13 | 0.13 | 0.13 | 0.14 | 0.14 |
| **EXPENSES, DEPOSITORY FEE** | | | | | | | | |
| Total financial mutual funds | 0.08 | 0.07 | 0.07 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 |
| Fixed income | 0.06 | 0.06 | 0.06 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 |
| Mixed fixed income | 0.08 | 0.08 | 0.08 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 |
| Mixed equity | 0.10 | 0.09 | 0.09 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 |
| Euro equity | 0.10 | 0.09 | 0.09 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 |
| Foreign equity | 0.09 | 0.08 | 0.08 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 |
| Guaranteed fixed income | 0.05 | 0.05 | 0.05 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 |
| Guaranteed equity | 0.05 | 0.05 | 0.05 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 |
| Global funds | 0.08 | 0.09 | 0.08 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 |
| Passive management | 0.05 | 0.04 | 0.04 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 |
| Absolute return | 0.07 | 0.06 | 0.05 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 |

1 Data on side-pocket sub-funds are only included in aggregate figures, and not in each individual category.
2 Data revised and modified in April 2023.

## Mutual funds, quarterly returns. Breakdown by category[1]

TABLE 3.11

%

| | 2020 | 2021 | 2022 | 2022 III | IV | 2023 I | II | III[2] |
|---|---|---|---|---|---|---|---|---|
| Total financial mutual funds | 0.78 | 6.31 | -8.95 | -1.81 | 1.20 | 2.60 | 1.28 | 1.13 |
| Fixed income | 0.62 | -0.31 | -5.38 | -1.39 | 0.14 | 0.99 | 0.15 | 0.46 |
| Mixed fixed income | -0.03 | 2.49 | -8.83 | -1.80 | 0.69 | 1.56 | 0.51 | 0.80 |
| Mixed equity | 0.59 | 7.18 | -11.37 | -2.20 | 1.52 | 2.96 | 1.66 | 1.20 |
| Euro equity | -8.75 | 16.72 | -8.39 | -7.55 | 11.77 | 9.22 | 3.44 | 2.32 |
| Foreign equity | 2.83 | 21.14 | -13.14 | -1.98 | 3.43 | 6.55 | 4.14 | 2.81 |
| Guaranteed fixed income | 1.68 | -1.29 | -8.43 | -2.44 | -1.36 | 0.85 | -0.24 | 0.34 |
| Guaranteed equity | 0.70 | 0.06 | -5.44 | -1.82 | 0.15 | 1.58 | 0.09 | 0.44 |
| Global funds | -0.31 | 7.90 | -10.53 | -1.50 | 0.14 | 1.97 | 1.31 | 1.29 |
| Passive management | 0.44 | 9.82 | -9.31 | -2.53 | 3.13 | 3.90 | 1.76 | 0.95 |
| Absolute return | 0.94 | 3.02 | -4.95 | -0.52 | 0.67 | 1.24 | 0.51 | 0.51 |

1 Data on side-pocket sub-funds are only included in aggregate figures, and not in each individual category.
2 Available data: July 2023.

## IIC de inversión libre e IIC de IIC de inversión libre

TABLE 3.12

| | 2020 | 2021 | 2022[1] | 2022 II | III | IV | 2023 I | II |
|---|---|---|---|---|---|---|---|---|
| **HEDGE FUNDS** | | | | | | | | |
| Investors/shareholders[2] | 7,961 | 8,786 | 8,817 | 9,444 | 9,538 | 8,817 | 9,791 | 10,109 |
| Total net assets (millions of euros) | 2,912.6 | 3,543.4 | 3,894.0 | 3,435.3 | 3,451.6 | 3,894.0 | 4,286.2 | 4,524.8 |
| Subscriptions (millions of euros) | 454.5 | 845.0 | 1,257.1 | 241.6 | 169.8 | 574.2 | 412.6 | 351.8 |
| Redemptions (millions of euros) | 407.2 | 405.3 | 603.3 | 170.7 | 88.4 | 186.9 | 141.4 | 185.3 |
| Net subscriptions/redemptions (millions of euros) | 47.3 | 439.7 | 653.9 | 70.9 | 81.4 | 387.2 | 271.2 | 166.5 |
| Return on assets (millions of euros) | 27.7 | 193.1 | -300.8 | -177.6 | -64.8 | 56.1 | 122.4 | 74.5 |
| Returns (%) | 1.75 | 6.47 | -7.71 | -4.89 | -1.95 | 1.94 | 3.13 | 1.62 |
| Management yields (%)[3] | 2.35 | 7.39 | -7.21 | -4.80 | -1.58 | 1.91 | 3.27 | 2.03 |
| Management fees (%)[3] | 1.43 | 1.47 | 0.85 | 0.22 | 0.21 | 0.20 | 0.20 | 0.20 |
| Financial expenses (%)[3] | 0.02 | 0.14 | 0.28 | 0.04 | 0.05 | 0.11 | 0.07 | 0.06 |
| **FUNDS OF HEDGE FUNDS** | | | | | | | | |
| Investors/shareholders[2] | 2,858 | 5,385 | 5,347 | 5,309 | 5,330 | 5,347 | 5,240 | 5,247 |
| Total net assets (millions of euros) | 652.8 | 834.0 | 741.3 | 681.3 | 727.6 | 741.3 | 754.3 | 769.7 |
| Subscriptions (millions of euros) | 32.4 | 237.8 | 110.1 | 8.6 | 32.8 | 27.0 | 12.7 | 17.9 |
| Redemptions (millions of euros) | 3.1 | 121.8 | 225.1 | 222.8 | 0.0 | 1.5 | 3.2 | 4.1 |
| Net subscriptions/redemptions (millions of euros) | 29.3 | 116.0 | -115.0 | -214.2 | 32.8 | 25.5 | 9.5 | 13.8 |
| Return on assets (millions of euros) | 56.8 | 65.2 | 22.2 | 5.9 | 13.5 | -11.8 | 3.5 | 1.6 |
| Returns (%) | 3.71 | 9.35 | 3.04 | 0.92 | 1.93 | -1.43 | 0.13 | -0.36 |
| Management yields (%)[4] | 4.24 | 11.46 | 4.67 | 1.60 | 2.41 | -1.64 | 0.86 | 0.59 |
| Management fees (%)[4] | 1.39 | 1.41 | 1.32 | 0.59 | 0.42 | -0.08 | 0.34 | 0.34 |
| Depository fees (%)[4] | 0.06 | 0.07 | 0.06 | 0.01 | 0.01 | 0.02 | 0.01 | 0.01 |

1 Data revised and modified in April 2023.
2 Data on sub-funds.
3 % of monthly average total net assets.
4 % of daily average total net assets.

## Management companies. Number of portfolios and assets under management

TABLE 3.13

| | 2020 | 2021 | 2022 | 2022 III | IV | 2023 I | II | III[1] |
|---|---|---|---|---|---|---|---|---|
| **NUMBER OF PORTFOLIOS[2]** | | | | | | | | |
| Mutual funds | 1,515 | 1,452 | 1,484 | 1,447 | 1,484 | 1,498 | 1,502 | 1,499 |
| Investment companies | 2,421 | 2,275 | 1,086 | 1,765 | 1,086 | 561 | 475 | 470 |
| Funds of hedge funds | 7 | 10 | 8 | 8 | 8 | 8 | 7 | 7 |
| Hedge funds | 69 | 72 | 91 | 78 | 91 | 103 | 112 | 115 |
| Total real estate CIS[3] | 5 | 4 | 4 | 4 | 4 | 3 | 3 | 3 |
| **ASSETS UNDER MANAGEMENT** (millions of euros) | | | | | | | | |
| Mutual funds | 279,694.5 | 324,701.0 | 311,466.4 | 299,627.1 | 311,466.4 | 328,868.5 | 337,642.3 | 342,013.5 |
| Investment companies | 26,564.8 | 28,049.3 | 15,468.1 | 20,687.9 | 15,468.1 | 13,478.3 | 13,491.7 | 13,692.2 |
| Funds of hedge funds | 652.8 | 831.0 | 741.3 | 727.6 | 741.3 | 754.3 | 769.7 | – |
| Total real estate CIS[3] | 2,912.6 | 3,543.4 | 3,431.8 | 3,279.7 | 3,431.8 | 4,108.7 | 4,330.5 | – |
| IIC inmobiliarias[3] | 1,218.0 | 1,224.3 | 1,279.1 | 1,291.5 | 1,279.1 | 1,300.9 | 1,308.1 | 1,334.7 |

1 Available data: July 2023.
2 Data source: registers of CIS.
3 Real estate mutual funds and real estate investment companies.

## Foreign Collective Investment Schemes marketed in Spain[1]

TABLE 3.14

| | | | | 2022 | | | 2023 | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | II | III | IV | I | II |
| **INVESTMENT VOLUME**[2] (millions of euros) | | | | | | | | |
| Total | 199,419.3 | 276,231.9 | 201,058.7 | 209,314.4 | 204,425.1 | 201,058.7 | 210,956.0 | 221,827.9 |
| Mutual funds | 27,355.5 | 36,662.6 | 27,630.3 | 30,442.1 | 29,612.8 | 27,630.3 | 29,406.2 | 32,430.7 |
| Investment companies | 172,063.8 | 239,569.4 | 173,428.3 | 178,872.3 | 174,812.3 | 173,428.3 | 181,549.9 | 189,397.2 |
| **INVESTORS/SHAREHOLDERS**[2] | | | | | | | | |
| Total | 4,312,340 | 6,073,537 | 6,412,067 | 6,377,747 | 6,510,617 | 6,412,067 | 6,595,130 | 6,352,744 |
| Mutual funds | 592,053 | 776,206 | 830,870 | 846,890 | 872,941 | 830,870 | 874,350 | 875,602 |
| Investment companies | 3,720,287 | 5,297,331 | 5,581,197 | 5,530,857 | 5,637,676 | 5,581,197 | 5,720,780 | 5,477,142 |
| **NUMBER OF SCHEMES**[3] | | | | | | | | |
| Total | 1,048 | 1,074 | 1,095 | 1,077 | 1,082 | 1,095 | 1,103 | 1,104 |
| Mutual funds | 407 | 416 | 426 | 412 | 412 | 426 | 433 | 432 |
| Investment companies | 641 | 658 | 669 | 665 | 670 | 669 | 670 | 672 |
| **COUNTRY**[3] | | | | | | | | |
| Luxembourg | 472 | 501 | 498 | 498 | 497 | 498 | 505 | 505 |
| France | 225 | 222 | 222 | 219 | 219 | 222 | 226 | 223 |
| Ireland | 222 | 231 | 248 | 240 | 246 | 248 | 245 | 246 |
| Germany | 45 | 50 | 53 | 52 | 53 | 53 | 53 | 55 |
| United Kingdom | 23 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| The Netherlands | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Austria | 32 | 33 | 34 | 33 | 33 | 34 | 34 | 34 |
| Belgium | 5 | 5 | 3 | 3 | 3 | 3 | 3 | 3 |
| Denmark | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Finland | 13 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| Liechtenstein | 4 | 5 | 4 | 5 | 4 | 4 | 4 | 4 |
| Portugal | 3 | 0 | 6 | 0 | 0 | 6 | 6 | 6 |
| Sweden | 0 | 9 | 9 | 9 | 9 | 9 | 9 | 10 |

1 Only data on UCITS are included.
2 Investment volume: participations or shares owned by the investors/shareholders at the end of the period valued at that time.
3 UCITS (funds and societies) registered at the CNMV.

## Real estate investment schemes[1]

TABLE 3.15

| | | | | 2022 | | 2023 | | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | III | IV | I | II | III[2] |
| **FUNDS** | | | | | | | | |
| Number | 5 | 4 | 3 | 4 | 3 | 3 | 3 | 3 |
| Investors | 798 | 691 | 593 | 690 | 593 | 590 | 589 | 588 |
| Assets (millions of euros) | 1,217.9 | 1,224.2 | 1,279.1 | 1,291.5 | 1,279.1 | 1,300.9 | 1,308.1 | 1,334.7 |
| Return on assets (%) | 4.36 | -0.04 | 2.94 | 0.30 | 1.35 | 0.60 | 0.56 | 0.15 |

1 Real estate mutual funds and real estate investment companies which have sent reports to the CNMV, excluding those in process of dissolution or liquidation.
2 Available data: July 2023.