RECOVERY OF SHARES: EFFECTS ON THE STOCK MARKETING OF COMPANIES

PILAR VIÑUELAS MOYA

Tutor: Maria Luisa Nieto Soria

FC 1049 – TRABAJO DE FINAL DE GRADO

Degree in Finance and Accounting

Course 2019/2020

Table of contents

List of tables

List of graphs

ABSTRACT

The purchase of shares by companies has reached great economic relevance, especially in the eighties of the last century in the United States, and currently in Spain, not only because of the volume of operations carried out, but also by the consequences derived for the interest groups, among which are the shareholders and the managers of the companies, in addition to the academic community.

Regarding these, the studies carried out on the forms, causes and consequences of this type of operations are numerous in the case of research conducted in the Anglo-Saxon world, and less abundant in the Spanish case.

This paper aims to make a review of the academic literature and the different study approaches published on this issue, and an analysis from the quantitative perspective of this type of operations, focused mainly on the Spanish market and, more specifically, on the repurchase operations carried out by the companies Iberdrola and Repsol.

RESUMEN

La compra de acciones por parte de las empresas ha alcanzado una gran relevancia económica, especialmente en la década de los ochenta del siglo pasado en Estados Unidos, y en la actualidad en España, no sólo por el volumen de las operaciones realizadas, sino también por las consecuencias derivadas para los grupos de interés, entre los que se encuentran los accionistas y los gestores de las empresas, además de la comunidad académica.

Respecto a estos, los estudios realizados sobre las formas, causas y consecuencias de este tipo de operaciones, son numerosos en el caso de investigaciones realizadas en el mundo anglosajón, y menos abundantes en el caso español.

Este trabajo pretende realizar una revisión de la literatura académica y de los diferentes enfoques de estudio publicados sobre esta cuestión, y un análisis desde la perspectiva cuantitativa de este tipo de operaciones, centrado principalmente en el mercado español y, de manera más concreta, en las operaciones de recompra llevadas a cabo por las empresas Iberdrola y Repsol.

Palabras claves: recompra de acciones, acciones propias, dividendos, retribución accionistas.

Keywords: repurchase of shares, own shares, dividends, shareholder remuneration.

1. Introduction

The value of a company is understood as the “value of the set of elements, intangible and human materials that integrate or constitute the company, [...] a value or set price, of the company as an organization, which includes not only the present value of the different assets, rights and obligations of its assets, but also expectations about the benefits that the company is expected to generate in the future ”(Bonmatí, 2011: 10).

In previous times, the main objective of the managers and directors of the companies, was to maximize the profit and the equity of the shareholders, aspects that at present have been modified, among other reasons, by the own globalization. Thus, the fundamental thing for companies these days is the creation of value for shareholders, for which, it is necessary to take into account in addition to the benefit obtained by the company, the cost derived from obtaining that benefit (Ramírez, Carbal and Zambrano, 2012: 157).

Therefore, a term used regularly by companies in relation to the definition of their objectives, is the expression "value creation for shareholders". A priori, it is possible to consider that the creation of value in financial terms, and more specifically in the case of actions, can be considered as the ability to produce a return on the investment generated, above the investment made initially.

In this sense, it is possible to consider that the purchase of own shares by companies can trigger an increase in the value of the company or a decrease, depending on whether the repurchase is used as a means to “signal the quality of the company to the market or as an instrument to favor direct entrenchment ”(Díaz, and García, 2001: 135).

There are different theories about the effects of the purchase of own shares by companies. For some authors, the increase in the treasury stock reduces capital in the hands of external owners and increases management participation, a fact that can generate negative effects on the share price itself, although there are also opinions positioned in the opposite direction. For authors such as Dittmar (1995), it is not possible to establish a relationship between the repurchase of shares and property held by inmates, while other investigations, such as those of Bagnoli and Gordon (1989) and Sinha (1991), are shown favorable to establish a relationship between the repurchase of the shares and the need of the company to prevent takeover bids.

Following this same approach is Ropero (1997), for whom short-term purchases of own shares, seek to defend companies from the aforementioned OPAs, but in the long term, they try to solve problems, to the extent that it involves a redistribution of cash of the company, because it is conceived as an alternative to the distribution of dividends, which also generates positive effects on the price of the shares.

However, the repurchase of shares by companies has experienced times of great relevance for different reasons. In the case of the United States Stock Exchange, there have already been increases in the volume of these operations since the 1980s. As Pineda (2011) explains, when on October 19, 1987, the Dow Jones index lost 22.6% of its value, investors tried to sell their securities in a massive way, which meant an extreme stock market crash, and that many exchanges and futures markets were closed before the end of the day. Given the situation, the Federal Reserve of the United States intervened by reducing short-term interest rates, with the aim of preventing depression. The result was that, unlike what had happened in the "crack of 29", the markets recovered quickly, thanks to the companies "began to repurchase their shares taking advantage of the overvalued that were after the crash, recovering from the situation ”(Pineda, 2011: 134).

There are other reasons that also explain the repurchase of shares by companies, such as the fact that “they are part of a dividend distribution policy” (Araiza and Zúñiga, 2004: 2), that to avoid excess liquidity, Instead of paying dividends in cash, you choose to acquire your own securities. These authors also cite as causes of this phenomenon, the fact that the company does not have better investment options, that it wants to acquire the shares of a particular investor, or that this strategy is part of the sources of financing.

As we can see, the causes for which organizations have opted for the repurchase of their own actions are different and these, together with the results obtained from these operations, will be the object of study of this work, since it is a phenomenon that has reached Great relevance in recent years.

The use of stock repurchase and amortization operations has experienced an increase in recent years in the Anglo-Saxon markets, to the point that “in the American stock market the volume of repurchases already exceeds dividend payments on a recurring basis since the year 2010 ”(García and Garrido, 2019: 201).

This fact is also observed in the case of the Spanish market, which in 2018 reached a record number of listed shares that were subject to repurchase and subsequent amortization, that is, 3,520 million euros (García and Garrido, 2019: 202).

Therefore, considering that it is an activity that shows a growing trend, and since it is not one of the most studied issues from an academic perspective, we have proposed to elaborate this work, deepen the study of the phenomenon, for which, we define a series of objectives that are enunciated next.

The main objective of this paper is to analyze the causes and consequences of the repurchase of shares in the stock markets of the United States and Spain.

To achieve the main objective, a series of secondary objectives have been defined, which are set out below:

- Analyze the origins and evolution of this practice carried out by companies.
- Study the causes and consequences on the stock market, on the company and on the shareholders.
- Analyze what advantages and disadvantages the share buyback can have for the company and the shareholders.
- To expose the evolution of the purchase repurchase programs (shares and capital) of the share repurchase programs approved in recent years by the companies Iberdrola and Repsol.

2. Methodology

The method used to carry out this work is supported by the analysis of publications made in different databases. From the academic perspective, Dialnet, Google Scholar and Redalyc have been consulted.

For the consultation of the legislation, the database of the Official State Gazette has been used, as well as other legal sources such as Iberley, Wolters Kluwer and Aranzadi.

In the part related to publications directly related to the object of study, the consultations made on the website of Spanish Bags and Markets, the European Central Bank, the Bank of Spain and the National Market Commission of Values.

Once the process of obtaining the information is concluded, the following part of the methodology has consisted of the classification and reading of said information, to select the one that is useful for carrying out this work.

The last part of the process refers to the presentation of the results obtained, both from the bibliographic research carried out, as well as from the analysis of the specific cases selected, Iberdrola and Repsol, for which it will be taken into account, not only the published information in portals such as the Spanish Bags and Markets, but also the one contained in the websites of the selected companies.

3. Theoretical and normative framework

3.1. Concept and typology

As stated in the introduction, share repurchase is one of the remuneration mechanisms used by companies, which consists in that the company itself “pays for the return of all or part of the shares held by private shareholders. ”(Lease, Kalay, Loewenstein, John and Saring, 2001: 169), or as defined by the ECB (2007: 107), takes place“ when the company acquires its shareholders for the previously outstanding shares ”.

It is necessary to separate this definition from that of treasury stock. The treasury stock is formed by the set of actions that the company has of itself at a specific time, for which, it has been necessary to acquire them previously, among which, one of them may be the repurchase of shares.

Although most of the authors consider the repurchase of shares as a means of shareholder remuneration, this is not addressed as a dividend typology, since it presents a series of differences (Masulis, 1980: 305):

- In fiscal terms, dividends are considered to be income from movable capital, as opposed to repurchase, which is considered as a capital gain or loss, depending on the surplus value that may or may not have been generated.

- Dividends are received by all shareholders, against the repurchase of shares, which only affects the investor who performs it, as it is a voluntary action.

- The dividend does not cause changes in the volume of shares that are in the market, while in the processes of repurchase of shares, the number of these in the markets increases.

Both the repurchase of shares, and the distribution of dividends, would be, in a perfect market, two substitutable instruments (Miller and Modigliani, 1961). However, other opinions (Rivera, 2002), consider that the existence of transaction costs for the investor, differences in tax rates, differences in borrowing limitations, costs of issuance and access to information and other series of factors, they constitute imperfections that make the perfect market assumption impossible.

There are different methods to carry out share repurchase. As described by Lease et al. (2001), can be classified into five:

- Offers of shares at a fixed price. They start from the announcement of the company by the share company at a price set beforehand, which usually implies an extra cost in charge of making the operation more attractive to the shareholder.

- The repurchase of shares in the open market. It is the most used medium in the Spanish market, and is based on the purchase of shares in the market for one or several years through the so-called "share buy-back programs", which are previously approved by the Shareholders' Meeting. In this modality, the company is not obliged to set an extra cost to make the operation more attractive, although it can be understood that, when approving this type of operation, a message of little strength is being launched to the market, because unlike the purchase to fixed price, the amount you will pay is less. On the other hand, one of the advantages is to provide more liquidity to the quoted value.

- Dutch auction repurchase. In this method, the company announces that a share buyback is going to be made, and it is the shareholders who wish to do so, who may sell their shares at a minimum price, within the price range defined by the company itself. The company will make the purchases starting with the ones with the lowest price, until reaching the predetermined purchase volume. The final price will be the average marginal price, so that, those that are below this, will be paid at the same price, and in the case of what they are above, the higher will be paid. This is the medium used in the sovereign debt auctions of the Netherlands. Among the advantages that it presents, there is the fact, on the one hand, that the company can see the final disbursement reduced, and on the other hand, those shareholders who offered a lower price will finally obtain a higher price thanks to the calculation of the marginal price .

- Distributions of sales options. In this method the delivery of a specific amount of purchase options to the shareholders takes place, depending on the number of shares that the company has decided to buy, for which a due date is set. In this process, those shareholders who decide not to sell their shares, can sell the rights over them, so that they are acquired by other shareholders.

- Repurchase of target shares. In this method of repurchase of shares, the fundamental objective is to buy the shares that are in the possession of a particular group of shareholders or of a particular shareholder. The result is that a package of shares belonging to a specific shareholder, who has decided to part with them, remains under the control of the own company and avoid the instability that could generate a sale of this type in the market. For this reason, this mechanism of acquisition of own shares, can be understood as a way through which, the company tries to defend itself in the market, but at the same time, it can be interpreted as a means of attack, in the extent to which it can pursue, through the offer to buy shares of a specific shareholder, cause it to lose power within the company itself. In this type of operations, the benefits reach both the shareholder who decides to sell, since he generally obtains a higher price, as well as the shareholders who remain in the company, who receive their benefits.

Once we have studied the concept and the forms that share repurchase takes, in the following section, we analyze the regulatory framework applicable to this type of operations.

3.2. Regulatory framework applicable to share repurchase operations

As a preliminary step for the study of the reasons for which there has been an increase in the repurchase of the shares and the increase in the treasury stock, it is convenient to address the regulation of this management by the Spanish legislator.

The treasury stock can be defined as “the set of shares or participations of a company whose ownership corresponds to the company itself” (Legal Guides Wolters Kluwer).

If an analysis of the treatment granted by the legislator over the last years is carried out, it is observed that the acquisition of own shares by the company or company itself has been approached negatively, for several reasons. In the first place, due to the need to defend social capital, since the purchase of shares by the company itself implies a return of capital that could unbalance the principle of stability. Secondly, because the social creditors would suffer a decrease in the equity guarantee of the loans. Finally, it represents a possibility for the company's administrators to speculate on the company's shares in the market.

At present, the regulation of the treasury stock and the applicable legal regime are contained in Royal Legislative Decree 1/2010, of July 2, which approves the consolidated text of the Capital Companies Law, specifically in Chapter IV, of the businesses on their own shares and shares (arts. 134 to 148).

Thus, in the arts. 134 and 135, in the case of the former, the prohibition on capital companies to “assume or subscribe their own shares or shares not created or issued by their parent company” is established; and in the second one, it is added that “the original acquisition by the limited liability company of its own shares or of shares or shares of the parent company will be null and void".

Own shares that are held by society follow a special regime established in art. 148 of the Capital Companies Law, which states:

When a company has acquired its own shares or shares or shares of its parent company, the following rules shall apply:

a) The exercise of the right to vote and other political rights incorporated into the own shares and the shares or shares of the parent company will be suspended.

The economic rights inherent to the own shares, except for the right to the free allocation of new shares, will be attributed proportionally to the rest of the shares.

b) The own shares will be computed in the capital for the purpose of calculating the quotas necessary for the constitution and adoption of agreements at the meeting.

c) An unavailable reserve equivalent to the amount of the shares or shares of the parent company computed in the asset will be established in equity. This reserve must be maintained as long as the shares or shares are not disposed of.

d) The management report of the acquiring company and, where appropriate, that of the parent company, must mention at least:

1. The reasons for the acquisitions and transfers made during the year.
2. The number and nominal value of the shares or shares acquired and disposed of during the year and the fraction of the share capital they represent.
3. In case of acquisition or transfer for consideration, the consideration for the shares or shares.
4. The number and nominal value of the total of the shares or shares acquired and held in the portfolio by the company itself or by the interposed person and the fraction of the share capital they represent.

In art. 146 of the merit, it is agreed that the company may only acquire its own shares or those issued by its parent company within certain limits, among which it is found that said acquisition is approved by the General Meeting of Shareholders, since the larger it is The number of shares in treasury stock, the lower the number of shares needed to control the shareholders meeting.

In addition, in art. 540 of the aforementioned Decree, it is established that listed public limited companies must publish a corporate governance report every year in which the operating structure of and the governance of the company will be explained in detail, whose minimum content must contain the structure of administration of the company in which information regarding the powers that the members of the Board of Directors must have, in particular, regarding the issuance and repurchase of shares.

If we take into account the applicable regulatory framework emanating from the European institutions, we must analyze two regulatory texts. On the one hand, Regulation (EU) No. 596/2014, of the European Parliament and of the Council, of April 16, 2014, on market abuse, and on the other hand, Delegated Regulation (EU) 2016/1052 of the Commission, of March 8, 2016, which completes the Regulation on market abuse with regard to technical regulatory standards relating to the conditions applicable to repurchase programs and stabilization measures.

The first of the Regulations is intended to guarantee in all Member States of the Union, a common framework for market abuse. The objective is to establish a ban on operations in which there is privileged information or market manipulation with financial instruments admitted to trading in a regulated market (Cuatrecasas, 2014).

In general, the framework of action and the sanctions are described in cases where there are situations of privileged information, communication to third parties of privileged information, public dissemination of this and market manipulation situations.

In relation to the second of the Regulations, it contains the rules applicable to repurchase programs and stabilization measures. It defines the “temporary repurchase program”, as “a repurchase program in which the dates and volume of shares to be negotiated during the program period are established at the time the public information of the program of repurchase ”. Therefore, information on the purpose of the program, the maximum monetary amount allocated, the maximum number of shares that may be acquired, the period in which the program has been authorized or the duration of the program and the conditions of the program, and the conditions of the program must appear in any repurchase program. negotiation, among other relevant facts.

3.3. Explanatory factors for the acquisition of own shares

Once the regulatory framework for the specific activity of the repurchase of shares has been established, in this section we analyze the causes or factors that have motivated for years the increase of this type of operations.

As Ropero (2000) points out, there are different theories that explain the causes of the acquisition of own shares, based on the analysis of the theoretical articles published in the eighties, when these types of operations began to be more frequent Among the companies.

In this way, a part of these articles, as explanatory theoretical foundations, the relationship between the repurchase of shares and the distribution of dividends, assuming that, in both cases, the explanatory hypotheses are the same (Ropero, 2000: 330).

On the other hand, there are those theories that introduce specific models of repurchase of actions such as the work published by Elton and Gruber (1970), who affirm that the elements that favor the performance of this type of operations, are mainly due to the tax advantages they offer, to the extent that they produce greater tax benefits, in relation to the distribution of dividends, especially in cases of shareholders who are affected by very high marginal rates.

We also find opinions that argue that share repurchase processes contribute to increasing the proportion of debt in the capital structure of the company, especially when it is very low (Bagnoli and Gordon, 1989).

From an empirical perspective we find research that addresses the causes of repurchase of actions from different perspectives. Thus, Hertzel (1991), concludes that the announcement of the opening of such a process triggers effects on the market value of the company's shares, which translates into the fact that the company is emitting signals to the market that the economic situation of the company is favorable.

In another order are the research published by Young (1969) and Medury et al. (1992), in which they carry out a contrast of the reasons stated by the scientific literature on a sample composed of companies that do develop share buyback processes, and companies that do not, conclude that when they buy shares own, is due to the need to favor certain shareholders who are affected by high tax rates, to the need of companies to implement adjustments in the debt structure and improve the ratio, and also, to avoid the declaration of takeover bids .

Ropero himself (2000), proposes to contrast the hypotheses stated about Spanish companies, reaching the conclusion that companies buy their shares most likely in those cases in which they expect a more unfavorable future business situation, that is, a lower future profitability, taking into account the long-term analysis.

In the short-term analysis, the results differ, since in this case the purchase of own shares is explained by the need of the company to apply corrective measures on the managers of the company itself, that is, to prevent them from misusing the available resources.

In short, companies in the Spanish context analyzed by the author buy their own long-term shares, when the risk of being affected by a takeover bid is increased and absorbed; while the decisions that in the short term favor the purchase of own shares, is intended to provide a better remuneration to shareholders (Ropero, 2000: 349).

The purchase of own shares has also been affected by the legislative changes that have taken place in recent years, which have allowed companies to acquire part of their capital or substantially expand it, since until recently, these requirements were very restrictive (Hamman, 2010 ; Dixon, Palmer, Stradling, et al., 2008 and Hackethal and Zdantchouk, 2006).

From the analysis of the literature referring to these questions we can extract a summary of the studies carried out and the explanatory causes of the share buyback processes that we gather below.

Table 1. Studies on the causes of share repurchase

Causes of buying own shares	Authors
As an alternative to dividend payment	Bierman y West (1966)
	Wansley, Lane y Sarkar (1989)
	Baker, Powell y Veit (2003)
	(Dittmar (2008)
	Baker, Gallagher y Morgan (1981)
	Jiang y Koller (2011)
To improve liquidity and promote stability in the share price	Andriosopoulos y Lasfer (2014)
	De Cesari, Espenlaub y Khurshed (2011)
	Baker, Gallagher y Morgan (1981)
	Brav, Graham, Harvey, et al. (2005)
As a defense mechanism against	Kessler (1959)

takeovers	Hackethal y Zdantchouk (2006)
	Sinha (1991)
	Bagwell (1991)
	Stulz (1988)
	Dann (1981)
	Brav, Graham, Harvey, et al. (2005)
	Baker, Gallagher y Morgan (1981)
	Block (2006)
As a means to prevent the fall in the stock price	Kessler (1959)
	Baker, Gallagher y Morgan (1981)
	Tsetsekos, Kaufman y Gitman (1991)
	Wansley, Lane y Sarkar (1989)
	Baker, Powell y Veit (2003)
	Netter y Mitchell (1989)
	Dharmawan y Clarke (2001)
As a method to adjust cash surpluses	Ellis (1965)
	Bierman y West (1966)
	Brav, Graham, Harvey, et al. (2005)
	Cudd y Duggal (1996)
	Dixon, Palmer, Stradling, et al.

	(2008)
To modify the capital structure	Baker, Powell y Veit (2003)
	Grullon e Ikenberry (2000)
	Ikenberry, Lakonishok y Vermaelen (2000)
	Mitchell, Dharmawan y Clarke (2001)
To promote efficiency in the capital market	(Baker, Powell y Veit (2003)
	Grullon e Ikenberry (2000)
	Akyol e Foo (2013)

Source: own elaboration from different authors

3.4. Advantages and disadvantages of share repurchase

In section 3.1 Concept and typology, we have seen some of the advantages and disadvantages that the different methods of repurchase of shares by companies can present, but this is where they will be analyzed more profusely.

Along with those already mentioned, there are others. We understand that in order to carry out an analysis of the pros and cons of this type of operations, it is necessary to study in advance how the repurchase of shares affects the profit per share and the book value thereof.

According to Jiménez (2013: 37), "the variables that define the impact that a share repurchase has on profit per share is different depending on whether it is financed internally using excess treasury, or externally through indebtedness" .

For the cases in which the repurchase is carried out with internal financing, the profit per share will be increased only in the event that the excess liquidity used (if retained by the company), does not translate into higher profitability at the cost of capital (Jiménez, 2013: 38).

If external financing were used, the profit per share would only increase if earning yield, that is, the profit per share divided by the price, exceeds the after-tax cost derived from the financing of the operation.

Therefore, the profit for the shareholder pointed out by various studies may not be produced, especially if one takes into account that the return obtained by the shareholder depends on the collection of dividends and capital gains, and that increase in profits from of the repurchase of shares, could be compensated by the non-perception of dividends (Jiménez, 2013: 38).

If we analyze the effects of the repurchase of shares it can generate in the book value of the share, this effect varies depending on the market price that the share held at the time of the repurchase. In the event that the price is greater than the book value of the share, it will be lower than the initial, after the repurchase of shares. Similarly, if the share price is lower than the book value, it will be higher than the initial one after the repurchase (Jiménez, 2013: 38).

If we take into account the above in the previous section, of the causes that motivate the repurchase of shares by companies, it is possible to extract some of the advantages that are obtained.

In this way, the purchase of own shares as an alternative to the payment of dividends to shareholders generates a substitution in the payment of dividends, which for some shareholders can be an advantage, to the extent that the tax rates applied to capital gains, are less than those that apply to dividends.

In the case of companies, the repurchase of shares allows greater flexibility, as it can be carried out when the company estimates it, while the payment of dividends is a periodic operation, to which the company is obliged.

Positive effects can also be generated for the company and the shareholders related to the price quotation in the future, because even in cases where the management by the company is optimal, the share price in the market may be is stagnant or not expected, so it is understood that it is undervalued. In these cases, the repurchase of shares can generate an increase in the price of those shares, which at the same time can generate an increase in earnings per share (Araiza and Zúñiga, 2004: 2).

On the other hand, the options for the shares that are subject to repurchase are two, or they can be amortized, or maintained in the balance sheet of the company. In both cases, the right to vote and the right to share benefits are lost, therefore, the shareholder remuneration is limited to capital gains from the revaluation of the shares and the reduction in the volume of securities that are They are in circulation (García and Garrido, 2019: 201).

In summary, the main advantages of share repurchase are (Rosique and Pérez 2018):

- The creation of future value based on the fact that the company has an excess of cash and estimates that a revaluation will take place.

- The possibility of increasing liquidity by selling previously repurchased shares.

- The creation of a support in the price of the share at the time of the repurchase.

- An increase in dividends by decreasing the volume of shares found in the market.

- An immediate increase in the share price of shares

Among the disadvantages, we cite the following:

- The increase in the immediate value of the share price after the repurchase of shares can be artificial

- The temporality of the increase in the quotation price

- If the repurchase of shares is carried out by going to the debt route instead of the existing excess liquidity, and then the treasury stock shares are amortized, the debt ratios on the company's capital would worsen.

4. QUANTITATIVE ANALYSIS OF SHARES REPURCHASE

4.1. Quantitative analysis of the repurchase of shares in Spanish companies and effects on the stock market

We have already seen throughout the work that the repurchase of shares, although it experiences high levels in the United States, both in number of shares and in monetary value and proportion of companies that carry out these practices, is also an upward option in the case of Spanish companies.

If we consider the data of the processes of repurchase of actions carried out in 2018, both those that were launched, as well as those that ended, we observe that in January 2019, the maximum amount (in millions of euros) destined to the repurchase of shares amounted to 2,457.16 million, as can be seen in the following table (Trincado, 2019):

Table 2. Share repurchase plans January 2019

Share repurchase plans	
Currently	**Maximum amount**

Start date	Ending date	Companies	Millions of euros	Millions of shares	Percentage de capital
March 13, 2018	May 5, 2020	Arcelor Mittal	246,00	7,00	0,68%
June 15, 2018	June 30, 2019	Ercros	12,00	5,00	4,50%
September 12, 2018	December 31, 2019	Coca Cola European Partners	1.319,00	48,51	10,00%
September 25, 2018	October 1, 2019	Logista	4,90	0,22	0,16%
September 28, 2018	February 28, 2019	Lar España	30,00	3,16	3,33%
November 19, 2018	May 19, 2020	Talgo	100,00	22,50	16,50%
December 7, 2018	June 30, 2019	Naturgy	400,00	16,00	1,80%
December 11, 2018	May 23, 2023	Zardoya Otis	63,26	9,41	2,00%
December 20, 2018	December 20, 2019	Vidrala	16,00	0,07	1,00%
December 21, 2018	March 20, 2020	Acerinox	66,00	5,52	2,00%
January 24, 2019	February 20, 2020	Mediaset España	200,00	32,40	9,90%
		Total	2.457,16		

Source: own elaboration from Trincado (2019)

From the previous data, it is possible to infer several results. First, we see that Coca Cola European Partners, with 1,319 million euros, Naturgy with 400 million, Arcelor Mittal with 246 million and Mediaset España with 200 million, are among the companies that have planned share repurchase.

In relative terms, that is, taking into account the percentage that the repurchase supposes on the total capital, at the head of the companies that resort to the repurchase of shares and have plans in force, there are Talgo with 16.5%, Coca Cola European Partners with 10%, Mediaset Spain with 9.9% and Ercros, with 4.5%

In total, 11 companies currently listed on the Spanish Stock Exchange, had in January 2019 plans to repurchase shares in progress, for a total value of 2,457.16 million euros.

If we analyze the data corresponding to the plans executed in 2018 (table 3), it can be verified that companies such as Iberdrola, Repsol or Ferrovial compensate the capital increases released that they have used to give back to their partners. In fact, in most cases, the repurchase plans of own shares, contemplate the subsequent amortization of the repurchases themselves. In this way, the capital amortized in 2018 by the companies, amounts to 1275.5 million euros in the case of Iberdrola, 500 million euros in the case of IAG, 204 million euros in the case of Ferrovial, and 1,072.90 million of euros in Repsol.

Table 3. Repurchase plans executed in 2018

Plans executed in 2018					
Start date	Companies	Millions of euros	Millions of shares	Percentage of capital	Amount of amortized shares (millions of euros)
March 29, 2016	Indra	6,73	0,77	0,40%	0,00
December 14, 2017	Amadeus	5.000,00	7,55	1,72%	0,00
February 20, 2018	Iberdrola	638,78	99,34	1,54%	1.275,50
May 10, 2018	IAG	500,00	65,96	3,20%	500,00

May 11, 2018	Ferrovial	175,80	8,93	1,19%	204,00
May 30, 2018	Telepizza	15,50	15,50	2,72%	0,00
June 8, 2018	Unicaja	6,57	4,50	0,28%	0,00
August 2, 2018	Metrovacesa	2,03	0,17	0,11%	0,00
September 3, 2018	Repsol	1.054,38	62,71	3,93%	1.072,90
October 25, 2018	Fluidra	4,54	0,48	0,25%	0,00

Source: own elaboration from Trincado (2019)

Among the consequences of this strategy, it is necessary to highlight three, such as the effect of purchases in the market, the increase in profit per title as a result of the reduction of capital, and an increase in the dividend per share in the event that keep the percentage of the benefit that is distributed among the shareholders.

Since in 2009, Santander began applying the “scrip dividend” formula consisting in the establishment by the entity to repurchase subscription rights at a specific price, companies such as BBVA, CaixaBank, Popular, Acs, Iberdrola, Acerinox, Fae, Almirall and Ferrovial, moved it to their operations, although at present only some companies maintain it.

Among these companies is Iberdrola, which carried out in 2018, a depreciation of own shares equivalent to 3,081% of its capital. In the same line is Repsol, a company in which the amortization of shares reached 1,100 million euros, which is equivalent to 4.31% of the capital.

However, there are companies that buy back with a different objective than to give back to the shareholders. This is the case of ArcelorMittal and Logista, which define as the objective of repurchases, the compensation of managers; or Zardoya Otis, who uses it to comply with the purchase agreements of other companies.

4.2. Quantitative analysis of the repurchase of shares in the United States and effects on the stock market

The purchase of own shares in the United States is a frequent activity in companies, which has been going on for more than a century (Adams, 1910; Bagwell and Showen, 1989; Ellis, 1965), so that in the mid-1990s Eighties of the last century, it was when it became a phenomenon of great economic relevance (Skinner, 2008).

Studies on the behavior of US companies and on the volume of purchases made show that in 1972, the purchase of own shares accounted for 3.6% of profits, and in 2000, it became 41.8% (Grullon and Ikenberry , 2000).

The purchase of own shares was affected by the legislation. In 1933 and 1934, the Securities Act and Securities Exchange legislative provisions, respectively, entered into force, which, among other prohibitions, established the prohibition of stock manipulation strategies, in addition to the creation of the SEC, market regulatory entity (Galbraith, 1954).

Subsequently, in 1982, thanks to the approval of regulation 10b-18, the rules and procedures to be followed to prevent the purchase of own shares by companies were considered an illegal activity (Grullon and Michaely, 2002) .

The SEC, or United States Securities and Exchange Commission, establishes in rule 10b-18 of 1982, that companies will have the so-called "safe harbor" in terms of liability, enabling In this way, the purchase of own shares when the following requirements are met (Gual, 2018: 1):

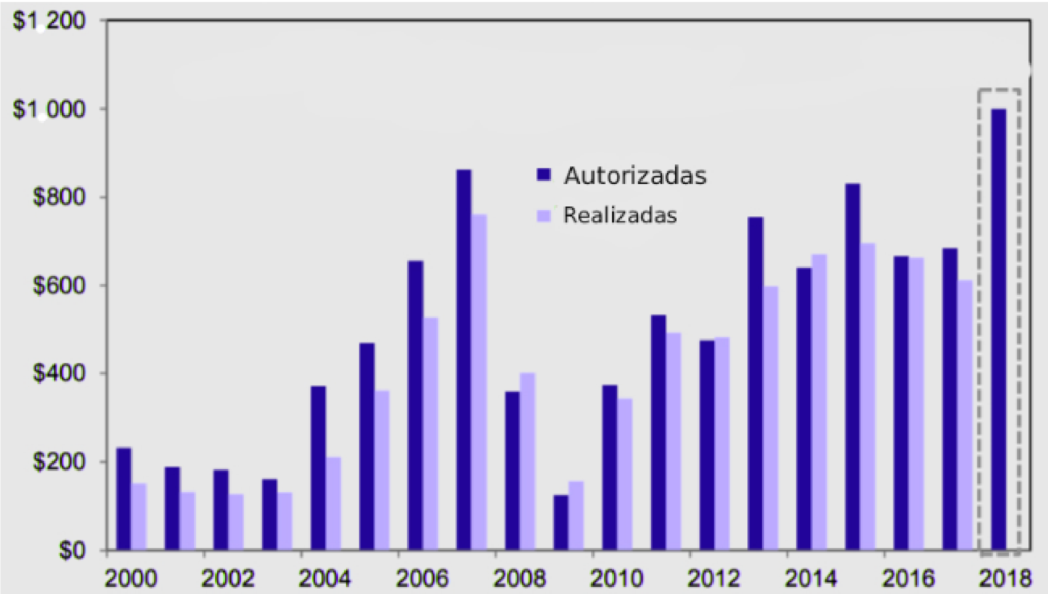
1. The company must order the purchase of the shares from a single broker.
2. Large capitalization companies cannot negotiate in the last 10 minutes of the session.
3. The market price cannot be inflated.
4. You cannot buy more than 25% of the average daily volume of the last 4 weeks.

The change in position of US companies regarding the policies applied to dividend distribution began in the mid-eighties of the last century, in which “a non-negligible number of US companies modify their form of remuneration and they choose to repurchase their own shares at the expense of dividend distribution (López de Foronda, 2006: 18).

According to what is stated by this author, the decision to share profits among shareholders, in the case of companies where growth prospects are favorable, is displaced by the greater interest in obtaining better financing of business investments, as It is based on the belief that expected future earnings will compensate for the lack of dividend payments. However, for the author, this practice is still evidence of "financial myopia and lack of sufficient strategic sense", despite the fact that the figures are very revealing, since in 1978 60.5% of American companies paid dividends, a figure that twenty years later, in 1999, had been reduced to 20.8% (López de Foronda, 2006: 18).

If we take into account the data of the repurchase operations of actions carried out in recent years (graph 1), we see how the volume of these operations has shown an increasing trend:

Graph 1. Evolution of the purchase of own shares in the United States



Source: Birinyi Associates, Goldman Sachs Global Investment Research in Lapetra (2018)

According to the data published by Goldman Sachs in a report prepared in 2018, companies listed in the United States, were focused more on the repurchase of own shares that, in their own activity, which is why, would mean raising in 2018 a 48 % the volume of share repurchases recorded in the previous year (Lapetra, 2018: 1).

5. CASE STUDY. IBERDROLA AND REPSOL

For the realization of the practical part of the work, two companies that are currently within the IBEX 35 index have been selected, and that over the last few years have approved and executed several share repurchase processes.

Iberdrola S.A. It is a Spanish company with headquarters in Bilbao (Spain), dedicated to the production, distribution and commercialization of energy. The market capitalization of the company amounts to 59,230,890 (thousands of euros), calculated with the shares admitted to trading, which do not include the shares issued from extensions that have not yet been admitted to trading.

After the internationalization process initiated in 2001, the company has managed to position itself as the first national energy group, the world leader in the wind sector and is among the five largest European electricity companies by market capitalization (Madrid Stock Exchange, 2019).

Repsol is a multinational in the energy and petrochemical sector, they are headquartered in Madrid and Barcelona, and a market capitalization of 22,335,111 (thousands of euros), calculated with the shares admitted for trading, which do not include the shares issued from extensions that have not yet been admitted to trading.

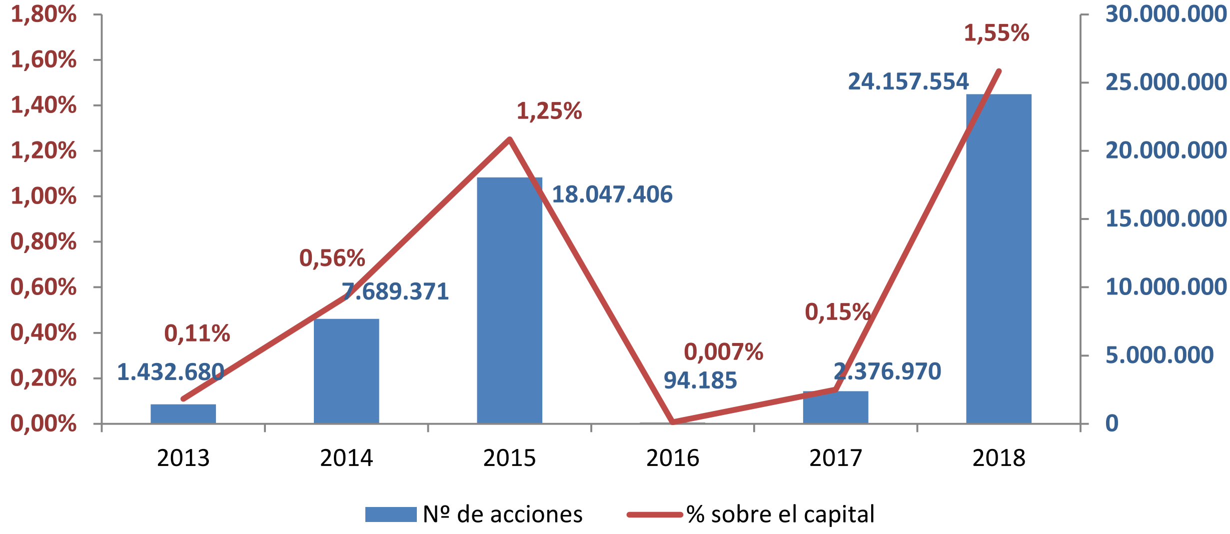
It is present in more than 40 countries and the activities it develops include the exploration and production of hydrocarbons, refining, transportation, chemicals, service stations and new types of energy, with a daily production of 700,000 barrels of oil (Bolsa Madrid, 2019) .

The data for the quantification of the operations on own shares have been obtained from the consolidated reports of both entities, either through the website of the National Securities Market Commission, or from the companies' own sites.

From the analysis contained in the reports corresponding to the period from 2013 to 2018, some summary tables have been prepared that are attached in the annexes of this work and that have allowed the elaboration of the graphs that are included below. In these graphs we can see the evolution of the amount, number of shares and proportion over the total share capital.

Graph 2 shows the evolution of the volume of shares that Repsol has repurchased from 2013 to 2018 and the proportion of the share capital that each purchase implies:

Graph 2. Repsol repurchase evolution



Source: own elaboration based on the consolidated Annual Accounts Repsol

The graph shows how in the years 2015 and 2018 there has been a significant increase in the number of own shares acquired by the company, and the weight of these repurchases in the company's capital stock, although in no case has it exceeded 1.55% of this.

As of December 31, 2016 and 2015, the own shares held by the Company or any of the companies of its Group, represented 0.007% and 1.25% of its share capital at that date, respectively.

During 2016, 725,352 own shares were acquired for a total amount of 8 million euros for delivery to the participants of the 2016 PAA. In 2015 and within the framework of the 2015 PAA, the Company acquired 754,845 own shares for an amount of 8.8 million euros.

As a result of the capital increases released from July 2016 and January 2017, Repsol, S.A. received free of charge 3,304 new shares for the first and 2,414 new shares for the second, corresponding to the shares held in treasury stock.

The remuneration for the year 2016 to the shareholder amounted to € 0,758 / share. This amount corresponds to the irrevocable commitment to purchase free allocation rights assumed by the Company in the two capital increases released closed in January and July 2016 (0.456 and 0.292 gross euros per right, respectively), under the program "Repsol Flexible Dividend". Consequently, during 2016 Repsol paid a total amount of 377 million euros to the shareholders and delivered 65,283,041 new shares, for an equivalent amount of 697 million euros.

In 2017 and within the “Repsol Dividendo Flexible” program and in substitution of what would have been the ordinary dividend for 2016, the Company has made a cash outlay of 99 million euros (0.335 euros gross per right) to those shareholders who chose to sell their free allocation rights to the Company and have paid 630,760,751 shares, for an equivalent amount of 392 million euros, to those who chose to receive new shares of the Company.

If we take into account the data communicated by the company to the CNMV throughout the year 2019, to date the purchase of shares has amounted to 20,879,808 shares and an average price of € 13.96 / share, as shown in the next table:

Table 4. Purchases Repsol shares notified to the CNMV (2019)

2019		
Date	Number of shares	Price (€/share)
30/08/2019	1.200.000,00	13,283
02/09/2019	1.210.000,00	13,381
03/09/2019	1.250.000,00	13,364
04/09/2019	843.852,00	13,469
05/09/2019	218.505,00	13,659
06/09/2019	1.200.000,00	13,679
09/09/2019	1.200.000,00	13,855
10/09/2019	24.825,00	13,995
11/09/2019	490.000,00	14,085
12/09/2019	1.250.000,00	13,837
13/09/2019	650.000,00	14,242
13/09/2019	1.200.000,00	14,019

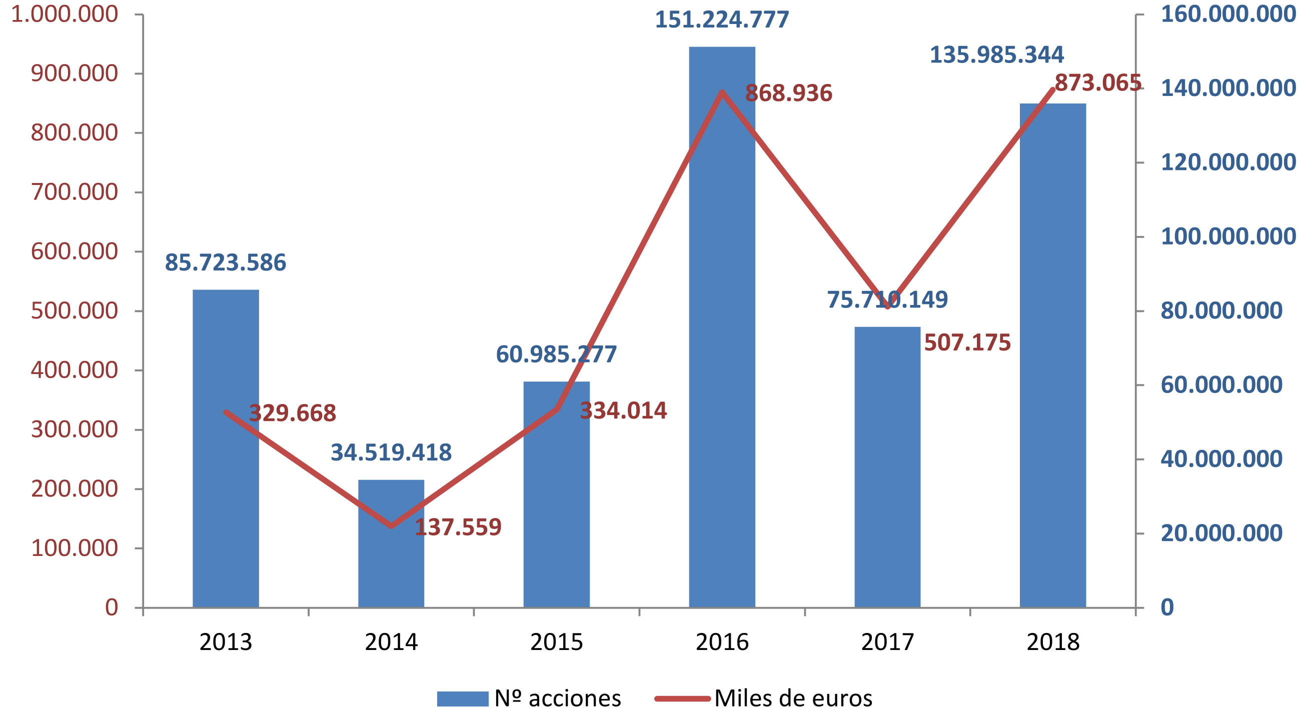
16/09/2019	1.200.000,00	14,203
17/09/2019	1.340.000,00	14,088
18/09/2019	736.800,00	14,070
19/09/2019	620.000,00	14,259
20/09/2019	800.000,00	14,269
24/09/2019	858.113,00	14,193
25/09/2019	1.240.000,00	14,026
26/09/2019	925.000,00	14,205
27/09/2019	710.000,00	14,314
30/09/2019	1.000.000,00	14,317
01/10/2019	712.713,00	14,321
	20.879.808,00	13,96

Source: own elaboration based on data from the CNMV

Based on the data obtained, we can assume that the purchase of own shares by Repsol in the year 2019, can reach a volume similar to that recorded in the year 2018.

In the case of Iberdrola, the purchase of shares and the equivalent amount in millions of euros is reflected in graph 3:

Graph 3. Evolution purchases own shares Iberdrola (2013-2018)



Source: own elaboration based on Iberdrola consolidated annual accounts

Unlike the data presented by Repsol, Iberdrola has been resorting to the purchase of own shares in a higher volume over the same period. Another of the differences that it presents is that together with the purchase of its own shares, it annually applies amortization programs for them, with the same periodicity.

Thus, in May 2013, it already made a capital reduction by amortizing its own shares in the portfolio and acquiring its own shares for amortization and in July of that same year, it carried out the first execution of the capital increase released. approved by the General Shareholders' Meeting in March 2013, through the program called “Iberdrola flexible dividend”, which consists of a shareholder remuneration system in which the latter decides if he prefers to receive all or part of the remuneration that corresponds to him , either in cash, or in released shares, without having to make any refund.

However, although it is not reflected in the graph, prior to that date Iberdrola had already carried out repurchase and redemption of shares. Thus, in fiscal years prior to 2001, capital reductions were made by amortization of own shares with a decrease of 81,708 thousand euros of share capital and 238,722 thousand euros of voluntary reserves.

The results obtained by IBERDROLA in 2013 and 2012 in the disposal of own shares amounted to a profit of 8,354 thousand euros and a loss of 10,089 thousand euros.

In 2014, 2014 was approved, it approved a reduction of share capital through the amortization of 91,305,304 own shares in Iberdrola's portfolio representing 1.43% of the share capital and the acquisition of representative own shares of a maximum of 0.66 % of the share capital through a repurchase program for amortization.

As a result of this agreement, the share capital of Iberdrola was reduced by 100,100,250.00 euros, through the amortization of 133,467,000 own shares in the portfolio (91,305,304 own shares already in the portfolio and 42,161,696 shares that were acquired from the shareholders through the repurchase program), representing approximately 2.09% of the share capital prior to the reduction. The share capital resulting from the reduction was set at 4,680,000,000.00 euros, corresponding to 6,240,000,000 shares.

The purpose of the capital reduction was the amortization of own shares in the portfolio and, therefore, has not entailed the return of contributions, since the Company itself owns the amortized shares.

Likewise, the General Shareholders' Meeting of the Company approved in March 2014 two increases in the share capital released for the purpose of implementing, for the fifth consecutive year, the shareholder remuneration system called Iberdrola Dividendo Flexible. The first capital increase was made in July 2014, on the occasion of what would have been the traditional payment of the complementary dividend corresponding to the 2013 financial year and the number of new shares that were issued and put into circulation was 67,239,000, of 0.75 euros of nominal value each, equivalent to 1.08% of the share capital prior to the increase. The second capital increase was made in December 2014, on the occasion of what would have been the traditional payment on account of the dividend corresponding to 2014, for an amount of 81,244,000 and 0.75 euros of nominal value each , without issuance premium, representing approximately 1.29% of the capital prior to the increase. Following the aforementioned capital increase, the capital stock of the Company amounts to 6,388,483,000 shares.

After this, at the end of 2014, the number of treasury shares and treasury stock is 121,966,897, representing 1,909% of the capital. Of the aforementioned figure, 60,985,277 treasury shares and 43,685,403 shares accrued through derivatives that are pending settlement.

Additionally, on April 28, 2015 and April 26, 2016 the company agreed to carry out capital reductions, through the amortization of treasury shares, so that as of December 31, 2016 and 2015, the volume of shares Own portfolio amounted to 151,224,777 and 67,636,166, respectively.

At the end of 2016, Iberdrola held 151,224,777 treasury shares and 1,624,221 shares accumulated through derivative contracts, pending settlement and equivalent to 2,402% of the capital.

From the end of 2017 until February 16, 2018, Iberdrola had acquired 23,420,543 treasury shares and delivered 866,659 shares. La autocartera de Iberdrola, S.A. as of February 16, 2018 it amounted to 98,264,033 treasury shares. In 2017, 75,710,149 treasury shares and 6,427,771 shares accrued through derivative contracts that are pending settlement that are presented as treasury stock in the consolidated statements of financial position as of December 31, 2017 and represent 1.30% of the capital.

Both in 2017 and in 2018, it was agreed to carry out several capital reductions, through the amortization of own shares in the portfolio, which add to the operations of purchase of own shares, which in 2018, reached the figure of 4,016,049 equivalent to 26,493 thousand euros (in total, they accumulated 3,806,688 shares of the 7,613,376 maximum potential shares to accumulate as of December 31, 2018).

Therefore, we see how Iberdrola has resorted to the purchase of its own shares and their amortization, for considerable amounts over a longer period of time than in the case of Repsol, which seems to point to growth.

6. Conclusions

After carrying out the work, we can conclude that the objective set at the beginning of it was successfully achieved, which was to analyze the causes and consequences of the repurchase of shares in the stock markets of the United States and Spain.

From the study of the consulted bibliography it is possible to formulate a series of conclusions that we expose next.

In the first place, it is necessary to point out that the repurchase of shares by companies, both in the United States and in Spain, has been used as an instrument that allows the shareholder to be remunerated and, at the same time, favors that the company can send messages of market strength and distribute cash flows, maintaining balanced amounts of shares in the portfolio.

Regarding the analysis of the data, the study of this instrument has numerous works in the case of operations carried out in the United States, for example. For its part, in Spain it has not been possible to locate current works, either from an academic or financial perspective, on the use of this mechanism by Spanish companies.

Along with this, obtaining data has been another of the limitations for the elaboration of the work, so that it has only been possible to locate specific studies on the applicable legislation, and very punctual, such as the econometric analysis carried out by Ropero (2000). Therefore, for the preparation of the study, the work of foreign authors has been used as a reference.

From the analysis of the data obtained on the companies Iberdrola and Repsol, and taking into account the purchases and amortizations made, as well as the shareholder remuneration and the means to carry them out, we can infer that in both cases, the objectives pursued are several.

On the one hand, control the declines that take place in the price of the share as a result of the sharp variations that occur in the stock market, and that are due to reasons beyond the company's own activity. In this way, the price of the securities of both companies has experienced, in the case of Iberdrola, a constant increase since 2013; and in the example of Repsol, regardless of the decrease that took place in 2016, it has achieved a growing progression (See annex of this work).

We do not want, however, to conclude that this behaviour has been due to the purchase of own shares, only to include this mechanism with an element that contributes to achieving that objective, since in order to establish that affirmation, it is necessary to develop an econometric model, which allows Know the significance of different variables, and isolate the effect of each of them on the price. This, therefore, would be the objective of new work on this subject.

7. Bibliography

Adams JR, J., (1910). "Stocks and their features: a division and classification", *The ANNALS of the American Academy of Political and Social Science* 35, 43-62

Akyol, A. C., y Chi Chong Foo (2013). "Share repurchase reasons and the market reaction to actual share repurchases: Evidence from Australia", *International Review of Finance* 13, 1-37.

Andriosopoulos, D., y Hoque, H. (2013). "The determinants of share repurchases in Europe", *International Review of Financial Analysis* 27, 65-76

Araiza Martínez, V. y Zúñiga Carrasco, J. (2019). "Aspectos Legales, Fiscales y Contables en la Recompra de Acciones". *Boletín técnico. Ejecutivos de finanzas.* Nº 49/2004.

Bagnoli. M., y Gordon, R. (1989). "Stock repurchase as a tokeover defense". *The Review of Financial Studies,* Nº 2. PP. 423-443.

Bagwell, L. S., y Shoven, J. B. (1989). "Cash distributions to shareholders", *The Journal of Economic Perspectives* 3, 129-140.

Bagwell, L. S., (1991). "Share repurchase and takeover deterrence", *RAND Journal of Economics* (RAND Journal of Economics) 22, 72-88.

Baker, H. Kent, Gallagher, P. L. y E. Morgan, K. (1981). "Management's view of stock repurchase programs". *Journal of Financial Research* 4, 233-247.

Baker, H. Kent, E. Theodore Veit, y Gary E. Powell. (2003). "Stock pepurchases and false signals", *The Journal of Applied Business Research* 19, 33-46.

BCE. 2007. Boletín mensual mayo 2007. Disponible en http://www.bde.es/bde/es/

Bierman, H., Jr., y West,R. (1966). "The acquisition of common stock by the corporate issuer", *The Journal of Finance* 21, 687-696.

Block, S. (2006). "An empirical study of stock repurchase programs among fortune 1000 companies", *Corporate Finance Review* 11, 22-31.

Bolsa Madrid. Datos Iberdrola. (2019). Disponible en http://www.bolsamadrid.es/esp/aspx/Empresas/FichaValor.aspx?ISIN=ES0144580Y14&ClvEmis=44580

Bolsa Madrid. Datos Repsol (2019). Disponible en http://www.bolsamadrid.es/esp/aspx/Empresas/FichaValor.aspx?ISIN=ES0173516115

Bonmatí Martínez, J. (2011). "El valor de una empresa y la creación de valor de esa empresa". *Opinión*. III Trimestre 2011.

Brav, A., Graham, J. R., Harvey, C. R. y Michaely, R.(2005). "Payout policy in the 21st century", *Journal of Financial Economics* 77, 483-527.

Brealey, R., Myers, R., y Marcus, A. (2004). *Fundamentos de Finanzas corporativas*. México: McGraw-Hill.

Cuatrecasas (2014). Nuevo Reglamento de Abuso de Mercado. Legal Flash. Mercado de Valores. Disponible en https://www.cuatrecasas.com/es/publicaciones/Legal_Flash__Nuevo_Reglamento_de_Abuso_de_Mercado__Julio_de_2014.html (ref. de 20 de septiembre de 2019).

Dann, L. Y. (1981). ”Common stock repurchases an analysis of returns to bondholders and stockholders”, *Journal of Financial Economics* 9, 113-138.

De Cesari, A., Espenlaub, S. y Khurshed, A. (2011). “Stock repurchases and treasury share sales: Do they stabilize price and enhance liquidity?” *Journal of Corporate Finance* 17, 1558-1579.

Díaz Díaz, B., y García Olalla, M. (2001). “Cambios en la propiedad accionarial y el gobierno de la empresa: una revisión”. *Cuadernos de Estudios Empresariales*. Vol. 11. (2001) 117-140.

Dittmar, A. (1995). *Stock repurchase waves and the large firm effect*. University of North Carolina. Kenan-Flager School.

Dittmar, A. (2008). “Corporate cash policy and how to manage it with stock repurchases”. *Journal of Applied Corporate Finance* 20, 22-34.

Dixon, R., Palmer, G., Stradling, B., y Woodhead, A. (2008). “An empirical survey of the motivation for share repurchases in the UK”, *Managerial Finance* 34, 886-906.

Ellis, C. D. (1965). “Repurchase stock to revitalize equity”, *Harvard Business Review* 43, 119-128.

Elton, E.J. y Gruber, M.J. (1970). “Marginal stockholder tax rates and the clientele effect”. *Review of Economics and Statistics* 52, pp. 68-74.

Galbraith, J. K., (1954). *El Crash de 1929*, trad. Ángel Abad. Editorial Ariel, 2ª edición (2013).

García Coto, D. y Garrido Domingo, J. (2019). “Los dividendos de las cotizadas españolas marcan diferencias”. Actividad empresarial. Bolsas y Mercados españoles. Disponible en https://www.bolsasymercados.es/esp/Estudios-Publicaciones/Documento/5323_Los_dividendos_de_las_cotizadas_espa%C3%B1olas_marcan_diferencias__Economistas__n__162_163_Extra__Espa%C3%B1a_2018_Un_Balance__marzo_2019__p__192_203_ (ref. de 18 de septiembre de 2019).

Grullon, G., y Ikenberry, D. L. (2000). “What do we know about stock repurchases?” *Journal of Applied Corporate Finance* 13, 31-51.

Grullon, G., y Michaely, R. (2002). “Dividends, share repurchases, and the substitution hypothesis”, *The Journal of Finance* 57, 1649-1684.

Gual, J. (2018). “La recompra de acciones como factor (artificial) del impulso de los mercados”. *Investing*. Disponible en https://es.investing.com/analysis/la-recompra-de-acciones-como-factor-artificial-del-impulso-de-los-mercados-200224978 (ref. de 19 de septiembre de 2019).

Hackethal, A., y Zdantchouk, A. (2006). “Signaling power of open market share repurchases in Germany”, *Financial Markets and Portfolio Management* 20, 123-151.

Hertzel, M. G. (1991). “The effects of stock repurchases on rival firms”, *Journal of Finance*, 46, pp. 707-716.

Ikenberry, D., Lakonishok, J., y Vermaelen, T. (2000). “Stock repurchases in Canada: Performance and strategic trading”, *The Journal of Finance* 55, 2373-2397.

Jiang, B., y Koller, T. (2011). “Paying back your shareholders”, *Mckinsey on Finance* 1, 2-7.

Jiménez, S. (2013). “La recompra de acciones como alternativa al dividendo”. *Empresas. Gestión empresarial*. Disponible en http://www.empresaglobal.es/EGAFI/descargas/1303926/1601149/la-recompra-de-acciones-como-alternativa-al-dividendo.pdf

Kessler, R. A. (1959). “Share repurchases under modern corporation laws”, *Fordham Law Review* 28, 637-688.

Lapetra, R.J. (2018). “Las empresas de EEUU ya invierten más dinero en comprar acciones propias que en su negocio”. Disponible en https://www.finect.com/blogs/invertir-en-bolsa/articulos/empresas-eeuu-invierten-mas-comprar-acciones-negocio (ref. de 18 de septiembre de 2019).

López de Foronda Pérez, O. (2006). *La política de dividendos de las empresas de Estados Unidos y Europa desde una perspectiva financiera e institucional*. Marcial Pons, Ediciones Jurídicas y Sociales. Madrid.

Lease, R. C., Kalay, A., Loewenstein, U., John, K., y Saring, O. H. (2001). *Política de dividendos y sus efectos sobre el valor de la empresa.* Barcelona: Gestión 2000.

Masulis, R. W. (1980). “Stock repurchasse by tender ofer: An analysis of the causes of common stock Price changes”. *Journal of finance*, 35(2), 305-321.

Medury, P. V., Bowyer, L.E. y Srinivasan, V. (1992). “Stock repurchases: A multivariate analysis of repurchasing firms”, *Quaterly Journal of Business and Economics*, 31, pp. 21-44.

Miller, M. H., y Modigliani, F. (1961). “Dividend policy growth, and the valuation of shares”. *The Journal of Business*, 34(4), 411-433.

Mitchell, J. D., Dharmawan, G. V. y Clarke, A.W. (2001). “Managements’ views on share buy-backs: An Australian survey”, *Accounting & Finance* 41, 93-129.

Pineda Salido, L. (2011). “La crisis financiera de los Estados Unidos y la respuesta regulatoria internacional”. *Revista Aequitas*. Volumen 1, Págs. 129-214.

Ramírez Molinares, C.V., Carbal Herrera, A., y Zambrano Meza, A. (2012). “La creación de valor en las empresas: el valor económico agregado-EVA y el valor de mercado agregado-MVA en una empresa metalmecánica de la ciudad de Cartagena”. *Saber, Ciencia y Libertad*. Disponible en file:///C:/Users/Equipo/Downloads/Dialnet-LaCreacionDeValorEnLasEmpresas-5109377.pdf (ref. de 17 de septiembre de 2019).

Rivera Godoy, J.A. (2002). “Teoría sobre la estructura de capital”. *Estudios Gerenciales,* núm. 84, julio- septiembre, 2002. Disponible en https://www.redalyc.org/pdf/212/21208402.pdf

Ropero, M.A. (1997). “Adquisición de acciones propias: factores explicativos para el caso español”. Tesina CEMFI. Nº 9712.

Ropero, M.A. (2000). “Adquisiciones de acciones propias: factores explicativos para el caso español”. *Investigaciones económicas*. Vol. XXIV (2), 2000, 329-355.

Rosique, C., y Pérez, S. (2018). “Ventajas e inconvenientes de la recompra de acciones”. *Expansión*. Disponible en https://www.expansion.com/mercados/2018/08/26/5b82d338ca4741714c8b45ae.html

Sinha, S. (1991). “Share repurchase as a takeover defense”. *Journal of Financial and Quantitative Analysis.* Nº 46. Pp. 233-244.

Skinner, D. J. (2008). “The evolving relation between earnings, dividends, and stock repurchases”, *Journal of Financial Economics* 87, 582-609.

Stulz, R. M. (1988). “Managerial control of voting rights: Financing policies and the market for corporate control”, *Journal of Financial Economics* 20, 25-54.

Trincado, B. (2019). “Once empresas de la Bolsa española invertirán 2.500 millones en acciones propias”. *Cinco Días*. Disponible en https://cincodias.elpais.com/cincodias/2019/01/25/mercados/1548445339_416054.html?rel=mas

Tsetsekos, G. P., Kaufman, D. y J. Gitman, L. J. (1991). “A survey of stock repurchases motivations and practices of major US corporations”, *The Journal of Applied Business Research* 7, 15-21.

Wansley, J. W., William R. L., y Salil S., (1989). “Managements' view on share repurchase and tender offer premiums”, *Financial Management* 18, 97-110.

Wansley, J. W., Lane, W. R. yl Sarkar, S. (1989). “Managements' view on share repurchase and tender offer premiums”, *Financial Management* 18, 97-110.

Young, A. (1969). “A behavioural approach: financial operating and security market parameters of repurchasing”, *Financial Analysts Journal* 25, pp. 123-128.

8. Annexes

Repsol own shares summary

	2013		2014		2015		2016		2017		2018	
	No. of shares	% on capital	No. of shares	% on capital	No. of shares	% on capital	No. of shares	% on capital	No. of shares	% on capital	No. of shares	% on capital
Shopping (market)	-64700000	5,05%	9242085	0,67%	20.480.001	1,42%	64833	0,004%	2297004	0,15%	149753457	9,62%
Market sales	5616078	0,42%	-3570011	0,26%	-10.642.495	0,74%			-18006	0,00%	-59429887	3,82%
Acquisition options / own shares	-3423536	0,26%	1000000	0,07%								
Disposal options / own shares	100000	0,01%	-600000	0,04%	-400.000	0,03%						
Acquisition Plan for Shares used	-982500	0,07%	437577	0,03%	754.845	0,05%	725352	0,050%				
Loyalty Plan 2011-2014	406430	0,03%	57146	0,00%		0,00%						
Loyalty Plan 2012-2015					54.435							
Repsol Flexible Dividend	55120		184617		920.529		5718		3787		234697	
Balance at year end	1432680	0,11%	7689371	0,56%	18.047.406	1,25%	94185	0,007%	2376970	0,15%	24157554	1,55%

Repsol Market Rates

Source: Madrid Stock Exchange

Iberdrola own shares summary

	2018		2017		2016		2015		2014		2013	
	No. of shares	Thousand euros	No. of shares	Thousand euros	No. of shares	Thousand euros	No. of shares	Thousand euros	No. of shares	Thousand euros	No. of shares	Thousand euros
Own shares in IBERDROLA's portfolio	135.985.344	873.065	75.710.149	507.175	151.224.777	868.936	60.985.277	334.014	34.519.418	137.559	85.723.586	329.668
Own shares in SCOTTISH POWER's portfolio	1.050.639	8.076	1.156.863	8.417	1.374.405	9.580	1.638.563	10.163				
Swap on own shares	11.810.088	77.599	6.000.000	41.646	1.867.929	11.899	7.800.721	48.979	15.299.795	94.327		
Accumulators (actions taken)	209.361	1.378	1.835.379	11.561	1.624.221	9.283	3.027.195	17.799	21.551.203	122.809		
Accumulators (potential actions)	7.613.376	50.230	4.592.392	28.998	31.870.828	183.669	12.111.494	2.878	24.832.346	115.909		
Total	156.668.808	1.010.348	89.294.783	597.797	187.962.160	1.083.367	106.214.139	639.239	146.799.243	137.226		
Acquisitions	266.442.793	1.672.087	154.508.438	1.002.731	245.721.539	1.450.724	162.118.086	938.283	176.365.850	896.183	111.223.064	444.345
Capital reduction	-198.374.000	-1.245.420	-219.990.000	-1.280.176	-157.197.000	-946.566	-148.483.000	-827.884	-133.467.000	-616.886	-150.748.416	-574.907
Iberdrola flexible dividend	5.117		1.896.638		1.504.604							
Iberdrola flexible dividend		-11.044		-9.379		-1.992						
Disposals	-7.798.715	-49.733	-11.929.704	-74.937	-6.440.532	-38.687	-6.984.197	-38.955	-16.432.991	-82.842	-9.487.484	-49.075
Balance at 31.12	135.985.344	873.065	75.710.149	507.175	151.224.777	868.936	67.636.166	405.458	60.985.277	334.014		

Iberdrola Market Rates

Source: Madrid Stock Exchange