
Summary note

Sources behind our factsheet “How Europe’s capital markets interconnect”

March 2016

Executive Summary

This note describes in detail the sources behind our factsheet “How Europe’s capital markets interconnect”.

For any questions about our data or methodology, please contact us on Julio.Suarez@afme.eu

Capital Markets Financing

Size of European Capital Markets

Equity underwriting aggregates the proceeds from Initial Public Offerings (IPO), follow-on and convertible instruments issuance during 2015 originated on European exchanges (EU + Switzerland). Data are sourced from AFME’s 4Q15 “[Equity Primary Markets and Trading Report](#)” and Dealogic.

Fixed Income underwriting aggregates issuance (deal value) during 2015 of Investment Grade and High Yield issuance of corporate bond instruments; securitised instruments (placed and retained); and covered bond issuance. High Yield issuance is sourced from AFME’s 4Q15 “[High Yield and Leveraged Loan](#)” report. Investment Grade issuance is sourced from Dealogic. Securitisation issuance is sourced from AFME’s 4Q15 “[Securitisation Data Report](#)”. Covered Bond issuance is sourced from JP Morgan’s “Global Covered Bond Outlook - 2016” which aggregates public benchmark issuance in Europe.

Mergers and Acquisitions (M&A) aggregates the deal value of completed M&A of European companies (EU28 + Switzerland) as acquiring and target companies during 2015. Data are sourced from AFME’s 4Q15 “[Equity Primary Markets and Trading Report](#)” and Dealogic.

Corporate bond issuance

Data are sourced from Dealogic and aggregates deal value of Investment Grade and High Yield corporate bonds (financial and non-financial corporates) issued in 2015 by EU and UK companies on the basis of the nationality of risk of the issued security. Deals marked locally are excluded. Sovereign, sub-sovereign, and supranational parent issuers are excluded from issuance, as well as ABS/MBS issuers.

Equity financing (IPO)

Data are sourced from Dealogic and aggregates the proceeds of IPOs originated on EU and UK exchanges between 2011 and 2015.

Domestic market capitalisation of listed shares

EU 28 market capitalisation aggregates the domestic market capitalisation of listed shares on euro area and non-euro area exchanges. For euro area exchanges, data are sourced from the ECB’s market value of EUR denominated listed shares (SEC.M.I8.1000.F51100.M.1.EUR.E.Z). Other non-euro area exchanges are included, encompassing: Zagreb Stock Exchange; Bucharest Stock Exchange; Bulgarian Stock Exchange; CEESEG – Budapest; CEESEG – Prague; NASDAQ Nordic – Copenhagen; NASDAQ Nordic – Stockholm; Warsaw Stock Exchange; and London Stock Exchange (Main Market and AIM). Market values from the Zagreb Stock Exchange are sourced from Datastream. London Stock Exchange (Main Market and AIM) data are sourced from the LSE’s “List of all companies” [report](#). Market capitalisation of NASDAQ Nordic exchanges are sourced from [NASDAQ Nordic OMS](#). Data of the other non-euro area exchanges are sourced from [FESE](#).

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Assets under management

Data are sourced from EFAMA's "Asset Management in Europe 8th Annual Review Facts and figures" which aggregates data as of 2013 (latest available). Report available [here](#).

SMEs and Growth

Alternative finance

Data are sourced from the report "Moving Mainstream" by E&Y and the University of Cambridge (2015). Data aggregates P2P consumer and business lending, reward-based and equity crowdfunding, donation-based crowdfunding, Community Shares/Microfinance, Invoice Trading, Debt-based securities, and others. Report available [here](#).

Listed SMEs

Data are sourced from Thomson Reuters Eikon, retrieved on February 2016. Listed companies were filtered by number of employees (headcount), and turnover and balance sheet (assets), following the criteria to qualify as an SME as per the EU's recommendation 2003/361 defining SMEs.

Number of SMEs

Data on UK SMEs are sourced from UK House of Commons report "Business statistics, Briefing paper number 06152, 7 December 2015, House of Commons Library", available [here](#). Data on EU SMEs are sourced from the EU Commission paper "European Commission, Annual report on European SMEs 2014/2015", available [here](#).

Economy

Size of the UK's financial market

Gross value added of EU financial services activity (Financial and insurance activities) by country. Data are sourced from Eurostat, retrieved on February 2016.

External portfolio holdings

UK's International Investment Position of portfolio investments in 2013 held by EU nationals. Data are sourced from the UK's balance sheets valued at end of year, published by the Office of National Statistics (ONS).

Employment

Number of people as of 3Q15, aged 15 years or over, employed in the financial services industry and other related professional services activities. The statistic aggregates financial activities, insurance, activities auxiliary to financial services and insurance activities, legal and accounting activities, and activities of head offices; management consultancy activities. Data are sourced from Eurostat.

Banks operating in the UK

This data point relates to the number of banks and building societies who have permission to accept deposits in the UK by nationality of the institutions. Data are sourced from the BoE "Institutions included in the United Kingdom banking sector", retrieved on February 2016. Available [here](#).

Foreign Direct Investment

Total Foreign Direct Investment (FDI) inflows during 2014 to the UK from the EU relative to total FDI inflows to the UK. Data are sourced from the UK ONS “Inward Foreign Direct Investment (FDI) Involving UK Companies, 2014 (Directional Principle)” published 3 December 2015. Specifically, Table 2.2, “Foreign direct investment flows into the United Kingdom analysed by area & main country and by component, 2011 to 2014 (Directional)”.

Trading and risk management

FX trading

Data are sourced from the BIS Triennial Central Bank Survey - [Global foreign exchange market turnover in 2013](#). Total FX turnover data by country relate to daily average OTC FX turnover by country and currency in April 2013, aggregated on a "net-gross" basis. Data on EUR turnover aggregates daily average EUR turnover in the UK against all other currencies.

All EU countries for which information is available in the BIS report are included, namely EU28 member states except Croatia, Cyprus, Malta and Slovenia.

OTC interest rate derivatives turnover

Data are sourced from the BIS Triennial Central Bank Survey - [OTC interest rate derivatives turnover in April 2013](#) (Table 5: Geographical distribution of global OTC interest rate derivatives market turnover.) Turnover refers to the daily average turnover in April 2013 aggregated on a net-gross basis.