



## FUNDING AND INVESTMENT

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Good morning.

Thank you, Jesús, for your kind introduction and thank you to the event organisers. It's a real pleasure to participate in such a high-level event that focuses exclusively on small and medium capitalisation companies.

Looking at the numbers we can see that the number of companies listed in alternative markets has continued growing since its launch in 2008. There currently are close to 135 companies of BME Growth (76 Listed Investment Companies on the Property Market (SOCIMIS for its abbreviation in Spanish) and 59 growing companies) with capitalisation worth almost 21 billion euros. There is also relevant presence in leading sectors, such as that of renewable energies, technology and other services. It begs to wonder if it is all enough. Is it desirable for an economy such as the Spanish one? What is our assessment as a securities market supervisor?

### **The importance of the market's development**

I think we can be proud of the development and growth the Spanish alternative market has undergone, particularly considering the low numbers in stock market flotations, as it allows new companies to trade in a multilateral trading facility, with the attached benefits of public markets for shareholders and companies.

Nonetheless, we can and must strive to do better for various reasons.

A strong market made up of small and medium capitalisation companies is key to promote Spain's growth and progress. This broadens the financing channels for companies, promotes a more efficient allocation of resources and allows for a wider range of investment options.

This is particularly important in Spain, where the corporate fabric is mainly based on small and medium-sized companies, which implies larger dependence on bank financing. We know that this comes with a cost, which become more palpable in times like the one we live in, with interest rates increasing and limited credit supply. In fact, in recent months, the tightening of financing costs has been more pronounced in interest rates than in the cost of capital.

On the other hand, companies need capital to face current challenges, such as that of cybersecurity, technological innovation, or sustainability. This will be discussed in the next panel. All this requires vast amounts of investments in the coming years.

Thus, it is vital to continue committing to the development of said alternative markets, which are specifically designed for such type of companies.

This has been CNMV's position.

### **CNMV activities**

In fact, one of the five strategic lines of CNMV's action plan reads, "revitalising capital markets to support growth and the transition to a sustainable economy".

Nonetheless, such commitment is not new. Throughout the last few years, the CNMV has worked towards facilitating companies to access securities markets.

For example, deadlines for the processing of certain files and documentation to be submitted for CNMV procedures have been reduced; communications with the government have included the proposal to reduce CNMV supervision fees and moderate the associated costs; additionally, as included in regulations, the CNMV has promoted the reduction of charges and the easing of execution times for transactions in the primary market; ultimately, CNMV has always been behind measures aimed at facilitating procedures and aligning Spain's positions with that of its main neighbouring countries.

The CNMV has also been highly active in launching initiatives, such as holding conferences to promote markets (along with BME) or the creation of a consultation channel for companies and their shareholders regarding the requirements to go public.

Ultimately, there is a clear commitment to promote the development of securities markets, which we comply with by properly supervising its operation. In the case of alternative markets, such supervision is limited, as our tasks are less than those in regulated markets, for example.

In this case, the CNMV limits its activity to monitoring compliance with obligations related to market abuse (possible insider trading and manipulative practices), in order to ensure proper price formation, while avoiding the review of financial accounts.

In this regard, it is important to be clear with investors: alternative markets are, logically, less regulated and less supervised than stock exchanges, which implies additional risks. On the other hand, this means that they present lower costs for companies and offer an opportunity to invest in growing companies that can be very attractive as they become successful. Therefore, they each hold their own personality, opportunities and risks.

## European initiatives: the Listing Act

The market development I mentioned fits with the European initiative to promote capital markets, known as the Listing Act, which aims to streamline and push more European companies to go public. The project comes up right on time, addressing the main points being discussed.

In line with today's subject, the proposal made to increase the capitalisation threshold can be highlighted, under which the unbundling rules, that is the separation of analysis and implementation costs, would not apply, going from 1 billion euros to 10 billion euros. This could foster recommendations to invest in companies listed in BME Growth.

This is why I believe we are moving in the right direction.

There are still some issues that are worth going over.

For example, it might be convenient to review the mechanisms to go from a multilateral trading facility, such as BME growth, to be listed on the stock exchange. There currently is a requirement in place when capitalisation reaches one billion euros that may be too strict.

On the other hand, despite the existence of securities with certain liquidity, it is clear that alternative markets, by definition, lack the liquidity of the first market, taking into consideration the implications this may have in terms of price formation or ease of entry and exit for shareholders. Any measure aimed at facilitating liquidity, whether by promoting greater investor demand or by increasing information and analysis on companies, must be welcomed. It might make sense to prioritise institutional investment in said markets by designing vehicles that offer bi-weekly, monthly or quarterly liquidity, allowing the manager to take positions in less liquid securities.

## Final Reflections

I will conclude by saying that the alternative market is a key element to promote financial and social progress. It allows companies to grow, expand and be professionalised. It is an accelerator track, a platform which companies can use as a steppingstone towards the stock exchanges, and benefit from its advantages, such as companies like MasMovil, Greenergy or Atrys have done.

The Spanish market is solid, one of the most important in Europe, with leading and important companies in their respective sectors with a positive outlook, considering, as I mentioned in the beginning, the large amount of SMEs in Spain. We have witnessed this happening in other countries, such as Britain or other Nordic countries, which is why we must take advantage of all the possible room for improvement and always keep an open mind to introduce elements that can further boost its development.