History of The Stock Exchange
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**CENTURY FOURTEENTH**

This is the century in Spanish history that saw the construction of the Lonjas or commodity exchanges, which were meeting places where markets for grain, wool and silk were set up, a very common practice in the Mediterranean culture.

Some of the buildings housing these markets have survived, such as those in Palma de Majorca, Zaragoza, Valencia and Barcelona. Historically, these Lonjas are considered to be the institutions that most closely resemble the Spanish stock exchange, both in their essence and in their operations, although the stock exchange, strictly speaking, was born in Bruges and Amsterdam.

The first "Juros Reales" also appeared in the same century. These are considered to be the first securities. The "Juros" were government bonds issued in guarantee of a debt or loan, and were usually requested by the King.

**CENTURY SEVENTEENTH**

In 1688, the first book describing stock transactions is published, entitled "Confusión de Confusiones" [Confusion of Confusions], written by the Spaniard José de la Vega in Amsterdam.

According to the author, the book is about "Curious dialogues between a shrewd philosopher, a cautious merchant and an erudite investor, describing the business of dealing in stocks, its origin, etymology, its reality, its game and its intricacy."

**CENTURY NINETEENTH**

Spain's first stock exchange was established in 1809. Joseph Bonaparte I created it in Madrid, in the building of the San Felipe El Real Convent and Church in the Puerta del Sol. In spite of this, a stock exchange was not to be set up at that time.

The stock exchange in Spain begins on 10 September 1831 with the publication of the Law Founding the Madrid Stock Exchange drafted by Pedro Sáinz de Andino.

The King Fernando VII founded the Madrid Stock Exchange in 1831. Its first trading session took place on 20 October.

The first companies to be listed were banks, railways and steel companies.
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<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>1915</td>
<td>The Bolsa Oficial de Comercio de Barcelona is founded.</td>
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<td>1953</td>
<td>In 1953, Spain began to open up its economy, producing high growth rates that benefit the stock exchange.</td>
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<td>1959</td>
<td>The Stabilisation Plan of 1959 causes a considerable rise of the stock exchange that will last until 1970. The boom in tourism also provided a new economic stimulus.</td>
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<td>1973</td>
<td>In 1973, the oil crisis erupted.</td>
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<td>1974</td>
<td>In 1974, a new settlement system comes into operation and will constitute the basis of the book-entry system.</td>
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<td>1978</td>
<td>In 1978, the approval of the Spanish Constitution, and the application of best practices to the market helped boost foreign investment.</td>
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<td>1980</td>
<td>Bolsa de Valencia is founded.</td>
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<td>1986</td>
<td>The accession of Spain to the European Economic Community in 1986 and the massive flow of foreign investment triggered an economic boom that came to an end in October 1987, when the worldwide stock market crash occurred.</td>
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<td>1988</td>
<td>In 1988, Spain enters the European Monetary System, thus making the country even more attractive. The Securities Market Act, which entered into force in that same year, definitively transforms the Spanish Stock Exchange.</td>
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**Century Twenty-First**

**1989**
In 1989, the continuous market commences operations. It is based on that of Toronto, which is called “CATS” (Toronto Computer Assisted Trading System). It started by trading seven major stocks and ended the year with 51. The following institutions were also established in that year: the Spanish Securities Market Commission, better known by its Spanish acronym: CNMV, as the supervisory body of markets, the Sociedad de Bolsas, which is responsible for the technical management of the electronic trading system. The dealers and broker-dealers are replaced by Governing Companies that are incorporated as public limited companies.

**MEFF** is created as an equity and fixed income derivatives market. The Fixed Income Electronic Trading System was implemented and the Investor’s Ombudsman of the Madrid Stock Exchange was established.

**1991**
The CATS share trading system was replaced, in 1995, by the SIBE. Spectacular growth is seen in trading volumes and capitalisation.

**1992**

**1995**
Nearly 8 million Spaniards invested in the Stock Exchange in 1998. The Stock Exchange becomes a social phenomenon driven by economic growth, the process of privatisations, initial public offerings and the modernisation of the market.

**1998**
The Latin American Securities Market in Euros (LATIBEX) was born in 1999.

**1999**
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2001
Begun tragically. The terrorist attacks of 11 September 2001 put to the test stock exchanges’ strength. Following the shock and initial uncertainty, the recovery reveals the maturity and liquidity of the market and the confidence of investors.

2003
In July 2003, the Transparency law was approved. Aimed at strengthening the transparency of listed companies, it sets out new reporting requirements and the obligation of adopting a set of mechanisms relating to corporate governance.

2004
In 2004, and in spite of uncertainty about the world economic recovery, the upward swing in oil prices and the weakness of the dollar against the euro, the stock exchanges regained the levels seen prior to the attacks of 11 September 2001. By the end of the year, the Spanish stock exchange trebled the rise of European stock exchanges. The IBEX 35 went above 9,000 points. The Spanish stock exchange becomes a European leader in terms of financing. The new investment flows channelled by the Spanish stock exchange amounted to 39.5 billion dollars, becoming the second ranked in the world, behind only the New York Stock Exchange.

2006
On its 175th anniversary, the Spanish stock exchange closed 2006 with the best and most outstanding year of its history. The IBEX 35® beats its historic high and breaks the barrier of 14,000 points. It also set a record in corporate operations of expansion, mergers and acquisitions, takeovers, and with 10 IPOs of new companies.

JULIO/ 2006
In July, the first Exchange-Traded Funds (ETFs) begin to be listed in the Spanish stock exchange with the addition of the first products on the IBEX 35, followed a few months later by ETFs on the EuroStoxx 50.

In the same month of 2006, BME attained one of the most important objectives set out in its incorporation as an integrated group of all Spanish markets: its IPO on the stock exchange.
2008 is the year of the crisis. The stock exchanges began to be affected ever more intensely by the effects of the financial crisis on world economic activity and on listed companies, in particular.

2009

In 2009, BME commenced securities trading with more than two decimals with the shares of Jazztel, which becomes the first company listed in the Spanish stock exchange that is traded under this modality. The reasons are based on the large number of buy and sell orders in listed Spanish securities, which include the most highly liquid shares in Europe, and with the intention of strengthening the Spanish stock market.

BME carries out the operating initiatives in order to boost the solvency and efficiency of its trading platforms. In this regard, one of the most significant actions in 2009 was the transfer of equities that were being traded in open outcry pits on the trading floor to a new electronic trading floor, with the aim of strengthening their liquidity, increasing their transparency and improving their accessibility.

In April of the same year, BME expanded the series of the IBEX 35® indices and created new tradable indices, all based on the IBEX 35®. The indices, called IBEX 35® net return, IBEX 35® double short, IBEX 35® triple short, IBEX 35® double leverage and IBEX 35® triple leverage, began to be calculated and disseminated in real time.

Falling share prices were supplemented by a massive increase in the volatility of world stock exchanges to the highest levels in twenty years.
The harshness of the crisis moved from the financial sector to sovereign debt in 2010, and it concentrated mainly on countries with a more critical fiscal position, which destabilised the value of the euro. After Greece and Ireland, the question of confidence in Spain and the risk premium took centre stage. The stock exchange fulfilled its role in valuating and channeling funds for business projects. During that year, initial public offerings in the stock exchange amounted to 13.7 billion euros and listed companies increased their capital by 12.5 billion euros, which was 27% more than in 2009.

REGIS-TR, the European Trade Repository owned by BME and Clearstream (Deutsche Börse Group) starts operations. It is the answer to demands from the regulators for more transparency in the OTC derivatives market.

In 2011, the stock exchange turned 180. On 20 October 1831, the first session of the stock exchange in Spain was held, making it one of the oldest and most consolidated economic institutions in the country. Its birth was the prelude, some decades later, of a majority of today’s economic and financial institutions. Over this long historical period, a market has developed that today trades, on average, more than 4 billion euros per session, and which lists more than 3,000 securities, with a capitalisation of nearly 1 trillion euros. The Spanish stock exchange had its fourth best year in 2011 in terms of investment flows channelled by the market.

The year 2014 marked a historic high in the number of trades, with the largest number of initial offerings in the last four years. The indicators confirmed the exit from the recession, while the stock exchange achieved records in a number of areas of activity. The Spanish stock market ended 2014 among the world’s largest, with a capitalisation of 1.1 trillion euros.
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### BME, 10 years as listed company. (14th July 2016)

In September the Reform of Clearing and Settlement concluded successfully with the reduction in the equities settlement cycle from three to two days following the trade date (T+2), a cycle that previously applied only to Fixed Income instruments.

The entry into force of the European MiFID II directive marked the beginning of the markets' fiscal year, as it involved an important adaptation effort for BME and the intermediaries.

Developed by the Eurosystem, its objective is to provide basic services for the settlement of securities transactions in a harmonized and borderless manner throughout Europe.

The Governing Council of the ECB has announced a migration in four waves between 2015 and 2017. Iberclear has successfully migrated to T2S on 18 September.

The celebration of the 125th anniversary of the Madrid Stock Exchange Palace, inaugurated on 7 May 1893 by Queen Regent María Cristina.

### 2015

In 2015 new flows channelled through The Exchange reached € 41.6 bn., up 15.3% year on year. Capital increases reached € 33.5 bn., up 9.3% year on year. The biggest growth since 2007. BME was the 3rd Exchange in the ranking of IPOs in Europe with 7 IPOs in main Market and 16 new companies in MAB, the highest in history.

### 2016

The Ibex 35 turns 25 years since its debut. This index is weighted by capitalization and is made up of the 35 most liquid companies listed on the Spanish Stock Exchange. In these years it has become the national and international benchmark of the Spanish stock market and has served as the basis for a multitude of product.

TARGET2-Securities (T2S) is the pan-European settlement platform.

### 2017

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### 2018

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