



Presentation of the OECD's capital market review of Spain

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Good morning,

Thank you for attending this event. Today is an important occasion for us at CNMV because it marks the delivery of a project that was originated in 2023 as a strategic analysis of how to revamp Spanish capital markets. It is a project in which the management team of the CNMV, including myself and the Vice Chair (Montse Martínez), were involved very closely in its inception. Being this probably my last public event in which I will speak as chair of CNMV, it marks an even more special occasion to me.

I would like to start by thanking the team of the OECD for the fantastic job they have done in gathering data, input, feedback, and ideas relating to the strengths and weaknesses of the Spanish market and how to address them. I have known Carmine and Serdar for some time now and I was aware of their stature, but I have been impressed with the rest of the team.

I would also like to thank the European Commission, through DG Reform, for including and financing this project, the Spanish Government for grabbing the torch initiated by CNMV and supporting the project all the way through and the CNMV staff that has been involved

The report, needless to say, is the result of an independent and very professional assessment conducted by the OECD. It is not the report of CNMV, of the Spanish Government or the EU Commission or the Spanish industry. There will be recommendations that some of us will like or dislike more than others but that is precisely its merit: it has not been dictated by anyone but produced by a team of international experts in an honest and independent fashion. And, very importantly, it is a report with an enormous wealth of data. True evidence-based analysis.

In times of political polarization over almost any policy issue, this has tremendous value. Its conclusions can be defended on technical grounds and respond to the motto of OECD: "better policies for better lives". That's why I think it is such an important report and I hope it can guide the action of Spanish authorities and stakeholders in the coming years.

I will not go into the content of the diagnostic and the recommendations, which has been covered already by Carmine. But let me instead share with you some thoughts around the Spanish capital markets and how we see them from CNMV.

It might not be necessary in this forum to stress the importance of deep and liquid capital markets for the success of our economies. But in my interactions with the broader society I feel that it is important to stress it frequently in the “external world”. The world of politics, parliament, regulation, media and society in general. The depth, efficiency and vibrancy of capital markets is one of the key conditions for economic growth. Saving and investing, taking risks and obtaining rewards from those investments is absolutely essential to finance innovation and projects by companies and public administrations. And all this is even more important in a context of decarbonisation and digitalization.

This year Acemoglu, Johnson and Robinson received the Noble price on Economics. They established that institutional strength is the divisive line between societies that fail and those that flourish and prosper. From the perspective of an independent regulator, that is quite evident (I am not saying they did not deserve the price...) but I would add two ingredients to the recipe of a prosperous economy and society, beyond the robustness of its institutions: there is no rich country without a high education level and without a high capital intensity.

Well, precisely capital markets allow the financing of that capital, the financing of innovation, of decarbonization, of those many projects that banks cannot reach and governments cannot back. We need to ensure the right environment for the development of capital markets. They do not generate spontaneously and they need a proper regulatory framework. If we treat (or mistreat) capital markets as just matter of rich individuals or greedy investors, we would be digging the grave of our own economy, and the immense costs that come with that in terms of lower income, higher unemployment and lower resources.

That’s why we have tried in CNMV to combine our number one priority, which is the protection of investors, with any measures that, without risking that first mandate, could make markets more vibrant, more efficient or more aligned with the needs of our companies and our economy. Because, make no mistake, there is only one regulator mandated in Spain with the protection of investors since 1988 and that is CNMV. All the CNMV does is directly related to the protection of investors. And, of course, protecting investors is much, much more than handling investor complaints. The same as national security is much more than policing road traffic.

There are many interesting discussions today in financial regulation, in Spain, Europe and the world. Many are posed in binary terms: competitiveness of our economies versus protection of investors; development of market-based finance versus financial stability risks; single supervision versus national supervisors; better risk monitoring versus burden reduction for market participants, etc, etc.

We do not need to choose between those dilemmas. There’s no need to choose between absolutes. We can do better, by using better data, better analysis and our best imagination when facing complex choices. Financial stability can be preserved even when non-bank finance flourishes. Burden can be reduced in some areas even when we develop new tools to better monitor markets. And we can have more single supervision integrating national authorities and ESMA, without having to chose. My point is: good policy making is not binary. After having dedicated 20 years to policy making in financial markets, I would dare to say that it is an art of combining objectives, preserving the important and adapting to the changing circumstances.

Take the bond and equity primary market for instance. We have promoted several reforms from CNMV in the last years, dealing with lower fees, support for the listing act changes, reforms on the book entry procedures or verification of admission to trading of bonds. I would say that none of those reforms has weakened the actual protection of investors. That's the way to follow.

That's why I would like to announce today that CNMV will be considering new ways of first admissions to trading of shares in Spanish regulated markets. We have had, basically, the same IPO process since the nineties. But this is not anymore the market of the nineties. IPOs need some reinvigorating shot and issuers face too many risks and uncertainties when launching an IPO process. We will therefore explore alternatives that can be available along the traditional IPO process. In the coming months, together with BME, we will allow the approval of prospectuses and admission to listing by large companies in the Spanish regulated stock exchange without the need for a prior distribution of shares in the public.

That way, the issuer will be able to have the prospectus verified by CNMV, with the same stringency and oversight as a normal IPO, have the shares admitted in the regulated market, start compliance with all rules and regulations of listed companies and then address the distribution in the following weeks or months, adapting to market circumstances and demand. That could be done with a public offer or with an accelerated book building and this could be very agile to adapt to favorable windows. Of course, while the company does not have enough free float, it would be listed in a specific segment, not open to retail investors and would pass to the normal trading segment as soon as it reaches 10% of free float.

Nothing of this is enshrined or prohibited by law. Actually, it is a method as compliant with the current rules as the traditional one, and the proof is that the CNMV does not have to change a single rule to allow it. With this alternative method, we want to incorporate innovation to the process, and allow issuers, their advisors (and of course the investors) to determine which way works better for their interests.

Technology is disrupting (mostly in a positive way) almost everything we know. The CNMV has embarked in an ambitious digital transformation plan that will require heavy investment in the coming years and we are concluding the largest recruitment process we have ever launched. This is probably the biggest challenge we face as supervisor and we have laid the foundations to face it with confidence.

At CNMV, at our scale, we have tried to do all changes and reforms in the last few years with an almost religious respect for the law and being truly independent from government, industry or any other stakeholders. In other words, we have tried to do it while strengthening the robustness of the institutional framework, putting investors first and being open minded to innovation and progress.

Whether we succeeded or failed, it is for the public and market participants to assess. But I am optimistic with regards to the possibilities of further developing the financing of our economies. This report is an excellent example of how with good data and analysis, sufficient expertise, constructive partners, and some openness and imagination, everything is possible if we address these challenges together.

Thank you very much.