

History of The Stock Exchange



CENTURY XIV

This is the century in Spanish history that saw the construction of the Lonjas or commodity exchanges, which were meeting places where markets for grain, wool and silk were set up, a very common practice in the Mediterranean culture.

Some of the buildings housing these markets have survived, such as those in Palma de Majorca, Zaragoza, Valencia and Barcelona.

Historically, these Lonjas **are** considered to be the institutions that most closely resemble **the Spanish stock exchange**, both in their essence and in their operations, although the stock exchange, strictly speaking, was born in Bruges and Amsterdam. The first "Juros Reales" also appeared in the same century. These are considered to be the first securities. The "juros" were government bonds issued in guarantee of a debt or loan, and were usually requested by the King.

CENTURY XVII

In 1688, the first book describing **stock transactions** is published, entitled "Confusión de Confusiones" [Confusion of Confusions], written by the Spaniard **José de la Vega** in Amsterdam.

According to the author, the book is about "*Curious dialogues between a shrewd philosopher, a cautious merchant and an erudite investor, describing the business of dealing in stocks, its origin, etymology, its reality, its game and its intricacy.*"

CENTURY XIX

Spain's first stock exchange was established in 1809. Joseph Bonaparte I created it in Madrid, in the building of the San Felipe El Real Convent and Church in the Puerta del Sol. In spite of this, a stock exchange was not to be set up at that time.

The **stock exchange** in Spain begins on **10 September 1831** with the publication of the **Law Founding the Madrid Stock Exchange** drafted by Pedro Sáinz de Andino.

The King **Fernando VII** founded the Madrid Stock Exchange in 1831. Its first trading session took place on 20 October.

The first companies to be listed were banks, railways and steel companies.

1809 / 1831

21 July is the date of the foundation of the **Bolsa General de Comercio de Bilbao**.

1890

CENTURY XX

The **Bolsa Oficial de Comercio de Barcelona** is founded.

1915

The Stabilisation Plan of 1959 causes a considerable rise of the stock exchange that will last until 1970. The boom in tourism also provided a new economic stimulus.

1959

1953

In 1953, Spain began to open up its economy, producing high growth rates that benefit the stock exchange.

1973

In 1973, the oil crisis erupted.

CENTURY XX

In 1974, a **new settlement system** comes into operation and will constitute the basis of the book-entry system.

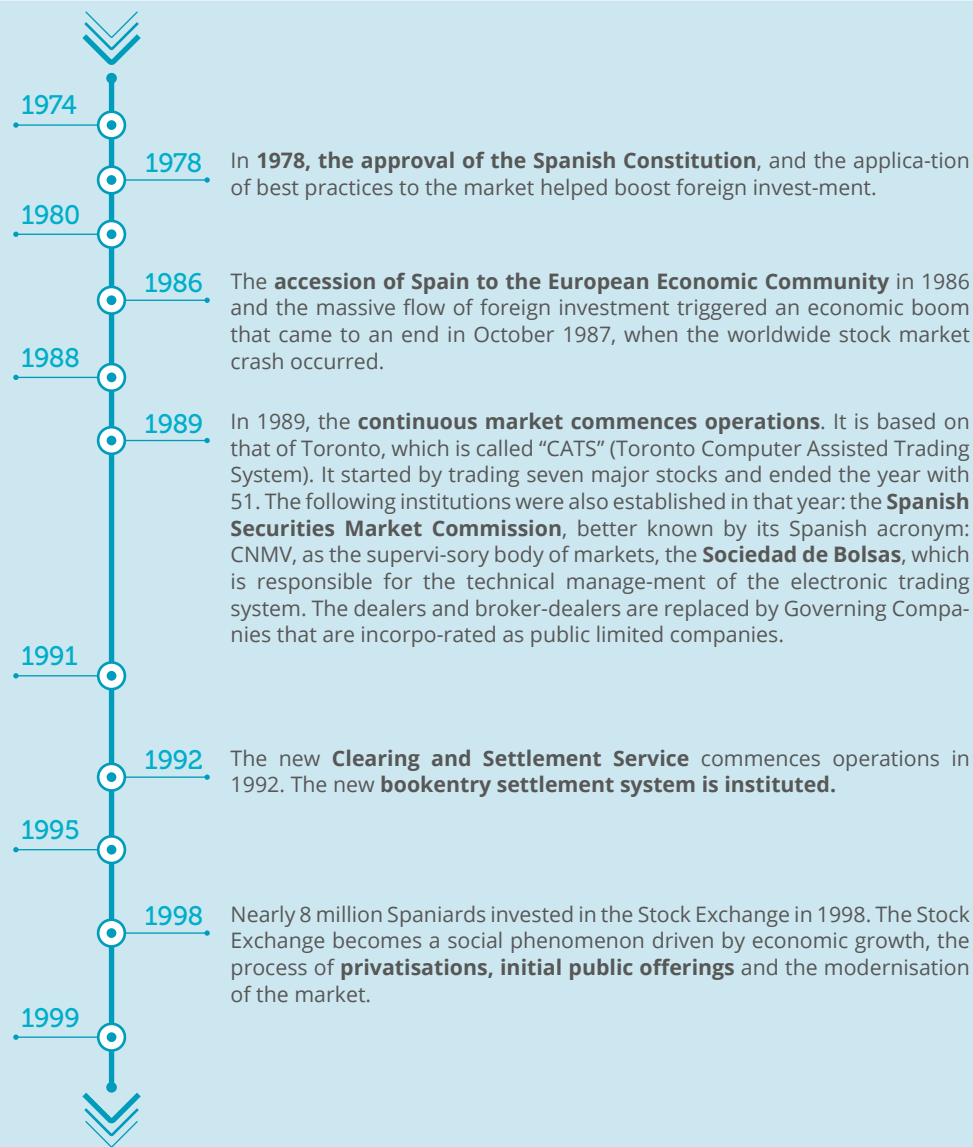
Bolsa de Valencia is founded.

In 1988, Spain enters the Euro-pean Monetary System, thus making the country even more attractive. The **Securities Market Act**, which entered into force in that same year, definitively trans-forms the Spanish Stock Exchange.

MEFF is created as an equity and fixed income derivatives market. The **Fixed Income Electronic Trading System** was implemented and the **Investor's Ombudsman of the Madrid Stock Exchange** was established.

The CATS share trading system was replaced, in 1995, by the **SIBE**. Spectacular growth is seen in trading volumes and capitalisation.

The **Latin American Securities Market in Euros (LATIBEX)** was born in 1999.



21st Century

CENTURY XXI

Began tragically. The terrorist attacks of 11 September 2001 put to the test stock exchanges' strength. Following the shock and initial uncertainty, the recovery reveals the maturity and liquidity of the market and the confidence of investors.

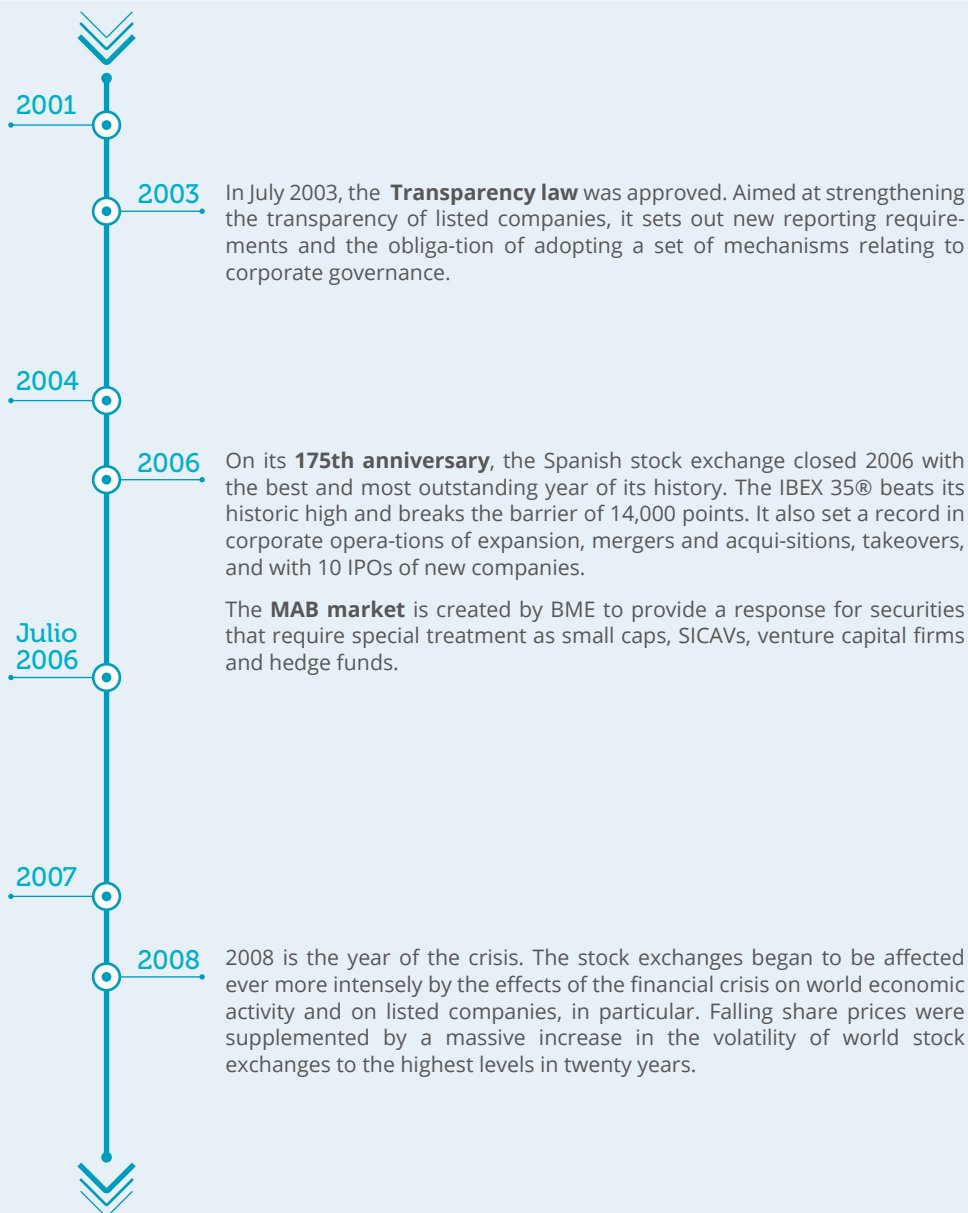
The same **year of 2001** saw the creation of "Bolsas y Mercados Españoles", **a company that combines in a single group secondary markets and systems of registration, clearing and settlement of securities.** Its size enables it to play a key role in the configuration of the European stock exchange map.

In **2004**, and in spite of uncertainty about the world economic recovery, the upward swing in oil prices and the weakness of the dollar against the euro, the stock exchanges regained the levels seen prior to the attacks of 11 September 2001. By the end of the year, the Spanish stock exchange trebles the rise of European stock exchanges. The IBEX 35 went above 9,000 points. **The Spanish stock exchange becomes a European leader in terms of financing.** The new investment flows channeled by the Spanish stock exchange amounted to 39.5 billion dollars, becoming the **second ranked in the world**, behind only the New York Stock Exchange.

In July, the first **Exchange-Traded Funds (ETFs)** begin to be listed in the Spanish stock exchange with the addition of the first products on the IBEX 35, followed a few months later by ETFs on the EuroStoxx 50.

In the same month of **2006**, BME attained one of the most important objectives set out in its incorporation as an integrated group of all Spanish markets: its **IPO on the stock exchange.**

In **2007**, the **MiFID, or the Markets** in Financial Instruments Directive, entered into force. For the Spanish securities market, the transposition of the EU Directive to Spanish law took the form of the Securities Market Reform Law, which contains significant changes in the organisation and execution of tasks associated to each of the actors involved in the value chain of the stock exchanges and financial markets in general. The main objectives of the new law were as follows: modernisation of the securities market, strengthening of investor protection and the improvement of supervisory powers.



CENTURY XXI

In 2009, BME commenced securities trading with more than two decimals with the shares of Jazztel, which becomes the first company listed in the Spanish stock exchange that is traded under this modality. The reasons are based on the large number of buy and sell orders in listed Spanish securities, which include the most highly liquid shares in Europe, and with the intention of strengthening the Spanish stock market.

BME carries out the operating initiatives in order to boost the solvency and efficiency of its trading platforms. In this regard, one of the most significant actions in 2009 was the transfer of equities that were being traded in open outcry pits on the trading floor to a new electronic trading floor, with the aim of strengthening their liquidity, increasing their transparency and improving their accessibility.

In April of the same year, BME expanded the series of the IBEX 35® indices and created new tradable indices, all based on the IBEX 35®. The indices, called IBEX 35® net return, IBEX 35® double short, IBEX 35® triple short, IBEX 35® double leverage and IBEX 35® triple leverage, began to be calculated and disseminated in real time.

In 2011, the stock exchange turned 180. On 20 October 1831, the first session of the stock exchange in Spain was held, making it one of the oldest and most consolidated economic institutions in the country. Its birth was the prelude, some decades later, of a majority of today's economic and financial institutions. Over this long historical period, a market has developed that today trades, on average, more than 4 billion euros per session, and which lists more than 3,000 securities, with a capitalisation of nearly 1 trillion euros. The Spanish stock exchange had its fourth best year in 2011 in terms of investment flows channelled by the market.

The year **2014 marked a historic high in the number of trades**, with the largest number of initial offerings in the last four years. The indicators confirmed the exit from the recession, while the stock exchange achieved records in a number of areas of activity. The Spanish stock market ended 2014 among the world's largest, with a capitalisation of 1.1 trillion euros.



2009

2010

2011

2013

2014

2015

The harshness of the crisis moved from the financial sector to sovereign debt in 2010, and it concentrated mainly on countries with a more critical fiscal position, which destabilised the value of the euro. After Greece and Ireland, the question of confidence in Spain and the risk premium took centre stage. The stock exchange fulfilled its role in valuating and channeling funds for business projects. During that year, initial public offerings in the stock exchange amounted to 13.7 billion euros and listed companies increased their capital by 12.5 billion, which was 27% more than in 2009.

REGIS-TR, the European Trade Repository owned by BME and Clearstream (Deutsche Börse Group) starts operations. It is the answer to demands from the regulators for more transparency in the OTC derivatives market.

BME became, in 2013, the fourth-ranked stock exchange in the world in terms of investment flows. The trading quality of Spanish securities once again received international recognition, as Santander, Telefónica and BBVA were the most highly liquid securities on the EuroStoxx 50 in 2013.

The **Mercado Alternativo de Renta Fija (MARF)** starts operations. It is an initiative aimed at channelling financial resources to a large number of solvent companies that can obtain financing using this market on the issuance of fixed-income securities.

In 2015 new flows channelled through The Exchange reached € 41.6 bn., up 15.3 % year on year. Capital increases reached € 33.5 bn., up 9.3 % year on year. The biggest growth since 2007. BME was the 3rd Exchange in the ranking of IPOs a Europe with 7 IPOs in main Market and 16 new companies in BME Growth, the highest in history.

CENTURY XXI

The Ibex 35 turns 25 years since its debut. This index is weighted by capitalization and is made up of the 35 most liquid companies listed on the Spanish Stock Exchange. In these years it has become the national and international benchmark of the Spanish stock market and has served as the basis for a multitude of products. TARGET2-Securities (T2S) is the pan-European settlement platform. Developed by the Eurosystem, its objective is to provide basic services for the settlement of securities transactions in a harmonized and borderless manner throughout Europe. The Governing Council of the ECB has announced a migration in four waves between 2015 and 2017. Iberclear has successfully migrated to T2S on 18 September.

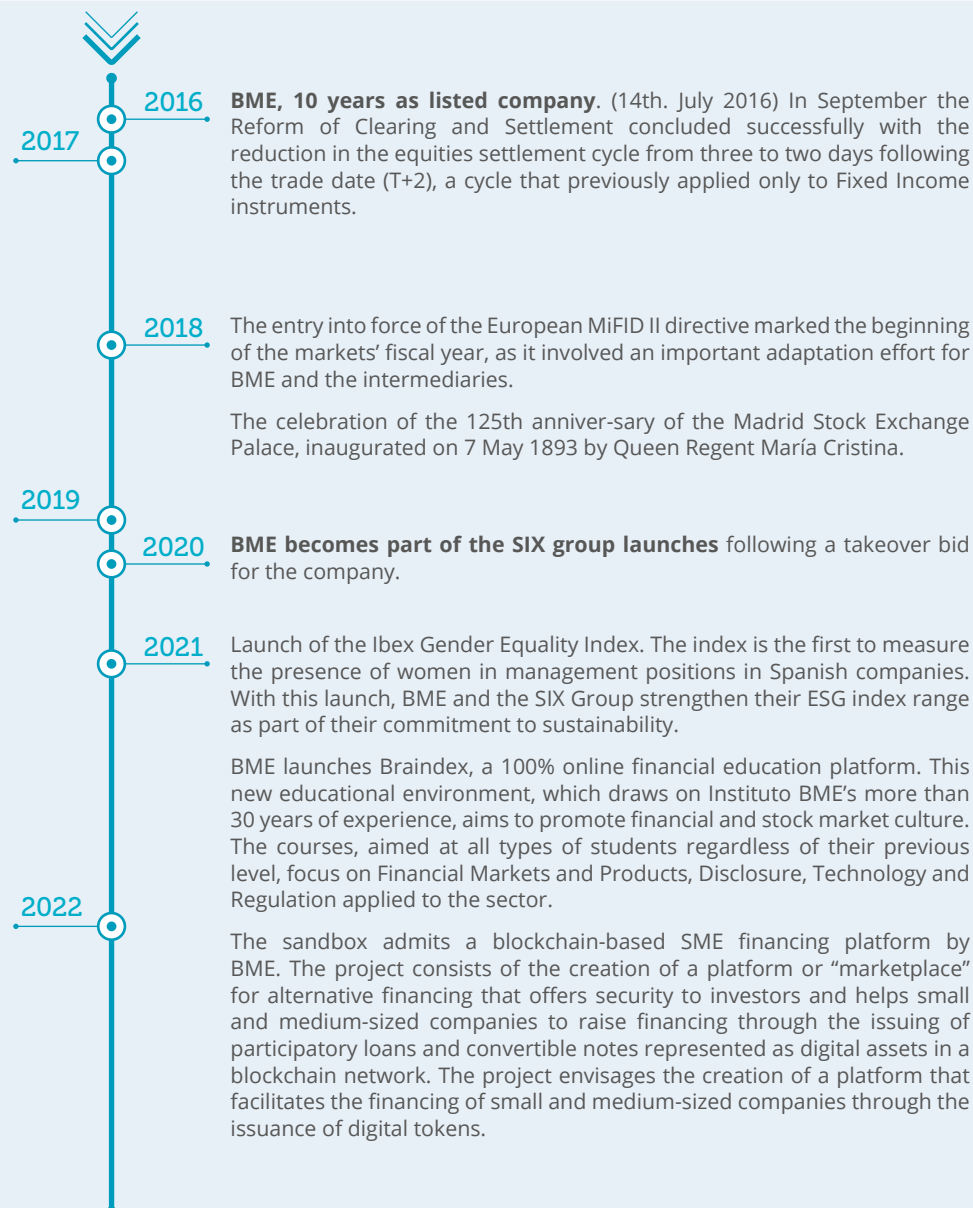
MEFF, BME's Derivatives Market, broadens its product range with the new FX Futures contracts called FX Rolling Spot Future. These contracts are perpetual Futures, operational for 17 currency pairs and distributed by MEFF members and cleared and settled by BME Clearing.

International investors continue to rely on the Spanish Stock Exchange. Non-resident investors owned 50.2% of Spanish listed shares at the end of 2019. It marks the fourth consecutive historical record and represents two percentage points more than in the previous year and ten more than a decade ago.

The market capitalisation of the stock exchange recovers the 1 trillion euro mark, specifically 1.08 trillion at the end of 2021, after growing 134.4 billion in the year (+14.19%).

The Ibex 35 celebrates its 30th anniversary and consolidates its position as a leading brand for Spanish companies and the Spanish economy. Since its birth on 14 January 1992, the Spanish economy has tripled in size in terms of GDP, while the value of the companies in the indicator has increased tenfold.

REGIS-TR is fully integrated into SIX, following Iberclear's acquisition of Clearstream's 50% stake in the entity.





CORPORATE COMMUNICATION

comunicacioncorporativa@grupobme.es

Tel. +34 91 589 14 07

COMMERCIAL OFFICE

oficinacomercial@grupobme.es

Tel. +34 91 709 50 00

FOLLOW US:



www.bolsasymercados.es