

Government bolsters alternative sources of funding to bank financing

The government approved a Royal Decree modifying the regulations governing collective investment undertakings. The new legislation complements the reform undertaken in November 2014 through Law 22/2014 on venture capital companies and collective investment undertakings and fund managers.

The Minister for Economic Affairs and Competition specified that the aim of this regulatory change is to boost the form of direct funding for companies and reduce the high level of dependency on bank loans. He pointed out that "we have a problem in Spain; 95% of all financing for SMEs comes from banks. When there is a banking crisis this immediately translates into restricted credit and causes a recession. Hence, one of the government's main aims is to try to increase other additional sources of financing".

This decree allows collective investment undertakings to invest in invoices and grant loans. It also authorises these undertakings to actively supply qualified retail investors provided that there is a minimum disbursement of 100,000 euros and the latter provide a written record of their awareness of the risks inherent in the investment.

<http://www.boe.es/boe/dias/2015/02/14/pdfs/BOE-A-2015-1454.pdf>