



## MAB: liquidity and made-to-measure finance

**The Alternative Stock Market is a market for small and medium-sized companies looking to expand and SICAVs and other Collective Investment Institutions looking for liquidity, under a tailor-made regulatory system**

The Alternative Stock Market (*Mercado Alternativo Bursátil* or “MAB”) is a Multilateral Trading Facility (“MTF”) created in 2005, supervised by the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores* or “CNMV”) and managed by Bolsas y Mercados Españoles (*Bolsas y Mercados Españoles* or “BME”), a holding company which comprises the principal Spanish Stock Exchanges and Markets.

As the MAB is not a Regulated Market, the principal advantage for the listed companies is that they do not have to meet the strict requirements of information and transparency requested to companies listed in Regulated Markets which normally are too costly for medium-sized companies looking to expand.

### **Main characteristics and segments in the MAB**

The MAB is a self-regulating market, with its own system of information and trading. Currently there are three segments operating in the MAB.

#### **◆ MAB for SICAVs (Open-ended Investment Companies)**

This was the first segment of the MAB, which began trading in 2006. The MAB is a system for providing liquidity to SICAVs’ shares. The MAB undertakes the administrative tasks following trading (settlement, clearing and registration), including the drafting and distribution of information regarding prices and realisable values required by the supervisory and tax Authorities and therefore it simplifies the SICAVs’ operative.

Currently, the majority of Spanish SICAVs are listed in the MAB.

#### **◆ MAB for Small and Medium-sized Companies**

Within the segment of Small and Medium-sized Companies, *Bolsas y Mercados Españoles* offers an alternative to other similar markets which already exist in Europe such as Alternext, in France, the Alternative Investment Market (AIM), in United Kingdom and the *Mercato Alternativo del Capitale* (MAC), in Italy.

The Small and Medium-sized Companies segment in the MAB, approved in 2008, is aimed to companies with a low-medium level of capitalisation, usually affected by problems of liquidity and low visibility among investors and which have not previously thought of trading on Regulated Markets due to the costs and the requirements requested on Regulated Markets.

The MAB intends to facilitate access to finance for companies with low-medium capitalisation, with appropriate transparency and liquidity for investors.

It is especially attractive to companies from Latin America with medium capitalisation and potential for growth, given that the market constitutes a European showcase for their presentation to investors.

Furthermore, the MAB is becoming an excellent instrument for taking of investments carried out by Venture Capital Companies.

In order to be traded in the MAB, it is necessary for companies to appoint a Registered Advisor to supervise their entry into the market and support the company once it has joined the MAB. The Registered Advisor acts as an intermediary between the companies and the MAB. Furthermore, companies have to appoint a financial institution as a liquidity provider.

Although the segment of Small and Medium-sized Companies was not created during the current financial crisis, the interest shown by companies is notorious. Today there are two companies which are being listed in the segment of Small and Medium-sized Companies and other have begun the listing process; thus it is foreseen that the number of companies listed increases within the next months.

#### ◆ **MAB for Venture Capital Companies**

During the year 2007 the segment of Venture Capital Companies was approved. This segment attempts to provide greater liquidity for Venture Capital Companies, to increase transparency and to increase the number of potential investors in such companies, since they acquire the status of an eligible asset as a security.

#### **Investors' tax incentives**

Since the beginning of operations of the Small and Medium-sized Companies segment in the MAB, Spanish Regions have been exploring different ways to give a boost to the investment in companies domiciled in their territories.

Catalonia (Cataluña) has approved a deduction regime for investors that hold stock in companies negotiated in the Small and Medium-sized Companies segment in the MAB, Galicia is supporting local entities which decide its incorporation in the aforementioned segment by granting them financial support, as well as Murcia through its financial support program. The maximum amount of deduction will be Euros 10,000 (for a maximum investment of Euros 50,000).

Furthermore, the Instituto Madrileño de Desarrollo ("IMADE") will grant financial support to companies that decide their incorporation in the aforementioned segment.

#### **Useful Contacts:**

BME: [www.bolsasymercados.es](http://www.bolsasymercados.es)

MAB: [www.bolsasymercados.es/mab/](http://www.bolsasymercados.es/mab/)

Iberclear: [www.iberclear.com](http://www.iberclear.com)

CNMV: [www.cnmv.es](http://www.cnmv.es)

#### **Principal relevant legislation:**

- ◆ The creation of the MAB was authorised on 30 December 2005 by the Council of Ministers in accordance with the provisions of Article 31.4 of the Law on Stock Markets
- ◆ Regulations of the Alternative Stock Market (Mercado Alternativo Bursátil), approved on 28 April 2004, which has the purpose of regulating the operation of the MAB
- ◆ Circulars of the Governing Council of the MAB regulating the various types of segments in operation
- ◆ Operating Instructions of the Supervisory Commission of the MAB
- ◆ Circulars prepared by the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., which regulate clearing and settlement of operations and the registration of securities included in the MAB