Cross-Border Listings Guide - Spanish Stock Exchange

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# Quick Summary

## Initial financial listing requirements

[Last updated: 1 January 2024, unless otherwise noted]

Companies seeking a listing on the Spanish Stock Exchange must meet mainly the following requirements:

The expected aggregate market value of all shares to be listed must be at least €6 million (approx. US$6.63 million).

At least 25% of the shares to be listed must be distributed among the public (free float).

However, the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores* or CNMV) may waive the market capitalization and free float requirements if it considers there is already enough liquidity in the market for the securities.

## Other initial listing requirements

[Last updated: 1 January 2024, unless otherwise noted]

Due filing and registration of a prospectus with the CNMV (which can be in English if there is no retail public offering).

Shares freely transferable and represented in book-entry form.

Settlement through IBERCLEAR, the Spanish central security depository.

Listing including all securities of the same class.

Documents must be duly legalized in the country of origin and be translated by a sworn translator (if applicable).

*Accounting standards*. The financial information must be prepared in accordance with IFRS or, if not applicable to a member State, with national accounting standards for issuers from the Community. For an issuer incorporated outside the EEA, the accounts should be prepared under IFRS or under GAAP that have been internationally accepted (US and Japanese GAAP have been deemed equivalent to IFRS by the European Commission).

*Financial statements*. The issuer of securities must provide to the CNMV individual and consolidated (if applicable) financial statements. The financial statements must include historical financial information for the last three financial years. Additionally, the financial statements must have been audited in accordance with the law which may be applicable to the issuer. Any quarterly (voluntary) or half-yearly (mandatory) financial information that the company has published since the date of the last audited financial statements must also be provided, together with any audit or review report. Also, if there has been a significant change in the company's position (such as a significant acquisition or merger), pro-forma financial information must be provided reflecting how the transaction would have affected its assets, liabilities and earnings if it had occurred at the beginning of the period covered by the report.

## Listing process

[Last updated: 1 January 2024, unless otherwise noted]

Listing involves the CNMV reviewing and approving the prospectus for the relevant offering and listing of the shares in its capacity as the Spanish Securities Authority. Once the prospectus is approved, the Spanish Stock Exchange rules on the admission to trading of the shares. The following is a fairly typical process and timetable for a listing of a foreign issuer on the Spanish Stock Exchange.

[Link to Timetable](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2020-update-8th-edition/spanishlisting-process.pdf)

## Corporate governance and reporting

[Last updated: 1 January 2024, unless otherwise noted]

A listed company in Spain must comply with the Corporate Governance Code or explain why it has not done so. This consists of principles of good governance, dealing with the following areas:

By-laws and General Shareholders' Meeting.

Board of Directors.

Members of the Board of Directors.

Committees.

Additionally, listed companies must issue on a yearly basis a corporate governance report which must be submitted to the CNMV.

## Fees

[Last updated: 1 January 2024, unless otherwise noted]

A company seeking to be listed must pay a fixed fee of €1,500 (approx. US$1,658) in relation to the study, exam and filing of the listing application. Additionally, with regards to admission rights, national securities (such as those issued by Spanish companies) must generally pay 0.11 per thousand over the capitalization value of the shares to be admitted to trading calculated as of the first market value they obtain, with a minimum of €6,000 (approx. US$6,630) or 0.5% of the capitalization value of the shares to be admitted to trading, whatever is the lower, and a maximum of €500,000 (approximately US$552,500). In addition, the CNMV charges (i) between €4,000 (approx. US$4,420) (or €25,000 for first-time issuers (approx. US$27,625)) and €70,000 (approx. US$77,350) in relation to admission to listing of domestic shares to a Spanish regulated market, and (ii) between €600 (approx. US$663) (or €4,000 for first-time issuers (approx. US$4,420)) and €11,000 (approx. US$12,155) in relation to admission to listing of foreign-issued shares to a Spanish regulated market.

In general terms, the annual amount of fees will be 0.05 per thousand over the capitalization value of the shares admitted to trading at closing of the last session of the previous fiscal year.

# Overview of exchange

## Overview of exchange

[Last updated: 1 January 2024, unless otherwise noted]

There are four stock exchanges (*Bolsas de Valores*) in Spain, namely the *Bolsas de Valores* of Madrid, Barcelona, Bilbao and Valencia. Since 1989 the *Bolsas de Valores* have established a common electronic continuous trading system known as *Sistema de Interconexión Bursátil* (*Mercado Continuo* or SIB) and constitute a single secondary market. In this summary, we are discussing the SIB when referring to the "Spanish Stock Exchange".

Since 2002, all Spanish regulated markets are integrated within an organizational system run by *Bolsas y Mercados Españoles* (BME), a company that operates the Spanish Stock Exchange. Further to an all-cash tender offer completed in 2020, BME is owned by Six Group AG, the operator of the Swiss stock exchange.

The Spanish Stock Exchange is currently the sole regulated market in Spain for equity securities and is intended for relatively large, domestic and foreign, companies from all industries and economic sectors. The Spanish Stock Exchange is divided into three segments by type of securities traded: equities and subscription rights, warrants, and exchange traded funds (ETFs). As of November 2023, there were 120 companies listed on the Spanish Stock Exchange.

In addition to the Spanish Stock Exchange, three multilateral trading facilities also operate in Spain for equity securities: the LATIBEX, BME MTF Equity and Portfolio Exchange. LATIBEX (*Mercado de Valores Latinoamericanos*) was created in 1999 as an international market for Latin American companies with a market capitalization of more than €300 million (approximately US$331.50 million). LATIBEX is a vehicle for directing European investment to Latin America, as it allows European investors to access Latin American companies in the forefront through one individual market, one trading and settlement system, with recognized transparency and security standards, and which operates with one single currency, the Euro. As of November 2023, there were 18 companies listed in LATIBEX from some of the main Latin American countries.

BME MTF Equity, formerly Mercado Alternativo Bursátil (MAB), is a multilateral trading facility established in 2006 to grant SMEs access to capital markets with a less burdensome framework. BME MTF Equity is divided into four segments, which are addressed to different type of companies: (i) growth companies, including real estate investment trusts (REITs) (previously listed on a separate segment); (ii) early-stage companies; (iii) collective investment institutions; and (iv) venture capital firms. As of November 2023, there were 138 growth companies listed on the growth companies segment (named BME Growth), of which 75 were REITs. The early-stage companies' segment (named BME Scaleup) was launched on 6 July 2023 and is aimed at scale-up companies and has no minimum capitalization or free-float requirements.

The Portfolio Exchange was authorized as a multilateral trading facility by the Spanish authorities in June 2022, and it currently hosts five listed companies (all of which are REITs). Like BME Scaleup, the Portfolio Exchange does not require a minimum capitalization or free-float. Moreover, companies listing on the Portfolio Exchange are not required to appoint a listing sponsor nor an agent.

The relevant regulatory authority for a listing on the Spanish Stock Exchange is the Spanish Securities Markets Commission (CNMV).

Unless stated otherwise, this summary focuses on the regulatory framework and process of IPOs on the Spanish Stock Exchange only.

# Principal listing and maintenance requirements and procedures

## Principal listing and maintenance requirements and procedures

[Last updated: 1 January 2024, unless otherwise noted]

As a general rule, any company that meets the requirements described in this summary and carries out a legal business activity is eligible for listing on the Spanish Stock Exchange, regardless of the industry to which it belongs or its country of incorporation. There are no differences in terms of requirements between foreign and domestic companies, or between primary and secondary listings.

Regarding issuer eligibility requirements, the issuer must be a public limited company (*sociedad anónima*), or an equivalent legal form for foreign issuers, validly incorporated and existing in accordance with the laws of the country in which it is domiciled. Further, the issuer's shares to be admitted to trading must grant the same rights to all holders.

The expected aggregate market value of all shares to be listed must be at least €6 million (approximately US$6.63 million) and at least 25% of the shares to be listed must be distributed among the public (free float), or a lower percentage if the market can operate suitably with such lower percentage due to the high number of shares of the same class and their degree of distribution among the public.

Besides the above free-float minimum threshold, there is no requirement for listed companies to have or to maintain a minimum number of shareholders. There is also no requirement to maintain a minimum trading price for the securities or for shares to be placed into escrow (or otherwise be restrained from being traded, such as through "lock-in" or "lock-up" arrangements) in connection with the listing. However, upon initial listing, underwriters typically require directors and major selling shareholders to agree to a "lock-up" arrangement. There are no restrictions on the currency denomination of securities.

As a general rule, and subject to certain exceptions, a company applying for listing must file with the CNMV its individual audited accounts (and, if applicable, its consolidated ones) covering at least the three fiscal years prior to listing.

Spanish companies applying for listing must comply with the specific corporate regulations applicable to listed companies (*sociedades cotizadas*) under the Spanish Companies Act (*Ley de Sociedades de Capital*), which sets forth specific provisions regarding shares, shareholders' rights and transparency, including the obligation of disclosure of all shareholders' agreements that affect voting rights or that establish restrictions on the transferability of the shares. Also, Spanish entities to be listed on the Spanish Stock Exchange must either comply with the recommendations contained in the Spanish Good Governance Code approved by the Board of the CNMV on 18 February 2015 and amended on 26 June 2020, (*Código de Buen Gobierno*,or *Good Governance Code*), or explain the reasons for non-compliance. Corporate governance rules under the Spanish Companies Act (*Ley de Sociedades de Capital*) require companies, among other things, to have an audit committee and to publish annual corporate governance reports and directors' remuneration reports. Spanish law does not provide a specific legal regime for foreign companies listed in Spain and in the case of a primary listing in Spain, the laws of the issuer's country of origin will need to be considered, as described below.

A company going public on the Spanish Stock Exchange may appoint a financial institution to take care of coordinating the design of the financial and commercial conditions of the IPO, and to liaise with the supervisory authorities, market operators, potential investors and remaining placement and underwriting entities.

There is no requirement for an applicant company to conduct interviews with the CNMV. However, it is a common practice to hold meetings and interviews with the CNMV as part of the listing process, particularly with respect to application proceedings and approval of the prospectus.

Securities to be admitted to trading will necessarily be represented by book entries (*anotaciones en cuenta*) and settled within IBERCLEAR, which is the Spanish central securities depository. For secondary listings of foreign companies, securities will also be represented by book entries registered with IBERCLEAR, by means of either a "link entity" (*entidad de enlace*), which blocks the securities in its origin and is responsible for the relevant trading in Spain, or a direct account held in Clearstream.

Further listing requirements are as follows:

The securities to be listed must be freely transferable and shall not grant different rights to shareholders under equal circumstances.

An application for listing must include all securities of the same class. In case there are securities of the same class already listed, the application must encompass all securities of such class, both issued or to be issued.

A prospectus and audited financial statements may be required as discussed below.

# Listing documentation and process

## Listing documentation and process

[Last updated: 1 January 2024, unless otherwise noted]

The following requirements must be satisfied for the admission to trading of securities on the Spanish Stock Exchange:

Registration with the CNMV of the documents that evidence that the issuer and the securities are subject to the legal regime applicable to them.

Registration with the CNMV of the financial statements of the issuer prepared and audited in accordance with the legislation applicable to the issuer.

Approval and registration with the CNMV of a prospectus, as well as its further publication.

On 16 May 2017, the European Council adopted new rules on prospectuses for the offering and listing of securities (the Prospectus Regulation) which replaced the former prospectus rules under Directive 2003/71/EC. The new rules are aimed at lowering the regulatory hurdles that companies face when issuing equity and debt securities and intend to simplify administrative obligations related to the publication of prospectuses while ensuring that investors are well informed.

The Prospectus Regulation is supported by secondary legislation such as Commission Delegated Regulation (EU) 2019/980 that provides the format and content of the different sorts of prospectuses and repeals former Commission Regulation (EC) No 809/2004.

A prospectus may be drawn up as a single document or as separate documents. Prospectuses composed of separate documents must be divided into three different documents: a share registration document disclosing material information about the issuer such as its business, industry, financial situation, management and shareholders; a securities note describing the offered securities and the placement procedure; and a summary of both documents.

The prospectus to be approved by the CNMV for the admission to trading on the Spanish Stock Exchange only must be in Spanish, in a language which is commonly used in the framework of international financing (such as English), or in another language expressly accepted by the CNMV.

The CNMV normally accepts a prospectus drafted only in English if there is no retail public offering and provided the summary is translated into Spanish. In recent years, in IPOs addressed to qualified investors only it has become customary to prepare a single offering document in English, compliant with the Prospectus Regulation and drafted in international format.

A prospectus approved by the CNMV will be valid for an offering to the public and admission to trading on any of the regulated markets of other member states of the European Union, provided that the CNMV notifies the competent authority of the relevant member state, and provides a certificate of approval of the prospectus, a copy of the prospectus and, if applicable, a translation of the summary (in such cases where the applicable law of the relevant host member state so requires). Also, a prospectus approved by the competent authority of the home member State will be valid for the public offering in Spain and admission to trading on the Spanish Stock Exchange, provided that the relevant competent authority submits the required documentation to the CNMV (such as a certificate of approval of the prospectus and a copy of the prospectus).

In the event of an issuer that has its corporate address outside the European Union, the CNMV may approve a prospectus drafted in accordance with the laws of such non-EU country and admit the relevant securities to trading on the Spanish Stock Exchange or on another regulated market of the European Union, provided Spain has the condition of home member State and certain conditions are met.

The following persons are liable for the content of the prospectus and, if applicable, its supplements: (i) the issuer, the offeror, or the person that requests the admission to trading of the securities to which the prospectus refers; (ii) the directors of the aforesaid entities; (iii) the persons that accept to assume liability for the prospectus, to the extent expressly stated, when such circumstance is mentioned in the prospectus itself; or (iv) any other person that authorizes, either totally or partially, the content of the prospectus when such circumstance is mentioned in the prospectus itself. A lead manager may also be liable in the case of an offering to retail investors if it does not carry out the necessary actions to verify that the information included in the prospectus regarding the securities, or the transaction is not false and that no essential information is omitted.

The prospectus must also include audited historical financial information for the three previous fiscal years together with the relevant audit reports. The financial information must be prepared in accordance with IFRS or, if not applicable to a member State, with national accounting standards for issuers from the EEA. For an issuer incorporated outside the EEA, the accounts should be prepared under IFRS or under GAAP that have been internationally accepted (US, Canadian, Chinese, South Korean and Japanese GAAP have been deemed equivalent to IFRS by the European Commission). Any quarterly or half-yearly financial information that the company has published since the date of the last audited financial statements must also be included together with any audit or review report. If there has been a significant change in the company's position (such as a significant acquisition or merger), pro-forma financial information reflecting how the transaction would have affected its assets, liabilities and earnings if it had occurred at the beginning of the period covered by the report must also be included. The prospectus must also replicate the audit reports for each relevant period including any refusals, qualifications or disclaimers and the reasons for the same. If any financial data included in the prospectus is not extracted from the company's audited financial information, its source must be disclosed. Any significant post-balance sheet change in the financial or trading position of the group must also be described.

The prospectus must be approved and registered with the CNMV. The CNMV usually reviews a number of interim drafts and provides detailed comments until the document satisfies, as judged at the CNMV's discretion, all regulatory requirements. This process generally takes approximately between two and three months.

The prospectus may not be published until expressly approved by the CNMV. Once approved, the prospectus is filed with the CNMV's registry and publicly disclosed, such disclosure to take place as soon as feasible and, in any event, reasonably prior to the securities' admission to trading or, at most, at that same moment.

Additionally, the Spanish Stock Exchange requires the following documentation for the admission to trading of shares:

Letter requesting the admission to trading.

Mandate letter addressed to the representative chosen by the issuer or, as the case may be, to the management company of the Spanish Stock Exchange to carry out the formalities of the admission to trading.

Certificate of the corporate resolutions of the issuer (this is not required if the relevant information is detailed in the prospectus).

Information about the distribution of the shares to be admitted to trading.

Copy of the prospectus approved by the CNMV.

*Typical process and timetable for the listing of a company in the Spanish Stock Exchange*

[Link to Timetable](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2020-update-8th-edition/spanishlisting-doc-and-proc.pdf)

# Continuing obligations/periodic reporting

## Continuing obligations/periodic reporting

[Last updated: 1 January 2024, unless otherwise noted]

*Significant holdings and own shares*

A shareholder who acquires or transfers shares with voting rights in a company listed on the Spanish Stock Exchange, or on another regulated market of the European Union provided that Spain has the condition of home member State, must notify the company and the CNMV the proportion of voting rights held by the shareholder when such proportion reaches, exceeds or is reduced below the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%, 45%, 50%, 60%, 70%, 75%, 80% or 90% with regards to the share capital of the relevant listed company.

The voting rights will be calculated over the total amount of shares with voting rights, even if the exercise of the voting rights is suspended. Consequently, treasury self-owned shares will also be taken into consideration to this effect.

The percentages described above will be replaced by 1% or successive multiples if the subject required to make the notification has his residence in a tax haven or in a country or territory with no taxation or with which there is no effective exchange of tax information in accordance with applicable law.

The obligation of communication also applies to any person who possesses, acquires or transfers, directly or indirectly, other financial instruments that (i) give the right to acquire, at its sole discretion, shares already issued that attribute voting rights of an issuer; or (ii) are referenced to shares of the issuer and have a similar economic effect, when the proportion of voting rights reaches, exceeds or is reduced below the referred percentages, either by itself or on an aggregated basis with the voting rights attributed by the shares.

In case of a takeover bid, the shareholders of the target company who acquire shares attributing voting rights must notify the CNMV of the acquisition if the proportion of voting rights held reaches or exceeds 1%. Also, the shareholders who already had 3% of the voting rights must provide notice of any transaction which implies a subsequent change in such percentage.

Directors and top executives of an issuer, as well as their persons closely associated, must provide notice of any transaction carried out over shares of the issuer admitted to trading in a regulated market, regardless of the percentage they represent in the issuer's share capital, or over derivatives or financial instruments linked to such shares.

The obligation of communication of significant holdings also applies to any natural or legal person that, irrespective of the ownership of the shares, acquires, transfers or has the possibility of exercising the voting rights attributed by those shares, provided that the proportion of voting rights reaches, exceeds or is reduced below the thresholds referred to above, and is a consequence of any or some of the following actions: (i) the entering into shareholder agreements concerning the concerted exercise of voting rights and which set forth the adoption of a long-lasting common policy regarding the management of the company, or which have the purpose of significantly influencing the same; (ii) the entering into agreements which foresee the temporary transfer, on an onerous basis, of the referred voting rights; (iii) the deposit of shares as a guarantee, if the voting rights are controlled by the person mentioned above and the intention of exercising the same is expressly declared; and (iv) agreements whereby an usufruct over the listed shares is granted.

The obligation of communication of significant holdings also applies to any natural or legal person that possesses the voting rights attributed to the shares acquired or transferred through a nominee (*persona interpuesta*). In the event of group companies, it will suffice to carry out a single notification by the dominant entity of the group for all the entities that would otherwise be subject to reporting obligations.

The notification to the issuer and to the CNMV must be made no later than four market business days (three in case of directors and officers of the issuer), as of the following day on which the person knew or should have known about the acquisition or transfer of the shares or the possibility of exercising the relevant voting rights.

The issuer of shares admitted to trading on the Spanish Stock Exchange, or on another regulated market with domicile in the European Union for which Spain is the home member State, must notify the CNMV the proportion of voting rights that remains in its power when it acquires self-owned shares (treasury shares) that attribute voting rights and such acquisition reaches or exceeds 1% of the issuer's voting rights. The CNMV will incorporate this information into the registry of regulated information provided for by the Spanish Securities Markets and Investment Services Act.

*Periodic public information*

Pursuant to Directive 2004/109/EC (the so-called Transparency Directive), the Spanish Securities Markets and Investment Services Act and Spanish Royal Decree 1362/2007, on Transparency Requirements, a listed company must issue an annual financial report within four months after the closing of the relevant fiscal year. This report will include the company's annual accounts and its management report, both audited, together with the relevant directors' responsibility statements, in which the latter will declare that, to the best of their knowledge, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and its consolidated undertakings, taken as a whole, and that the management report includes a fair review of the development and performance of the business and the position of the company and its consolidated undertakings, taken as a whole, together with a description of the principal risks and uncertainties they face.

If the issuer is required to prepare consolidated annual accounts, the accounts must be prepared in accordance with IFRS as adopted by the European Commission.

The company must also publish a half-yearly financial report covering the first six months of the relevant fiscal year. The report must be published no later than three months after the end of the period to which it relates and must remain publicly available for at least ten years. Additionally, and unless the annual accounts have been made public within a two-month period as of the closing of the exercise, the company must issue another half-yearly financial report in respect to the second half of the fiscal year. Each of the half-yearly financial reports must be published within three months from the end of the respective half of the year. The half-yearly financial report must include the summarized annual accounts, the interim company management report and the directors' responsibility statements thereto.

If the half-yearly financial report has been voluntarily audited, the audit report must be published in its entirety. Otherwise, the half-yearly financial report must contain a declaration by the issuer stating that the half-yearly financial report has not been audited nor reviewed by the auditors.

If the audit report issued in respect of the individual annual accounts of the entity (or, if applicable, of its consolidated group) contains an opinion with qualifications or if the opinion of the auditor was adverse, or if it denies the opinion, the issuer must demand from its auditors a special report, which will be annexed to the subsequent half-yearly financial report, and which must contain, at least, the following information:

In the event that the reasons that have caused the opinion to be with qualifications, including the denial of opinion and the adverse opinion, have disappeared, this circumstance must be indicated, as well as the incidence that the introduced corrections may have had on the information of the half-year subject of the report.

If the reasons that have caused the opinion to be with qualifications, including the denial of opinion and the adverse opinion, persist, this circumstance must be indicated, as well as the effects that may have derived if such qualifications would have been incorporated on the results and, if applicable, on the own funds that appear in the information of the half-year subject of the report.

The interim management report, which is part of the half-yearly report, must include an indication of the important facts that have taken place in the corresponding period and its incidence in the summarized annual accounts. Also, the interim management report corresponding to the first half-year must contain a description of the main risks and uncertainties for the remaining half-year of the same fiscal year. Further, an issuer must include in the interim management report the most relevant transactions among related parties.

Interim statements regarding the first and third quarter of the financial year are no longer mandatory in Spain, although the vast majority of listed companies still publish them on a voluntary basis.

The issuer must publish its regulated information on its website and must disclose the regulated information by means that guarantee the free, non-discriminatory and general access within the European Union to the information. Spanish regulation applies to the content, publication and disclosure of regulated information concerning issuers of securities admitted to trading on the Spanish Stock Exchange or on another regulated market with domicile in the European Union if Spain has the condition of home member State. In the event that Spain has the condition of home member State and the issuer has its corporate domicile in a State that is not a member of the European Union, the CNMV may exempt the issuer from the fulfillment of the obligations concerning periodic public information, provided that the legislation of the country where such issuer has its corporate address has requirements equivalent to Spanish regulation or provided that the issuer complies with the obligations imposed by the legislation of a third country that the CNMV considers equivalent to the Spanish one.

*Market abuse: disclosure of inside information and applicable prohibitions*

On 3 July 2016, Regulation 596/2014 of the European Parliament and of the Council on market abuse (MAR) came into force in Spain. In accordance with its provisions, the following obligations and prohibitions need to be considered:

*Disclosure of inside information*. Once listed, the company will be subject to an ongoing requirement of disclosure of information to the public. In this sense, the company will be required to inform the public as soon as possible of inside information that directly concerns the company. For these purposes, "inside information" is deemed to be information of a precise nature, which has not been made public, relating, directly or indirectly, to the company or its shares and which, if it were made public, would be likely to have a significant effect on the prices of the shares.

The issuer shall ensure that the inside information is made public in a manner which enables fast access and complete, correct and timely assessment of the information by the public. Additionally, the issuer shall post and maintain on its website for a period of at least five years, all inside information it is required to disclose publicly.

An issuer may, at its own risk, delay disclosure to the public of inside information, provided that all the following conditions are met:

Immediate disclosure is likely to prejudice the legitimate interests of the issuer (e.g. ongoing negotiations related a major deal).

Delay of disclosure is not likely to mislead the public.

The issuer is able to ensure the confidentiality of that information.

Where disclosure of inside information has been delayed and the confidentiality of that inside information is no longer ensured, the issuer must disclose that inside information to the public as soon as possible.

*Insider dealing*. Pursuant to MAR, any person in possession of inside information must refrain from carrying out, for its own benefit or on behalf of a third party, directly or indirectly, any of the following actions:

Carry out or attempt to carry out any kind of transaction in respect of the financial instruments to which the inside information refers. The use of inside information by cancelling or amending an order concerning a financial instrument to which the information relates, where the order was placed before the person concerned possessed the inside information is also considered insider dealing.

Recommend to a third party that he or she acquires or transfers financial instruments to which the inside information relates or induce that person to make such acquisition or disposal. The recommendation, based on inside information, that another person cancel or amend an order concerning a financial instrument to which the information relates is also considered insider dealing.

Communicate inside information to third parties, except in the ordinary course of his or her work, profession or position.

These prohibitions apply to any person in possession of inside information that knows, or should have known, that the information had such character.

The Spanish Criminal Code provides that any person who uses any information relevant for the quotation of any kind of securities or traded instruments to which such person has had reserved access with the occasion of the exercise of his professional or business activity, and that (i) results in an economic benefit or causes a damage of at least €500,000 (approximately US$552,500); (ii) uses financial instruments equivalent to an amount of at least €2,000,000 (approximately US$2.21 million); or (iii) causes a serious impact on the integrity of the market, is committing a criminal offence.

*Market manipulation*. According to MAR, any person or entity acting in or related to the securities' market must refrain from engaging or attempting to engage in market manipulation. MAR provides for a non-exhaustive list of actions that will be deemed market manipulation practices. These include, among others, the following:

Entering into a transaction, placing an order to trade or any other behavior which (i) gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument; or (ii) secures, or is likely to secure, the price of one or several financial instruments at an abnormal or artificial level, unless it can be shown that such transactions or orders have been carried out for legitimate reasons and in accordance with an accepted market practice (such as liquidity agreements).

Entering into a transaction, placing an order to trade or any other activity which affects or is likely to affect the price of one or several financial instruments, which employs a fictitious device or any other form of deception or contrivance.

Disseminating information through the media, including the internet, or by any other means, which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of a financial instrument or secures, or is likely to secure, the price of one or several financial instruments at an abnormal or artificial level, including the dissemination of rumors, where the person who made the dissemination knew, or ought to have known, that the information was false or misleading. In respect of journalists, when they act in their professional capacity, such dissemination of information is to be assessed taking into account the rules governing their profession, unless those persons gain, directly or indirectly, an advantage or profit from the dissemination of the information in question.

However, certain "safe harbors" for market abuse exist, including: (i) certain operations carried out by or in the name of specific public entities; (ii) transactions over self-owned shares (treasury shares) in the framework of repurchase programs carried out by issuers, or stabilization programs of transferable securities or financial instruments, provided that such operations are carried out in accordance with developing regulation; (iii) transactions carried out for legitimate reasons in accordance with an accepted market practice; and (iv) in general, transactions or orders carried out in accordance with any given applicable law.

The CNMV has approved liquidity agreements as an accepted market practice in Spain with the purpose of enhancing liquidity and the regular trading of shares of companies whose shares are listed on Spanish regulated markets and multilateral trading facilities.

MAR also provides a new "market soundings" safe harbor to the offence of unlawfully disclosing inside information. Market soundings (also known as "pre-marketing") comprise the communication of information, before the announcement of a transaction, to one or more potential investors in order to evaluate their interest in a possible transaction. The market sounding safe harbor applies provided certain disclosure and record-keeping conditions are met.

# Corporate governance

## Corporate governance

[Last updated: 1 January 2024, unless otherwise noted]

Corporate governance regulation in Spain is contained in two sets of rules. There are certain compulsory corporate governance rules primarily set forth under the Spanish Companies Act (*Ley de Sociedades de Capital*). There are also certain voluntary rules set forth under the Good Governance Code of listed Companies of 2015 (as amended in June 2020), which are subject to the "comply or explain" principle.

The core of the Spanish compulsory corporate governance rules are in line with European Union standards and Directives, and incorporate certain corporate governance provisions, including information and transparency duties (such as the obligation to publish an annual corporate governance report and an annual directors' remuneration report), certain directors' duties (namely in regard to conflicts of interest), provisions regarding directors' remuneration, the obligation to approve an internal regulation of the general shareholders' meetings and the board of directors or the requirement to have an audit committee and a nomination and remuneration committee, regulations concerning general shareholders' meetings (including certain rules for calling shareholders' meetings and for participating and voting in the meetings) and the exercise of shareholders' rights (such as information rights prior to the general shareholders' meeting or the recognition of the principle of equal treatment of shareholders).

The Spanish Companies Act (Ley de Sociedades de Capital) only applies to Spanish companies. Therefore, the corporate governance regulations set out therein (mainly the regulation relating to directors' duties, to the obligation to approve an internal regulation of the general shareholders' meetings and the board of directors, to the exclusion of pre-emption rights and to the exercise of shareholders' rights) are generally not compulsory for non-Spanish companies listed in Spain. Spanish law does not provide a specific legal regime for foreign companies listed in Spain and in the case of a primary listing in Spain the laws of the issuer's country of origin will need to be considered. It is common practice that non-Spanish companies listed in Spain voluntarily comply with these regulations by incorporating them to their internal regulations and by-laws.

The voluntary corporate governance rules set forth in the Good Governance Code contain recommendations relating to a wide range of corporate related matters, such as the size and functional structure of the board of directors or the recommended proportion of independent and proprietary directors. The companies required to issue an annual corporate governance report are also required to include in the report an explanation of the degree of compliance (or lack of compliance) with the recommendations included in the Good Governance Code. Therefore, Spanish legislation leaves it up to the companies to decide whether or not to follow corporate governance recommendations, but requires them to give a reasoned explanation for any deviation, so that shareholders, investors and the market can reach an informed judgment of their corporate governance practices.

# Specific situations

## Specific situations

[Last updated: 1 January 2024, unless otherwise noted]

There are no additional requirements, nor any changes in the ordinary requirements, that apply to very large multinational companies or smaller companies. There are no situations in which a "fast track" or expedited listing can be procured.

# Presence in the jurisdiction

## Presence in the jurisdiction

[Last updated: 1 January 2024, unless otherwise noted]

There are no requirements for a listed foreign company to maintain a presence in Spain (that is, no requirement for an agent for service of process, resident directors or corporate offices).

There is no requirement for any corporate records (such as a register of holders) to be kept in Spain, except that a foreign company admitted to trading on the Spanish Stock Exchange must have its shares registered with IBERCLEAR, by means of either a "link entity" (*entidad de enlace*), which blocks the securities in its origin and is responsible for the relevant trading in Spain, or a direct account held in Clearstream.

# Fees

## Fees

[Last updated: 1 January 2024, unless otherwise noted]

*Initial listing*

The Spanish Stock Exchange currently charges the following fees on domestic securities (those issued by a Spanish listed company):

In relation to the study, exam and filing of proceedings, a fixed fee of €1,500 (approximately US$1,658).

In relation to admission to listing rights of national securities (shares issued by Spanish companies), 0.11 per thousand over the capitalization value of the shares to be admitted to trading, calculated as of the first market value they obtain, with a minimum of €6,000 (approximately US$6,630) or 0.5% of the capitalization value of the shares to be admitted to trading, whatever is the lower, and a maximum of €500,000 (approximately US$552,500).

Additionally, the CNMV charges the following fees for the registration of the prospectus and the verification of the necessary requirements for the listing of the shares:

In relation to admission to listing of Spanish shares in a Spanish regulated market (such as those issued by Spanish companies), 0.01% over the value of the public offering, with a floor and a cap of €4,000 (approximately US$4,420) and €70,000 (approximately US$77,350), respecti In case of shares of a company admitted to trading for the first time, the floor is €25,000 (approximately US$27,625).

In relation to admission to listing of shares issued in another EU member state under a prospectus approved by the relevant regulator of such EU member state, 0.002% over the value of the public offering, with a floor and a cap of €600 (approximately US$663) and €11,000 (approximately US$12,155), respectively. In case of shares of a company admitted to trading for the first time, the floor amounts to €4,000 (approximately US$4,420).

*Ongoing fees*

In general terms, the annual amount of fees will be 0.05 per thousand over the capitalization value of the shares admitted to trading at closing of the last session of the previous fiscal year.

# Additional Information

## Additional Information

[Last updated: 1 January 2024, unless otherwise noted]

Additional information on the Spanish Stock Exchange and the other markets managed by BME is available on <https://www.bolsasymercados.es>.

# Contacts

## Contacts within Baker McKenzie

Please find below the most appropriate contacts within Baker McKenzie for inquiries about prospective listings on the Spanish Stock Exchange.

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