

Javier Hernani, CEO of BME

Presentation of the Whitepaper: "The Spanish Stock Market".

12:35 p.m. - January 9, 2024

- Good morning. Thank you very much for your presence at the presentation of the **"Whitepaper on boosting the competitiveness of capital markets"**, a document on which we have been working for almost a year at BME. It is probably **the most ambitious document that has ever been addressed on this issue**.
- Thanks also to **Deloitte and to the nearly 30 prescribers who have contributed to its preparation**, including the main financial authorities and a good number of participants and players in our capital markets.
- In the world of financial markets, **size does matter**. What is more, it is decisive.
- Only countries with more advanced stock and capital markets are able to **"manufacture" more powerful companies and more consolidated economies** in order to consolidate their growth, welfare and bargaining power internationally. For this reason, promoting the activity and size of Spanish capital markets is a **matter of State** that requires the implementation of different strategic actions.
- Since the outbreak of the 2008 financial crisis, we have witnessed a **gradual loss of weight and influence of our capital markets on the international scene**, with an insufficient contribution to improving the competitiveness of the Spanish economy. This has not been the case in other comparable countries in our environment.
- And we believe that this is due to **insufficient consideration of the important role played by the capital markets** in order to grow and, especially, to do so more quickly.
- In the last decade, the markets have provided **financing to companies in the form of capital to the tune of 217 billion euros**, which gives a clear reference of their importance. If we add the contribution of fixed income, which includes Public Debt, the figure rises to **1.5 trillion euros channeled through the markets managed by BME**. This contribution to growth has made possible the internationalization of our economy and our companies and the creation of jobs. It has financed our country's major infrastructures. Or something as tangible as COVID vaccines.

- As we said, **this is an urgent issue that must be addressed jointly by all the actors involved in the market.** Because we have a lot at stake not only as a country, but also as citizens.
- That is why it is important to take a step forward. Spain has enormous potential and all the parties involved must pull in the same direction. **We need to be more efficient and become more competitive as a country,** and the financial markets are a key element to achieve this.
- The Whitepaper, which I invite you to read carefully and at leisure, is the result of a **deep and exhaustive comparative analysis across all areas related to the markets** (environment, operations, regulation).
- The document provides a detailed set of **proposals of varying depth**, which are generally easy to implement and in many cases are already in force in other comparable European markets. **Without them, Spanish issuers will not be able to compete on an equal footing** in their sectors and in the capital markets in which they are financed to meet their growth plans.
- We are talking about **56 concrete measures, mainly of a legal and fiscal nature**, necessary to achieve a more competitive national capital market that more effectively supports the demanding challenges of convergence and transformation that the Spanish economy faces.
- Our proposals impact every link **along the entire market value chain**, from pre-incorporation, through trading and post-trade activities.
- The measures are detailed on page 32. They are basically aimed at promoting
 - **The incorporation of companies into the markets**
 - **The channeling of investment to companies**
 - **The national markets to avoid their delocalization.**
 - **The development of new regulated investment and financing ecosystems.**
- These proposals pay special attention to the generation of financing **for smaller companies**, which represent more than 95% of the Spanish productive fabric, and are in line with the spirit of the European Capital Market Union (CMU) initiative.
- The Whitepaper devotes the last pages to analyzing the **impact of the measures retrospectively** and includes a general outline of the agents involved in the capital

markets, as well as a complete glossary of terms. As I said, it is probably the most important study on the state of our capital markets.

- Spain is facing **challenges that put at risk the maintenance of the welfare state as we know it today**, and a high level of investment will be necessary to address them. The energy transition, the demographic challenge or the sustainability of pensions will be financed largely through the markets or they will not be possible. It is our duty to face this responsibly if we want to build a better world for new generations.
- For all these reasons, **I invite all of you**, as well as the institutions you represent, **to support these ideas for change** and to promote the necessary measures to make it possible.
- Thank you very much.
- I now give the floor to Rodrigo Buenaventura, Chairman of the CNMV.