Ibero-American Federation of Exchanges Assembly

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There are three key topics I would like to focus on in today's intervention: market integration; the decline in the number of IPOs in many countries in recent years; and, closely related to the latter, the reduction in liquidity in secondary markets. All of this is underpinned by the fundamental belief in the importance of public markets for regulators, and the need for these markets to regain their role and function as anchors for price formation in financial markets.

Regarding integration, the situation in Europe differs somewhat from that of Latin America. We have already undergone a process of consolidation among certain markets. While progress has been made, there is still a long way to go. This is not so much the case around corporate mergers, but more in the operational environment—namely, facilitating access to regulated markets for both investors and issuers. We do hold an advantage over Latin America in having a single currency, which makes progress in this regard easier, though progress does not come without challenges. It is therefore essential that we continue to move forward and exchange experiences.

Secondly, I would like to highlight the decline in the number of IPOs observed globally in recent years. Not only are fewer companies choosing to go public, but there is also a growing number of delistings, often due to the presence of a dominant shareholder.

This phenomenon is partly driven by overly burdensome regulatory, supervisory and procedural requirements. Both supervisors and market participants are aware of this situation, and work is underway to identify which requirements are necessary to foster sound practice and which ones impose disproportionate burdens on listed companies without delivering corresponding benefits. The CNMV is actively engaged in this process, in collaboration with other European supervisory authorities within the ESMA framework. BME has also been working to identify measures that would ease the transition for companies wishing to go public.

That said, we must not lose sight of the advantages that listed companies entail. These benefits are both internal and external in nature. Internally, listing imposes the adoption of best practices across all areas of a company's operations—not only in monitoring financial performance, but also in corporate governance and sustainability policies. This internal review of procedures enhances a company's resilience, efficiency, and ultimately, its profitability to shareholders.

Externally, listing improves a company's reputation and credibility in the eyes of clients, suppliers, funders, and employees. It serves as an additional motivational and trustworthy asset.

However, another factor—perhaps more significant and harder to address—contributes to the lack of enthusiasm for market access: the declining liquidity in stock markets. Trading volumes and the liquidity of securities have decreased in recent years, and this is one of the key reasons why companies may currently hesitate to pursue a listing.

The CNMV, together with other European regulators and several Latin American Supervisory authorities—with whom we cooperate under the scope of the Ibero-American Securities Market Institute—are working on two main fronts to address this issue:

- Firstly, we are tackling the progressive fragmentation of secondary market trading across multiple platforms. Many of these platforms do not provide the transparency or price formation capabilities that traditional stock exchanges offer, nor do they serve as an entry point for less specialised investors.

  In Europe, over the past 15 years, we have moved from a situation of effective monopoly by stock exchanges to a state of excessive fragmentation. This is not a matter of fragmentation between the French, Spanish or German markets, but rather within each of these markets, where the same securities are traded across multiple platforms. Many of these are outside the scrutiny of ordinary shareholders and offer more private, less transparent access. This shift from public to increasingly private markets is a cause for concern from a supervisory standpoint. It should encourage regulatory reforms aimed at addressing and managing this dispersion.

- Secondly, restoring liquidity in the markets also requires fostering investor interest in equity markets, particularly among retail investors. Europe is promoting initiatives to encourage retail investors to normalise allocating a share of their financial assets to equities, in order to enhance diversification and long-term returns. Sweden provides a good example of such initiatives, through the creation of individual investor accounts that incentivise investment in financial products, not only shares, but also bonds. These types of mechanisms help shift the composition of retail investor portfolios, which have traditionally been heavily skewed towards deposits, Treasury bills and real estate.

In conclusion, access to capital markets brings significant benefits for companies. At the same time, dynamic public markets—capable of transparent price formation and broad investor participation—are essential to a country's economic development.

We must continue working to ensure that public and private markets grow in tandem, and that the growth of private markets does not come at the expense of public ones.

Public markets guarantee transparency and equal access. At the CNMV, we remain firmly committed to promoting and improving the correct functioning of markets, in close collaboration with stock exchanges and with our fellow European and Latin American supervisory authorities.