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A Guide to Listing on the Stock Market

BME
BOLSAS Y MERCADOS ESPAÑOLES
a SIX company

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Introduction

A Guide to Listing on the Stock Market

01

A Guide to Listing on the Stock Market

This guide is aimed at all companies that wish to harness the opportunities of entering the capital markets, especially the Spanish stock market. The benefits include access to continuous financing, liquidity for both old and new shareholders and making the company more visible. Our main aim is to show entrepreneurs and management teams how best to prepare for an IPO in an efficient, agile and transparent manner.

This document provides a useful and synthetic approach to the opportunities offered by the stock market and to the process of floating a company on the Spanish market.

We will set out not only the main reasons why hundreds of companies have entered the market, but also the prerequisites that must be met and the procedures to be followed. We also describe the main documents to be presented to the supervisory authority and to the stock exchange, and the different participants that can help the company during the process, as legal advisors and financial agents. Last but not least, we will be providing guidance on timeframes and costs of the process.

Access to the capital market is a strategic business decision that can provide a company with a continuous flow of funding. Therefore, we will also be addressing the obligations of all listed companies in relation to transparency and reporting, as well as the importance of developing an active policy with investors and a robust system of corporate governance.

Shares in companies listed on the Spanish stock market are traded in the Spanish Stock Exchange Interconnection System (SIBE) through an electronic platform known as SMART, created and managed by Bolsas y Mercados Españoles (BME). This platform, as well as the stock indexes that it calculates, provides extraordinary visibility for listed companies.

Functions of the Stock Market

The stock market is essentially a meeting point between two hugely important figures within an economy: companies and investors.

Companies are the driving force behind every economy. However, they often need more money than they generate in order to undertake their projects and achieve their objectives. In other words, they need funding. One of the most efficient solutions is to use the stock market to increase capital by issuing shares or borrowing money by issuing fixed income products. This initial issuance of securities is known as the "primary market." Thereafter, the shares can be bought and sold on the stock exchange, giving rise to the "secondary market".

Meanwhile, investors (both institutional and individuals) are looking to obtain a return on their capital and among the many investment options that exist, they may decide to purchase the products issued by those listed companies.

The stock market therefore serves an essential function in the growth of any economy by channelling savings towards productive investment undertaken by companies. It is effectively a financing instrument for companies and an investment opportunity for savers.

It also allows business owners to optimise their wealth and their business interests. The market offers liquidity through the open access and exit of investors, that is, the law of supply and demand. This enables the free formation of market prices and, therefore, the objective valuation of the shares and, ultimately, of the company itself.

While this is certainly the traditional function of the stock market and the definition you are likely to read in a book, experience has shown us that the market has evolved into what we might call a broad service centre. The stock market now offers a wide range of solutions to the different needs that can arise over the life of a company.

The stock market fulfils these essential functions in an environment of information transparency and legal certainty for all participants. It provides efficient access and seeks to enhance the liquidity of all the products traded. All this ensures an accurate and reliable valuation of the financial assets through the free matching of supply and demand.

It is effectively a financing instrument for companies and an investment opportunity for savers.

Benefits of Becoming a Listed Company

The Stock Market offers companies a wealth of benefits and opportunities. Notably:

- **Financing the company's growth**
- **Access to the entire investment community**
- **Liquidity for shareholders**
- **Support of internationalisation**
- **Objective valuation of the company**
- **Professionalisation of business managment**
- **Prestige and brand image**
- **Incentive for workers**

Financing a Company's Growth

The stock market provides companies with a variety of options for securing funding. A capital increase, coinciding with a public share offering or taking place after it, is the perfect way of obtaining funds with which to sustain the company's expansion.

In an ever more competitive business climate, continuous growth has become one of the basic objectives for companies. An effective management team should aim not only to obtain the funding required, but also to maintain a balance between equity and debt.

Generating finance through equity is therefore essential in ensuring that the company's growth is solid and flexible, while also helping to reduce financing risk.

The most efficient way to achieve this type of financing is through the stock market, either through an IPO or subsequent capital increases. The stock market enables business owners to rapidly convert their shares into liquidity. The original shareholders, often the company's founders, use the stock market to reap the rewards of their business endeavours when the time is right.

Generating finance through equity is therefore essential in ensuring that the company's growth is solid and flexible, while also helping to reduce financing risk.

Liquidity for Shareholders

Meanwhile, the stock market provides an easy and convenient means of overcoming typical problems associated with family-owned businesses. And also, as we will see later, it allows the owners to do so at a target price: the price set by the market.

The total or partial exit of some or even all company shareholders often coincides with a key transformation or change in the life of the company. This type of transformation often arises at what we might call third-generation family businesses, which sometimes need to let one or more shareholders to sell at an objective price.

A similar situation can arise when a minority owner does not agree with the company's future strategy or loses interest in the business.

Family business and publicly traded company are not mutually exclusive concepts. Selling some of the company's shares on the market does not mean relinquishing control of the company. Quite the opposite, for a large number of companies admitted to trading on the market remain under the control of family groups, and in some cases their flotation has helped ensure the company's survival.

Main family-owned businesses traded on the Stock Exchange

Company	Market value
Industria de Diseño Textil, S.A. "Inditex"	130.618,89
Ferrovial SE	32.945,62
Acciona, S.A.	9.226,89
Corporación Acciona Energías Renovables S.A.	7.657,88
Grupo Catalana Occidente, S.A.	5.868,00
Grifols S.A.	5.590,82
Acciones Fomento de Construcciones y Contratas, S.A.	5.259,69
Fluidra, S.A.	4.219,15
Vidrala, S.A.	3.168,56
Puig Brands, S.A. Clase B	2.858,30
Viscofan, S.A.	2.790,00
Laboratorios Farmacéuticos Rovi S.A.	2.776,98
Ebro Foods, S.A.	2.637,25
Almirall S.A.	2.272,43
Gestamp Automocion, S.A.	1.902,65
Grenergy Renovables, S.A.	1.854,82
Melia Hotels International, S.A.	1.719,12
Prosegur	1.417,07
Solaria Energía y Medio Ambiente, S.A.	1.408,20

Data: July 2025 in Million €

Objective Valuation

The shares of a publicly traded company have an objective market value, meaning the stock market value or capitalisation of the company obtained by multiplying the share price by the total number of shares.

The quoted price of the share is a product of the free matching of supply and demand. It incorporates growth and profit expectations as well as other variables beyond the company's control.

The price that the shares of a listed company reach becomes a reference for other investors, whether or not shareholders of the company. In fact, increasing the share price is often a specific objective of the company's management team.

This company valuation system also offers a number of additional advantages. First of all, it makes the company's shares a highly liquid payment instrument that can be offered within the context of a financial operation, pledged as collateral in exchange for loans, or perhaps offered as remuneration for employees. Meanwhile, companies can choose to reinvest their profits as an alternative to paying dividends, without harming those shareholders who need immediate liquidity.

Prestige and Brand Image

Being listed on the stock market is widely viewed by the market as a guarantee of transparency and good standing. The stock market provides added visibility that enhances the company's good name and brand image.

Admission to the stock market also showcases a company's solvency, because to be listed it must demonstrate its ability to generate profits in recent periods. Investors willing to contribute funds will value every effort made to improve the company's management. This generates a constant incentive to make the company more competitive.

A company that is getting ready to list on the stock market will have already attained a high level of self-organisation and control. This prestige is appreciated not only by investors, but also by the company's clients, suppliers and financial partners.

Because investors and professional analysts are interested in the information published by listed companies, their media presence is typically much greater than that of other companies, especially in the financial press, both national and international.

This media attention, which forms part of the company's external relations, synergises extremely well with conventional marketing and advertising. The stock market is in the news every day.

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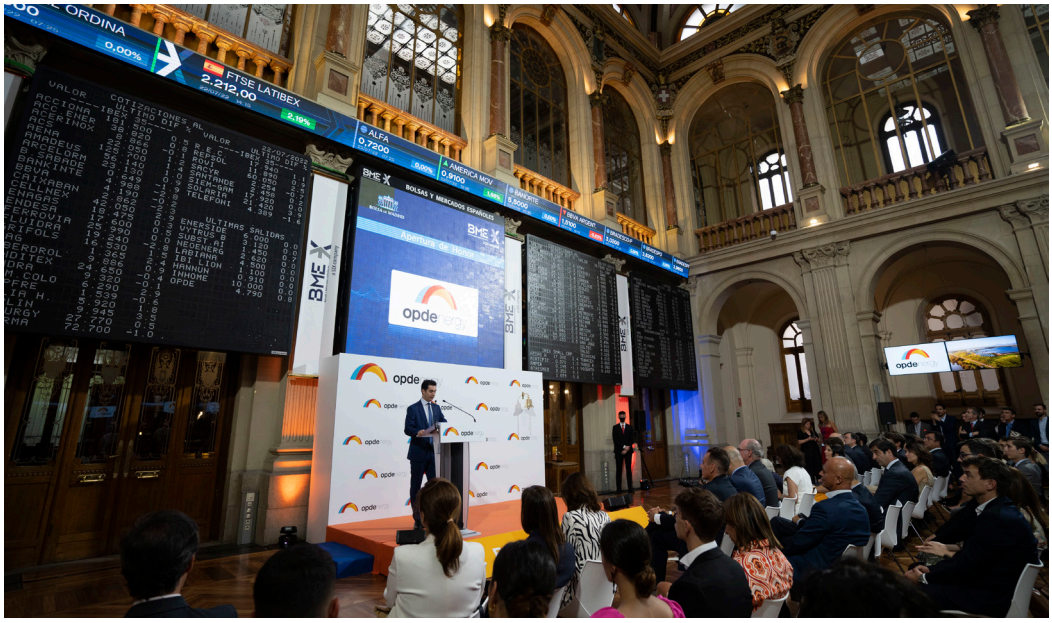
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Access to the Entire Investment Community

The stock market gives companies access to a broad community of investors. National and international investors alike, both institutional and retail, allow diversified, flexible and well-planned capital placements.

The stock market opens the door to different types of investors, giving companies considerable freedom when shaping the composition of their shareholders and, above all else, offering them enormous stability. The ability to control this composition is hugely important when launching an initial public offering or subsequent rights issue, as the company can define precisely who it is aimed at (for instance, there may be a tranche for employees, another tranche for retail investors and a further tranche for institutional investors).

At the end of 2024, nearly 16% of the shares of listed Spanish companies were held by households, while around 50% was held by foreign investors.

Internationalisation

For many companies, the internationalisation of their business is no longer an option, but an imperative if they are to survive, let alone succeed. One of the common traits shared by the most internationalised Spanish companies is that they are listed on the stock market.

Listed companies rely on their reporting transparency, visibility and share price to secure funding from international investors. This whole process also facilitates their international expansion.

Professionalisation of Business Management

The transparency and reporting standards required by the stock market encourage greater professionalisation across the organisation.

Investors seek listed companies that are managed by highly qualified and professional teams, capable of efficiently managing the company, creating value and conveying that commitment to all investors.

Open and fluid communication with investors, analysts and the press provides the management team with valuable information on how best to manage the company. The market offers continuous information with which to improve business systems and procedures. Meanwhile, the stock market provides listed companies with services and products that make processes more efficient and help the company achieve the business objectives it has set itself.

Incentive for Workers

One of the best incentive policies for employees is allowing them to share in the company's profits. Aside from being a remuneration system, this type of policy can be actively integrated into the company's new plans and future ventures in order to get employees more invested in the company's growth and management.

If the company's shares are also admitted for trading, this can be even more appealing for employees for the following reasons: the continuous availability of target prices and the ease of selling their shares on the market whenever they like. If a company is listed on the stock market, stock options become an even more attractive proposition for employees.

Being listed also makes this type of incentive a viable option for other stakeholders with whom the company wishes to strengthen ties or whom it wishes to reward for one reason or another. These might be the company's most loyal clients, or perhaps its trusted distributors.

If a company is listed on the stock market, stock options become an even more attractive proposition for employees.

Raising Finance through the Spanish Stock Market

Financing through Stock Market

The stock market plays a key role in raising funds for businesses. The Spanish market is a particularly attractive option and enjoys a prominent position on the international stage.

Channelled financing flows through BME 2021 - 2024

45 € billion

In 2024, BME registered the largest IPO in Europe and one of the biggest in the world

Puig Brands

BME amongst the main markets worldwide in financing flows.

The Listing Process

A Guide to Listing on the Stock Market

02

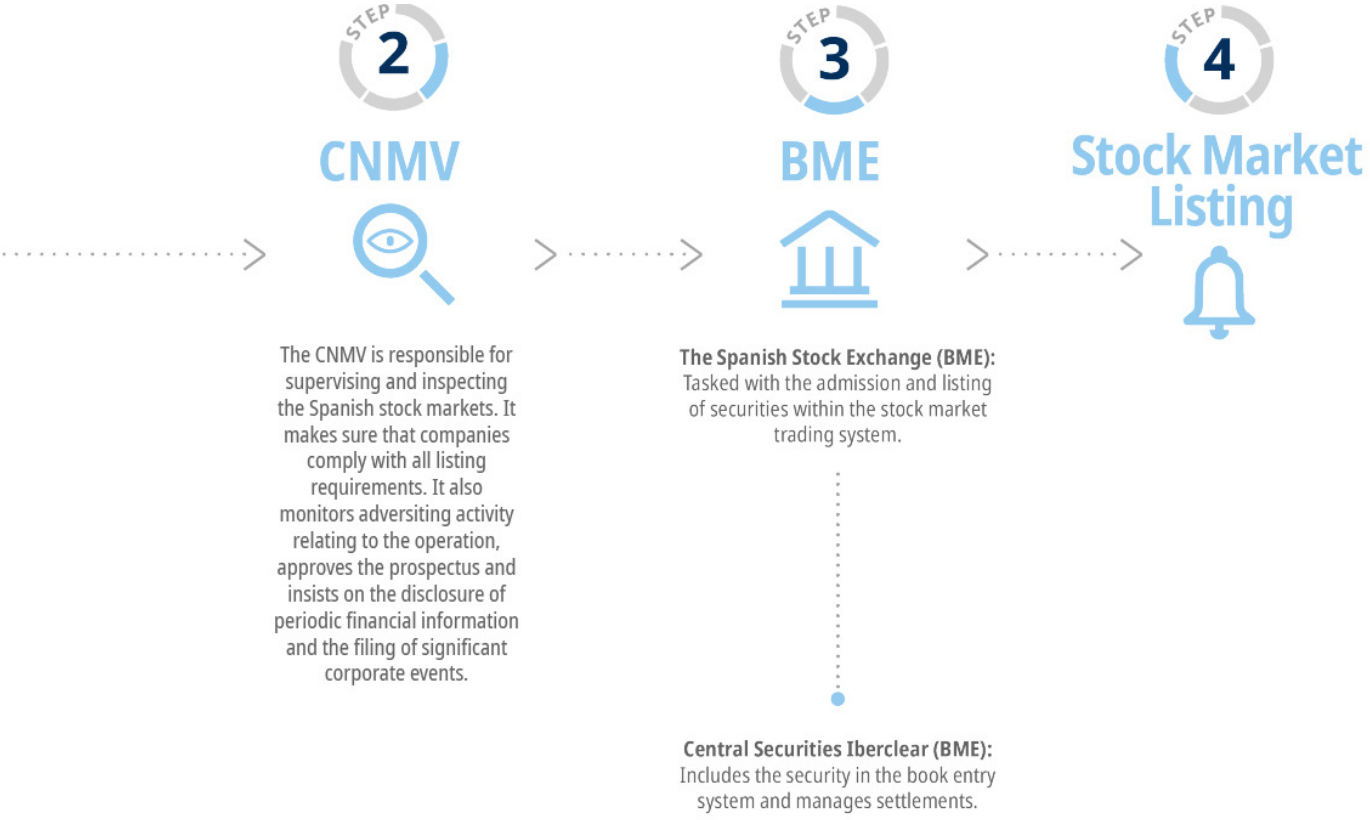
Entities Involved in the Process

A stock market listing is an important decision for any company. To access the stock market, a company must meet a number of preliminary requirements and then choose the procedure best suited to its needs and objectives.

This procedure may be relatively simple or considerably more complex, depending on the size of the company and the complexity of the IPO. We will describe a more complex situation involving a larger number of entities, to provide a fuller picture of what can unfold.

The Flotation Process

To access the stock market, a company must meet a number of preliminary requirements and then choose the procedure best suited to its needs and objectives.



Eligibility Requirements

To access the stock market a series of preliminary requirements must be met and subsequently the best procedure for the company's needs and objectives must be chosen. Royal Decree 814/2023 of November 8 and Stock Exchange Circular 4/2025 set out the minimum requirements for admission to trading, which are essentially as follows:

Issuer Eligibility

Securities issued by Spanish and foreign public limited companies may be admitted to trading on the stock market, provided that their capital is fully paid up and they are not subject to any legal or bylaw restrictions prohibiting the trading or transfer of their shares.

Eligibility of the Securities

The total value of the shares whose admission to trading is being sought must be 6,000,000 euros or more. When a company requests the admission to trading of its shares on a stock market, there must be a sufficient dissemination of those shares, by no later than the effective admission to trading date, across one or more Member States of the European Union or across non-EU member states if the shares are listed there.

According to Art. 66.7 of Royal Decree 814/2023, a sufficient distribution will be deemed to exist if at least 25% of the shares for which admission is requested are distributed among the public, or if the market can operate properly with a smaller percentage due to there being a large number of shares of the same class distributed among the public. Marketable securities whose admission is requested must be represented as book entries, that is, in an electronic book-entry register managed by Iberclear.

It should be noted at this point that the European Directive known as the Listing Act —published in October 2024 and required to be transposed into national law by 5 June 2026— allows the minimum free-float requirement to be reduced to 10% and even provides for exceptions to this threshold.

Preliminary Requirements

- Being a public limited company (sociedad anónima) with all capital fully paid up and no restrictions on the transfer of the company's shares.
- These shares must be represented by book entries.
- Minimum market value of 6,000,000 euros.
- Sufficient dissemination among the public. That at least 25% of the shares are held by the public, although exceptions may be allowed.

Preliminary Steps

Before a company requests the admission to trading of its shares, it will need to take a number of preliminary steps while complying with the relevant legal requirements.

First of all, a due diligence process must be carried out, involving close scrutiny of its financial, legal and business affairs. This process will provide in-depth knowledge of the company and allow it to correct any problem or issue before offering its shares or securities. It must also draw up and publish a prospectus. Therefore, the due diligence process will end shortly before the planned operation is carried out and will be continuously updated with new information.

Secondly, the company will need to draw up the necessary shareholder agreements and amend the issuer's articles of association to reflect its new status as a listed company. The following agreements are particularly notable:

- **Relating to admission to trading**. Those relating specifically to an offer to sell the company's shares and a request for admission to trading of those shares.

- **Corporate website**. An agreement must be drawn up to create a corporate website and duly filed with the Companies House or notified to all shareholders.

- **Corporate governance.** The company will need to make certain amendments to its articles of association to regulate the functioning of the general meeting, the board of directors and the various committees that must be set up for that purpose, as well as other modifications to bring the company in line with applicable regulations and recommendations on corporate governance.

  Meanwhile, the internal rules and regulations of the general shareholders meeting and the board of directors and the internal code of conduct of the issuer must all be approved (or amended accordingly if they already exist) to bring them in line with the company's new status as a listed company.

- **Representation of the shares as book entries and their free transfer**. The articles of association of the issuer must be amended to show that its shares are represented in book entry form, naming Iberclear as the entity responsible for keeping the book-entry register, and to remove any restrictions on their free transfer.

The resolution to convert the company must be formalised in public instrument and filed at the Companies Registry. The public instrument must also be submitted to the CNMV and to Iberclear for registration and filing. After that, an announcement must be published in the official gazette of the Spanish business register and in one of the most widely circulated newspapers for the area in which the company has its registered office, stating the timeline and agreed procedure for transforming the system through which the shares are represented.

Preliminary Steps

- A detailed financial and legal economic study must be drawn up (due diligence).
- The articles of association must be amended to reflect its new status as a listed company: corporate governance, shareholder rights to information and voting, creation of a corporate website, etc.

Disclosure Requirements

Admission to trading of securities on a Spanish regulated secondary market will be conditional on the company's prior compliance with the following reporting requirements:

- Submission and filing at the CNMV of documents evidencing the legal system to which the issuer and the securities are subject, in accordance with the Law 6/2023 of 17 March.

- Submission and filing at the CNMV of the issuer's annual financial statements.

The statements must cover at least the last three financial years in the case of participating securities, and the last two years in all other cases. The CNMV may accept annual accounts of the issuer that cover a period shorter than that just indicated when it decides that doing so would be in the interests of the issuer or investors, and provided the CNMV is confident that investors have all the information they need to form a well-founded judgment on the issuer and on the securities whose admission to trading is being sought.

- Submission, approval and filing of a prospectus at the CNMV, as well as its publication.

Information to Be Presented

Presentation, registration and approval by the CNMV of the following documents:

- Documents showing the legal framework governing the issuer and the securities.
- Audited annual financial statements of last 3 years.
- Prospectus.

Prospectus

The main thing to do when requesting the admission to trading of shares on the stock market is to present the Spanish stock market supervisor (CNMV) and the Stock Exchange with all pertinent legal and financial documents so that they can confirm that the company is in order from a legal and financial standpoint. The prospectus is one of the most important documents here.

The format and content of the prospectus must conform to the template set out in Regulation (EU) No 2017/1129 of 14 June 2017.

The prospectus may be drawn up as a single document or in separate documents. In the following sections we describe the different parts of a prospectus (registration document, securities note and summary note), along with the approval and publication process.

Registration Document

The registration document will contain information relating to the issuer. It will describe the issuer's business activities, assets and liabilities, financial position and corporate governance, among other aspects.

Securities Note

The securities note will contain information on the securities that are the object of the request for admission to trading and on the terms and conditions of the offer to sell or subscribe shares.

Summary note

The prospectus must contain a summary, with the following main features:

- The content of the summary shall be accurate, impartial, and clear, and shall not be misleading. The summary shall be regarded as an introduction to the prospectus and shall be consistent with the other parts of the prospectus.

- It must be drafted in a concise manner and use plain language to make it easier to read and understand for investors. It should also contain key information to help investors determine whether or not to invest in the securities, when read in conjunction with the rest of the prospectus. It should include details of the issuer and explain the essential features of the securities and of the risks associated with both the issuer and the securities.

Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor.

Supplements

Any new significant factor, inaccuracy or error that is considered material in respect of the information included in the prospectus and that may affect the decision on whether to acquire the securities and that arises or is spotted between the time the prospectus is approved and commencement of trading of the securities must be recorded in a supplement.

The supplement will be approved in the same way as the original prospectus within a maximum of five business days from the time the new material significant factor, inaccuracy or error comes to light. The supplement will be published through at least the same means used to publish the prospectus. The summary and any translation thereof will be amended, where necessary, to reflect the new information included in the supplement.

Prospectus Language

The prospectus may be drafted in Spanish, or in a language commonly used in the financial realm (usually English) or in any other language accepted by the CNMV.

Approval

The prospectus must be approved by the CNMV before it can be published. The approval of the prospectus is an express and positive act by the CNMV, whereby it concludes that it is complete, understandable and contains reliable information. The CNMV will ensure that the information contained in the prospectus meets the minimum requirements so as to ensure that an investor is able to make an informed decision about the securities. However, under no circumstances will this approval imply any judgment as to the quality of the issuer requesting the admission to trading of its securities or as to the quality of those securities.

In practice, preliminary calendars are typically agreed upon with the CNMV so that the company has some idea of when it can expect the CNMV to ratify the prospectus.

Although they do not have force of law, the following documents show the rules of construction and interpretation often followed by regulators:

- CNMV guidelines on how to verify equity operations.
- The question and answer guide drawn up by the European Securities and Markets Authority (ESMA), clarifying doubts related to the information to be included in the prospectus.

The prospectus is an official document containing the necessary information on the issuer and the securities, offering potential investors an accurate and reliable picture of the issuer and allowing them to form well-founded decisions on the merits of the proposed investment.

Registration

Once the prospectus has been approved, it must be filed with the corresponding administrative registry and made available to the public free of charge. The content and format of the published prospectus must be identical to the content and format approved by the CNMV.

Publication

The prospectus, whether it consists of a single document or is composed of several separate documents, shall be deemed to be made available to the public when it is published in electronic form on any of the following websites:

- On the website of the issuer.
- On the website of the financial placement intermediaries, including payment agents.
- In electronic format on the website of the CNMV, where the CNMV offers that service for the prospectuses it approves.
- On the website of the stock exchange in which admission to trading is being requested

The prospectus shall be published in a dedicated section of the website that is easily accessible upon entering the site. It shall be capable of being downloaded and printed, and shall be made available in an electronic, searchable format that cannot be modified. The competent authority of the home Member State shall publish all approved prospectuses on its website.

Validity Period

Prospectuses will be valid for twelve months from approval by the CNMV for the purpose of making public offerings or admissions to trading on a regulated market, provided the prospectus is updated accordingly with any supplements that may be required.

Placement of the Offering

During this phase, the advice and active involvement of at least one investment bank, one securities house and, depending on the size and profile of the investor, various financial institutions with large branch networks, will all be essential.

Aside from the legal requirements described above, the company and its advisors will need to pay close attention to the following aspects if they are to attract new shareholders:

- The company must be attractive and show growth potential. It will need to prepare an equity story, meaning a presentation of the company and what it has to offer for potential investors (see chapter 3).
- The cash value placed among retail investors should make the security more liquid.
- The price may include a discount when compared with the securities of peer companies in order to make the placement more attractive.
- The transparency and accuracy of the information contained in the prospectus must be guaranteed.
- The management team must convey confidence and make investors trust in the company.

The placement of existing or already issued shares is the best option for companies with shareholders who are looking to sell all or part of their stake. If the aim is to inject equity into the company via a capital increase, the best option will be to place new shares, with existing shareholders waiving their pre-emptive subscription rights. Companies often choose to combine both options.

If the purpose is to raise funds and diversify the existing shareholding structure, the placement should target both institutional and retail investors. In the event of over-demand for the securities, this diversification objective can be reinforced by pro-rating rules to favour the entry of additional minority shareholders.

For shares placements most companies establish a generally indicative price range.

What Should the Placement Price Be?

The share placement price is a key aspect affecting the success of the listing.

For placements of shares, most companies establish a generally indicative range of maximum and minimum prices. Once the demand prospecting period has ended, the final placement price of the shares will be fixed.

A company can also set different prices, depending on the different types of investors the company would like to attract as shareholders. The company might therefore set one price for institutional investors, another for retail investors and a different price entirely for active and retired employees who want to share in the company's profits.

A roadshow is often staged ahead of the placement process, at which the company, accompanied by representatives of its placement agents, meets with individual investors or groups of investors who may be interested in buying its shares. These events typically last between eight and twelve days and the roadshow will visit the main financial hubs where there may be investor interest in the company.

OPV and OPS

As we touched upon in the previous section, we should be familiar with the two most common types of operation when placing securities for the first time. OPV and/or OPS are what is called an IPO when the shares are sold to the public for the first time.

An **OPV (known in Spanish as an Oferta Pública de Venta)** takes place when the owner or owners of a company want to sell a significant part of it or a very large number of shares. If the shares on offer are newly issued, we are talking instead about an **OPS (known in Spanish as an Oferta Pública de Suscripción)**.

People often confuse the concept of OPV and OPS. The difference is that under an OPV existing shares are put up for sale, whereas under an OPS investors are buying shares that have been expressly issued as part of a capital increase to be sold.

These operations can also include what is known as a greenshoe option, or underwriting agreement, in which the placement entity is entitled to sell more shares to investors than the number originally envisioned by the issuer. It is usually carried out if the issuance is oversubscribed (where demand exceeds the level of supply initially envisaged).

These options are important because they have the effect of stabilising the price of the new share when it hits the market.

Remember that an IPO is a regulated operation.

Communicating the Operation and Publicity Guidelines

Communication of the operation is an important aspect that begins as early as the preparation phase. The company will need to identify its target investors for the IPO. The most common stakeholders are banks, analysts, regulators, investors, suppliers, journalists, employees and public opinion in general. The aim is to convey the same key messages but tailoring the language and format to the needs and characteristics of each investor profile.

Law and regulations contain a series of restrictions on the promotional activities – understood in a very broad sense – that can be carried out in Spain within the context of an IPO. It is important to ensure that all participants involved in offering the securities and floating the company are aware of these restrictions. It is therefore strongly recommended that all team members be informed of the restrictions right from the start of the operation, including any person at each of the participants (whether executives, employees and external advisors, as well as public relations advisors and advertising agency) who will have contact with the press or analysts.

Promotional activities are not subject to approval by the CNMV. However, the CNMV is authorised to control and oversee the promotional activities of both the issuer and those offering the securities, along with any other entities involved in placing the securities. For these purposes, all promotional material must be retained and kept available for as long as the CNMV sees fit.

Because of the CNMV's authority to control promotional activities, it is recommended that all promotional material and press releases to be used within the context of the offering – both before and after the prospectus has been approved – be submitted for review prior to its release so that the company can implement any changes that may be advised.

The CNMV may insist, at any time, on the rectification or removal of any promotional material that falls short of prevailing regulations and standards, although it must provide valid grounds for any such decision.

The promotional material must state that a prospectus has been, or will be, published and indicate where investors can, or will be able to, obtain it.

The information must not be inaccurate or misleading, and it shall be consistent with the other information included in the prospectus, if it has already been published, or with the information that must be included in it if it has not yet been published.

Applicable law and regulations impose a number of restrictions on the promotional activities that can be carried out in Spain within the context of an IPO.

Procedures and Admission to Trading

Once the prospectus has been registered and the offering made, the shares will be effectively admitted to trading on the stock market. We will now discuss the requirements, documentation and steps to be taken with the stock exchange.

Characteristics of Securities Requested to Be Admitted to Trading

The marketable securities for which admission to trading is sought must be represented by book entries.

Issuances of marketable securities must comply with legal requirements in respect of the minimum issuance amount and distribution of the securities.

As established in Royal Decree 814/2023, the total amount of the securities for which admission to trading is requested shall, in the case of shares, be at least EUR 6,000,000, calculated on the basis of the expected market value. To assess whether this requirement is met, the price paid by investors in the public offering prior to admission shall be taken into account, if such an offering has taken place.

In any case, securities whose total expected value does not reach the aforementioned minimum amount may be admitted to trading if it is considered that the existence of a sufficiently liquid market for their trading is nevertheless ensured.

Documentation Needed for the Admission of Shares

The issuer shall request the admission to trading of the securities through a letter addressed to the stock exchange and signed by a person with sufficient powers.

This written request should be accompanied by documents evidencing compliance with the listing requirements laid out in Stock Exchange Circular 4/2025, along with any remaining documents and information that may be required by the governing body of the stock exchange.

In its request for admission to trading, the issuer must reliably show that the securities have been issued in accordance with applicable law, and that they than can be traded in an orderly manner, cleared, settled and registered pursuant to the regulations of the stock exchange and implementing rules.

If the issuer of tradable securities on the stock exchange is applying for simultaneous listing on another Spanish stock exchange, it must adduce original application letters so that the recipient stock exchange can pass them on to each of the stock exchanges on which the issuer wishes to have the securities admitted to trading.

BME Easy Access

BME Easy Access is a new listing modality launched by BME in collaboration with the CNMV that allows the admission of shares to our regulated market without requiring a minimum shareholder distribution, or free float.

In this way, the formal listing process is separated from the macroeconomic and liquidity conditions that may affect the markets. This facilitates corporate planning and reduces the risk that circumstances beyond the company's control may frustrate its listing.

BME Easy Access is a complementary option available to any company planning to go public if, at the time of registering the prospectus, the market conditions are not favourable for the placement.

Main Features

- The traditional listing sequence is reversed: under this modality, the process begins with the CNMV's approval of the prospectus, followed by the admission to trading without shareholder distribution by the Stock Exchange.

- The company must have a valuation exceeding EUR 500 million, although the CNMV may authorise access for companies with a lower market capitalisation.

- To substantiate the minimum market capitalisation and establish a reference price, an independent expert valuation report must be provided.

- However, the reference price may be determined through the execution of a relevant financial transaction carried out within the six months preceding the admission.

- In addition, the issuer may avoid setting a reference price if it decides that the securities will not be traded until the minimum distribution requirement is met.

- Until the required free float is achieved, trading—if any—shall take place exclusively among professional investors through the block-trading modality, with a minimum cash amount of EUR 100,000.

- If, after 18 months from the initial admission, the required shareholder distribution has not been achieved, the CNMV may extend this period or deem the free-float requirement fulfilled. Upon expiry of any extension without reaching the sufficient distribution, the CNMV shall proceed with the compulsory delisting of the shares.

In accordance with Circular 4/2025, companies applying for admission through BME Easy Access must provide the following documentation:

- Provide a valuation prepared by an independent expert of recognised competence, in accordance with internationally accepted standards, demonstrating that the issuer's market capitalisation exceeds EUR 500 million, unless the CNMV —taking into account the issuer's specific circumstances and prevailing market conditions at the time of the application— determines a lower minimum capitalisation.

- Provide, in the same report or in a separate document (at the issuer's discretion), a determination by an independent expert of recognised competence of the reference price of the shares for which admission to the Stock Exchange is requested, unless a relevant share placement or financial transaction has taken place within the six months prior to the application that is suitable for determining an initial reference price for the commencement of trading in the shares. This price will serve as the first trading price of the securities.

  Alternatively, it will not be necessary to determine a reference price if the issuer decides that the securities, once admitted and incorporated into the Stock Exchange Interconnection System, will not be traded until the applicable minimum distribution has been achieved. This exception shall not apply if a relevant transaction enabling the determination of a reference price occurs within six months prior to the admission request or after the admission of the shares.

- Declare that the purpose of the admission request for the issued shares is to obtain, within a maximum period of 18 months, the sufficient shareholder distribution required under applicable legislation through the Stock Exchange.

- Declare that it acknowledges and accepts that, from the date the shares are admitted to trading without public distribution and during the aforementioned 18-month period, any transfer of shares may only take place, where applicable, among the existing shareholders of the issuer as of the admission date and among professional investors, applying the trading rules established by the market.

- Declare that it acknowledges and accepts that, once the 18-month period has elapsed, the Spanish National Securities Market Commission (CNMV) will assess whether to extend such period, exempt the issuer from the requirement to obtain a sufficient distribution, or initiate a compulsory delisting procedure.

Relevant Documentation

- Written application for admission to trading, addressed to the chairman of the board of the stock exchange management company and signed by a person with sufficient powers.
- Mandate letter granted by the issuer to its stock exchange representative or, as the case may be, to the stock exchange management company, authorising that person or company to act on its behalf in all stock market admission to trading procedures. Evidence of the corresponding acceptance of this mandate must also be provided.
- Certificate showing any lawsuits that might have a significant impact on the financial position of the applicant company.
- Certificate confirming any court-ordered attachments on the marketable securities that the company is looking to have admitted to trading.
- Certificate confirming the validity of the articles of association of the company seeking admission to trading.
- Certified notarial copy of the public instruments evidencing the capital increase and resulting subscription and payment, or closure of the issuance.
- Copy of the prospectus, filed, where applicable, with the Comisión Nacional del Mercado de Valores (CNMV).
- For foreign issuing companies, the documentation may be submitted in English, provided that the document issued by the Notary or foreign authority does not specify that, in the event of discrepancies, the version issued in the language of the country of origin shall prevail. In such a case, the documentation must be submitted together with the corresponding sworn translation.

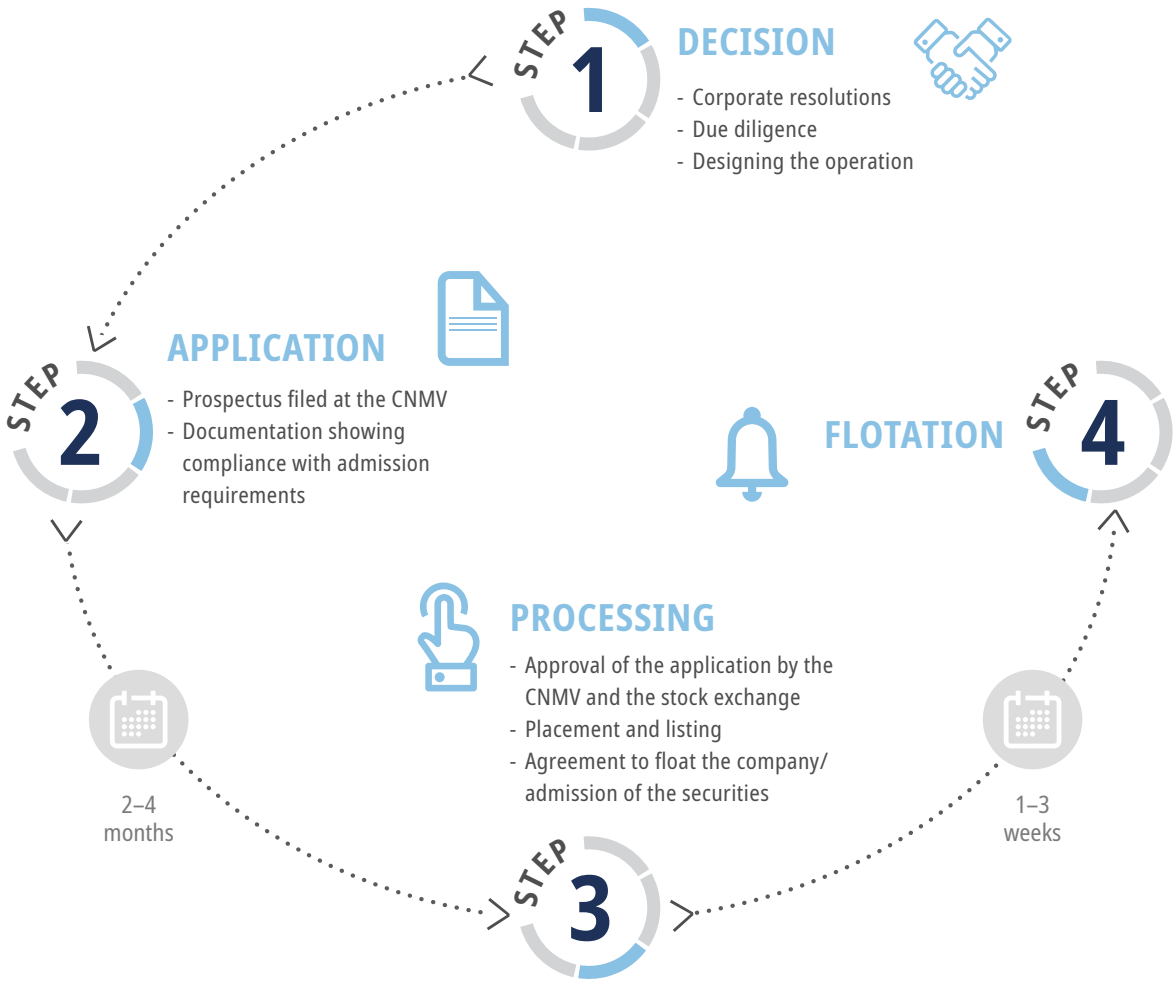
Processing

Once received, the stock exchange shall scrutinise and coordinate the request and determine whether the securities the company is seeking to have listed meet all specified requirements. Once the CNMV has green-lighted the request, the stock exchange shall agree to admit the securities to trading. The decisions to list the marketable securities approved by the stock exchange management company will be published in the Stock Exchange´s daily bulletin reported to the CNMV and to the company that made the request. These options are important because they have the effect of stabilising the price of the new share when it hits the market.

Approximate Timeframe

The flow chart below provides a rough idea of the timelines involved in each stage of the stock market admission process for those companies that choose to carry out a share placement at the time of the listing. Once the decision to go public has been reached, the issuer must define how best to structure the operation. The application procedure, including the process of having the prospectus filed at the CNMV and presenting all necessary documents, typically takes 2 to 4 months to complete. The processing phase and the subsequent selling or placement phase generally takes 1 to 3 weeks. Last but not least, the company is floated and a bell is rung on the stock exchange trading floor to mark the occasion, where the company invites its main shareholders and key investors, along with the press and all entities to have taken part in the process, among others.

Steps Involved in an IPO



Costs

The main costs of floating a company are as follows:

Management, Underwriting and Placement Fee:

The amounts charged by the financial and legal intermediaries chosen by the company to carry out the placement process. These fees are normally 2% to 4% of the cash amount placed, although this can vary depending on the size of the offering.

Advertising Costs:

These can vary, depending on the types of investor the company is looking to attract. This may be simply to comply with some legal obligation governing the publication of announcements in the BORME gazette, or a fully-fledged advertising campaign across different press and media outlets. On average, these costs can reach some 0.3% of the cash amount placed.

CNMV Rates:

Scrutinising the necessary documentation to verify compliance with the requirements for admitting the securities to trading on regulated secondary markets: 0.01% of the cash amount of the admission, subject to a minimum of 25,000 euros and a maximum of 70,000 euros.

Examination of the documentation required for the registration of prospectuses and registration documents in their various forms: €26,015.11. Supplements to prospectuses and registration documents: €312.18

Stock Exchange Admission Rates:

Rates charged by the stock exchange for getting the company admitted to trading.

- A fixed fee of 2,000 euros is charged for studying, examining and processing the application.

- As fees for the admission of national equity securities, 0.012% of the stock market capitalisation of the securities to be admitted to trading resulting from their initial market price. This fee is subject to a minimum of 7,000 euros, or 0.5% of the new stock market capitalisation admitted, whichever is lower, and subject to a cap of 600,000 euros.

- Subsequently, listed companies must pay an annual fee to remain listed on the stock market. In the case of national equity securities, this fee will be 0.02 per mille of their market capitalisation at the close of the last trading session the previous year.

Iberclear Fees:

– Inclusion on the register

As a general rule, all equity securities included in the register for any reason will be charged a fee of 0.40 basis points of the cash value of the securities included, subject to a minimum of 600 euros and a maximum of 50,000 euros per issue.

– Annual fee

Every issuer to have entrusted IBERCLEAR with its book-entry record-keeping is charged an annual fee of 600 euros.

Disclosure and Transparency Obligations of the Listed Company

Listed companies are required to report information on a regular basis. The spirit of this obligation is to ensure that the market has sufficient information at all times on which to form reliable prices and, therefore, to ensure there are no deficiencies due to a lack of information transparency.

The information to be provided by the company can be grouped into two main blocks:

1. Periodic (Financial):

- Annual and relating to the separate and consolidated financial statements of the company: annual accounts, directors' report and audit report for each closed financial year. This information must be released within the first four months following the end of the year in question.

- Half-yearly: the financial statements will be made public within three months after the end of the semester and will contain similar information to that included in the annual accounts.

Given that both listed and unlisted companies have the obligation to present their annual accounts and directors' report, in many cases previously audited, the requirements here do not entail any significant increase on the information they already have to disclose.

2. Ad Hoc:

- Companies have the obligation to publicly file, with the CNMV and the stock exchange, any significant financial or legal event in their life that may have a material impact on the share price, notably: payment of dividends, increasing or decreasing the face amount of the shares, admission to trading on foreign exchanges, announcements of general meetings, stakes in other companies, significant stakes exceeding 3%, changes in the composition of the board, any shares held by directors and administrators, regardless of the amount, transformation, merger, resolutions to dissolve, liquidate or split the company, suspensions of payments, or declarations of bankruptcy.

- Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) establishes the common regulatory framework for the identification and disclosure of inside information by listed companies, as well as measures to prevent market manipulation, with the aim of ensuring the integrity of the financial markets of the European Union and strengthening investor protection.

- Prospectuses in the case of public offerings, to be filed with the CNMV. They must be published on occasion of any capital increase, issuance of fixed income securities, or primary and secondary offering.

Aside from the compulsory information, some listed companies voluntarily choose to include additional information, since good financial communication between all market participants is an effective means of gaining the trust of investors and earning credibility. This communication process is channelled through the investor relations and support departments and includes regular releases of pertinent information, periodic bulletins, presentations to analysts and managers, communication with the economic press and media, etc.

Cultural Change at the Listed Company

A Guide to Listing on the Stock Market

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The stock market listing of a company requires a cultural change within the company, since it will need to adapt to new rules and procedures that the market now demands of it. The most relevant of these relate to disclosure and transparency obligations, as explained previously, communication and relations with investors and corporate governance.

Communication and Investor Relations

Investor relations is becoming an increasingly important discipline for companies because it plays a critical role in enabling investors to form reliable expectations of the company's stock market value.

In a stock market in constant flux, companies will encounter dynamic and changing situations and must adapt their communication strategy accordingly in response to the demands of their investors or stakeholders, while ensuring compliance with the law. Identifying investors is a daily challenge within this framework of investor relations if a company is to use its resources as efficiently as possible. New regulations, new concepts and new tools are constantly emerging, such as the new concept of "sustainability" or the social networks. This impacts the work of investor relations departments by requiring listed companies to become more transparent and entrust the work to highly qualified professionals, while also introducing new and improved ways of communicating with stakeholders.

One of the main aims of this discipline is to enhance the company's reputation and understanding within the market, increase coverage of the company's share by analysts and make the company more aware of its existing shareholding structure and of potential investors.

The ultimate aim is to design and systematically implement an Investor Relations Programme for the communication of strategic, operational, organisational and financial action via any textual, face-to-face or digital channel or means. This programme will target institutional shareholders and investors, financial analysts, stock exchanges, regulatory authorities of the capital markets and rating agencies to help ensure a reliable formation of the share price and therefore create value for shareholders.

The programme should include an equity story or investment proposition, which should convey differential traits to make it an attractive investment option. It must be unique, clear, concrete, structured, realistic and systematically updated. It is not about the company's earnings or financial results, and nor is it to give an estimate of the company's underlying value. Although an equity story can come in different shapes and sizes, here is an example of a six-step story that runs for 12 minutes:

Equity Story in Six Steps

STEP 1 — 1 minute

Objective:
WHAT AM I?
Content:
Introduction to the company's business and objectives, including a brief history and current position.

STEP 2 — 2 minutes

Objective:
WHAT HAVE I ACHIEVED?
Content:
Recent financial performance, organic growth rates, profitability and understanding.

STEP 3 — 3 minutes

Objective:
HOW DO I ACHIEVE IT?
Content:
Business development and performance, markets, products, opportunities, competitive edges.

STEP 4 — 3 minutes

Objective:
WHAT WILL I BE DOING DOWN THE LINE?
Content:
Organic growth strategy and growth via mergers and acquisitions.

STEP 5 — 2 minutes

Objective:
WHERE WILL I BE IN A FEW YEARS
Content:
Goals and objectives in mind.

STEP 6 — 1 minute

Objective:
REASONS TO INVEST
Content:
Explain why it is a good investment opportunity.

Source: The Strategic Value of Investor Relations (Introduction to IPOs course), Francisco Blanco Bermúdez, 2016.

The Importance of Corporate Governance at the Listed Company

Corporate governance is a set of rules, principles and procedures governing the structure and operation of a company's governing bodies. More to the point, it establishes the relationships between the general meeting, the board of directors, shareholders and all other stakeholders, while stipulating the rules governing the decision-making process at the company for the generation of value.

In recent years, and more specifically following the onset of the financial crisis, the international community has realised just how important it is for listed companies to be managed properly and with full transparency. The good governance of companies underpins the proper functioning of the markets by making them more credible and stable places and helping to drive growth and the generation of wealth.

Corporate governance has three main layers, resulting from:

- **The law**. Corporate governance is important when complying with prevailing law and regulations. In particular, Title XIV of the Spanish Corporate Enterprises Act relates to listed public limited companies. The Act addresses various matters, including the classification of directors (executive and non-executive), the executive chairman (lead independent director) and the various board committees (Audit Committee and Appointments and Remuneration Committee).

- **National codes of good governance**. Good governance is important in stating the company's degree of adherence to the Recommendations set out in the Code of Good Governance at Listed Companies reviewed by the CNMV in June 2020. The instrument used to monitor this compliance is the Annual Corporate Governance Report. The CNMV Code of Good Governance contains a set of recommended good practices, governed by the principle of "comply or explain".

- **Good international practices**. In 2024, foreign investors owned nearly 50% of the shares issued by Spanish listed companies. Institutional investors are highly active in steering corporate decisions at their investees. In this context, knowing the capital structure of a company becomes an absolute necessity, as does gauging the expectations of the market through what are known as proxy advisors and their voting policies.

Good governance makes a company more credible and stable and favours its sustainable growth.

Applicable Legislation

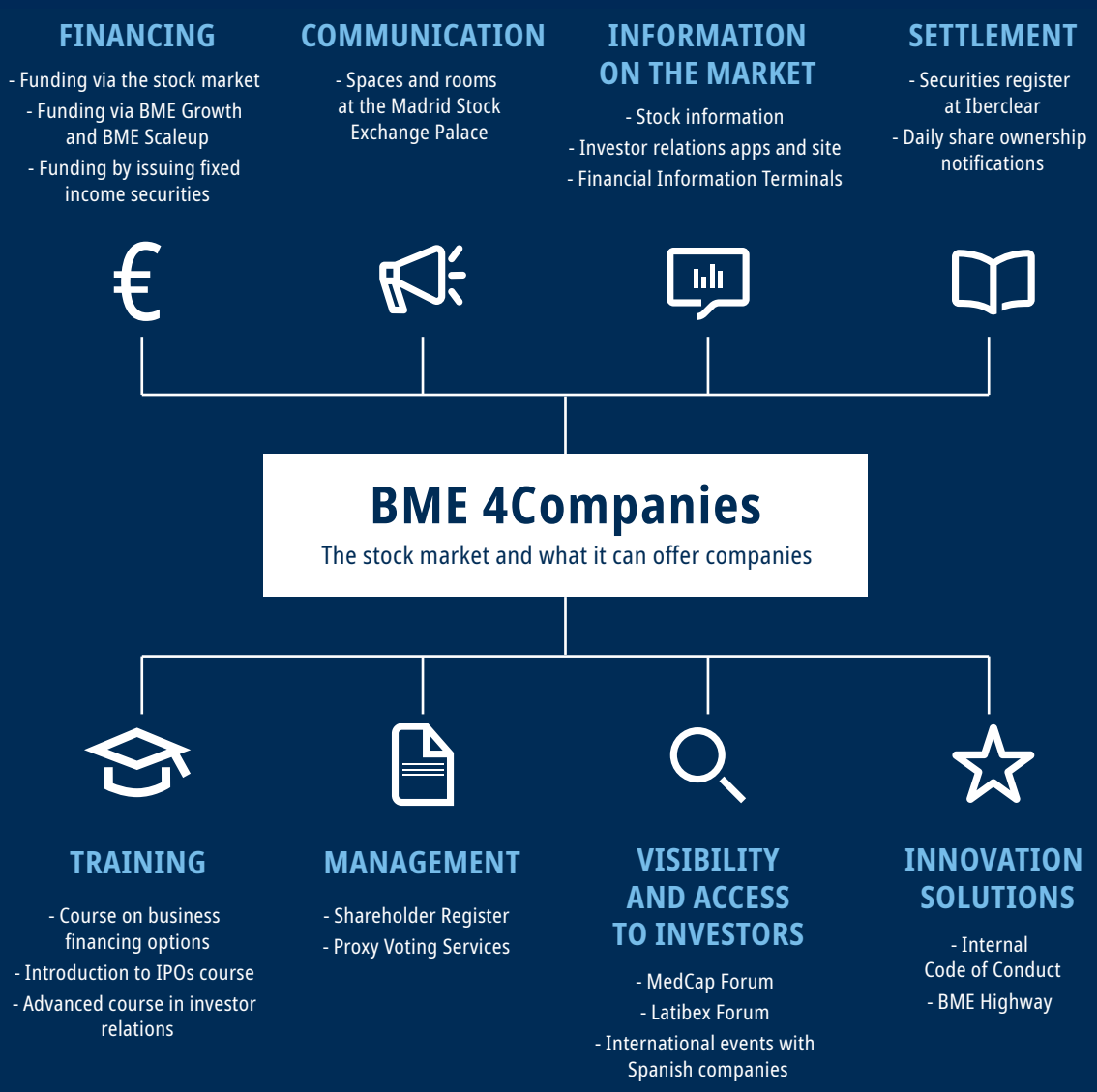
- **Law 6/2023, of 17 March,** regarding Securities markets and Investment Services.
- **Royal Decree 814/2023, of November 8**, regarding financial instruments admission to trading of securities registration of transferable securities and market infrastructures.
- **Royal Legislative Decree 1/2010, of 2 July**, enacting the restated text of the Corporate Enterprises Act (Ley de Sociedades de Capital).
- **Circular 4/2025** on the admission of shares, units in exchange-traded funds, and warrants, certificates and other products traded on the stock exchange
- **Regulation (EU) 2017/1129** of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

BME 4Companies
The Stock Market And What It Can Offer Companies

BME 4Companies is an end-to-end solution that supports companies at every step of the way, from the moment they decide to access the stock markets. BME provides a broad and competitive range of services and products to allow business owners to reap all the rewards of the securities markets.

BME provides a free information service on the stock market listing process. It also holds meetings with the company's representatives to analyse the process, the parties involved, timeframes and costs.

BME 4Companies also includes a full suite of services and products so that the company can unlock its full potential.



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