

## *Deep Risk-Capital Markets Matter: Lessons from the Nordic Capital Markets*

### *Background*

Well-functioning capital markets play a central role in financing innovation, industrial transformation and economic growth. A key indicator of a market's ability to allocate capital efficiently is the activity in the primary market — the issuance of new equity and high-yield bonds.

An analysis of issuance activity across selected European countries shows substantial differences in the depth and vibrancy of national risk-capital markets. The study covers approximately 24,000 equity transactions and 3,100 high-yield bond issues across the UK, France, Germany, Switzerland, Belgium, Ireland and the Nordic countries.

The results highlight the importance of strong domestic capital market ecosystems.

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### *Key Findings*

The United Kingdom remains the largest capital market in Europe in absolute terms, with more than 400 annual risk-capital transactions when combining equity and high-yield bond issuance.

However, the Nordic markets stand out in a European context. Sweden and Norway each support a level of capital market activity that significantly exceeds most other European countries.

Between 2018 and 2025:

- Sweden averaged roughly 255 risk-capital issues annually
- Norway averaged roughly 245 risk-capital issues annually
- In high-yield bond markets separately, Norway and Sweden again lead Europe with approximately 125 and 85 issues per year, respectively

In comparison, most other European markets typically record between 20 and 80 risk-capital transactions annually.

Measured relative to the size of the economy or population, the Nordic markets therefore appear substantially deeper and more active than most European peers.

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### *Why the Nordic Markets Stand Out*

The strength of Nordic capital markets is the result of long-term ecosystem development.

In Norway, the capital markets have evolved around capital-intensive industries such as shipping, energy and offshore services, which historically required large amounts of external financing. This led to the development of specialised financing structures and a broad international investor base.

In Sweden, the development of capital markets has benefited from consistent political support for market-based financing, including tax structures that encourage investment and an active role for pension capital. A strong entrepreneurial environment has also contributed, with successful exits recycling capital back into domestic markets.

These structural factors have helped create deep pools of capital, active investor participation and efficient primary markets.

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## *Policy Implications*

The development of vibrant capital markets is the result of long-term policy stability and ecosystem building. International experience suggests that several factors are particularly important:

- Predictable and competitive tax frameworks for both investors and companies
- Strong institutional investor participation, including pension funds
- Efficient listing and issuance frameworks that allow companies to raise capital quickly
- Regulatory stability, which encourages long-term investor participation

Conversely, frequent regulatory changes, unpredictable tax policy, or barriers to capital formation risk undermining local market ecosystems.

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## *Conclusion*

Europe continues to seek ways to strengthen its capital markets and reduce dependence on bank financing. **The Nordic experience demonstrates that deep and vibrant risk-capital markets do not emerge by accident. They are the result of sustained national policy choices that support market-based financing and investor participation.**

Maintaining stable and competitive policy frameworks for decades will be critical if Europe is to strengthen its capacity to finance innovation, growth and industrial transformation in the years ahead.



# Risk Capital Issuance in Europe Equity and High-Yield Markets in Selected Countries

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# An overview of ECM and HY-DCM issues in selected European countries

1. Europe's capital markets vary significantly in their ability to provide risk capital.
2. The best way to measure market vitality is **primary issuance activity**.
3. Data across key European markets shows a **striking outperformance of Nordic markets**, particularly Sweden and Norway.
4. This is not accidental – it reflects **structural features of the ecosystem**.
5. The strength of these ecosystems depends on **constructive policy and tax frameworks for investors and corporates**



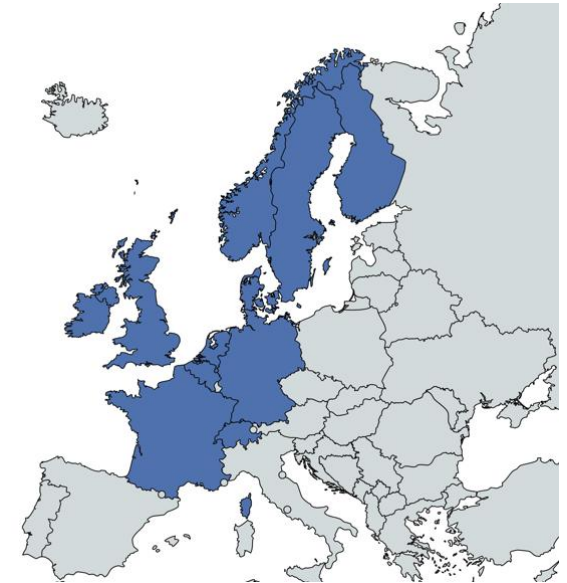
# Why Risk Capital Markets Matter

- Efficient capital markets are essential for innovation, growth and industrial renewal.
- Deep primary markets allow companies to raise capital quickly and efficiently.
- Europe shows large structural differences in capital market depth.
- Understanding these differences is important for policy design and market development.



# An overview of ECM and HY-DCM issues in selected European countries

- This study analyses historical issuance activity in equity (ECM) and high-yield debt (HY-DCM) across selected European markets.
- The dataset includes approximately **24,000 equity transactions** and **3,100 high-yield bond issues** across exchanges in: France, Germany, the UK, Switzerland, Belgium, Ireland and the Nordic countries.
- These markets are generally regarded as the **most developed risk-capital markets in Europe**.
- The dataset has been **cleaned and harmonised** to ensure comparability across national exchanges.



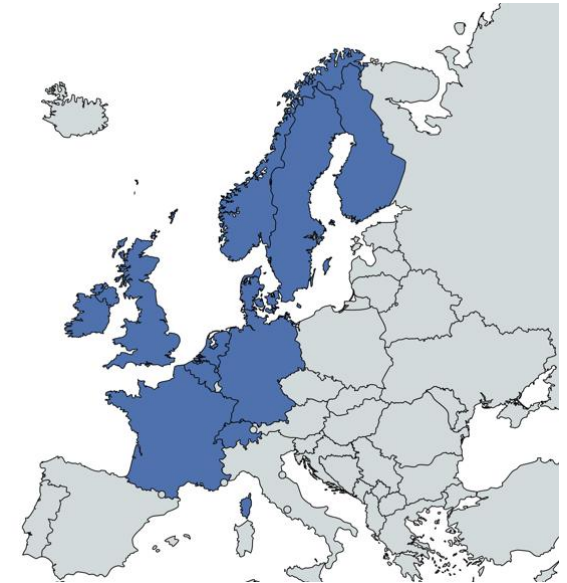
# A note on metrics and data

## Metrics and Data Sources

- The number of primary market transactions is used as the main indicator of a market's ability to provide risk capital.
- Active primary markets reflect a capital market's ability to **efficiently allocate capital to companies and sectors**.
- Markets with consistently high issuance frequency can therefore be regarded as **deep and vibrant risk-capital ecosystems**.

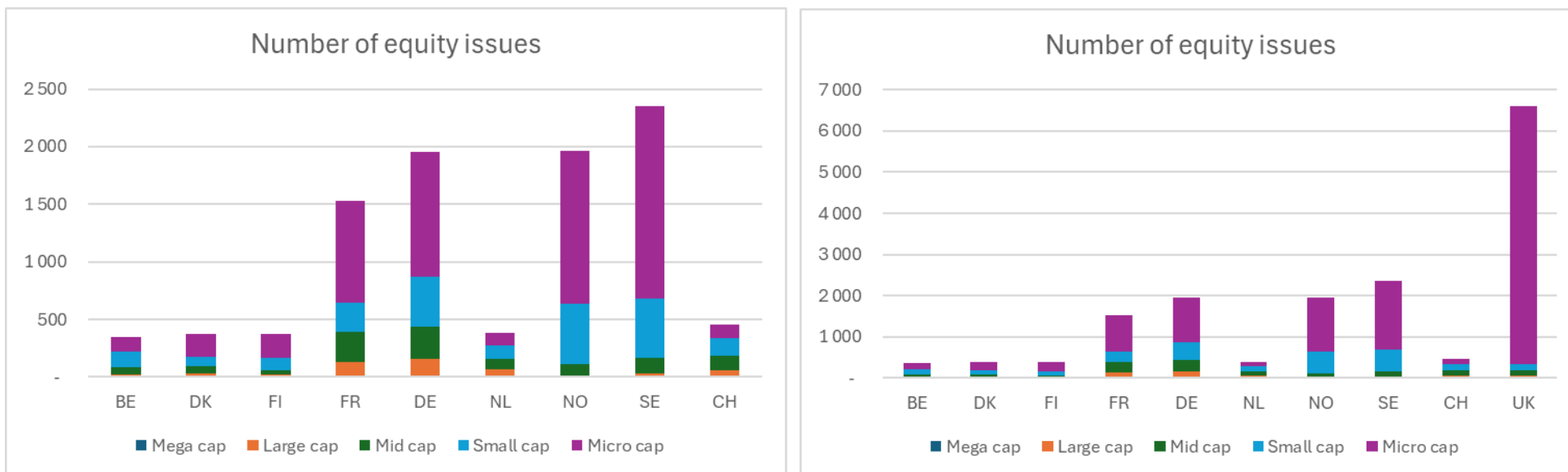
## Data sources

- Equity issuance: Dealogic (see separate ECM report)
- High-yield bonds:
  - Dealogic for European markets
  - Stamdata for the Nordic markets
- Nordic high-yield markets include a large share of **unrated bonds**, which are better captured by Stamdata.
- The data approach has been **validated independently by both providers**.



# Equity issuance in selected European countries, 2005-2025

(Pre issue market cap > 10 MSD)

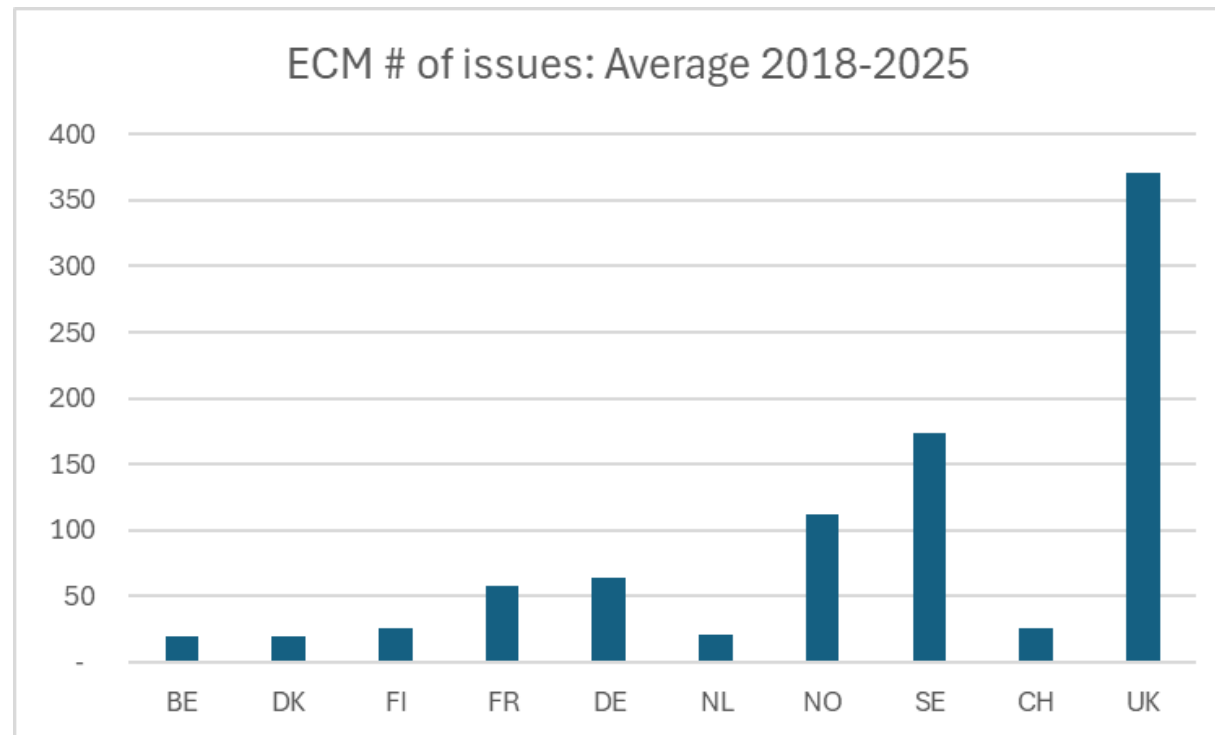


- Equity issuance activity varies significantly across European markets.
- The UK is by far the largest market in absolute terms.
- Among continental European markets, **Sweden and Norway stand out with unusually high issuance volumes, particularly in small- and mid-cap segments.**

# Average annual ECM issuance, 2018-2025

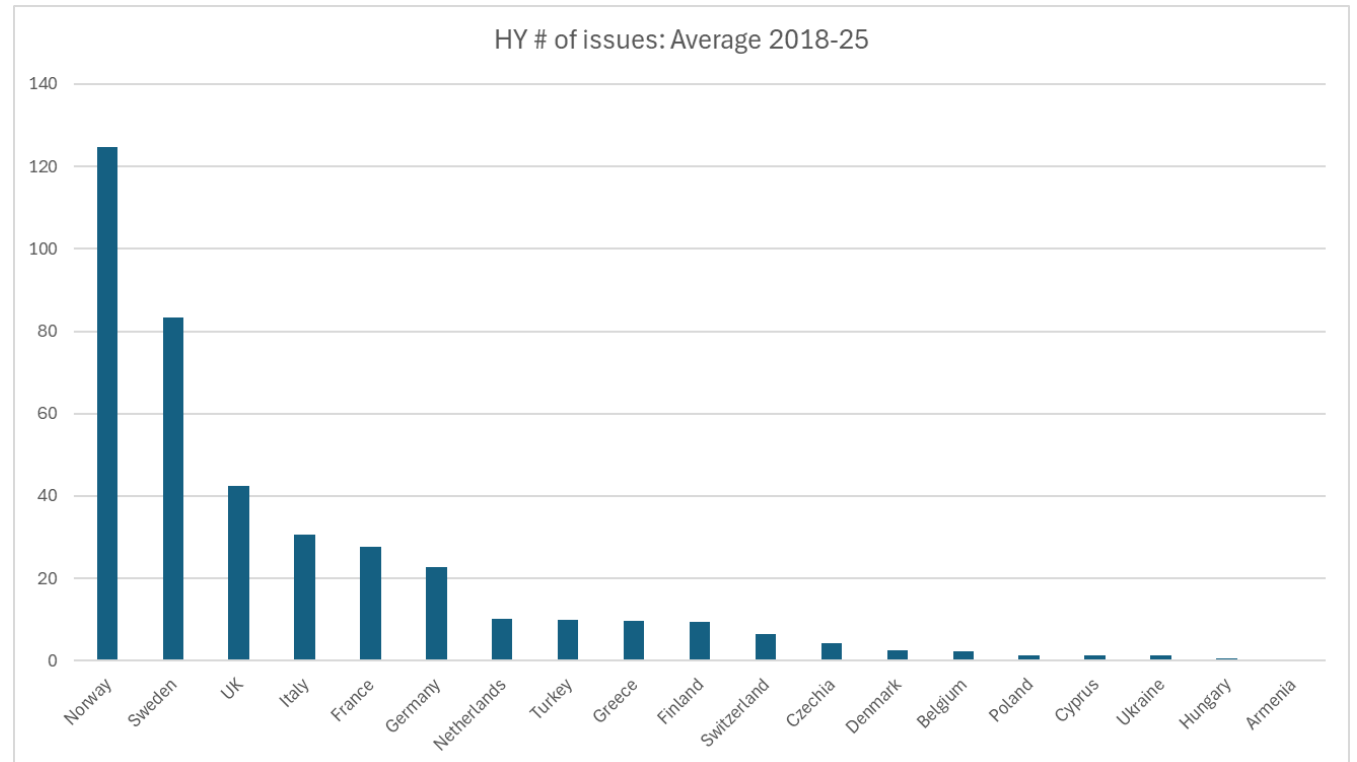
(Pre issue market cap > 10 MSD)

- Equity issuance activity varies widely across European markets.
- The UK remains the most active market, averaging roughly 370 equity transactions per year.
- **Sweden and Norway punch significantly above their economic weight, with approximately:**
  - 170 issues annually in Sweden
  - 110 issues annually in Norway
- In comparison, most other European markets average 20-60 transactions per year.



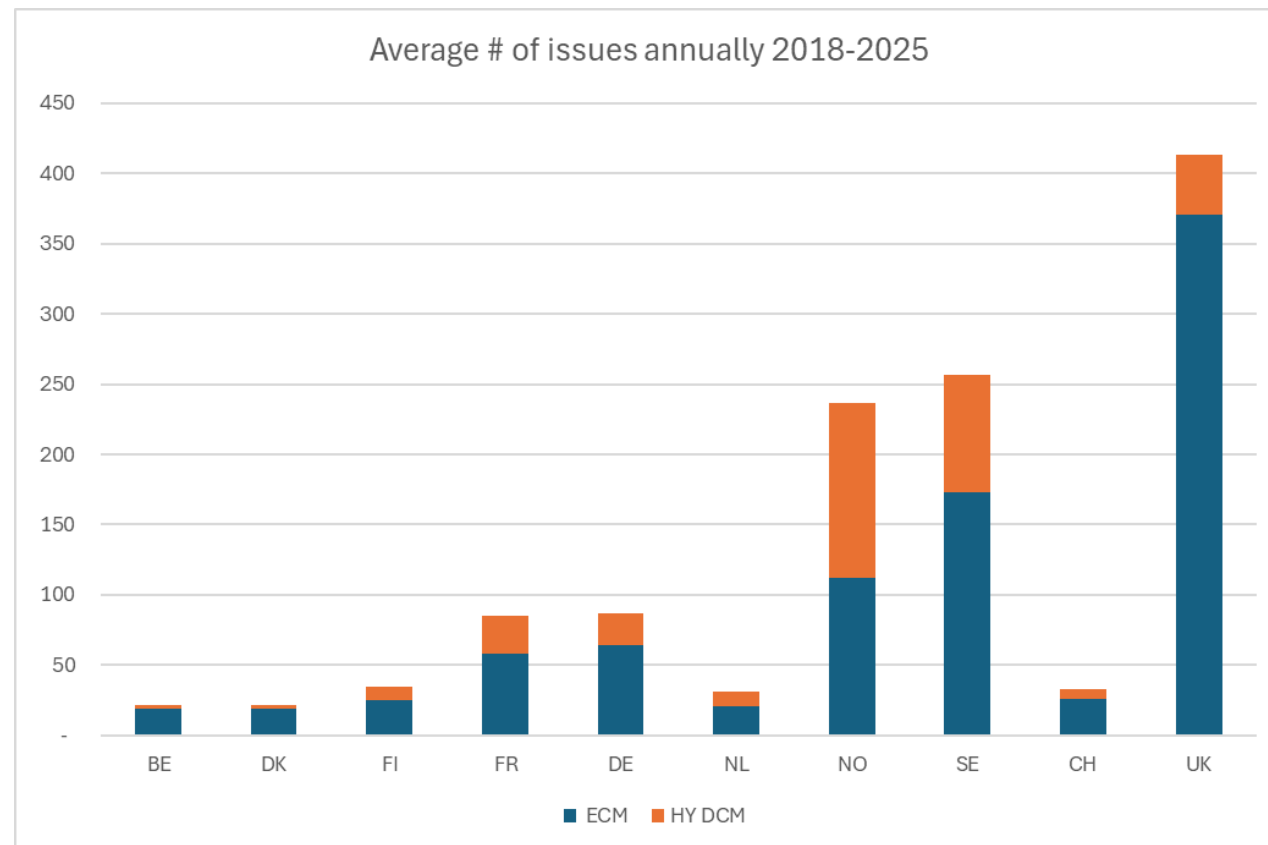
# Average annual high-yield issuance, 2018-2025

- High-yield bond issuance shows a similar pattern.
- **Norway and Sweden are the most active markets in Europe.**
- Average annual issuance:
  - Norway: ~125 issues
  - Sweden: ~85 issues
- These levels are **significantly higher than in most other European markets.**
- The UK follows with approximately 40 issues annually.



## Combined ECM and HY issuance, 2018-2025

- When combining equity and high-yield issuance, the UK remains the largest market, with more than 400 transactions annually.
- Sweden and Norway rank second, with roughly 250 issues per year.
- Most other European markets fall in the range of 20-80 issues annually.
- On a per-capita basis, the Nordic markets would rank clearly ahead of the rest of Europe.



# Key conclusions

## Key Findings

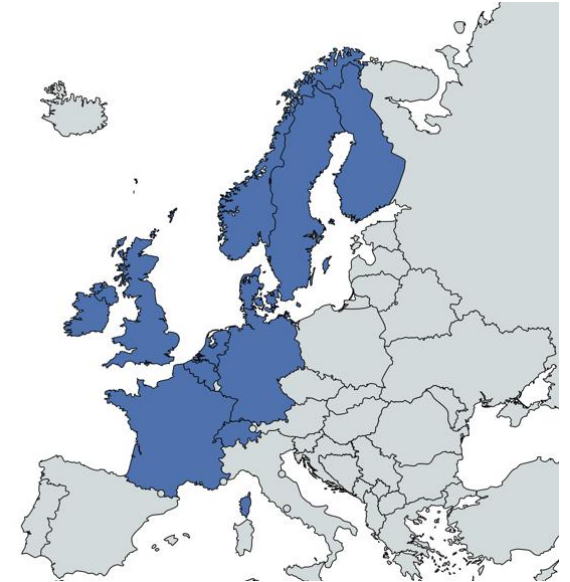
- Based on the data and methodology applied in this study, the **Swedish and Norwegian risk-capital markets stand out as particularly deep and active in a European context.**
- The development of these ecosystems reflects **different historical drivers.**

## Norway

- Capital markets evolved around **asset-intensive industries** such as shipping, oil and offshore.
  - These sectors required large amounts of capital and helped build **specialised financing instruments and an international investor base.**

## Sweden

- Long-standing **political support for active capital markets**, including favourable tax frameworks and the active role of pension capital.
- Large entrepreneurial successes and exits have helped **recycle capital into the domestic market.**
- However, **future development is not guaranteed.**
- The strength of local capital market ecosystems depends critically on **predictable regulatory and tax environments.**





**VERDIPAPIRFORETAKENES  
FORBUND**