



Annual Report regarding its actions and the securities markets 2015



**CNMV Annual Report of the securities
markets and their actions
2015**

Comisión Nacional del Mercado de Valores

Edison, 4

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Passeig de Gràcia, 19

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The CNMV publishes most of its reports and publications on the Internet at www.cnmv.es.

ISSN (digital edition): 1889-5166

Layout: Composiciones Rali, S.A.

Abbreviations

AAPP	Public Authorities
ABS	Asset-backed security
AIAF	Asociación de Intermediarios de Activos Financieros (Spanish market in fixed-income securities)
ANCV	Agencia Nacional de Codificación de Valores (Spain's national numbering agency)
ASCRI	Asociación española de entidades de capital-riesgo (Association of Spanish venture capital firms)
AV	Agencia de valores (broker)
BME	Bolsas y Mercados Españoles
BTA	Bono de titulización de activos (asset-backed bond)
BTH	Bono de titulización hipotecaria (mortgage-backed bond)
CADE	Central de Anotaciones de Deuda del Estado (public debt book-entry trading system)
CCP	Central counterparty
CDS	Credit default swap
CEBS	Committee of European Banking Supervisors
CEIOPS	Committee of European Insurance and Occupational Pensions Supervisors
CESFI	Comité de Estabilidad Financiera (Spanish government committee for financial stability)
CESR	Committee of European Securities Regulators
CMVM	Comissão do Mercado de Valores Mobiliários (Portugal's National Securities Market Commission)
CNMV	Comisión Nacional del Mercado de Valores (Spain's National Securities Market Commission)
CSD	Central Securities Depository
EAFI	Empresa de asesoramiento financiero (financial advisory firm)
EBA	European Banking Authority
EC	European Commission
ECB	European Central Bank
ECLAC	Economic Commission for Latin America and the Caribbean
ECR	Entidad de capital-riesgo (venture capital firm)
EICC	Entidad de inversión colectiva de tipo cerrado (closed-ended collective investment entity)
EIOPA	European Insurance and Occupational Pensions Authority
EMU	Economic and Monetary Union (euro area)
ESFS	European System of Financial Supervisors
ESMA	European Securities and Markets Authority
ESRB	European Systemic Risk Board
ETF	Exchange-traded fund
EU	European Union
EuSEF	European social entrepreneurship fund
EuVECA	European venture capital fund
FCR	Fondo de capital-riesgo (venture capital fund)
FCR-pyme	Fondo de capital-riesgo pyme (SME venture capital fund)
FI	Fondo de inversión de carácter financiero (mutual fund)
FICC	Fondo de inversión colectiva de tipo cerrado (closed-ended investment firm)
FII	Fondo de inversión inmobiliaria (real estate investment fund)
FIICIL	Fondo de instituciones de inversión colectiva de inversión libre (fund of hedge funds)
FIL	Fondo de inversión libre (hedge fund)
FOGAIN	Fondo General de Garantía de Inversiones (investment guarantee fund)
FROB	Fund for Orderly Bank Restructuring
FSB	Financial Stability Board
FTA	Fondo de titulización de activos (asset securitisation trust)
FTH	Fondo de titulización hipotecaria (mortgage securitisation trust)
IAASB	International Auditing and Assurance Standards Board
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IIC	Institución de inversión colectiva (UCITS)
IICIL	Institución de inversión colectiva de inversión libre (hedge fund)
IIMV	Instituto Iberoamericano del Mercado de Valores (Ibero-American Securities Market Institute)

IOSCO	International Organization of Securities Commissions
ISIN	International Securities Identification Number
LATIBEX	Market in Latin American securities, based in Madrid
MAB	Mercado Alternativo Bursátil (alternative stock market)
MEFF	Spanish financial futures and options market
MFAO	Mercado de Futuros del Aceite de Oliva (olive oil futures market)
MIBEL	Mercado Ibérico de Electricidad (Iberian electricity market)
MiFID	Markets in Financial Instruments Directive
MMU	CNMV Market Monitoring Unit
MoU	Memorandum of Understanding
OECD	Organisation for Economic Co-operation and Development
OMIP	Operador del Mercado Ibérico de Energía (Operator of the Iberian energy derivatives market)
P/E	Price/earnings ratio
RENADE	Registro Nacional de los Derechos de Emisión de Gases de Efectos Invernadero (Spain's national register of greenhouse gas emission allowances)
ROE	Return on Equity
SAREB	Asset Management Company for Assets Arising from Bank Restructuring
SCLV	Servicio de Compensación y Liquidación de Valores (Spain's securities clearing and settlement system)
SCR	Sociedad de capital-riesgo (venture capital company)
SCR-pyme	Sociedad de capital-riesgo pyme (SME venture capital company)
SENAF	Sistema Electrónico de Negociación de Activos Financieros (electronic trading platform in Spanish government bonds)
SEPBLAC	Servicio Ejecutivo de la Comisión de Prevención del Blanqueo de Capitales e Infracciones Monetarias (Bank of Spain unit to combat money laundering)
SGC	Sociedad gestora de carteras (portfolio management company)
SGEGR	Sociedad gestora de entidades de capital-riesgo (venture capital firm management company)
SGFT	Sociedad gestora de fondos de titulización (asset securitisation trust management company)
SGIIC	Sociedad gestora de instituciones de inversión colectiva (UCITS management company)
SIBE	Sistema de Interconexión Bursátil Español (Spain's electronic market in securities)
SICAV	Sociedad de inversión de carácter financiero (open-ended investment company)
SII	Sociedad de inversión inmobiliaria (real estate investment company)
SIL	Sociedad de inversión libre (hedge fund in the form of a company)
SIM	Sociedad de inversión mobiliaria (securities investment company)
SME	Small and medium-sized enterprise
SMN	Sistema multilateral de negociación (multilateral trading facility)
SON	Sistema organizado de negociación (organised trading facility)
SV	Sociedad de valores (broker-dealer)
TER	Total expense ratio
TRLMV	Texto refundido de la LMV (RDL 4/2015, de 23 de octubre) (recast text of the Securities Market Act)
UCITS	Undertaking for Collective Investment in Tradable Securities

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I Economic and financial framework

The global macroeconomic landscape of 2015 was characterized by a steady growth momentum in the United States, the modest advance of euro-area activity and the slowdown gripping the emerging market economies. Concerns over the growth dynamics of China and of this last group – struggling with the price slide in oil and other commodities – led to bouts of volatility on international financial markets over the year's second half. Among the advanced economies, cheaper commodity prices helped contain inflation at ultra-low rates. However, the persistence of large cyclical differences kept the monetary policies of the United States and euro area on an increasingly divergent path. The Federal Reserve raised official interest rates in December 2015 for the first time since 2006, after holding its target range at lows (0.00%-0.25%) for the space of seven years, while the European Central Bank (ECB) launched a sovereign bond-buying programme, whose scope and scale were stepped up on various occasions. Japan and China too maintained an expansionary monetary stance. China, in particular, announced a broad set of measures featuring a cut in lending and deposit rates, currency devaluation and the liberalization of deposit rates. The renminbi also joined the basket of currencies which make up the IMF's special drawing right,¹ a significant milestone in China's integration with global financial markets.

International financial markets went through a series of stages in 2015. In the opening months, a combination of upbeat activity and employment figures and central bank initiatives triggered a sharp rise in equity markets and a fall in interest rates, with reduced inflation as an additional support factor. From spring, however, doubts about the new round of Greek debt talks and, in the summer months, the extent of slowdown in China and other emerging economies caused a surge in volatility that sent stock prices tumbling accompanied by an uptick in bond yields. By year-end, however, yields were back to ultra-reduced levels, particularly in the euro area, with many sovereign and interbank instruments trading at sub-zero rates. The spreads of high-yield assets turned upwards in the second half, a trend that lasted into February of the current year. Finally, advanced economy stock indices by and large ended the year in positive territory against the more mixed fortunes of the emerging markets.

In Spain, economic recovery strengthened in 2015, delivering 3.2% growth substantially ahead of the 1.5% of the euro area, and a job creation rate of 3%. Falling energy prices kept headline inflation negative for most of the year, although the core rate remained positive and climbing to close the year near 1%. Domestic financial markets also felt the chill of global uncertainty factors. Benchmark stock index Ibox 35 followed up a strong first-quarter advance with a prolonged price slide that left it 7.2% in losses by the 2015 close, underperforming the majority of European indices.

1 Foreseeably effective on 1 October 2016.

The deterioration of certain Latin American economies, particularly Brazil, played against Spanish equities, with the large corporations most exposed to the region penalised heavily in the closing months. In bond markets, meantime, the progress of yields was largely dictated by the ECB's asset purchase programme and the low level of inflation. Ten-year government yields experienced some fluctuation before closing the year at 1.78% (1.61% at end-2014), while government securities up to 12 months traded consistently in negative terrain. Sovereign risk premiums held more or less flat, and financial sector premiums widened slightly. For the moment, the political impasse following last December's general elections has had little material impact on financial markets.

This chapter includes an exhibit that looks in detail at public and corporate debt issuance on global markets during 2015.

1.1 International economic and financial developments

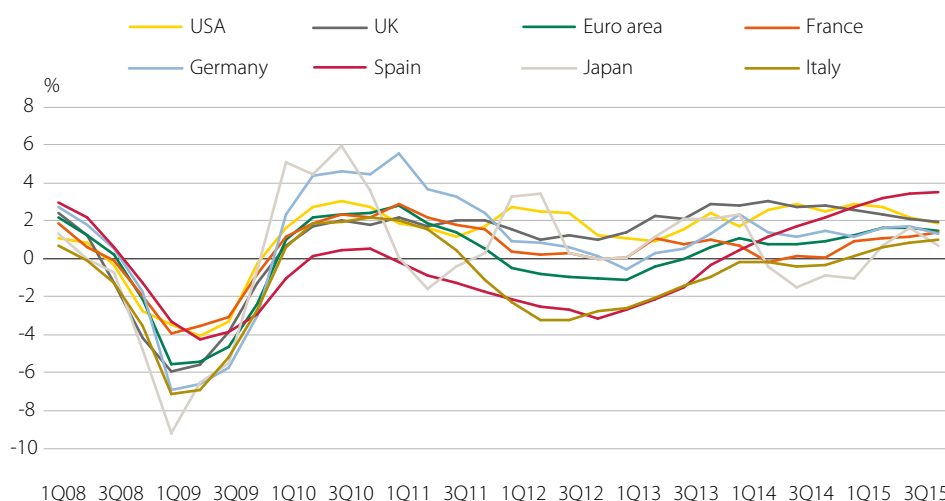
1.1.1 The world economy

The emerging market economies skim points off global GDP growth

According to IMF estimates,² the world economy expanded 3.1% in 2015, 0.3 points less than in the previous year, as emerging economy growth rates cooled from 4.6% to 4%. Among the advanced economies growth picked up slightly from 1.8% to 1.9%. The United States and the United Kingdom were again to the fore with annual advances of 2.4% and 2.2% respectively, while euro-area growth (1.5%) drew on a heterogeneous set of performances in which Spain came out a clear lead (3.2%).

GDP: annual change

FIGURE 1.1



Source: Thomson Datastream.

Although emerging economies grew more slowly across the board, the Asian economies remained out in front. Activity in this region advanced by 6.6%, 0.2 points less

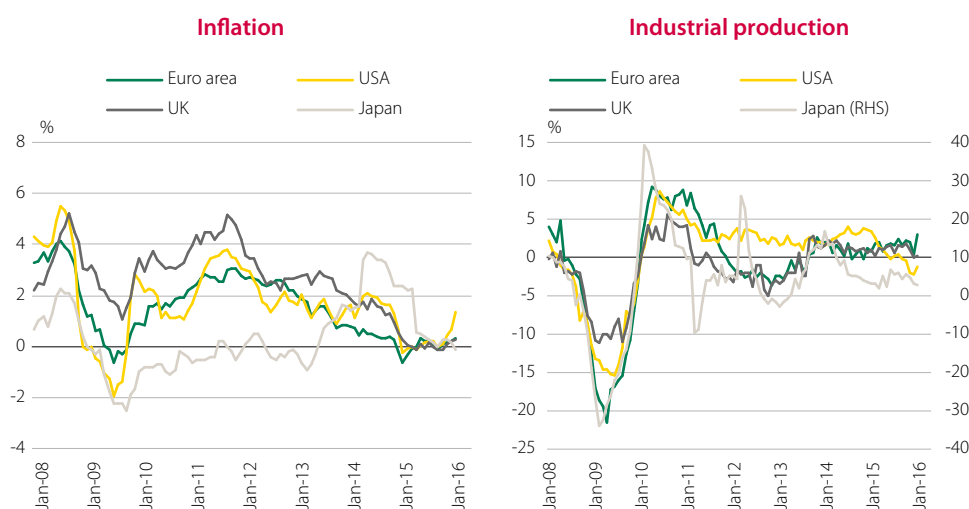
than in 2014, held back by the contraction in China from 7.3% to 6.9%. In Latin America, GDP shrank by 0.1% (+1.3% in 2014) as the Brazilian economy toppled into recession (-3.8%), pressured by tumbling commodity prices and a generally unsettled domestic climate. Russia too felt the adverse effects of falling commodity and, particularly, oil prices in the shape of a 3.7% decline in GDP.

The oil price tumble keeps inflation at lows in the advanced economies

Inflation rates in the major advanced economies held close to zero through 2015 as energy prices prolonged their decline (see Figure 1.2). The over-70% reduction (in dollars) in oil prices since mid-2014 (see Figure 1.3) was the single biggest factor in consumer price contention in most oil-importing countries. Alone among the advanced economies, the United States experienced an inflation upswing in December 2015 and January 2016, when rates reached 1.3%. Core inflation, which excludes the more volatile index components (usually fresh food and energy), was higher and rising as the year advanced in the United States and euro area. By end-2015, core rates were running at 0.8% in Japan and 2.1% in the United States (0.9% in the euro area and 1.4% in the United Kingdom).

Inflation and industrial production (annual change)

FIGURE 1.2



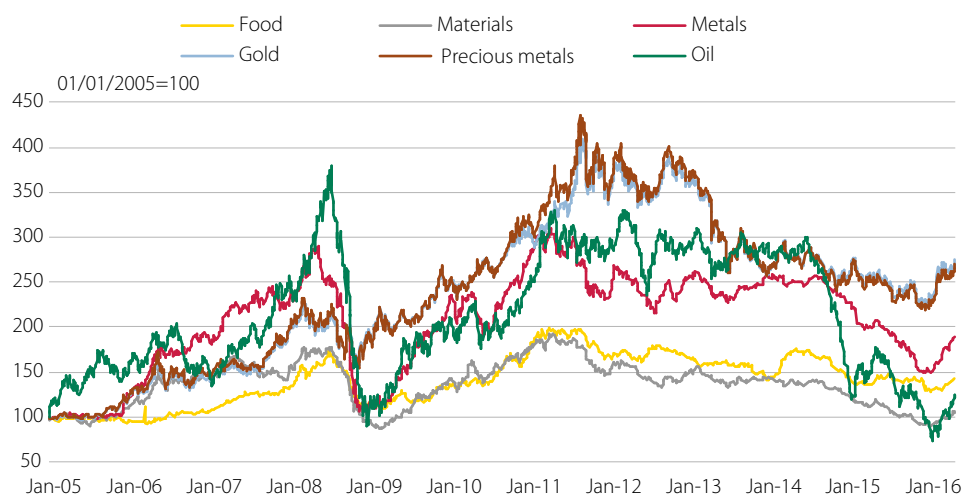
Source: Thomson Datastream.

Monetary policies in leading world economies continued along divergent paths in 2015. In the United States, upbeat activity and employment figures cleared the way for a more restrictive stance, while authorities in the euro area, Japan³ and China stuck to the road of monetary stimulus. On concluding its last asset purchase programme in October 2014, the Federal Reserve opted to shift tack, and announced its readiness to raise official rates during 2015 (for the first time since mid-2006). Finally, concerns about the slowdown in China and other emerging economies, allied with the fall in crude oil prices, pushed the move back to December 2015 – a hike of 25 basis points (bp) to 0.25%-0.50%.

3 In Japan, stubbornly low inflation motivated the central bank's announcement at end-January 2016 that it would apply a negative rate (-0.1%) on part of the deposits held there by financial institutions.

Commodity prices

FIGURE 1.3



Source: Thomson Datastream.

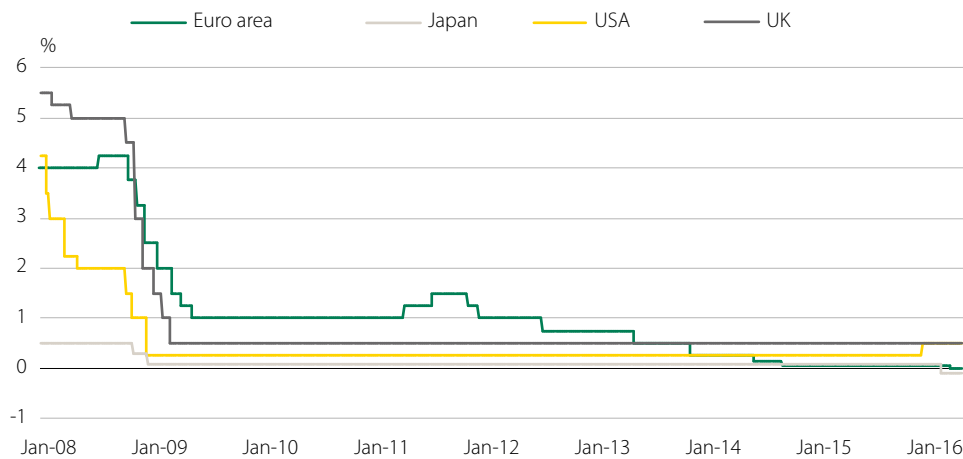
In the euro area, conversely, downside risks for its price stability objective persuaded the ECB into new easing measures, most prominently an expanded sovereign bond-buying programme. The programme initially envisioned monthly asset purchases of 60 billion euros to September 2016, but has since been scaled up and extended.⁴ To 31 March 2016, the ECB acquired euro-area public debt securities to the tune of 654.30 billion euros, with an average maturity of eight years. Spanish sovereign bonds accounted for 75.16 billion of this amount (9.8% of the outstanding stock of long-term central government bonds), with an average maturity of 9.68 years.

The Chinese authorities were similarly active on monetary and exchange rate fronts, as well as intervening in domestic financial markets. The People's Bank of China (PBoC) cut its benchmark lending and deposit rates on several occasions while lowering its reserve requirement, in a context of faltering growth and financial market tensions. It also devalued the currency three times, by almost 5% in all, and introduced more flexible mechanisms for determining its central parity. This was supplemented by other measures like scrapping the ceiling on deposit rates. An advance in financial liberalization, at home and abroad, which has facilitated the renminbi's entry to the basket of currencies which make up the IMF's special drawing right, will be foreseeably effective as of 1 October 2016. This marks an important milestone in China's integration with global financial markets.

4 In December 2015, the ECB announced the extension of its asset purchase programme to March 2017, and opened the door to possible purchases of bonds issued by regional and local governments. It also lowered the rate on the deposit facility from -0.20% to -0.30%. In March 2016, it said it would raise monthly asset purchases to 80 billion euros (as of April) and lengthen the list of eligible assets to include investment grade euro-denominated bonds issued by non-bank corporations established in the euro area. It also cut its deposit rate (to -0.40%), marginal lending rate (to 0.25%) and main refinancing rate (to 0%).

Official interest rates

FIGURE 1.4



Source: Thomson Datastream.

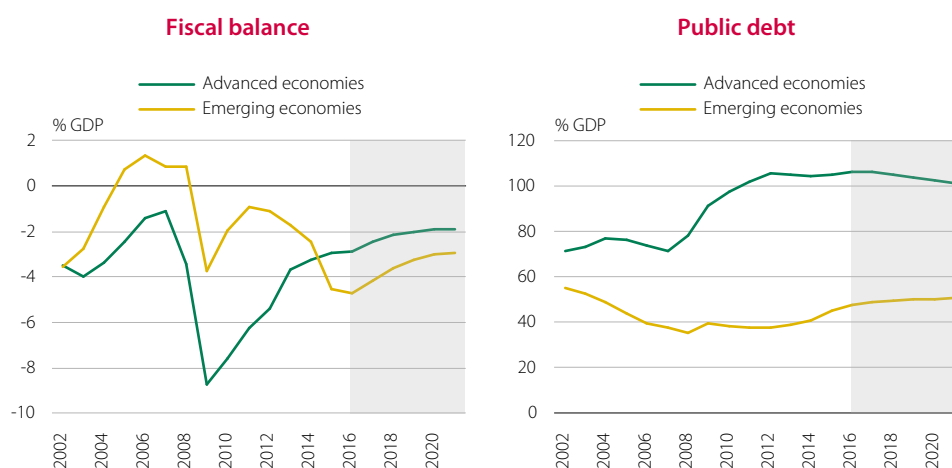
Economic and financial framework
Economic and financial environment

Falling oil and metal prices drive up fiscal deficits across the emerging market economies

According to IMF estimates, the aggregate deficit of the advanced economies narrowed from 3.3% of GDP in 2014 to 3% in 2015, while that of emerging and middle-income economies jumped from 2.4% to 4.5%. For many of this group, the price slump in oil and other commodities, including metals,⁵ left a heavy dent in revenues. Public indebtedness moved in tune with fiscal balances, such that public debt levels in the advanced economies rose by just 0.2 points (from 105.6% to 105.8% of GDP) against an almost 4-point increase to 45.4% among emerging and middle-income countries.

Fiscal balance and public debt

FIGURE 1.5



Source: IMF.

Advanced economies will continue along the path of fiscal consolidation in coming years, the IMF projects, with the aggregate deficit stabilizing at close-on 2% of GDP

⁵ The prices of oil and metals (CRB index) have plunged by 72% and 38% respectively since mid-year 2014.

and public debt decreasing steadily to around 100% of GDP. The outlook for emerging market economies is rather more uncertain, but the IMF expects deficits to narrow gradually to 3% in 2021 while public debt inches slowly ahead of the 50% mark (see Figure 1.5).

1.1.2 Developments in international financial markets

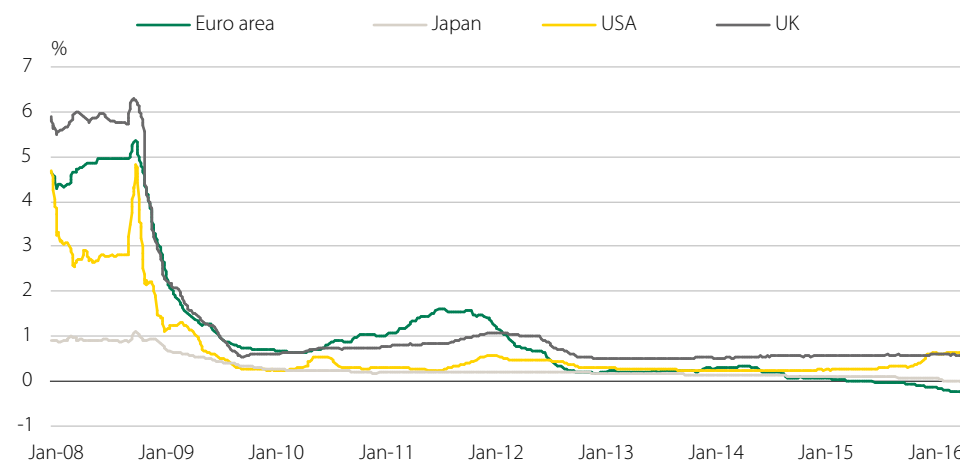
Short-term rates climb in the United States and fall in Europe

Short-term interest rates in the major advanced economies began to drift apart in late 2015 in tune with their divergent monetary policy stances and varying price and activity dynamics. In the United States, the official rate hike agreed in December fed through as a fourth-quarter increase in short-term rates of 20 to 30 bp, depending on the maturity, though even after the switch, rates still closed at historical lows (see Figure 1.6). In the euro area and Japan, by contrast, sluggish activity and ultra-low inflation kept short rates on a declining course. The fall was steeper in the euro area, where a significant portion of debt and money-market instruments traded consistently at negative yields. Specifically, three-month interbank rates entered negative terrain in April, with six-month rates following suit in November.⁶

By end-December 2015, three-month interbank rates in the main advanced economies ranged from the -0.13% of the euro area to 0.61% in the United States (0.08% in Japan and 0.59% in the United Kingdom).

Short-term interest rates¹ (three months)

FIGURE 1.6



Source: Thomson Datastream. (1) Three-month Libor.

Long-term government yields continue at lows contrasting with the run-up in high-yield spreads

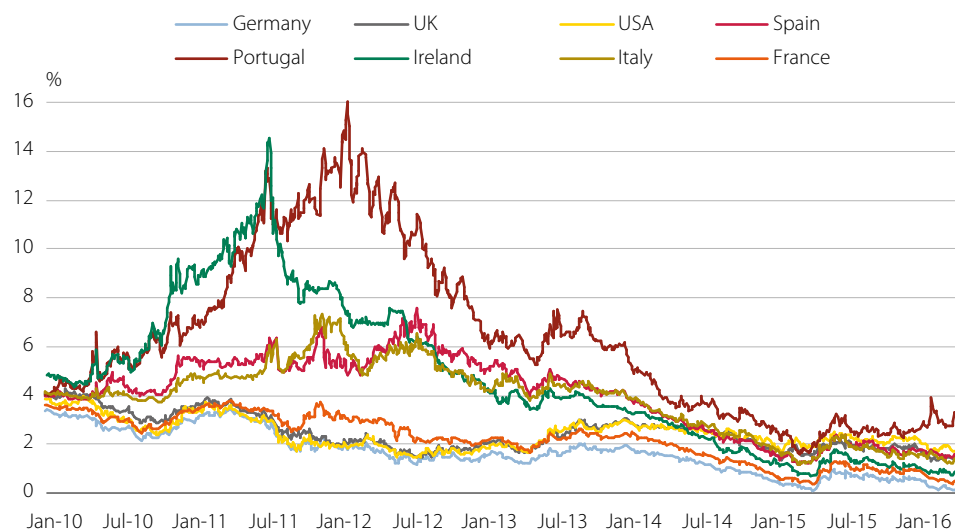
Long-term bond yields ended last year at ultra-reduced levels as most advanced economies settled into a pattern of muted growth and low inflation. Among the

⁶ One-year interbank rates also turned negative at the start of February 2016.

highest yields were those of US and UK governments, with ten-year bonds trading at 2.3% and 2% respectively at the 2015 close (on a par with 2014), significantly ahead of the levels observed in the euro area and Japan (see Figure 1.7).

Ten-year government bond yields

FIGURE 1.7



Source: Thomson Datastream.

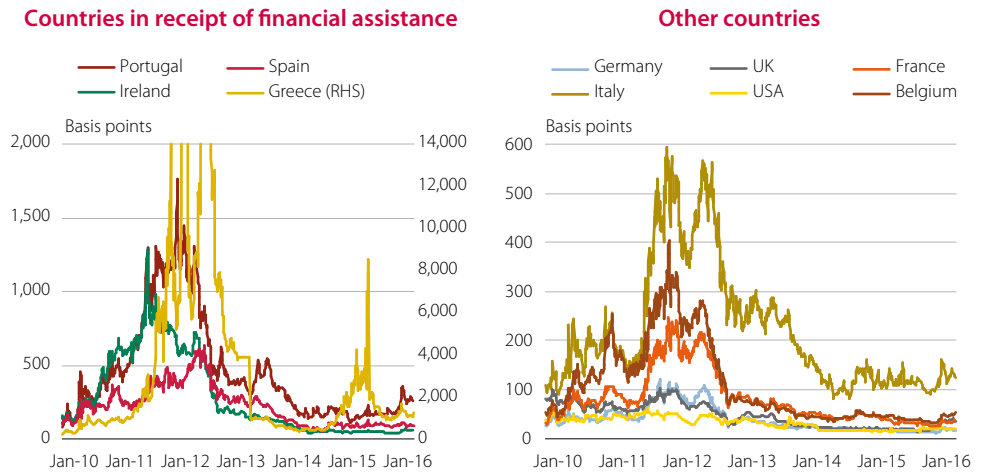
In the euro area, long-term interest rates trended steadily downwards except for a brief second-quarter spike coinciding with renewed tensions around Greece. The decline was supported not only by the cyclical position of the European economy, but also by the ECB's asset purchase programme which has helped anchor yields at ultra-reduced levels. So much so that a growing number of long-term debt instruments have followed short-term securities into sub-zero yields. In the case of German governments, for example, three and five-year yields have been negative respectively since summer 2014 and the start of 2015, while ten-year yields barely topped 0.60% at the 2015 close.

The fall in government yields, especially on longer-dated instruments, extended to a growing number of advanced economies in the first months of 2016. Uncertainty about China and other global stress factors have boosted safe-haven demand for these sovereign instruments, returning yields in some cases to record lows. By early April 2016, ten-year government yields were down to 1.69% in the United States, 1.33% in the United Kingdom and 0.09% in Germany. Finally, Japanese ten-year bond yields turned negative in late February, for the first time on record, and by end-April were trading at -0.08%.

Sovereign risk premiums varied little in the year, the exception being Greece in the months preceding its debt renegotiation deal with the European Union. Risk premiums in Spain, Italy and Portugal (as gleaned from five-year CDS contracts) closed at 89 bp, 97 bp and 170 bp respectively, a small improvement on the levels of December 2014. Note that Portuguese and Italian spreads rebounded somewhat in the first months of 2016 on concerns about the health of their respective banking sectors.

Sovereign CDS spreads

FIGURE 1.8

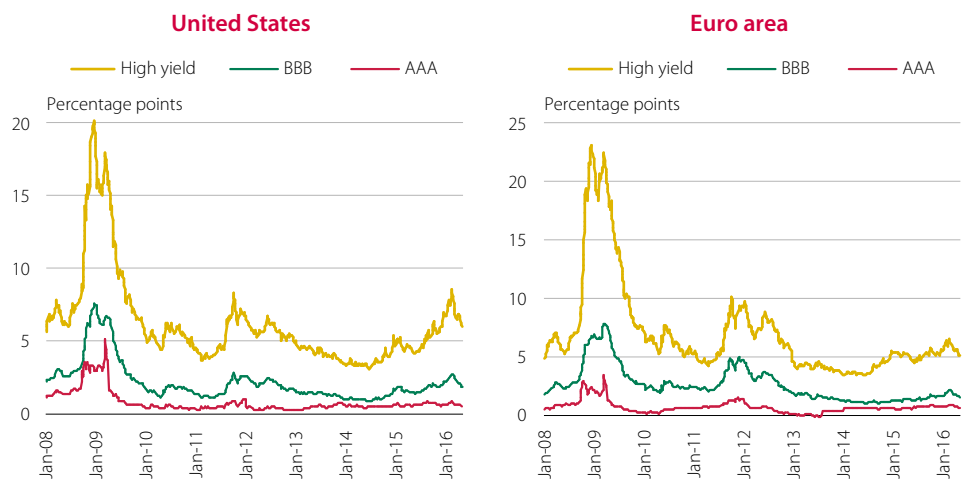


Source: Thomson Datastream.

Corporate and sovereign bond spreads diverged sharply in 2015, with differences most notable in the high-yield segment and in the United States. After an uncertain start, corporate spreads began to widen steadily from the second quarter (see Figure 1.9). In the high-yield segment, spreads closed at 663 bp in the United States and 558 bp in the euro area (185 bp and 27 bp higher than at end-2014). This trend persisted through to mid-February 2016, especially in the US economy, where the lowest-rated bonds reached levels unseen since summer 2009. The run-up in spreads was far more restrained in other quality brackets.

Corporate bond spreads¹

FIGURE 1.9



Source: Thomson Datastream (Merrill Lynch and IBOXX indices). (1) Expressed as the difference between the yield of a set of bonds belonging to an index of determined maturity and credit quality and that of ten-year government bonds (the German benchmark in the case of the euro area).

Debt issuance slackens in 2015 albeit with large disparities by sector and economic region

Net issuance on international debt markets (gross issuance less repayments) summed 2.52 trillion dollars in full-year 2015, 23.5% less than in 2014. This was the

lowest amount (in net terms) since the year 2000, albeit with major disparities across economic areas and sectors. The front runner was the United States, where net issuance swelled by 26.5% to 1.5 trillion dollars on increased borrowings by both the private (37.8%) and public (16.9%) sector. In remaining regions (Europe, Japan and the rest of the world), issuance tended to be lower than in 2014 (for a fuller account of recent trends on global debt markets, see Exhibit 1.1).

Net international debt issuance

FIGURE 1.10



Source: Dealogic. Half-yearly figures.

US issuers were especially busy in the first half of 2015, with non-financial corporations strongly to the fore (see lower right panel of Figure 1.10). One reason was firms rushing to cut their costs by scheduling placements ahead of the interest rate hikes predicted for the closing months. In Europe, conversely, issuance weakened across all institutional sectors, prolonging the deleveraging process ongoing in both the public and private sectors. In fact, net sovereign issuance turned negative in the second half while banks' net issuance was negative throughout.

Both gross and net issuance contracted in year-on-year terms in the more volatile markets of the opening months of 2016. The decline extended to all sectors amid the kind of challenging environment that often prompts issuers to postpone their placements. Another contributory factor was the comparative effect versus the high figures registered in the same period of 2015, in the United States especially.

Recent developments in global debt markets

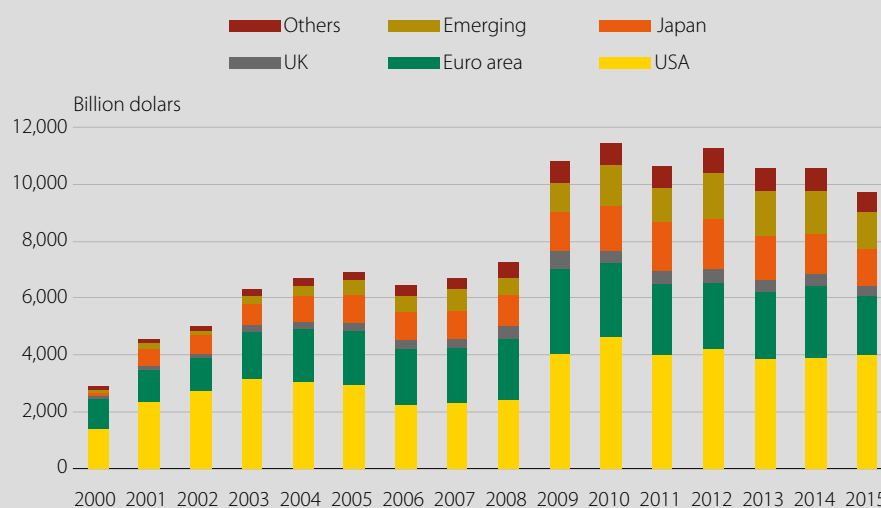
EXHIBIT 1.1

Gross bond issuance on international markets contracted in 2015 albeit with disparities between sectors and economic areas. Issuance started out strong but shortly buckled under the effect of negative newsflow – in the second quarter, the uncertain situation in Greece, and, from the third quarter, factors like the financial market turmoil stoked by concerns over China and other emerging economies, and the monetary policy outlook, in the United States particularly.

Gross debt issuance summed 9.75 trillion dollars in 2015, 7.9% less than in the previous year, while the decline in net terms, as mentioned previously, ran to 23.5%. By region (see Figure E.1.1.1), issuance strengthened in the United States alone (by 3% to four trillion dollars, 41% of the global total), and decreased in all other countries (or economic regions), most steeply in the euro area (-18.7%), Japan (-11.3%) and the emerging market economies (-14.8%). By borrower, a large gap opened up between the issue volumes of the public sector, which fell across the board on more subdued general government financing requirements, and those originating in the private sector, also characterised by marked differences between countries. Overall, gross sovereign issuance came to 6.8 trillion dollars, 10.6% less than in 2014 (-1.5% in the United States, -3.8% in the United Kingdom, -11.1% in Japan, -17.8% in the euro area and -20.1% among the emerging economies), while corporate issuance, at 2.97 trillion dollars, was on a par with 2014.

Gross debt issuance in international markets

FIGURE E1.1.1



Source: Dealogic.

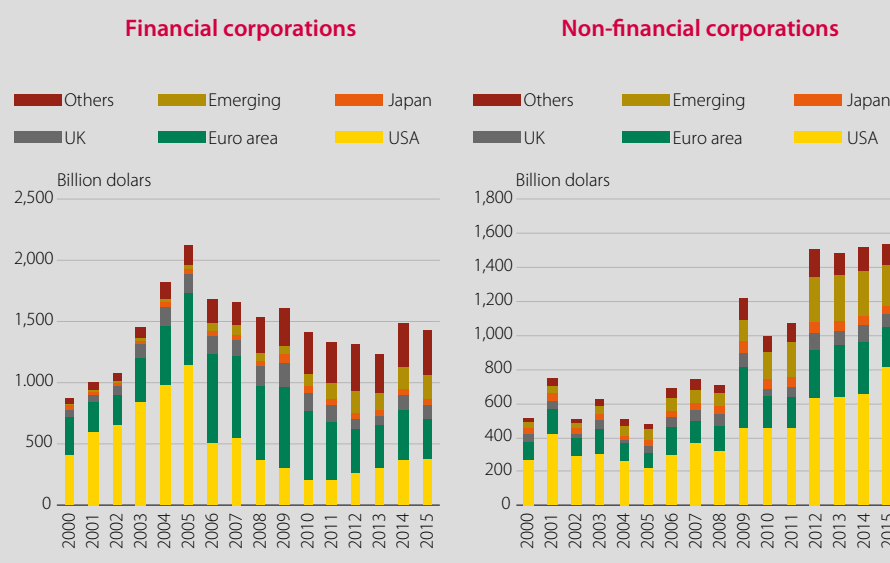
Similarly, a gap appeared in the private sector between financial and non-financial corporations. Overall, financial corporations issued 1.4 trillion dollars of new debt (3.1 less than in 2014), with expansion in the emerging economies and the United States offset by weaker issuance across the rest of the advanced economies (see left-hand panel of Figure E.1.1.2). The fall was especially pronounced in the euro area (-20.4%) where factors at work included institutions' lower financing needs and doubts about the impact of new European Union rules on bank resolution due into force on 1 January 2016.¹ By

product, issuance was brisker in the mortgage covered bond segment, spurred by the ECB's third purchase programme² (CBPP3) and these bonds' popularity with investors at times of uncertainty. In net terms, the issuance of euro-area financial borrowers was negative in 2015.

Issuance by non-financial corporations held up more strongly, in the United States especially, to close at 1.54 trillion dollars, 1.3% more than in 2014 (see right-hand panel of Figure E1.1.2). Over half this amount (53%) traced to the United States, where many firms sought to save costs by bringing their placements forward to the opening months ahead of the interest rate hikes predicted for the second half. US borrowers also stepped up issuance in euros to take advantage of the reduced interest rates prevailing in the euro area.³ In remaining regions, corporate debt issuance was lower than in 2014. This was especially the case in the euro area (-22%) and the United Kingdom (-23%), in a context still dominated by household and business deleveraging, helped along by easier access to channels like bank lending, which has shown signs of a revival.

Gross debt issuance by borrower

FIGURE E1.1.2

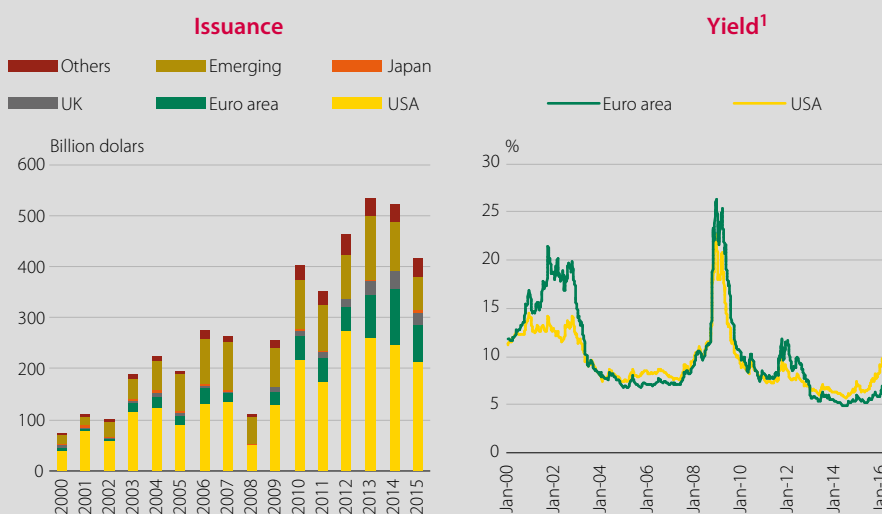


Source: Dealogic.

Bouts of risk aversion brought on largely by the unsettled outlook for emerging market economies led to shifts in the issuance mix. Sales of high-yield and emerging market debt securities tailed off sharply, while investment grade issuance, though lower, held up more strongly. Finally, high-yield issuance totalled 417 billion dollars (see left-hand panel of Figure E1.1.3). This was 20% less than in 2014 and the lowest figure since 2012, although still ahead of the historical average since 2000 (280 billion). High-yield instruments have enjoyed something of a boom in the low rates environment of recent years, as the search for yield sent investors rushing into riskier corners of the market. However, the uncertainties besetting financial markets in the second half of 2015 drove yields on these instruments sharply higher, especially in the United States, where they jumped from around 6% in spring 2015 to highs testing 10% in February this year – the first such readings since late 2011.

High-yield bonds

FIGURE E1.1.3



Source: Dealogic and Thomson Datastream. (1) High-yield bond indices (BOFA ML).

Investment grade issuance amounted to 3.15 trillion dollars⁴ in the year, just 1.7% short of the figure for 2014. Again, growth was confined to the United States (23%) for the reasons stated previously. Elsewhere, the decline ran from 7.9% among the emerging economies to 23% in the euro area. Sales of asset-backed securities, meantime, closed at 1.55 trillion dollars, almost the same total as in 2014 (year-on-year growth of barely 0.7%).

In sum, activity on global debt markets in 2015 was weighed down by volatility, arising, in turn, from diverse uncertainty factors. The result was a tapering-off of issue volumes after an initially strong start, concluding in the lowest issuance year since 2008. The biggest advance was in the United States, where borrowers brought forward placements ahead of the imminent interest rate hike (which finally took place in December), while issuance in the euro area receded sharply, with the financial sector leading the decline. Financial corporations had to cope with various uncertainty factors besides market volatility, chiefly the impact of new European rules on bank resolution. The rise in investor risk aversion penalised high-yield and emerging market issues. Finally, general government issuance was lower in all regions due to the ongoing progress of fiscal consolidation.

The outlook for debt markets and capital markets in general is very far from clear, with multiple concerns already impacting on secondary markets, in equities particularly, over the first months of 2016. Against this backdrop, primary markets may show a heightened sensitivity to the performance of secondary markets, especially in the event of bond offloading or price falls in less liquid markets.

1 Directive 2014/59/EU of the European Parliament and of the Council, of 15 May 2014, establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No. 1093/2010 and (EU) No. 648/2012 of the European Parliament and of the Council.

2 ECB held 158 billion euros in mortgage covered bonds at end-February 2016.

3 The amount of these issues, known as reverse yankees, exceeded 65 billion euros in 2015 (38.60 billion in 2014 and 25 billion on average since the year 2000).

4 Considering all investment grade issues regardless of the type of borrower.

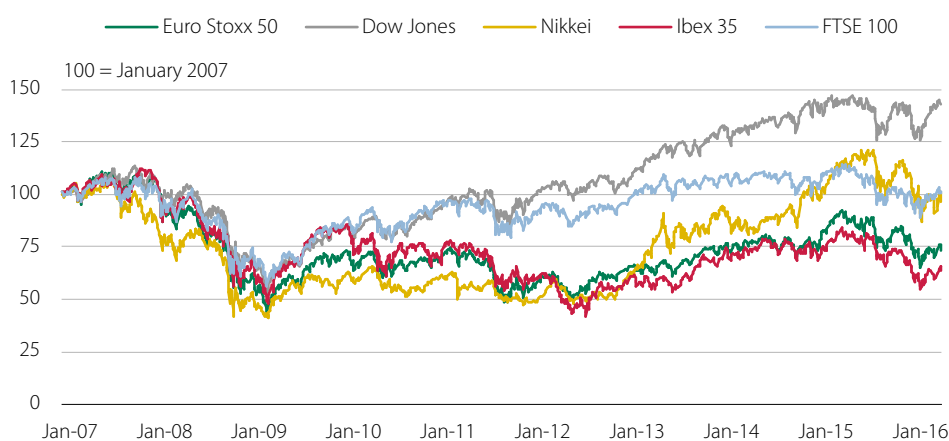
Equity markets close in gains despite turbulence from China and other stress factors

Economic and financial framework
Economic and financial environment

Leading advanced economy stock indices passed through different phases as the year progressed. The first and fourth quarters were characterised by sturdy gains facilitated by central bank decisions and, in some cases, the release of strong employment and activity figures. Losses, conversely, predominated in the central quarters, as markets suffered a new bout of volatility brought on by the imminent renegotiation of the Greek debt and, further ahead, the dynamics of the Chinese economy. On balance, however, 2015 was a good year for this set of indices. In Europe, most leading exchanges closed in positive territory, with the Eurostoxx 50 gaining 3.8%. In Japan, the Nikkei index rose by over 9%. US indices performed more unevenly, the 2.2% fall of the Dow Jones contrasting with the 5.7% advance of the Nasdaq composite.

Performance of main world stock indices

FIGURE 1.11

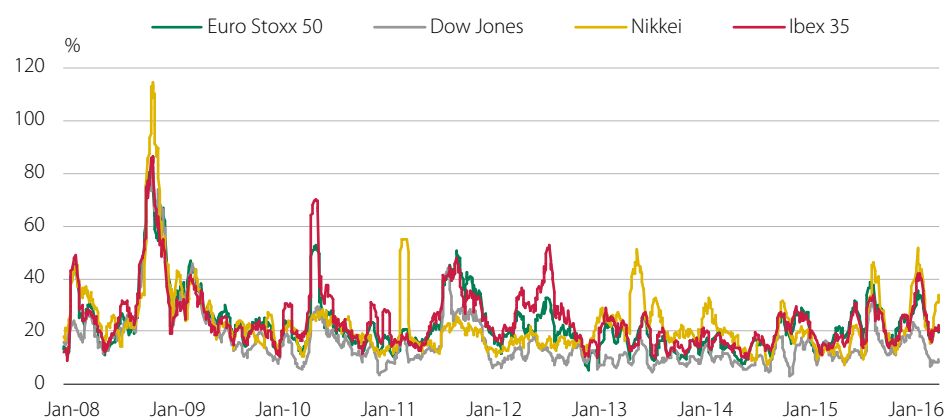


Source: Thomson Datastream.

Equity markets suffered another wave of volatility in the opening months of 2016 on concerns about China and other emerging economies, falling crude oil prices and fears of a new global recession. All world regions shared in the price tumble of the first quarter, given the global nature of the downside risks, followed by a degree of recovery in the month of April. Data for the first four months of 2016 show steep losses in Japan (Nikkei -12.4%) and the euro area (from the -4.0% of the Euronext 100 to the -13.2% of the Mib 30) against a backdrop of heightened volatility. As we can see from Figure 1.12, volatility built up sharply to mid-February 2016, after hovering near 20% on most indices in the second half of 2015. In the case of Japan's Nikkei index, volatility readings topped the 50% mark in mid-February.

Historical volatility¹ of main stock indices

FIGURE 1.12



Source: Thomson Datastream. (1) Historical volatility on day t is calculated as the standard deviation of daily index returns in the 20 preceding sessions.

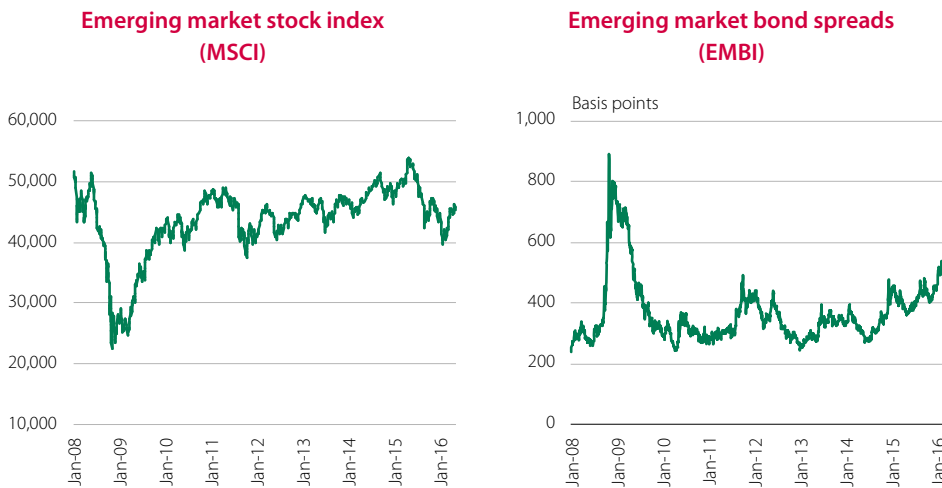
Performance of main world equity markets

TABLE 1.1

Exchange	Index	Change ¹ (%)				
Developed countries		2011	2012	2013	2014	2015
United States	Dow Jones Ind. A.	5.5	7.3	26.5	7.5	-2.2
United States	Nasdaq Composite	-1.8	15.9	38.3	13.4	5.7
Japan	Nikkei	-17.3	22.9	56.7	7.1	9.1
United Kingdom	FTSE 100	-5.6	5.8	14.4	-2.7	-4.9
Euro area	Euro Stoxx 50	-17.1	13.8	17.9	1.2	3.8
Euronext	Euronext 100	-14.2	14.8	19.0	3.6	8.0
Germany	Dax 30	-14.7	29.1	25.5	2.7	9.6
Italy	Mib 30	-24.0	10.2	18.8	-0.4	12.7
Spain	Ibex 35	-13.1	-4.7	21.4	3.7	-7.2
Latin America and Asia						
Argentina	Merval	-30.1	15.9	88.9	59.1	36.1
Brazil	Bovespa	-18.1	7.4	-15.5	-2.9	-13.3
Chile	IGPA	-12.4	4.7	-13.5	3.5	-3.8
Mexico	IPC	-3.8	17.9	-2.2	1.0	-0.4
Peru	IGBL	-16.7	5.9	-23.6	-6.1	-33.4
South Korea	Korea Cmp Ex	-11.0	9.4	0.7	-4.8	2.4
Hong Kong	Hang Seng	-20.0	22.9	2.9	1.3	-7.2
China	Shanghai Composite	-21.7	3.2	-6.7	52.9	9.4

Source: Thomson Datastream. (1) In local currency.

Emerging market stock indices performed unevenly in 2015 both within and across regions. The general pattern was of early gains giving way to a prolonged price slide in response to the turmoil issuing from China, which continued into the opening months of 2016. In the full-year period, standout developments were the slump in Brazil's Bovespa index (-13.3%) on the deteriorating state of the domestic economy, and the advance of the Shanghai Composite (9.4%) despite the turmoil episodes of August and September. In the first months of 2016, losses predominated across leading indices in Asia and Eastern Europe, while Latin American indices rallied strongly with Brazil to the fore (15.5%).



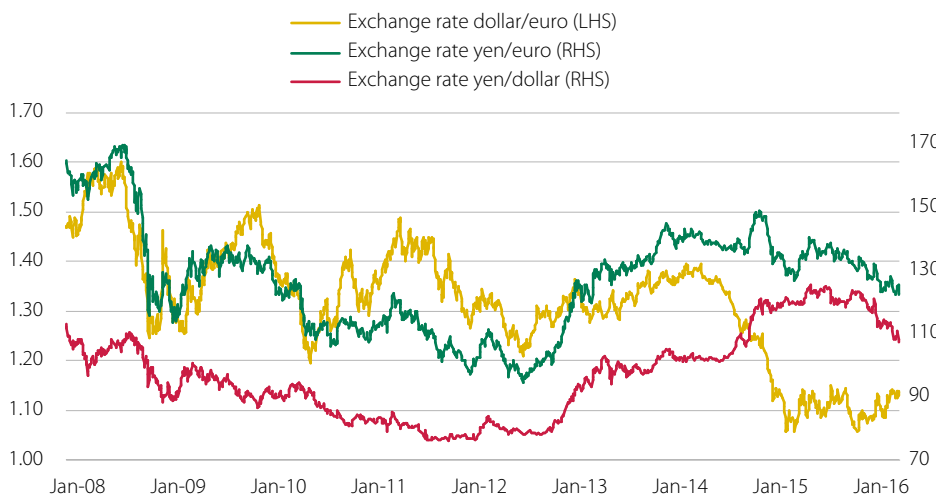
Source: Thomson Datastream and Bloomberg.

The euro holds steady at around 1.10 dollars but weakens against the yen

After starting out at 1.20 dollars, the euro hovered around the 1.10-dollar mark for most of 2015 (see Figure 1.14). The European currency gained ground against the dollar between the 2015 close and mid-February 2016, undeterred by interest rate rises in the United States, and by the end of April was trading at 1.14 dollars versus the 1.09 dollars of the 2015 close. Against the yen, conversely, the euro has depreciated steadily since the end of 2014, with only a brief recovery between April and June 2015. By the end of April 2016, the euro was trading at 122 yens compared to the 131 and 145 yens respectively of the 2015 and 2014 close. Overall, the tone on foreign exchange markets has been one of heightened volatility, due partly to the divergence in monetary policy cycles. This stands in contrast to the recent diminishing of volatility in equity and bond markets.

Euro exchange rates against the dollar and yen

FIGURE 1.14



Source: Thomson Datastream.

1.2 National economic and financial developments

National grows at double the pace of the euro area in 2015

The Spanish economy built on the trajectory initiated in 2014 to achieve full-year growth of 3.2%, sizeably above the prior-year rate (1.4%) and the 1.5% average of the euro area. Year-on-year growth, moreover, quickened as the year advanced, restoring the economy to rates last seen in 2007 on the eve of the global economic and financial crisis.

The pickup in domestic activity drew on a stronger contribution from domestic demand, up from 1.6 points in 2014 to 3.7 points in 2015, contrasting with an increasingly negative input from the net exports side (from -0.2 to -0.5 points). All domestic demand components gained momentum with respect to 2014. Private and government consumption climbed by 3.1% and 2.7% respectively, against just 1.2% and 0% in 2014, while gross fixed capital formation expanded 6.4% (3.5% in 2014). Under this last head, construction investment rose for the first time since 2007 (5.1%), following years of heavy adjustment in the real estate sector,⁷ and equipment investment kept up a sturdy advance (10.1%), only slightly slower than in 2014 (see Table 1.2). In the external sector, both exports and imports accelerated in the year with increases of 5.4% and 7.5% respectively (5.1% and 6.4% in 2014). Indeed the negative external contribution to growth is entirely explained by import strength due to the recovery of domestic demand.

Key variables of the Spanish economy

TABLE 1.2

	2011	2012	2013	2014	2015
GDP	-1.0	-2.6	-1.7	1.4	3.2
Private consumption	-2.4	-3.6	-3.1	1.2	3.1
Government consumption	-0.3	-4.5	-2.8	0.0	2.7
Gross fixed capital formation, of which:	-6.9	-7.1	-2.4	3.5	6.4
Equipment	0.9	-8.5	4.3	10.7	10.1
Exports	7.5	1.1	4.3	5.1	5.4
Imports	-0.8	-6.2	-0.3	6.4	7.5
Net exports (contribution to growth, p.p.)	2.1	2.1	1.4	-0.2	-0.5
Employment ¹	-2.8	-4.9	-3.5	1.1	3.0
Unemployment rate	21.4	24.8	26.1	24.4	22.1
Consumer price index	3.2	2.4	1.4	-0.1	-0.5
Current account (% GDP)	-3.2	-0.2	1.5	1.0	1.5
General government account (% GDP) ²	-9.5	-10.4	-6.9	-5.9	-5.1

Source: Ministry of Economy and Competitiveness, European Commission and Thomson Datastream. Annual change unless otherwise stated. (1) Full-time equivalent jobs. (2) Figures for 2011, 2012, 2013, 2014 and 2015 include state aid to credit institutions amounting to 0.5%, 3.8%, 0.5%, 0.1% and 0.1% of GDP respectively.

⁷ Since the highs of 2Q 2007, investment in the construction sector has fallen by a cumulative 43.6% (the maximum cumulative fall was the -48.6% recorded in 1Q 2014).

On the supply side of the economy, all major branches of activity posted positive growth in 2015, likewise for the first time since 2007. Construction gross value added headed the list with average growth of 5.1%, followed by industry and services, with 3.4% and 3.1% respectively. Primary branches grew their value added by around 2% on average after leaving behind the negative rates of the opening quarter.

Spanish inflation closed at 0% after registering an annual average of -0.5% (-0.1% in 2014). The negative rates recorded over nine months of the year had their origin in falling energy prices (-9% on average) as the oil price tumble continued to impact. Core inflation, stripping out the most volatile price items (energy and fresh foods), started close to zero only to end the year near 1% (0.6% on average), in consonance with the broader economic recovery. Spain's inflation differential vs. the euro area⁸ stayed in negative terrain, closing at -0.4% (-0.7% on average).

Vigorous economic activity delivered a fresh advance in the number of people in work while making inroads into jobless rates. According to National Accounts data, the number of full-time employed in the Spanish economy climbed 3.0% in 2015 building on the 1.1% advance of the previous year. The Labour Force Survey put the year-end unemployment rate at 20.9% of the active population (annual average 22.1%) versus the 23.7% of the 2014 close, thanks to a historic fall in jobless numbers (678,200). A total of 525,100 people entered work in 2015: 452,000 in the private sector and 73,100 in the public sector. The number of households with all members unemployed continued in decline, while households with all members in work increased in the year. Unit labour costs, finally, rose by 0.3% on average, breaking with the downward trend of 2014 (-0.8% on average). This change drew on a recovery in employee wages from -0.6% in 2014 to a positive 0.5% in 2015. The apparent productivity of labour (GDP per worker) barely varied in the year.

The general government deficit for 2015 stood at 5.1% of GDP. This was an improvement on the 5.9% of the previous year, but almost one point more than the Government's target (4.2%). By sector, the central government deficit closed at 2.5%, against the 1.7% of the autonomous regions and the 1.3% of the social security administration, while local authorities delivered a budgetary surplus equal to 0.4% of GDP.⁹ According to the excessive deficit procedure (EDP), general government debt closed at 99.2% of GDP (99.3% in 2014) after a first-quarter high of 100.2%. Although central and regional government debt increased in the year, its consolidation across diverse sub-sectors delivered an overall reduction.

The Spanish economy enlarges its net lending position vs. the rest of the world

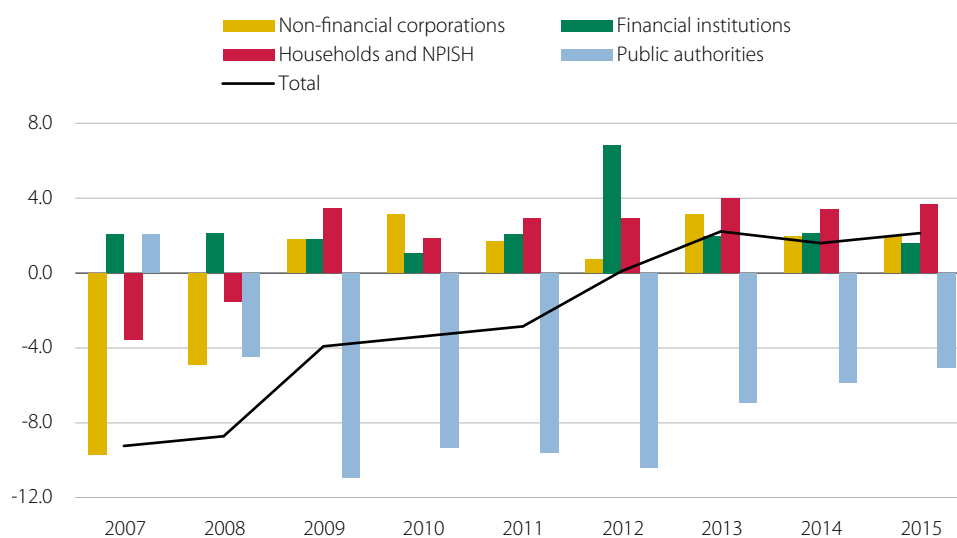
Saving ran ahead of investment in 2015, giving Spain a net lending position vs. the rest of the world of 2.1% of GDP (1.6% in 2014). The surplus extended to all sectors except general government, with a borrowing need equivalent to 5.1% of GDP, 0.8 points less than in 2014. The net lending capacity of non-financial corporates was 2% of GDP (on a par with 2014), against the 3.6% of households (3.4% in 2014).

8 Harmonised CPI.

9 The biggest deviations from budgetary targets corresponded to the autonomous regions, with a deficit overshoot of almost one full point, and the social security system, with a deviation equal to 0.66% of GDP.

Net lending (+) or borrowing (-) capacity of the Spanish economy (% of GDP)

FIGURE 1.15



Source: Banco de España.

Households improve their financial position accompanied by a shift in their asset mix

Indicators for the financial position of Spanish households in 2015 reveal that saving rates held broadly flat at just over 9% of gross disposable income (GDI). Improvement in this indicator came from an annual reduction in debt-to-income and debt burden ratios. The former decreased from 112.1% of GDI at end-2014 to 106.1% in December 2015 on a combination of lower indebtedness and rising household income on account of cheaper oil, personal income tax cuts and higher wages per employee, among other factors. The fall in the debt burden ratio from 12.6% to 12% of GDI in the same period rested also on the lower average interest on borrowed funds. Household financial investments, finally, came to 3% of GDP, a large increase with respect to the previous years (0.2% in 2014, 0.9% in 2013 and 0.2% in 2012). The pattern of investment was similar to 2014 with households withdrawing massively from time deposits and debt instruments (5.8% of GDP), due to the poor returns on offer, in favour of cash and sight deposits (5.8% of GDP) and mutual funds (3.1% of GDP). The other salient trend was a gathering move out of shares and other equity participations.

Monetary policy anchors interest rates at historical lows, with short-term governments registering sub-zero yields

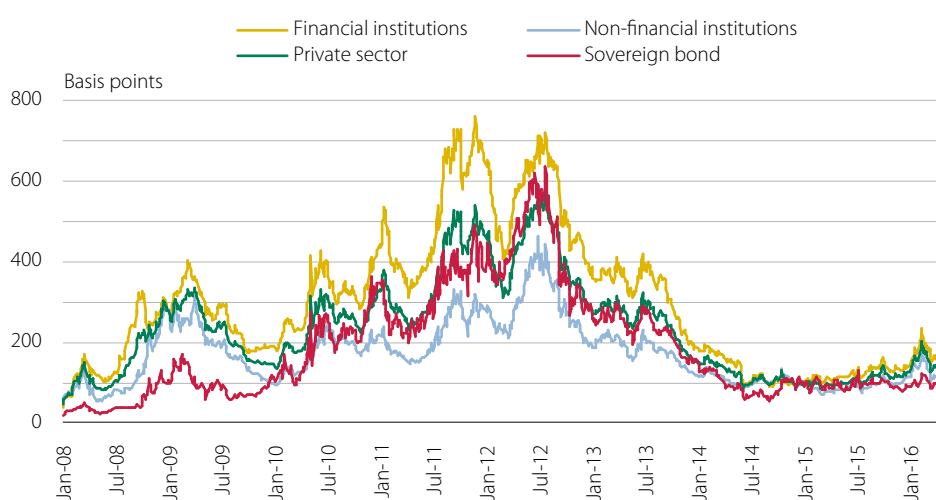
In Spain, as in other euro-area countries, the performance of fixed-income markets was heavily influenced by the monetary stimulus provided by the ECB, anchored on a government bond-buying programme (quantitative easing) that set euro-area yields falling sharply to mid-year and more gently thereafter. In Spain's case, most instruments closed the year with yields at new lows, with the descent only breaking off at times of peak concerns around Greece and China. The fall was especially marked among public debt securities. Yields on the shortest-dated governments (up to one year) turned simultaneously negative in the fourth quarter of

2015¹⁰ registering falls of 26 to 36 bp between December 2014 and December 2015. Long-term governments, meantime were trading at year-end yields of 0.22%, 0.68% and 1.78% at three, five and ten-year maturities.

Risk premiums of Spanish issuers held relatively stable, despite the stress episodes referred to above, under the combined influence of monetary policy and the firming recovery of the domestic economy. Average credit spreads (as gleaned from CDS contracts) closed the year at 128 bp for corporate borrowers, a bare 31 bp more than in 2014, and 89 bp for the public sector (96 bp in 2014). The stability of risk premiums in both sectors tended to dissipate in the closing weeks of 2015, when corporate spreads began widening, with financial institutions to the fore (see Figure 1.16). This movement, which was echoed in the euro-area financial sector, reflects growing concern over banks' ability to sustain profits with interest rates so low, as well as doubts about the impact of new European rules on resolution and, in the opening months of 2016, about coupon payments on hybrid debt.¹¹ Among the Spanish banks, another contributory factor was certain entities' exposure to troubled Latin American economies, particularly Brazil.

Risk premium of Spanish issuers¹

FIGURE 1.16



Source: Thomson Datastream. (1) Credit derivatives market. Five-year maturity. Simple average, except for Spanish sovereign CDS.

Gross issues volumes registered with the CNMV were 5.1% higher than in 2014 at just under 137 billion euros. The advance relied entirely on covered bonds in their mortgage and territorial variants, reflecting both the demand boost and issuance cost savings provided by the ECB's programme of covered bond purchases (CBBP3) and their pull with investors at times of heightened uncertainty. Issuance of all

10 The first time that these four tenors (three, six, nine months and one year) have been negative at once. Three-month Letras, in particular, started paying sub-zero yields in late March.

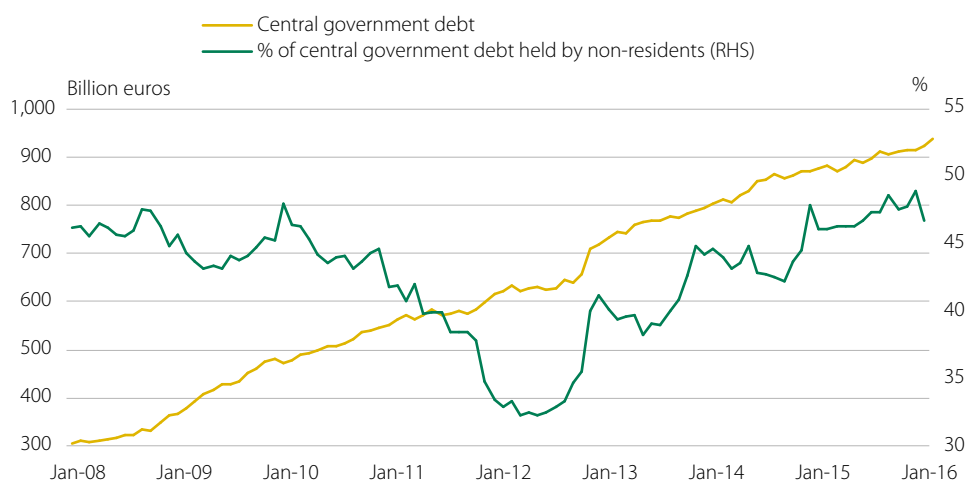
11 In December 2015, the European Banking Authority issued an opinion on the "maximum distributable amount" (MDA), arguing that banks should comply not just with Pillar 1 capital requirements and buffers but also with the requirements of Pillar 2, before paying dividends, coupons on additional Tier 1 debt (contingent convertible bonds or CoCos) and directors' variable remuneration. The resulting concerns over banks' ability to make CoCo coupon payments sparked price tensions in the market which rippled out to the whole European banking sector in February this year, pressurising both stock market quotes and CDS spreads.

other fixed-income instruments declined to some extent. Non-convertible bond issues (primarily by “bad bank” SAREB) raised 4.3% less than in 2014, while sales of asset-backed securities were down by 2.2%. The amount of commercial paper issues filed with the CNMV dropped by 18.9% to 27.31 billion euros. This fall, however, was more than offset by the business done abroad (principally on the Irish Stock Exchange), as described more fully in Chapter 3 of this report.

Alternative Fixed-Income Market MARF – a multilateral trading facility launched at end-2013 to facilitate firms’ access to finance via the issuance of fixed-income securities – continued to build up business through 2015. Finally, MARF channelled placements worth 816 million euros against just 489 million in 2014, and matched trades on the secondary market for an amount of 1.9 million euros (1.6 million in 2014). The outstanding balance admitted to trading at the 2015 close was 1.03 billion euros, corresponding to a total of 18 borrowers. Issuance on MARF is aimed primarily at Spanish and foreign institutional investors.

Central government debt and non-resident holdings

FIGURE 1.17



Source: Banco de España.

Ultra-low interest rates spell a major challenge for the banking sector

The improved performance of domestic economic activity and employment has made gradual inroads into bank sector non-performing loan ratios, although the sum of doubtful loans remains relatively high. The low interest rate environment, which seems set to continue, is an added factor in the bad debt decline, but it also constrains banks’ earning power, as evidenced by returns trailing the historical average (albeit in line with other euro-area countries). Moreover, Spanish banks’ considerable Latin American exposure leaves them vulnerable to the slowdown gripping economies in the region.

Bank NPL ratios receded steadily in 2015 on the greater dynamism of domestic activity. By December, the ratio was down to 10.1% of total loans to other resident sectors (households and non-financial corporations), improving on the 12.5% of the 2014 close and end-2013 highs in excess of 13.6%. The income statements of deposit taking entities showed full-year profits of 9.30 billion euros, down from 11.34 billion in 2014. Net operating income deteriorated slightly with respect to 2014 (12.8 billion euros vs. 12.93 billion respectively), due to gross margin falling more

steeply than financial asset impairment losses. Finally, the drop in 2015 earnings was mainly attributable to impairment losses on other assets, up from 1.53 billion in 2014 to 3.41 billion euros.

Bank lending to the non-financial resident sector (businesses and households) fell at a far slower rate than in previous years (-1.9% against -5.1% in 2014). By December 2015, lending to non-financial corporations was down just -1.6% in year-on-year terms (-2% in March 2016), a long way short of the -6.8% of 2014, while lending to households closed at -2.2% (-2% in March 2016 and -3.6% in 2014). In the euro area, the sum of loans granted to non-financial corporations remained unchanged between December 2014 and December 2015 (-1.4% in 2014), while credit flows to households grew by 1.9%¹² (-0.3% in 2014).

The bank sector continued to slim down its balance sheet in 2015, despite improved financing conditions. Other constraints on sector business volumes, particularly low interest rates, gain greater currency in the present context. The sector-wide balance sheet, finally, shrank by 152.60 billion in 2015 to 2.76 trillion euros. All funding sources contracted to some degree: deposits by 57 billion euros, outstanding debt by 25 billion and equity by almost 39 billion. Banks also reduced their net Eurosystem borrowings by 8.40 billion to 133 billion in December 2015.¹³

Income statements of non-financial listed companies: slump in energy sector earnings offset by flat or rising profits in remaining sectors

Non-financial listed companies obtained full-year profits of 17.16 billion euros, 6.9% less than in 2014. Almost all the decline owed to the oil-price-induced slump in energy firm profits from 10.81 billion euros in 2014 to 5.2 billion in 2015. Remaining non-financial sectors posted stable or rising profits in full-year 2015. Out in front were construction and real estate companies, which more than tripled their earnings in the year (from 1.1 billion to 3.43 billion euros) and firms in retail and services with a 43% advance to 6.84 billion euros. Industrial firm profits held broadly flat versus 2014 at just over 1.60 billion euros (see Table 1.3).

Earnings by sector:¹ non-financial listed companies

TABLE 1.3

Million euros	EBITDA ²		EBIT ³		(Consolidated) profit for the year	
	2014	2015	2014	2015	2014	2015
Energy	10,378	7,979	8,926	6,087	10,807	5,202
Industry	3,155	3,000	2,452	2,338	1,693	1,631
Retail and services	13,594	8,732	7,849	2,776	4,781	6,836
Construction and real estate	2,723	5,312	1,072	3,024	1,097	3,434
Adjustments	40	34	-61	-68	-47	-55
Total	29,811	24,988	20,359	14,294	18,424	17,157

Source: CNMV. (1) Full-year period. (2) Earnings before interest, taxes, depreciation and amortisation. (3) Earnings before interest and taxes.

12 March rates were 0.8% for non-financial corporations and 2.2% for households.

13 129.53 billion in March.

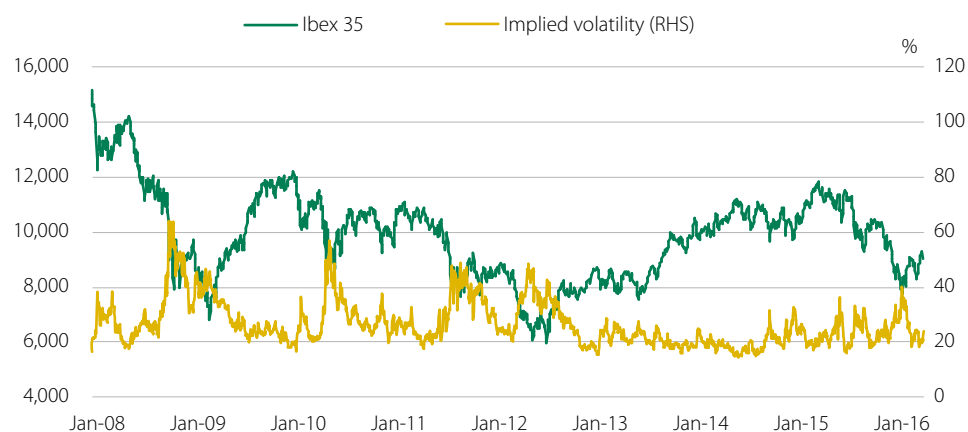
The aggregate debt of non-financial listed companies, at 255.36 billion euros, was 1.6% more than at end-2014. All sectors increased their debt total in the year, except construction and real estate where deleveraging continued apace. The most heavily indebted in absolute terms were retail and services, with levels up 1.3% to 107.62 billion, and the energy sector, up 7.7% to more than 77 billion euros. The average leverage of non-financial listed firms edged down from 1.28 in 2014 to 1.22 in 2015, on an increase in equity ahead of debt. Further, companies' debt coverage ratio (debt/EBIT) worsened slightly across all sectors except construction and real estate, increasing in the year from 8.4 to 10.2.

The Ibx 35 starts out strong only to close the year down 7.2%, contrasting with the annual advance of other European indices

Domestic equity markets began the year 2015 in strong form only to end it deep in losses. The Ibx 35 closed with a price slide of 7.2%, the biggest fall among all major European indices, against a backdrop of heightened volatility. Factors driving the decline were, firstly, concerns about the new round of Greek debt talks, and, secondly, the unsettled state of global financial markets, unnerved by doubts about the performance of China and the slowdown in the emerging economies.

Ibx 35 performance and implied volatility

FIGURE 1.18



Source: Thomson Datastream.

Not all sectors and stocks were penalised to the same degree. The pressure fell heaviest on large corporations, the financial sector – in view of its exposure to emerging economies – and the firms worst affected by the oil price slide. The bank sector, for instance, shed 22.7% in full-year 2015, while the oil and gas sector and telecommunications lost 21% and 8.2% respectively. Conversely, the Ibx Medium Cap and Ibx Small Cap indices, with little or no emerging market exposure, managed full-year gains of 13.7% and 6.4% respectively (see Table 1.4). Finally, the indices grouping Latin American securities suffered a correction that intensified from mid-year on.

Performance of Spanish stock market indices and sectors (%)

TABLE 1.4

Economic and financial
framework
Economic and financial
environment

	2011	2012	2013	2014	2015
Index					
Ibex 35	-13.1	-4.7	21.4	3.7	-7.2
Madrid	-14.6	-3.8	22.7	3.0	-7.4
Ibex Medium Cap	-20.7	13.8	52.0	-1.8	13.7
Ibex Small Cap	-25.1	-24.4	44.3	-11.6	6.4
FTSE Latibex All-Share	-23.3	-10.7	-20.0	-16.1	-39.2
FTSE Latibex Top	-17.1	-2.6	-12.4	-11.1	-34.6
Sector¹					
Oil and gas	23.2	-31.2	29.9	-9.8	-21.0
Chemicals	-15.7	-62.7	-34.6	-17.1	56.7
Basic materials	-22.5	-5.6	25.4	17.8	-8.5
Construction and construction materials	-13.0	-5.4	28.3	9.9	6.3
Industrial goods and services	-7.6	17.8	39.7	-1.4	9.1
Health	-0.8	83.0	41.1	1.1	23.9
Utilities	-13.8	1.7	28.4	27.3	7.9
Banks	-18.3	-4.4	23.1	8.1	-22.7
Insurance	13.8	-2.8	44.7	-9.2	-5.1
Real estate	-42.4	15.7	4.9	46.3	12.6
Financial services	3.5	3.4	31.5	5.3	-2.7
Telecommunications and media	-22.7	-20.1	23.5	3.8	-8.2
Discretionary consumption	1.4	56.8	18.9	-0.1	29.7
Basic consumption	-12.1	13.3	19.7	-7.8	5.5

Source: Thomson Datastream. (1) Thomson Datastream classification.

The downward correction intensified to mid-February 2016, on mounting fears over the direction of the world economy, and, in Europe, renewed doubts about the health of the banking system, and extended to all sectors against a backdrop of considerable volatility. Since then, prices have risen, though not to the extent of wiping out the earlier losses. The Ibex 35's year-to-date fall (-5.4% to 29 April) puts it in an intermediate position vis à vis other European indices.

The market capitalization of equities traded on Spanish exchanges stood at 626.7 billion euros, 2.8% more than in 2014. Much of this increase traced to share issuance, which rose 13.1% in the year to 37.07 billion euros. Note, however, that issuance faded in the more adverse climate of the second half, characterised by strong volatility.

Trading on Spanish stock exchanges swelled by 8.6% in 2015 to 957.99 billion euros. As in other world bourses, growth was supported by the persistence of low bond yields. European regulated markets and multilateral trading facilities channelled 20% of trading in Spanish shares, equivalent to 235 billion euros. The Chi-X platform did especially brisk business, with a volume exceeding 150 billion euros.

1.3 Economic and financial outlook

The latest IMF forecasts project global GDP growth of 3.2% this year and 3.5% in 2017, improving on the 3.1% of 2015. This represents a small mark-down vs. the

organization's previous forecasts, with the pickup in activity now expected to be more gradual in both advanced and emerging economies – 1.9% and 2% for the former group in 2016 and 2017 respectively (1.9% in 2015) and, for the latter, 4.1% and 4.6% (4% in 2015).

The main risks that could alter this growth scenario and trigger new flare-ups in financial market volatility have to do with the scale of the slowdown in emerging markets, hit by falling oil prices and the monetary shift in the United States, and also with the weakness of the banking sector, especially in Europe. Cheaper crude is not only a blow to oil-exporting countries but also to financial institutions heavily invested in top firms within the industry. Europe's banks, furthermore, are having to negotiate a business landscape characterised by still frail economic activity and ultra-low interest rates (likely to persist for some time to come), which has called into question both their revenue potential and the viability of traditional business streams. Not only that, the industry faces growing competition from other agents, notably the shadow banking intermediaries providing loans outside the banking channel, and firms in the Fintech industry using innovative tech platforms to offer traditionally bank-related services. Finally, the prolongation of international geopolitical conflicts is another downside risk for this baseline scenario.

In the case of the Spanish economy, the IMF is looking for 2.6% growth in 2016 (0.1 points less than its previous forecast) followed by 2.3% in 2017 (no change). Despite this minor mark-down, Spain is expected to conserve its lead with respect to euro-area growth rates (1.5% and 1.6% respectively). The success of structural reforms, tumbling oil prices and a weaker euro are among the factors favouring this scenario of robust growth and employment creation. However the Spanish economy faces several important risks. It shares most of them with other European economies; for instance, those associated with the emerging market economies, problems of bank sector profitability or fallout from geopolitical conflicts. But others of a local nature must also be contended with; principally political uncertainty, which to date has not materially impacted on domestic financial markets, and certain companies' high exposure to distressed Latin American economies, particularly Brazil.

II Markets and issuers

Spanish equity markets were unable to avoid the shifting nature of the international economic situation last year. On the one hand, they received the stimulus of the scenario of low interest rates and abundant liquidity resulting from European monetary policy, in addition to benefiting from the positive progress of the Spanish economy. On the other hand, however, they were affected by the uncertainties associated with the Chinese economy and the impact of the fall in commodity prices on other emerging economies. Spanish stock markets proved to be particularly sensitive to Brazil entering recession given the extensive exposure of some large companies to this country. All of this led to a fall in our main representative stock market index. In all, Spanish markets continued to be very active in raising funds through capital increases and public offerings (Spain was the country with the second highest amount raised, after the United Kingdom) and trading increased significantly, although there was a new and significant increase in the share of other European regulated markets and multilateral trading facilities in the trading of securities admitted to Spanish markets.

2.1 General overview

As indicated in Chapter 1, Spanish equity markets began 2015 with significant price rises, which were subsequently wiped off with markets closing the year with significant losses and notable volatility. Accordingly, the Ibex 35 rose by 12.1% in the first quarter, driven by the improvement in the outlook for the Spanish economy and the positive effects of the asset purchase programme of the European Central Bank (ECB). However, it lost part of that cumulative increase in the second quarter as a result of uncertainty triggered by the renegotiation of Greek debt. The index continued to perform negatively over the following two quarters, particularly as from August, as a result of doubts about the strength of the Chinese economy, the slowdown in emerging economies (especially those most affected by the fall in commodity prices) and the fear of a slowdown in world growth. The falling prices were particularly significant for large Spanish companies with major exposure to emerging economies, particularly to Brazil.¹ The Ibex 35 closed the year 7.2% down, in contrast with the main European indices, which performed positively with the exception of the FTSE 100 in the United Kingdom, which fell by 4.9% (see Section 1.1).

The implicit volatility of the index in 2015 moved within a range of 20 percentage points (3 and 7 points more than in 2013 and 2014, respectively, although clearly below the range reached in 2011 and 2012), ending the year at 22.88%, a similar

1 Brazil entered recession in the second quarter of 2015, with GDP falling by 3.8% for the year as a whole. The worsening of the Brazilian economy was reflected in Standard & Poor's downgrading of the country's rating on 9 September from BBB to BB+, placing it below investment grade.

level to that of year-end 2014. The average volatility for the year as a whole stood at 23.28%, almost 4 points up on 2014, reflecting the increase in uncertainty faced by the market. This percentage was similar or lower to that seen in other major European markets.

Stock-market capitalisation at the end of 2015 amounted to 626.7 billion euros, 2.8% up on the previous year. The drop in prices was more than offset by the new funds raised through capital increases carried out by many companies in order to strengthen their financial structure, as well as the initial public offerings (IPOs) of several companies, some of which were of a noteworthy size.

Trading of equity listed on Spanish markets was favoured by low interest rates and abundant liquidity, although it also suffered the effects of market volatility. Accordingly, following a bullish first half of the year, trading fell in the second half as market uncertainty rose. In all, trading rose significantly on the previous year, specifically by 15.9%, up to 1.16 trillion euros, the highest figure in recent years. Most of the trading continued to be undertaken on Spanish stock markets, but the relative weighting once again fell in favour of other European regulated markets and multilateral trading facilities (MTFs), which now account for around 20% of the amount traded, compared with 15.2% and 10.1% in 2014 and 2013, respectively.

As in previous years, there was a noteworthy participation from non-resident investors in the Spanish equity market. These investors accounted for 82% of trading, and their proportional share ownership stood at around 44.1% at the end of the first half of 2015 (the latest data available on preparing this report), compared with 43% at year-end 2014. The participation of Spanish families in share ownership remained at around 26% of the total.

Table 2.1 presents a comparison of the size of the main international equity markets, using the ratios of capitalisation and trading over nominal GDP. Over the course of 2015, the ratio of capitalisation to GDP remained relatively stable in most of the countries analysed, which reflects the predominantly discrete performance both in prices and in the raising of new funds.² In contrast, the ratios of trading to GDP grew in almost every market, with a noteworthy sharp increase in activity in China. In the case of the Spanish market, the ratio of capitalisation to GDP remains amongst the lowest (although higher than that of Germany), reflecting the fact that some large Spanish companies are not listed on the stock market and the fact that the size of our companies, whether listed or not, is smaller than in other comparable countries. Nevertheless, trading on Spanish markets in relation to GDP remains the highest compared with other European markets, which clearly demonstrates the dynamism of Spanish markets.

2 See, for example, Section 2.4 of "Market Survey", published in the *CNMV Bulletin* of March 2016. Available at: http://www.cnmv.es/DocPortal/Publicaciones/Boletin/Boletin_1_marzo_2016en.pdf.

Market capitalisation and trading on regulated markets as a percentage of nominal GDP

TABLE 2.1

Markets and issuers
Equity markets

	Market capitalisation ¹		Trading volume	
	2014	2015	2014	2015
USA ²	151.2	139.7	161.3	167.2
Canada	123.5	124.8	79.6	86.2
China ³	89.2	109.0	130.8	397.2
Japan ⁴	107.4	118.2	118.9	134.5
London Stock Exchange ⁵	96.1	84.4	64.7	57.2
Euronext ⁶	81.8	87.7	43.5	54.5
Germany	50.9	51.9	39.4	46.6
Spain	59.3	58.0	77.3	85.6

Source: World Federation of Exchanges; Eurostat; Governments of the United States, Canada and Japan; Datastream and CNMV. (1) In local currency, the market capitalisation figures correspond to the last working session of the year. (2) The numerator is the combined total of the NYSE, Euronext US and Nasdaq. (3) Includes data from the Hong Kong, Shanghai and Shenzhen stock markets, as well as the GDP of the People's Republic of China and Hong Kong. (4) Includes data from the Tokyo and Osaka stock exchanges. (5) The London data as from 2010 includes data from the Borsa Italiana, integrated in the London SE Group, and the GDP of both countries. (6) The denominator is the sum of the nominal GDP of France, the Netherlands, Belgium and Portugal.

2.2 Listed companies and capitalisation

Spanish stock markets closed 2015 with 152 listed companies, three fewer than at year-end 2014.³ There were seven new listings, all on the electronic market. There were ten delistings: seven from the electronic market, three from open outcry and the last from the secondary market.⁴ Four of the above companies were delisted as a result of delisting bids made by the companies themselves.

The value of shares admitted to trading rose by 2.8% in 2015 to 626.7 billion euros, its highest level since the start of the financial crisis in 2007. The capital increases performed by numerous companies over the year, as well as the addition of several companies to the market through IPOs, led to this increase in trading, which offset the loss in value of numerous companies as a consequence of the falls in their share prices (see Section 2.3).

3 This total refers to the official equity markets and hence does not include the companies listed on the Latibex or on the MAB, which are multilateral trading facilities.

4 Annex I.3 provides further information on new listings and delistings.

Number of companies listed on Spanish stock markets¹

TABLE 2.2

	All markets	Electronic market			Open outcry	Second market
		Total	National	Foreign		
Listed at 31/12/2014	155	129	121	8	20	6
Listed at 31/12/2015	152	129	122	7	18	5
New listings in 2015	8	8	8	0	0	0
New listings	7	7	7	0	0	0
Listed due to merger	1	1	1	0	0	0
Change of market	0	0	0	0	0	0
Delistings in 2015	11	8	7	1	2	1
Delistings	10	7	6	1	2	1
Delisted due to merger	1	1	1	0	0	0
Change of market	0	0	0	0	0	0
Net change in 2015	-3	0	1	-1	-2	-1

Source: CNMV. (1) Totals do not include MAB, Latibex or ETFs.

Capitalisation of equity on Spanish stock markets¹

TABLE 2.3

Million euros

	2012	2013	2014	2015	% change
					15/14
All markets	438,188.5	570,028.7	609,380.0	626,700.22	2.8
Electronic market	434,934.8	567,055.1	606,883.1	625,639.3	3.1
National	432,967.8	564,019.8	602,456.7	624,640.4	3.7
Foreign ²	1,967.1	3,035.2	4,426.4	998.9	-77.4
Open outcry ³	3,233.0	2,906.2	2,466.6	1,040.3	-57.8
Madrid	667.1	519.4	376.5	0.0	-
Barcelona	2,945.9	2,749.5	2,356.5	296.9	-21.1
Bilbao	77.8	183.6	162.4	887.7	-62.3
Valencia	350.9	342.5	326.4	943.3	-11.5
Second market	20.6	67.5	30.2	150.1	-4.7

Source: CNMV. (1) Only includes capitalisation of companies that were traded at some time during the year. Excludes Latibex, MAB and ETFs. (2) The capitalisation of foreign companies listed on Spanish markets is based on the number of shares registered by Iberclear. (3) The market capitalisation of companies traded by open outcry in more than one market has been included in the figures for each market at the price for that market, but only once in the total for all markets.

Performance was uneven in the different sectors represented on Spanish markets, with significant increases in the capitalisation of some sectors, in contrast with notable falls recorded in others (see Table 2.4 and Statistical Annexes I.5 and I.7). As in 2014, the largest increase in capitalisation was recorded in the real estate sector, which grew by 56.6%. There was also a noteworthy rise in the textile and paper sector, transport, telecommunications (with the addition of three new companies through IPOs) and the cement and construction materials sectors. In contrast, the only company in the oil sector suffered from the sharp fall in crude prices and recorded a significant drop in its capitalisation (-32.5%), accumulating two years of consecutive falls. Similarly, the banking and, to a lesser extent, insurance sectors were affected, as in other countries, by the fall in prices in the financial sector, which led to them also suffering drops in capitalisation.

As in previous years, a small number of shares represent over half of market capitalisation. The five Spanish shares included in the Eurostoxx 50 accounted for 55% of the total capitalisation of Spanish stock markets. Capitalisation became further concentrated in a small number of firms in 2015 such that in order to reach 75% of total capitalisation, it is only necessary to group together the 12 largest companies included in the Ibex 35, compared with 19 companies in the previous year.

Number of listed companies and capitalisation by sector¹

TABLE 2.4

Million euros

Sector					% change
	2014	2015	2014	2015	15/14
Oil	1	1	20,990.0	14,171.7	-32.5
Energy & water	7	8	90,329.7	97,364.0	7.8
Mining & base metals	8	8	6,416.4	5,333.1	-16.9
Cement and construction materials	4	4	1,725.3	2,107.2	22.1
Chemical	6	7	3,958.7	5,388.7	36.1
Textile and paper	18	15	86,833.7	114,542.0	31.9
Metal-mechanical	15	15	10,191.3	10,129.4	-0.6
Food	11	10	6,824.0	6,632.9	-2.8
Construction	8	8	30,766.4	32,695.9	6.3
Real estate	25	22	7,224.5	11,315.5	56.6
Transport and communications	4	7	85,306.5	105,537.9	23.7
Other non-financial	27	26	43,297.8	44,868.6	3.6
Total non-financial sector	134	131	393,864.3	450,086.8	14.3
Banks	10	10	201,317.6	162,967.6	-19.0
Insurance	2	2	11,541.6	10,962.3	-5.0
Portfolio companies	8	8	2,643.1	2,669.6	1.0
SICAV	1	1	13.4	13.8	3.3
Finance houses	0	0	0	0	-
Total financial sector	21	21	215,515.7	176,613.4	-18.1
Total	155	152	609,380.0	626,700.2	2.8

Source: CNMV. (1) Only includes capitalisation of companies that were traded at some time during the year. Excludes Latibex, MAB and ETFs.

2.3 Listings, issues and public offerings

In 2015, a total of 47 companies listed on Spanish stock markets performed 103 capital increases, 37 fewer than in 2014 (see Annexes I.1 and I.2 for further details). Despite the reduction in the number of operations of this type, they amounted to almost 29 billion euros, 3.1% up on the previous year. The capital increases associated with scrip dividends, which had grown significantly over recent years, fell by 23.4% on 2014 to 9.63 billion euros, as shown in Table 2.5. This drop reflects changes in the dividend policy of numerous companies in favour of cash remuneration for shareholders.

As had already occurred in 2014, Spanish markets continued to be very active in raising funds both through capital increases and through public offerings. The

number of public offerings is similar to that of the previous year, but the amount raised grew by 70.5% to 8.33 billion euros. Over half of this amount corresponded to the IPO of Aena, the largest in Europe and the fifth largest worldwide in 2015. The seven public offerings in 2015 took place in the electronic market.⁵

The investment flows channelled towards equity (capital increases plus public offerings) totalled over 37 billion euros, the second highest figure in the whole of Europe (after the United Kingdom). Almost half of these funds were raised by financial institutions, which, as in previous years, continue to demand funds in order to strengthen their capital. Similarly, a significant amount of funds entered the real estate sector, mostly through SOCIMIs (Spanish REIT companies), and the construction sector, with the aim of restructuring their debt and strengthening their capital structure.

Primary and secondary public offerings¹

TABLE 2.5

Million euros

	2012	2013	2014	2015	% change 15/14
Capital increases	28,290.2	39,126.2	27,875.5	28,735.8	3.1
Primary offerings	2,450.5	1,742.8	2,951.5	0.0	-
Bonus issues	8,424.2	9,932.8	12,650.8	9,627.8	-23.9
Of which scrip dividends	8,348.1	9,869.4	12,573.8	9,627.8	-23.4
Capital increase by conversion ²	10,982.4	7,478.8	3,757.9	2,162.5	-42.5
Increases with non-monetary consideration ³	1,867.5	231.6	2,814.5	367.0	-87.0
With pre-emption right	4,560.6	11,463.1	2,790.8	7,932.6	184.2
Capital increase without trading warrants	5.0	8,277.1	2,909.9	8,645.9	197.1
Secondary offerings	1,231.4	0.0	4,886.9	8,331.6	70.5
Total	29,521.6	39,126.2	32,762.4	37,067.4	13.1

Source: CNMV. (1) Does not include data from the MAB, ETF or Latibex. (2) Includes capital increases to meet the conversion of bonds and debentures into shares, as a result of conversions of employee stock options and for the execution of warrants. (3) Capital increases with non-monetary consideration have been recorded at market prices.

2.4 Trading

2.4.1 Spot trading

The transfer of trading away from traditional markets intensified in 2015⁶ as their market share dropped significantly in most cases in favour of multilateral trading facilities (MTFs) and regulated markets located in the United Kingdom, which have grown significantly at the expense of traditional markets.

Spanish stock markets were not spared this process and the market share of BME has fallen significantly over recent years to around 80%, a long way from its 97%

⁵ Annex I.1 shows a number of public offerings of higher values, but this is considering the value of the green shoe tranche in some of the offerings.

⁶ This shift of trading away from traditional markets began in 2007 with the entry into force of the MiFID.

share of only three years ago. Nevertheless, the levels of fragmentation remain considerably lower than in the United Kingdom, Germany and France. Their main competitor is the British platform Chi-X, which channelled 16.2% of the trading of Spanish shares last year, compared with 9.5% in 2014, while both Turquoise and BATS each accounted for around 3% of trading.

The trading of Spanish shares on the SIBE amounted to 925.98 billion euros, almost 9% up on 2014 (see Table 2.6), while the total amount traded of these shares, including other trading venues in the European Union, rose by 16% to 1.16 trillion euros. Trading on the main competitor of BME – the Chi-X platform – grew by 56.4% to over 150 billion euros. The other competitors achieved lower volumes, but with sharp growth rates, which in the case of BATS exceeded 90%.

Total trading in Spanish equity listed on official Spanish markets¹

TABLE 2.6

Million euros

	2011	2012	2013	2014	2015	% change 15/14
Total	928,355.2	710,387.1	765,502.2	1,002,992.8	1,162,979.7	16.0
Admitted on SIBE	926,828.6	709,851.7	764,933.4	1,002,095.8	1,161,222.9	15.9
BME	912,176.9	687,456.1	687,527.6	849,934.5	925,978.7	8.9
Chi-X	11,120.3	16,601.3	53,396.7	95,973.0	150,139.9	56.4
Turquoise	707.7	3,519.6	11,707.9	28,497.5	35,680.5	25.2
BATS	1,276.4	2,261.9	10,632.1	18,671.0	35,857.6	92.1
Other ²	1,547.3	12.8	1,669.2	9,019.8	13,566.2	50.4
Open outcry	42.8	49.9	51.4	92.5	246.1	166.1
Second market	2.3	0.4	1.7	0.7	13.8	1,996.4
ETF³	1,481.5	485.1	515.7	803.9	1,496.8	86.2

Source: Bloomberg and CNMV. (1) Equity instruments admitted to trading on Spanish official secondary markets and identified by means of an ISIN issued in Spain. Hence, this does not include foreign securities admitted to trading on those markets whose ISIN is not issued in Spain. (2) It is calculated as the difference between the amount traded of the EU Composite calculated by Bloomberg for each share and the amount traded for the markets and MTF included in the table, and hence includes trading on other regulated markets, MTFs and OTC systems. (3) Only ETFs with Spanish ISIN.

The number of trades of equity securities fell by 12.6% in 2015 to almost 62 million, although the effective average amount per trade rose to 15,527 euros, 24.6% up at 2014. The orders on SIBE once again grew significantly, as has been the case over recent years as the use of algorithmic trading, including high-frequency trading, continues to grow. These techniques lead to a substantial increase in the entry of orders on the market, many of which are never executed. The SIBE received 645 million orders, 36.7% more than in 2014 and 124% up on those received in 2013. The order/trade ratio therefore stood at 10.4 (6.7 in 2014).

Equity trading on markets operated by BME

TABLE 2.7

Million euros					
	2012	2013	2014	2015	% change 15/14
Total	694,885.3	698,128.2	864,536.6	938,656.6	8.6
Official markets	690,242.5	691,864.6	-	-	-
SIBE	690,192.2	691,811.5	864,443.5	938,396.7	8.6
of which ETFs	2,736.0	4,283.9	9,849.4	12,633.8	28.3
Open outcry	49.9	51.4	92.4	246.0	166.1
Madrid	3.0	7.3	32.6	19.4	-40.5
Bilbao	8.5	0.1	14.3	7.5	-47.7
Barcelona	37.7	44.1	45.1	219.1	385.0
Valencia	0.7	0.0	0.3	0.1	-74.3
Second market	0.4	1.7	0.6	13.8	1,995.8
Alternative stock market (MAB)	4,329.6	5,896.3	7,723.2	6,441.7	-16.6
Latibex	313.2	367.3	373.1	258.7	-30.7

Source: CNMV.

Market equity trading in BME was once again concentrated in the electronic market in 2015. As shown in Table 2.8, over half of the trading (almost 53%) took place in regular trading through orders, followed in importance by block trading. The volume of applications was also very significant. These three categories of trading all grew, but the increase in applications (31.7% up on 2014) was particularly noteworthy.

Trading on BME in the electronic market by type

TABLE 2.8

Million euros						
	2011	2012	2013	2014	2015	% change 15/14
Regular trading	873,485.3	658,891.4	668,553.2	831,962.6	903,397.2	8.6
Order-based	505,870.1	299,022.0	346,049.6	453,294.9	475,210.0	4.8
Applications	69,410.4	80,617.0	56,565.3	73,056.8	96,187.7	31.7
Block trades	298,204.9	279,252.4	265,938.3	305,610.8	331,999.5	8.6
Off-hours	9,801.8	9,630.0	7,654.7	7,568.9	3,137.9	-58.5
Other types	34,096.6	23,036.9	16,960.1	24,912.5	31,861.5	27.9

Source: CNMV.

As with capitalisation, stock market trading continued to be concentrated in a relatively low number of securities, the same as in 2014. Consequently, in 2015, 13 Ibex 35 shares – including the five which also form part of the EuroStoxx 50 – accounted for 75% of total trading of Spanish shares in the SIBE, the same shares that were necessary to reach this percentage in 2014 (see Annexes I.6 and I.8 for further details on trading and its distribution).

2.4.2 Securities lending

Margin trading using securities lending rose by 14.9% to 691.49 billion euros, as shown in Table 2.9, the highest figure since 2007, the year the financial crisis began. In turn, the outstanding balance in the securities lending system grew to almost 80 billion euros, 30.9% up on 2014, and the highest figure for the last 15 years, although also very close to the previous highest figure over that period, recorded in 2007.

Securities lending¹

TABLE 2.9

Million euros

	Outstanding balance ²	Trading volume
2011	35,626.7	493,602.4
2012	34,915.1	395,859.3
2013	43,398.9	464,521.5
2014	61,076.1	601,557.1
2015	79,952.8	691,486.7

Source: CNMV. (1) Regulated by Section 36.7 of the Securities Market Act and Order ECO/764/2004. (2) Total balance less amount of re-lending.

2.5 Takeover bids (OPAs)

Nine takeover bids were authorised in 2015 with a potential amount of 5.05 billion euros (7.36 billion euros if we include previously-agreed acquisitions), over ten times higher than the amount recorded in 2014. The amount of the transactions effectively performed stood at 87% of the potential amount (91.1% taking into account the previous acquisitions). The list of OPAs authorised in 2015 is shown in Annex I.9.

Two of the bids were mandatory as a result of a prior taking of control: that of the Orion and Cerberus funds, through Sotogrande Luxco, for Sotogrande and that made by Merlin Properties, SOCIMI for Testa Inmuebles en Rentas, SOCIMI (Testa). In both operations, the controlling shareholder had a holding greater than 95% which had previously been transferred to the bidder.

Another three bids were mandatory as a result of the request for delisting of Sociedad Anónima Damm, Compañía Vinícola del Norte de España (CVNE) and Compañía Logística de Hidrocarburos (CLH). In the three cases, the bids were made by the issuing company itself and several shareholders enabled the operation by immobilising their shares with a commitment not to transfer them.

All the mandatory bids were made with payments in cash at the price classified as fair in accordance with applicable legislation. In the case of the delisting bids, the valuation rules used for setting the price were supported by means of an independent expert report. A valuation report was also provided in the bid for Sotogrande.

The other bids were voluntary. Two of them were made by Hispania Real, SOCIMI and the Mexican company Inmobiliaria Carso, competing with each other for control of the Realia Business real estate company, although the initial bidder withdrew

its offer and the competitor did not reach 30%. Subsequently, in January 2016, although Inversora Carso achieved a holding greater than 30% of the voting rights of Realia through several transactions, it decided not to request an exemption from the obligation to make a takeover bid (provided for when there is another shareholder with a higher holding) and published a prior announcement of a mandatory bid for Realia at a price of 0.8 euros per share. The bid was made on 28 February 2016. Another voluntary bid was that of Orange for Jazztel, which accounts for over 66% of the total potential amount for the year (45% if we include the previously-agreed acquisitions). The result allowed the bidder to demand the compulsory sale of all the shares following the bid. The partial bid by Abertis Infraestructuras for the acquisition of its own shares was also voluntary. This bid was oversubscribed and the regulatory pro rata rules were applied. In none of the four bids was the fair price applicable to mandatory bids required.

Takeover bids

TABLE 2.10

Million euros					
	2011	2012	2013	2014	2015
Authorised¹					
Number	3	3	6	7	9
Potential amount	3,984	1,402	395	478	5,049
Potential amount plus agreements prior to acquisition ²	3,984	1,426	395	644	7,360
Carried out³					
Number	3	2	6	7	8
Amount	3,873	1,282	351	216	4,394
Amount plus agreements prior to acquisition ²	3,873	1,306	351	382	6,705

Source: CNMV. (1) Authorised during the year. (2) Potential amount of takeover bids plus cash volume of acquisitions agreed prior to each bid. (3) All bids authorised during the year, even if completed in the following year, except where the bid was unsuccessful or was withdrawn. Does not include the amounts for squeeze outs.

2.6 Multilateral trading facilities

2.6.1 Latibex

The price of shares traded on Latibex suffered falls in most of the quarters of 2015, which intensified in the second half of the year as the impact of the fall in commodity prices manifested itself in the growth of emerging economies, particularly the entry into recession of Brazil, whose companies are widely represented in this market. The two representative indices of Latin American shares – FTSE Latibex All-Share and FTSE Latibex Top – fell by 39.2% and 34.6%, respectively. These falls were intensified by the depreciation of Latin American currencies, particularly the Brazilian real and the Mexican peso, with regard to the euro and the dollar.

In terms of capitalisation, the companies listed on Latibex only marginally exceeded 140 million euros, a reduction of 30% on 2014. Most of this amount corresponded to Brazilian companies, which accounted for 73.9% of total capitalisation, followed

by Mexican companies, which accounted for 23%.⁷ At year-end 2015, a total of 21 companies were listed on this market, five fewer than in the previous year. As shown in Table 2.11, the country with the highest number of companies remains Brazil, followed by Mexico, with 11 and 7 companies, respectively.

Trading in 2015 fell by 30.6% to 258.7 million euros, with the trading of Brazilian and Mexican companies accounting for 88.1% and 10.1% of the total, respectively. With the exception of the trading of Argentinean companies, the volume of which is only symbolic, the traded amount for all the companies from the other countries fell compared with the previous year.

Companies listed on Latibex, by country

TABLE 2.11

Million euros

Country	No. of companies		Market capitalisation ¹			Trading volume		
	2014	2015	2014	2015	% change	2014	2015	% change
Argentina	2	2	13.6	3.9	-71.4	0.2	0.8	259.7
Brasil	12	11	135.8	104.9	-22.8	306.8	228.0	-25.7
Chile	2	0	1.9	0.0	-100.0	5.3	2.4	-55.0
Colombia	1	0	1.0	0.0	-100.0	3.5	1.0	-70.4
México	8	7	51.1	32.8	-35.8	54.7	26.2	-52.1
Perú	1	1	1.0	0.5	-54.9	2.7	0.4	-86.7
Total	26	21	204.4	142.0	-30.5	373.1	258.7	-30.6

Source: CNMV. (1) Securities deposited in Iberclear.

2.6.2 The Alternative Stock Market (MAB)

The different segments that are traded on the MAB multilateral trading facility performed unevenly with their expansion concentrated in the growth, both in capitalisation and in trading, of SICAVs (investment companies) and SOCIMIs (Spanish REIT companies), to the detriment of growth stocks and venture capital companies.

The number of companies listed on the MAB rose by 5% to 3,429 by the end of 2015, due to the increase in the number of SICAVs, which stood at 3,372 (144 up on 2014). Capitalisation of the market totalled 37.26 billion euros, a rise of 8.6% on year-end 2014, that was the result not only of the SICAVs, but also the SOCIMIs, whose capitalisation rose by 938% to 1.43 billion euros. However, trading fell by 16.6% to 6.44 billion euros, with most of the fall concentrated in the growth stocks segment.

The SICAVs segment remains the most important in this market, as shown in Table 2.12. These companies accounted for 98% of listed companies in 2015, 90% of capitalisation and 77% of trading. However, there was noteworthy growth in the number of SOCIMIs, which whilst remaining low, multiplied by almost four compared with the previous year. The segment has significant growth potential and it is

⁷ Annex I.10 offers information on the distribution of trading and capitalisation by sector on the Latibex.

therefore highly likely that more companies of this type will join the market in the future. The SOCIMI adapt to Spanish legislation the real estate investment trusts (REITs) that operate in other countries and which are noteworthy as they have an investment-friendly tax regime. Their activities focus on the promotion, rehabilitation and exploitation of leased real estate, holdings in other SOCIMIs and the performance of auxiliary real estate activities and they therefore have a specific tax regulation which exempts them from paying corporate income tax and allows them to enjoy a 95% credit on transfer tax and stamp duty.

Companies listed on MAB, by segment

TABLE 2.12

Million euros

	No. of companies		Market capitalisation ¹			Trading volume		
	2014	2015	2014	2015	% change	2014	2015	% change
Growth stocks	26	34	1,800.0	1,811.8	0.7	1,683.9	453.6	-73.1
SICAV	3,228	3,372	31,482.6	33,644.8	6.9	5,941.0	5,963.6	0.4
Hedge funds	12	12	885.6	370.7	-58.1	96.5	18.2	-81.1
SOCIMIs	3	11	137.8	1,431.2	938.4	1.9	6.3	235.0
Total	3,269	3,429	34,306.0	37,258.5	8.6	7,723.2	6,441.7	-16.6

Source: CNMV. (1) Includes only the value of those entities for which there was trading during the year.

The number of companies listed in the growth stocks segment rose by 8 up to a total of 34 issuers, whose capitalisation at year-end 2015 totalled a little over 1.8 billion euros, a level similar to that at year-end 2014. The amount traded fell to 453 million euros, almost one quarter of the amount traded during the previous year. The eight companies that joined the market were NBI Bearings Europe (April), Grenergy Renovables and Inclam (July), Lleida.net and Neol Biosolutions (October), in addition to Gigas Hosting, Thinksmart and Agile Content (November). Zinkia and Carbures Europe, which were suspended from trading at year-end 2014, resumed trading, while Let's Gowex remained suspended (as from 6 July 2014). Similarly, Bodaclick, which has suspended from trading since 2014, was eventually delisted.

2.7 Exchange-traded funds (ETF)

The activity of ETFs is growing gradually as they make it easy to adopt diversified positions in a market, sector, geographical area and, even, on strategy. At year-end 2015, 58 ETFs were traded on Spanish markets, 12 fewer than in 2014, due to the disappearance of the least liquid funds. As in previous years, all of the funds were concentrated in three entities (one Spanish, one German and one French).

In their 10th year of existence, trading of ETFs on the SIBE exceeded ten billion euros for the first time and reached a record high for the second consecutive year. Specifically, trading totalled 12.63 billion euros, 28.3% up in 2014 and almost three times higher than in 2013. Similarly, the assets under management in ETFs admitted to trading grew to 44.96 billion euros, 25.6% up on the previous year. However, trading was concentrated in a low number of ETFs referenced to the Ibex 35, whose market share was over 95%.

Most of the ETFs traded continue to be referenced to equity indices, mostly to the performance of Spanish and European shares. Passive management strategies based on tracking indices continued to dominate, although the proportion of “inverse” ETFs, which are based on tracking against indices, increased due to the fact that in a context of falling markets, this type of asset makes it possible to adopt short positions and benefit from price falls.

Markets and issuers
Equity markets

In line with the predominant pattern in Europe (see Chapter 1 and Table 3.1), activity in Spanish primary fixed-income markets last year continued to be determined by the gradual deleveraging of Spanish economy. It was also determined by other factors, such as the reduction of the financing needs of public authorities. In all, gross issues of public debt and private fixed-income securities rose slightly as a whole compared with 2014 and, although net issues remained negative, the gap between redemptions and funds raised narrowed. Issues registered with the CNMV grew, although the increase was concentrated exclusively in issues of mortgage and territorial bonds thanks to the favourable treatment given to these instruments in the liquidity measures promoted by the ECB. As in previous years, public authorities and financial institutions raised the bulk of the funds channelled through primary fixed-income markets. The role of these markets as a source of funding for non-financial companies remained very limited, although net issues grew significantly.

With regard to secondary fixed-income markets, the general pattern was a reduction in trading, particularly noteworthy in the segments of repos and sell-buybacks/buy-sellbacks. The fall in these segments, which have played a key role during the financial crisis in providing liquidity to financial institutions, reflects the absence of liquidity tensions and institutions' lower financing needs.

3.1 General overview

Gross issues rose by 2.4% in 2015, following two years of falls, thanks to a certain upturn in the issuing activity of financial institutions. Net issues (difference between gross issues and redemptions) were negative for the third consecutive year, although the gap was smaller than in the previous year, as indicated above. The negative net issues were concentrated exclusively in financial institutions.

The abundance of liquidity generated by the extremely expansive monetary policy of the ECB, particularly through the public sector purchase programme and the targeted longer-term refinancing operations, as well as the downward adjustment of the financing needs of economic agents, have led to a fall in interest rates in the euro area, which are close to negative territory for more secure and liquid assets with relatively long maturities. This scenario is, in theory, very favourable for issuers, to the extent that they have tended to reduce their financing costs. The Spanish economy, which has also undergone a slight recovery in economic growth that has strengthened investor confidence, has benefited from this situation. This scenario has facilitated a reduction in the average cost of public debt and a slight increase in its average life. It has also enabled the gradual deleveraging process in the private sector to continue.

Public authorities once again accounted for most of the total gross issues (54.2%), despite the fall in issuing activity (-3.3%). Gross issues in the private sector were

dominated by financial institutions (95%). One of the key issuers was once again the Asset Management Company for Assets Arising from Bank Restructuring (SAREB), whose issues were aimed at refinancing maturities of non-convertible bonds. These issues accounted for one quarter of long-term private fixed-income securities registered with the CNMV. Other financial institutions were also particularly active, in particular, in the covered bonds segment and, to a lesser extent, in issues of structured bonds. For their part, gross issues by non-financial companies rose slightly. Finally, issues in foreign markets continued to gather momentum fuelled by short-term instruments.

Issues and outstanding balances: breakdown by issuer

TABLE 3.1

Nominal amount in million euros

	Amount ¹		Change (%)	Pro memoria: euro area	
	2014	2015	15/14	2015	% change 15/14
Gross issues²	440,355	450,868	2.4	6,567,839	-13.2
Public authorities	252,987	244,639	-3.3	2,460,010	-4.3
Financial institutions	177,094	195,824	10.6	3,563,463	-18.0
Non-financial companies	10,274	10,404	1.3	544,366	-16.0
Net issues²	-102,846	-49,705	51.7	-29,222	72.7
Public authorities	47,088	43,383	-7.9	128,639	-40.1
Financial institutions	-150,610	-98,855	35.0	-214,393	42.3
Non-financial companies	676	4,767	605.2	56,532	13.4
Outstanding balances^{3,4}	1,666,214	1,651,069	-0.9	16,440,028	0.0
Public authorities	870,338	917,071	5.4	7,661,387	1.9
Financial institutions	775,101	708,407	-8.6	7,652,781	-2.9
Non-financial companies	20,775	25,590	23.2	1,125,860	7.0

Source: Bank of Spain, CNMV and ECB. The data for the debt of public authorities in this table are not directly comparable with the data drawn up according to the Excessive Deficit Protocol, mainly due to the fact that the latter methodology excludes the securities held in the portfolios of the public authorities and includes currency swaps. (1) Includes issues in Spain and abroad. (2) For currency issues of public authorities, the exchange value in euros is used by applying the average exchange rate for the month published by the ECB. For currency issues of financial institutions and non-financial companies, the exchange value in euros is used by applying the average exchange rate for the last day of the month published by the ECB. (3) For the outstanding balances of currency issues, the exchange value in euros is used by applying the exchange rate of the ECB at the end of the period. (4) Outstanding balances cannot be adjusted with net issues because of the use of different exchange rates for currency issues.

Among official secondary fixed-income markets, the public debt book-entry market remained the most active in terms of volume traded, although it did undergo a reduction, mainly in the State *bonos* [bonds] and *obligaciones* [debentures] segments (see Table 3.3). Unlike in previous years, the most common type of trading in this market was outright trading, above all in spot trading, to the detriment of sell-buybacks/buy-sellbacks, which accounted for most of the fall in trading. The AIAF market, where the bulk of trading in private fixed-income securities is concentrated, also suffered a fall in trading in 2014, which was sharper in relative terms than that suffered by the public debt market. The trading activity in this market has fallen continuously over recent years as a result of several factors, such as the impact of the process of restructuring and consolidation of the financial sector, the need for deleveraging of the Spanish economy and the fall in the trading of assets issued by

the Treasury, which however continue to account for a high percentage of total trading in this market (43.8% of the total amount). The fixed-income trading volume in stock markets fell substantially, although its importance in secondary fixed-income markets was already very low.

Trading on official secondary markets

TABLE 3.2

Nominal amount in million euros

By market	2011	2012	2013	2014	2015	% change
						15/14
Public debt book-entry	20,371,117	14,425,644	15,113,111	17,249,782	12,481,798	-27.6
AIAF	7,388,186	3,119,755	1,400,758	1,118,964	521,854	-53.4
Stock markets	68,356	60,149	46,159	49,072	24,238	-50.6
Total	27,827,659	17,605,548	16,560,028	18,417,818	13,027,890	-29.3

Source: CNMV and Bank of Spain.

3.2 Public debt

3.2.1 Primary market

Gross issues by public authorities in 2015 amounted to 244.64 billion euros, 3.3% down on the previous year. This fall was mainly a result of the 57.7% drop in issues by the regional governments to 4.05 billion euros. It was also partly due to the 1.1% fall in issues by the central government to 240.59 billion euros. For their part, local authorities, which traditionally have very little issuing activity, did not record any issue in 2015 (see Annex I.11).

Net issues by public authorities continued to fall, although at a lower rate than in the previous year (-7.9% in 2015 compared with -45% in 2014), to 43.38 billion euros. The central government made net issues of 50.17 billion euros (1.1% more than in 2014), while net issues by the regional governments were once again negative (see Annex I.12 for further details). The reduction in the public deficit, from 5.9% of GDP in 2014 to 5.1% in 2015, contributed to the fall in net issues.

3.2.2 Secondary market

Public debt book-entry market, AIAF and stock markets

The public debt of Spanish public authorities can be traded in Spain on three official markets: the public debt book-entry market, AIAF and stock markets. The first of these accounts for almost all the trading (over 99% of the total). The volume traded on this market in 2015 fell by 27.6% on the previous year, with a total amount of 12.5 trillion euros. This fall contrasted with the increases in 2013 and 2014. As shown in Table 3.3, this fall was mainly the result of trading of long-term debt (*State bonos* and *obligaciones*), which fell by 30.3% and amounted to 10.6 trillion euros. This fall took place in all types of trading, although it was particularly significant in repos and sell-buybacks/buy-sellbacks. In turn, trading of short-term debt (Treasury Bills) fell by 7.8% to 1.9 trillion euros. Consequently, the weighting of long-term securities in this market fell to 85% (88% in 2014).

Trading on the public debt book-entry market

TABLE 3.3

Million euros						
	2011	2012	2013	2014	2015	% change 15/14
Treasury bills	3,692,347	2,954,645	2,781,259	2,065,348	1,904,963	-7.8
Outright	900,845	831,616	911,021	744,129	739,546	-0.6
Spot	876,841	815,335	891,504	719,427	726,996	1.1
Maturity	24,004	16,281	19,518	24,702	12,550	-49.2
Repos	1,213,816	682,733	553,084	553,603	573,665	3.6
Sell-buybacks/Buy-sellbacks	1,577,686	1,440,296	1,317,155	767,616	591,752	-22.9
Bonds and debentures	16,603,741	11,418,697	12,283,376	15,148,649	10,552,705	-30.3
Outright	6,262,733	4,064,927	4,414,951	5,947,404	5,638,977	-5.2
Spot	6,081,059	3,932,284	4,193,827	5,598,368	5,369,754	-4.1
Maturity	181,674	132,643	221,124	349,035	269,222	-22.9
Repos	2,993,210	2,259,542	2,268,423	2,835,524	1,302,585	-54.1
Sell-buybacks/Buy-sellbacks	7,347,798	5,094,228	5,600,001	6,365,722	3,611,143	-43.3
Debt of regional governments and other public institutions	75,029	52,303	48,476	35,785	24,130	-32.6
Outright	33,473	17,538	29,008	32,439	20,530	-36.7
Spot	28,621	15,223	25,906	24,906	15,930	-36.0
Maturity	4,852	2,315	3,102	7,533	4,600	-38.9
Repos	38,285	32,602	13,449	2,570	600	-76.7
Sell-buybacks/Buy-sellbacks	3,271	2,163	6,019	776	3,000	286.6
Total	20,371,117	14,425,644	15,113,111	17,249,782	12,481,798	-27.6

Source: Bank of Spain.

By transaction type, particularly noteworthy in 2015 was the change in the most important type of trading. The most common type of trading was outright trading, which fell by 4.8% on 2014. This type of trading accounted for 51.3% of total trading in the public debt book-entry market (39% in 2014). The second most commonly used type of trading was that of sell-buybacks/buy-sellbacks, which recorded a larger fall (41%), accounting for 33.7% of the total (41.4% in 2014). It should be noted that trading in this sector had been the most common category of trading in previous years. Finally, the amount traded through repos fell by 44.7%, accounting for 15% of the total (19.7% in 2014).

Trading between account holders fell by 37.7% to 5.1 trillion euros, following increases in both 2013 and 2014. The rest of the trading, 7.4 trillion euros, corresponded to trading between account holders and third parties, whose trading fell by 18.6%, and dropped to 59.2% of the market total (for further details see Annexes I.13 and I.14).

The trading of public debt on stock markets and the AIAF market in 2015 totalled 27.61 billion euros, a fall of 36% compared with the previous year. This fall took place exclusively in the volume traded on stock markets, specifically the debt of the regional governments, the segment that concentrates trading in this market. In contrast, trading on the AIAF market rose sharply in 2015 to 5.11 billion euros, as a result of trading in *bonos* and *obligaciones* issued by one public company (ADIF) in the year.

Million euros

By market	2011	2012	2013	2014	2015	% change 15/14
AIAF	7	92	177	264	5,112	1,837.5
Treasury Bills	0	0	12	31	30	-1.5
State <i>bonos</i> and <i>obligaciones</i>	0	0	144	213	233	9.2
Regional government <i>bonos</i> and <i>obligaciones</i>	0	0	0	0	0	-
Local authority <i>bonos</i> and <i>obligaciones</i>	3	1	4	0	0	-
State entity <i>bonos</i> and <i>obligaciones</i>	2	29	6	0	4,828	-
Other public body <i>bonos</i> and <i>obligaciones</i>	2	62	11	20	21	4.1
Stock markets	64,400	55,223	41,363	42,848	22,498	-47.5
Treasury Bills	19	18	12	0	0	-
State <i>bonos</i> and <i>obligaciones</i>	865	1,171	102	0	0	-
Regional government <i>bonos</i> and <i>obligaciones</i>	62,196	52,820	40,100	42,048	21,747	-48.3
Local authority <i>bonos</i> and <i>obligaciones</i>	267	136	51	0	5	-
State entity <i>bonos</i> and <i>obligaciones</i>	0	0	0	0	0	-
Other public body <i>bonos</i> and <i>obligaciones</i>	1,054	1,079	1,099	800	746	-6.8
Total	64,407	55,315	41,539	43,112	27,609	-36.0

Source: CNMV.

SENAF

SENAF (Electronic System for Trading in Financial Assets) is a multilateral trading facility operated by BME and aimed at institutional investors. It offers an electronic platform for spot trading, repos and sell-buybacks/buy-sellbacks of State debt, as well as some assets listed on AIAF which have a State guarantee. The amount traded in 2015 totalled 101.56 billion euros, 1.4% down on 2014, following two years of strong growth resulting from the gradual disappearance of the risks arising from the crisis in European sovereign debt that affected trading activity in 2011 and 2012.

3.3 Private fixed income

3.3.1 Primary market

Gross private fixed-income issues registered with the CNMV amounted to 136.61 billion euros in 2015, a rise of 4.9% on 2014. As usual, the bulk of the issues came from financial institutions. However, the issuing activity of credit institutes remains dependent on the gradual deleveraging process of the Spanish economy. It should be noted that some segments underwent a certain level of recovery, specifically in mortgage and territorial bonds.

The spread of the terms of the issues registered with the CNMV was similar to that of 2014: 80.0% corresponded to long-term instruments (74.2% in 2014) and the rest to commercial paper. As can be seen in Table 3.5, the instruments with the greatest relative weight were non-convertible bonds and debentures (28.6%), mortgage

bonds (23.0%), securitisation bonds (20.8%) and commercial paper (20.0%). Of these, covered bonds were the only instruments that recorded growth, which was particularly significant in the case of territorial bonds – backed by loans to public authorities – as well as structured bonds (within the category of non-convertible bonds and debentures).

Issues of non-convertible bonds and debentures amounted to 39.1 billion euros, 5.0% down on the figure recorded in 2014. Among the issuers, the SAREB was once again the most active with its issues accounting for 68.6% of the total in the segment (72.4% in 2014), although the amount issued was slightly lower than in the previous year. If we exclude this financial institution, the volume of non-convertible bonds and debentures amounted to 12.37 billion euros, 8.9% up on 2014. As in 2014, issues of structured bonds were relatively dynamic, amounting to 2.65 billion euros, representing annual growth of 51.7%.

Issues of covered bonds rose by 62.6% to 41.78 billion euros. Of this amount, 31.38 billion euros corresponded to mortgage bonds (23.84 billion in 2014) while the rest – 10.4 billion euros – corresponded to territorial bonds, which grew dramatically (1.85 billion in 2014). The third covered bonds purchase programme implemented by the ECB¹ in October 2014 had a positive impact on the prices of these instruments and helped reduce the cost of issues.

Issues of securitisation bonds fell by 2.2% on 2014, even though these types of issues have also benefited from the ECB's programmes for purchasing private-sector securities since the end of 2014 (in this case, the ABSPP,² which began in November of that year). If we break down these issues according to the type of securitised assets, those backed by mortgage loans fell by 45.4% on 2014, accounting for 33.3% of all securitisation bonds issued (59.7% in 2014). In contrast, securitisation bonds backed by corporate loans rose by 61.4% in 2015, accounting for half of all securitisation bonds issued in the year (30.2% in 2014). It should be pointed out that, as in previous years, loans granted to SMEs accounted for the bulk of the securitised corporate loans. Securitisation bonds backed by debt securities for financing the electricity deficit accounted for 8.1% of securitisation bonds issued in 2015 (6.4% in 2014). The TLTRO³ of the ECB might have had some impact on the recomposition of the issues as these special financing operations are aimed at stimulating lending other than loans for home buying.

Annexes I.19 y I.20 provide additional information on securitisation bond issues registered with the CNMV. In line with previous years, securitisation bond issues were mostly retained by the originating financial institutions (85.9%). This figure reflects the need to revitalise investor confidence in securitisation bonds given that they can contribute towards a recovery in lending. That is why there are currently several initiatives in progress that aim to promote a securitisations market that is more straightforward, transparent and standardised, for example that undertaken in the context of the Capital Markets Union.

1 Covered Bonds Purchase Programme 3 (CBPP3). Both this programme and the programme aimed at purchasing securitisation bonds referred to below, aimed to improve the transmission channel of monetary policy and the financing conditions of the euro area, as well as to encourage lending to the real economy.

2 Asset-Backed Securities Purchase Programme.

3 Targeted longer-term refinancing operations.

Gross issues registered at the CNMV: breakdown by instrument

TABLE 3.5

Markets and issuers
Fixed income

Nominal amount in million euros

	2011	2012	2013	2014	2015
Long-term	183,989	224,948	94,848	96,604	109,298
Non-convertible bonds and debentures	18,692	86,442	32,537	41,155	39,100
Subordinated debt	5,421	0	0	1,000	500
Convertible bonds and debentures	7,126	3,563	803	750	53
Mortgage bonds	67,227	102,170	24,800	23,838	31,375
Territorial bonds	22,334	8,974	8,115	1,853	10,400
Securitisation bonds	68,410	23,800	28,593	29,008	28,370
asset-backed (ABS)	66,310	23,800	28,593	29,008	28,370
mortgage-backed (MBS) ¹	2,100	0	0	0	0
Preferred shares	200	0	0	0	0
Other issues	0	0	0	0	0
Short term²	103,501	132,882	43,991	33,654	27,310
Commercial paper	103,501	132,882	43,991	33,654	27,310
asset-backed	2,366	1,821	1,410	620	2,420
Total	287,490	357,830	138,839	130,258	136,607

Source: CNMV. (1) Issued by mortgage securitisation funds. (2) The figures for commercial paper issues correspond to the amounts placed.

Finally, issues of commercial paper recorded a new fall in 2015, in this case of 18.9%, to 27.31 billion euros. Within this segment, asset-backed commercial paper issues recovered some momentum, totalling 2.42 billion euros (620 million in 2014), although the issuing activity in this subcategory was limited to one single entity.

Annexes I.16, I.17 and I.18 provide further details about private fixed-income issues registered with the CNMV.

Gross private fixed income issued by Spanish issuers in foreign markets

TABLE 3.6

Nominal amount in million euros

	2011	2012	2013	2014	2015	% change 15/14
Long-term	51,365	50,312	34,452	35,281	32,362	-8.3
Preferred shares	0	0	1,653	5,602	2,250	-59.8
Subordinated debt	242	307	750	3,000	2,918	-2.7
Bonds and debentures	51,123	50,005	32,049	26,679	27,194	1.9
Securitisation bonds	0	0	0	0	0	-
Short-term	68,677	41,570	13,400	21,455	33,240	54.9
Commercial paper	68,677	41,570	13,400	21,455	33,240	54.9
asset-backed	322	11,590	0	0	0	-
Total	120,043	91,882	47,852	56,736	65,602	15.6

Source: Bank of Spain.

Issues of securities abroad – and therefore not registered with the CNMV – rose for the second consecutive year, specifically by 15.6%, to 65.6 billion euros. This increase was based on a 54.9% rise in short-term issues, which accounted for over half of the issues abroad. In contrast, long-term issues fell by 8.3% (see Table 3.6).

3.3.2 Secondary market

AIAF and stock markets

Spain has two official secondary markets on which private fixed-income securities are traded: AIAF and the stock markets. At year-end 2015, the outstanding balance of fixed-income securities admitted to trading on both markets totalled 533.36 billion euros, 8.8% down on 2014. The rate of reduction in the outstanding balance slowed down with regard to other years, when the consolidation and deleveraging processes in the financial sector were more intense. Nevertheless, the AIAF market accounted for around 99.7% of the total outstanding balance of traded securities at the end of the year. The breakdown and trend in the number of issuers, the number of issues and the outstanding balance of the securities listed in each one of the markets are shown in Tables 3.7 and 3.8, respectively.

The outstanding balance of securities admitted to trading on AIAF amounted to 531.87 billion euros at the end of 2015, a fall of 8.5% on 2014. As shown in Table 3.7, this fall was concentrated, in absolute terms, in securitisation bonds, mortgage bonds and, to a lesser extent, commercial paper. In relative terms there was a noteworthy 25.5% fall in the outstanding balance of commercial paper. Securitisation bonds remained the securities with the greatest relative weighting in the outstanding balance admitted to trading (41.8%), followed by mortgage bonds (36.5%).

The outstanding balance of private fixed income admitted to trading on stock markets fell by 57.5%. As shown in Table 3.8, the entire stock market balance corresponds to financial sector issues.

Issuers, issues and outstanding balances of private fixed income on AIAF TABLE 3.7

Nominal amount in million euros

	No. of issuers		No. of issues		Outstanding balance		
	2014	2015	2014	2015	2014	2015	% change 15/14
Commercial paper	19	16	456	392	20,362	15,173	-25.5
Bonds and debentures	423	349	1,931	1,856	327,443	294,591	-10.0
Securitisation bonds	329	278	1120	966	253,045	222,100	-12.2
Mortgage bonds	49	44	256	238	208,314	194,073	-6.8
Territorial bonds	9	9	34	32	24,671	27,586	11.8
<i>Matador</i> bonds	9	7	9	7	574	447	-22.2
Total	460	383	2,686	2,525	581,364	531,870	-8.5

Source: AIAF and CNMV.

Issuers, issues and outstanding balances of private fixed income on stock markets

TABLE 3.8

Markets and issuers
Fixed income

Nominal amount in million euros

	No. of issuers		No. of issues		Outstanding balance		
	2014	2015	2014	2015	2014	2015	% change 15/14
Financial institutions	18	11	67	43	3,509	1,490	-57.5
Credit institutions	4	0	10	0	1,616	0	-100.0
Other financial institutions ¹	14	11	57	43	1,893	1,490	-21.3
Non-financial companies	0	0	0	0	0	0	-
Barcelona Stock Exchange	18	11	65	43	3,508	1,490	-57.5
Bilbao Stock Exchange	4	1	9	2	1,723	107	-93.8
Madrid Stock Exchange	4	1	9	2	1,723	107	-93.8
Valencia Stock Exchange	4	1	11	2	1,723	107	-93.8
Total	18	11	67	43	3,509	1,490	-57.5

Source: Stock markets and CNMV. (1) Includes the European Investment Bank and the securitisation bonds guaranteed by the Generalitat de Catalunya (Regional Government of Catalonia).

Trading on AIAF and the stock markets together totalled 518.48 billion euros, a fall of 53.9% on 2014. 99.7% of the total trading on both markets corresponded to the AIAF market, where trading fell by 53.8% on 2014 down to a level of trading similar to that recorded in 2004. The drop in trading was seen in all segments with the exception of matador bonds, which are subject to an extremely low level of trading. Both trading in bonds and debentures and in covered bonds – the two most traded instruments on the AIAF market – fell by half. The drop in trading of commercial paper was also significant (35.8%).

63.5% of trading on the AIAF market corresponded to own-account trading, while the remaining 36.5% corresponded to trading with third parties. Own account trading fell by 61.7% to 328.07 billion euros (see Annex I.21). Within this category, bonds and debentures remained the most used assets, accounting for 53.7% of trading between account holders despite a 62.2% fall in their trading. With regard to the other assets, trading in mortgage bonds accounted for 31.7% of total own-account trading despite dropping 63.7% on the previous year.

Transactions using sell-buybacks/buy-sellbacks remained the most commonly used type of own-account trading, accounting for 51.3% of the total amount traded on the market (61.9% in 2014). As in recent years, most of these transactions were linked to two operations: i) the use of instruments listed on AIAF as collateral in the financing operations of the ECB and ii) the cash operations conducted in the market by the General Secretariat of the Treasury and Financial Policy. The trading of the General Secretariat accounted for 84.5% of the total amount traded in sell-buybacks/buy-sellbacks, although this amount fell by 331.47 billion euros on 2014.

Private fixed-income trading on AIAF

TABLE 3.9

Nominal amount in million euros

By type of asset	2011	2012	2013	2014	2015	% change 15/14
Commercial paper	227,535	199,795	112,560	48,817	31,346	-35.8
Bonds and debentures	5,953,570	1,329,754	859,492	611,566	251,412	-58.9
Securitisation bonds	5,462,806	1,136,966	538,065	341,828	177,844	-48.0
Mortgage bonds	662,177	994,071	341,674	376,273	187,202	-50.2
Territorial bonds	544,781	595,600	86,759	82,023	46,711	-43.1
<i>Matador</i> bonds	116	443	97	21	71	246.1
By type of transaction						
Outright	343,093	428,746	290,457	396,077	234,085	-40.9
Repos	198,515	108,772	69,063	29,800	14,891	-50.0
Sell-buybacks/Buy-sellbacks	6,846,571	2,582,145	1,041,061	692,822	267,766	-61.4
Total	7,388,179	3,119,663	1,400,581	1,118,700	516,742	-53.8

Source: AIAF and CNMV.

Trading with third parties fell by 26.2% to 188.68 billion euros as a result of a lower level of trading of bonds and debentures and, to a lesser extent, of mortgage bonds, with falls of 45% and 7.8%, respectively. However, transactions with territorial bonds rose on the previous year, although they remain at a much lower level than in the case of the above instruments. As indicated above, this category continued to account for a minority of the total amount traded (36.5%) although it is gaining relative importance as a result of the sharper decreases in own-account trading.

The *Sistema Electrónico de Negociación de Deuda* (electronic debt trading system, SEND) is an electronic platform for trading debt listed on AIAF aimed at retail investors. In 2015, the amount traded on this platform continued the fall that began in 2014, dropping from 1.89 billion euros to 637 million euros. Bonds and debentures were once again the most traded securities on SEND, accounting for 91% of the total traded amount, and they were therefore responsible for most of the fall in trading on this platform.

Finally, private fixed-income trading on stock markets also fell significantly in 2015, specifically by 73.5%, to 1.74 billion euros. As in previous years, the Barcelona Stock Exchange accounted for the bulk of trading on stock markets, as well as the fall in the aggregate amount. The fall in trading in the stock market was mainly the result of the fall in trading in the securitisation bond segment.

Private fixed-income trading on the stock markets

TABLE 3.10

Markets and issuers
Fixed income

Nominal amount in million euros

	2011	2012	2013	2014	2015	% change 15/14
Financial institutions	5,238	4,896	4,792	6,580	1,741	-73.5
Credit institutions	208	712	1,743	849	19	-97.8
Other financial institutions ¹	5,030	4,183	3,049	5,731	1,722	-70.0
Non-financial companies	17	22	4	0	0	-
Barcelona Stock Exchange	4,912	3,477	4,057	5,793	1,723	-70.3
Bilbao Stock Exchange	2	3	4	1	0	-100.0
Madrid Stock Exchange	291	1,079	401	142	7	-95.0
Valencia Stock Exchange	58	359	335	644	11	-98.4
Total	5,256	4,918	4,796	6,580	1,741	-73.5

Source: Stock markets and CNMV. (1) Includes the European Investment Bank and the securitisation bonds guaranteed by the Generalitat de Catalunya (Regional Government of Catalonia).

Alternative Fixed-Income Market (MARF)

The MARF is a multilateral trading facility established at the end of 2013 with the aim of promoting the use of fixed income as an instrument for companies to raise funding. The issues admitted to this market are aimed at institutional investors.

Placements were made through MARF in 2015 for a total nominal amount of 816 million euros, compared with 489 million euros in 2014. Of the total amount placed in 2015, 434 million euros (53.1% of the total) corresponded to commercial paper issues made by seven issuers in 41 placements. Placements for an amount of 383 million euros were made in the bonds and debentures segment through seven issuers in nine operations.

Trades were carried out on the secondary market in 2015 for a nominal amount of 1.9 million euros (1.6 million in 2014), which took place exclusively in the bonds and debentures segment. The outstanding balance admitted on this market totalled 1.03 billion euros at year-end 2015, corresponding to issues made by 18 issuers (500 million and 11 issuers at year-end 2014).

This chapter reviews the activity in Spanish organised derivatives markets over the course of 2015: MEFF Exchange (financial derivatives and electricity contracts), the stock market for warrants and certificates and the Olive Oil Futures Market (Spanish acronym: MFAO). In the first market there was a significant fall in the number of traded contracts in financial derivatives in a year that was potentially favourable for trading as a result of the increase in volatility in spot markets. Trading in the warrants secondary stock market rose significantly on the previous year although the total amount of the premiums raised in new issues fell. The MFAO did not record any activity in 2015 and in 2016 its governing body initiated the procedures for relinquishing the authorisation granted to the official secondary market.

4.1 MEFF Exchange

4.1.1 Financial derivatives

The greater level of uncertainty in the economic and financial environment and the increase in volatility in spot markets in 2015 fuelled the demand for hedging instruments and the increase in trading in international organised derivatives markets. A total of 247.75 billion contracts were traded in these markets in 2015, 13.5% up on the previous year (the highest rate of growth since 2010).¹ By geographical area, the greatest increase (33.7%) was recorded in the Asia-Pacific region largely as a result of the turmoil generated in Chinese markets and uncertainty relating to the performance of the economies of greatest interest for the exporters in the region. Organised Asia-Pacific markets accounted for 39.2% of the total number of contracts traded. Trading in Europe, which reached a global share of 19.3%, increased at a more moderate rate of 8.2%, although the performance of the different markets was uneven, as shown in Table 4.1. In the US, the number of contracts traded remained relatively stable and accounted for 33.1% of the total.

Trading on European financial derivatives markets

TABLE 4.1

Thousands of contracts

	2013	2014	2015	% change 15/14
Eurex	2,190,727	2,097,974	2,272,445	8.3
Intercontinental Exchange	2,558,489	2,215,559	1,998,810	-9.8
Nasdaq OMX	1,142,955	1,147,450	1,045,647	-8.9
MEFF	61,209	48,251	46,601	-3.4

Source: Eurex, Futures Industry Association, Intercontinental Exchange and CNMV.

¹ Source: Futures Industry Association.

In Spain, the number of contracts traded on MEFF Exchange fell by 3.4% to 46.6 million, its lowest level in the last five years. As shown in Table 4.2, the largest falls in the number of contracts were concentrated in futures on individual shares, which have been falling significantly over recent years, options on individual shares² and Ibex 35 options. The most noteworthy increase took place in Ibex 35 futures. Trading in dividend futures also rose significantly. This contract was introduced in the market in 2012 and the traded volume has continued to grow since then.

The public debt segment, where only one type of contract on the 10-year bond is traded, the traded volume rose significantly in percentage terms (70.8%) on the previous year. The higher trading activity in this segment basically reflects the increase in hedging needs resulting from the increase in the volatility of debt interest rates and the risk premium. Nevertheless, the relative weighting of the segment in total trading carried out in the market remains very low.

Trading on MEFF Exchange¹

TABLE 4.2

Thousands of contracts

	2012	2013	2014	2015	% change 15/14
Debt contracts	45,238	13,667	4,690	8,012	70.8
10-year bond Future ²	45,238	13,667	4,690	8,012	70.8
Ibex 35 contracts	5,410,311	6,298,106	7,228,959	8,007,732	10.8
Ibex 35 futures ³	4,989,706	5,780,863	7,252,898	7,735,524	6.7
Plus	4,745,067	5,578,607	6,924,068	7,384,896	6.7
Mini ²	242,477	198,736	304,891	318,129	4.3
Dividend impact	2,162	3,520	23,939	32,499	35.8
Ibex 35 options ³	420,606	517,243	731,996	544,416	-25.6
Contracts on shares	56,989,129	55,753,236	41,938,920	38,611,291	-7.3
Stock futures	27,578,789	21,220,876	14,927,659	12,740,105	-14.7
Dividend futures		25,000	66,650	236,151	254.3
Stock options	29,410,340	34,507,360	26,944,611	25,635,035	-4.9
Total	62,803,380	61,208,785	48,250,693	46,600,875	-3.4

Source: CNMV. (1) The differences in the nominal value of the different products make it impossible to compare them based on the number of contracts traded. However, the evolution of trading over time in each type of product can be tracked. (2) Until 2012, trading corresponds to MEFF Fixed Income. (3) In the case of Mini futures and options, the number of contracts traded is calculated by dividing by ten so as to standardise the individual size of the contract with those of the Ibex 35 Plus future (it is taken into account that the multiplier of the index used to calculate the nominal value of the contract is one euro in the first two cases and ten euros in the latter case).

The volumes traded followed different patterns over the year in the two main segments of the market. In Ibex 35 contracts, the trading of futures rose in the first half of the year and subsequently fell, while the trading of options basically followed a downward path throughout the year. Contracts on individual shares also followed a downward path throughout most of the year, although they recorded an upturn in the fourth quarter.

2 Eurex, MEFF's main competitor in Europe, also recorded a fall in the trading of options on individual shares of Spanish companies. This fall, however, was accompanied by a significant increase in the trading of futures on these underlying assets.

Most of the trading of futures and options on individual shares was concentrated in a small number of underlying assets. The five share futures contracts with greatest activity (Banco Santander, Telefónica, BBVA, Iberdrola and Banco Popular) accounted for over 91% of the total, compared with a little over 84% in 2014. In the case of share options, the five underlying assets with most activity (the same as above, with the exception of Repsol instead of Banco Popular) accounted for over 90% of trading.

New developments in the financial derivatives segment

The most important new development in 2015 in the financial derivatives segment was the admission to trading as from January of stock dividend futures plus, which have the same features as individual share dividend futures, but with a multiplier of 25,000 shares instead of the 1,000 contained in the basic contract.

Another new development was the updating of the market makers programme in share futures settled by delivery, through the introduction of changes in the required ranges and volumes.

Finally, in December, MEFF Exchange modified its Circular C-DF-18/2012, of 16 May, on rules for trading in time spread,³ limiting the possibility of generating orders entered solely for the first and second maturity and their corresponding time spread.

Similarly, in December, the CNMV approved the addition of new options on shares and on the Ibex 35 index with weekly maturity, which will be traded on MEFF Exchange and for which BME Clearing will provide the counterparty, clearing, settlement and registry services. These contracts may be traded as from February 2016.

4.1.2 MEFF Power

The total volume registered in this segment fell by 31.4% on 2014, with contracts traded with underlying power of 23 TWh compared with 33.7 TWh in the previous year. The effective amount of the contracts registered totalled 1.09 billion euros compared with 1.45 billion euros in 2014.

The number of trades fell to 3,378 compared with 5,082 in 2014. Trading fell over the first half of the year and then recovered significantly towards the end of the year. The month with most activity was December.

Daily contracts remained the most traded type with 52% of the total (compared with 47% in 2014), although quarterly and annual contracts recorded the highest volumes of traded energy, with 35% and 36% respectively.

The open position at the end of the year stood at over 8.4 TWh, compared with 2.6 TWh at the end of 2014, with quarterly and annual contracts accounting for 60%

³ In these transactions, the buyer of a time spread buys the future with the closest maturity and at the same time sells the future with the furthest maturity. For its part, the seller of a time spread sells the future with the closest maturity and at the same time buys the future with the furthest maturity.

and 21%, respectively. At the end of November, the open position reached a historic high in this market of 8.5 TWh).

The number of participants in this market rose by 38% to 109, of which 30 joined over the course of 2015. A total of 88 participants were active in trading in the market in 2015.

4.1.3 Market members

At year-end 2015, MEFF Exchange had a total of 109 members, four more than in the previous year. Eight new members joined over the year (four trading members and four proprietary trading members) and four members left (three trading members and one proprietary trading member).

Number of members in MEFF Exchange

TABLE 4.3

	31/12/2014	31/12/2015	Members joining in 2015	Members leaving in 2015
Trading members	68	69	4	3
Proprietary trading members	37	40	4	1
Total	105	109	8	4

Source: MEFF Exchange and CNMV.

4.2 Warrants and certificates

The number of warrants issues increased in 2015, although their amount fell, while the primary market for certificates remained inactive, as it had in previous years (the last issue took place in 2010). In the secondary market, trading of warrants recovered, exceeding 1 billion euros, as a result of the increase in volatility in the markets of the underlying assets and the subsequent increase in the demand for hedging and speculative investment opportunities. Activity in certificates fell to extremely low levels as only two issues are now traded on the market, whose underlying assets are commodities.

Issues

As in 2014, six banking groups⁴ issued warrants over 2015, although the number of issues rose from 8,574 in 2014 to 9,059 in 2015, as shown in Table 4.4. Premiums fell by 4.5% in 2014 to 3.48 billion euros, which were mainly concentrated in issues with shares and indices as underlying assets. Issues with shares, currencies and commodities as underlying assets rose, while issues with indices as underlying assets fell.

4 The total number of issuers was eight as two banking groups performed issues through two different entities belonging to their group.

Warrant issues registered with the CNMV

TABLE 4.4

Markets and issuers
Derivatives markets

Thousand euros

	Number					Amount of premium	
	Issuers	Issues	Total	Shares	Indices ¹	Currencies	Commodities
2011	9	9,237	5,544,579	3,211,742	1,786,793	228,172	317,873
2012	7	7,073	3,834,332	2,231,665	1,273,550	76,584	252,533
2013	7	8,347	3,621,169	2,211,777	1,122,621	141,402	145,369
2014	6	8,574	3,644,239	1,770,915	1,697,295	99,964	76,065
2015	8	9,059	3,479,064	1,807,276	1,486,148	106,199	79,441

Source: CNMV. (1) Includes baskets of securities and of indices.

As indicated above, no certificates were registered with the CNMV in 2015 (see Table 4.5).

Certificate issues registered with the CNMV

TABLE 4.5

Thousand euros

	Number					Amount of premium	
	Issuers	Issues	Total	Shares	Indices ¹	Currencies	Commodities
2010	1	1	10,136	0	0	0	10,136
2011	0	0	0	0	0	0	0
2012	0	0	0	0	0	0	0
2013	0	0	0	0	0	0	0
2014	0	0	0	0	0	0	0
2015	0	0	0	0	0	0	0

Source: CNMV. (1) Includes baskets of securities and of indices.

Secondary market

The trading of warrants on the secondary market grew for the second consecutive year, rising by 34%. Total traded premiums rose from 817.7 million euros in 2014 to 1.1 billion euros in 2015 thanks to the growth of index warrants, where traded premiums grew by 90%. In the other underlying assets, stock warrants fell once again, while trading of currency and commodity warrants rose, although still at low volumes, as shown in Table 4.6.

Trading in warrants on the electronic market

TABLE 4.6

Premiums traded, in thousand euros

	No. of issues	Premiums traded, by type of underlying				Total
		Indices ¹	Shares	Currencies ²	Commodities	
2011	8,328	518,219	751,968	34,096	245,916	1,550,200
2012	7,419	268,621	436,586	18,214	42,016	765,437
2013	7,299	255,411	465,674	15,415	16,213	752,713
2014	7,612	364,302	430,984	14,209	8,202	817,698
2015	7,530	691,995	370,256	20,004	13,064	1,095,859

Source: CNMV. (1) Includes baskets of securities and of indices. (2) Includes fixed-income warrants in the years in which these were traded.

Trading in the certificates segment tends to be very low due to the lack of new issues. As shown in Table 4.7, the amount of traded premiums fell again from 1.68 million euros in 2014 to 1.13 million euros in 2015. Trading was concentrated exclusively in the two active issues in the market, whose underlying assets are both commodities (gold and oil).

Trading in certificates on the electronic market

TABLE 4.7

Premiums traded, in thousand euros

	No. of issues	Premiums traded, by type of underlying				Total
		Indices ¹	Shares	Currencies	Commodities	
2011	16	10,563	1,542	0	9,910.0	22,015.0
2012	13	3,856	240	0	87,960.0	92,055.0
2013	4	546.1	0	0	16,232.0	16,778.0
2014	2	0	0	0	966.3	966.3
2015	2	0	0	0	1,682.5	1,682.5

Source: CNMV. (1) Includes baskets of securities and of indices.

New developments in the segment of warrants, certificates and other items

In September 2015, a market operating instruction modified the parameters of the presence in the market of specialists in warrants issues. The maximum spread between the best buy and sell price of the specialist was set at 0.05 euros for instruments whose purchase price is lower than 1 euro. Prior to this modification, this threshold was set at 0.40 euros.

4.3 Other financial contracts

The first issue of call and put options since 2010 was registered with the CNMV last year (see Table 4.8). The underlying asset was made up of shares while the amount of the premiums only totalled five million euros.

Issues of call and put options registered with the CNMV

TABLE 4.8

Thousand euros

	Number					Amount of premium	
	Issuers	Issues	Total	Shares	Indices ¹	Commodities	Exchange rates
2010	1	7	64,000	47,000	17,000	0	0
2011	0	0	0	0	0	0	0
2012	0	0	0	0	0	0	0
2013	0	0	0	0	0	0	0
2014	0	0	0	0	0	0	0
2015	1	1	5,000	5,000	0	0	0

Source: CNMV. (1) Includes baskets of securities and of indices.

4.4 Olive Oil Futures Market

Trading on the Olive Oil Futures Market (MFAO) ended in November 2014 following the maturity of the last contract in force. The end of the activity is a consequence of the decision of this market's board of directors and ordinary General Shareholders' Meeting not to opt for compliance with the requirements laid down in Regulation (EU) No. 648/2012, of the European Parliament and the Council, of 4 July 2012, on OTC derivatives, central counterparties and trade repositories.

In 2015, the governing company of MFAO explored various possibilities to ensure the continuity of the market, which were unsuccessful and therefore at the start of 2016 it began the procedures for relinquishing the authorisation granted to the official secondary market.

5 Clearing, settlement and registry

This chapter reports on the securities registry, clearing and settlement activities entrusted to the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal, which operates under the business name of Iberclear. This entity performs its functions in Spain for stock markets, public debt markets and AIAF. The chapter also reports on the activities performed by BME Clearing, an entity which, like Iberclear, belongs to the BME group. In September 2014, BME Clearing was authorised to provide central counterparty services in financial derivatives and electrical power derivative segments operated by MEFF Exchange, as well as in the public debt repos market. In July last year, it also received authorisation to extend these services to the equity and OTC interest rate derivatives markets.

5.1 Iberclear

At year-end 2015, Iberclear had 129 participating entities, nine fewer than at the end of 2014 (see Table 5.1). The reasons behind this fall were mainly operational: removal as a result of inactivity, liquidation of the entity, change of corporate purpose or transfer of the activity to another group entity. The number of participants in public debt settlement activities fell by five and in AIAF by one. The number of participants in stock markets and in Latibex fell by seven and two, respectively.

Iberclear members

TABLE 5.1

	2014	2015
Total Iberclear¹	138	129
Members of:		
Stock markets	71	64
Latibex	53	51
AIAF	66	65
Public debt	109	104

Source: Iberclear. (1) The total is lower than the sum of the number of clearing members in the various markets since some firms are members of more than one market.

5.1.1 Iberclear-CADE

A total of 3,030 issues were registered on this platform in 2015 (see Table 5.2), of which 87% corresponded to corporate debt and the rest to sovereign debt. The nominal amount totalled 1.5 trillion euros, with 62% corresponding to sovereign debt issues and 38% to corporate debt. The total number of issues fell by 4% and the nominal value by 0.08% compared with the previous year.

The number of corporate debt issues fell by 5% and their nominal amount by 9% on 2014. The number of sovereign debt issues fell by 3%, while the nominal amount rose by 6%.

Iberclear-CADE. Registry

TABLE 5.2

Million euros

	Public debt		AIAF		Total		% change 15/14
	2014	2015	2014	2015	2014	2015	
Number of issues	413	402	2,757	2,628	3,170	3,030	-4.42
Nominal amount	847,982	900,650	608,603	554,764	1,456,585	1,455,414	-0.08

Source: Iberclear.

Tables 5.3 and 5.4 show the figures for settlement in 2015. The number of settled corporate debt transactions fell by 54% and the nominal volume by 45%. Furthermore, there was a fall both in the number and in the amount of all types of transactions. In the outright trades segment, the number of transactions fell by 54% and their amount by 39%. In the repos and sell-buybacks and buy-sellbacks segment, there was a significant fall in the number of trades, specifically by 62%, and in their amount, by 61%. There was also a noteworthy fall in temporary transfers.

Iberclear-CADE. Number of trades settled

TABLE 5.3

Type of transaction	Sovereign debt		Corporate debt		Total		% change
	2014	2015	2014	2015	2014	2015	
Outright trades	726,600	694,831	386,708	177,299	1,113,308	872,130	-21.66
Repos and sell-buybacks and buy-sellbacks	2,330,960	1,245,192	27,841	10,598	2,358,801	1,255,790	-46.76
Outright transfers (between accounts of the same owner)	638,863	585,120	318,997	121,534	957,860	706,654	-26.23
Temporary transfers (between accounts of the same owner)	16,296	35,485	493	97	16,789	35,582	111.90
Transfers of held-to-maturity securities	788,799	800,709	64,429	56,246	853,228	856,955	0.44
Transfers for collateral (to a different owner)	2,399	2,670	2,691	1,663	5,090	4,333	-14.87
Total	4,503,917	3,364,007	801,159	367,437	5,305,076	3,731,444	-29.70

Source: Iberclear.

The settlement of trades with sovereign debt securities fell by 4%, both in the number of outright trades and in their amount. In the repos and sell-buybacks and buy-sellbacks segment, the falls were sharper with the number of trades dropping by 47% and the volume by 42%. In contrast, temporary transfers doubled. In total, the number of trades with sovereign debt fell by 25% and the nominal amount by 17%.

Considering both types of debt, the total number of settled trades fell by 30% and the nominal amount by 18%.

Markets and issuers
Clearing, settlement
and registry

Iberclear-CADE. Amount of settled trades¹

TABLE 5.4

Million euros

Type of transaction	Sovereign debt		Corporate debt		Total		% change
	2014	2015	2014	2015	2014	2015	
Outright trades	8,212,660	7,885,921	473,936	287,423	8,686,596	8,173,344	-5.91
Repos and sell-buybacks and buy-sellbacks	24,962,829	14,597,143	1,399,272	539,691	26,362,101	15,136,834	-42.60
Outright transfers (between accounts of the same owner)	8,339,278	9,288,354	1,029,918	641,071	9,369,196	9,929,425	5.98
Temporary transfers (between accounts of the same owner)	438,903	1,243,668	39,566	835	478,469	1,244,503	160.00
Transfers of held-to-maturity securities	12,556,526	12,386,868	343,517	311,535	12,900,043	12,698,403	-1.56
Transfers for collateral (to a different owner)	119,983	149,253	79,463	57,824	199,446	207,077	3.83
Total	54,630,179	45,551,207	3,365,672	1,838,379	57,995,851	47,389,586	-18.30

Source: Iberclear. (1) Effective amount, in the case of outright trades, repos and sell-buy-backs/buy-sell-backs; nominal amount for transfers to different accounts of the same owner and to different owners.

5.1.2 Iberclear-SCLV

At the end of the year, a total of 7,818 issues were registered on the platform, with a nominal amount of 150.01 billion euros. Both the number of registered issues and the nominal amount rose on the previous year, as shown in Table 5.5. The number of stock-market issues registered rose by 20.4% and the nominal amount by 23.5%. In contrast, the number of issues registered with Latibex fell by 13.3%, while their effective amount fell by 30.1%.

The increase in the number of registered issues is mainly due to the fact that the SICAVs registered in the local clearing and settlement services, which are expected to disappear within the framework of the reform of the securities clearing and settlement system, are now registered with Iberclear in accordance with Iberclear Circular 1/2015, of 25 June, which amends Iberclear Circular 2/2006 on book registration and clearing and the settlement of trading with shares of open-ended investment companies.

Iberclear-SCLV. Registry

TABLE 5.5

Million euros

	Stock market			Latibex		
	2014	2015	% change	2014	2015	% change
Number of issues	6,493	7,818	20.4	30	26	-13.3
Registered amount ¹	121,460	150,011	23.5	205	144	-30.1

Source: CNMV. (1) Nominal amount, in the case of the stock market; effective amount, in the case of Latibex.

The number of trades settled in 2015 on stock markets and Latibex totalled 43,304,814, with an effective value of 1.93 trillion euros. This represents a reduction

of 2.63% on the previous year with regard to the number of trades and an increase of 9.3% with regard to the effective amount.

In addition to the settlement of trades of securities, the Sociedad de Sistemas settles transfers of securities between accounts of the same owner in different entities. These transfers may be free of payment or against payment. There was a slight reduction in free-of-payment transfers in 2015, while transfers against payment rose both in amount and number, specifically by 23.5% and 12%, respectively. In the case of Latibex, the largest fall was seen in free-of-payment transfers, which fell by 51.9%, while transfers against payment fell by 13% in the number of transfers and 35% in the effective amount.

With regard to the settlement of OTC trades, the trend towards channelling an increasing number of OTC trades against payment through a central counterparty, which has been seen since these operations were introduced in 2011, continued last year. The number of trades in this segment rose by 39.4% in 2015 and by 79% in the total amount.

In contrast, the number of OTC free-of-payment trades through a central counterparty fell significantly, down to levels recorded in 2012. This reduction was due to the amendment of Iberclear Operating Instruction 11/2010, of 11 November, which established the general procedure for reporting, settlement and registration of transactions under Title V of the Regulation of the Sociedad de Sistemas from a central counterparty. Rule 2 of the aforementioned instruction was amended by means of Iberclear Instruction 1/2014, of 29 June, by specifying and clarifying the orders that can be reported as free of payment. The amendment establishes that the description of free of payment can only be applied to security delivery or receipt orders which, as a result of the clearing process performed by the central counterparty, have been generated without cash.

With regard to the other OTC trades, those made against payment grew on the previous year both in the number of trades and in the effective amount, although the figures were not significant. For their part, the number of free-of-payment trades fell by 42%, from 240 to 139.

Iberclear-SCLV. Trades settled

TABLE 5.6

Million euros

	Stock market				Latibex			
	No. of trades		Amount		No. of trades		Amount	
	2014	2015	2014	2015	2014	2015	2014	2015
Purchases and sales	44,433,390	43,269,208	1,763,221	1,928,064	40,624	35,606	750	519
Failed settlements	51,965	41,326	6,773	6,535	2,030	2,118	59	62
Buy-ins	289	209	23	19	34	24	0.3	0.3
Transfers f.o.p.	365,313	338,239	-	-	493	237	-	-
Transfers a.p.	1,544,621	1,729,899	543,326	671,008	2,333	2,028	134	87
OTC a.p.	2	8	0	5	-	-	-	-
OTC f.o.p.	240	139	-	-	-	-	-	-
OTC CCP a.p.	722,298	1,007,281	172,362	308,252	-	-	-	-
OTC CCP f.o.p.	70,615	42	-	-	-	-	-	-
Total	47,127,479	46,344,816	2,478,910	2,907,328	43,450	37,871	884	605

Source: Iberclear. Transfers f.o.p. = transfers free-of-payment. Transfers a.p. = transfers against payment. OTC CCP = bilateral transactions through central counterparties.

The efficiency indicators for settlement in 2015 remained at similar levels to those of 2014. The amount of failed settlements stood at 0.79% of the total settled amount, 0.01 percentage points up on 2014, while the number of non-settled trades on D+3 rose by 0.04 percentage points to 0.30% of the total.

5.1.3 Technical enhancements

Particularly noteworthy under this section is the issue of Iberclear Circular 1/2015, of 25 June, amending Circular 2/2006, of 23 March, on book registration and clearing and the settlement of trading with shares of open-ended investment companies. This circular establishes the consequences of the concentration in Iberclear of the registration activities which had been performed until then by the clearing and settlement services in the stock markets of Barcelona, Bilbao and Valencia of the securities listed on the Alternative Stock Market.

This measure adopted in view of the new regime for central securities depositories (CSDs) approved by Regulation (EU) No. 909/2014, of 23 July 2014, on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No. 236/2012. The aim is to improve the management of the activities that are currently performed in the context of the CSDs within the framework of the clearing, settlement and registry reform.

5.2 BME Clearing

BME Clearing, S.A.U. was authorised in July 2015 to extend its services as CCP into two new segments, that of equities and that of interest-rate OTC derivatives.

In the equity segment, BME Clearing will carry out counterparty, clearing and registry functions with regard to purchases, sales and last-resort loans of equity instruments (shares, subscription rights, warrants, certificates and ETFs) admitted to trading on the platforms with which BME Clearing has signed the corresponding agreements.

The creation of this segment is framed in the context of the reform of the securities clearing, settlement and registry system in Spain. The reform involves the introduction of a CCP in post-trade services that will intervene on its own account between buyers and sellers in securities trades, assuming counterparty risk and clearing transactions where appropriate. This segment will be operational at the same time as the reform.

In addition, in the segment of interest-rate OTC derivatives, BME Clearing carries out the functions of counterparty, clearing, settlement and registry with regard to trades of interest-rate derivatives that meet the following requirements:

- The contractual basis of the original trades whose registration is sought must be the Master Agreement of the International Swap and Derivatives Association of 1992 or 2002, or the 1997, 2009 or 2013 versions of the *Contrato Marco de Operaciones Financieras* (Spanish acronym: CMOF) [Framework Agreement for Financial Transactions applicable in Spain].

- The transaction types included are: i) interest rate swap (IRS), which includes: a) fixed or floating interest rate swap (plain vanilla), b) basis swap and c) zero coupon swap; ii) overnight indexed swap (OIS) and iii) forward-rate agreement (FRA).
- The transaction currency must always be the euro.
- The maximum term of the transactions will be 50 years for IRS, 30 years for OIS and 3 years for FRA, and the minimum term will be 28 calendar days for IRS, 7 for OIS and 3 for FRA.
- The references for the floating indices will be EUR-Euribor-Reuters for terms at 1, 3, 6 or 12 months in the case of IRS and FRA, and EUR-Eonia-OIS-Compound at 1 day for OIS.
- The fixed rate may be any value, whether lower, equal to or higher than zero.

BME Clearing has launched this segment as a consequence of the Regulation on clearing published on 1 December 2015 in the *Official Journal of the European Union* (Commission Delegated Regulation (EU) 2015/2205, of 6 August 2015, supplementing Regulation (EU) No. 648/2012, of the European Parliament and of the Council, with regard to regulatory technical standards on the clearing obligation), which requires entities to clear interest-rate derivatives that meet certain characteristics in a CCP.

The swaps segment has been in operation since 30 November 2015, although no transaction was registered in 2015.

In addition to the introduction of these two segments, BME Clearing included certain changes in its regulations: i) it amended the account structure, introducing new types of accounts in which the holder in the CCP is the member; ii) it included the references necessary in order to specify that, in the event of a declaration of non-compliance by a member or client, the regulations of the CCP constitute as a whole an agreement of contractual compensation as provided for in Royal Decree-Law 5/2005, of 11 March, on urgent reforms to promote productivity and improve public procurement and subject to the regime of Law 41/1999, of 12 November, on payment and security settlement systems; iii) it introduced the procedure to be followed in the event of insolvency or a failure by BME Clearing to comply with any of its obligations; iv) it extended the grounds for non-compliance of a member or client to include the execution of early intervention procedures, restructuring or resolution in the case of credit institutions and investment firms; and v) it modified the figure for minimum capital required for the different types of members in order to participate in each segment.

In addition, BME Clearing extended the application of the general conditions of financial derivatives to new weekly share options and Ibox 35 options, which will be traded on MEFF and with regard to which it will provide counterparty, clearing, settlement and registry services. These contracts may be cleared in BME Clearing as from February 2016.

Table 5.7 shows the changes in the number of active members in BME Clearing.

Number of members in BME Clearing by segment

TABLE 5.7

	2014	2015
Total segment financial derivatives	75	74
General clearing members	7	9
Individual clearing members	35	31
Propriety non-clearing members	14	13
Non-clearing members	19	21
Total segment MEFFPower	36	41
Total segment MEFFRepo	29	32

Source: BME Clearing and CNMV.

5.2.1 BME Clearing Repo

BME Clearing offers central counterparty services for public debt repos through BME Clearing Repo.

The registered nominal amount in this segment, which all corresponds to bilateral trades, totalled 0.65 trillion euros, a reduction of 36.2% on 2014. A total of 7,967 trades were registered, a fall of almost 25% on the previous year. The number of sell-buybacks and buy-sellbacks as a percentage of total trades rose from 19% in 2014 to 24% in 2015. The high for the year was reached in March, with a percentage of 30%, 2.5 percentage points above the high for 2014.

The average nominal amount per trade stood at around 80 million euros throughout almost all the year, reaching 90 million euros only in January and December. The average period of sell-buybacks and buy-sellbacks rose significantly to 14 days, six more than in the previous year. The average risk registered also rose on 2014, with a monthly average greater than 23 billion euros.

Activity in MEFFRepo

TABLE 5.8

Million euros

	2014	2015
Nominal volume	1,011,385	645,805
Number of transactions	10,560	7,967

Source: CNMV and BME Clearing.

5.3 European initiatives in counterparty, clearing, settlement and registry services

Progress continued to be made in 2015 on the different initiatives relating to post-trading in Europe implemented over recent years. The key objectives of these initiatives are to strengthen the basic market infrastructures, such as CSDs and CCPs and to promote greater integration of these services at a European level. These initiatives cover both a review of the regulatory framework applicable to post-trading activities and the development of a single pan-European platform for securities settlement in Central Bank money, managed and developed by the Eurosystem (TARGET2 Securities). The most noteworthy aspects of these projects are described below.

TARGET2 Securities (T2S): new migration plan

The implementation of the T2S platform took place in June 2015 with the incorporation of the central securities depositories of Greece (BOGS), Malta, Romania and Switzerland (SIX-SIS). Subsequently, the Italian CSD (Monte Titoli) joined in August. The platform, which has operated smoothly from the start, settled a monthly average of 1.87 million security trades between September and December.

In its meeting on 10 December, the TARGET2 Securities CSD Steering Group (CSG) discussed the outcome of the technical assessment of solutions for the delayed migration of Euroclear ESES CSDs to T2S. Agreement was reached on a migration plan that would allow Euroclear ESES CSDs to migrate on 12 September 2016 together with VP Lux and VP Securities, while Clearstream Banking AG, CDCP, KDD, KELER, LuxCSD and OeKB CSD would migrate on 6 February 2017. Iberclear, the Baltic CSDs and Euroclear Finland will migrate to T2S on 18 February 2017, while NBB-SSS and Interbolsa are maintaining their original plan to migrate on 28 March 2016.

The new migration plan will be complemented by further mitigating actions that will aim to avoid the further delay of any CSD and to reduce the impact of such a delay on other CSDs. The Governing Council of the European Central Bank is expected to take a formal decision on the new migration plan in March of this year.

Progress in implementation of Regulation (EU) No. 909/2014, of the European Parliament and of the Council, of 23 July, on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No. 236/2012 (CSDR)

A series of advances have been made in 2015 towards implementation of the CSDR. Specifically, the most significant progress relates to preparation by ESMA and the European Banking Authority (EBA) of the technical standards and technical advice necessary for the European Commission to complete implementation of the level 2 measures provided for in the CSDR. The most substantial requirements that are implemented in the standards and their status are summarised below.

- On 4 August 2015, ESMA submitted to the European Commission its report on technical advice for implementation of the specific regulation which will determine the amount of the penalties that participants of the CSDs will have to pay in the event of settlement fails. Similarly, the technical advice included the

criteria, in the opinion of ESMA, that must be taken into consideration in identifying the jurisdictions for which the activities of a CSD established in another jurisdiction are of substantial importance.

- On 28 September 2015, ESMA submitted to the European Commission the final report which contained the draft technical standards on the functioning of the CSDs entrusted to it by the Commission. The proposed technical standards established the detailed requirements that CSDs must meet in areas of organisation, conduct-of-business rules and risk control and which are strongly inspired by the international standards jointly developed by the Committee on Payments and Market Infrastructures and IOSCO (CPMI-IOSCO). The final report also included the technical standards that will regulate the reporting requirements of settlement internalisers with regard to national authorities, in line with the provisions of the European Regulation.
- On 16 December 2015, the EBA delivered the final report to the European Commission that contains the draft technical standards implementing the prudential requirements of the CSDR. In particular, the standards proposed a method for harmonising calculations of capital requirements to be met by these infrastructures which are related to those specified by banking legislation and those resulting from the CPMI-IOSCO International standards. The report delivered to the Commission also included the technical standards that will implement the requirements for CSDs which, in addition to services more directly related to their main activities, also provide banking-type ancillary services.

Finally, it should be clarified that on 1 February 2016 ESMA delivered the final report containing the technical standards that establish the obligations of the different parties in the post-trade chain with regard to settlement discipline. Delivery of these standards was delayed compared with the others in order to assess more thoroughly the different alternatives that could be used to establish the buy-in obligations referred to in the CSDR. Furthermore, the final report contains the measures to prevent settlement fails and the obligations for monitoring such fails, as well as for their management, which include specifying the buy-in periods and procedure.

After receiving all these drafts, the European Commission must decide on their adoption. When this takes place, the proposed implementation calendar provides for immediate entry into force in the case of the obligations applicable to CSDs and therefore these infrastructures shall start to submit their requests for reauthorisation to the competent authorities within the periods provided for in the CSDR. For their part, a two-year transitional period has been established for the obligations relating to settlement discipline, during which time the parties subject to such requirements are expected to undertake the necessary preparations in order to comply with the requirements.

Progress in implementation of Regulation (EU) No. 648/2012, of the European Parliament and of the Council, of 4 July 2012, on OTC derivatives, central counterparties and trade repositories (EMIR)

In 2015, progressive implementation of the obligations established in the EMIR continued. In this regard, progress has been made in all aspects of the Regulation. The most significant progress made this year with regard to application of this Regulation is discussed below:

- Centralised clearing: ESMA has continued its work in identifying the types of derivatives for which requirements for centralised clearing should be established. In this regard, over 2015 it proposed to the European Commission the need for such obligations to be applicable to certain CDS index derivatives and interest-rate derivatives denominated in the EEA currencies. These new proposals would supplement that already made in 2014, and eventually published in the *Official Journal of the European Union* on 1 December 2015, relating to interest-rate derivatives denominated in the main international currencies (EUR, GBP, JPY and USD).
- Exchange of collateral in bilateral derivatives trades: the three European supervisory authorities for financial services (ESMA, EBA and EIOPA) have completed the final report that will include the technical standards regulating the details for the exchange of collateral in OTC contracts provided for in the EMIR. In view of the delay in implementation of these obligations in other significant G-20 countries, European authorities have modified the calendar for implementation in similar terms so that the obligations should be applicable as from September 2016.
- Reporting of derivatives to trade repositories: ESMA and the competent national authorities have been working together on increasing the quality of the information reported to trade repositories. In line with the above, a first system for validations by trade repositories had already been implemented in December 2014 whereby the repositories are required to refuse to receive contracts that do not comply with certain minimum quality standards. In 2015, trade repositories are required to validate more of the content of the reporting so as to ensure that it is of sufficient quality. In parallel, ESMA has continued to work on revising the technical standards on reporting. On 30 November 2015, it sent a proposal to the European Commission for amending said standards for their future adoption and entry into force in 2016.

III Financial institutions and investment services

Financial collective investment schemes (mutual funds and SICAVs) grew in terms of assets under management and number of unit-holders or shareholders for the third consecutive year in 2015. The desire to increase the return on investments against a backdrop of extremely low, if not negative, interest rates, has generally benefited collective investment and has led, in particular, to a recomposition of fund portfolios which favours mixed categories of equity and fixed income, as well as global funds. The recent performance of the different mutual fund categories suggests that investors are willing to accept a little more risk within a pattern which remains clearly conservative. The year was also positive for foreign collective investment schemes marketed in Spain, which continue increasing their market share.

6.1 Mutual funds

The assets managed by mutual funds rose by 11.8% in 2015, in line with the expansive trend which began in 2013, although the rate of growth was substantially lower than in 2013 and 2014. Accordingly, at the end of the year, the assets managed by mutual funds amounted to 222.15 billion euros, 23.44 billion euros more than in 2014, particularly as a result of the subscriptions made by investors, which in net terms accounted for 97.1% of this increase. The increase in the value of the portfolio contributed the remaining 2.9%.

The category with the greatest growth in assets managed was by far that of mixed fixed income, which rose by 20.48 billion euros (84.2% in percentage terms) as a consequence of the new contributions by unit-holders, as net returns from the portfolio were negative (425 million). Also noteworthy was the increase of 7.93 billion euros of assets managed under the mixed equity category (up 58.5% on assets managed at year-end 2014) and of 5.8 billion euros of assets (up 84.2%) managed under the category of global funds. The positive net subscriptions were also decisive in this increase as the net returns of the portfolio were negative in the former case (295 million euros) and slightly positive in the latter case (9 million euros). It should be noted that the assets managed by global funds have practically tripled over the last two years. Other categories with significant increases in assets managed over 2015 were the international equity and absolute return categories (see Statistical Annex II.1 for further details).

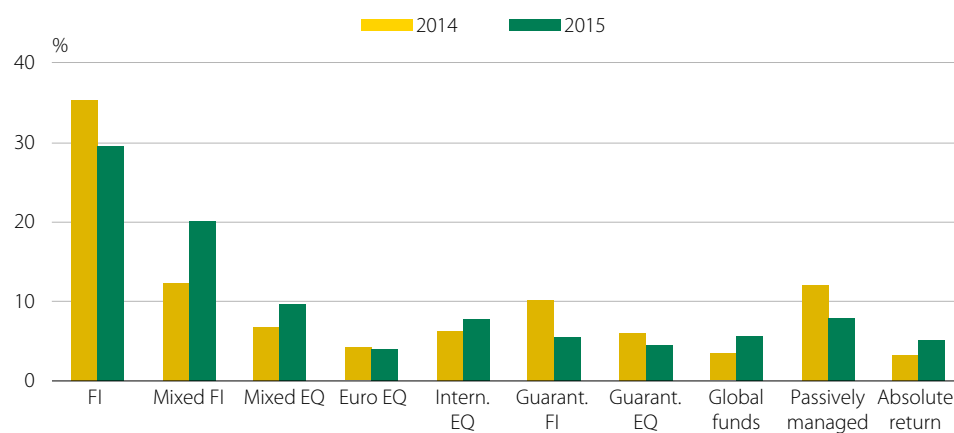
The largest falls in assets managed corresponded to guaranteed fixed-income funds, whose performance has been clearly negative over recent years, and passively managed funds, which, unlike the previous category, had recorded significant growth in 2013 and 2014, above all in the subcategory of funds with a specific target return. In the former, assets managed fell by 8.04 billion euros (down 39.4% on assets managed at year-end 2014) and in the latter case, assets managed fell by 6.09 billion euros (down 25.6%). There was also a noteworthy fall in assets managed by

fixed-income funds, which, following growth of almost 25 billion euros in 2013 and 2014, recorded a fall of 4.75 billion euros (down 6.8%) in 2015. The list of categories with falls in assets managed is completed by guaranteed equity funds. In all cases, the contribution of the returns of the portfolio to the change in assets managed was slightly positive and the fall was therefore exclusively due to redemptions.

The recent trend in the sector is towards an increase in assets managed and a significant change in the composition of the available funds. Mixed fixed-income and mixed-equity funds are gaining an increase in share of the assets managed by mutual funds. At year-end 2015, they accounted for 20.2% and 9.7%, respectively, of the total, eight and three percentage points up on the previous year. International equity funds, global funds and absolute return funds also increased their share of total assets managed, although the relative weighting of each one of these three categories remains low, particularly in the last two cases, as shown in Figure 6.1. The most noteworthy falls in the share of assets managed correspond to guaranteed fixed-income, passively managed and fixed-income funds. The first of these categories, which at the start of the crisis enjoyed strong growth and accounted for almost 30% of total assets managed, accounted for 5.6% during 2015, almost five points down on the previous year. The share of passively managed funds fell to 12.0%, four percentage points down on 2014. Fixed-income funds remain the most important in terms of assets managed, but their relative weight, which had reached a high in 2014 of 35.4% of total assets managed by mutual funds, fell last year to 29.5%.

Mutual fund asset breakdown

FIGURE 6.1



Source: CNMV.

These changes are in line with the trend that has been seen over the last two or three years: although investors continue to demonstrate a clear preference towards conservative options, they are now more willing to invest in fund categories with a somewhat higher risk level. Accordingly, the relative weighting of more conservative funds (guaranteed funds, fixed-income and mixed fixed-income) has fallen from 82.1% in 2009, when they reached a record high, to 59.8% in 2014. Within these funds, only mixed fixed-income funds gained ground in 2015. The main reason can be found in the current environment of extremely low interest rates, which has led to a fall in the expected returns of the assets in which most of the more conservative funds invest.

The average yield of mutual funds stood at 0.89% at year-end 2015, far below the result for 2013 (6.5%) and 2014 (3.7%). The reduction was due both to the environment of low interest rates and the irregular performance of equity markets

over the year (see Chapters 1 and 2). All fund categories obtained negative yields during the two middle quarters of the year, while yields were positive in the first and last quarters. The most profitable funds in 2015 were Euro equity funds and international equity funds, with 3.4% and 7.8%, respectively, slightly above the yields obtained in 2014 (2.1% and 6.6%). The least profitable were fixed-income funds and absolute return funds: 0.10% and 0.12%, respectively (see Annex II.4 for further details).

Financial institutions
and investment services
Collective investment

Mutual fund asset breakdown¹

TABLE 6.1

Million euros

	2014	%	2015	%	% change 15/14
Assets	198,719	100.0	222,144	100.0	11.8
Financial investment portfolio	187,694	94.5	204,797	92.2	9.1
Spanish securities	114,645	57.7	93,870	42.3	-18.1
Debt securities	79,694	40.1	58,488	26.3	-26.6
Equity instruments	8,448	4.3	8,757	3.9	3.7
Collective investment schemes	6,065	3.1	5,698	2.6	-6.0
Deposits in credit institutions	19,927	10.0	20,482	9.2	2.8
Derivatives	495	0.2	433	0.2	-12.5
Other	14	0.0	9	0.0	-30.7
Foreign securities	73,048	36.8	110,920	49.9	51.8
Debt securities	38,582	19.4	48,505	21.8	25.7
Equity instruments	13,043	6.6	18,654	8.4	43.0
Collective investment schemes	20,864	10.5	43,365	19.5	107.9
Deposits in credit institutions	243	0.1	104	0.0	-57.2
Derivatives	311	0.2	285	0.1	-8.0
Other	5	0.0	4	0.0	-11.1
Doubtful, delinquent or in litigation investments	1	0.0	6	0.0	466.7
Cash	10,895	5.5	16,594	7.5	52.3
Net balance (debtors/creditors)	130	0.1	752	0.3	479.4

Source: CNMV. (1) Excluding hedge funds and funds of hedge funds.

As in 2014, the distribution of the aggregate assets of mutual funds by type of asset shows a significant displacement in favour of foreign securities, whose proportion of total assets rose from 36.8% at year-end 2014 to 49.9% at year-end 2015 (see Table 6.1). The domestic portfolio fell both in relative and absolute terms. In fact, it fell from 69.1% of total assets in 2013 to 42.3% in 2015. Within the foreign portfolio, the most significant increase took place in investment in other CIS, which rose by over 12 billion euros to more than 43 billion euros, and in debt securities, which grew from a little over 38 billion euros to over 48 billion euros. Within the domestic portfolio, investment in national debt securities accounted for most of the reduction as it fell from almost 80 billion euros to a little over 58 billion euros. The heading of cash rose significantly from 5.5% in 2014 to 7.5% in 2015, significantly higher than the minimum required level of 3.0%.

Management companies continued to reduce the number of funds offered to the market in 2015, although they have done so at a much slower rate over the past two years than in previous years. A total of 289 mutual funds were withdrawn in 2015,

276 as a result of mergers between funds belonging to the same management company. A total of 100 new funds were registered in 2015 compared with 150 in 2014. Accordingly, at year-end 2015 a total of 1,760 funds were registered with the CNMV, compared with 1,949 in 2014 (see Table 6.2). As in the previous year, the reduction in the number of funds and the increase in assets led to a substantial increase in average assets per fund in 2015, which rose from 101.9 million euros in 2014 to 123.1 million euros in 2015.

Registrations and de-registrations in 2015

TABLE 6.2

Type of firm	Firms registered at 31/12/2014	New registrations	De-registrations	Firms registered at 31/12/2015
Total financial CIS	5,232	272	324	5,180
Mutual funds	1,949	100	289	1,760
Investment companies	3,228	169	25	3,372
Funds of hedge funds	18	0	7	11
Hedge funds	37	3	3	37
Total real estate CIS	11	1	3	9
Real estate mutual funds	4	0	1	3
Real estate investment companies	7	1	2	6
Total foreign UCITS marketed in Spain	805	121	46	880
Foreign funds	405	47	27	425
Foreign companies	400	74	19	455
CIS management companies	96	5	5	96
Depositories	70	0	5	65

Source: CNMV.

In line with the trend in assets managed, the number of unit-holders grew by 19.9% to close on 7.7 million (see Annex II.1). Most of the categories saw a rise in the number of unit-holders although by far the biggest rise was seen in the category of mixed fixed-income funds, with over half a million new unit-holders to reach a total of 1.1 million. Only passively managed funds, guaranteed equity funds and guaranteed fixed-income funds saw a reduction in the number of unit-holders, specifically by 132,000, 139,000 and 246,000, respectively. The percentage of unit-holders in mutual funds who were natural persons stood at 97.5% and they accounted for 81.9% of total assets. Both percentages were very similar to those recorded in 2014.

6.2 Investment companies (SICAVs)

The number of financial investment companies (SICAVs) registered with the CNMV rose for the third consecutive year. At year-end 2015, there were a total of 3,372 SICAVs registered, 144 more than at year-end 2014 and almost 400 more than in December 2012. The net creation of SICAVs was reflected in the number of shareholders, which rose by 7.5% to 483,930. Almost all SICAVs were listed on the Alternative Stock Market.

The assets managed by SICAVs grew by 6.5% in 2015 to 33.53 billion euros. Average assets per SICAV and average assets per shareholder remained at similar levels to 2014: 9.9 million euros and a little under 70,000 euros, respectively.

As with mutual funds, in the case of SICAVs there was a displacement of investments in favour of the foreign portfolio, which accounted for 61.5% of total assets at the end of the year: 4.2 percentage points up on the previous year and 10.9 points up on 2013. The most important investment products in the foreign portfolio (debt instruments, equity instruments and investments in other CIS) all grew at over 12%, as shown in Table 6.3. The domestic portfolio, in contrast, shrank by 14.8% and its relative weighting in total assets dropped from 35.1% to 28.1%. This reduction was mainly a result of the divestments in Spanish debt instruments. The value of these instruments in portfolio at year-end 2015 stood at 3.67 billion euros, 28.4% down on 2014 and 41.9% below the figure for 2013. The cash heading, as in the case of mutual funds, rose significantly on the previous year and accounted for 9.6% of total assets.

Investment company assets breakdown

TABLE 6.3

Million euros

	2014	%	2015	%	% change 15/14
Assets	31,486.9	100.0	33,532.4	100.0	6.5
Financial investment portfolio	29,080.6	92.4	30,040.4	89.6	3.3
Spanish securities	11,063.7	35.1	9,426.6	28.1	-14.8
Debt securities	5,115.9	16.2	3,665.0	10.9	-28.4
Equity instruments	3,324.4	10.6	3,090.7	9.2	-7.0
Collective investment schemes	1,433.0	4.6	1,418.4	4.2	-1.0
Deposits in credit institutions	1,169.3	3.7	1,226.3	3.7	4.9
Derivatives	-10.8	0.0	-7.4	0.0	31.5
Other	31.9	0.1	33.7	0.1	5.6
Foreign securities	18,015.2	57.2	20,611.2	61.5	14.4
Debt securities	3,897.1	12.4	4,474.4	13.3	14.8
Equity instruments	6,227.7	19.8	7,026.6	21.0	12.8
Collective investment schemes	7,784.2	24.7	9,090.2	27.1	16.8
Deposits in credit institutions	2.3	0.0	6.2	0.0	169.6
Derivatives	94.4	0.3	8.3	0.0	-91.2
Other	9.5	0.0	5.5	0.0	-42.1
Doubtful, delinquent or in litigation investments	1.7	0.0	2.7	0.0	58.8
Intangible assets	0.0	0.0	0.0	0.0	-
Property, plant and equipment	0.1	0.0	0.1	0.0	0.0
Cash	2,197.7	7.0	3,211.3	9.6	46.1
Net balance (debtors/creditors)	208.5	0.7	280.6	0.8	34.6
<i>Pro memoria: no. of shareholders</i>	450,211	-	483,930	-	7.5

Source: CNMV.

6.3 Hedge funds

Hedge funds account for less than 1% of total assets managed by Spanish collective investment schemes. This collective investment segment is made up of two types of vehicle: those that invest directly in assets (hedge funds) and those that invest

through other hedge funds (funds of hedge funds). In both cases, the vehicle may be a fund or a company.

The aggregate assets of all types of vehicle rose by 21.4% in 2015 to end the year at 2.08 billion euros. The increase was concentrated in hedge funds, which managed assets of 1.76 billion euros, an increase of 28.7%. Assets managed by funds of hedge funds, in contrast, fell by 7.4% to 320 million euros, following the trend of recent years.

At the end of the year, most of the assets were held by vehicles set up as funds. Accordingly, hedge funds accounted for 77.1% of total assets in the segment (70.9% in 2014) and funds of hedge funds accounted for 7.6% (6.4% in 2014). Companies operating in both sectors accounted for the remaining 15.4%.

The performance of the portfolio was positive for both hedge funds, with returns of 4.8%, and for funds of hedge funds, which obtained 6.2%. As was the case with mutual funds, the positive returns took place in the first and last quarters of the year and the negative returns in the two middle quarters for both types of vehicle.

In line with the trend seen in assets managed, the number of unit-holders rose in hedge funds by 9.6% to 3,089, while the number fell by 50% for funds of hedge funds to 1,265. The de-registration of one fund of hedge funds, whose unit-holders accounted for more than one third of the total number of unit-holders, had particular impact in the latter case.

The total number of these vehicles registered with the CNMV fell from 55 in 2014 to 48 in 2015 (37 hedge funds and 11 funds of hedge funds). There were three new registrations and ten de-registrations (see Table 6.2). The three new registrations and seven of the ten de-registrations corresponded to funds of hedge funds and the three remaining de-registrations corresponded to hedge funds. At the end of the year, six funds were in the process of liquidation.

6.4 Real estate CIS

One new real estate CIS was registered and three de-registered with the CNMV in 2015 and there were therefore nine of these entities at year-end: three real estate funds and six real estate companies. The new registration and two of the de-registrations were of real estate companies and the other de-registration was of a real estate fund.

The assets managed by real estate funds fell by 6.9% in 2015 to 391 million euros, mainly as a result of the depreciation of the asset portfolios in the latter part of the year. As a consequence of this depreciation, the return for the year was negative, specifically down 6.6%. The number of unit-holders fell by 2.6% to 3,918 at the end of the year.¹ The assets managed by real estate companies fell by 12.9% on 2014 to 702.1 million euros. The number of shareholders also fell, by 31.0%, to 583 at the end of the year.

¹ These figures do not take into account the real estate fund that de-registered in 2015. The de-registration took place in January 2015 and the fund did not submit the year-end 2014 statements.

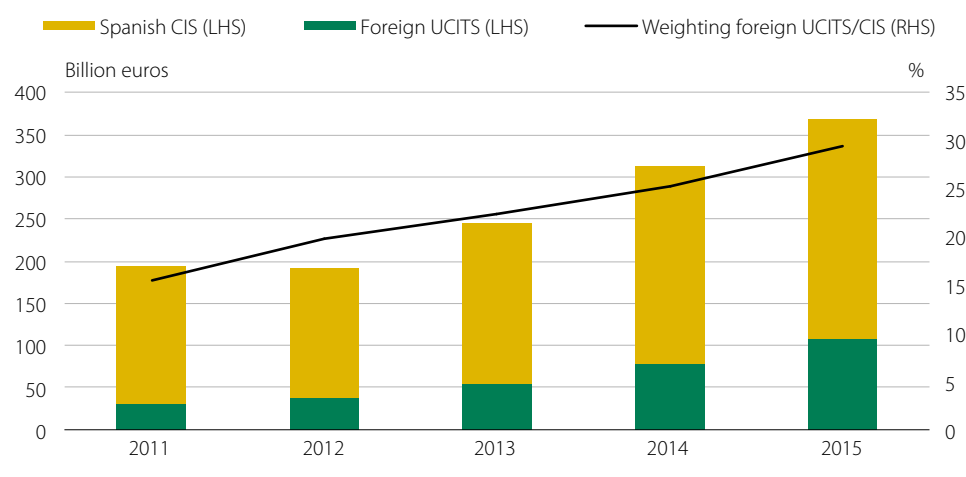
6.5 Foreign UCITS marketed in Spain

The volume of investment in foreign UCITS marketed in Spain has continued to grow over recent years as shown in Figure 6.2. Last year was no exception. The volume of investment in these entities rose by 37% on 2014 to 108.09 billion euros, equivalent to 29.5% of the total assets of CIS marketed in Spain (4.2 percentage points up on the previous year).

In line with the trend of recent years, the number of foreign UCITS registered with the CNMV rose from 805 to 880. Of all the registered undertakings, 425 were funds (20 more than the previous year) and 455 were companies (55 more than in 2014). As in 2014, most of the new registrations corresponded to vehicles from Luxembourg and Ireland (see Annex II.5).

Assets of foreign UCITS marketed in Spain

FIGURE 6.2



Source: CNMV.

6.6 Collective investment scheme management companies

At the end of 2015, there were a total of 96 CIS management companies registered with the CNMV, the same number as in the last two years, following five de-registrations and five new registrations (see Annex II.6). This seems to indicate that this sector might have reached a certain level of stability after the movements which took place as a result of the restructuring process undertaken by the Spanish financial system in recent years. Assets managed by CIS management companies grew by 11.2% to 258.21 billion euros. This growth was mainly due to the positive performance of subscriptions in mutual funds, as indicated above. The sector continued to be extremely concentrated: the three largest management companies held a combined share of 43% of total assets managed.

The income statement of CIS management companies reflected the positive performance of collective investment over the year. CIS management commissions, which account for over 90% of the commissions received by management companies, grew by 21.9%, a very similar rate to the growth recorded in 2014 (see Table 6.4). As a whole, these commissions accounted for less than 1% of assets under management, a similar percentage to that recorded in previous years. Marketing commissions paid to other entities also rose, specifically by 27.5%, although this did not

prevent the aggregate gross margin rising by 10.2%. General expenses remained practically unchanged, which led to the net operating profit improving for the third consecutive year, with an increase of 15.4% on 2014. Aggregate profit before tax stood at 626 million euros, 15.0% up on 2014.

Income statement of CIS management companies

TABLE 6.4

Thousand euros

	2014	2015	Change (%)
Interest margin	13,223	8,154	-38.3
Net commissions	888,250	981,975	10.6
Commission revenue	2,196,841	2,650,275	20.6
CIS management	2,004,110	2,442,456	21.9
Front-end and back-end fees	46,389	25,605	-44.8
Other	146,343	182,214	24.5
Commission expenses	1,308,591	1,668,300	27.5
Profit from net financial investments	7,197	2,715	-62.3
Earnings on capital instruments	559	6,682	1,095.4
Net exchange differences	321	471	46.7
Other products and net operating charges	-6,444	-4,633	28.1
Gross profit	903,107	995,364	10.2
Operating expenses	351,357	351,912	0.2
Personnel	219,934	214,693	-2.4
General expenses	131,423	137,219	4.4
Depreciation, amortisation and other provisions	8,800	16,811	91.0
Impairment losses on financial assets	105	437	316.2
Net operating profit	542,845	626,204	15.4
Other gains/losses	2,097	242	-88.5
Profit (loss) before tax	544,942	626,446	15.0
Income tax expense	-161,395	-179,867	-11.5
Profit from continuing operations	383,547	446,579	16.4
Profit from discontinued operations	-542	0	100.0
Net profit (loss) for the year	384,089	446,579	16.3

Source: CNMV.

The year ended with three fewer loss-making firms (from 14 to 11), although aggregate losses rose by 24.7% to 3.53 billion euros (see Table 6.5).

Profit before tax, number of loss-making firms and amount of loss

TABLE 6.5

**Financial institutions
and investment services
Collective investment**

Thousand euros

	Profit before tax	No. of loss-making firms	Amount of loss
2011	278,649	32	11,361
2012	286,014	28	10,164
2013	453,001	11	2,102
2014	545,484	14	2,828
2015	626,446	11	3,526

Source: CNMV.

6.7 CIS depositories

The number of CIS depositories registered with the CNMV at the end of the year stood at 65, following five de-registrations, although only 28 were truly operative within the activity. Most of the de-registrations took place in the context of the restructuring process of credit institutions. Banking groups clearly predominate among the operative depositories as they accounted for 94.9% of total assets deposited by CIS (97.8% in 2014), including 15% in branches of foreign financial institutions, mostly from Member States of the European Union. The remaining 5.1% was divided among credit cooperatives, broker-dealers and insurance companies.

Broker-dealers and brokers faced a more difficult year in 2015 for their activities than in 2014. A significant part of the difficulties were the result of situational factors, in particular less favourable trends in the market, but also other more structural factors had an impact, such as growing competition from credit institutions in the provision of investment services, the ongoing downward pressure on brokerage fees and the displacement of a significant amount of the trading of securities admitted to trading on Spanish stock markets towards regulated markets and multilateral trading facilities located in other European countries (see Chapter 2). These last two factors had a particularly strong impact on the main source of revenue for many companies in the sector: order processing and execution.

In this context, firms in the sector suffered a notable reduction in their revenue over the year, both in proprietary activities and from providing services to third parties. With regard to the latter, in addition to the fall in commissions for order processing and execution, there was a substantial drop in commissions for issue placement and underwriting. There was also a drop in revenue, although limited to brokers, from portfolio management. In contrast, the commissions for marketing collective investment schemes rose significantly, largely as a result of the growth in investment in this type of product (see Chapter 6), although this was insufficient to offset the fall in other revenue. This was all reflected in a significant reduction in the aggregate gross margin of the sector. A high number of firms posted losses before tax and the number of firms that closed the year with losses increased notably, as did the aggregate amount of such losses. Nevertheless, the sector continued to enjoy a large equity surplus over capital requirements.

The number of portfolio management companies once again fell, from five in 2014 to two in 2015. The assets under advice of financial advisory firms increased slightly, although profits fell as a consequence of the reduction in commissions applied.

Table 7.1 shows the preventive resolution functions taken on by the CNMV and by the Bank of Spain following the transposition of European legislation relating to credit institutions and investment firms. As shown in the table, the CNMV has created a Resolution Unit, reporting to the new Directorate-General of Strategic Policy and International Affairs, in order to exercise this new function (see also Chapter 15).

7.1 Credit institutions¹

The number of Spanish credit institutions (banks, savings banks and credit cooperatives) registered with the CNMV to provide investment services stood at 133 (three of which were in the process of liquidation) at the end of 2015, three fewer than in 2014. This fall is still linked to the conversion and concentration process undertaken in the banking sector. A total of 460 foreign credit institutions were authorised to provide investment services in Spain, also three down on the previous year. 403 of the registered foreign credit institutions operated under the free provision of services regime and 57 through branches. Almost all of them were from other Member States of the European Union (451 institutions).

Credit institution revenue from the provision of securities services and marketing of non-bank financial products

TABLE 7.1

Million euros

	2011	2012	2014	2015	% of total commissions
Securities services	1,214	1,195	1,403	1,476	10.8
Placement and underwriting	299	188	301	218	1.6
Securities trading	366	391	469	488	3.6
Administration and custody	479	531	515	632	4.6
Asset management	67	84	119	138	1.0
Marketing of non-bank financial products	2,927	3,263	3,689	4,213	30.9
Mutual funds	1,157	1,353	1,762	2,295	16.9
Pension funds	453	468	482	458	3.4
Insurance	1,159	1,187	1,235	1,224	9.0
Other	156	255	209	236	1.7
Pro memoria:					
For securities services and marketing of mutual funds	2,371	2,548	3,165	3,771	27.7
Total revenue from commissions	13,955	13,524	13,735	13,615	41.8

Source: Bank of Spain.

Table 7.1 shows the revenue of credit institutions from the provision of securities services and marketing of mutual funds and other non-bank financial products. As shown, the revenue from securities services in 2015 rose by 5.2% on the previous year, while the revenue from marketing mutual funds rose by 30.2% in the same period, in line with the growth in collective investment (see Chapter 6). These two types of revenue together as a proportion of total revenue stood at 27.7%, 4.1 percentage points up on 2014. This percentage exceeds the level seen prior to the crisis (26.4% in 2007) mainly as a result of the increase in revenue from the marketing of mutual funds.

¹ Credit institutions are allowed to provide investment services provided that the legal regime under which they operate, their articles of association and a specific authorisation allow them to do so. The CNMV supervises their activities in this area.

The comparison of the commissions received by credit institutions and investment firms shows the dominance of the former in providing investment services. As shown in Table 7.2, the former exceeded the latter even in services for processing or executing securities trading, a segment which was traditionally dominated by investment firms.

Commissions received for investment services. 2015

TABLE 7.2

Million euros

	Broker-dealers and brokers	Portfolio management companies	Credit institutions (CI)	Total	% CI /total
Total investment services	555	11	3,771	4,337	86.9
Placement and underwriting	15	–	218	233	93.6
Securities trading	355	–	488	488	57.9
Asset management	33	11	138	138	75.8
Administration and custody	25	–	632	632	96.2
Mutual fund marketing	127	0	2,295	2,422	94.8

Source: CNMV and Bank of Spain.

7.2 Investment service firms²

7.2.1 Broker-dealers and brokers

Authorisation and registration

At the end of 2015, a total of 78 broker-dealers and brokers were registered with the CNMV, the same number as at year-end 2014, which suggests that the sector is stabilising following the significant adjustment process of recent years (in 2008 there was a total of 101 broker-dealers and brokers). However, as indicated above, there was a significant increase in the number of loss-making firms and the aggregate volume of these losses (see Tables 7.5 and 7.7), and therefore some additional adjustments in the coming years cannot be ruled out.

As shown in Table 7.3, four new firms registered and four firms de-registered in 2015. Three of the new registrations corresponded to independent entities and the fourth to an insurance company. Three of the de-registrations corresponded to independent entities and the fourth to a subsidiary of a Spanish credit institution (see Statistical Annex II.8).

There were also two significant changes in the controlling interests of broker-dealers and brokers. One affected a broker-dealer and the other affected a broker. The former was acquired by a financial institution while ownership of the latter was transferred to an independent company (see Statistical Annex II.9).

² In accordance with Article 143 of the recast text of the Securities Markets Act approved by Royal Legislative Decree 4/2015, of 23 October, investment services firms cover broker-dealers, brokers, portfolio management companies and financial advisory companies.

As usual, most of the broker-dealers and brokers that use an EU passport to operate in other countries of the European Union do so under the free provision of services principal. Accordingly, at year-end 2015, only five entities maintained branches in other countries (United Kingdom, Italy, Portugal and Sweden), the same number as at year-end 2014, while 37 – also the same numbers in the previous year – operated under the free provision of services. Under the free provision of services there were no changes with regard to the list of countries in which these institutions provide services, although the number of institutions that operate in several countries has increased (see Statistical Annex II.10).

Registrations and de-registrations of firms

TABLE 7.3

Type of firm	Firms at 31/12/2014	New registrations	De- registrations	Firms at 31/12/2015
Spanish firms	78	4	4	78
Broker-dealers	40	1	2	39
Brokers	38	3	2	39
Foreign firms	2,667	225	143	2,716
With a branch	39	4	1	42
Free provision of services	2,595	221	142	2,674
<i>Pro memoria:</i>				
Representatives	6,775	661	1,149	6,287

Source: CNMV.

As shown in Table 7.3, 221 entities authorised in other Member States informed the CNMV in 2015 of their intention to begin providing investment services in Spain. A significant number of entities also notified that they were ceasing to operate, with a total of 142 de-registrations. Most of these notifications, both for registrations and de-registrations, corresponded to entities under the free provision of services regime, which increased in number from 2,595 in 2014 to 2,674 in 2015. The number of foreign institutions with a branch rose from 39 to 42. Most of the new entities registered were authorised in Cyprus and the United Kingdom (see Statistical Annex II.7).

Results

Broker-dealers and brokers obtained profit before tax of 215.6 million euros in 2015, 28.3% down on the previous year. The drop was greater in broker-dealers (30.1%) than in brokers (8.3%). A large part of the decrease in profits of the former came from two entities (Santander Investment Bolsa, S.A., SV and Bestinver, SV) as a result of losses from financial investments. If we exclude these two companies, the fall in profit for the others would be 13.7%. As usual, broker-dealers generated most of the profit before tax for the sector, specifically 89.4%.

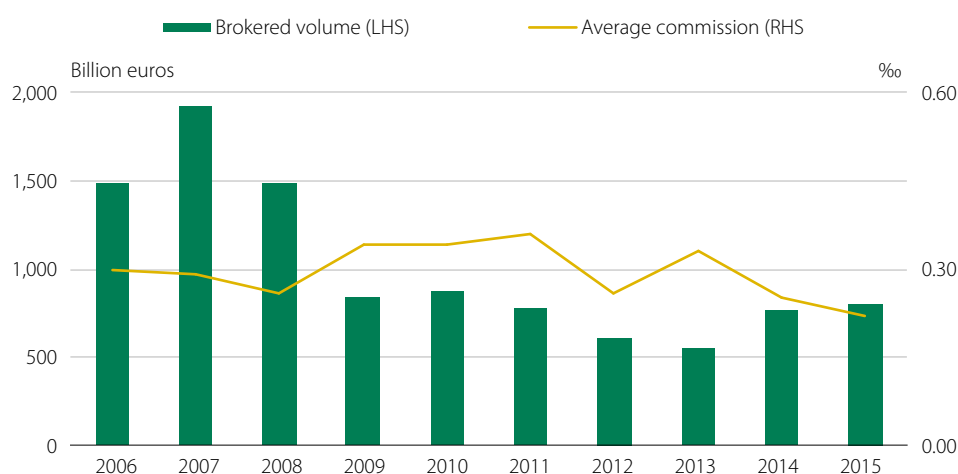
The reduction in the profits of broker-dealers essentially took place as a result of a fall in revenue from the entities' ordinary activities (gross margin). As shown in Table 7.4, the main component of revenue – commissions from providing services to third parties – fell by 5.1%, mainly as a result of the reduction in revenue from order processing and execution, underwriting and placement of issues and investment advice. In contrast, there was a noteworthy increase in revenue for marketing

CIS and portfolio management, in line with the increase in investment in CIS (see Chapter 6). The greatest contribution to the fall in gross margin, however, came from the revenue for proprietary trading, which was particularly reflected in the interest margin and net exchange differences.

Financial institutions
and investment services
Provision of investment
services

Commissions from order processing and execution remained the most important of the sources of revenue from the provision of services to third parties. These commissions mainly come from brokering in Spanish equity markets. Brokered volumes in these markets grew in 2015, boosted by the increase in stock market trading (see Chapter 2). Average brokerage fees suffered a proportionally greater fall, which led to the revenue for this item falling by the aforementioned 5.7% (see for example the evolution of brokered volumes in the stock market and average brokerage fees for market member broker-dealers in Figure 7.1).

Broker-dealers which are stock market members: brokered volume and average effective commission in Spanish equity FIGURE 7.1



Source: CNMV.

With regard to other commissions, as indicated above, there was a noteworthy fall in commissions for securities placement and underwriting and for investment advisory services. Commissions paid to other entities grew by 2.2% on the previous year and were the equivalent of 31.3% of the commissions received.

Income statement for broker-dealers¹

TABLE 7.4

Thousand euros

	2014	2015	% change 15/14
Interest margin	74,177	55,570	-25.1
Net commissions	445,317	422,542	-5.1
Commission revenue	633,263	614,705	-2.9
Order processing and execution	342,462	322,857	-5.7
Placement and underwriting	21,414	11,556	-46.0
Deposit and entry of securities	22,347	24,358	9.0
Marketing CIS	62,948	73,889	17.4
Portfolio management	21,046	22,541	7.1
Investment advisory services	10,638	2,930	-72.5
Other	152,408	156,574	2.7
Commission expenses	187,946	192,163	2.2
Profit from financial investments	222,077	215,861	-2.8
Net exchange differences	-110,808	-142,545	-28.6
Other products and operating charges	14,383	14,345	-0.3
Gross profit	645,146	565,773	-12.3
Operating expenses	372,003	370,419	-0.4
Personnel	242,097	240,650	-0.6
General expenses	129,906	129,769	-0.1
Depreciation, amortisation and other provisions	6,197	12,222	97.2
Impairment losses on financial assets	1,437	-3,643	-
Net operating profit	265,509	186,771	-29.7
Other gains/losses	10,120	6,005	-40.7
Profit (loss) before tax	275,629	192,776	-30.1
Income tax expense	83,162	51,485	-38.1
Profit from continuing operations	192,467	141,291	-26.6
Profit from discontinued operations	0	0	-
Net profit (loss) for the year	192,467	141,291	-26.6

Source: CNMV. (1) Includes information from all firms which were included in the CNMV registries at any time during the year, and not only at year-end.

Operating expenses of broker-dealers remained practically unchanged, which suggests that the sector might be completing the adjustments to these expenses that it has been incurring over recent years in order to adapt to the new conditions of financial markets. In contrast, depreciation, amortisation and other provisions rose, and net impairment losses on financial assets were negative in 2015. The fall in gross margin and the maintenance of expenses led to a 29.7% fall in the operating profit, which dropped from 265.5 million euros in 2014 to 186.7 million euros in 2015.

As has increasingly been the case in recent years, a small number of firms generated most of the profits in this sub-sector. Specifically, four broker-dealers generated 3.7% of the aggregate profits of all the profit-making broker-dealers. Another noteworthy figure is that, in line with the evolution of the sector's aggregate results, half of the companies suffered a fall in profits in the year.

Profit before tax, no. of loss-making broker-dealers and amount of the losses before tax

TABLE 7.5

Financial institutions and investment services
Provision of investment services

Thousand euros

	Profit before tax (total) ¹	No. of loss-making firms	Amount of the losses before tax
Broker-dealers			
2012	41,753	15	-147,679
2013	194,566	5	-6,502
2014	275,629	3	-4,623
2015	192,776	8	-14,729

Source: CNMV. (1) Includes results from all firms which were included in the CNMV registries at any time during the year, and not only at year-end.

The fall in the sector's results was accompanied by an increase in the number of broker-dealers that recorded losses before tax, as shown in Table 7.5. Eight companies closed the year with losses (five more than in the previous year). One of these had already recorded losses in 2014. Five of these eight broker-dealers are independent firms and three belong to a Spanish credit institution. The amount of the accumulated losses also increased significantly, from 4.6 million euros in 2014 to 14.7 million euros in 2015.

Unlike broker-dealers, brokers may not invest on their own account. Therefore, their revenue almost exclusively comes from providing services to third parties. While some of the brokers obtain the bulk of their revenue from processing and executing orders, most of them tend to specialise in certain services, such as marketing CIS or portfolio management. Most of the firms in the sub-sector were independent (20 out of a total of 39 brokers), unlike broker-dealers, which are mostly controlled by a financial group (only eight firms out of a total of 39 are independent).

Aggregate profits before tax of brokers fell by 8.3% to 22.8 million euros. This fall in profits was also due to the reduction in the ordinary revenue of these firms, mainly commissions, which account for the bulk of their revenue.

Net commissions fell by 5.6% on the previous year. Commissions received fell in all headings, except those for marketing CIS and investment advisory services. Particularly sharp falls were recorded in the headings of order processing and execution (down 23.7%), portfolio management (down 28.9%) and issue placement and underwriting (down 52.9%). In contrast, the commissions for marketing CIS grew by 14.2%, reaching the highest level recorded over recent years.

The reduced activity of brokers in several of their business lines led to a 19.2% fall in commissions paid to third parties, which partially offset the fall in commissions received. The aggregate gross margin largely reflected the performance of net revenue from services and fell by 5.7%.

Income statement for brokers¹

TABLE 7.6

Thousand euros			
	2014	2015	% change 15/14
Interest margin	1,119	884	-21.0
Net commissions	120,634	113,904	-5.6
Commission revenue	147,137	135,320	-8.0
Order processing and execution	41,745	31,845	-23.7
Placement and underwriting	8,129	3,829	-52.9
Deposit and entry of securities	567	521	-8.1
Marketing CIS	46,565	53,169	14.2
Portfolio management	15,062	10,711	-28.9
Investment advisory services	7,260	7,636	5.2
Other	27,809	27,609	-0.7
Commission expenses	26,503	21,416	-19.2
Profit from financial investments	775	592	-23.6
Net exchange differences	498	730	46.6
Other products and operating charges	604	467	-22.7
Gross profit	123,626	116,577	-5.7
Operating expenses	96,616	93,222	-3.5
Personnel	60,036	61,086	1.8
General expenses	36,580	32,136	-12.2
Depreciation, amortisation and other provisions	2,630	1,180	-55.1
Impairment losses on financial assets	13	27	107.7
Net operating profit	24,366	22,148	-9.1
Other gains/losses	466	633	35.8
Profit (loss) before tax	24,832	22,781	-8.3
Income tax expense	4,910	5,515	12.3
Profit from continuing operations	19,922	17,266	-13.3
Profit from discontinued operations	0	0	-
Net profit (loss) for the year	19,922	17,266	-13.3

Source: CNMV. (1) Includes information from all firms which were included in the CNMV registries at any time during the year, and not only at year-end.

Operating expenses fell by 3.5% on the previous year and therefore contributed towards mitigating the impact of the fall in revenue on the profit for the year. Within operating expenses, personnel expenses rose slightly (1.8%), while general expenses fell by 12.2%. Depreciation, amortisation and other provisions also fell sharply, specifically by 55.1%. Consequently, net operating profit stood at 22.1 million euros, 9.1% down on 2014. The heading "Other gains/losses" contributed with a positive and slightly higher balance than in the previous year towards the aggregate profit before tax.

The reduction in profit before tax affected a large number of brokers in particular, with 41.7% of those that were registered both at year-end 2014 and during 2015 suffering falls in profit before tax. There was also an increase in the number of loss-making firms from five to eleven, as well as accumulated losses, which rose from 2.1 million euros in 2014 to 3.6 million euros in 2015 (see Table 7.7). Four of the eleven loss-making brokers at the end of the year had suffered losses in the previous year.

Profit before tax, no. of loss-making brokers and amount of the losses before tax

TABLE 7.7

Financial institutions
and investment services
Provision of investment
services

Thousand euros

	Profits before tax ¹	No. of loss-making firms	Amount of the losses before tax
Brokers			
2012	6,969	14	-7,593
2013	19,276	8	-1,588
2014	24,832	5	-2,111
2015	22,781	11	-3,581

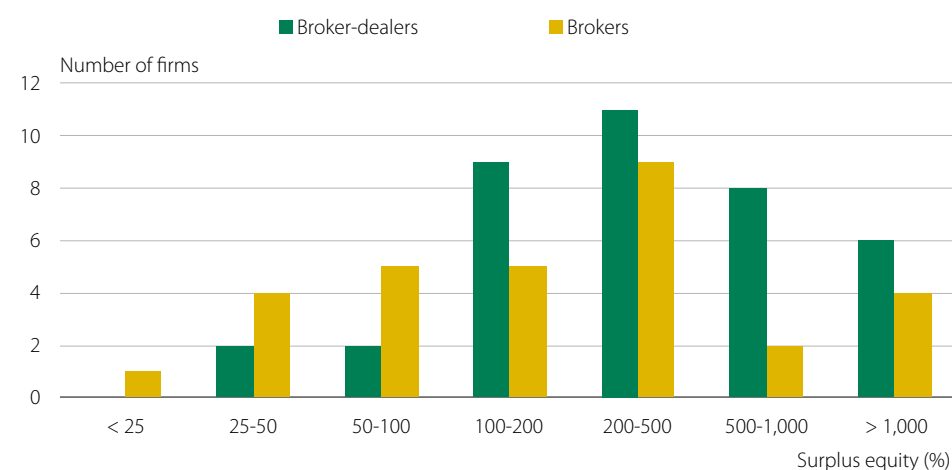
Source: CNMV. (1) Includes results from all firms which were included in the CNMV registries at any time during the year, and not only at year-end.

Solvency

The solvency of the sector as a whole remained high in 2015. Specifically, at the end of the year, the equity surplus was 4.5 times the capital requirements (4.0 times in 2014). This margin was generally greater in broker-dealers than in brokers. While the equity surplus for broker dealers was around 4.8, it remained at 2.2 for brokers. With regard to the distribution of this ratio, Figure 7.2 shows that most broker-dealers at the end of 2015 had surplus equity greater than 200%, while brokers showed a greater spread. No broker-dealer or broker closed the year with an equity deficit.

Surplus equity over minimum requirements for broker-dealers and brokers

FIGURE 7.2



Source: CNMV.

Resolution of investment firms

EXHIBIT 7.1

One of the major new developments in the common framework for European financial regulation is Directive 2014/59/EU of the European Parliament and of the Council, of 15 May, establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No. 1093/2010 and (EU) No. 648/2012 of the European Parliament and of the Council, in order to deal with situations of failing financial institutions. This Directive has been transposed to Spanish law by means of Law 11/2015, of 18 June, on recovery and resolution of credit institutions and investment firms and Royal Decree 1012/2015, of 6 November, implementing Law 11/2015.

The Directive implements in Europe a new branch of financial regulation based on the mandates of the G20, the principles issued by the Financial Stability Committee and the experience gained over recent years in resolution processes of financial institutions. Due to the growing complexity, size and interconnectivity of the financial system, an effective resolution framework must allow authorities to conduct the resolution of credit institutions and investment firms in a quick and orderly manner, respecting the rights of shareholders and creditors, but based on the principle that said shareholders and creditors, and not citizens with their taxes, should absorb the losses of resolution, while at the same time maintaining the continuity of critical functions for the proper functioning of the financial system and preserving financial stability.

Resolution authorities

In accordance with the Directive, Member States must designate resolution authorities responsible for applying the resolution tools and exercising the powers laid down in the Directive whilst ensuring separation of the supervisory and resolution functions. This separation is justified because the aims pursued in each case are different. Nevertheless, the resolution function must be allowed access to any information available to the supervisory function.

In the context of what is allowed by the Directive, Spain has opted for an institutional framework that distinguishes between the preventive stage and the enforcement stage of the resolution. Accordingly, the CNMV and the Bank of Spain are established as preventive resolution authorities for the investment firms and credit institutions subject to their respective areas of authority.¹ The enforcement functions for resolution of both types of entity have been assigned to the Fund for Orderly Banking Restructuring (Spanish acronym: FROB), which also acts as the Spanish authority for contact and coordination with international authorities and represents Spanish authorities on the Single Resolution Board, on which the Bank of Spain also participates as an observer.

In order to undertake these new functions, the CNMV has adapted its organisational structure and created a Resolution Unit, which reports to the new

Directorate-General of Strategic Policy and International Affairs, which guarantees the hierarchical and functional independence of the supervisory area, as required by law.

Resolution content

The Directive establishes the objectives of the resolution and functions and responsibilities of the companies, supervisors and resolution authorities in the recovery and planning stages of the resolution, as well as the time at which a company starts to become weak. To this end, it defines early intervention tools and, in the event of failure, the tools applicable in the resolution process.

The resolution of a financial institution is a unique administrative process and therefore only applicable to the failure of those institutions which cannot be undertaken by means of normal insolvency proceedings for reasons of public interest and financial stability.

The CNMV, as a preventive resolution authority, must prepare and approve the resolution plans of investment firms² with the aim, in the event of the firm's failure, of identifying the best resolution strategy for each company, to assess its resolvability, i.e., whether resolution is feasible without the need to use public funds and without interrupting the critical functions that it may have, and to identify and, as the case may be, to remove any impediments to the resolvability. At different points of the process, the CNMV, as the resolution authority, needs to consult and collect reports from the supervisor and from the FROB.

A National Resolution Fund has also been set up, comprising contributions from credit institutions and investment firms in order to finance the resolution measures executed by the FROB, which will manage and administer the fund. As from 1 January 2016, this fund only receives contributions from investment firms given that, as from this date, Spanish credit institutions make contributions directly to the European Single Resolution Fund.

The new resolution powers also imply the CNMV's participation in new international groups and authorities, such as the EBA, through its Resolution Committee (ResCo), which is entrusted with drawing up second level legislation and guidelines and reports about key areas of recovery and resolution. Some of these guidelines on preventive resolution have already been adopted by the CNMV as the preventive resolution authority for investment firms.³

1 Entities and groups directly supervised by the European Central Bank fall under the direct responsibility of the Single Resolution Board, which acts as the single resolution authority and enjoys the cooperation of national authorities in order to exercise its powers.

2 The scope of application of Law 11/2015 does not include investment firms whose legally required minimum share capital is lower than €730,000 or which meet certain characteristics that are set out in Article 1.3.b. The law therefore essentially affects broker-dealers.

3 In particular, EPA guidelines on measures to reduce or remove impediments to resolvability (EBA/GL/2014/11) and guidelines on the application of simplified obligations (EBA/GL/2015/16).

7.2.2 Portfolio management companies

At the end of 2015, two portfolio management companies were registered with the CNMV, three fewer than at year-end 2014. Two companies de-registered as a result of the transfer of the activity of these portfolio management companies to other entities of the financial group they belong to, and the third due to the fact that the portfolio management company was converted into a collective investment scheme management company. The disappearance of these three companies meant that the assets managed by portfolio management companies registered with the CNMV totalled 1.23 billion euros at year-end 2015, 74.5% lower than in the previous year. Profit before tax of portfolio management companies totalled 3.3 million euros, 43.2% down on the previous year. This fall basically reflects the drop in revenue as expenses remained more stable.

The fall in revenue mainly took place in net commissions for services as a result of the 15.2% fall in commissions received and a 5.4% increase in commissions paid to other entities. Within the commissions received, there was a noteworthy fall of 17.9% in commissions received for portfolio management. The only increase was recorded under the heading of "Other commissions", which rose by 56.0%.

Income statement of portfolio management companies¹

TABLE 7.8

Thousand euros

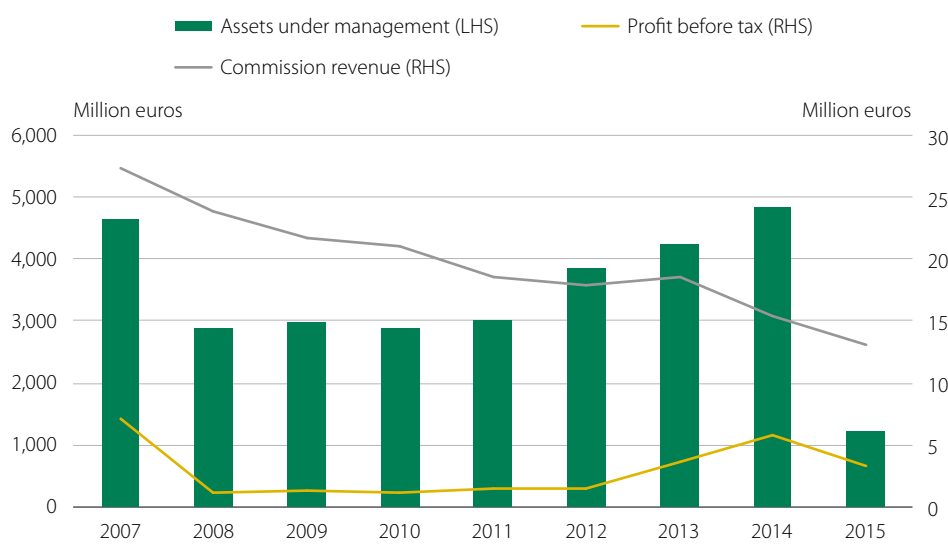
	2014	2015	% change 15/14
Interest margin	574	399	-30.5
Net commissions	11,104	8,526	-23.2
Commission revenue	15,411	13,064	-15.2
Marketing CIS	0	0	-
Portfolio management	13,572	11,150	17.9
Investment advisory services	849	371	-56.3
Other	990	1,544	56.0
Commission expenses	4,307	4,538	5.4
Profit from financial investments	-6	-28	-366.7
Net exchange differences	132	165	25.0
Other products and operating charges	-369	-399	-8.1
Gross profit	11,435	8,663	-24.2
Operating expenses	5,530	5,303	-4.1
Personnel	3,032	3,055	0.8
General expenses	2,498	2,248	-10.0
Depreciation, amortisation and other provisions	45	29	-35.6
Impairment losses on financial assets	0	0	-
Net operating profit	5,860	3,331	-43.2
Other gains/losses	0	0	-
Profit (loss) before tax	5,860	3,331	-43.2
Income tax expense	1,725	996	-42.3
Profit from continuing operations	4,135	2,335	-43.5
Profit from discontinued operations	0	0	-
Net profit (loss) for the year	4,135	2,335	-43.5

Source: CNMV. (1) Includes information from all firms which were included in the CNMV registries at any time during the year, and not only at year-end.

Operating expenses fell moderately. Specifically, personnel expenses rose by 0.8%, while general expenses fell by 10.0%. As a result, the net operating profit fell by 43.2%.

Assets under management, commission revenue and profit before tax of portfolio management companies

FIGURE 7.3



Source: CNMV.

The two portfolio management companies that currently make up the sector recorded profits at the end of the year. The larger of the two recorded higher profits than the previous year, while the smaller of the two recorded lower profits. In total, the commissions received by these two companies rose by 23.6%. As a result, the gross margin and the aggregate profit before tax rose by 22.7% and 30.8%, respectively.

7.3 Financial advisory firms

Financial advisory firms are a type of investment services firm which began operating in 2009 under Spanish legislation which transposed the Directive on Markets in Financial Instruments (MiFID). These firms offer their clients the advisory services referred to in this Directive.

At the end of 2015, 154 financial advisory firms were registered with the CNMV, 11 more than in 2014. There were 23 new registrations and 12 de-registrations, all of which were independent firms. Total assets under advisory services amounted to 25.37 billion euros, a rise of 18.6% on the previous year. The bulk of the advisory service contracts signed corresponded to retail clients (87.0% of a total of 5,652), although these contracts only accounted for 26.7% of assets under advisory services. The assets under advisory services for retail clients once again rose in 2015 (see Table 7.9). Finally, it is important to point out that the overall profit of these firms fell from 12.0 million euros in 2014 to 11.3 million euros in 2015.

**Financial advisory firms: number of contracts and volume
of assets under advisory services**

TABLE 7.9

Thousand euros

	2014	2015	% change 15/14
Number of contracts¹			
Retail clients	–	5,160	–
Non-retail clients	–	492	–
Total	–	5,652	–
Assets under advisory services (thousand euros)			
Retail clients	5,719,292	6,777,181	18.5
Non-retail clients	15,672,218	18,589,016	18.6
Total	21,391,510	25,366,198	18.6

Source: CNMV. (1) Due to a change in the Circular on reserved statements of financial advisory firms, the manner of calculating the number of contracts is different for 2014 and 2015. This change makes it impossible to have the client data for 2014 with the same accounting criteria as that established for 2015.

8 Venture capital firms and crowdfunding platforms

The first available estimates on activity in the venture capital sector in 2015 indicate a drop in both investments and in raising funds compared with 2014, a year which recorded a sharp recovery in activity following a sluggish period during the financial crisis. However, the fall on the previous year was exclusively concentrated in larger deals carried out by international funds. In contrast, investments in small and medium-sized deals, particularly those aimed at the initial stages of development, grew sharply and also enjoyed significant participation by foreign investors. As in 2014, the public initiative has played a significant role in raising new resources from the financial sector through co-investment strategies, through the Fond-ICO Global fund of funds.

This Chapter includes a section on crowdfunding platforms, regulated for the first time in Spain by means of Law 5/2015, of 27 April, on promoting business funding. Through these digital platforms, the promoters of investment projects enter into contact with potential investors to request funding, which may be materialised through the issue of securities and equity instruments (equity crowdfunding) or loans (crowdlending). Law 5/2015 only regulates crowdfunding activities which establish remuneration for investors as consideration for the funds provided. The main characteristics of the regulation of the platforms are summarised in Exhibit 8.1, which also includes a comparative table with the regulation in other European Union countries.

8.1 Venture capital firms

Firms registered at the CNMV

Law 22/2014, of 12 November, regulating venture capital firms, other closed-end collective investment undertakings and management companies of closed-end collective investment undertakings, entered into force at the end of 2014. This Law amends the previous Law 35/2003, of 4 November, on Collective Investment Undertakings. Among other measures, the new Law opens the possibility of creating new types of vehicles to promote venture capital with alternative funding formula; financing that is particularly suitable for companies which are in the first stages of growth, as well as small and medium-sized enterprises, as this type of company has more limited access to other sources of funding. The new vehicles established by the Law are SME venture capital vehicles (companies and funds), closed-end collective investment undertakings (companies and funds), European venture capital funds and European social entrepreneurship funds. In addition, the Law regulates the management companies of closed-end collective investment undertakings, with this category now being applied both to the former management companies of venture capital undertakings and to the management companies of the new closed-end

collective investment undertakings. All these undertakings are subject to prior administrative registration with the CNMV.

At the end of 2015, 265 venture capital vehicles were registered with the CNMV, five fewer than in the previous year, and one closed-end collective investment undertaking, specifically one closed-end collective investment company registered during the year. A total of 77 management companies of closed-end investment undertakings were registered, a category which, as indicated above, is also applied to the former venture capital management companies. At the end of 2014, a total of 74 venture capital management companies were registered (see Table 8.1).

There were a significant number of de-registrations, specifically 25, among venture capital vehicles in the form of companies. A significant part of the companies that have de-registered are single-member companies which are excluded from the scope of the new Law. There were also significant de-registrations in venture capital funds, but these were more than offset by the new registrations, as shown in Table 8.1. Most of the venture capital firms that have de-registered did so as a result of their transformation into an SME venture capital fund (eight of the 13 de-registrations) or as a result of the liquidation of the fund on reaching the established duration. In the former case, these were funds that were already investing in SMEs. They also complied with the requirements established by the new legislation for SME venture capital funds and therefore now take advantage of the applicable legislative advantages.

In 2015, there were 15 registrations of the new investment vehicles provided for in Law 22/2014, of 12 November. In addition to the eight SME venture capital funds and the close-ended collective investment company, six SME venture capital companies were registered.

Registrations and de-registrations in 2015

TABLE 8.1

Type of firm	Firms at 31/12/2014	New registrations	De- registrations	Firms at 31/12/2015
Venture capital companies	125	3	25	103
Venture capital funds	145	16	13	148
SME venture capital companies	–	6	0	6
SME venture capital funds	–	8	0	8
Total venture capital undertakings	270	33	38	265
Closed-end collective investment companies	–	1	0	1
Total closed-end collective investment undertakings	–	1	0	1
Total venture capital undertakings + closed-end collective investment undertakings	270	31	38	266
Management companies of closed-end collective investment undertakings	74	10	7	77

Source: CNMV.

Ten new management companies registered and seven de-registered in 2015. It was noteworthy that almost all the new management companies offer investment policies in sectors linked to the progress of new technologies and the information economy, focusing on companies that are at the start-up or first stages of development.

Sector data

According to ASCRI (Association of Spanish venture capital firms), investment in venture capital in Spain in 2015 totalled 2.79 billion euros, representing a fall of 19.5% on 2014. The fall was concentrated in the segment of large-scale deals (above 100 million euros), which in the previous year had grown sharply and where international funds predominated. Only four deals of this type were registered in 2015, for a total amount of 605 million euros, compared with 11 deals and 2.34 billion euros in 2014. In contrast, there was growth in small and medium-scale deals. In particular, in the tranche of deals between 40 and 100 million euros, mainly focused on private equity deals, although also including deals which may be considered as pure venture capital, investment multiplied by 2.5 and reached an amount equivalent to 59% of the annual total. As is usual, the bulk of the deals in the sector (86% of the total) corresponded to investments of less than 5 million euros.

With regard to the type of deals, investments in the expansion stage (998 million euros) and those for leverage buyouts (997 million) were the most important in terms of amount. The former rose by 6% on 2014, while the latter fell by 43%. For their part, venture capital investments at the seed and start-up stages rose by 171% to 289 million euros, but if we add re-investments and other deals aimed at companies at the initial stages of development (venture capital in its widest sense), the total amount stands at 586 million euros, a rise of 78% on the previous year.

The sectors that received the highest volume of investment were IT (25%), health and medicine (20%) and consumer products (15%).

The fall in large-scale deals reduced the share of foreign funds in the total amount invested, which dropped from 79% in 2014 to 56% in 2015. However, there was also a significant rise in the participation of international funds in deals more related to traditional venture capital. Specifically, the investment of these funds in venture capital deals in the widest sense rose by 157% on the previous year, amounting to a total of 395 million euros.

The raising of new funds from investors also fell significantly on 2014, specifically by 36% percent, to 3.09 billion euros. Half of this amount came from foreign funds, 44% from Spanish operators and the rest from public operators. The Official Credit Institute (Spanish acronym: ICO), through the Fond-ICO Global fund of funds, set up in 2013, plays a particularly important role in raising funds by promoting investment partnerships with the private sector. In 2015, this fund accumulated public-sector commitments for a total amount of 876 million euros, which is expected to mobilise over 3.2 billion euros in investment from the private sector in Spanish companies.

Finally, divestments, which play a key role in venture capital investment strategies, remained at a very high-level, amounting to 4.55 billion euros, slightly lower than 2014 (down 4.6%), the year in which a record high was recorded. Sales to third parties remain the most important mechanism in terms of amount (53% of the total), but the most noteworthy development was the relative weight achieved by stock-market sales, which account for 28% of the total. The stock-market channel remained practically inactive from the start of the crisis until 2014.

8.2 Crowdfunding platforms

Spanish companies have traditionally been highly dependent on bank funding, both for investment needs and for their current operations. This dependence is more noticeable in smaller companies as it is more difficult for them to directly access markets and other sources of funding. SMEs account for the highest percentage of Spanish companies and they make up the country's main employer, meaning that any restriction on access to bank credit may have a significant impact on the economy as a whole.

In order to boost the development of alternative methods of funding for this type of company, Law 5/2015, 27 April, on the promotion of business funding, regulates crowdfunding platforms in Spain for the first time (see Exhibit 8.1). This term is used to cover both equity crowdfunding and crowdlending. In the former, investors provide funding to a company – the project promoter – and in exchange receive bonds, shares or other equity instruments. In the latter, the funds raised from investors are used for financing a loan to the company or an individual.

As indicated in the preamble of the Law, crowdfunding activities usually enjoy mass participation of investors who finance investment projects, which are frequently small-scale, of high potential and considerable risk, by small individual contributions. Small investors must therefore play an essential role in these funding activities. However, international experience indicates that professional investors, referred to in the Law as “accredited investors”, also participate significantly in these projects, providing the platforms that publish them with a useful filter service for potentially viable projects, as well as a greater volume of funds..

The CNMV, which is responsible for the authorisation and supervision of crowdfunding platforms, has published a guide to facilitate the registration of these entities with the CNMV.¹

Regulation of crowdfunding platforms

EXHIBIT 8.1

The Law on the promotion of business funding establishes three main sections on crowdfunding regulation. Firstly, it establishes the legal regime for crowdfunding platforms. Secondly, it regulates the activity, which is reserved for authorised entities, with the necessary safeguards with regard to investor protection and financial stability. Finally, it establishes the rules applicable to the agents that use this funding channel.

The legal framework for the platforms establishes requirements for authorisation and registration with the CNMV. These requirements refer, *inter alia*, to the financial resources of the platform, the composition of its governing management body, as well as the requirements for the necessary knowledge, experience and good repute, the administrative and accounting organisation, internal control procedures, the measures to ensure the security, confidentiality,

¹ *Guía para la autorización de plataformas de financiación participativa*. Available at <http://www.cnmv.es/portal/Legislacion/ModelosN/ModelosN.aspx?id=PPF>.

reliability and capacity of the service provided by electronic means, the obligation to have an internal code of conduct that provides for possible conflicts of interest, and the mechanisms established so that in the event that it ceases operating, all the services, or part of them, for which the platform is committed for the projects that have obtained financing, continue to be provided.

Platforms that publish projects financed through lending also require a prior mandatory binding report from the Bank of Spain.

As indicated, the activity of these platforms consists of establishing contact, in a professional manner and through websites or other electronic media, between investors who offer financing in exchange for a monetary remuneration and the promoters who request financing for their projects. The services that they provide are the receipt, selection and publication of projects, as well as the development, establishment and operation of communication channels to facilitate the agreements for financing between investors and promoters. In addition, they may provide ancillary services, such as advice to promoters with regard to the publication or analysis of the projects.

It should also be pointed out that this Law prohibits platforms from offering services, such as financial advisory services, that are the preserve of other types of regulated entities, and from receiving funds with the purpose of payment on behalf of clients without having the mandatory authorisation as a hybrid payment institution.

The regulation aims to ensure the neutrality of crowdfunding platforms and their relationship between investors and promoters. With this aim in mind, it details the rules of conduct applicable to these entities in exercising their activity, and particularly the measures that they must adopt in order to prevent situations arising that may lead to possible conflicts of interest.

Given that the risk is inherent to investments for which funding is requested, the Law provides tools to mitigate and manage such risk. Noteworthy among the measures provided for with this aim is the limit to the size of the projects funded, the ban on promoters simultaneously publishing several projects on one platform, the limits to the maximum investment of non-accredited investors and the reporting obligations applicable to the platforms and the promoters of the projects.

The Law differentiates between accredited and non-accredited investors. The distinction between the two groups is based on the need to provide greater protection to non-accredited investors, who are not professional investors and who are assumed to have less knowledge about this activity. Therefore, the quantity that a non-accredited investor may invest in each project is limited to 3,000 euros and the amount that the investor may invest over a period of 12 months in projects published by the platform is limited to 10,000 euros.

In addition, as is the case with investment services relating to complex financial instruments, a requirement is established that, without prejudice to the corresponding signature, investors declare that they have been duly warned of the risks.

Crowdfunding is a relatively recent phenomenon not only in Spain, but also in the rest of Europe. There is currently no Europe-wide legislative framework for this activity. Some rules of the European Union, which regulate, *inter alia*, brokerage services, the issue of financial instruments or the provision of payment services, may be applicable to some of the activities performed by the platforms that promote projects with a financial return.¹ However, these rules refer to other types of intermediaries and services and therefore they are not sufficiently adequate for the business models of these platforms. Some Member States of the European Union have recently implemented a specific regulation on crowdfunding, or plan to do so in the near future. Table E8.1.1 summarises the most significant aspects of the legislation implemented in the five largest economies of the European Union.

Crowdfunding regulation in the European Union

TABLE E8.1.1

	Spain	France	United Kingdom	Italy	Germany
Field	Securities and loans	Securities and loans	Securities and loans	Shares	Equity, subordinated or similar loans.
Entry into force	29 April 2015	1 October 2014	1 April 2014	17 December 2012 (Law)/26 June 2013 (Regulation)	10 July 2015
Authorisation	Yes	Yes	Yes	Yes	Yes
European Passport	No	Platforms authorised in MiFID and securities	Platforms authorised in MiFID and securities	No	Platforms authorised in MiFID and securities
Offer limits	2 million euros per project and platform per year (5 million euro – offer only for accredited investors)	1 million euros per year per project	5 million euros	5 million euros	Prospectus for offers greater than 2.5 million euros
Investment limits	3,000 euros per project and 10,000 euros per year for non-accredited investors	1,000 euros for project loans with interest and 4,000 euros for loans without interest	10% of net investable assets of retail investors	500 euros per order and 1,000 euros per year (natural persons)/ 5,000 euros per order and 10,000 euros per year (legal persons)	Natural persons: 1,000 euros/ 10,000 euros per offer if they have assets greater than 100,000 euros with a limit of double the monthly income
Disclosure obligations of the issuer	Project description	Information document according to standard form	Information in a fair, clear and not misleading manner about the offer. No specific standard form	Offer document in accordance with standard form	Information document in accordance with standard form

	Spain	France	United Kingdom	Italy	Germany
Information requirements and risk warnings by platforms	Information on the platform, the offer and risks	Information on the platform, the offer and risks	Information on the platform, the offer and risks	Information on the platform, the offer and risks	Any information and advertising with warnings
Due diligence	Assessment and selection of projects by the platform	Assessment and selection of projects by the platform with disclosure of criteria	N/A	Oversight of subscription of 5% of the offer by professional investors	N/A
Professional requirements	Knowledge, experience and professional repute of directors and managers	Knowledge, experience and professional repute of directors	Knowledge, experience and professional repute of key staff	Knowledge, experience and professional repute of key staff	N/A

Source: CNMV. N/A: Information not available.

1 Directive 2004/39/EC of the European Parliament and of the Council, of 21 April 2004 on markets in financial instruments; Directive 2003/71/EC of the European Parliament and of the Council, of 4 November 2003, on the prospectus to be published when securities are offered to the public or admitted to trading; and Directive (EU) 2015/2366 of the European Parliament and of the Council, of 25 November 2015, on payment services in the internal market.

IV The regulation and supervision of securities markets

9 Issuers' financial and corporate governance disclosures

This chapter describes the work of the CNMV aimed at verifying compliance with the requirements for disclosures to the market by issuers of securities, which include annual financial reporting, together with the corresponding audit reports and corporate governance reports. The CNMV also verifies compliance with the disclosure requirements relating to significant holdings of significant shareholders and directors.

Financial information must comply with the European legislative framework, in particular the Transparency Directive.¹ In this regard, it is important to highlight the annual publication since 2012 of ESMA guidelines, summarised in Exhibit 9.1, aimed at ensuring consistent enforcement of the requirements established in said Directive throughout the European Union.

Furthermore, in February 2015, the CNMV approved the new Good Governance Code of Listed Companies, which replaced the Unified Code approved in 2006. The new code completes the reform of the legislative framework for corporate governance in Spain, following the amendment in December 2014 of the recast text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of 2 July.^{2 3}

9.1 Financial disclosures

9.1.1 Annual financial reporting⁴

Issuers of securities listed on an official secondary market or any other regulated market domiciled in the European Union which have Spain as their home Member State are obliged to file an annual financial report with the CNMV, comprising their annual financial statements, auditor's report, management report and statements of

1 Directive 2004/109/EC, of the European Parliament and of the Council, of 15 December 2004, on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (amended by Directive 2013/50/EU, of the European Parliament and of the Council, of 22 October 2013).

2 Law 31/2014, of 3 December, amending the Capital Companies Act to improve corporate governance.

3 The main new features introduced in this code were discussed in an Exhibit included in this same chapter of the 2014 *CNMV Annual Report of the securities markets and their actions*.

4 The annual financial reporting information is available at www.cnmv.es, in the section "Registration files", under the headings "Issuers Filings: Information under regulation and other" and "Annual accounts". The audited annual financial reports referred to in this section correspond to 2014. Those corresponding to 2015, which issuers must have filed by 30 April 2016, will be analysed in the following *CNMV Annual Report of the securities markets and their actions*.

responsibility for their content, with the exceptions provided for in current legislation.⁵

Main characteristics of the information presented

The CNMV received 340 annual financial reports from 189 issuers, excluding securitisation funds, corresponding to the 2014 separate and consolidated annual financial statements. This figure was 3.7% down on the previous year, mainly as a result of the fall in the number of financial institutions, although this effect was partially offset by new listings of non-financial companies.

The percentage of auditor's reports with an unqualified opinion corresponding to the 2014 accounts was slightly higher than that recorded in 2013 (see Table 9.1). It should be highlighted that all the auditor's reports of Ibex 35 companies contained an unqualified opinion for the seventh year running.

In 2014, no company report included a disclaimer of opinion, unlike 2013, when there were three auditor's reports with a disclaimer of opinion as a result of the importance of the limits to the scope and the uncertainties detected. These reports corresponded to two companies:⁶ one of them was delisted in 2015 as it was in the process of liquidation, while the other, whose shares have been suspended from trading since February 2014, restated the 2013 annual accounts in April 2015.

With regard to the reason for qualifications, six auditor's report included a limitation of scope opinion (11 in 2013), corresponding to four companies,⁷ while the number of auditor's report with qualifications for errors or non-compliance with generally accepted accounting principles and standards (opinion with exceptions) stood at one⁸ (seven in 2013).

It should be indicated that 12 auditor's reports were initially received with limitations of scope, corresponding to seven securities issuers. This type of qualification is particularly important since it denotes that the auditor was unable to follow the procedures specified in the Technical Auditing Standards as insufficient information was available to arrive at an opinion.

The CNMV sends deficiency letters to issuers ordering them to immediately rectify the limitations attributable to the issuer. In response to the deficiency letters sent by the CNMV, and once the procedures set out in the Technical Auditing Standards

5 See Article 121 of the recast text of the Securities Market Act, approved by Royal Decree 4/2015, of 23 October. Entities exempt from this obligation are: "[...] Member States of the European Union, regional governments, local authorities and other similar entities [...], international public organisations of which at least one Member State of the European Union is a member, the European Central Bank, and the national central banks of Member States [...]; issuers which only have outstanding issues of debt securities listed on an official secondary market [...] whose denomination unit is at least 100,000 euros [...] and those which only have outstanding issues of debt securities listed on an official secondary market [...] before 31 December 2010, whose denomination unit is at least 50,000 euros [...]"

6 Service Point Solutions, S.A. (separate and consolidated) and Fagor Electrodomésticos, Sociedad Cooperativa (in liquidation).

7 Compañía Levantina de Edificación y Obras Públicas, S.A. (separate and consolidated); Inverpyme, S.A. (separate); Pescanova, S.A. (separate and consolidated); and Service Point Solutions, S.A. (consolidated).

8 Corporación Empresarial de Materiales de Construcción, S.A. (formerly, Uralita, S.A.) and subsidiaries.

were applied, express statements were received from the auditors removing the limitations in four of these reports, corresponding to two companies.⁹ In another two reports from one entity,¹⁰ the limitations were removed after its annual accounts were restated.

Consequently, only six auditor's reports with a limitation of scope opinion remained after the above-mentioned actions were carried out. With regard to these reports, we can indicate that: i) in three reports, corresponding to two issuers,¹¹ the auditor declared that the limitations arose as a result of circumstances beyond the companies' control; and ii) in the other three reports, corresponding to two issuers,¹² the auditor declared that on the issue date of the special auditor's report, which is included in the first half-yearly financial report, the limitations of scope had not yet been resolved.

Summary of issuer audits received by the CNMV

TABLE 9.1

(excluding asset securitisation funds)

	2012		2013		2014	
	Number	%	Number	%	Number	%
Audits received by the CNMV	395	100.0	353	100.0	340	100.0
Separate accounts	234	59.2	201	56.9	189	55.6
Consolidated accounts	161	40.8	152	43.1	151	44.4
Special reports under Ministerial Order 30/9/92	11	-	10	-	11	-
Audit opinion						
Unqualified opinion	382	96.7	341	96.6	333	97.9
Qualified opinion	11	2.8	9	2.5	7	2.1
Denial of opinion or adverse opinion	2	0.5	3	0.8	0	0.0
Type of qualification						
Audit with exceptions	6	1.5	7	2.0	1	0.3
Audits with scope limitations	10	2.5	11	3.1	6	1.8
Effects of exceptions						
Effects on profit						
Audits with positive effects	0	0.0	0	0.0	0	0.0
Audits with negative effects	2	0.5	2	0.6	0	0.0
Effects on equity						
Audits with positive effects	0	0.0	0	0.0	0	0.0
Audits with negative effects	2	0.5	2	0.6	0	0.0
Nature of emphasis of matter paragraphs¹						
Going concern related	86	21.8	60	17.0	46	13.5
Asset recovery related	32	8.1	29	8.2	16	4.7
Other circumstances	31	7.8	24	6.8	27	7.9

Source: CNMV. (1) Only includes emphasis of matter paragraphs that would have led to qualifications as a result of uncertainty in accordance with the legislation in force prior to 2010.

9 Mobiliaria Monesa, S.A. (separate and consolidated) and Prim, S.A. (separate and consolidated).

10 Urbas Grupo Financiero, S.A. (separate and consolidated).

11 Compañía Levantina de Edificación y Obras Públicas, S.A. (separate and consolidated) and Inverpyme, S.A. (separate).

12 Pescanova, S.A. (separate and consolidated) and Service Point Solutions, S.A. (consolidated).

Finally, the emphasis of matter paragraphs included in the auditor's reports arise as a consequence of the existence of significant uncertainties resulting from different causes, which include ongoing concern doubts.

In 2014, 112 auditor's reports included emphasis of matter paragraphs drawing attention to one or more uncertainties (85 in 2013). As in 2013, the number of auditor's reports which included emphasis of matter paragraphs in which the auditor declared doubts about the ongoing concern fell in 2014, dropping from 60 to 46.

The number of auditor's reports for asset securitisation funds stood at 417, 10.5% down on the previous year, with all the funds receiving an unqualified opinion. However, 216 fund reports included some type of emphasis of matter paragraph, mainly relating to the use of credit enhancements (reserve fund, line of credit, etc.), the repercussion on the losses in liabilities, early liquidation of the fund or the measurement of assets held for sale.

Actions of the CNMV

The Securities Market Act entrusts the CNMV with the task of verifying that the periodic public information included in annual financial statements has been prepared in accordance with applicable standards. In order to perform this duty, the CNMV is empowered to require listed companies to publish additional information, reconciliations, corrections and, if necessary, reformulations of their published financial information.

What this means in practice is that, where necessary, the CNMV approaches issuers requesting written clarifications or data on specific issues. The additional information companies provide in response to such letters is published in the official registers and can be consulted on the CNMV website.

Firstly, all reports received by the CNMV are submitted to review, focusing on their formal correctness and compliance with the applicable rules and standards, as well as other questions relating to specific regulatory changes. In the review of financial statements and management reports, this involved checking at least the following points: i) that the statement of responsibility for the content of the annual financial statements is signed by the directors (Article 8 of Royal Decree 1362/2007, of 19 October, implementing the Securities Market Act 24/1988, of 28 July, with regard to transparency requirements relating to information on issuers whose securities are admitted to trading on an official secondary market or on another regulated market in the European Union; Royal Decree on Transparency); ii) that the Annual Corporate Governance Report is included as an integral part of the management report; iii) that there are no material differences between the annual financial statements and the financial reporting of the second half-year submitted previously; and iv) that, where called for, the auditor has been duly rotated (Article 19 of the recast text of the Account Auditing Act). The CNMV also reviewed whether the issuers, on preparing their financial reports, took into account the new tax rates set by Law 27/2014, of 27 November, on Corporate Income Tax, for the purposes of measuring deferred tax assets and liabilities, and the information required by accounting legislation for hyperinflationary economies, applicable in this case to companies with significant business in Venezuela.

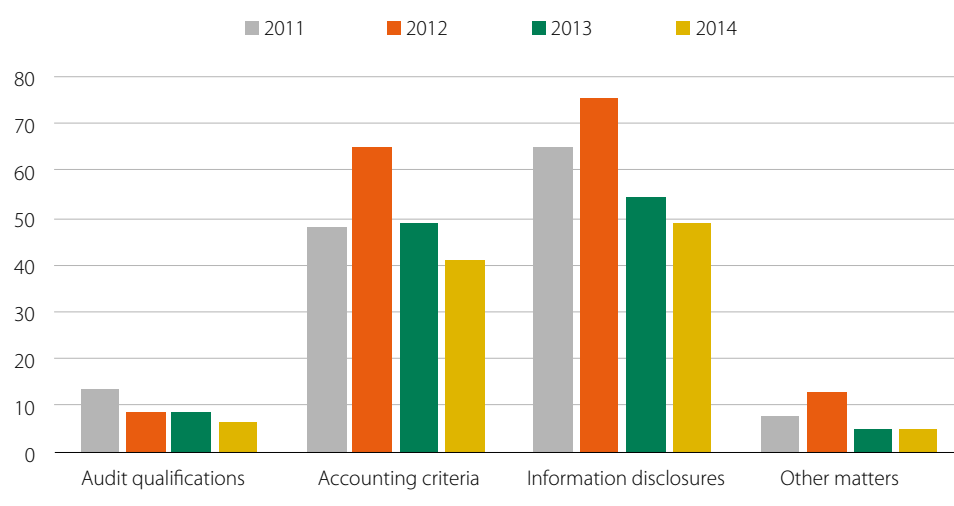
Secondly, the CNMV performs a substantive review on a certain number of audited annual accounts. Entities are chosen to be the subject of this review on the basis of a mixed selection technique based on risk and random rotation, in accordance with

the ESMA guidelines on enforcement of financial information. In this regard, it should be pointed out that in 2012 European supervisors agreed to establish annually, in coordination with ESMA, common supervisory priorities for financial statements so as to promote the consistent application of international financial reporting standards (IFRS) throughout the European Union. In addition, the CNMV has incorporated other critical review areas into its work plan which supplement or extend the priorities established by ESMA.

This formal and substantive review led to 57 companies, excluding asset securitisation funds, being sent deficiency letters in 2015 in respect of qualifications or requesting supplementary information on the 2014 annual financial reports. Figure 9.1 shows the main reasons deficiency letters were sent to listed companies over the last four years.

Reason for deficiency letters sent to issuers (excluding securitisation funds)

FIGURE 9.1



Source: CNMV.

For the purpose of facilitating the dissemination of financial information, the CNMV publishes on its website (www.cnmv.es) the full text of annual financial statements, management reports, and auditor's reports of issuing companies, both separate and consolidated, accompanied by a summary of audit qualifications, supplementary information that issuers supply in response to deficiency letters and other supplementary information linked to the accounts, and special audit reports.

In accordance with ESMA recommendations, it also publishes an annual report on the supervision of the financial statements received each year, which sets out the main incidents detected in the review of annual and interim financial statements. A key section of this report identifies the priority areas which will be subject to closer scrutiny in the following year's review process, including both the common review priorities established by ESMA and the specific areas selected by the CNMV with regard to the economic climate, changes in accounting regulations and the experience acquired in prior-year reviews.¹³

13 The 2014 Report on the CNMV's review of the annual financial reports on main enforcement priorities for the following financial year sets out the main areas for review in the 2015 annual accounts. This document is available at: http://www.cnmv.es/DocPortal/Publicaciones/Informes/IA_2014en.pdf.

Table 9.2 breaks down the main areas giving rise to the largest number of deficiency letters sent to listed companies, itemising separately the deficiency letters relating to priority review areas for 2014 from the rest.

Information required on accounting policies and disclosures

TABLE 9.2

Nature of deficiency letter	No. of companies sent deficiency letters		
	Standard	Accounting principles	Disclosures
1. Priority areas for review			
Preparation and presentation of consolidated financial statements and related disclosures	IFRS 10, IFRS 12	9	16
Registration and disclosure of joint arrangements and associates	IFRS 11, IFRS 12	4	14
Recognition and measurement of deferred tax assets	IAS 12	6	17
Impairment of non-financial assets	IAS 36	14	26
Impairment of financial assets	IAS 39, IFRS 7	9	12
Fair value measurement	IFRS 13	3	19
Disclosures of the risks of financial instruments	IFRS 7	0	19
Specific considerations for the credit institution sector in 2014	IFRS 7	0	8
Content of the management report		0	18
2. Other deficiency items			
Going concern emphasis of matter paragraphs		4	11
Other emphasis of matter paragraphs		2	3
Financial statements (BS, PL, SCF, SCE and explanatory notes)	IFRS 1, IAS 1, IAS 7, IAS 33	4	11
Correction of errors and events after the reporting period	IAS 8, IAS 10	1	3
Financial Instruments. Other matters	IAS 32, IAS 39, IFRS 7	17	21
Business combinations	IFRS 3	3	7
Property, plant and equipment and intangible assets	IAS 16, IAS 17, IAS 38	4	8
Inventories and investment property	IAS 2, IAS 40	2	10
Taxes. Other matters	IAS 12	9	22
Provisions and contingencies	IAS 37	6	18
Revenue	IAS 18, IAS 11, IFRS 12	6	8
Segment reporting	IFRS 8	4	6
Share-based payment transactions	IFRS 2	1	3
Related-party transactions	IAS 24	0	4
Other	IFRS 4, IFRS 6, IAS 41	11	17

Source: CNMV.

As a result of the supervisory actions performed on the auditor's opinions, two issuers restated their annual accounts. In one of the cases,¹⁴ restating the accounts allowed the company to include additional information about the effects of a limitation

of scope qualification revealed initially by the auditor relating to the recoverability of a receivable resulting from the sale of a shareholding. In the second case,¹⁵ a company in the process of a voluntary arrangement with creditors restated its accounts in order to reflect the balances included in the definitive text of the agreement, which was subsequently submitted by the court.

In addition, one audit¹⁶ was registered which contained qualifications regarding exceptions. The special auditor's report stated that this had been corrected by restating the figures corresponding to 31 December 2014 in the financial statements as of 30 June 2015.

In the aforementioned supervisory actions, breaches were detected in the annual accounts of three issuers,¹⁷ which have led to the commitment to restate the comparative information contained in the financial information relating to 31 December 2015. In these cases, the issuers set out the effect of correcting the error included in the 2014 financial statements in their deficiency letter responses, which are published on the CNMV's website, and have undertaken to amend the accounting treatment in the 2015 annual financial report, in accordance with IAS 8: Accounting policies, changes in accounting estimates and errors.

As of 2010, the financial disclosures of securitisation funds are also subject to two levels of review: formal and substantive. As a result of the substantive review, conducted on a sample of funds, two letters of recommendation for future accounting closes were sent to the operators of securitisation funds, in addition to two deficiency letters for them to enlarge on the itemised information published in the notes to the annual accounts; and for them to correct accounting errors of registration and presentation at future accounting closes, which, for their immateriality, do not require the restating of the current year's accounts or correction of the half-yearly financial reports.

9.1.2 Half-yearly and quarterly reporting

Issuers of securities listed on an official secondary market or on any other regulated market domiciled in the European Union, where Spain is the home Member State, are obliged to send financial information to the CNMV on a quarterly and half-yearly basis.¹⁸ The review of this information has a narrower scope than that of the annual accounts as interim financial statement forms contain summarised information. As a result of this review, eight companies were sent letters requiring them to supplement or amend their periodic statements.

47.5% of issuers (44.6% in the same period of 2014) submitted their abridged financial statements for the first half of 2015 to some type of review by auditors. This percentage climbs to 93.9% if we only consider Ibex 35 companies¹⁹ (91.2% in the same period of 2014).

15 Sniace, S.A.

16 Corporación Empresarial de Materiales de Construcción, S.A. (formerly, Uralita, S.A.).

17 Compañía Levantina de Edificación y Obras Públicas, S.A., Obrascón Huarte Lain, S.A. and Nyesa Valores Corporación, S.A.

18 Articles 119 and 120 of the recast text of the Securities Market Act, approved by Royal Legislative Decree 4/2015.

19 Arcelor Mittal and Jazztel have not been included in the Ibex as they are not subject to the requirement to submit an annual financial report as Spain is not their home Member State.

When full audits are performed (eight companies), the auditor provides reasonable assurance regarding the reliability of the interim financial statements, while in limited reviews (79 companies) the assurance is only moderate. It is important to highlight that no qualified opinions were issued by the auditors.

9.1.3 Other key issues related to financial reporting

Listed companies undergoing insolvency proceedings

In 2015, the CNMV sent notices requesting additional information from two issuers²⁰ that have availed themselves of the provisions of Article 5 *bis* of the Insolvency Act 22/2003, of 29 July (communication of negotiations and effects on the duty to call a creditors' meeting) and to one company²¹ that had applied for a voluntary creditors' meeting, given the significant impact that this event might have on their financial statements.

In addition, the CNMV proposed the appointment of an insolvency administrator at one listed company²² (four in 2014) in accordance with Article 27 of the Insolvency Act. For this purpose, on 9 June 2015 the CNMV published on its website, under "Other communications", the opening of the period to receive requests relating to the proposal for appointment of the insolvency administrator of the aforementioned company. In order to facilitate preparation of the request, the CNMV indicated some concepts that would be valued positively in selecting the insolvency administrator.²³

The CNMV held several meetings in 2015 with the insolvency administrators of listed companies undergoing insolvency proceedings so as to monitor the development of these processes.

Guidelines on Alternative Performance Measures

EXHIBIT 9.1

On 5 October 2015, ESMA published on its website the guidelines on Alternative Performance Measures, which will enter into force on 3 July 2016. These guidelines replace the Recommendation on Alternative Performance Measures of Issuers (CESR/05-178b) issued by the CESR (predecessor of ESMA) in October 2005. The CNMV informed ESMA of its intention to comply with these guidelines on 15 October 2015.

Scope of application

The guidelines are addressed to issuers whose securities are admitted to trading on a regulated market and to the persons responsible for preparing prospectuses.

20 Hullera Vasco Leonesa, S.A. and Abengoa, S.A.

21 Hullera Vasco Leonesa, S.A.

22 Hullera Vasco Leonesa, S.A.

23 In accordance with Article 28 of the Insolvency Act, legal or natural persons who wish to present a proposal to be designated as insolvency administrators must demonstrate their independence with regard to the company undergoing insolvency proceedings and the absence of conflicts of interest relating to its creditors.

The guidelines will be supervised by the competent authorities and other bodies of the European Union with responsibilities under the Transparency Directive, the Prospectus Directive and the Market Abuse Regulation.

The guidelines establish the principles that issuers must follow when presenting alternative performance measures in documents classified as regulated information and in prospectuses, and include criteria for the corresponding labels, definition, presentation and comparability. Adherence to the guidelines will improve the comparability, reliability and comprehensibility of the alternative performance measures. Examples of regulated information are interim management declarations and management reports which are disclosed to the market in accordance with the Transparency Directive and disclosures issued under the requirements of Article 17 of the Market Abuse Regulation. These guidelines do not apply to the alternative performance measures disclosed in financial statements or prepared in accordance with specific legislation.

Purpose

The guidelines are aimed at encouraging European issuers to publish information on their financial performance that is transparent, unbiased and comparable, in order to provide users with full knowledge of said information.

Content of the guidelines

For the purpose of these guidelines, an alternative performance measure (APM) is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

The issuers or persons responsible for the prospectuses should bear in mind the following aspects when disclosing alternative performance measures:

- The definition of the measures used and their components, as well as the basis of calculation adopted.
- Disclosure of the definitions in a clear and readable way with meaningful labels reflecting their content and basis of calculation.
- Reconciliation of the APM to the most directly reconcilable line item, subtotal or total.
- Explanation of their use in order to allow users to understand their relevance and reliability.
- APMs should be accompanied by comparatives for the corresponding previous periods.
- The definition and calculation of an APM should be consistent over time.

Except in the case of prospectuses which are covered by a separate regime for incorporation by reference, the disclosure principles set out in these guidelines may be replaced by a direct reference to other documents previously published which contain these disclosures on alternative performance measures and be readily and easily accessible to users.

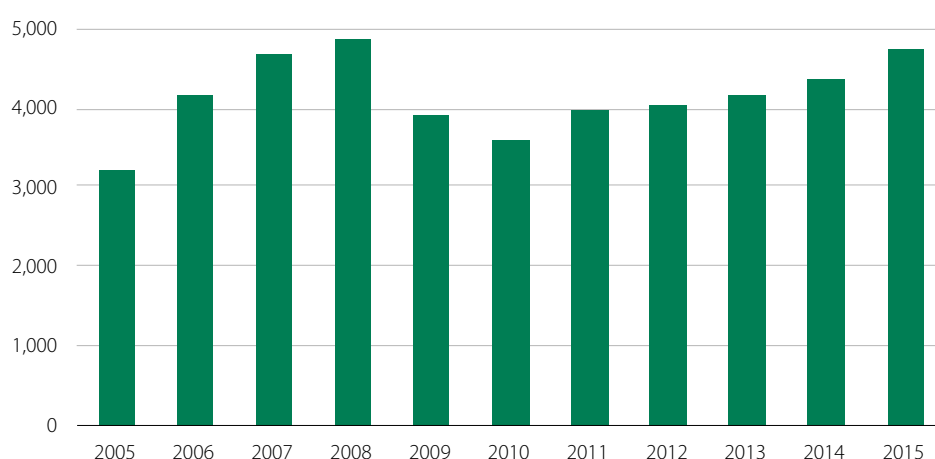
9.2 Information relating to significant shareholders, directors, senior officers and treasury shares

The reporting of significant shareholdings and director and senior officer transactions, and the disclosure of listed company own share transactions (hereinafter, notifications) are governed by the Royal Decree on Transparency and by Royal Decree 1333/2005, of 11 November, implementing the Securities Market Act 24/1988, of 28 July, with regard to matters of market abuse (Royal Decree on Market Abuse). An amendment to the Royal Decree on Transparency entered into force on 27 November 2015. This amendment incorporates, *inter alia*, the requirement to aggregate all positions, both in voting rights and in financial instruments, when calculating the threshold for reporting significant shareholdings. It defines financial instruments as those which have an economic effect similar to those which give the right to acquire shares, whether or not they are settled through physical delivery.

A total of 4,718 notifications were validated in 2015, an increase of 8.1% on 2014. By subject, 50% corresponded to directors (54% in 2014), 32% to non-director significant shareholders (27% in 2014), 14% to senior officers (same percentage as in 2014) and the remaining 4% to treasury share transactions (5% in 2014).

No. of notifications registered

FIGURE 9.2



Source: CNMV.

Notifications cancelled and rectified

Validated notifications accounted for 92% of all those received (5,106), with the remainder either cancelled or replaced by new notifications. The number of notifications cancelled due to error was 19.8% lower than in 2014.

Most cancelled notifications are cancelled at the request of the CNMV when it detects errors, omissions or inconsistencies in the course of its supervisory work. As in previous years, the most common reasons for rectification were: i) errors in the date, price or volume of reported transactions; ii) incomplete information regarding the indirect ownership of voting rights, caused, for example, by a failure to identify the chain of control of the companies through which the obligated party exercises control of the declared voting rights; and iii) inconsistency between the initial position declared by the obligated party in its new notification with the final position declared in the last notification registered. Another frequent error is that, after increases or reductions in the listed company's capital, obligated parties make erroneous disclosures of the total number of the issuer's voting rights and/or their own percentage holding.

45% of cancelled notifications were filed by directors, 39% by significant shareholders, 10% by members of the listed company's senior management and the remaining 6% corresponded to company declarations of treasury share transactions.

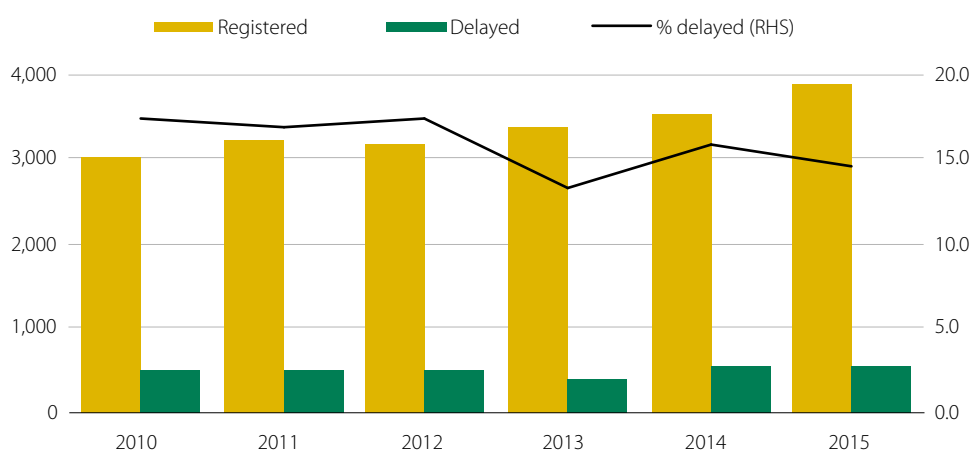
Notifications submitted late

A total of 642 notifications (631 in 2014) were received outside the maximum time frame established by the regulations, equating to 13% of the total (14% in 2014).

The proportion of notifications filed in 2015 with a delay of fewer than seven days was 44.7% (45.6% in 2014). Delays exceeding 90 days fell to 16.4% (19.0% in 2014).

Director and significant shareholder notifications submitted late

FIGURE 9.3



Source: CNMV.

Notifications relating to non-director significant shareholders

Under the Royal Decree on Transparency, the first notification threshold for significant shareholder voting rights is set at 3% of share capital. If the shareholder is resident in a tax haven, this threshold drops to 1% and its respective multiples. The average annual number of notifications per significant shareholder stood at 4.5 in 2015 (4.1 in 2014). The 1,392 notifications received (1,187 in 2014) concerned significant shareholdings at 116 listed companies (111 in 2014) and were submitted by 308 separate shareholders (290 in 2014). Table 9.3 gives a breakdown of notifications received, grouped by intervals of voting rights and the market capitalisation of the companies involved.

No. of notifications regarding significant shareholder voting rights

TABLE 9.3

	Total notifications	Under 5%	5% to 30%	30% to 50%	Over 50%
Ibex 35	392	294	71	5	22
Over 500 million euros	599	377	207	7	8
Under 500 million euros	399	258	114	7	20
Other notifications ¹	2	1	–	–	1
Total	1,392	930	392	19	51
% of total	100%	67%	28%	1%	4%

Source: CNMV. (1) EDP/Saint Croix.

Shareholders must also notify the CNMV of the purchase or transfer of financial instruments which entitle the holder to acquire a significant shareholding in terms of voting rights. 106 notifications of this type were received in 2015 (12 in 2014).

Notifications relating to directors

The Royal Decree on Market Abuse obliges directors of listed companies to disclose all transactions involving shares or financial instruments whose underlying instrument is shares of the listed company on whose board they sit. Such transactions are notifiable whether the director makes them directly or indirectly through third parties or persons with whom they are closely linked. In addition, the Royal Decree on Transparency obliges directors to disclose their final position in voting rights or financial instruments. As shown in Table 9.4, in 2015 a total of 763 directors submitted 2,206 notifications on 134 companies, a fall of 5.3% on the number of notifications received in 2014.

No. of notifications regarding director voting rights

TABLE 9.4

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disclosures

	Issuers			Notifications			Directors ²		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Ibex 35	30	34	35	1,230	1,203	1,069	265	322	331
Over 500 million euros	20	26	30	433	331	330	122	161	154
Under 500 million euros	68	60	68	615	555	800	260	250	308
Other notifications ¹	4	2	1	27	6	7	22	6	7
Total	122	122	134	2,305	2,095	2,206	669	739	800

Source: CNMV. (1) EDP/Saint Croix. (2) The number of directors shown in the table differs from the 763 indicated in the preceding paragraph as the data in the table takes into account directors who exercise their office in different companies which may belong to different capitalisation groups.

A total of 185 notifications received in 2015 referred to financial instruments (249 in 2014) affecting 27 listed companies (25 in 2014), 14 of which are Ibex 35 members. The Royal Decree on Transparency also makes it mandatory to disclose delegations of voting rights received or granted for general shareholders' meetings. In 2015, the CNMV received nine notifications relating to proxy voting rights for the general shareholders' meetings of five companies (11 notifications about four companies in 2014).

Notifications relating to senior officers

The Royal Decree on Market Abuse obliges the senior officers of listed companies to disclose all acquisitions or transfers, whether direct or indirect (through closely-related third parties), of financial instruments whose underlying instrument is shares in the listed company where they work. They are exempt from disclosing the final position. A total of 643 senior officer notifications were received in 2015 (626 in 2014). This type of communication affected the shares of 49 companies (42 in 2014).

Disclosure of treasury share transactions

According to the Royal Decree on Transparency, issuers of securities listed on an official secondary market or any other regulated market domiciled in the European Union which have Spain as their home Member State are obliged to notify the CNMV of the share of voting rights in their possession when they make acquisitions amounting to or exceeding 1% of the company's total voting rights. Since April 2009, the ceiling for treasury share holdings under the Capital Companies Act stands at 10% compared with 5% previously. In 2015, the CNMV validated a total of 186 notifications of treasury share transactions (197 in 2014) which affected 54 issuers (58 in 2014). Table 9.5 shows the breakdown of notifications received last year, grouped by market capitalisation and percentage of final holdings of treasury shares.

No. of treasury shares notifications according to final position

TABLE 9.5

	Total notifications	Under 1%	1% to 2%	2% to 3%	3% to 4%	4% to 5%	Over 5%
Ibex 35	116	81	22	9	2	1	1
Over 500 million euros	18	9	7	1	–	1	–
Under 500 million euros	52	18	5	2	7	1	19
Total	186	108	34	12	9	3	20

Source: CNMV.

Shareholder agreements and acting in concert

The Capital Companies Act requires disclosure of any shareholder agreements affecting listed companies or their controlling shareholders. Such notifications are registered as significant events. An agreement may regulate the exercise of voting rights or restrict the free transferability of shares. In the first case, the CNMV analyses its effect on significant shareholding notifications. The CNMV received a total of 30 notifications of shareholder agreements in 2015 (33 in 2014), affecting 20 listed companies (18 in 2014).

The Royal Decree on Transparency stipulates that any agreement entered into with a third party whereby the parties use their voting rights to impose a lasting common policy in relation to the company's management or to significantly influence the course of the same must be notified as a concerted action. A total of 15 concerted action notifications were registered in 2015 (18 in 2014) involving shareholders at 10 listed companies (12 in 2014).

9.3 Corporate governance

In 2015, 141 public listed companies, two savings banks and 29 fixed-income issuers filed their 2014 annual corporate governance reports (ACGRs), as provided for in Article 540 of the Capital Companies Act, Article 31 of Law 26/2013, of 27 December, on savings banks and bank foundations, and the third additional provision of the Transparency Act 26/2003, of 17 July (replaced by the seventh additional provision of the recast text of the Securities Market Act, approved by Royal Legislative Decree 4/2015, of 23 October).

In general, there were no incidents of note with the electronic reception of the reports, though notices were sent to ten companies (nine in 2014) for filing after the deadline.

On the basis of companies' ACGRs, the CNMV prepares and publishes an annual report in which it analyses, in aggregate terms, issuers' main corporate governance practices and disseminates a wide range of statistical data for each individual entity.²⁴

9.3.1 Most significant aspects of listed companies' governance practices²⁵

In accordance with the 2014 ACGRs of the issuers of securities admitted to trading on official secondary markets, the most important aspects and trends in the corporate governance practices of listed companies are as follows:

Application of the “comply or explain” principle

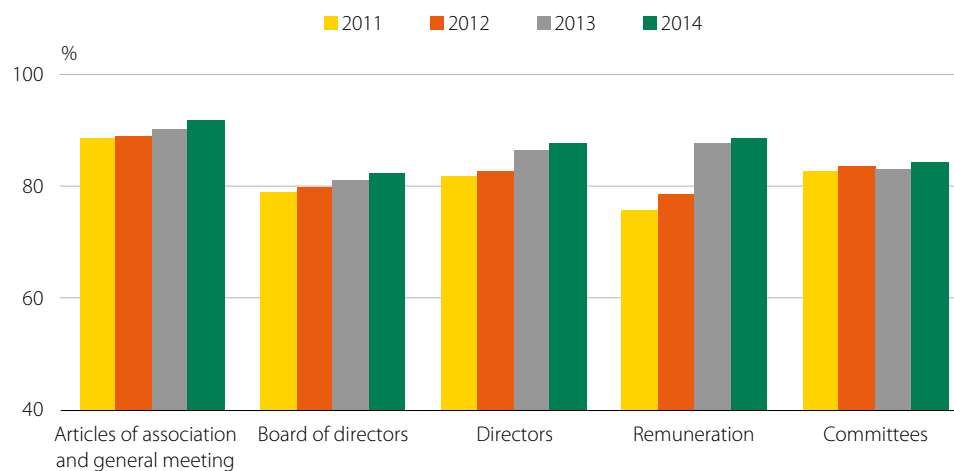
Listed companies complied on average with 85.4% of the Unified Code recommendations (84% in 2013) and partially with a further 6.3% (7% in 2013). Therefore, on an aggregate level, listed companies do not follow, even partially, 8.3% of the recommendations.

As in previous years, Ibex 35 companies present an average percentage of compliance (93.8%) higher than the average recorded by listed companies as a whole. 36.8% of listed companies (65% in 2013) reported higher compliance with the Unified Code than in the previous year.

Figure 9.4 tracks average compliance with the Unified Code recommendations, with a breakdown by category.

Degree of compliance with Unified Code recommendations

FIGURE 9.4



Source: CNMV.

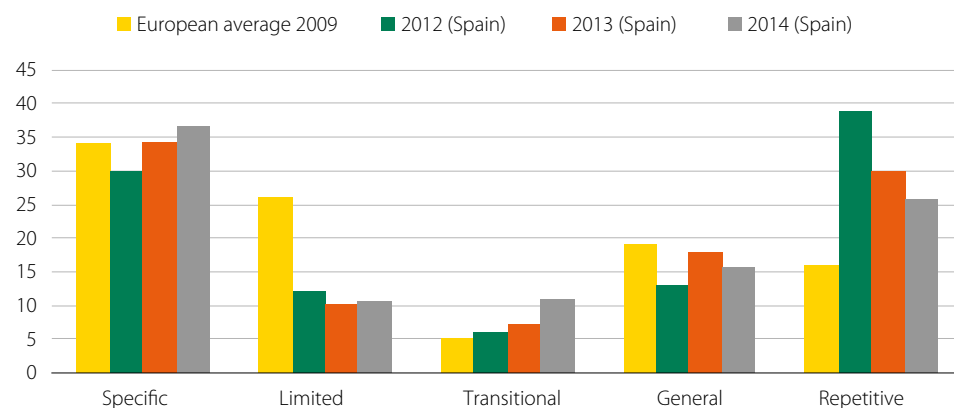
As in previous years, the CNMV analysed a sample of 328 explanations included in the 2014 ACGRs (32.7% of the total) on the ten least followed Unified Code recommendations. Much of the information analysed was considered excessively vague or repetitive, although the percentage of this type of explanation fell by approximately six percentage points on the previous year.

Figure 9.5 tracks the results of the analysis performed by the CNMV over the last three years set alongside the European average for 2009.

25 The section reports on the 2014 annual corporate governance reports. Those corresponding to 2015, which issuers must have filed by 30 April 2016, will be analysed in the following *CNMV Annual Report of the securities markets and their actions*.

Classification of explanations: 2012-2014

FIGURE 9.5



Source: CNMV.

As a result of the review of the criteria used by listed companies in their ACGRs to inform on the level of compliance with the Unified Code recommendations or to explain the reasons for departure, the CNMV sent notices to 18 companies (16 in 2013), requesting additional information, more detailed explanations or corrective action with regard to the Code's recommendations. Most of the letters sent included guidelines on how to improve the quality of the explanations given when not following the recommendations.

In other cases, the notices requested clarifications on discrepancies or inconsistencies between the information disclosed in the ACGRs and other publicly available information on the company, its shareholders or directors.

Compliance with definitions of directors

Article 529 *duodecies* of the Capital Companies Act establishes the definitions of each category of director which public listed companies should take into account when preparing the ACGRs.

The annual review of compliance with these definitions has revealed some residual situations that might question the accuracy of the classifications of some members of the board. In these cases, the CNMV sent letters to the companies requiring additional information, clarification or, where appropriate, publication of a supplementary note with the new classification of the affected directors.

General Shareholders' Meeting

The average percentage of capital taking part in general meetings held in 2014 was 69% (70.6% in 2013). This participation rate was again inversely proportional to companies' free float, such that the highest attendance rates corresponded to the lowest percentages of free-floating equity.

Shareholders may participate at general meetings by attending personally or by delegating their voting rights to a proxy. Issuers may also provide shareholders with a remote voting system. Physical attendance remains the most popular option, accounting for 35.6% of all voting rights in 2015 (37.4% in 2013).

The proportion of companies whose shareholders use a remote voting system increased continuously from 12.3% in 2008 to 29.5% in 2012. This trend was broken in 2013, with the percentage falling to 27.5%, but rose once again in 2014 to 29.1%. Nevertheless, remote voting still accounts for a very low proportion of voting rights as a whole.

Board of directors and director categories

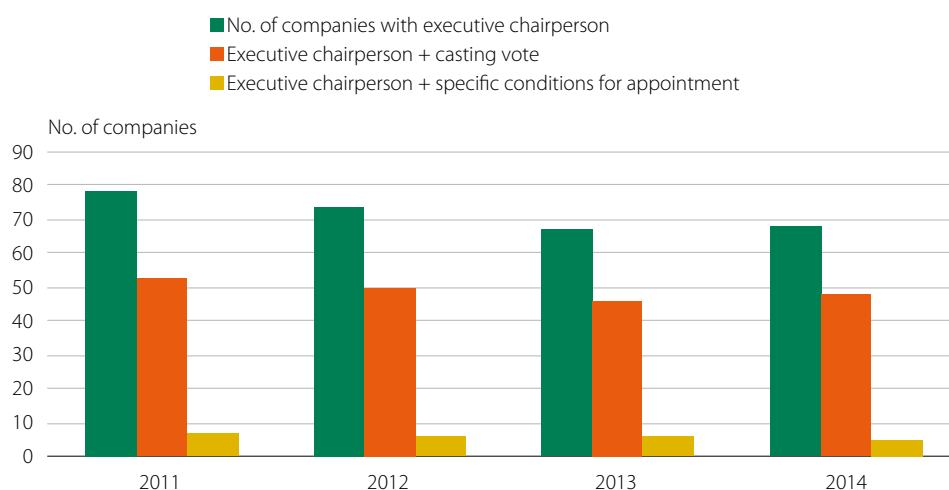
The total number of board members of listed companies fell to 1,344 (1,409 in 2013). 34.7% of board members belong to Ibex 35 companies (34.1% in 2013).

The average board size fell from 9.9 members in 2013 to 9.5 in 2014 (from 13.7 to 13.3 in Ibex 35 companies). In 2014, board size ranged between the minimum of five and the maximum of 15 members recommended in the Unified Code in 84.4% of the companies (83.1% in 2013). Boards with over 15 members were once again mainly within the Ibex 35 group.

Executive directors continued to dominate among the chairpersons of listed company boards (57.2% in 2014). Only 8% of directors chairing the board belong to the independent category (5.6% in 2013). As shown in Figure 9.6, in 48.2% of the companies, the chairperson takes on the functions of chief executive.

Chairperson / Chief executive

FIGURE 9.6



Source: CNMV.

95% of companies (95.1% in 2013) had a majority of non-executive members on their boards. Director length of service was fairly unchanged, although this fell slightly on previous years. Executive directors were again the longest serving (10.9 years), followed by proprietary directors (7.9 years).

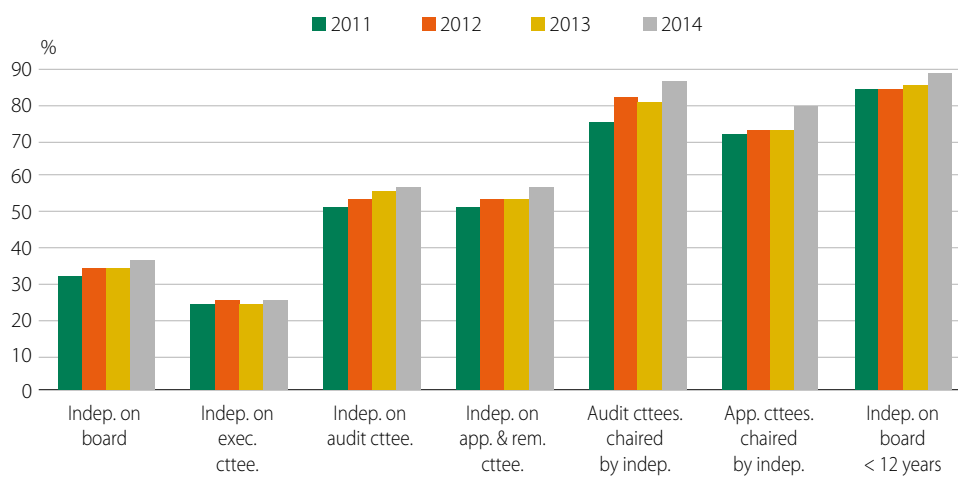
Independent directors were those serving least time on average (6 years). The percentage of independent directors with over 12 years' service fell from 15.1% in 2013 to 11% at the end of 2014. If the current directors remain in office, it is estimated 13.1% of independents in 2015 would exceed the legally established tenure.

As in the previous year, the proportion of independent directors, on an aggregate level, was above the minimum of one third recommended by the Unified Code (36.5%). The number of companies which do not have any independent director on the board fell from 4.9% in 2013 to 4.3% in 2014, with some of these companies undergoing insolvency proceedings or in the process of liquidation.

Figure 9.7 tracks the progress of the main variables indicating the presence of independent directors on the governing bodies of listed companies.

Presence of independent directors on governing bodies

FIGURE 9.7



Source: CNMV.

Board committees

In 2014, 91.5% of companies had an appointments and remuneration committee (90% in 2013), and 40.4% (40.1% in 2013) had set up an executive committee. All listed companies are required to operate an audit committee.

Article 529 *quaterdecies* and *quindecies* of the Capital Companies Act establishes a series of requirements for the composition of the audit committee and appointments of remuneration committee of listed companies. The results obtained in the review of these committees in the sample of companies selected by the CNMV are as follows:

- Three companies (the same number as in 2014) had incidents pending rectification with regard to the audit committee at year-end 2015. Two of these companies are currently undergoing a restructuring process. The three companies (Pescanova, Service Point Solutions and GAM) will be subject to monitoring in 2016.

The incidents pending rectification in two of the companies undergoing restructuring processes are due to the failure to appoint an independent director to the committee.²⁶ The incident in the third company is the result of the chairperson of the committee holding the office for more than four years.

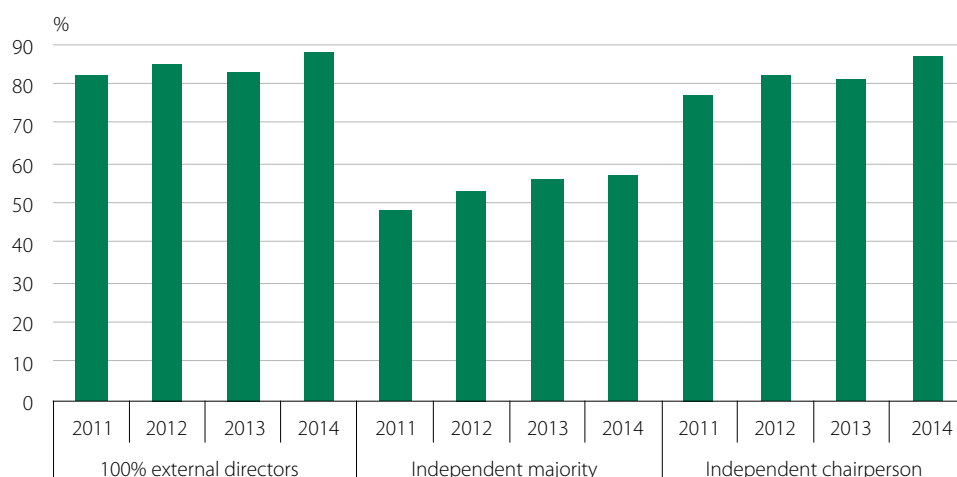
²⁶ With entry into force of the Capital Companies Act, the audit committee should have at least two independent directors.

- With regard to the appointments and remuneration committee, two companies had incidents pending rectification (General de Alquiler de Maquinaria and Service Point Solutions), which will be subject to monitoring in 2016.

The proportion of external directors on the audit committee rose slightly from 94.8% in 2013 to 96.2% in 2014. The percentage of external directors on the appointments committee also rose slightly, from 94.4% in 2013 to 96% in 2014.

Composition of the audit committee

FIGURE 9.8

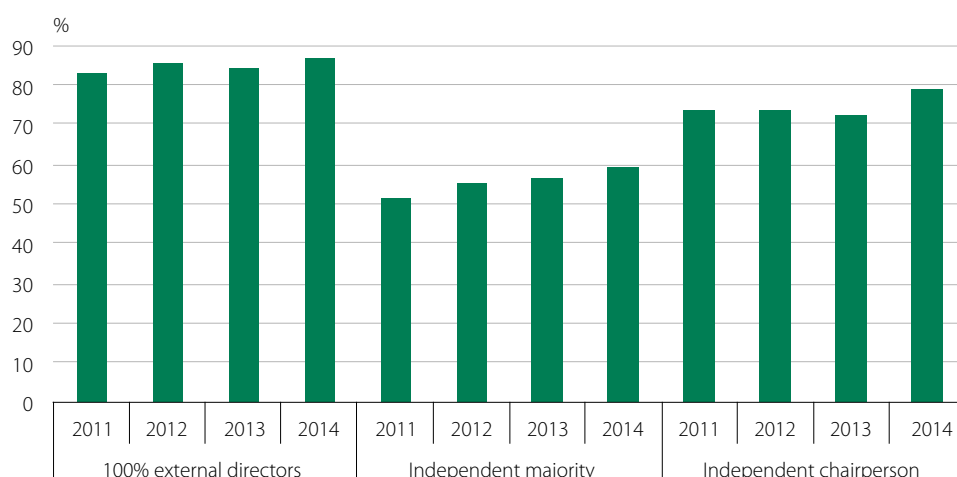


Source: CNMV.

As in previous years, both committees have a higher proportion of independent directors than the board (36.5%). The audit committees and the appointments and remuneration committees were mostly chaired by independent directors.

Composition of the appointments and remuneration committee

FIGURE 9.9



Source: CNMV.

The executive committee representation of executive directors and proprietary directors fell slightly to 28.7% and 38.9%, respectively (30% and 39.9% in 2013). In contrast, the proportion of independent directors rose to 25.1% in 2014 (24.6% in 2013).

Mandatory financial reporting and account auditing

Listed companies are required to state in their ACGRs whether their separate and consolidated accounts are signed off before their submission to the board, and, if so, which officers are responsible for such verification.

61 companies (43.3% of the total and two fewer than in 2013) had their 2014 annual financial statement signed off by the responsible officers before their drafting or approval by the board, including 26 Ixex 35 companies (74.3%).

Risk management

Listed companies should describe their risk management policy and control systems in their ACGRs, identifying the potential risks they face, the risks materialising in the year and the body in charge of establishing and supervising control mechanisms.

The main potential risks that companies identified were: financial institutions highlighted the severity of the current economic cycle, which has triggered a fall in activity across the board and an increase in the impairment losses of registered financial assets, also contributing to a high level of non-performing loans; and, in the electricity sector, the risks relating to the uncertainty of future electricity prices and fuel costs, as well as regulatory risks.

Among the most frequent risks reported as materialising in 2014 were: high exposure to credit risk; exposure to exchange rate risk, particularly against the dollar; delays in public investment; and adverse weather conditions.

As in previous years, most of the companies analysed named the audit committee as the body in charge of establishing and supervising the relevant risk control systems. Other companies named the assets and liabilities committee and the risk committee in this regard.

Disclosure of related-party transactions

The volume of related-party transactions performed by listed companies in the first half of 2015 totalled 154.86 billion euros, a fall of 9.3% on the same period of the previous year. 62.6% of these transactions were performed with significant shareholders; 28.0% with persons, companies or entities in the same group; 1.2% with directors and senior officers; and the remainder with other related parties. The equivalent percentages in the first half of 2014 were 57.9%, 33.2% and 0.9%, respectively. Table 9.6 shows the different types of transactions performed by listed companies in the first half of 2015, broken down by item and nature of the related party (see also Statistical Annex III.2).

With regard to the transaction counterparties, in the first half of 2015, 87 companies reported 360 transactions with significant shareholders, 64 reported 144 transactions with directors and senior officers, 66 reported 283 transactions with group persons or entities and 64 reported having performed 226 transactions with other related parties.

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Related-party transactions. First half-year of 2015: breakdown by line item and nature of the related party

TABLE 9.6

Million euros

		Persons, companies									
		Significant shareholders		Directors and senior officers		or entities in the group		Other related parties		Total	
		% of total	% ch. 1HY	% of total	% ch. 1HY	% of total	% ch. 1HY	% of total	% ch. 1HY	Amount total	% ch. 1HY
Expenses	2015	48.9	-16.5	1.5	138.0	44.1	-5.7	5.5	10.8	10,105	-9.8
	2014	52.7	52.1	0.6	-23.1	42.2	1.9	4.5	12.1	11,208	23.7
	2013	42.9	1.7	0.9	21.3	51.2	-7.3	5.0	24.5	9,059	-2.1
Revenue	2015	48.6	-19.0	0.2	146.6	40.4	-17.0	10.8	5.8	4,820	-16.0
	2014	50.5	8.3	0.1	-9.3	40.9	-16.6	8.6	-42.5	5,736	-9.6
	2013	42.1	-26.8	0.1	-79.2	44.3	-4.3	13.5	3.8	6,345	-14.6
Other transactions	2015	64.1	-0.3	1.2	17.0	26.4	-25.4	8.3	-9.7	139,936	-9.0
	2014	58.5	-5.4	0.9	20.2	32.2	-30.0	8.3	-31.4	153,758	-17.2
	2013	51.2	-15.6	0.6	-9.5	38.1	-13.3	10.0	118.6	185,683	-9.0
Total	2015	62.6	-1.8	1.2	22.5	28.0	-23.4	8.2	-8.4	154,861	-9.3
	2014	57.9	-2.8	0.9	17.3	33.2	-27.6	8.1	-30.9	170,702	-15.1
	2013	50.5	-15.4	0.6	-9.1	38.9	-12.7	9.9	105.3	201,087	-8.9

Source: Periodic public information (PPI) of listed companies (1st half-year).

Table 9.7 shows the percentage of related-party transactions with regard to total expenses, revenue and assets of the companies during the corresponding period.

Percentage proportion of related-party transactions

TABLE 9.7

Million euros

	2013		2014		2015	
	Amount	%	Amount	%	Amount	%
Expenses ¹	9,059	3.3	11,208	4.7	10,105	4.1
Revenue ²	6,345	2.1	5,736	2.2	4,820	1.8
Other transactions ³	185,683	4.4	153,758	3.8	139,936	3.3

Source: PPI of listed companies (1st half-year). (1) The percentage is calculated with regard to the aggregate of all expenses and losses included in the companies' unpaid receivables registry. (2) The percentage is calculated with regard to the aggregate of all revenue and gains included in the companies' unpaid receivables registry. (3) The percentage is calculated with regard to the companies' total aggregate assets.

9.3.2 Annual report on director remuneration

Order ECC/461/2013, of 20 March, establishing the content and structure of the annual corporate governance report, the annual report on remuneration and other reporting instruments of public listed companies, savings banks and other entities that issue securities admitted to trading on official securities markets and CNMV Circular 4/2013, of 12 June, establishing the standard forms for the annual report on the remuneration of the directors of listed companies and of the members of the boards of directors and oversight committees of savings banks that issue securities admitted to trading on official securities markets,²⁷ implement, for the first time in Spain, a unified model for publishing information on the remuneration of members of the boards of directors of listed companies. Although companies have been required to disclose this information since publication of the Sustainable Economy Act 2/2011, of 4 March, which introduced a new Article 61 *ter*²⁸ in the Securities Market Act 24/1988, of 28 July, it was not until 2013 that a provision was established for a standardised format so as to facilitate analysis of the information in comparable terms.

In 2015, the CNMV published, for the second time, an annual report on the remuneration of directors of Ibox 35 companies, which described in aggregate terms the main features of the remuneration policies and practices applied to their directors by the companies in question, obtained from the information included in the annual report on director remuneration published by each one of these companies. Some of the most significant figures are shown below.

Remuneration accrued in 2014

The average remuneration per board and per director rose in 2014 on the previous year, and stood at 3.2 million euros and 318,000 euros, respectively. These figures represent a 15.4% increase per board and an 11.6% increase per director compared with the remuneration accrued in 2013.

However, if we exclude non-recurring severance payments (for an amount of 33.2 million euros), which were essentially made by four Ibox 35 companies, the annual increase of the average per board would stand at 7%.

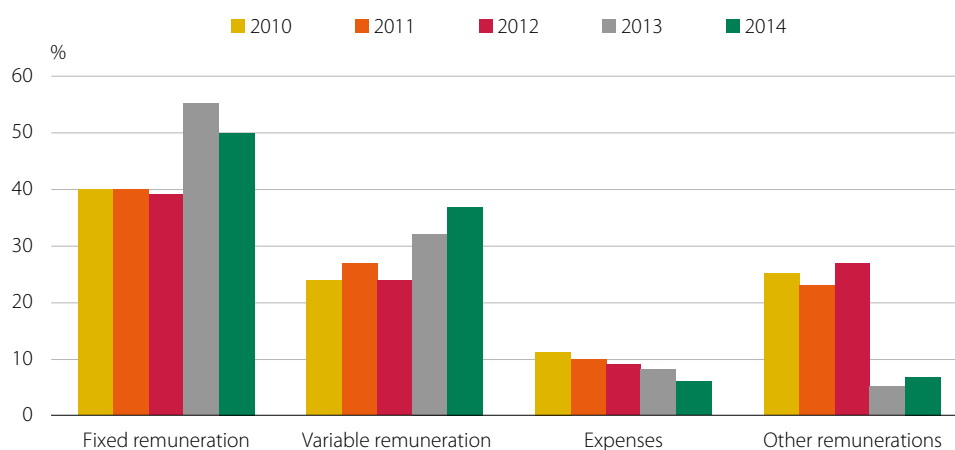
Figure 9.10 tracks the remuneration per board by item.

27 Section B of the standardised format in Annex I of Circular 4/2013 is repealed by the single repealing provision of CNMV Circular 7/2015, of 22 December.

28 Article repealed by section b) of the repealing provision of Law 31/2014, of 3 December, amending the Capital Companies Act for the improvement of corporate governance.

Remuneration by item

FIGURE 9.10



Source: CNMV.

Although its specific proportion fell in 2014, fixed remuneration remains the most significant component making up total remuneration, accounting for 50% of this total. The proportion of variable remuneration with regard to total remuneration rose by five percentage points as a result of the increase in the variable remuneration of executive directors of Ibex 35 companies.

9.4 Significant event notices received by the CNMV

The number of disclosures of material information registered in 2015 stood at 10,189, 1.7% up on the previous year. Table 9.8 provides a breakdown of significant event disclosures by type.

As in previous years, disclosures relating to “financial instruments” were once again the most numerous, accounting for 55.3% of significant events registered. The heading “business and financial position” accounted for 22.1% of the disclosures, “corporate governance and official notices” accounted for 18% and “corporate operations” for 4.6%.

Fewer disclosures were registered under the heading of “financial instruments” than in the previous year (down 1.7%), under the heading of “business and financial position” (down 1.7%) and under “corporate operations” (down 21.2%). In contrast, there were 427 more disclosures under the heading of “corporate governance and official notices”, an increase of 30.4%.

By type, under the heading of “financial instruments” noteworthy falls on 2014 were recorded in disclosures on securitisation funds (down 5.9%), trading halts and resumptions (down 48.7%) and block trades (down 16.2%). There were increases in disclosures on other financial instruments (up 13.9%), dividend information (up 20%) and capital increases and reductions (up 12.6%).

Under “business and financial position”, there was a noteworthy fall in disclosures on insolvency proceedings (down 63.7%). Under the heading of “corporate governance and official notices” there was a noteworthy increase in disclosures on “other corporate governance” (up 108.2% on 2014) as a result of the responses to the notice sent to all listed companies requiring them to report on compliance with the provi-

sions of the Capital Companies Act, which is overseen by the CNMV. There was also a significant reduction under disclosures on transfers and acquisitions of shareholdings (down 27.2%).

Significant event notices received by the CNMV

TABLE 9.8

Type	2014	2015	% change 15/14
Financial Instruments			
Capital increases and reductions	238	268	12.6
Public offerings for sale or subscription	64	63	-1.6
Dividend information	160	192	20.0
Block trades	68	57	-16.2
Trading halts and resumptions	39	20	-48.7
Credit ratings	150	127	-15.3
Securitisation funds	4,040	3,803	-5.9
Other financial instruments	967	1,101	13.9
Business and financial position			
Earnings information	1,444	1,522	5.4
Insolvency proceedings	135	49	-63.7
Other business and financial position	715	685	-4.2
Corporate operations			
Transformations, mergers, spin-offs and liquidations	49	36	-26.5
Strategic agreements with third parties	43	38	-11.6
Transfers and acquisitions of shareholdings	224	163	-27.2
Other corporate operations	283	235	-17.0
Corporate governance and official notices			
Notices and resolutions of general meetings and assemblies	525	545	3.8
Composition of board of directors	368	419	13.9
Annual corporate governance report	179	177	-1.1
Other corporate governance	331	689	108.2
Total	10,022	10,189	1.7

Source: CNMV.

One of the main functions of the CNMV is to ensure transparency and correct price discovery with the aim of guaranteeing orderly functioning of securities markets. In order to perform this task effectively, the CNMV requires, firstly, access to the necessary information. The CNMV therefore closely monitors compliance with the reporting obligations of financial intermediaries both in relation to reporting the transactions executed (Articles 89 to 92 of the recast text of the Securities Market Act, approved by Royal Legislative Decree 4/2015, of 23 October) and reporting suspicious transactions (Article 232 of the recast text of the Securities Market Act). The information on transactions is entered into the alarm system that the CNMV uses to monitor markets, which is largely carried out in real-time. This system was subject to a major update and enhancement in 2015. Supervision of secondary markets also requires in-depth investigation into certain situations which may lead to more breaches being committed, particularly in relation to market abuse practices. These investigations, which are conducted through the Market Monitoring Unit, led to five disciplinary proceedings being opened in 2015.

This chapter includes Exhibit 10.1 on the development of new European legislation on markets in financial instruments, which also describes some initiatives developed by the CNMV in order to publicise the new legislation among the different agents in the financial industry. A significant new development with regard to the new regulation is the proposal made by the European Commission in February 2016 to delay its application by one year, which was initially planned for January 2017. The proposal is based on the complexity of developing the new legislative framework in some areas.

10.1 Significant actions by the CNMV in relation to trading and post-trading

The number of transactions supervised by the CNMV in 2015 fell by 9.2% on 2014, largely as a result of the change in the number of transactions registered in the markets. This fall was recorded across all the major segments under supervision, except for the derivatives segment, as shown in Table 10.1. The equity market, which accounts for the bulk of the trading, recorded a fall of 12.6%, and the fixed-income market, where the number of transactions had already dropped by over two thirds in 2014, recorded a fall of 63%.

The total number of deficiency letters sent by the CNMV on supervising trading and post-trading fell slightly in 2015, with the bulk of the letters relating to the equity segment. The increase in deficiency letters sent in relation to derivatives trading was the result of, firstly, the need to send two successive batches of deficiency letters (the first to identify the entities that entered orders in the system and the second to identify their clients) as a result of the analysis of not executed orders and, secondly,

the sending of letters to each holder in transactions which involved several holders. With regard to deficiency letters sent in relation to settlement processes, it is important to indicate that they were all linked to the project for the reform of the clearing, settlement and registry system.

Summary of market supervisory activities

TABLE 10.1

Markets	Number of transactions (in thousands)	Deficiency letters	Reports		
			Supervision	To other bodies and agencies	Periodic
Equity					
2014	70,921	169	56	37	26
2015	61,964	135	57	29	26
Fixed income					
2014	319	11	7	54	12
2015	117	14	4	40	12
Derivatives					
2014	5,954	2	3	5	43
2015	6,116	19	8	4	39
Settlement					
2014	47,946	2	–	–	24
2015	45,433	7*	–	–	12
Other					
2014	–	54	10	–	52
2015	–	49	9	–	52
Total¹					
2014	125,140	238	66	96	151
2015	113,630	224	78	73	141

Source: CNMV. (1) In the case of deficiency letters and reports, the calculation includes one single action even though it simultaneously affects different areas. Therefore, it may not match the sum of the corresponding breakdowns by area shown in the table.

* One of the deficiency letters was sent to 64 entities.

The CNMV monitors the daily information provided by investment firms, credit institutions and branches of foreign credit institutions in Spain on the transactions that they execute with financial instruments. This information is in turn entered into the alarm system used by the CNMV to detect market abuse practices. Another important source of information used by the CNMV in its investigations is the reporting by firms of suspicious transactions. These three tools are described in subsections 10.1.1, 10.1.2 and 10.1.3, respectively. The other headings report on significant aspects of supervision of trading in equity markets (10.1.4), fixed-income markets (10.1.5), derivatives markets (10.1.6) and the supervision of post-trading activities (10.1.7).

10.1.1 Reporting transactions executed in financial instruments

Article 89 of the recast text of the Securities Market Act establishes that investment firms, credit institutions and branches of foreign credit institutions in Spain are required to report the transactions in financial instruments that they have executed to the CNMV, at the latest on the business day following their execution.

The main aim of transaction reporting is to facilitate the detection and investigation of executed transactions that, either through manipulation or through the use of insider information, might constitute market abuse. Proper reporting helps detect possible breaches of conduct of business rules, as well as to facilitate the study of certain market practices.

In 2015, the CNMV continued emphasising the need for entities not only to comply with this obligation, but also that they should do so by submitting information with a high standard of quality. For this purpose, in addition to sending various general notices to the entities subject to such obligations, resulting from general quality tests, the CNMV has individually reviewed the transaction reporting of some entities. The CNMV sent 49 deficiency letters in 2015 relating both to failures to report and problems in the quality of the information provided.

In order to rectify these incidents, entities send supplementary reporting files in addition to the daily reports. These files are used to cancel or amend incorrectly reported transactions and to report transactions which were previously omitted. A total of 157 supplementary reporting files were correctly submitted in 2015.

The CNMV received over 139 million registrations in 2015 from 134 entities subject to the rules, of which more than half report on an almost daily basis. The number of registrations fell by 25% on the previous year, mainly as a result of the drop in trading in Spanish markets, particularly in the second half of the year.

Finally, the CNMV received a little over 240 million registrations from other competent EU authorities in 2015, an increase of 4% on the previous year. In turn, the CNMV forwarded approximately 37 million registrations (a fall of 33%) to the competent authorities of other Member States.

10.1.2 Advanced system for monitoring secondary markets

In October 2015, the CNMV implemented the advanced system for monitoring secondary markets (Spanish acronym: SAMMS). This new system of alarms provides greater speed and effectiveness in detecting possible irregularities in secondary markets and in identifying information errors contained in the data reported to the CNMV for the purposes of supervision, which contributes towards improving its quality.

The SAMMS consists of 24 alarms, two in real-time, which warn about transactions with possible indications of price manipulation, the use of insider information or other types of breaches. The system essentially uses the transactions reported by the executing entities and the information available in the CNMV's databases.

The new system provides significant flexibility on programming the execution of the alarms or setting the thresholds and parameters that define how they operate. In addition, the SAMMS allows more comprehensive supervision as it takes into account the interrelations that may arise between different financial instruments and markets, including OTC markets. This makes it easier, for example, to detect possible indications of price manipulation in a category of markets or instruments with the aim of benefiting from positions held in other markets or instruments.

Other noteworthy features of this system include an analysis of repeat behaviour by holders, in such a way that alerts are not only generated by exceeding established thresholds, and the identification of relations between persons, which makes it possible to process the operations of all related parties in an aggregate manner.

The SAMMS also incorporates a series of supplementary functionalities that allow the CNMV to operate more effectively by including a system for managing supervisory proceedings and the ability to exploit statistical and market data and to generate graphs.

10.1.3 Reporting suspicious transactions

In 2015 the number of suspicious transactions reported to the CNMV in compliance with the obligation established in Article 232 of the recast text of the Securities Market Act amounted to 139, nine more than in 2014.

As in previous years, the bulk of the reports of suspicious conduct related to possible use of insider information are noteworthy (68% of the total). Over half of the reports indicated possible conduct of this type with regard to the disclosure of significant events relating to corporate operations or results, among other issues.

Four securities on the electronic market accounted for 22% of the reports received in 2015. Transactions performed on the MAB accounted for over 15% of the total, mainly as a result of the use of insider information, although the number of such reports fell on 2014, when they accounted for 22% of the total. The number of reports relating to fixed-income instruments remained low after falling on the previous year.

Reports of suspicious transactions in Spanish instruments received from other regulators accounted for 14% of the total, a little over half of the proportion of the previous year. Reports forwarded by the CNMV to foreign regulators accounted for 9%, almost double the proportion recorded to date.

As in previous years, the CNMV will inform the reporting entities about the quality of their reports based on the *CNMV Criteria on Detecting and Reporting Suspicious Transactions*, as well as on the criteria presented in the conferences on reporting suspicious transactions held in previous years.

10.1.4 Equity

Trading halts due to disclosure of information

Both the number of issues affected by trading halts and the number of halts fell significantly in 2015, from 25 to 15 in the former case and from 24 to 15 in the latter.

The need to disclose information continued to be the most common reason for the halts. Specifically, it was the reason for 10 of the 15 agreed halts. The main reasons behind the trading halts in 2015 were, as in previous years, accelerated book building for large packages of shares, takeover bids, delisting and bankruptcy situations.

Temporary trading halts

TABLE 10.2

	2014	2015
Number of issuers suspended	24	15
Number of halts	25	15
Due to disclosure of material information	18	10
Due to expiry of acceptance period for delisting bids	3	3
Other	4	2

Source: CNMV.

Accelerated book building for large packages of shares

A total of 24 accelerated book builds for large packages of shares, affecting 19 issuers, took place in 2015. The companies whose shares were subject to more than one book build were as follows: Abertis (four), class B shares of Abengoa (two) and Applus (two).

There were various reasons behind the placements, which include new shares issued in order to meet the capital needs of the issuers and the placement of old shares from a significant shareholder or from treasury shares. Specifically, four of the book builds were performed with new shares from a capital increase. The percentages of new shares ranged between 9.64% and 50% of the share capital, and the percentage of capital affected by the book builds ranged between 1.34% and 11.54%.

All of the book builds complied with the transparency procedure established by the CNMV. In all cases, the book builds were announced through a significant event published after the market closed and, following the placements, a significant event was reported in which companies disclosed the number of shares placed and the final placement price. It was only necessary to halt trading on three occasions, as the book build had not been completed prior to the market opening on the following day. The duration of the trading halt was 60 minutes.

During the placement process, the CNMV was in contact with the financial intermediaries responsible for carrying out the placement with the aim of analysing the significant events published and to have information about the progress and level of acceptance of the placement.

Almost all the placements were carried out with a discount with regard to the closing price of the session, with the exception of two placements that were carried out with a premium and one which was neutral. The discounts ranged between 1.35% and 9.86%, while the premiums in the affected placements stood at 0.21% and 0.35%.

Treasury stock trading

In 2015, the CNMV continued monitoring the operations performed by issuers through buy-back programmes under Commission Regulation (EC) No. 2273/2003, of 22 December 2003, implementing Directive 2003/6/EC, of the European Parliament and of the Council, as regards exemptions for buy-back programmes and the stabilisation of financial instruments.

Specifically, Regulation (EC) No. 2273/2003 establishes that the sole purpose of buy-back programmes must be to reduce the capital or to comply with obligations arising from debt financial instruments exchangeable into equity instruments and employee share option programmes or other allocations of shares to employees of the issuer or of an associate company.

There were eleven buy-back programmes in force in 2015 corresponding to nine issuers (Mediaset had three buy-back programmes in the year). Seven programmes aimed to buy back shares for their subsequent amortisation, while the remaining four were for share option programmes.

Supervision of compliance with the obligations and conditions provided by Regulation (EC) No. 2273/2003 is considered particularly relevant as the operations performed under the Regulation are considered as “safe harbours” for the purposes of market abuse legislation.

The review of the buy-back programmes is essentially focused on the following aspects: i) supervision of the significant event published by the issuer prior to the start of the buy-back programme; ii) supervision of the significant event published by the issuer with the details of the transactions performed under the framework of the buy-back programme; iii) supervision of compliance with the conditions for operating in terms of volume in order to verify that the issuer did not buy more than 25% of the average daily volume of the shares; and iv) supervision of compliance with the restrictions to trading implemented in the framework of the buy-back programme.

In addition, Regulation (EC) No. 2273/2003 establishes the conditions to be met in relation to the stabilisation of financial instruments in order to benefit from the safe harbour. In this regard, in 2015, as in 2014, the CNMV monitored trading in the framework of the executed stabilisation programmes with the aim of supporting the placement price of certain public offerings made in Spanish stock markets.

Another of the lines of supervision with regard to treasury shares related to the liquidity agreements entered into by issuers under CNMV Circular 3/2007, of 19 December, on liquidity agreements for the purposes of their acceptance as a market practice. The aim of these agreements is to favour the liquidity of trading and the regularity of share prices within the limits established by the issuer’s general shareholders’ meeting for the acquisition of treasury shares. The CNMV has been promoting their use by issuers (through the financial intermediary executing the transactions) as a mechanism for providing liquidity.

At year-end 2015, a total of 27 issuers had liquidity agreements subject to Circular 3/2007, although in the case of one issuer whose securities were suspended from trading, the liquidity agreement was not operational.

The supervision of liquidity agreements essentially focused on the following aspects: i) supervision of the significant event published by the issuer prior to the start of trading performed under the liquidity agreement; ii) supervision of the significant event published by the issuer on a quarterly basis reporting the transactions performed, the cash used and obtained, as well as the balance of the securities and cash account; iii) supervision of the significant event published by the issuer in the event of the termination of the liquidity agreement; iv) supervision of compliance with the conditions for trading in terms of volume, with the aim of verifying that

the issuer did not exceed 25% of the daily average of market orders; and v) supervision of compliance with the restrictions to trading implemented in the framework of the liquidity agreement.

As part of this supervision, the CNMV has contacted issuers and financial intermediaries on numerous occasions, it has sent various requests for information and it has answered multiple enquiries relating to the implementation and functioning of liquidity agreements.

With regard to the liquidity agreements regulated by Circular 3/2007, it should be indicated that on 19 October 2015, the CNMV carried out the public consultation provided for in Regulation (EU) No. 596/2014, of the European Parliament and of the Council, of 16 April 2014, on market abuse (Market Abuse Regulation) in order to establish liquidity agreements as an accepted market practice. Most of the rules established in this regulation will be applicable as from 3 July 2016.

The Market Abuse Regulation establishes accepted market practices in Article 13. This indicates, amongst other issues, the criteria that competent authorities must take into account to determine that a market practice is accepted. It also indicates the need for the competent authority to notify ESMA and other competent authorities of its intention to establish an accepted market practice and to provide the details of the assessment performed. Within two months following receipt of the notification, ESMA shall issue an opinion to the notifying competent authority about said practice.

The consultation, which was completed on 6 November 2015, was especially aimed at issuers, investment firms, credit institutions, investor associations, governing bodies of markets and other competent authorities, and comprised a document with 15 questions. The aim of the consultation was to gather the opinion of the market and its participants on those issues that must be taken into account in order to maintain liquidity agreements as an accepted market practice, either with the aim of adapting it to the modifications resulting from the Market Abuse Regulation and the draft technical standards on accepted market practices or to allow an improvement in their functioning.

Finally, it is important to highlight the monitoring of the application of the recommendations made by the CNMV to securities issuers and to financial intermediaries with regard to discretionary treasury stock trading. These recommendations provide criteria on the manner in which discretionary treasury stock trading should be conducted in terms of volume, price and time, internal organisation and control of the activity, and on the disclosures to be made to the supervisor and to the market.

In July 2015, the CNMV published an announcement on its website with an up-to-date list of the issuers that have reported compliance with these recommendations. The new list included a total of 27 companies, 12 more than in the previous list, which was published in November 2014.

Study of additions and deletions in the Ibex 35 index

The CNMV supervises the changes in the composition of the Ibex 35 index in order to analyse whether the change in the securities meets the technical rules of the index and to detect any distortions of trading in the market aimed at favouring a share remaining in or joining the index.

In 2015, the Technical Advisory Committee of the Ibex 35 agreed in its first ordinary review of June to remove Acciona and BME and replace them with Acerinox and Aena. Subsequently, in July, it agreed to allow Acciona to join the index once again in order to occupy the place left by Jazztel as a consequence of the takeover bid made by Orange, which had led to the index being temporarily made up of 34 shares.

At the end of November, the Technical Advisory Committee of the Ibex 35 agreed to remove the class B shares of Abengoa following the company's announcement that it would file the communication provided for in Article 5 *bis* of the Bankruptcy Act. As a result of this decision, the Ibex 35 was once again temporarily made up of 34 shares, until, in the second ordinary review of the year carried out in December, the Technical Advisory Committee agreed the entry of Merlin Properties, SOCIMI. In both reviews, the CNMV verified that the additions and removals took place in accordance with the technical standards regulating the index.

Supervision of the obligations resulting from Regulation (EU) No. 236/2012, of the European Parliament and of the Council, of 14 March 2012, on short selling and certain aspects of credit default swaps

As in previous years, a good deal of the CNMV's supervisory work focused on compliance with the obligations resulting from Regulation (EU) No. 236/2012, of the European Parliament and of the Council, of 14 March 2012, on short selling and certain aspects of credit default swaps.

These obligations are basically divided into two main areas: transparency of net short positions when certain thresholds are reached and compliance with the conditions for performing short sales.

The CNMV's supervision focused on the following areas:

i) Transparency regime.

The Regulation establishes a transparency regime with the obligation to notify net short positions in shares which reach or fall below 0.2% of the capital, as well as each additional 0.1% in excess of that percentage. In addition, the Regulation establishes the obligation to disclose positions which reach or fall below 0.5% of the capital, as well as each additional 0.1% in excess of that percentage.

In 2015, the CNMV received a total of 5,015 notifications of net short positions in shares, a daily average of 19.3 notifications. There was therefore a significant increase on the number of notifications received in 2014 (up 62%). This is in line with the predominantly downward trend in stock markets over 2015, whilst also reflecting investors' greater familiarity with the obligations indicated in the Regulation, which has been supported by the significant supervisory work performed by the CNMV in this area.

A total of 194 investors reported short positions in 2015, mostly US and UK hedge funds, as in previous years. Only one Spanish entity sent this type of notification in 2015.

At the end of the year, 62 issuers held net short positions, while a total of 73 were affected by short positions at some time during the year (68 issuers in

2014). The average of all the aggregate net positions weighted by market capitalisation stood at 0.864% of the capital at year-end 2015, compared with 0.601% at year-end 2014.

The CNMV performs different supervisory actions aimed at verifying compliance with the transparency regime established by the Regulation. In this regard, the CNMV performs an analysis of the notifications of net short positions and carries out periodic supervisions of notifications of net short positions of greater than six months so as to determine whether they remain in force or not. This work makes it possible to detect possible breaches of the Regulation by those holders who have not updated their net short positions by means of the appropriate notification, which led to the CNMV sending several letters requiring information. This analysis also allows the CNMV to keep an updated register of the net short positions in listed issuers on Spanish markets.

ii) Creation and increase in net short positions and compliance with conditions for performing short sales

In 2015, the CNMV sent various letters requiring information to determine how the reported net short positions had been generated and, as the case may be, to verify compliance with conditions for performing short sales. These letters were sent to foreign entities that operate in Spanish securities markets.

This supervisory work is carried out on an ongoing basis and allows the CNMV to know which mechanisms and financial instruments are commonly used by investors to take a net short position in a security and the type of agreements reached in the short sales in order to comply with the Regulation.

In June, the CNMV issued an announcement on short selling, reminding traders: i) of the conditions according to which pre-emption rights resulting from a capital increase may be considered enforceable claims for the purposes of compliance with the conditions for performing a short sale; and ii) that short sales of shares, including those performed within the framework of intraday trading that do not meet the established conditions, are deemed a breach of the Regulation even when the trading is settled with shares acquired subsequently over the session.

Development of the new European regulation on markets in financial instruments and CNMV initiatives for disseminating the regulation in Spain

EXHIBIT 10.1

In 2015, ESMA continued working on the development of technical aspects of the new European legislation on markets in financial instruments: Directive 2014/65/EU, of the European Parliament and of the Council, of 15 May 2014, on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, known as MiFID II, and Regulation (EU) No. 600/2014, of the European Parliament and of the Council, of 15 May 2014, on markets in financial instruments and amending Regulation (EU) No. 648/2012 (EMIR), known as MiFIR.

This new raft of legislation grants ESMA the mandate to draw up draft technical standards implementing the provisions contained therein. Between the last part of 2014 and the first quarter of 2015, ESMA performed a second consultation process for the draft technical standards and held a public hearing in Paris to inform industry representatives about the main legislative proposals contained in the consultation documents. In September, following their approval by the Board of Supervisors of ESMA, the European authority submitted the draft technical standards to the European Commission.

ESMA has identified four areas that require highly complex technical implementation and which might not be completed by the initial date planned for application of the new legislative framework in January 2017. These areas are as follows: instrument reference data, transaction reporting, transparency regime and reporting position limits for commodity derivatives. This has led the European Commission to propose delaying application of the new legislative framework by one year.

Implementation of the new legislation by means of delegated acts of the European Commission is expected to be completed in the first quarter of 2016 on the basis of the technical advice provided by ESMA in December 2014. With regard to the review process of the draft technical standards that ESMA submitted to the European Commission in September 2015, the proposals on transparency in non-equity instruments and those relating to position limits for commodities derivatives are those which might prove to be most controversial. In this regard, it is important to highlight the complexity of reconciling the regulatory objectives identified by the legislators with the technical complexity of their implementation.

As part of the necessary work for implementation of the new raft of legislation, it is important to highlight that in April 2015 ESMA began designing and developing technological projects that will allow centralised management and calculation of the data requested in the proposed implementing legislation of the MiFID II and the MiFIR. The project involves an immense effort both in terms of resources and as a result of the technical complexity. It is based around three key areas with the aim of providing competent authorities and the industry with technical tools to: i) publish instrument reference data, ii) perform and publish the calculations necessary on the liquidity of financial instruments and thresholds for the exceptions applied to certain transactions (transparency regime) and iii) establish the regime for transaction reporting and exchanging the necessary information.

In this context, the CNMV carried out intensive work in 2015 through its participation in ESMA's standing committees and working groups, where the legislative proposals for the technical standards are debated and agreed. In addition, the CNMV has also joined ESMA's technology project for preparing the centralised tools.

The CNMV's efforts in Spain have been focused on disseminating the legislative content through different initiatives. Without prejudice to the multiple bilateral contacts held with market infrastructures and with a significant number of members and participants who requested them, the CNMV

organised specific technical sessions on the MiFID II and MiFIR in October 2015. These sessions were attended by a high number of representatives from the Spanish financial industry, including law firms, consulting firms, investment firms, credit institutions, market infrastructures, etc.

The CNMV has also enabled a specific section on its website with information relating to the legislative project and it has created an email address for public enquiries (mifid.mercados@cnmv.es), through which questions can be raised with regard to doubts on the interpretation of aspects of the new rules relating to financial markets and instruments.

Finally, the CNMV has responded to the demand of institutions represented by the Spanish Confederation of Savings Banks (Spanish acronym: CECA) and the Spanish Banking Association (Spanish acronym: AEB) to form a technical group for national implementation that will respond to practical questions relating to implementation of the new legal framework and its conclusions will be published in the aforementioned section of the website.

10.1.5 Fixed income

In 2015, the CNMV paid special attention to trading of fixed-income issues in the Electronic Debt Trading System (Spanish acronym: SEND) aimed at retail investors and conducted ongoing monitoring of compliance with the obligations of liquidity providers, particularly those relating to their presence in the market through their buy and sell orders in accordance with the commitments acquired with issuers.

The CNMV also detected errors in disclosures to the market in relation to the category of transactions by entities, which were subsequently corrected. The most common errors related to sell-buybacks/buy-sellbacks classified as spot trades and free of payment trades classified as outright purchases.

In October 2015, the CNMV agreed the delisting of two issues of subordinated financial contributions of Fagor Electrodomésticos, Sociedad Cooperativa, as it is undergoing bankruptcy liquidation, in application of the provisions of Article 81.1 of the recast text of the Securities Market Act.

10.1.6 Derivative products

MEFF Exchange

The CNMV's supervision of derivatives traded on MEFF Exchange focused on daily trading, price trends and open positions. The CNMV closely monitored trading on dates close to the disclosure of significant information by the issuers of securities with derivatives traded on MEFF, as well as trading prior to suspensions of trading.

As part of the monitoring of open positions, during the weeks the contracts mature, the CNMV conducted a specific analysis of the roll-over of positions of the accounts with the largest open positions. The CNMV also monitored the performance of the Ibx 35 over the period for calculating the settlement price at maturity of the future.

In addition, the CNMV conducted specific analyses of possible cases of market abuse detected in its usual supervisory work, as well as of cases relating to reporting of suspicious transactions received from market participants.

Olive Oil Futures Market (MFAO)

The MFAO ceased operating on 17 November 2014 and therefore no supervision of this market was conducted in 2015. The actions carried out were related to analysing the projects submitted for the transformation of MFAO into a multilateral trading facility, which in the end was not viable.

Warrants, certificates and other products

The supervisory work in the warrants segment focused on specialists' compliance with their obligations and on reviewing intraday trading. As part of this second aspect, the CNMV paid special attention to joint trading in warrants and their underlying assets by the same holder, which led to several letters being sent indicating that this practice may be considered market manipulation. The CNMV also analysed trading related to notifications of suspicious transactions linked both to spot trading and trading in other derivatives markets.

In addition, the CNMV monitored the publication of significant information of the issuers of warrants and of the settlements corresponding to the different maturities.

10.1.7 Settlement, registry and clearing

Settlement and Registry (Iberclear)

The CNMV is responsible for supervising Iberclear, while the respective regional governments are responsible for supervising the central securities depositories of Barcelona, Bilbao and Valencia.

With regard to equity settlement, the CNMV monitors the settlement efficiency of each one of the participants, delays in evidence of trades, buy-ins, levels of lending for each one of the participants and failed settlements. Supervising the settlement of each participant involves monitoring the settlement of each one of the cycles and the participants' use of multilateral accounts.

As indicated in Section 5.1.2, the number of equity trades settled by Iberclear-SCLV in 2015 fell by 2.63%, while the traded amount rose by 9.3%. Although failed settlements rose slightly on the previous year both in the number of trades and in the amount, their relative weighting remains very low.

With regard to fixed-income settlement through Iberclear-CADE, the number of trades and the settled amount fell significantly both in public debt and in corporate debt (see Section 5.1.1). The number of settlement incidents in AIAF rose by 45%, although their relative weighting remained below 0.15% of total trades. In fixed-income settlement as a whole (public debt plus corporate debt), incidents fell by 15% on the previous year.

Clearing and central counterparty (BME Clearing)

A very significant part of the CNMV's supervisory work has been focused on verifying the compliance of BME Clearing with the requirements of Regulation (EU) No. 648/2012, of the European Parliament and of the Council, of 4 July 2012, on OTC derivatives, central counterparties and trade repositories (EMIR).

The most important supervisory tasks were aimed at ensuring that the new activity segments of this central counterparty, those of interest-rate OTC derivatives and equity securities traded on stock markets, complied with the provisions laid down in the European regulation (see Section 5.2). In this regard, the CNMV paid particular attention to the evaluation of the new models of participation and accounts that will be implemented in these segments, as well as the review of the methodologies that the central counterparty will use to calculate the collateral of the portfolio.

Similarly, in line with the principles for financial market infrastructures published by CPMI-IOSCO in April 2012, the CNMV ordered BME Clearing to implement policies and procedures to guarantee the recovery of its essential activities following a situation of tension that threatens its viability or financial soundness.

In order to ensure greater transparency, the CNMV also requested that the central counterparty publish, using the formats agreed by IOSCO and CPMI in February 2015, extensive quantitative information on its activities and on the performance of its risk management system.

In addition, the CNMV closely monitored the transactions registered, as well as their terms, in MEFFRepo and MEFFPower. In the case of MEFFRepo, the CNMV examined the activity and concentration of lending and borrowing positions in the different entities. Finally, the CNMV also analysed the evolution of open positions and the margins requested in each one of the segments with the aim of verifying that they suitably cover the registered risk.

Project for reform of the securities clearing and settlement system

The first stage of the reform of the securities clearing, settlement and registry system in the Spanish market, which was first designed in 2010, began in April 2016. This stage involves significant changes in the clearing and settlement of all equity trading and particularly the intervention of a central counterparty, the move from a registry based on registry references to a registry based on balances and the setting up of an information system for supervision. Migration to the new system, which took place between 27 and 29 April 2016, involved interrupting the current Iberclear-SCLV platform.

The reform required, firstly, approval of Law 32/2011, of 4 October, amending the Securities Market Act 24/1988, of 28 July. This amendment established the foundations for the current reform by introducing, for the first time, the figure of the central counterparty and eliminating the assured delivery mechanisms. A new amendment to the Securities Market Act (included in the first final provision of Law 11/2015, of 18 June, on recovery and resolution of credit institutions and investment firms) was approved in 2015, which, among other issues, gives greater clarity to the structure and functioning of the securities registry system and establishes mechanisms for ensuring orderly settlement of the trades.

In addition, Royal Decree 878/2015, of 2 October, on clearing, settlement and registry of securities represented in book-entry form, which replaces Royal Decree 116/1992, of 14 February, was approved in order to adapt the regulations to the new provisions of the Securities Market Act.

At the same time, over 2015 the CNMV processed the authorisations necessary for the Spanish market infrastructures to be able to implement the reform project.

In this context, on 21 July 2015, the CNMV authorised the extension of activities and services of BME Clearing on the basis of Article 15 of the EMIR with the aim that the central counterparty may act in the equity trading carried out on stock markets. The positive decision of the Commission was in line with the opinion of the college of supervisors provided in Article 18 of the European regulation, which thoroughly reviewed the application submitted by BME Clearing in the first half of 2015.

Said application involved a significant amendment to the entity's regulations so that it may suitably regulate the central counterparty activities in stock market trading. BME Clearing also submitted drafts of the general conditions and circulars implementing the regulation and which, in particular, included the actions and procedures that the central counterparty will use to manage failed settlements. Finally, they also submitted to the CNMV a new version of the risk report referred to in Article 106 of the recast text of the Securities Market Act, which details the manner in which they will comply with the requirements laid down in the EMIR.

On 22 December 2015, the CNMV Board approved the Iberclear Regulation, which replaced the Organisation and Operating Regulation. The content of the Regulation is defined by Article 101 of the recast text of the Securities Market Act.

The new Iberclear Regulation establishes Iberclear's operating regime and the services to be provided by the entity, as well as its economic and financial regime, the legal regime applicable to participating entities, the procedures for setting and communicating fees and the conditions and principles based on which Iberclear will provide its services. It also establishes the procedures for managing securities deliveries and their payment, the moment of finality of the securities and cash transfer orders, the policy and criteria applicable in risk management and the regime for margins required from participating entities. It also establishes the legal regime for the entities participating in the systems managed by Iberclear and Iberclear's relations with financial market infrastructures, securities issuers and other natural or legal persons depending on the services they receive.

In addition, in the framework of the reform of the clearing and settlement system, the CNMV board meeting held on 22 December last year approved the regulations of the stock markets of Madrid, the MAB and Latibex, as well as the agreements between BME Clearing and the stock markets, Iberclear, MAB and Latibex.

It should be remembered that, following migration to the new platform, new stages of the securities clearing and liquidation reform process are planned. Only a few weeks following migration, the share trade settlement period is to be reduced from the current three days to the two days established by Regulation (EU) No. 909/2014, of the European Parliament and of the Council, of 23 July 2014, on improving security settlement in the European Union and on central securities depositories, and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No. 236/2012. The final stage of the reform will involve migration from the CADE platform for

fixed-income settlement to the new system and Iberclear joining TARGET 2-Securities in September 2017.

10.2 Supervision of takeover bids

Equivalent treatment

Every takeover bid must ensure equivalent treatment for securities holders who are in the same circumstances. For this purpose, the offeror shall offer one single price for all holders of the same share class and never lower than any price it may have paid previously for the same securities in the 12 months prior to announcement of the bid or lower than it would have agreed, as the case may be, in said period. Similarly, if the offeror makes an acquisition at a higher price outside the bid before it finishes, it will have to increase the bid price to this higher price.

The bid document also includes detailed information on the agreements reached with shareholders, the offeree company, its creditors or third persons and states that the bid price is equal or financially equivalent to, at least, the amount paid or agreed.

This is the case of the bids for Sotogrande and Testa (see Statistical Annex I.9), which included the information relating to the agreements of the offerors for acquisition of the holdings of the NH and Sacyr groups, respectively, outside the bid. This was also the case for Jazztel, although unlike the bids indicated above, the offeror agreed with the chairman of the company to transfer his shares in the bid. In the competing bids for Realia, there was an agreement between Hispania Real and the creditors of Realia to refinance the debt and an agreement between Inmobiliaria Carso and Bankia for acquisition of its holding outside the bid.

All of the three delisting bids carried out in 2015 included agreements for immobilising the holdings of various shareholders. In the delisting bid for CVNE, there was also an agreement between several shareholders to regulate their relations following delisting of the company, as well as a liquidity mechanism to facilitate subsequent transfers, which is extended to all the company's shareholders.

Finally, in the delisting bid for CLH, the initially planned price was raised as a consequence of the sale of the shareholding of one of the reference shareholders to a third party at a price higher than that of the bid.

10.3 The Market Monitoring Unit

The Market Monitoring Unit (Spanish acronym: UVM) is the investigation unit of the Directorate-General of Markets responsible for detecting market abuse practices. The UVM performs in-depth investigations of situations in which insider information may have been used or market manipulation practices performed. It also checks other significant aspects in these investigations. In particular, it checks compliance with the obligations for safeguarding insider information by securities issuers, investment services firms, investment advisory firms and, in general, anyone who possesses this information. It also checks that the intermediaries in transactions with financial instruments report suspicious transactions where insider information may have been used or which may distort free price discovery to the CNMV.

The UVM regularly requests the cooperation of supervisors and regulators of other jurisdictions under the multilateral and bilateral agreements signed by the CNMV for enquiries, cooperation and sharing information. In 2015, the supervisors of the United Kingdom and the USA were the main recipients of requests for international cooperation.

On completion of the UVM's investigations, the CNMV's executive committee, through delegation from the Board, decides whether to open disciplinary proceedings. As a result of these investigations, in 2015 five disciplinary proceedings were initiated affecting 13 natural or legal persons for various actions, which are summarised below:

- In two separate disciplinary proceedings, two directors of a company related to an issuer were accused of using insider information in the context of a takeover bid.

The processes aimed at formulating a takeover bid are susceptible to the use of insider information as the bid price is almost always higher than the quoted price of the issuer's shares. Therefore, when the process is made public, whether as an intermediate stage with the bid about to end or with the formulation of the takeover bid, the share price rises significantly, sometimes exceeding the bid price.

In the first proceeding, the director of a company with a significant holding in the issuer was aware, in the context of his functions, of the process initiated by the significant shareholders to formulate a delisting bid for the issuer's shares. On the same day that the director became aware of this process, he gave instructions to acquire shares of the issuer in favour of the company owned by his children, which performed purchases over several sessions. Following announcement of the takeover bid, that company sold the issuer's shares and obtained a profit of close to 1 million euros. In addition, an employee of a company of the director also bought shares of the issuer, and benefited from their sale following announcement of the takeover bid.

Bearing in mind the profit obtained, the Executive Committee decided, in addition to bringing the disciplinary proceedings against the director and his employee, to transfer these facts to the Public Prosecutor's Office for the possible offence of the use of insider information by the director.

In the second proceeding, a director of the subsidiary of a group became aware, in the context of his functions, of the process initiated by the parent company of the group to make a takeover bid for another subsidiary. A few days later he passed this information on to the senior manager of the financial intermediary that manages his securities portfolio. The financial intermediary immediately acquired, just before announcement of the takeover bid, shares of the company for several holders, including the director of the subsidiary. Disciplinary proceedings have been initiated against the director and the financial intermediary and its senior executive.

- In two disciplinary proceedings, two issuers were accused of market manipulation in trading with their own shares.

In the two cases, the issuer opted to perform discretionary trading of treasury shares which is not in line with the recommended criteria of the CNMV

published in July 2013. In both cases, the treasury stock trading represented a significant volume of total trading and therefore distorted free price discovery to the extent that they involved a substitution in the market of the supply and demand positions of independent third parties, which are required to create free price discovery. In addition, in the closing auctions, the issuer held a clearly dominant position in purchases, which it used to raise the equilibrium price and, therefore, the auction price was not freely discovered.

Similarly, in two disciplinary proceedings, it was considered that other parties acted as co-authors of market manipulation as they actively participated in the practices performed. In one disciplinary proceeding, the co-author is the financial intermediary, while in the other it is a financial agent. With regard to this latter proceeding, another disciplinary proceeding was also initiated against the financial intermediary as it did not report a suspicious transaction.

- In one disciplinary proceeding, one natural person was accused of performing market manipulation practices.

Said natural person repeatedly traded with one or more securities or financial instruments with various short-term strategies. Some of the strategies altered free price discovery, as described below:

- i) A strategy that involved entering a high number of orders that alternated cycles of share purchases with cycles of share sales, whose prices evolved generating oscillations with small price movements between a high and low level.
- ii) A strategy which involved entering purchase orders that pressured the prices of supply, demand and the quoted price upwards so as to repeatedly generate micro-trends of growing prices, which opened the opportunity to sell at a favourable price for this holder.

In 2015, the Executive Committee also decided to send four warning letters in relation to the results of the investigations conducted by the Market Monitoring Unit. Three of these letters were sent to investors who performed numerous daily transactions, warning them that they must comply with market abuse rules in their trading. The fourth letter was sent to an issuer demanding that the measures to safeguard insider information laid down in its internal code of conduct should be implemented with procedures that ensure compliance.

The CNMV prioritises in the supervision of investment services firms and collective investment schemes the early identification and correction of problems that might affect investors. Through early prevention and other supervisory tools, in 2015 the CNMV continued paying particular attention, in the scope of investment services, to the marketing of complex investment products to retail customers and, in the area of collective investment, to the measures adopted by management companies to prevent and, as the case may be, resolve conflicts of interest, as well as compliance with the disclosure obligations with regard to the unit-holders and shareholders of collective investment schemes.

This chapter includes four exhibits which highlight the particularly relevant supervisory actions performed in 2015. Exhibit 11.1 describes the horizontal review of the procedure for launching new investment products by credit institutions provided for in CNMV Circular 1/2014, of 26 February, on internal organisational requirements and control functions of entities which provide investment services. Exhibit 11.2 focuses on another thematic review, this time with regard to the functioning of the customer service departments of credit institutions, for which the CNMV selected a representative sample of 12 institutions that accounted for 82% of the customer complaints received between January 2012 and February 2014. Exhibit 11.3 provides a chronological description of the actions undertaken by the CNMV with regard to Banco de Madrid, S.A.U. in its capacity as an entity providing investment services and as a securities depository, and with regard to the subsidiaries of the group that perform activities subject to supervision by the CNMV. Finally, Exhibit 11.4 summarises the results of an analysis performed on the content and format of the advertising information that appears on the websites of the management companies and marketing companies of CIS, with the aim of verifying compliance with current legislation. The chapter also includes a fifth exhibit (Exhibit 11.5) on the transposition of Directive 2011/61/EU of the European Parliament and of the Council, of 8 June 2011, on Alternative Investment Fund Managers and amending Directive 2003/41/EC and 2009/65/EC and Regulations (EC) No. 1060/2009 and (EU) No. 1095/2010 (AIFMD).

There are two exhibits included in other chapters of this report which are linked with the entities referred to in Chapter 11 that may be of interest. These are, specifically, Exhibit 7.1, which discusses the new regulation on restructuring and resolution of credit institutions and investment firms, and Exhibit 8.1, which focuses on the regulation of crowdfunding platforms introduced by Law 5/2015, of 27 April, on the promotion of business funding.

11.1 Investment services firms

In line with the practice initiated in previous years and with the strategic lines established in the Plan of Activities for the year, as part of its supervisory actions, in

2015 the CNMV continued paying particular attention to the marketing of complex products to retail clients and to preventive supervision.

As a result of these supervisory actions, the CNMV sent out a total of 830 deficiency letters to supervised entities, 645 of which originated from off-site supervision. This represents a slight fall on 2014, when 877 deficiency letters were sent.

**Supervision of investment firms and credit institutions:
deficiency letters sent by the CNMV in 2015**

TABLE 11.1

Type of deficiency letter	Off-site	On-site	Total
For late filing of information	307	1	308
Requests for information	191	93	284
Corrective measures or recommendations	100	45	26
Other notifications	191	93	284
Total	645	185	830

Source: CNMV.

11.1.1 Conduct of business rules and organisational requirements

As indicated above, the CNMV focused again its attention in 2015 on the marketing of complex products to retail clients and early detection of potential problems for investors.

In this context, the CNMV issued its Circular 3/2014, of 22 October, amending Circulars 1/2010 and 7/2008, which allows consolidation of the quarterly report, as well as the annual report, of certain reserved statements - specifically statements T9 and T10 - relating to order placement, receipt, transmission and execution. These statements, which must be submitted by entities with a high volume of retail clients or those which are very active in the marketing of complex instruments, have been amended with the aim of requesting more precise information with regard to certain characteristics of the financial instruments, particularly those which make it possible to identify their level of complexity.

The main aspects of the supervisory activity performed over the year, which was aimed at early detection and tackling of possible breaches of conduct of business rules or organisational requirements, are discussed in the following sections.

Review of the procedures for launching products

Through this initiative, the CNMV carried out a horizontal review of the procedures for launching new investment products of entities that provide investment services. The conclusions of this action were passed on to the entities at the start of 2016. Exhibit 11.1 provides a summary of this action and its conclusions.

A trend has been observed over recent years of offering retail clients increasingly sophisticated financial instruments. This trend, which now seems to have slowed down, has brought growing difficulties for investors when understanding the risks, costs and expected return of these products. It has also revealed the need to ensure that entities have solid procedures for launching products and that they strictly comply with such procedures. The launch procedures have a clearly preventive nature, which makes them an ideal method for avoiding the harm resulting from marketing products that are not suitable.

Both on a national and European level, various initiatives have been developed aimed at ensuring adequate application of current conduct of business rules and strengthening of investor protection in the area of product launches. The main initiatives are as follows:

- Firstly, it is important to highlight that MiFID II establishes that investment firms must have in place a process for approving products in which senior management participates and which set a target market for each instrument. Entities must understand the features of the financial instruments that they offer or recommend, assess their compatibility with the needs of said target market and ensure that products are only offered or marketed when this is in the client's interest.

In addition, MiFID II establishes a new regime for information on costs and charges in order to identify and group together all the costs paid by the investor.

The proposal for the second level measures of this Directive, which are currently pending approval, establishes the obligations of entities that provide investment services with regard to product governance, and strengthens the involvement of the entity's management body and compliance function in this matter.

- For its part, Regulation (EU) No. 1286/2014 of the European Parliament and of the Council, of 26 November 2014, on key information documents for packaged retail and insurance-based investment products (PRIIPs Regulation) establishes that the information provided should include a description of the type of retail investor to whom the product is intended to be marketed, in particular in terms of the ability to bear investment loss and the investment horizon. Similarly, the key information document must also include appropriate performance scenarios.
- In Spain, in anticipation of some of the obligations established in the MiFID II, CNMV Circular 1/2014, of 26 February, on internal organisational requirements and control functions of entities which provide investment services, and the guide for the procedures of internal control functions implementing said Circular,¹ establishes various obligations relating to the procedures for approval and design of new products and

services and a review of such procedures by the compliance function. For its part, the CNMV Communication, of 10 April 2014, on the marketing of complex financial instruments sets out various aspects relating to the internal analysis that entities must perform on these instruments in order to avoid practices that are harmful for their clients, and refers to issues relating to the information provided to investors and the review performed by the compliance function.

In this framework, the CNMV's Plan of Activities for 2015 included a horizontal review of compliance by entities with the requirements laid down in CNMV Circular 1/2014, of 26 February. The specific aim was to review whether they have in place a procedure for launching new products which includes at least the determination of the target market, an assessment of the balance between return and risk, and product performance scenarios in accordance with the guidelines and procedures laid down in the Circular. On performing this action, an early review of implementation of the product governance requirements of the MiFID II was also carried out.

The review was carried out on a sample of 16 entities with a high number of retail clients or with significant brokerage volumes in complex products. The entities were requested to provide information on the procedures that they follow for launching products. After analysing the responses received, each of the entities was sent a personalised document informing it of the various considerations with regard to the procedures, indicating the aspects that they should adjust to legislation and those that should incorporate the best practices identified by supervisors.

The CNMV believes that the existence of appropriate procedures in entities for launching products is of key importance for investor protection, as this is the best way to prevent investors being harmed as a result of being sold unsuitable products. The CNMV therefore urges entities to improve, where necessary, their processes in order to anticipate, as far as possible, the investor protection provided by rules which are not yet in force and to strictly comply with those rules which are currently in force. In particular, with regard to designing products that meet the needs of the target market, the CNMV stresses that investors should be able to bear the potential losses and that detailed information must be provided on the type of investor that the product is aimed at.

The main conclusions of the analysis that have been passed on to the entities are summarised below:

- i) In some cases, the entities were reminded of the necessary involvement of senior management in the product approval process, as well as the obligation to perform periodic reviews of the financial instruments that they offer or market, bearing in mind any event that might substantially affect the risk for the target market.
- ii) With regard to the internal product analysis procedures, entities were generally reminded of the obligation to have an appropriate procedure in place to guarantee that these products are offered in the client's

interest and to assess both the pertinent risks for the target market and the appropriateness of the product's return/risk profile for the established target market.

- iii) With regard to determining the target market, most of the entities were reminded of the need to specify a particular target market of final customers for each financial instrument which, as established by ESMA in its technical advice to the European Commission, must be identified in sufficient detail so as not to include any groups of investors for whose needs, characteristics and objectives the product is not compatible.
- iv) In addition, with regard to the above point and on a general basis, entities were reminded of the need to assess the compatibility of the financial instruments that they offer or recommend with the needs of the clients to whom they provide investment services, taking into account the product's target market. Similarly, entities must guarantee that the instruments are only offered or sold when this is in the client's interest.
- v) With regard to transparency, all the entities were informed that it is considered appropriate, in all cases, to inform clients about the specific target market for each product. The PRIIPs Regulation, as well as the CNMV Communication on complex products, already established this requirement. Some entities were also reminded of the obligation to appropriately inform investors about the costs and charges that they incur by investing in the product, as well as the recommendation to inform about the instrument's performance scenarios, including their likelihood.

¹ Available at <http://www.cnmv.es/cnmvdia/decretos/guiafuncionesCI.pdf>.

Exercise of new supervisory capacities

The CNMV has begun the work necessary to perform the new capacities assigned to it by Law 5/2015, of 27 April, with the aim of strengthening its supervisory powers and which will lead to improved performance of its mandate to ensure investor protection. The strengthening of its powers will allow, among other improvements, the possibility of using new supervisory instruments, such as hiring experts in different matters and the use of external staff to anonymously verify the process for marketing financial products in commercial networks (mystery shopping). This will all contribute towards strengthening the CNMV's preventive supervisory actions.

Among the new powers granted to the CNMV, the Law on the promotion of business funding entrusts the CNMV with authorising and supervising the activity of crowdfunding platforms. The internal work relating with designing the supervision model applicable to this type of entity began in 2015 and, as indicated in Section 8.2, a guide was published for authorising crowdfunding platforms, which forms part of the CNMV's commitment to speed up procedures for authorising and registering entities as far as possible. Exhibit 8.1 summarises the main characteristics of the crowdfunding regulation in Spain and compares it with that of other leading European countries.

Periodic inspections

In the inspections carried out in 2015, supervision of conduct of business rules focused on the procedures for evaluating the match between products and clients (appropriateness and suitability test) and compliance with information obligations with regard to marketed financial instruments both prior to providing the investment service and subsequently, especially with regard to complex instruments marketed to retail clients.

The main incidents detected are as follows:

- Including in portfolios managed and recommending categories of CIS that were less advantageous for the investor than others that the investor could have accessed.
- Deficiencies in the appropriateness test as a result of reference to families of instruments with widely different products or insufficient assessment of the client's knowledge and experience.
- Deficiencies in the suitability test as a result of incorrect assessment of the client's investment objectives or financial position or as a result of possible inconsistencies in the client's answers.
- Gap between the theoretical assessment procedures and those effectively applied by the entity.
- Failures to match the client's risk profile with the risk of the products or portfolios under advisory services.
- Errors in classification of risk or product complexity.
- Lack of supporting evidence of the client receiving the information documents on the nature and risks of the product, delivery of documentation not corresponding to the service provided or deficiencies in the information on incentives and costs.
- Absence of information about the fair value of certain complex instruments.
- Incidents on the information reported in reserved statements.

The first of these incidents was prominent and gave rise to several proposals for disciplinary measures.

Also noteworthy, in the case of the reviews performed on financial advisory firms over the year, was the situation of one entity with a low number of clients that had significant deficiencies in the performance of its activity and which was ordered to notify its clients of the high risk of losing all their investment inherent to the entity's recommendations (as its strategy was limited to high-risk products). Disciplinary measures were also proposed for this entity.

Organisational requirements

With regard to organisational requirements, the CNMV detected, as in other years, weaknesses in the performance of control functions, above all with regard to the

independence that should govern their actions and the absence of evidence of the work performed in this area.

Other noteworthy incidents in the reviews of compliance with organisational requirements were those relating to a failure to establish separate analysis and proprietary trading areas, defects in the prevention of conflicts of interest, weaknesses in overseeing the activity of employees, particularly agents, and deficiencies in the procedure for identifying and uncovering incentives in some entities.

The review of the 2014 reports on client asset protection (Spanish acronym: IPACs) also played an important part in the supervision of compliance with organisational requirements over 2015. The CNMV received a total of 203 IPACs, which are broken down by type of entity in Table 11.2. As shown in this Table, all the entities subject to this obligation sent the corresponding report. The review performed by the CNMV did not reveal any serious incidents which might indicate the existence of imbalances in assets belonging to clients.

Reports on client asset protection (IPACs)

TABLE 11.2

	No. of registered entities	No. of exempt entities ¹	No. of IPACs	
			2014	Change on 2013 (%)
Spanish credit institutions	137	22	115	-4
Broker-dealers and brokers	78	30	48	-6
Non-EU branches of credit institutions	6	4	2	0
Portfolio management companies	5	1	4	-1
CIS management companies	96	62	34	0
Total	322	119	203	-11

Source: CNMV. (1) Entities which do not perform activities within the scope of application of CNMV Circular 5/2009, of 25 November, regulating the Annual Auditor's Report on Client Asset Protection, as well as entities in the process of de-registration.

Supervision of claims services

In 2015, the CNMV completed a horizontal analysis, which it began in 2014, of various aspects relating to how entities that provide investment services manage complaints from clients. Exhibit 11.2 provides a summary of this action and its conclusions.

Horizontal review of the complaint-handling procedure on the marketing of financial instruments of credit institutions

EXHIBIT 11.2

The number of complaints received over recent years by credit institutions and the CNMV has been very high, particularly those relating to the marketing of financial instruments such as interest-rate swaps, certain structured products with problems relating to the issuer's solvency and, especially, hybrid instruments.

Order ECO/734/2004, of 11 March, on customer service departments and the customer ombudsman of financial institutions, establishes that, in the event that a complaint received by the entity has not been decided in favour of the customer by the corresponding office or department, the complaint will be passed on to the customer service department for processing. The customer service department and, as the case may be, the customer ombudsman, have two months from receipt of the complaint by the entity to give a reasoned decision, as well as an additional ten calendar days to notify the interested party of said decision.

If the customer has not received a response to their complaint after the legally established period, or if said response is not to their satisfaction, the customer may submit the complaint to the CNMV, for which the entities' customer service departments must make the corresponding form available to the investors.

In the course of its activities relating to the processing of customer complaints, the CNMV has noticed that a growing number of complaints appear not to have been processed by the customer service departments of some entities. The CNMV also observed delays to varying degrees across the entities in the time period for responding to the complaints.

In addition, the Economic Affairs and Competitiveness Committee of the Spanish Lower House of Parliament had approved a non-legislative motion in April 2014 urging the Government to ensure supervisors "use all the powers conferred to them by law, including disciplinary powers where appropriate, so that the customer service departments of entities subject to their supervision effectively comply with the obligations imposed on them by Order ECO/734/2004, of 11 March, on customer service departments and the customer ombudsman of financial institutions, in particular that of responding with due cause to the complaints and claims filed by customers in a maximum period of two months".

Considering this background, as well as the information on complaints reported by entities in the reserved statements on conduct of business rules, the CNMV carried out a review of certain aspects of the functioning of customer service departments in a representative sample of 12 credit institutions, which accounted for 82% of the customer complaints received by the CNMV's Claims Service between January 2012 and February 2014. It is important to highlight that this period coincides with that of the highest number of complaints filed with the CNMV: between four and five times more common in annual terms than the average of the three preceding years or 2014 as a whole.

Over the course of the review, the CNMV checked that the entities have customer service departments with the mandatory regulation for governing how they operate. However, some entities did not report that the compliance function had participated in the procedures for reviewing and analysing complaints in order to identify and address recurring systemic problems, as well as any possible resulting legal or operational risks, which is contrary to the provisions of the *Joint Committee Final Report on guidelines for*

complaints-handling of the securities (ESMA) and banking (EBA) sectors, of 27 May 2014.

The CNMV also noted that in general the complaints essentially related to incidents in the marketing of different types of financial instruments already detected in supervisory work conducted by the CNMV in previous years.

With regard to compliance with certain organisational and procedural requirements, it was revealed that:

- i) The customer service department of some entities did not respond to part of the complaints received, with this incident occasionally being significant.

In addition, the CNMV detected deficiencies in the process of receiving and handling the complaints, with the result that the complaints did not reach the customer service department for processing. In this regard, the entities considered that dealing with the complaint in the branches or other departments was sufficient, even if the result was not favourable for the client. This incident was particularly significant in some of the entities analysed.

- ii) Entities generally had difficulty in resolving the complaints from clients within the two-month deadline established in Order ECO/734/2004, of 11 March. In particular, between 30% and 50% of the complaints relating to four entities were resolved with delays.

Although the CNMV believes that the review period was particularly unusual due to the high number of complaints received, the entities should have taken appropriate measures to ensure that their customer service departments had sufficient staff, and material, technical and organisational resources to comply with their functions, as established in Article 6 of the aforementioned ministerial order.

The CNMV therefore ordered all of the entities to adopt the necessary measures to avoid a repeat of the incidents detected in the future. Said measures had already been implemented by most entities in 2014 or the start of 2015. Similarly, when considered necessary depending on the circumstances in the case, the CNMV proposed adopting disciplinary measures.

Actions relating to Banco de Madrid

Finally, in 2015 the CNMV faced an exceptional situation as a result of the declaration of the insolvency proceedings of Banco de Madrid and the opening of the liquidation stage of the bank. This affected both the bank, in its capacity as a company that provides investment services to clients and as a depositary of collective investment schemes (CIS), and the other entities in this group subject to supervision by the CNMV - Banco de Madrid Gestión de Activos, SGIIC, S.A. and Interdin, SV, S.A. - which have been intervened by the CNMV. Exhibit 11.3 provides a chronological summary of the CNMV's actions relating to the bankruptcy of Banco de Madrid.

Actions of the CNMV relating to entities of the Banco de Madrid group: chronological summary

EXHIBIT 11.3

Banco de Madrid, S.A.U. (BM) was subject to an exceptional situation in 2015 which affected both the bank itself, in its capacity as a company that provides investment services to clients and as a CIS depository, and the entities of its group in Spain supervised by the CNMV – the collective investment scheme management company Banco de Madrid Gestión de Activos, S.A. (BMGA) and the broker-dealer Interdin Bolsa, SV, S.A.

On 10 March 2015, the Financial Crimes Enforcement Network of the United States Department of the Treasury (FinCEN) announced that it considered Banca Privada d'Andorra (BPA) as a foreign financial institution of primary money laundering concern. On the same date, the Andorran National Institute of Finances (INAF), in its capacity as the Andorran banking supervisor, agreed as a precautionary measure to place BPA, the sole shareholder of BM, under receivership. For its part, the Bank of Spain also approved on that same day to place BM under receivership, bearing in mind that this situation might have a significant effect on the bank's operations and endanger its stability.

On 13 March, the Bank of Spain approved the replacement of BM's board of directors and the appointment of temporary administrators with the aim of preserving, as far as possible, the bank's stability. On 16 March, the temporary administrators of BM announced the decision to apply for an insolvency order and suspend the bank's operations awaiting a decision from the competent judicial authority.

On 18 March 2015, the governing committee of the Fund for Orderly Banking Restructuring (Spanish acronym: FROB) decided not to open a resolution process for the entity and, on 25 March 2015, pursuant to the order handed down by the Commercial Court No. 1 of Madrid, BM was declared in insolvency proceedings, with the judicial order establishing the opening of the liquidation stage. This implied the cessation of all BM's activity as from said decision.

The cessation of activity had a major impact on the entity's activities supervised by the CNMV given that, even though it was a credit institution, a large part of its activities took place in the securities market. The CNMV undertook multiple actions in order to ensure suitable customer protection. Before describing these actions in detail, a summary is given below of the relevant data on the activity of entities of the BM group in securities markets.

- Collective investment. The group's management company (BMGA) managed 73 mutual funds with total assets of 3.12 billion euros and 97,000 investors. The SICAV business managed 69 of these open-ended investment companies with total assets of 603 million euros. BM was also depository for 21 mutual funds (905 million euros of assets and 14,000 investors) and 59 SICAVs (assets of 530 million euros). These CIS were the most affected by the cessation of activity as the investors saw their right to redemption temporarily suspended.

- Clients of the group's broker-dealer. The broker-dealer Interdin had 8,000 clients which, on the date that BM ceased activity, held credit positions with the broker-dealer for 31 million euros. Of this total, 22 million euros were in a sight account that the broker-dealer held on behalf of its clients in BM.
- Other clients of BM. On the date of the insolvency proceedings, the bank had securities deposited for an amount of 554 million euros, as well as units or shares in different CIS managed by BMGA, essentially foreign CIS, for an amount of 732 million euros, all of which belonged to around 7,000 clients.

The most relevant aspects of the different actions undertaken by the CNMV are summarised below.

Actions relating to BMGA, and to BM in its capacity as CIS depositary

Since the first circumstances arose which led BM to apply for an insolvency order, the CNMV, in the context of its powers, adopted the following measures in the scope of the CIS:

- On 16 March 2015, the CNMV decided to temporarily suspend redemptions of the mutual funds managed by BMGA. The suspension, a consequence of the insolvency situation of BM, was limited to the funds operated by said bank, which it was materially unable to operate, and was established for the indispensable time in order to guarantee the investors' rights in these products and their equal treatment. The suspension affected 21 funds which had BM as depositary.

For their part, the governing bodies of the Alternative Stock Market (MAB) decided to interrupt trading of the SICAVs managed by BMGA and/or deposited in BM on that same date. The suspension of trading was agreed on the following day, 17 March.

- On the same 16 March, the CNMV, at the request of the management company and as a result of the impossibility of maintaining operations with securities and cash as a consequence of BM's decision to suspend all its operations, agreed to place BMGA under receivership. This decision meant that all the actions of its directors had to be approved by the receivers designated by the CNMV, with the aim of maintaining the investors' interests and the general interest.
- On 24 March, the CNMV decided to initiate, as the legally provided circumstances had been met, the procedures to suspend the authorisation granted to BM to exercise as a CIS depositary and to revoke BMGA's authorisation to act as a collective investment scheme management company. In both cases, as a precautionary measure, the procedures were initiated in order to designate a replacement entity, by means of the CNMV requesting the submission of statements of interest by entities legally authorised to provide such services.

- On 30 March 2015, the CNMV decided to designate, as a provisional measure, Cecabank, S.A. as the depositary to which the assets and funds of which BM was depositary would be transferred. Said designation was subject to a prior agreement on the conditions under which the entity had declared its interest in providing this service.

On the same date, the CNMV decided to entrust, as a temporary measure, to Renta 4 Gestora, SGIIC, the management of the CIS managed by BMGA, following an agreement on the conditions under which the entity declared its interest in providing the service. The measure was therefore dependent on receipt of the assets held in custody by Cecabank.

- On 14 April 2014, the CNMV accepted the conditions of Cecabank to assume the function as temporary depositary of the CIS and therefore as from that moment the assets of the CIS of BM began to be transferred to that entity.
- On 11 June 2015, the CNMV accepted the conditions of Renta 4 Gestora to take on the CIS managed by BMGA on a temporary basis. After taking on the management, the process of lifting the suspension of redemptions from mutual funds managed by BMGA began, after guaranteeing the rights of investors and equal treatment among them. However, it was necessary to create side pockets for segregating some assets, as the liquid balance held in the accounts opened by the mutual funds and BM had not yet been received.

This first opening of redemptions made 80.6% of the unit-holders' assets available. Once part of the liquidity in the current accounts in BM was received in the side markets in July, said side pockets were partially opened, allowing unit-holders access in successive stages to approximately 99.8% of their assets.

Once the extremely serious situation which led to BMGA being placed under receivership had past, given that it did not manage any CIS and that BM was no longer a depositary of any CIS, the receivership measure ordered by the CNMV was no longer necessary. The situation of the management company presented no danger to the net worth balance of the CIS or the assets of its clients and it did not affect the stability of the system. The CNMV therefore decided to render the receivership null and void on 14 January 2016.

Actions relating to the broker-dealer Interdin Bolsa

As a consequence of the decision taken on 16 March 2015 by BM's temporary administrators to apply for an insolvency order and to suspend the bank's operations until the judge handed down a ruling, all the bank's accounts were blocked, thus preventing Interdin Bolsa from returning all of the funds that had been provided by its clients for usual trading in securities markets.

As it was unable to meet the request for reimbursement of the cash belonging to its clients, which was mostly deposited in BM, and in order to safeguard its

clients' best interests, Interdin Bolsa applied to be placed under receivership by the CNMV, which took place on 16 March 2015.

A few days later, on 20 March 2015, Interdin Bolsa informed the Commercial Court that it was in the process of negotiations to obtain a creditors' arrangement for the purposes provided for in Article 5 *bis* of the Bankruptcy Act 22/2003, of 29 July. At the same time, Interdin Bolsa requested, both to the temporary administrators, on 20 March 2015, and to the bank's bankruptcy administrators, on 31 March 2015, unblocking of the balance of the accounts held on behalf of its clients in BMB. It also requested the itemisation of this balance in order to comply with the provisions of Article 193 of the recast text of the Capital Market Act, approved by Royal Legislative Decree 4/2015, of 23 October, which expressly recognises for the clients of investment firms the right of ownership of the funds submitted to said entities, even when these are materialised in assets in the name of the entities and on behalf of clients, providing, together with the request, an itemisation of the balance held by each holder.

After receiving a response from the administrators of BM, the board meeting of Interdin Bolsa, held on 27 March 2015, adopted the resolution to reimburse, in proportion to their balance, the non-blocked cash of the clients in BM. Approximately one third of the clients' deposits were reimbursed, both to clients who had formally made the request and to those who had not, thus avoiding possible conflicts of interest.

The CNMV requested that the bankruptcy administrators of BM inform whether they would accept the individualisation of the balance of the accounts of Interdin Bolsa in said bank and whether, consequently, the individualised balances would be covered by the Deposit Guarantee Fund. On 30 April 2015, the bankruptcy administrators of BM declared that, after reviewing the current account contract in which Interdin Bolsa appeared as sole holder, it was not able to recognise balances and credit for persons other than those appearing as holders of the account held in BM.

As a consequence of this declaration, the clients of Interdin Bolsa were not covered by the Deposit Guarantee Fund and they were also unable to obtain reimbursement of all of the money belonging to them from the broker-dealer. In this situation, the CNMV activated, on 11 May 2015, the procedure laid down in Article 201 of the recast text of the Securities Market Act in order to declare that the entity could not meet its obligations with clients due to its financial position, which allowed compensation of the credit balances of its clients by the FOGAIN up to a maximum amount of 100,000 euros.

Actions relating to BM in its capacity as entity that provides investment services

Since the first circumstances which led to BM applying for an insolvency order, the CNMV has also adopted different measures in order to protect the interests of the bank's clients in the area of the provision of investment services.

In particular, on 20 March 2015, it sent a letter to BM requiring that it should comply, duly and at all times, with any securities transfer requests from its clients and that it should send a letter informing them of this situation and of their rights in this case. In this regard, Article 15, Section 1, of the recast text of the Securities Market Act establishes after an insolvency order is issued with regard to an entity entrusted with keeping a register of securities represented in book-entry form or of a participating entity in the registry system, that the holders of securities recorded in said registries will enjoy a right of separation with regard to the securities registered in their favour and may execute said right by requesting that they be transferred to another entity.

On 11 May 2015, the CNMV published on its website a communication with information of interest for BM's clients informing about the existing options and the procedure to be followed in order to transfer their positions in the bank to another entity of their choice. It also provided information on other issues, such as the situation of securities pledged in favour of the bank, which may not be transferred and for which the procedure set by the bankruptcy administrators must be followed, and the payment of dividends and coupons. The existence of insolvency proceedings does not prevent BM from providing clients with the dividends and coupons corresponding to the securities that they hold.

In application of current legislation, the CNMV also performed supervisory actions aimed at ensuring that BM executed the transfer orders received by clients as soon as possible. The process was affected by various circumstances which have caused it to move slowly and, consequently BM still held positions of its clients on 31 December 2015. Among these circumstances, it is important to consider the exceptional situation in which the bank finds itself, with a clear lack of human and technical resources, as well as other outside factors including the blocks applied by some management companies of foreign collective investment schemes or by their related entities (payment agents and correspondent banks) in view of the information published by the FinCEN, which has hindered the transfers of client positions in foreign collective investment schemes.

11.1.2 Prudential requirements

The prudential supervision of investment firms focuses on two complementary areas. Firstly, the economic-financial situation and net worth viability of investment firms is analysed in view of, *inter alia*, the requirements laid down in the recast text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of 2 July. Secondly, the CNMV checks that investment firms subject to solvency legislation have sufficient own funds to take on the risks associated with the activity which they perform. The bulk of this supervision is based on the information sent periodically to the CNMV, which is complemented by on-site inspections.

The monitoring conducted by the CNMV last year revealed some net worth or solvency incidents, but, as in previous years, the sector has ample own funds.

In addition to the periodic controls on compliance with ratios and the review of the content of the audited annual accounts, prudential supervision requires the CNMV to review the capital and solvency self-assessment reports.

In 2015, investment firms were required for the first time to include stress scenarios relating to credit, market and economic risks in the annual capital self-assessment reports. The analysis of the stress scenarios revealed that the entities are suitably capitalised with no major weaknesses observed.

The results of the analysis of the self-assessment reports, including the results of the stress analyses, form part of the information that the CNMV has used for drawing up its supervisory programme for 2016.

11.1.3 Regulatory changes

The European regulation on solvency for investment firms is finally being transposed to Spanish law through an amendment to the Securities Market Act¹ and Royal Decree 217/2008, of 15 February, on the legal framework of investment firms and other entities providing investment services and partially amending the Regulation of Law 35/2003, of 4 November, on Collective Investment Schemes, approved by Royal Decree 1309/2005, of 4 November. This regulation is essentially based on Directive 2013/36/EU of the European Parliament and of the Council, of 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, and Regulation (EU) No. 575/2013 of the European Parliament and of the Council, of 26 June 2013, on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012.

The noteworthy new developments in EU legislation relating to prudential supervision include approval of a recommendation from the European Banking Authority on common procedures and methodologies for the supervisory review and evaluation process, which is also applicable to the investment firm sector. The recommendation states that in their evaluation processes, supervisory authorities should give different scores to each entity, which will serve as a reference not only for the purposes of supervision, but also in order to set, where appropriate, the time at which the recovery measures planned by the entities should be initiated.

Equally important was the approval of Law 11/2015, of 18 June, on the recovery and resolution of credit institutions and investment firms, and Royal Decree 1012/2015, of 6 November, implementing Law 11/2015, of 18 June, on the recovery and resolution of credit institutions and investment firms, and amending Royal Decree 2606/1996, of 20 December, on deposit guarantee funds of credit institutions. This Law transposes to Spanish law Directive 2014/59/EU of the European Parliament and of the Council, of 15 May, establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC,

1 Through Royal Decree-Law 14/2013, of 29 November, on urgent measures to adapt Spanish law to EU legislation on the supervision and solvency of financial institutions and Law 10/2014, of 26 June, on the organisation, supervision and solvency of credit institutions.

2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No. 1093/2010 and (EU) No. 648/2012 of the European Parliament and of the Council. The Law establishes new obligations for investment firms, such as drawing up a recovery plan with the measures to be taken in the event of a reduction in their solvency, and for supervisory authorities, such as drawing up resolution plans for each entity under the scope of the aforementioned rules.

In the context of conduct of business rules, it is important to highlight publication of Order ECC/2316/2015, of 4 November, on obligations of information and classification of financial products, which has continued the spirit of the initiative launched by the CNMV in September 2014 of establishing a classification system for financial instruments. The obligations provided in the new legislation also extend to banking and insurance products, such as bank deposits, life insurance products intended for savings and individual and associated pension schemes.

The aforementioned ministerial order establishes a system for warning retail clients about the risk and complexity of the financial products in a simple and graphic manner through the use of a risk indicator, together with, where appropriate, separate alerts on liquidity and level of complexity. The legislation is not applicable to public debt or products subject to Regulation (EU) No. 1286/2014 of the European Parliament and of the Council, of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs Regulation), which includes mutual funds.

The different European initiatives in progress with regard to conduct of business rules include the developments in drawing up implementing standards (levels 2 and 3) of the new legislation on markets in financial instruments (MiFID II and MiFIR) and of the PRIIPs Regulation. These standards were expected to be applied as from January 2017, but the European Commission has put back the start date to January 2018 due to their technical complexity, as indicated in Chapter 10.

11.2 Supervision of collective investment schemes and closed-ended investment vehicles

11.2.1 Supervision of mutual funds and SICAVs

As in previous years, the CNMV focused its supervisory work on preventive analyses aimed at verifying whether CIS management companies adequately comply with their obligations, particularly whether they resolve conflicts of interest in an appropriate manner and whether unit-holders or shareholders receive sufficient information about their investments.

The CNMV combines off-site supervision with on-site inspections in its reviews of CIS and their management companies. Off-site supervision is based on analysing the financial statements that CIS submit to the CNMV on a monthly basis, which include a list of individual positions of the portfolio assets and of the derivatives of all registered CIS and the net asset values applied, and on additional information for analysing aspects not contained in the statements that the entities are requested to provide. On-site inspections are basically focused on verifying less standardised or more specific aspects of the CIS that do not appear in the standardised reporting.

Off-site supervision in turn involves two types of analyses. The first consists of general periodic analyses to ensure ongoing control over such aspects as the adequacy of resources and the internal controls of CIS management companies, the prevention of conflicts of interest, and compliance with legal ratios or the suitability of the investments. The second consists of non-recurring analyses, which may be general or specific, which focus on issues that arise during supervision itself or which are pertinent given the evolution of the entities or of the markets.

As a result of these actions, in 2015 the CNMV sent a total of 969 deficiency letters to supervised entities in the context of CIS. Of this total, 460 letters corresponded to late filing of information, mostly CIS auditor's reports, 84 letters corresponded to requests for information necessary for supervision (other than that generally available) and 390 related to letters requesting the adoption of corrective or improvement measures, as well as recommendations, in order to solve the incidents detected during the supervision. The remaining 35 letters (other notifications) basically responded to enquiries received by the CNMV.

Supervision of CIS: deficiency letters sent by the CNMV in 2015

TABLE 11.3

	Actions		Total
	Off-site	On-site	
For late filing of information	460	0	460
Requests for information	48	36	84
Corrective measures or recommendations	370	20	390
Other notifications	9	26	35
Total	887	82	969

Source: CNMV.

Periodic controls

The most important controls of this type performed in 2015 were as follows:

- Control of CIS legality. CIS legislation establishes a series of diversification ratios and limits. In addition, it requires that CIS maintain minimum assets and a minimum number of unit-holders and shareholders so as to ensure the collective nature of the CIS.

Bearing in mind the above, in 2015 the CNMV continued performing analyses aimed at ensuring compliance with the different limits and ratios. The most numerous incidents were once again the result of sudden failures to comply with diversification limits, i.e. those which are the result of circumstances beyond the control of the management companies, such as a reduction in assets as a result of redemptions, although the immense majority of such incidents were regularised within the legally established time periods. Breaches relating to CIS structures (failures to comply with minimum levels of assets, capital and unit-holders) are also relatively frequent.

- Analysis of operational limits on derivatives trading. The CNMV conducts a specific analysis of the operational limits of CIS in derivatives, in which it particularly focuses on the evolution of the management companies in order to

detect situations which might suggest weaknesses in their control systems for this type of trading. The excessive leverage detected in the analyses were one-off situations and of a low amount.

- Analysis of returns. The aim of this analysis is to detect atypical or abnormal returns in CIS based on the differences between the real net asset values and theoretical net asset values calculated by assigning a tracker index to the portfolios. This analysis makes it possible to detect weaknesses in the procedures for measuring and controlling the net asset value, as well as other incidents, such as the allocation of incorrect expenses to the CIS, conflicts of interest that have not been appropriately resolved, etc.
- Analysis of CIS audits. CIS regulations require firms to send audit reports and annual accounts electronically to the CNMV. This information must be delivered to investors as part of the annual report. No relevant incidents were detected in the CIS audit reports in 2015, with the number of qualifications being very low.

Non-recurring controls

With regard to one-off or non-recurring supervisory analyses, which are normally the result of the special circumstances of entities or markets, the CNMV continued the analyses of the sector in 2015 for certain issues or aspects, including the following:

- Analysis of the liquidity management procedures of management companies. The law requires entities to have procedures in place to control the individual liquidity of the securities in which they invest, as well as the overall liquidity of the portfolios, the capacity to meet redemptions fairly for investors, the need to perform stress tests on liquidity, etc. For the purposes of detecting weaknesses in these procedures, in 2015 the CNMV analysed the procedures of a sample of management companies characterised by investments of a certain amount in relatively liquid securities.
- Analysis of the listing processes of relatively illiquid securities and the holdings of CIS therein. The aim of this review was to identify possible conflicts of interest that were not appropriately managed.
- Horizontal review of the content of the qualitative and descriptive information contained in the periodic public reports for unit-holders. These analyses aim to verify that the quarterly reports provide shareholders and unit-holders with useful, understandable and sufficient information about the performance of their investment. In addition to this analysis, the CNMV paid special attention to funds with a specific target return in order to verify that these funds provide the investor with adequate information on achievement of the target, the existence of liquidity windows, etc.
- Analysis of the advertising content relating to mutual funds on the websites of management companies and marketing companies. Exhibit 11.4 details the main incidents detected, chiefly relating to the data on performance that was provided or the omission of information on risks. These incidents led to the CNMV sending deficiency letters to the entities in order to rectify the incidents detected.

Review of the advertising of CIS on the websites of management companies and marketing companies

EXHIBIT 11.4

The regulation
and supervision
of securities markets
Supervision of entities

The CNMV conducted an analysis in 2015 on the content and format of the advertising information that appears on the websites both of CIS management companies and of marketing companies. The aim of the analysis was to determine whether the aforementioned information matched the requirements laid down in current legislation and to check that no significant data was omitted and that the recipients of the information were in no way misled. After completing the review, a communication was published identifying and sharing the practices that the CNMV considered unacceptable or inappropriate. In turn, the CNMV provided a set of guidelines governing the advertising information on funds published on the websites of the management companies and marketing companies.

The relevant legislation in this respect is Article 60 of Royal Decree 217/2008, of 15 February, on the legal regime for investment firms and other entities that provide investment services, which partially amends the Regulation of Law 35/2003, of 4 November, on collective investment schemes, approved by Royal Decree 1309/2005, of 4 November, which establishes the conditions to be met by the information, including advertising information, in order to be fair, clear and not misleading. For its part, Order EHA 1717/2010, of 11 June, on the regulation and control of advertising of investment products and services, regulates the rules, principles and criteria applicable to the advertising of financial instruments and investment services.

In application of this Order, advertising must be clear, sufficient, objective and not misleading. In addition, in those cases which require preparation of a prospectus, the advertising information must be consistent with regard to the information contained or that must appear in the prospectus.

In view of the above, the review identified the following inappropriate practices:

- Entities which included data on past performance obtained prior to a substantial change in the investment policy of the CIS. Said performance should be omitted.
- Entities that offer insufficient information, given that they only publicise past performance corresponding to the last year or the year in progress. They must provide at least the annual performance of the last five years (or the entire period of existence of the CIS if less than five years). It is also acceptable to include the performance of the last four quarters.
- Entities that include data on cumulative past performance for periods greater than one year. The performance should refer to 12-month periods.
- Entities that highlight the positive elements without informing about the risks associated with investing in CIS.

- Entities that include the performance as the key element in the communication.
- Entities that include on the website highlighted comments that may be considered as unclear or misleading, for example, comments that assume that investing in certain types of funds does not involve a risk for the investor or that certain funds will obtain higher returns than other financial products.
- Use of simulators or videos that calculate the potential performance in the future on the basis of past performance obtained by the CIS since it was established. Future performance cannot be forecast based on past performance.

- Preparation of a working programme to analyse the possible systemic risk that the activity of Spanish CIS may pose to the financial system and market functioning. In this regard, it is important to remember that the specific legislation for CIS authorises the CNMV to assess to what point the leverage of CIS contributes to generating systemic risk in the financial system or the risks of market turmoil.
- Analysis of possible closet indexing² practices in Spanish mutual funds, in line with similar initiatives developed by ESMA and other European national authorities. In this regard, ESMA indicated in a recent declaration³ that it will be necessary to continue performing this type of review and to ensure that management companies fully comply with their information obligations in the documents provided to investors.

Together with these non-recurring horizontal analyses, the CNMV conducted numerous analyses relating to issues that specifically affected a single entity (specific issues of valuation, investments in unsuitable liquidity or assets, conflicts of interest, etc.). A special case, which required allocation of a significant part of the CIS supervisory resources, was the situation of the CIS management company of the Banco de Madrid group (Banco de Madrid Gestión de Activos SGIIC), referred to in Exhibit 11.3.

11.2.2 Supervision of management companies of hedge funds and funds of hedge funds

The amount of assets managed by hedge funds is low. Supervision of hedge funds in 2015 mainly consisted of analysing risk levels and compliance with structural requirements (assets and minimum number of unit-holders or shareholders).

With regard to funds of hedge funds, these entities are either in the process of liquidation or have high levels of participation of entities from the management company's group. In this case, the supervision is focused on monitoring the liquidation

2 Closet indexing: the mutual fund indicates in its prospectus that it carries out active management when in reality it performs the same as the benchmark index.

3 Statement: Supervisory work on potential closet index tracking. ESMA, 2 February 2016.

processes in order to check that the management companies acted with due diligence and that they provided adequate information on these processes to investors.

11.2.3 Supervision of real estate CIS

At present, there are only three real estate funds, which are currently in the process of liquidation. The CNMV's supervision therefore focused on monitoring these processes, particularly verifying whether the unit-holders received adequate information about the process.

11.2.4 Supervision of closed-ended investment firms

The CNMV continued to focus its supervisory work in the area of venture capital in 2015 on monitoring the mandatory investment and diversification ratios required for this type of entity.

Publication of Law 22/2014, of 12 November, regulating venture capital entities, other closed-ended collective investment schemes and their management companies, and amending Law 35/2003, of 4 November, on collective investment schemes, meant that 2015 was a year of transition in the venture capital sector in order to adapt to the requirements of the new Law (see Exhibit 11.5).

Among other amendments, this Law eliminates the classification of venture capital entities into entities subject to the ordinary regime and entities subject to the simplified regime and differentiates between venture capital entities and SME venture capital entities depending on whether or not the companies in which the vehicles invest are classified as SMEs. Consequently, different ratios are required with regard to investment and diversification relating to SMEs and the type of assets which are valid for covering said ratios is extended.

Transposition of the Alternative Investment Fund Managers Directive to Spanish legislation

EXHIBIT 11.5

Directive 2011/61/EU of the European Parliament and of the Council, of 8 June 2011, on alternative investment fund managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No. 1060/2009 and (EU) No. 1095/2010 (AIFMD), is an initiative which arose from the G20 as a response to the international financial crisis. It aims to submit these managers to a system for authorisation, regulation, supervision and reporting to the regulator when the assets managed exceed a specific threshold. It also imposes certain requirements relating to organisation, resources, conduct and transparency, all with the aim of monitoring their contribution to the systemic risk of financial markets and to control the impact of such risk. In exchange, managers obtain the possibility of benefiting from an EU passport to manage and market alternative funds in Europe to professional investors.

In accordance with the Directive, alternative funds are all collective investment undertakings other than UCITS, which include hedge funds, real estate

funds and venture capital funds. Unlike the legislation on UCITS, the AIFMD does not regulate alternative funds, but their managers. Each Member State is responsible for the regulation of these funds.

The AIFMD was transposed by means of the aforementioned Law 22/2014. This Law repeals Law 25/2005, of 24 November, regulating venture capital entities and their management companies (former Venture Capital Act), as a result of the significant impact that the AIFMD had on said Law and in order to be established as the legal benchmark for venture capital and, in general, for closed-ended collective investment vehicles in Spain. This transposition has also had specific effects on the Law on Collective Investment Schemes, as indicated below, which continues to be the legal benchmark for open-ended collective investment vehicles.

In comparison with the former Venture Capital Act, the new Act has a wider scope of application. Management of all types of closed-ended collective investment vehicles, whose capital is obtained through commercial activity, becomes a reserved activity which is necessarily subject to authorisation and supervision by the CNMV. The former Venture Capital Act only provided for registration with the CNMV of one single type of closed-ended vehicle (venture capital entities), registration was optional and linked to adherence to a favourable tax regime.

The new Venture Capital Act establishes two differentiated regimes for the management companies of closed-ended collective investment entities depending on the assets that they manage. In principle, all closed-ended collective investment entity management companies are subject to authorisation and to the same capital requirements. They must also have good administrative and accounting organisation, human and technical resources, internal control and risk management procedures, remuneration policies in accordance with rational and effective risk management and they must comply with certain requirements on transparency and disclosures to the regulator. However, larger closed-ended collective investment entity management companies and those which market their products to retail investors must comply with more exhaustive requirements, which are clearly specified in the Law. In addition, these entities must designate a depositary for each one of the vehicles that they manage and inform in a transparent manner about the remuneration paid by the management company.

Regarding closed-ended investment vehicles, two new categories have been created: SME venture capital entities and closed-ended collective investment entities. Creation of the former aims to boost the venture capital sector aimed at early stages of company development. Closed-ended collective investment entities are established as vehicles that may invest in all types of financial and non-financial assets without being subject to any regime on suitable assets or ratios.

With regard to the amendments introduced in the Law on Collective Investment Schemes, only a few have been aimed at ensuring compliance with the requirements of the AIFMD, as the Law was already in line with most of said requirements. These changes include the requirement of additional capital

for professional liability, transparency with regard to the remuneration paid by the management company, new reporting obligations to the CNMV and specification of the regime for the depositary's liability in the event of the loss of assets.

Nevertheless, the legislators have taken advantage of the transposition in order to also incorporate most of the provisions of Directive 2014/91/EU of the European Parliament and of the Council, of 23 July, amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards depositary functions, remuneration policies and sanctions. This Directive, known as the UCITS V Directive, regulates in a similar manner to the AIFMD the regime for the depositary and the managers' remuneration policies.

The legislator has also taken advantage of transposition of the AIFMD in order to extend the universe of suitable assets in which Spanish hedge funds may invest. This extension particularly allows loan origination funds and loan participation funds to be established in Spain.

Finally, and following the transitional period established in the Law, it should be pointed out that the process of adaptation to the new legislation by the managers regulated in the Law on Capital Investment Schemes and the new Venture Capital Act has now been completed. At the end of 2015, 95 CIS management companies were registered with the CNMV in accordance with the new legislation – 81 of these combined management of UCITS and alternative funds and were therefore affected by the new legislation, although only very specific adaptations were necessary due to the fact that, as indicated above, most of the requirements were already provided for in the Law on Collective Investment Schemes. A total of 77 closed-ended collective investment entity management companies were also registered, of which 65 were under the asset thresholds indicated in the new Law. Only six closed-ended collective investment entity management companies needed to adapt to the stricter requirements of the Law (two because they exceeded the threshold and the remaining four as they marketed products to retail customers). In addition, of the 37 self-managed venture capital companies and three SME venture capital companies, only two venture capital companies need to comply with all of the Law (one as it exceeds the threshold and the other because it markets products to retail customers). Six closed-ended collective investment entity management companies and seven self-managed venture capital companies have not had to adapt to the new legislation as their vehicles do not make any new investments.

11.3 Supervision of management companies: CIS management companies and closed-ended collective investment entity management companies

As indicated in Exhibit 11.5, Law 22/2014 affects both the management companies of collective investment schemes and the management companies of closed-ended investment entities. In particular, it establishes a capital requirement for the latter

and it increases the capital requirements of the former so to cover professional liability for the management of non-harmonised venture capital vehicles.

This has made it necessary to amend the CNMV accounting reporting circulars to adapt the information received to the new requirements. Specifically, the CNMV published CNMV Circular 4/2015, of 28 October, amending Circular 7/2008, of 26 November, on accounting rules, financial statements and confidential returns of investment firms, management companies of collective investment schemes and management companies of venture capital entities and Circular 11/2008, of 30 December, on accounting rules, financial statements and confidential returns of venture capital firms.

With regard to CIS management companies, 2015 was once again a favourable year for the sector, which recorded a significant increase both in assets managed and in results for the year (see Section 6.6). The number of registered entities did not change on year-end 2014 and therefore the sector's restructuring process can be considered as complete. The number of registered entities has fallen by 20% since 2008.

The CNMV continued monitoring the level of own funds in CIS management companies during the year. Despite the increase in required capital for professional liability indicated above, the sector continued with an ample surplus at year-end 2015, which is largely the result of the fall in capital requirements introduced towards the middle of 2012.

With regard to the management companies of closed-ended investment entities, although at year-end 2014 there were still no requirements relating to own funds, the CNMV monitored the levels of eligible and callable own funds in order to alert those entities that might be in a situation of deficit and to require that they take the appropriate measures to ensure compliance in 2015.

11.4 Supervision of depositories

As in other years, in 2015 the CNMV analysed the half-yearly reports that depositories are required to submit electronically to the CNMV on their supervision and oversight function. CNMV Circular 3/2009, of 25 March, on the content of the half-yearly report on compliance with the supervision and oversight function of the depositories of collective investment schemes, regulates these reports and establishes that depositories must include all non-compliances with legislation or anomalies which have been detected in the management or administration of both financial and real estate CIS, together with any observations which the management company or, as the case may be, the SICAV may have made as a consequence of the depositary reporting the anomaly.

On reviewing these reports, the CNMV paid special attention to incidents involving valuations reported by the depositories, non-compliance with investment policy, transactions not made on a regulated market, and reconciliation differences of cash and securities balances. These controls also make it possible to assess whether depositories are performing their functions correctly.

These controls were supplemented by off-site supervision of compliance with the depositary function in two credit institutions in its two key aspects: the function of

custody of the assets owned by the CIS and the function of supervision and oversight of the activity of the management companies. The CNMV also analysed the structure, resources and independence of this function within the organisation.

No on-site activities were performed in 2015 specifically aimed at reviewing a CIS depositary as the CNMV deemed the inspections of the CIS management companies to be a priority. However, the reviews of the latter include indirect checks on compliance by the depositary with the functions of custody of the securities of the portfolio of the CIS and of the functions of supervision and oversight of the activity of CIS management companies attributed to them by law.

11.5 Supervision of securitisation fund management companies

As in previous years, the CNMV did not carry out any on-site inspections in 2015 of securitisation fund management companies as it did not identify any specific risks affecting these companies. The supervisory activity was channelled through off-site supervision, which focuses on the information provided in the audit reports.

Given the new capital requirements provided for in Law 5/2015, of 27 April, a theoretical exercise performed on the position of this type of management company was performed with data from year-end 2014 without detecting any possible future breach.

11.6 Collaboration in the prevention of money laundering

The CNMV continued sending to the Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences (Spanish acronym: SEPBLAC) its reports corresponding to reviews agreed in previous years, with the conclusions reached on the level of compliance with money laundering prevention obligations.

With regard to new actions for 2015, the CNMV coordinated application of the cooperation agreement, bearing in mind the CNMV's supervision plan, as well as the priorities based on analysing money-laundering risk. Specifically, in 2015 the CNMV reviewed compliance with the obligations on the prevention of money laundering in five investment firms and three CIS management companies. The CNMV also submitted information to SEPBLAC on suspicious transactions relating to money laundering detected within the scope of its supervision.

Similarly, in 2015 a deputy director of the Supervision Department attended the meetings of the Standing Committee of the Commission for the Prevention of Money Laundering and Monetary Offences, in representation of the CNMV, as provided for in the Regulation of Law 10/2010, of 28 April, on the prevention of money laundering and terrorist financing.

12 Investor assistance and financial education

The CNMV pays priority attention and allocates significant resources to processing claims and complaints filed by investors. Following the sharp increase in the number of claims recorded in 2012 and 2013, the number has fallen dramatically over the last two years. Specifically, the Claims Service received 1,400 claims in 2015, 41.5% down on the previous year. The resources made available to the service and the fall in the number of claims filed led to a significant reduction in the number of outstanding claims at the end of the year: 3,615 in 2013, 896 in 2014 and 233 in 2015. Noteworthy among the improvements made to the Claims Service in 2015 was the implementation of a system for sending claims and complaints between supervisory bodies. It should be remembered that investors can file their claims and complaints with any of the three financial supervisors (CNMV, Bank of Spain and the Directorate-General of Insurance and Pension Funds) irrespective of which of them is the competent body. The new system significantly speeds up the forwarding of the claims to the competent supervisor although this link has so far only been established between the CNMV and the Bank of Spain.

Financial education is also a priority area for the CNMV. As in previous years, the activities in this area were performed within the framework of the Financial Education Plan, which is promoted jointly with the Bank of Spain. It is important to highlight the Financial Education Programme, which is developed in the school sector and which reached over 500 schools and 55,000 students in the 2014/15 academic year. The educational materials were adapted for this academic year to take into account the learning framework considered in the PISA tests of the OECD. Similarly, work has been carried out on preparing a code of best practices to prevent possible conflicts of interest due to the participation of private entities in developing initiatives relating to financial education.

12.1 Claims management

Investors can file complaints with the CNMV for delays, failures to address their problems or other inadequate actions by financial institutions, as well as claims for specific actions or omissions which harm their interests and rights. Nevertheless, they must prove that they previously filed these complaints or claims with the customer care service and/or customer ombudsman of the entity in question with one of the following three results: i) the entity did not accept the claim or complaint for processing, ii) the petition was rejected or iii) the claim or complaint is not resolved within two months of it being filed.

In 2015, investors filed a total of 1,400 claims and complaints, a fall of 41.5 % on 2014. After having reached a high of 10,900 claims and complaints filed in 2012, the number has gradually fallen over subsequent years.

Claims and complaints filed with the CNMV are not accepted if they do not comply with the acceptance requirements and these failures cannot be rectified or cannot be rectified in time. For this reason a total of 547 claims and complaints were not accepted in 2015. Even when they are accepted, the claim or complaint may be terminated early in certain cases without the CNMV issuing a final reasoned report. Of the total number of claims and complaints processed, 9.2% required no final reasoned report as they were accepted by the institution or resolved by mutual agreement, 1.8% because the complaint was withdrawn, and 3% as they fell outside the competence of the CNMV's Claims Service.

In the other cases, processing the complaint or claim ended with the issue of a reasoned report which concluded whether the corresponding entity complied with transparency and investor protection legislation or best financial practice and customs or not. In 2015, the CNMV issued reports of this type on 1,303 complaints and claims, 85.9% of those processed, a fall of 65.3% on the previous year. Claimants received a favourable report in 58.4% of the cases, while the remaining 41.6% received an unfavourable report. In 2014, these percentages were 71.9% and 28.1%, respectively.

As in previous years, the CNMV gave priority to handling claims and dedicated significant resources to this activity. This fact, together with the slowdown in the rate of filed claims, led to a significant fall in the number of outstanding claims at the end of the year, which dropped from 3,615 in 2013 to 896 in 2014 and 233 in 2015.

Complaints processed broken down by type of resolution

TABLE 12.1

Number of claims and complaints

	2013		2014		2015		% change 14/15
	No.	%	No.	%	No.	%	
Registered with the CNMV's Claims Service	7,308	-	2,393	-	1,400	-	-41.5
Not accepted for processing	1,685	-	592	-	547	-	-7.6
Processed without final reasoned report	2,242	26.7	766	16.9	213	14.1	-72.2
Acceptance or mutual agreement	519	6.2	260	5.8	139	9.2	-46.5
Complaint withdrawn	120	1.4	42	0.9	28	1.8	-33.3
Competence of other authorities	1,603	19.1	464	10.3	46	3.0	-90.1
Processed with final reasoned report	6,143	73.3	3,754	83.1	1,303	85.9	-65.3
Report favourable to claimant	4,199	50.1	2,700	59.7	761	50.2	-71.8
Report unfavourable to claimant	1,944	23.2	1,054	23.3	542	35.8	-48.6
Total complaints handled	8,385	100.0	4,520	100.0	1,516	100.0	-66.5
Being processed at the end of the year	3,615	-	896	-	233	-	-74.0

Source: CNMV.

The bulk of the claims resulting in a reasoned report in 2015 related to the information received by investors prior to contracting financial products (50.4 % of the total), although this type of claim fell by 79.9% compared with 2014. In general, investors stated in these claims their objection to the fact that these products did not meet their investor profile and the lack or deficiency of the information provided about these products.

With regard to the type of product, claims relating to the prior information provided on preferred shares and subordinated debt fell by 92.7% on the previous year, while claims relating to the information on convertible products fell by 80.5%. Similarly, their relative weighting in relation to all the claims processed with a reasoned report fell from 67.9% to 14.2% and from 6% to 3.4%, respectively.

In contrast, there was an increase on 2014 in claims relating to the prior information on financial swaps (19.4%) and on collective investment schemes (70.6%), although they only account for 2.8% and 2.2% of the total number of claims resulting in the issue of a reasoned report.

Resolved claims relating to prior information and customer/product match on products other than the above remained the most numerous although they fell by 17.4% on the previous year, and accounted for 27.8% of claims resulting in a final reasoned report. Within these products, there was a noteworthy increase in claims relating to shares, which accounted for 234 claims and 18% of the total, making them the most significant category within resolved claims.

Reasons for the processed claims and complaints resulting in the issue of a final reasoned report

TABLE 12.2

Number of claims and complaints

	2013		2014		2015		% change 14/15
	No.	%	No.	%	No.	%	
Prior information on the product and/ or matching of the product to the client	5,790	94.3	3,262	86.9	657	50.4	-79.9
Spanish preferred shares and subordinated debt	4,636	75.5	2,550	67.9	185	14.2	-92.7
Convertible products	729	11.9	226	6.0	44	3.4	-80.5
Financial swaps	45	0.7	31	0.8	37	2.8	19.4
CIS	42	0.7	17	0.5	29	2.2	70.6
Other	338	5.5	438	11.7	362	27.8	-17.4
Incidents in order execution	82	1.3	117	3.1	241	18.5	106.0
Securities ¹	34	0.6	64	1.7	184	14.1	187.5
CIS	48	0.8	53	1.4	57	4.4	7.5
Commissions	97	1.6	148	3.9	187	14.4	26.4
Securities ²	81	1.3	112	3.0	139	10.7	24.1
IIC ³	16	0.3	36	1.0	48	3.7	33.3
Information subsequent to purchase	70	1.1	70	1.9	71	5.4	1.4
Securities	49	0.8	43	1.1	63	4.8	46.5
CIS	21	0.3	27	0.7	8	0.6	-70.4
Other reasons	104	1.7	157	4.2	147	11.3	-6.4
Total processed with final reasoned report	6,143	100.0	3,754	100.0	1,303	100.0	-65.3

Source: CNMV. (1) Does not include incidents in the execution of sales orders for Spanish preferred shares and subordinated debt contained in some claims classified under the heading "Spanish preferred shares and subordinated debt". (2) Commissions for administration and custody, transactions, transfers and other securities commissions. (3) Commissions for subscription, redemption, transfer and other commissions relating to CIS.

Claims resulting in a final reasoned report as a result of incidents in the execution of securities purchase, sale or transfer orders rose by 187.5% on the previous year.¹ These claims increased the relative weighting in the total number of claims resulting in a reasoned report from 1.7% in 2014 to 14.1% in 2015. Claims relating to share purchase or sale orders account for the most significant part under this heading, with almost 100 claims.

Claims relating to the execution of orders of subscription, redemption and transfer of collective investment schemes (CIS) rose slightly, by 7.5%, and accounted for 4.4% of claims resulting in a reasoned report in 2015.

Resolved claims relating to the commissions applied by intermediaries rose by 26.4% on 2014, and accounted for 14.4% of claims resulting in a final reasoned report. In this case, the increase was the result both of commissions for securities transactions (execution of stock market transactions, administration and deposit, transfer, change of ownership, etc.) and those relating to CIS operations (subscription, redemption, transfer, etc).

Claims resulting in a final report relating to information subsequent to purchasing the product rose by 46.5% for securities and fell by 70.4% for CIS. This information aims to enable clients to accurately monitor their positions in investment products, as well as the options or rights resulting therefrom, with investors often claiming that they have not received the notifications or that they have received them past the deadline or only a short time before having to place the corresponding instructions.

Finally, the resolution of claims for other reasons fell by 6.4%. This section includes a wide variety of incidents, which include those relating to ownership of the contracts, handling probate, contracts for deposits and administration of securities, settlement and early cancellation of atypical financial contracts and portfolio management.

Monitoring of rectifications by entities

The reasoned report which the CNMV issues is not binding. However, if the report is favourable to the claimant, the CNMV requires that entities notify whether or not they accept the CNMV's criteria and, as the case may be, that they provide documentation demonstrating that the situation referred to by the claimant has been rectified. These notifications must be made in a period of one month following receipt of the report by the parties. If the entity fails to comply within this deadline, it will be deemed to have not accepted the criteria contained in the report.

Of the 761 claims closed in 2015 with a report favourable to the claimant, in 30% of the cases the entities notified that they accepted the criteria and rectified the situation referred to in the claim, while in 46.8% of the claims, the entities reported their disagreement with the report or informed about issues from which it cannot be deduced that they accepted the criteria or rectified the situation.

¹ It should be indicated that this section does not include incidents about sale orders of preferred shares and subordinated debt in Spanish markets which are also mentioned in some of the claims about prior information.

Especially significant claims

As in previous years, most of the claims resolved in 2015 referred to the information which entities collect from clients prior to contracting investment products in order to assess whether the product matches their investor profile or the information which they provided to clients about the investment product.

In particular, resolved claims on prior information in relation to the placement of a public share offering rose significantly. In these cases, the claimants generally stated that they were unaware of the characteristics and nature of the product contracted and, specifically, the inherent risks which could lead to a loss of the amount invested or of the expected remuneration. With regard to the obligations on prior information on products provided for in the legislation, the prospectus specified the manner in which compliance with said obligations should be demonstrated, with placement entities required to keep a copy of the summary of the prospectus duly signed by the client.

Electric forwarding of claims and complaints between the Market Conduct and Claims Department of the Bank of Spain and the CNMV's Claims Service

For some time now, the CNMV has had an electronic processing system for claims and complaints. Through this procedure, called "*alegaciones de entidades reclamadas por inversores*" (statements of entities against which claims are brought by investors, ALR), entities against which claims are brought receive all the notifications made by the CNMV's Claims Service and file the statements and all the documentation resulting from the claims proceedings. Similarly, investors can electronically file individual claims and complaints using electronic forms that facilitate the investor's task and which are in line with the standard forms approved in the legislation.

A further step was taken in 2015 towards implementing the system for forwarding claims and complaints to other bodies (specifically, the Market Conduct and Claims Department of the Bank of Spain). In this regard, it is important to bear in mind that claims and complaints can be filed indistinctly with the Bank of Spain, the CNMV or the Directorate-General of Insurance and Pension Funds and must be immediately forwarded to the competent claims service where necessary.

Out of a total of 2,063 proceedings, whether processed or not, received by the CNMV in 2015, 43.2% came from the Claims Service of the Bank of Spain and 1.3% were forwarded to said service as all of the facts of the claim fell under the responsibility of the latter.

The new system for electronically forwarding complaints between the Bank of Spain and the CNMV has been implemented not only for claims and complaints, but also for enquiries. This system has replaced the physical forwarding of documentation relating to such issues with electronic transfer and has facilitated the procedure and speeded up the receipt and sending of information. It entered into operation on 12 May 2015 and between that date and December of the same year, 373 documents relating to claims and 60 relating to enquiries were received or sent through this method.

Implementation of these IT developments is in line with public sector objectives with regard to the use of new technologies. In this regard, the report drafted by the

Committee for the Reform of Public Administrations (Spanish acronym: CORA), created by means of a Resolution of the Council of Ministers dated 26 October 2012, and submitted to the Council of Ministers on 21 June 2013, recognises the fundamental role of the implementation of information and communications technologies (ICT) by the public sector.

12.2 Enquiries

The CNMV's Claims Service responds to enquiries from investors on matters of general interest relating to the rights of users of financial services and the legal routes for exercising such rights. These requests for advice and information are provided for in Article 2.3 of Order ECC/2502/2012, of 16 November, which regulates the procedure for filing claims with the claims services of the Bank of Spain, the CNMV and the Directorate-General of Insurance and Pension Funds.

In addition to the enquiries provided for in the aforementioned Order ECC/2502/2012, of 16 November, the CNMV's Claims Service helps investors search for information contained in the official public registries of the CNMV and in other public documents which it publishes. The CNMV also deals with various questions and doubts relating to securities markets which investors may have.

There are three routes available for submitting enquiries: by telephone, by post or through the CNMV's virtual office (available at www.cnmv.es), where there is a section for submitting claims, complaints and enquiries and where identification is required by means of an electronic certificate/identity card or through a username and password, which can be used for future enquiries or claims with the CNMV.

The CNMV dealt with 8,866 enquiries in 2015. Most of the enquiries were made by telephone (78.7%) and were dealt with by call centre operators. These enquiries were limited to providing information available in the official registries of the CNMV, the CNMV's website (www.cnmv.es) or on the status of a claim. The second most used method was the virtual office (15.6%) followed by ordinary post or through a general registry (5.8%).

As shown in Table 12.3, the total number of enquiries dealt with by the CNMV rose by 22.8% in 2015. This increase was mainly due to the greater number of telephone enquiries (1,667 up on 2014), although enquiries received by ordinary post or submitted through the general registry also rose by 29%. In contrast, enquiries received through the virtual office fell by 9%.

In 2012 and 2013, there was a sharp increase in enquiries, firstly as a result of the doubts and complaints of investors relating to the marketing of preferred shares and subordinated debt and, subsequently, in 2013 as a result of the doubts arising from the swap or repurchase processes of certain hybrid instruments, as well as relating to the arbitration processes affecting entities owned by the Fund for Orderly Banking Restructuring (Spanish acronym: FROB). Enquiries in 2014 and 2015 were once again linked to securities more in line with normal market operations, although in 2015 there were numerous enquiries arising from those affected by the bankruptcy situation of Banco Madrid, S.A.

It should be highlighted that response times, apart from enquiries received by telephone and dealt with the same day, fell considerably in 2015. Although the average

for the whole year was around one month, the response time in the last quarter of 2015 fell to eight calendar days, which means an improved service for the public.

Enquiries dealt with by method of receipt

TABLE 12.3

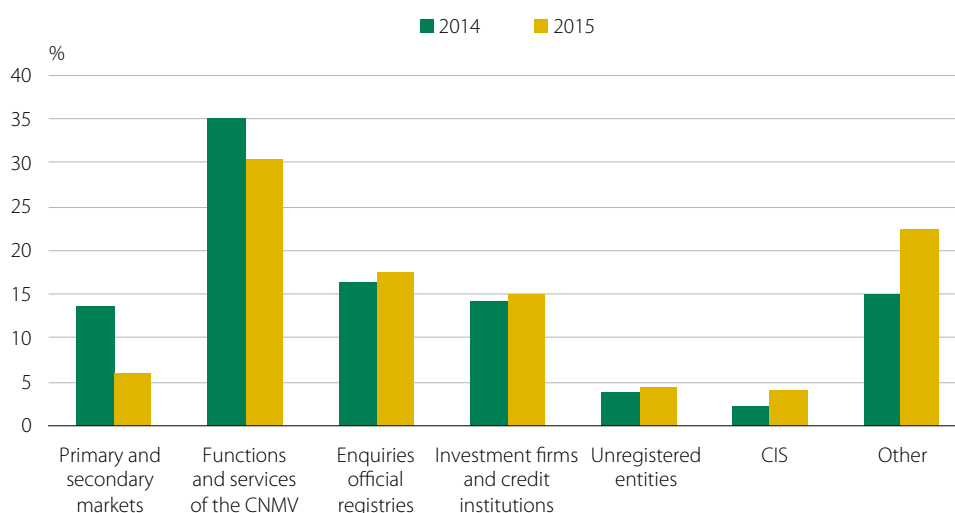
	2013		2014		2015		% change 2015/2014
	No.	% / total	No.	% / total	No.	% / total	
Telephone	9,532	71.4	5,307	73.5	6,974	78.7	31.4
Postal mail	1,062	8.0	397	5.5	512	5.8	29.0
Form/Virtual Office	2,757	20.7	1,517	21.0	1,380	15.6	-9.0
Total	13,351	100.0	7,221	100.0	8,866	100.0	22.8

Source: CNMV.

Enquiries in 2015 were again related to investors requesting information about data available on our official registries: information on registered entities, fees for investment services, significant events, short positions, significant shareholdings, CNMV notifications, statistics and publications, among other content which is freely available to the public. In addition, the CNMV regularly receives enquiries about its functions and services, as well as the status of claim and complaint proceedings. The call centre has also provided interested parties with telephone numbers and contact details of other bodies in the event that the issues raised do not fall under the responsibility of the CNMV (these enquiries were catalogued under the heading of “Other”).

Enquiries by topic

FIGURE 12.1



Source: CNMV.

In addition to these recurring topics, investors made other enquiries on issues relating to the market situation or specific events, which include the following:

- Insolvency proceedings of Banco Madrid, S.A. From the time of the first circumstances that led Banco Madrid, S.A. to apply for an insolvency order, the CNMV received numerous enquiries from investors affected by the situation.

The main issues raised by the affected parties focused on three fundamental points: i) the situation faced by investors in collective investment schemes managed by Banco Madrid Gestión de Activos, SGIIC, S.A. ii) the situation of clients of Interdin Bolsa, SV, S.A., as Banco Madrid was its parent company; and, finally, iii) the situation of clients of Banco Madrid, S.A.

The Investors Department individually informed the affected parties of the progress taking place in the insolvency proceedings and subsequent liquidation both of Banco Madrid, S.A. and Interdin Bolsa, SV, S.A., in turn informing about the different actions carried out by the CNMV in order to protect the interests of the investors and the general interest. In this regard, on 11 May 2015, the CNMV published three notifications with information of interest for the investors affected by the insolvency proceedings of Banco Madrid on its website (www.cnmv.es).

- Enquiries relating to the possible securitisation of mortgage loans. The interested parties wanted to know whether their loans had been assigned to a securitisation fund and, if this was the case, the name of said fund, as well as the instrument of incorporation and other documentation of said securitisation funds.

The high number of enquiries received about this issue led to publication on 20 October 2015 of a notification reporting on general aspects relating to these issues.

- Doubts and incidents in relation to Cypriot investment firms registered in the official CNMV registries under the free provision of services. Within the range of enquiries about whether certain companies are authorised to provide investment services in Spain, we can highlight those relating to companies authorised in Cyprus but which provide services in Spain under the free provision of services (i.e., without a branch or registered agents).

Following the same line, the CNMV also received enquiries in which, following disputes with the aforementioned companies, information was requested about where to make a claim.

- Administration and custody commissions relating to suspended and delisted securities. As has recently become common, the CNMV received enquiries relating to the implications and alternatives existing for the shareholders of companies which are delisted or suspended from trading. Investors reported on their discontent in relation to the administration and custody commissions which they had to pay for securities that were not quoted on the market as a result of being delisted or suspended.

Particularly significant were the enquiries submitted about the companies La Seda de Barcelona, S.A. (in liquidation), Fergo Aisa, S.A. (in liquidation), Martinsa Fadesa, S.A. (in liquidation), Sniace, S.A. and Compañía de Inversiones Cinsa, S.A.

In some specific cases, the interested parties were informed of the possibility of voluntarily waiving the bookkeeping of their shares by a financial intermediary by means of the procedure established in Iberclear Circular 7/2001, of 18 July, on issues excluded from trading with no activity in Iberclear, or as

a result of a similar procedure established by the governing company of the competent stock exchange, following compliance with certain rules. This was the case of the companies Española del Zinc, S.A. and Compañía Minera Sierra Menera, S.A.

- Enquiries relating to takeover bids authorised by the CNMV during 2015. Specifically, with regard to the takeover bids launched for Realia Business, S.A., Sociedad Anónima Damm, S.A., Jazztel, S.A. and Compañía Logística de Hidrocarburos CLH, S.A.

With regard to the delisting bids, as in the case of Sociedad Anónima DAMM, S.A. and Compañía Logística de Hidrocarburos CLH, S.A., some enquirers showed their rejection of the delisting bid prices.

The concept of the squeeze-out was also a subject of enquiries, specifically the aspects relating to situations in which the squeeze-out may take place and the procedures that an investor must carry out in order to participate in said procedure.

- The CNMV continued to receive enquiries and complaints in 2015 relating to the IPO process of Bankia, S.A. and on the maintenance of the suspension from trading of Pescanova, S.A.
- Professional enquiries received by the Investors Department. These enquiries were resolved by requesting the necessary information from the competent CNMV department depending on the matter or indicating to the enquirer the CNMV department to contact in order to obtain an appropriate response. Similarly, enquirers were informed about applicable legislation and the information available through the CNMV's website. This was the case of enquiries received about the requirements to set up a crowdfunding platform following approval of Law 5/2015, 27 April, on the promotion of business funding.

12.3 Warnings about unregistered firms

Through its website, the CNMV issues warnings to investors about unauthorised firms that have been detected by it or by other supervisors.

The following warnings were issued in 2015 (see Statistical Annex III.5):

- 38 warnings (65.2% up on the previous year) on 38 entities were issued under Article 17 of the Securities Market Act, which entrusts the CNMV with protecting investors by disseminating any information necessary to that end, and under Article 144 of the Securities Market Act, which establishes that the CNMV is the competent body to issue requirements to all persons or entities which, without having obtained the mandatory authorisation and being registered in the corresponding administrative registries, perform, on a professional basis, the activities reserved for investment firms or which use the names that are also reserved for said firms, in order that they should immediately cease using said names or offering or performing those activities, with the CNMV able to issue public warnings with respect to said conduct.

- 212 notifications (42.4% down on the previous year) were received mainly from supervisors in Member States of the European Union in connection with unauthorised firms, and five others were included under the heading “Other warnings”, with alerts relating to improper conduct or actions.

Since 2010, the IOSCO website provides an alert service regarding unauthorised firms which includes alerts issued by members of this organisation.

Given that not all the warnings issued by IOSCO members are in turn reported to the CNMV, the CNMV recommends visiting the IOSCO website² to obtain further information.

12.4 Investment Guarantee Fund (FOGAIN)

The Investment Guarantee Fund (FOGAIN) compensates customers who are unable to recover the money or securities entrusted to investment firms, except financial advisory firms, in the event of bankruptcy proceedings or a declaration of insolvency by the CNMV. The fund’s coverage also extends to the customers of discretionary portfolio management services of CIS management companies and management companies of closed-ended entities. The maximum amount of the compensation following verification of the investor’s net position stands at 100,000 euros. As indicated, the customers of financial advisory firms are not covered by the fund.

Neither are customers of foreign entities operating in Spain covered by FOGAIN unless these operate through a branch and they have decided to join up to the FOGAIN. There are currently no entities in this situation. These entities are therefore attached to the guarantee funds of their home State, whose coverage may not be the same as that offered in Spain.

At year-end 2015, FOGAIN had a total of 136 member entities, six up on the previous year. Table 12.4 shows the breakdown by type of entity.

Trend in number of member entities

TABLE 12.4

Type of firm	2012	2013	2014	2015
Broker-dealers/dealers	87	82	77	77
Portfolio management companies	6	5	5	3
CIS management companies	47	46	48	56
Total	140	133	130	136

Source: CNMV.

Following the security and liquidity criteria set out in its regulations, in 2015 the fund continued to invest its assets in public debt with different maturities, as well as repos contracted through various financial institutions, and part of its assets in bank deposits in systemic entities. Its assets totalled 65,008,350.46 euros at year-end, a fall of 17.4% on 2014.

This fall was the result of the payments made during 2015 to clients of Interdin Bolsa, SV, S.A. This entity, on not receiving the funds deposited by its clients in Banco Madrid, S.A., was unable to comply with the obligations contracted with its clients. Therefore, the CNMV, in an extraordinary board meeting held on 11 May 2015, approved the administrative declaration that allowed the corresponding payments of FOGAIN to affected investors. FOGAIN initiated the coverage payment process on that date. Specifically, the compensation was owed to cash positions not returned to clients. This situation was quickly handled by the management company and the compensation requests received were paid promptly.

In this regard, it should be remembered that since the creation of the fund in 2001, apart from claims which arose prior to that date and which were covered in application of EU legislation, FOGAIN has only had to intervene as a result of the initiation of the bankruptcy proceedings of Sebroker Agencia de Valores, S.A. in 2010.

With regard to managing the recovery of the amounts paid out, FOGAIN remains party to several open legal proceedings relating to the claims which it has covered. Specifically, it is a creditor in the insolvency proceedings of Interdin Bolsa, SV, S.A. for the amounts paid to the entity's clients, which total over 19 million euros.

It should also be pointed out that FOGAIN operates different working groups of member entities on issues of common interest, and that it is also present on the CNMV's Advisory Committee.

As in previous years, FOGAIN has continued to provide information to the clients of its member entities and to investors in general. This service, which is one of the functions legally assigned to the Fund, is carried out by telephone and through its website (www.fogain.com). The number of visits received at the website rose significantly to over 36,000 in 2015.

12.5 Financial education

12.5.1 Financial Education Plan

In 2015, the CNMV continued paying particular attention to promoting the national financial education strategy, which society as a whole is increasingly recognising as a necessary goal. This is shown by the growing number of public entities, financial institutions and non-profit organisations that actively participate in the strategy with the joint goal of improving the public's financial literacy.

Particularly, the CNMV continued working, together with the Bank of Spain, on developing the financial education plan. A large part of the actions carried out in 2015 in this area were aimed at extending the scope and efficiency of the activities performed in the framework of this plan.

In particular, a sustained strategy has been designed aimed at promoting investor awareness of the resources of the Financial Education Plan. To this end, work is being conducted with the aim of increasing the interactivity of the www.finanzasparatodos.es portal, boosting the contents and adding specialised information.

In addition, the CNMV has continued promoting financial education in schools. Specifically, in 2015 the CNMV has participated in teacher training by preparing

an online course for primary and secondary school teachers. In the context of the cooperation agreement signed in 2009 with the Ministry of Education, Culture and Sport, the National Institute of Education Technologies and Teacher Training (Spanish acronym: INTEF) made this course available to teachers through its digital platform.

Another initiative within the scope of the Plan, which began in 2015, was the implementation of a Financial Education Day. On 5 October, numerous financial education activities (seminars, publications, workshops for young people, debates, games, etc.) were performed in which the participants of the Plan actively participated.

Within the scope of education, the fourth edition of the Financial Education Plan took place over the 2014/2015 academic year. Over 500 schools were registered with the participation of over 55,000 students. Noteworthy was the work performed in order to adapt the Programme's teaching materials to the learning framework that PISA uses as a benchmark. The new contents cover the following subjects: money and transactions, planning and managing personal finances, risk and reward, and the financial landscape. In addition, these new resources aim to help students develop the basic skills established by the Spanish school curriculum which, since 2014, now incorporates numerous concepts of personal finances in primary and secondary education. It can be considered as an extra resource made available to the education community to support their work in this area.

A priority of the Financial Education Plan is to assess the impact of the initiatives, as recommended by the OECD. In this regard, in 2015 an evaluation of the Financial Education Programme in schools was conducted by means of a sample of schools. The evaluation required a series of prior actions in order to make up the sample, which included information and training days for teachers. The provisional results of the aforementioned evaluation suggest a positive impact of the Programme on the financial skills of the students making up the sample.

In 2015, the CNMV worked on developing a code of best practices, which is aimed at preventing the potential conflicts of interest which may arise between the commercial activity of the entities and their financial education initiatives. The code will be published and implemented in 2016.

International forums on financial education

On an international basis, the CNMV has participated in all the technical meetings of the International Network of Financial Education of the OECD, the main financial education forum worldwide and it has actively participated in the work conducted through the network. It has also participated at international forums and seminars on behavioural finance, such as that held by the Brazilian securities market commission.

The CNMV is also a member of the IOSCO Committee on Retail Investors, which aims to improve investor education and financial literacy. With regard to the work of this committee, in May and September 2015, respectively, the IOSCO Board published the Survey on Anti-fraud Messaging, which identifies the most effective practices for informing investors on avoiding financial fraud, and the report on Sound Practices for Investment Risk Education.

12.5.2 Educational activities of the CNMV

In addition to the educational activities performed within the framework of the Financial Education Plan, the CNMV performs other activities specifically aimed at investors.

Publications and resources for investors

The Investor Website included on the CNMV's general website, offers news and information of interest to non-professional investors and warnings to the public. It is also possible to download and consult online the publications aimed at investors (investor fact sheets and guides) and also to subscribe to them. In addition, the users of investment services can make enquiries, claims and complaints from this section.

There are publications on numerous areas of interest for retail investors: for example, the precautions to take into account in response to offers from non-registered entities, those received through the Internet or information on the characteristics and cover of the FOGAIN.

This section also reports on the CNMV's participation in sector fairs in which it offers personalised services and guidance with regard to all the questions which investors may raise in relation to securities markets.

The Investor Website received over 520,000 visits in 2015 (37% up in 2014), which shows growing interest from investors in educational and informative subjects.

Conferences and seminars

As in previous years, the CNMV participated in numerous conferences and seminars in 2015. It gave educational talks on matters relating to investor protection at several universities and consumer protection departments. It also gave talks on matters relating to the Financial Education Programme in schools in different forums, of which we would particularly like to highlight, due to their importance for the Plan, those given in teacher training centres.

13 Disciplinary action

The CNMV made a significant effort in 2015 aimed at reducing the processing times of disciplinary proceedings. The average processing time stood at eight months despite the complexity of many of the proceedings. The number of concluded proceedings rose from 30 in 2014 to 41 in 2015.

For its part, Law 5/2015, of 27 April, on the promotion of business funding, introduced two significant new aspects affecting the processing of disciplinary proceedings: Article 94 amended Article 97 of the Securities Market Act 24/1988, of 28 July, to give the CNMV the authority to impose penalties for very serious, serious and minor breaches. This authority previously corresponded to the Ministry of Economic Affairs and Competition in relation to penalties for very serious breaches, except in the case of penalties for revocation of authorisation, which were imposed by the Council of Ministers.

The second new aspect is the possibility of publicising the initiation of disciplinary proceedings, after notifying the interested parties, after deciding, as the case may be, on the confidential aspects of their contents and after removing the personal data referred to in Article 3(a) of Constitutional Law 15/1999, of 13 December, on Personal Data Protection, except in relation to the name of the breaching parties. This is a discretionary power, which the CNMV has not made use of in 2015, in contrast to the mandatory nature of publication in the Official State Gazette of penalties for serious and very serious breaches after the penalty becomes final through the administrative route. In the words of the Supreme Court, this publication is inherent to the public interest and “is justified for reasons of the judicial protection of public interests linked with the duty of information, with the aim of preserving the principles of transparency and disclosure of financial activity, and in order to promote and strengthen the confidence of economic operators and investors” (Supreme Court Judgement, Administrative Chamber, Section 3, of 21 June 2009).

13.1 Disciplinary proceedings

13.1.1 Description of proceedings

In 2015, the CNMV Executive Committee initiated 23 disciplinary proceedings, investigating a total of 37 possible breaches (see Tables 13.1 and 13.2). Disciplinary proceedings were opened in relation to five breaches of rules of conduct on client/investor relations, 11 for market abuse (manipulation and use of insider information), 11 for failures to report significant holdings, four for breaching rules on short selling and the rest for breaches of general regulations by investment firms and CIS.

Proceedings initiated and concluded

TABLE 13.1

	2014	2015
Number of proceedings initiated	34	23
Number of proceedings concluded	30	41
Of which:		
Initiated in 2012	3	–
Initiated in 2013	24	4
Initiated in 2014	3	31
Initiated in 2015	–	6

Source: CNMV.

Breaches addressed in disciplinary proceedings

TABLE 13.2

	Initiated		Closed	
	2014	2015	2014	2015
Very serious breaches	43	22	34	50
I. Failure to disclose/incorrect disclosure of significant holdings or treasury stock transactions	12	11	6	15
II. Failure of investment firms to report accounting information	–	–	1	–
III. Operating without authorisation	–	–	3	–
IV. Breach of rules of conduct	24	3	14	26
V. Breach of issuer's periodic disclosure requirements	–	–	4	–
VI. Breach of general investment firm regulations	3	2	3	1
VII. Breach of general venture capital firm regulations	–	–	1	–
VIII. Breach of general CIS regulations	–	1	–	1
IX. Failure of MTF governing companies to comply with supervisory duties	1	–	–	1
X. Breach of legislation on short selling	2	2	1	5
XI. Market manipulation	–	–	1	–
XII. Insider information	1	3	–	1
Serious breaches	17	25	20	16
I. Corporate governance breaches	1	–	1	1
II. Market abuse breaches	5	2	1	6
III. Breach in customer service	–	2	–	–
IV. Breach of general investment firm regulations	2	–	–	2
V. Breach of general CIS regulations	2	3	–	5
VI. Breach of general venture capital firm regulations	–	–	1	–
VII. Breach of rules of conduct	1	–	3	1
VIII. Breach of legislation on short selling	–	2	4	–
IX. Irregularities in reporting transactions in financial instruments	–	–	1	–
X. Insider information	–	1	–	–
XI. Market manipulation	14	5	5	12
Minor breaches	2	–	–	2

Source: CNMV.

In one of the disciplinary proceedings initiated for the use of insider information, the CNMV reported the opening of the proceedings to the legal authorities and, in the knowledge that criminal proceedings were also being conducted for the same events, the legal action was transferred to the legal authorities and the disciplinary proceedings were suspended until a final court decision.

Over the year, the CNMV concluded 41 proceedings which included a total of 79 breaches. Four of the proceedings concluded were initiated in 2013, 31 in 2014 and six in 2015. Table 13.2 shows the nature of the breaches addressed in the different disciplinary proceedings concluded in 2015 and Statistical Annex III.3 shows a summary of the decisions adopted by the CNMV. As shown in Table 13.3, 90 fines were imposed for a total amount of 20,069,000 euros.

Penalties imposed

TABLE 13.3

	2014			2015		
	Number	Amount ¹	Period ²	Number	Amount ¹	Period ²
Fine	77	17,560	–	–	90	20,069
Removal/general disqualification	–	–	–	–	–	–

Source: CNMV. (1) Thousand euros. (2) Years.

13.1.2 Public register of penalties for serious and very serious breaches

The following penalties for serious and very serious breaches were incorporated into the public register of penalties in 2015:

- CNMV decision dated 21 January 2015 announcing the penalties for serious and very serious breaches imposed on .
- CNMV decision dated 21 January 2015 announcing the penalties for very serious breaches imposed on and on the members of its board of directors and its audit committee:
- CNMV decision dated 21 January 2015 announcing the penalty for a serious breach imposed on
- CNMV decision dated 21 January 2015 announcing the penalties for very serious breaches imposed on
- CNMV decision dated 28 January 2015 announcing the penalty for a very serious breach imposed on
- CNMV decision dated 6 March 2015 announcing the penalty for a serious breach imposed on
- CNMV decision dated 6 March 2015 announcing the penalty for a serious breach imposed on

- CNMV decision dated 24 March 2015 announcing the penalties for very serious breaches imposed on
- CNMV decision dated 24 March 2015 announcing the penalties for very serious breaches imposed on
- CNMV decision dated 24 March 2015 announcing the penalty for a very serious breach imposed on
- CNMV decision dated 7 April 2015 announcing the penalty for a very serious breach imposed on
- CNMV decision dated 7 April 2015 announcing the penalty for a serious breach imposed on
- CNMV decision dated 15 April 2015 announcing the penalties for serious breaches imposed on
- CNMV decision dated 15 April 2015 announcing the penalty for a very serious breach imposed on
- CNMV decision dated 4 May 2015 announcing the penalty for a very serious breach imposed on
- CNMV decision dated 16 June 2015 announcing the penalty for a serious breach imposed on
- CNMV decision dated 30 July 2015 announcing the penalties for very serious breaches imposed on
- CNMV decision dated 30 June 2015 announcing the penalties for very serious breaches imposed on
- CNMV decision dated 7 July 2015 announcing the penalty for a very serious breach imposed on
- CNMV decision dated 20 July 2015 announcing the penalties for very serious breaches imposed on
- CNMV decision dated 17 September 2015 announcing the penalty for a very serious breach imposed on
- CNMV decision dated 29 September 2015 announcing the penalties for serious breaches imposed on

- CNMV decision dated 26 October 2015 announcing the penalties for serious breaches imposed on
- CNMV decision dated 3 November 2015 announcing the penalty for a very serious breach imposed on
- CNMV decision dated 10 November 2015 announcing the penalties for very serious breaches imposed on
- CNMV decision dated 10 November 2015 announcing the penalties for serious and very serious breaches imposed on
, and the penalty for a serious breach imposed on
- CNMV decision dated 10 November 2015 announcing the penalty for a serious breach imposed on as it is subrogated in the declared liability of
- CNMV decision dated 16 November 2015 announcing the penalty for a very serious breach imposed on
- CNMV decision dated 16 November 2015 announcing the penalty for a very serious breach imposed on
- CNMV decision dated 21 December 2015 announcing the penalties for very serious breaches imposed on
- CNMV decision dated 21 December 2015 announcing the penalties for very serious breaches imposed on

13.2 Litigation department: Judicial review of disciplinary proceedings and other actions

In 2015, a total of 27 administrative appeals were brought against disciplinary decisions with the Ministry of Economic Affairs and Competition (12 to a higher court, and 15 motions to set aside the decision), six of which were rejected in the year. In addition, the Ministry rejected six appeals to a higher court and four motions to set aside the decision lodged in 2014 (see Table 13.4).

A total of 21 appeals were filed with the administrative courts, 18 of them against disciplinary decisions. The National High Court issued a ruling in the same year that one of these appeals, brought against the decision to initiate disciplinary proceedings through the special procedure on the protection of fundamental rights, was not admissible, against which an appeal has been brought. The other three administrative appeals were brought against the rejection of a claim of liability, the opposition to the acquisition of a significant holding in a broker and the appointment as director in said broker, and the third against the decision to remove a financial institution from the CNMV's registry of depositories.

The court handed down 30 rulings (26 decisions, two rulings that the appeals were not admissible and two orders that proceedings be closed as a result of the withdrawal of the appellant), 19 of which were in relation to disciplinary proceedings. Of the 14 rulings handed down by the Administrative Chamber of the National High Court which referred to disciplinary proceedings, 11 fully upheld the contested decisions; two overturned one of the penalties imposed and one overturned the ministerial order which ruled on the disciplinary proceedings. For its part, the Supreme Court handed down two rulings on disciplinary matters, which upheld the contested disciplinary decisions (see Table 13.4 and Annex III.4).

With regard to the legal proceedings relating to non-disciplinary decisions, the National High Court dismissed an appeal brought against the decision to close proceedings and rejected two appeals brought against the revocation of the authorisation of a financial advisory firm and against a decision whereby a prospectus for the issue and exchange of financial instruments was registered. For its part, the Supreme Court decided on eight appeals, five in favour of the CNMV, including the ratification of two decisions not to take further action on complaints and the authorisation of a capital increase. In the other three appeals, the Supreme Court partially found in favour of the respective administrative appeals brought against two decisions not to take further action on complaints and one authorisation of a takeover bid.

Finally, it is important to point out that one of the four procedures brought in 2014 against the supposed rejection, as a result of the Administration's failure to respond, of the liability claim brought against the CNMV and the Ministry of Economic Affairs and Competition for their actions with regard to the IPO of a financial institution, brought by numerous claimants, has led to 68 additional appeals in 2015, as a consequence of the National High Court ordering that the appellants should act individually. Notwithstanding the above, said procedures have been closed as a result of the withdrawal of the appellants. For the same reason, another procedure brought in 2014 against the rejection of a claim of liability against CNMV as a result of its actions in relation to a mutual fund has led to separate appeals being brought in 2015 as a result of a decision of the National High Court, although they were not admitted for consideration until 2016.

Cases in which the CNMV participated in 2015

TABLE 13.4

	Presented	Decided
Administrative appeals	27	16
Appeals to a higher court	12	6
Motions to set aside the decision	15	10
Appeals to the courts against administrative decisions	21	30
	Requests received for assistance	
Assistance to courts		283

Source: CNMV.

Similarly, in compliance with the general principle to provide collaboration to legal authorities, CNMV experts provided support to judges and courts of all types in the exercise of their functions. The number of requests for collaboration fell from 441 in 2014 to 283 in 2015. Although there was noteworthy collaboration with criminal courts, mainly relating to fraud or embezzlement, most of the requests (a total of 177) were from the civil courts. These requests basically related to information on

the issuing and marketing of hybrid instruments; public offerings and admission to trading of shares; notices of attachment (which are the competency of governing councils); the appointment of a receiver by the CNMV for issuers declared in bankruptcy; identification of securities and ownership of persons or entities (knowledge of which corresponds to the depositories of said securities); investor claims processed by the CNMV and, in general, the attainment of evidence in proceedings of various types brought before the different courts, with requests for data or documentation.

13.3 Claims

In 2015, a total of nine claims were presented to the CNMV, mostly against issuers. Claims were also presented against a bank with regard to its actions in the scope of the securities market and against an investment analyst.

The subject matter of the claim essentially focused on alleged breaches of rules on market abuse (disclosure of significant information, manipulative practices, illegitimate use of insider information and scope of investment recommendations, among other issues), as well as conduct of business rules with regard to the requirements to provide information to clients on financial products and the obligations contained in Royal Legislative Decree 1/2010, of 2 July, approving the recast text of the Capital Companies Act.

Claims made in 2015

TABLE 13.5

Type of entity claim brought against	No. of claims
Banks	1
Securities issuers/listed companies	6
Analysts	1
Other	1
Total	9
Content of claims	No. of claims
Rules of conduct	1
Market abuse	3
Financial/accounting information obligations	3
Obligations of the Capital Companies Act	1
Takeover bids	1
Total	9
Situation of claims at 31-12-2015	No. of claims
In process	3
Closed	6
Total	9

Source: CNMV.

At 31 December 2015, and after the competent departments of the CNMV had performed, in each case, the appropriate actions – the scope and content of which is confidential – six of the nine claims presented during the year had been processed.

Participation in international forums is a key element of the CNMV's activity to which it allocates an increasing amount of resources each year. Within Europe, the CNMV actively participates in the institutional bodies and working groups of the European Securities and Markets Authority (ESMA) and the European Systemic Risk Board (ESRB). Outside Europe, the CNMV participates in the International Organisation of Securities Commissions (IOSCO), whose main mission is to establish international standards for the regulation and supervision of securities markets. It also cooperates with the Financial Stability Board and since 2015 it has been a member of one of its three standing committees, specifically the Standing Committee on Standards Implementation.

This chapter mainly focuses on those initiatives adopted by ESMA and IOSCO during the year in which the CNMV has actively participated. In the case of ESMA, the CNMV carried out intensive work in developing the legislation adopted by the European Union over recent years in response to the financial crisis. In the case of IOSCO, together with the usual work of its standing committees and intense cooperation with the FSB and other entities in developing the international financial reform, particularly noteworthy was the approval of the organisation's strategic plan for 2015-2020, which indicates the priority lines of action over said five-year period.

This chapter includes Exhibit 14.1 on the Capital Markets Union, an ambitious proposal from the European Commission which aims to promote the development and greater integration of these markets in the European Union.

14.1 European Securities and Markets Authority

Since the start of the reform of European financial regulation in response to the financial crisis, an extremely significant part of the activities and resources of ESMA has been directed towards advising the European Commission and drawing up the technical and implementing standards for said regulation. Noteworthy in this regard was the high number of provisions planned for implementing Directive 2014/65/EU, of the European Parliament and of the Council, of 15 May 2014, on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, known as MiFID II, Regulation (EU) No. 600/2014, of the European Parliament and of the Council, of 15 May 2014, on markets in financial instruments and amending Regulation (EU) No. 648/2012 (EMIR), known as MiFIR, and Regulation (EU) No. 596/2014, of the European Parliament and of the Council, of 16 April 2014, on market abuse (Market Abuse Regulation). In total, ESMA planned to develop 192 standards relating to this legislation in 2015, which have almost all been completed.

As indicated in Chapter 10, the fact that a significant number of the implementing standards are new and complex, as well as, among other reasons, the need to have appropriate IT systems in place, the CNMV has supported the European Commission's idea to postpone the practical application of MiFID II and MiFIR until the beginning of 2018. In 2015, the CNMV strengthened its commitment to the activities of ESMA through its active participation in the standing committees and working groups, which led to the allocation of new resources to these tasks.

The main activities and committees of ESMA in which the CNMV has participated are described below.

Investor protection and intermediaries

The Investor Protection and Intermediaries Standing Committee worked over the first half of 2015 in drawing up the technical standards required for implementation of MiFID II/MiFIR in relation to authorisation, passport, registry of third country entities and cooperation between competent authorities.

In addition, the committee has participated in drawing up the guidelines for implementing MiFID II/MiFIR with regard to: i) complex debt instruments and structured deposits, ii) knowledge and competence of staff that advise and report; and iii) cross-selling practices.

In the second half of the year, this committee also began to work on certain aspects affecting the supervision of entities that offer financial contracts for difference and other speculative products with the aim of achieving a greater level of convergence between Member States. This is particularly relevant for ESMA as in December its Board of Supervisors approved the creation of a permanent working group to focus on this issue.

Secondary markets and market integrity

The Secondary Markets Standing Committee has participated, firstly, on the technical implementation required by MiFID II/MiFIR in this matter and, secondly, on drawing up different provisions aimed at achieving convergence in application of this legislation, such as guidelines, opinions and FAQs.

At the start of 2015, ESMA published a document on transparency requirements for non-equity instruments. The most debated point of this document was the choice of the most appropriate methodology for determining the liquidity of bonds.

In May, ESMA published guidelines on the application of the definitions in Sections C6 and C7 of Annex 1 of Directive 2004/39/EC, of the European Parliament and of the Council, of 21 April 2004, on markets in financial instruments (MiFID), in relation to defining commodity derivatives as financial instruments. The CNMV has informed ESMA of its intention to comply with these guidelines. In August, ESMA also published an opinion on the exemptions from pre-trade transparency requirements.

In addition, the work of this committee has led to the delivery of two batches of technical standards for MiFID II/MiFIR, as follows:

- 28 technical standards on transparency, market microstructure, data publication and access, commodity derivatives, market data reporting, requirements applying on and to trading venues, post-trading and investor protection. ESMA published and sent its final report to the European Commission on 28 September.
- Eight implementing technical standards establishing the forms required for application of this legislation (MiFID II) with regard to cooperation, including reporting positions and sanctions. ESMA published and sent its final report to the European Commission on 11 December.

The other legislative pillar in this area is Directive 2014/57/EU, of the European Parliament and of the Council, of 16 April 2014, on criminal sanctions for market abuse (MAD) and the aforementioned Market Abuse Regulation (MAR). The Market Integrity Standing Committee drafted or advised on the implementing legislation for the Directive and the Regulation in 2015.

In February, ESMA submitted the technical advice to the European Commission requested with regard to future delegated acts resulting from the MAR. Similarly, on 28 September, ESMA published and submitted to the European Commission the final report with the implementing technical standards of the MAR on various aspects, including the registration obligations for persons carrying out market soundings; and the agreements, systems, procedures and forms for reporting transactions and suspicious orders.

In addition, in November, ESMA published an update of the questions and answers on the common operation of the MAD, including a new question relating to whether credit institutions are required to publish systematically the results of the supervisory assessments performed in application of Directive 2013/36/EU, of the European Parliament and of the Council, of 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (Capital Requirements Directive). Finally, ESMA, with the aim of specifying the relations with the European Central Bank (ECB) and the Single Supervisory Mechanism (SSM), has drawn up a proposal for a memorandum of understanding that ESMA and the different competent authorities should enter into with the ECB.

Post-trading activities

The activity of the Post-Trading Standing Committee has mainly focused on the implementing legislation of Regulation (EU) No. 648/2012, of the European Parliament and of the Council, of 4 July 2012, on OTC derivatives, central counterparties and trade repositories (EMIR), and of Regulation (EU) No. 909/2014, of the European Parliament and of the Council, of 23 July 2014, on improving security settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012. The most significant issues were as follows:

- With regard to the EMIR, the rules to determine which OTC derivatives must be subject to the clearing obligation; in particular, the rules on the obligation to clear interest-rate swaps when denominated in different currencies (seven rules in total), which the European Commission adopted at the end of 2015 and the

start of 2016, and the clearing obligation with regard to index credit default swaps, which the European Commission ratified in the first quarter of 2016.

- Also within the scope of the EMIR, publication of a consultation on the reduction from two days to one day of the margin periods of risk required by central counterparties in the European Union with regard to derivative products. This reduction was eventually approved by ESMA in February 2016 and will harmonise the actions of European central counterparties with those of US CCPs. Finally, it should be indicated that the first stress tests of central counterparties of the European Union were carried out in 2015, the results of which were published in April 2016.
- With regard to the Regulation on improving security settlement in the European Union and on central securities depositories, the preparation of technical standards on discipline in settlement, authorisation and requirements applicable to a central securities depository, the technical advice to the European Union on penalties for settlement fails on the theoretical settlement date and the criteria that will be used to determine that a central securities depository is considered of substantial importance.

Collective investment schemes

As a continuation of the work performed in 2014, a significant part of the activity of the Investment Management Standing Committee in 2015 focused on the implementation of Directive 2011/61/EU, of the European Parliament and of the Council, of 8 June 2011, on alternative investment fund managers amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No. 1060/2009 and (EU) No. 1095/2010 (AIFMD).

This committee's contributions in this area have allowed ESMA to advise the Commission, the Parliament and the European Council on the application of the AIFMD passport to non-EU funds and managers. This committee also focused on drawing up guidelines relating to reasonable remuneration policies in the context of both this Directive and that of Directive 2014/91/EU, of the European Parliament and of the Council, of 23 July 2014, amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards depository functions, remuneration policies and sanctions (UCITS V Directive).

This committee has also participated in the technical discussions that have taken place relating to the key information document for packaged retail and insurance-based investment products (PRIIPs).

In addition, on 16 February 2015, ESMA published its final report on technical advice to the European Commission on the delegated acts of the Regulations on European Social Entrepreneurship Funds (EuSEFs) and European Venture Capital Funds (EuVECFs)¹. In July 2015, it performed a public consultation on the draft regulatory technical standards on European long-term investment funds (ELTIFs).

¹ Regulation (EU) No. 345/2013, of the European Parliament and of the Council, of 17 April 2013, on European venture capital funds and Regulation (EU) No. 346/2013, of the European Parliament and of the Council, of 17 April 2013, on European social entrepreneurship funds.

Financial Innovation

The Financial Innovation Standing Committee aims to analyse financial innovation in order to facilitate a coordinated legislative and supervisory approach to innovative financial activities. To this end, it regularly performs surveys among ESMA members to gather data on the marketing of financial products to retail investors, financial innovation and complaints in different Member States. The main areas of financial innovation on which it has worked are crowdfunding and distributed ledger technology (DLT).

With regard to crowdfunding platforms, ESMA published the result of a survey conducted on different competent national authorities. This work provided up-to-date information on the legislative situation of crowdfunding platforms in the different Member States, the type of services they offer, the capital requirements imposed on them, the investment instruments and the remuneration structures and models that they are using. The conclusions of the survey highlighted the disparity in legal frameworks in that platforms are subject to the different legislations of Member States, which hinders legislative and supervisory convergence.

This committee was also involved last year in significant tasks relating to the organisation and necessary preparation of competent national authorities and the ESMA itself to exercise the new powers of temporary intervention in products and financial practices attributed to it by Article 42 of the MiFIR, when this legislation enters into force. In order to study this issue, a working group has been created that coordinates its activity with the other two European supervisory authorities in financial matters - EBA and EIOPA.

Supervisory convergence

ESMA, through the Review Panel, has continued assessing the convergence of Member States in application of European legislation. Accordingly, on 25 February 2015, it published the final report on the peer review of the obligation of best execution required by MiFID, and on 18 March, the final report on compliance with the automated trading guidelines. In addition, in December, it published the conclusions of the peer review on supervisory practices against market abuse and approved the final report of the review on compliance with the requirements of the market maker exception provided for in Regulation (EU) No. 236/2012, of the European Parliament and of the Council, of 14 March 2012, on short selling and certain aspects of credit default swaps. Finally, this panel also worked during 2015 on the reviews of compliance with the suitability requirements of MiFID and on the prospectus approval process, as well as on monitoring of the review carried out on money market fund guidelines.

After completing most of the implementing standards required by the legislative reform undertaken as a reaction to the last crisis and, consequently, after completing a very significant part of ESMA's contribution to the single rulebook, the authority has redirected the activity of the different standing committees towards another of its fundamental objectives - supervisory convergence - i.e. strengthening consistent and effective application of legislation by encouraging sound, efficient and consistent supervision so as to avoid regulatory arbitrage.

With the aim of boosting this issue, ESMA decided to dissolve the Review Panel in 2015 and replace it with the Supervisory Convergence Standing Committee, which

is chaired by the CNMV's Vice-Chairman, Lourdes Centeno Huerta. This new structure was approved by the Board of Supervisors at its meeting held in January 2016.

This committee, in addition to including the tasks previously performed by the Review Panel, will have two extremely important new lines of work: i) one relating to the supervisory convergence work programme; and ii) another on convergence tools.

The supervisory convergence work programme is thus another of the tools used by ESMA to establish its actions in this area. This is a document in which the authority lays down the issues which its standing committees will work on each year, with the aim of promoting a higher level of supervisory convergence, as well as the tools for convergence used to this end. In turn, it will form part of ESMA's annual work programme and will be in line with the principles established in its strategic orientation. The four priority areas that are indicated in the programme approved for 2016 are as follows: i) preparing for implementation and supervision of MiFID II/MiFIR, ii) finalising the IT infrastructure needed for MiFID II/MiFIR, iii) facilitating supervision of OTC derivatives markets and EU CCPs and iv) supporting the action plan for the EU's Capital Markets Union (CMU). The specific tasks assigned to the supervisory convergence standing committee with regard to this programme are: i) monitoring the level of compliance by the different standing committees, ii) its participation in defining the supervisory priorities of the programme for the following year and iii) assessment of the level of convergence through the use of key performance indicators.

The convergence tools are either those which are expressly laid down in the ESMA Regulation or those which have been developed making use of the general power provided for in Article 29.2 of said Regulation. At any event, this authority distinguishes between the following convergence tools: i) for preparation, to the extent that they facilitate application of the rules; ii) for implementation, as they are related to supervision; and iii) for assessment, as they are used to evaluate market supervision and evolution. With regard to these tools, the supervisory convergence standing committee will essentially determine which tools are being used, define their scope and develop a procedure where necessary and assess whether they are being used effectively.

Convergence also affects and extends to the IT processes relating to gathering data provided for by the new European legislation. Accordingly, on 19 February 2015, a delegation agreement was officially entered into between the CNMV and ESMA with regard to the project on the Single Access Point to EMIR Transaction Data. Through this agreement, the CNMV delegated to ESMA the request and receipt of data on the derivative contracts held by the trade repositories which are necessary for the competent national authorities to perform the supervisory functions entrusted by the EMIR.

Joint Committee of the European Supervisory Authorities

Finally, the joint committee made up of the three European supervisory authorities addressed various issues over 2015, such as the technical standards on risk mitigation techniques for OTC derivatives not cleared by a central counterparty, guidelines for cross-selling practices and automated advice services. Particularly noteworthy was the work performed by the Sub-Committee on Consumer Protection and Financial Innovation with regard to the proposals for technical standards on packaged retail investment products, especially on the key information document for retail investors.

The European Commission, which considers that the legislative reform in response to the recent major financial crisis has largely been completed, intends to give a new boost to the development of capital markets in Europe and their integration. Accordingly, on 30 September 2015, it published the Action Plan on Building a Capital Markets Union, which proposes 33 measures for promoting a greater level of financial integration in Europe, facilitating the access of European companies to financing at their different stages of growth, extending the range of safe investments available to investors and improving the stability of the European financial system.

The plan groups the 33 measures around six types of differentiated policy: i) providing more options for European businesses and small and medium-sized enterprises, ii) making it easier for companies to enter and raise capital on public markets, iii) promoting investment in long-term, sustainable projects and infrastructure projects, iv) fostering retail and institutional investment, v) strengthening access to bank financing and vi) facilitating cross-border investing.

Although the Capital Market Union is a project for the medium term, the European Commission already proposed two legislative initiatives in 2015. The first relates to the area of securitisation and consists of promoting simple, transparent and standardised securitisation. The second is a proposal for amendment of a European Commission delegated regulation relating to Directive 2009/138/EC, of the European Parliament and of the Council, of 25 November 2009, on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II Directive) with the aim of promoting long-term investment in infrastructures, establishing lower capital requirements for insurance companies when they invest in “qualified infrastructure” projects, i.e. of lower risk, in European long-term investment funds (ELTIF) or in multilateral trading facilities.

At the same time as the European Commission published the plan, it opened public consultations on the following matters: i) review of the regulations for venture capital and social entrepreneurship funds, ii) covered bonds (mortgage bonds) and iii) cumulative impact on the EU regulatory framework for financial services.

Finally, on 30 November 2015, the European Commission published a proposal to overhaul prospectus rules to improve access to finance for companies.

14.2 International Organization of Securities Commissions (IOSCO)

IOSCO has worked closely over recent years with the G20 and the FSB in developing the international financial reform. This work intensified over 2015 and occupied a substantial part of the organisation’s work schedule.

Approval of the 2015-2020 strategic plan was also one of the key elements of IOSCO’s work in 2015. In addition to the strategic plan, new member contributions were

approved to finance the economic and human resources necessary for its implementation. In addition, intense work continued in the different standing committees and working groups.

IOSCO 2015-2020 Strategic Plan

The strategic plan establishes six priority areas which will be briefly described below and for which specific action plans have been drawn up. These areas are as follows:

- Identifying and analysing the risks arising from securities markets, new technologies and product developments (without limiting them exclusively to systemic risks).

The aim is for possible emerging risks to be identified by the different work committees and then analysed by the Research Department before planning the organisation's actions.

- Standard-setting and developing guidelines to improve the international regulatory framework for securities markets.
- Increase in assessment and monitoring of implementation of IOSCO rules and standards in the legislation of its members.

The assessments will be carried out in two formats: i) country reviews (full review of the implementation of principles and standards) and ii) thematic reviews. IOSCO will ensure an appropriate balance between the reviews of markets corresponding to emerging countries and those aimed at developed markets.

- Increase in capacity building, particularly in growth and emerging markets.
- Cooperation and information exchange by strengthening exchange of information and cooperation in the supervision and inspection of markets and their intermediaries.

The IOSCO Secretariat and the Screening Group that verifies applications to join the Multilateral Memorandum of Understanding will provide the technical assistance necessary for those members that have not yet made the necessary legislative changes in their efforts to meet the MMoU requirements.

- Collaboration and engagement with other international organisations, ensuring effective representation of IOSCO's position.

In particular, the aim is to ensure that IOSCO is represented at all FSB Steering Committee and Standing Committee meetings, as is already the case with the plenary meetings, in order to establish more effective collaboration between both organisations.

The strategic plan also proposes to strengthen the role played by IOSCO's regional committees as vehicles to channel information on emerging risks in the different regions in which the organisation is divided for their subsequent analysis, but above

all as vehicles to disseminate the new regulation or the aforementioned recommendations and standards.

A significant aspect relating to the strategic plan is to draw up a plan on capacity-building resources aimed mainly at the representative members of emerging and developing economies. The capacity-building plans establish the design and delivery of online training programs. IOSCO also plans an intensive three-week training programme, with two weeks at the IOSCO Headquarters in Madrid, or at other training centres, and the third week at Harvard University, with which an agreement has already been reached.

Another significant aspect, debated throughout the year, was the process of evaluating candidates for establishing physical training centres in each one of the IOSCO regions. The candidacies of three countries have been received corresponding to three of the four regions into which the organisation is divided worldwide: Malaysia, for the Asia-Pacific region; Turkey for the European region; and the United Arab Emirates, for the Africa-Middle East region. These training centres are expected to be started up in 2016 and will gradually be set up as pilot centres, with the start-up in the aforementioned countries being spread over 10 months.

Activities associated with international financial reform

Significant work has been carried out in three important areas: central counterparties, asset management and market conduct.

The obligation for clearing in central counterparties applicable to a significant number of financial instruments traded on OTC markets has increased the importance of CCPs and accentuated their systemic nature. In order to strengthen the treatment of systemic risk in this new regulatory environment, in 2015 the FSB approved a work plan to be conducted over 2016 with the participation of the Basel Committee on Banking Supervision (BCBS), the Committee on Payments and Market Infrastructures (CPMI) and IOSCO, together with the FSB. The plan focuses on measures aimed at strengthening the resistance of CCPs in crisis situations and drawing up recovery plans (to be developed jointly by CPMI and IOSCO) or resolution plans (to be developed by the FSB with the participation of members of IOSCO, including the CNMV).

With regard to asset management, IOSCO's Committee 5 on collective investment is leading the analysis of the possible issue of new standards in coordination with the FSB. These actions might lead to recommendations aimed at reducing the risks resulting from fund and manager activities, particular those resulting from leverage and possible liquidity mismatches.

Finally, in the area of market conduct, taking as reference a paper drawn up by the Bank of England and the Financial Conduct Authority, IOSCO has established its own work group that will be coordinated in 2016 with the tasks being performed in this area by the FSB. IOSCO's idea is to draw up recommendations and to establish lines of action to combat inappropriate conduct by participants in wholesale fixed-income, currency and commodity derivatives markets. For its part, the FSB plans to review the extent to which governance and remuneration frameworks include incentives that adequately prevent poor practices in financial institutions and how certain institutions are evolving in this area. Where appropriate, it will consider

issuing prudential supervision guidelines in order to contribute towards preventing poor practices.

Accounting, auditing and disclosure

The most significant work conducted in this area was as follows:

In the area of accounting, an analysis was conducted of the responses received in the public consultation paper on the statement on non-GAAP financial measures. The aim is to issue guides on the information to be disclosed by issuers on financial measures which are not defined or specified in the applicable financial reporting framework, which are expected to be published in 2016.

In the area of auditing, IOSCO published the Guide on Transparency of Firms that Audit Public Companies, which contains a list of general principles, recommendations and good practices. It also addresses other relevant issues for audit quality.

Finally, with regard to disclosures, IOSCO published a review of the timelines and frequency of disclosure by issuers according to IOSCO Principle 16, which establishes that the information on financial results and risks, as well as any other information which is relevant for investor decision-making, must be published fully, accurately and in a timely manner. A total of 37 countries participated in the review.

Secondary markets

The work performed on the mechanisms used by trading venues to manage trading risks and on the continuity plans of trading platforms have been consolidated into a single report following a public consultation.

In addition, with the responses received both from regulators and from trading venues, a report was completed that provides recommendations to market supervisory and regulatory authorities to ensure that these risks are managed effectively. It also proposes a set of sound practices that should be considered by trading venues in developing and implementing risk mitigation mechanisms that ensure the integrity, resiliency and reliability of their critical systems as well as their business continuity plans.

Intermediaries

The working group on intermediaries focused on business continuity (cyber risk) and crowdfunding platforms.

Following a public consultation, IOSCO completed the report on business continuity plans at the end of 2015. As a consequence of recent events and emerging threats relating to business continuity, the group decided to analyse the obligations and principles relating to members and, in particular, intermediaries.

Another activity completed in 2015 was the update of the report on crowdfunding prepared by the Research Department of the General Secretariat of IOSCO. The report included the publication of the responses to a questionnaire and a statement by IOSCO highlighting the rapid growth in funds raised by crowdfunding. It also

recommends measures relating to investor protection in all countries, as well as a review of the scope of the regulation.

Cooperation and information sharing

In this area, work was completed in 2015 on the text of the new multilateral agreement, known as the Enhanced Multilateral Memorandum of Understanding (Enhanced MMoU), which incorporates new requirements applicable to new members. The new memorandum, which aims to raise the international standard on cooperation, will be submitted for final approval, following acceptance by the IOSCO Board, in the meeting of the Presidents' Committee to be held in May 2016. A long period of coexistence of at least 10 years with the current memorandum is expected.

A very relevant report, which was widely disseminated during the IOSCO Annual Conference, was the report entitled "Credible Deterrence". This is a highly practical report that establishes the key elements or factors for a disciplinary regime to act as a deterrent. In addition, it sets forth examples of measures adopted by different securities regulators and supervisors in this field, which may be of help and interest for other members. The aim is to update the document annually and, to this end, new examples will continue to be sent for publication in subsequent editions.

Collective investment schemes

Two reports were completed in the area of collective investment schemes. The first of these updates the standards issued in 1996 on good practices in the custody of CIS assets, focusing on the functions performed by the entities entrusted with custody and their responsibilities. The second report establishes good practices aimed at reducing the dependence of CIS on the ratings of credit rating agencies.

In 2015, following the recommendation from the G20, a semi-annual report was drawn up with information on alternative investment funds with the aim of facilitating the analysis of the systemic risks associated with their activity.

Rating agencies

Following approval and publication of the review of the IOSCO code of conduct for credit rating agencies, this working group began a new project on other rating products offered by the agencies so as to develop awareness of the services and how they fit into the industry.

In order to conduct this work, two questionnaires were issued during the year: one in February, aimed at credit rating agencies, and another in June, for the users of these products. The responses and the information collected, as well as the contacts maintained with these agencies, will form the basis of a report with the conclusions of this analysis.

The objective of this project is to gain better understanding of the features of the products other than the traditional risk ratings offered by credit rating agencies. These products may also be used by investors and other participants in investment decision-making.

Minority investors

In 2015, IOSCO published the reports that it was preparing on: i) the Survey on Anti-Fraud Messaging and ii) Investment Risk Education. The first report, which describes a wide range of strategies used by the member jurisdictions of this working group, has a practical approach for IOSCO members interested in improving their strategies and initiatives in anti-fraud messaging. The second report highlights the analysis elements necessary for investors to have a better understanding of the risks associated with investments and identifies different approaches and practices used by the jurisdictions of the members of the group in response to the challenges in designing initiatives aimed at investor education.

This group has also started working on another three relevant aspects in investor education protection: the vulnerability of elderly investors (the risks faced and good practices to manage them), repercussions of new technologies in the area of investor education and the application of behavioural sciences towards improving investor protection.

14.3 Other international forums

Financial Stability Board

In 2015, the CNMV joined as a member of the Standing Committee on Standards Implementation, one of the basic standing committees around which the work of the FSB is based. This committee is responsible for monitoring implementation of the reforms and recommendations of the G20 and the FSB and to assess their effects on the economy and the financial system.

In 2015, the FSB published its first report assessing the implementation and effects of the G20 financial regulatory reforms. This report notes that the agenda of the reform programme is gradually moving from the banking sector to the capital markets, the sphere of the CNMV. Also in 2015, within the framework of the actions of the Standing Committee on Standards Implementation, the FSB published the Thematic Peer Review of OTC Derivatives Trade Reporting, which includes a set of recommendations aimed at improving the quality of the information of trade repositories and at allowing consolidation of information on a global level.

Mediterranean Partnership of Securities Regulators

In the annual meeting of presidents, held in Cairo, a report was given on the new IOSCO strategic plan and, in particular, on the capacity-building programmes contained in the plan, as well as the establishment of pilot centres for developing courses and seminars in addition to those that will take place at the IOSCO Headquarters. As indicated, these training centres will be started up gradually as from 2016. The jurisdictions that have presented their candidacy for setting up one of the training centres include Turkey, a member of this partnership of regulators. This centre is expected to begin its activities in 2017.

The work performed by the working groups in 2015 focused on the three areas addressed by the Association: collective investment, financial reporting and market abuse.

Iberian Electricity Market (MIBEL)

MIBEL's Council of Regulators, made up of the energy and securities regulators of Spain and Portugal, is responsible for monitoring the Iberian spot and forward electricity market. The CNMV chaired the Council of Regulators in the first half of 2015.

In 2015, the Council of Regulators, through its Technical Committee, began work on two major areas: integration of energy production under the special regime (renewable energies) in the MIBEL, and comparison of prices in markets under the scope of MIBEL (spot and forward) with the prices of other significant European markets (mainly, France and Germany). The content of this work will be presented in an international conference that will take place at the start of 2016.

Activities of the Ibero-American Institute of Securities Markets (IIMV)

The IIMV conducted 14 in-person training activities for cooperation and dissemination among its members in 2015. These included the IIMV study on corporate governance, which was presented in three Latin American countries. The study, which compares the different corporate governance models in Ibero-America and brings together experiences on monitoring listed companies and securities markets in that region, has been a benchmark for the South American continent and will be continued through in-person and online courses in the future.

Given the recommendations made at the end of 2014 by the IIMV Board, made up of the top representatives of the national supervisory authorities of securities markets in Ibero-America, the institute, in addition to the work in corporate governance, focused its activity on the following issues: crowdfunding and project funding mechanisms in Ibero-America, shadow banking and securitisation, international accounting standards, marketing of complex products, case studies of risk-based inspection and supervision, electronic supervision and technology, and international trends in financial regulation and supervision.

A total of 345 experts from the supervisory authorities of 19 countries participated in the activities of the IIMV. The presentations of the study on corporate governance were attended by over 300 people. The second edition of the in-person and online course on international accounting standards was once again the most requested activity. This course is providing great support in implementing these standards in Ibero-America.

14.4 Information sharing

In 2015, the CNMV handled 68 requests for cooperation from supervisors from other States (43 in 2014). It also made 25 requests to foreign supervisors for cooperation (nine in 2014).

Most of the cooperation involved the submission of information or the performance of investigations on cross-border transactions that allegedly involved market abuse (33 initiated by foreign regulators and 13 promoted or originated by the CNMV), as well as the sharing of information on procedures for verifying the suitability and good repute of regulated entities and individuals (29 requests received and seven sent).

V CNMV: organisational, financial and institutional aspects

15 Organisation

In order to effectively perform its functions, the CNMV requires a sufficient number of suitably qualified employees. This requirement is even more important now as a result of the new responsibilities given to the CNMV pursuant to Law 5/2015, of 27 April, on the promotion of business funding, and its increasing need to participate in international forums. The CNMV is making significant efforts to cover its human resources needs. It has recruited a significant number of new employees (32) in comparison with the size of the workforce (421 employees at year-end 2013), but the number of departures during the same period was higher still (51). The CNMV will therefore have to continue making an effort to recruit staff. The CNMV has continued to pay particular attention to training, as indicated in the first section of this chapter.

This chapter highlights several new aspects affecting the organisational structure of the CNMV and its Internal Regulation. One of the most important is, undoubtedly, the creation of the Directorate-General of Strategic Policy and International Affairs, which groups together the International Affairs Department; the Research, Statistics and Publications Department and the newly created Strategy and International Relations Department. The new directorate-general takes on, among other responsibilities, the functions of analysis and coordination with regard to institutionally significant draft legislation on a national and European level, strategic interaction with all the relevant institutional agents and assessment of the CNMV's management policies and systems, including making proposals for strategies and plans for the organisational and operational adaptation of the institution.

As usual, the chapter also contains an exhibit (15.1) summarising the CNMV Plan of Activities for 2016.

15.1 Human resources and organisation

Changes in workforce and staff selection processes

At the end of 2015, the CNMV had 402 employees, eight fewer than in 2014. There were 19 new hires and 27 departures during the year. Tables 15.1 and 15.2 show the distribution of CNMV staff by professional category and by department.

The CNMV conducted two selection processes in the second half of the year, one to cover a temporary vacancy for a technical member of staff in the Research, Statistics and Publications Department and another to cover 24 vacancies for technical staff for different CNMV directorates and departments. The candidate selected in the first process joined in December and those selected in the second process joined in the first quarter of 2016.

CNMV staff: composition by professional category

TABLE 15.1

Number of employees at the end of each year

	2014			2015		
	Total	Men	Women	Total	Men	Women
Services	8	8	–	7	7	–
Clerical/Computer operators	67	13	54	66	14	52
Technical	310	141	169	305	138	167
Management	25	18	7	24	16	8
Total	410	180	230	402	175	227

Source: CNMV.

In December, announcements were published to cover four vacancies for administrative staff in different CNMV directorates and departments and one vacancy for a technical member of staff in the Information Systems Department. The selection processes and the hiring of the chosen candidates are expected to take place in the first half of 2016.

In addition, 13 internal processes were carried out to cover technical positions.

In April, a resolution of the Chairwoman was published announcing the provision of the position of Director of Secondary Markets through the free designation system. As a result of this announcement, the appointment of the selected person took place in May.

Similarly, another resolution of the Chairwoman was published in June announcing the provision of the positions of Director of Strategy and International Relations and Manager of the Investment Firms Preventive Resolution Unit. As a result of these announcements, the appointments of the selected persons took place in July.

Breakdown of staff by department

TABLE 15.2

Number of employees at the end of each year

	2014			2015		
	Total	Men	Women	Total	Men	Women
Directorates-General	274	110	164	308	129	179
Entities	116	45	71	112	44	68
Markets	101	42	59	95	40	55
Legal Service	57	23	34	57	22	35
Strategic policy and international affairs ¹	–	–	–	44	23	21
Departments	115	64	51	78	44	34
Board	21	6	15	16	2	14
Total	410	180	230	402	175	227

Source: CNMV. (1) CNMV Board Resolution of 26 May 2015, amending the CNMV's Internal Regulation in the BOE (Official State Gazette) of 6 June 2015. This resolution modifies the CNMV's organisational structure and creates the Directorate-General of Strategic Policy and International Affairs, which oversees the Strategy and Institutional Relations Department, the International Affairs Department and the Research and Statistics Department. The staff for this new organisational structure has come from the reorganisation of the CNMV's existing staff.

Training

The initiatives taken by the CNMV in 2015 in the context of its training programme include the following:

- Collective training actions, given internally by employees in order to disseminate and share knowledge in different areas within the CNMV. 45% of the staff benefited from this type of action, 5% up on the previous year. These actions accounted for 12% of total training hours.
- Technical training actions, developed and given in collaboration with different specialised schools and training centres. A total of 6,616 training hours were organised, which were attended by 62% of staff.
- Training actions in occupational health and safety. The Healthy Habits Programme, aimed at all CNMV employees, was implemented in 2015. This programme, which falls within the scope of health monitoring, aims to promote and improve the health and well-being of employees in a comprehensive and ongoing manner. As part of the programme, different actions to raise awareness, provide information and education to employees were conducted in the following areas: healthy eating habits, physical activity/sports, emotional well-being and balance and prevention and awareness raising. 25% of the workforce participated in these activities.

In November 2015, the CNMV was awarded second prize in the 14th Edition of the “Antonio Baró” MC Mutual Awards, which aim to promote a culture of prevention and to recognise, promote and disseminate the work of companies in the effective management of employee health protection.

- International training actions, planned and given by IOSCO and ESMA, were attended by 11 CNMV employees.

The training programme in 2015 comprised a total of 55 training actions and 7,900 training hours. Each employee received, on average, 19 training hours, and 74% of the staff participated in at least one of the scheduled training actions.

In 2015, a new edition of the ESMA technical training programme provided through e-learning was implemented, in which 28 CNMV employees participated. This programme, which participants rated very positively both in terms of contents and the technological platform used, is expected to continue in 2016.

Finally, as in previous years, a new edition of the language programme was implemented, with participation by 48% of the workforce. The participants received a total of 9,962 training hours, an average of 24 hours per student. In addition, and with the aim of perfecting the language (English, French or German) in a native environment, the possibility of attending a summer course abroad was offered for the sixth consecutive year. In total, taking into account the different options possible, 11% of staff participated in the summer programme.

Other significant human resources initiatives

A new edition of the telework programme was implemented in 2015 with the participation of 46 employees.

Also in 2015, an initiative was implemented aimed at automating some procedures in order to improve the management of human resources processes. This initiative, which will continue to be developed in 2016, required all the employees to have an electronic signature, which was implemented in the second half of the year.

Also in the second half of the year, a project was undertaken to update and improve the CNMV's website, in its section on job offers, aimed at providing candidates with all the information relating to their participation in selection processes.

Every quarter, the internal magazine *Entre Nosotr@s* continues to be published in order to publicise information on human resources to CNMV employees.

In the last quarter of the year, the 4th CNMV Drawing Competition took place, with the participation of the children of employees, under the theme of "Christmas". This edition included a new category of photography in which employees' children over 14 could participate. There were 118 participants, aged between three and 16 years old. The awards were handed out in December.

New organisational developments

On 28 April 2015, the CNMV Chairwoman approved the Service Instruction on the functional assignment of employees at the Barcelona Regional Office to the directorates and, on 12 June, the Service Instruction attaching the Barcelona Regional Office to the General Secretariat.

The CNMV Board, in its meeting held on 26 May, agreed to the creation of the Directorate-General of Strategic Policy and International Affairs, which groups together the International Affairs Department, the Research and Statistics Department and a newly-created Strategy and International Relations Department. The cross-departmental nature of this new directorate-general gives it the necessary capacity to analyse and coordinate the response to both EU and Spanish institutionally significant draft legislation, as well as their necessary implementation. It takes on the strategic interaction with all the relevant institutional agents and is responsible for supervising the corporate organisation and economic-financial aspects of the market structures. The Directorate-General will also be responsible for advising the higher bodies of the CNMV and ensuring that public messages are in line with the strategy defined in the annual Plan of Activities. It will also evaluate the CNMV's management policies and systems in a risk environment, and will propose strategies and plans for the CNMV's organisational and operational adaptation.

In addition, in accordance with the functions of this new Directorate-General, the Cabinet of the Chairperson's Office is no longer classified as a department and the possibility of creating a Department of the Chairperson's Office with the functions of supporting and advising the governing bodies is removed.

Finally, it allocates the functions of preventive resolution of investment firms to a unit reporting directly to the Director General of Strategic Policy and International Affairs in order to carry out the functions assigned by legislation to the CNMV as the authority for preventive resolution of investment firms. It establishes, among the functions of the Directorate-General of Entities, the responsibility for registration, authorisation, supervision and inspection of crowdfunding platforms and, among the functions of the Directorate-General of Markets, it includes that of supervising the trade reporting that must be performed by market participants and the information that they send to trade repositories.

Similarly, the CNMV Board, in its meeting held on 26 May 2015, in accordance with Article 6 of the Internal Regulation, approved the amendments to Articles 27, 30, 31 and 32 of said Regulation, which are detailed below:

- Elimination of Article 27, Section 7, and new wording of Article 27, Sections 4, 5 and 6.
- Amendment of the wording of Article 30 in order to incorporate the new Directorate-General of Strategic Policy and International Affairs and its functions into the CNMV's organisational structure, as well as the new responsibilities of the Directorate-General of Entities and the Directorate-General of Markets.
- Partial amendment of the wording of Article 31 relating to the different departments attached to the directorate-generals. Article 31, Section 3, is included on the organisational structure of the new Directorate-General of Strategic Policy and International Affairs.
- Amendment of Article 32 to reduce the number of departments attached to the Chairperson to two: the Information Systems Department and the General Secretariat.

The Board Resolution amending the Internal Regulation was published in the *BOE* (Official State Gazette) at the start of June.

The Joint Committee for Oversight, Interpretation and Study (Spanish acronym: CPVIE) of the Collective Bargaining Agreement, pursuant to its article 2.2.i updated the content of the Collective Bargaining Agreement to adapt it to Royal Decree-Law 10/2015, of 11 September, granting extraordinary funds and credit supplements in the State budget and implementing other public employment measures and stimulus packages, as well as the Resolution of 16 September 2015 of the Secretariat of State and Public Administrations, amending the Resolution of 28 December 2012, on work days and hours of civil servants of the government and its public bodies.

15.2 Information systems

The CNMV introduced improvements in its Information Systems in 2015 with the following three main objectives:

- To renew the technical, physical and logistics infrastructures of the central systems and workplaces, strengthening security and continuity in all the installations.

- To renew technologically obsolete software and to develop new software to support both the new regulations which enter into force over the year and the information system needs of horizontal activities.
- To strengthen the virtual office and the electronic register to work towards eliminating the use of paper for CNMV procedures.

The new software implemented over the year included the following: publication of new information on asset securitisation funds, receipt and management of statements of funds and closed-ended investment companies, register of takeover bid exemptions, new master file for issuing companies, receipt of intragroup exemptions for ESMA (EMIR) and management of CIS mergers. It is also important to highlight completion of all the work relating to the new task management application, as well as continuity of the work relating to the new issue and admission prospectuses.

Work also continued on developing and implementing the new comprehensive management system for image-based documents. Work has also been carried out in designing a new presentation for the CNMV's website, reorganising contents and facilitating access for mobile devices.

Regarding the virtual office and electronic register, work has begun to replace the electronic signature platform and to adapt to the new legal person certificates.

With regard to documents received by the CNMV, which are detailed in Table 15.3, it is clear that documents received electronically have become consolidated as the percentage received on paper has fallen to only 16% of the total.

Documents received by the CNMV

TABLE 15.3

	2014		2015	
	Number	Distribution %	Number	Distribution %
Electronic	123,116	81	123,087	84
On paper	28,994	19	23,298	16
Total	152,110	100	146,385	100

Source: CNMV.

The consolidation of electronic documents as the main source for movements in the CNMV's registry can also be seen in the documents sent by the CNMV. In 2015, 137,667 electronic notifications were sent, accounting for 77% of the total notifications sent from the register, a similar proportion to that recorded in 2014.

The bulk of the electronic notifications are sent by email, and emails are also increasingly replacing paper in the sending of registered notifications and deficiency letters. For example, the Directorate-General of Entities sent 90% of its notifications and deficiency letters (13,797 total) by email in 2015.

Notifications sent from the electronic register of the CNMV

TABLE 15.4

CNMV: organisational,
financial and institutional
aspects
Organisation

	2014		2015	
	Number	Distribution %	Number	Distribution %
Emails with acknowledgement of receipt for documents received	101,227	74	100,958	73
Informative emails	20,317	15	24,229	18
Registered notifications	13,031	10	10,751	8
Deficiency letters	1,857	1	1,729	1
Total	136,432	100	137,667	100

Source: CNMV.

This data on notifications received and sent electronically once again support the strong commitment to implementing electronic administration in the CNMV.

CNMV Plan of Activities 2016

EXHIBIT 15.1

On 24 February, the CNMV presented its Plan of Activities for 2016, continuing with the commitment to improving transparency and accountability which began in 2007. The Plan, which was previously submitted to the CNMV's Advisory Committee for comments, details the objectives set for the year in progress and includes a review of the level of compliance with the commitments established in the 2015 Plan.

The 2015 Plan of Activities set 34 objectives aimed at developing the strategic lines planned for the year. The CNMV was able to complete 79%, which rises to 87% if we exclude the objectives whose completion does not depend solely on the CNMV. The level of compliance with the plan in 2015 was therefore higher than in previous years (72% in 2013 and 75% in 2014).

Starting from the basis of the functions attributed to the CNMV as the body charged with supervising and inspecting Spanish securities markets and the activity of the participants in said markets, the Plan of Activities for 2016 is based on four strategic lines which form the basis for a total of the 44 objectives set for this year.

The first strategic line is to operate proactively, particularly by applying the new tools which legislation has recently granted to the CNMV. The supervisory tools that the CNMV will use for the first time include those which allow it to use the services of independent experts and to anonymously check the marketing process for financial products (mystery shopping). It will also draw up technical guides with criteria and procedures for facilitating compliance with legislation.

The CNMV's second line of action will be marked by the effort and drive towards supervisory convergence in the European Union. To this end, the CNMV will continue actively participating at an international level and will intensify its cooperation with other European supervisors in order to ensure

consistent implementation of the legislation. With regard to this line of action, it is important to highlight the fact that the CNMV chairs ESMA's Supervisory Convergence Standing Committee, which has recently been strengthened in order to coordinate the implementation of legislation, avoid regulatory or supervisory arbitrage between countries and to detect areas that require greater integration.

As a third strategic line, the CNMV proposes improvements to the functioning of Spanish securities markets in order to facilitate access by companies to financing. In this regard, it will make an ongoing effort to define possible measures or developments considered appropriate to achieve this objective. The CNMV, making use of its legal capacity in this regard, will propose to the Government and the Ministry of Economic Affairs and Competition the improvements that it considers appropriate in order to eliminate possible unnecessary obstacles, attract foreign and national investment and foster the financing of productive activity.

The fourth line of action of the CNMV is to promote interaction with the sector and with investors and to develop the dialogue necessary so that the process of adaptation to the new European legislation in Spain is performed efficiently.

Law 16/2014, of 30 December, regulating CNMV fees, which entered into force on 1 January 2015, led to a notable increase in fee revenue in 2015, the main source of ordinary revenue for the CNMV. As indicated in this chapter, the economic-financial report that accompanied the processing of the Bill was based on the market data outlook that could be observed or deduced in 2013. However, the market has grown considerably since then, which has led to a significant upward variation in the amount collected compared with the initial forecasts. This deviation is reflected in an equally noteworthy surplus in the income statement, which is also partially the result of ordinary operating expenses being contained. The CNMV closely monitors the revenue collected as a result of the new Law and, where appropriate, will propose the necessary measures to adjust fees.

This chapter is supplemented by Part VII of the *Annual Report*, which provides greater details on the CNMV's 2015 accounts.

16.1 Revenue and expenses

In 2015, the CNMV obtained 65.3 million euros in revenue and incurred 42.2 million euros in expenses. Therefore, the surplus for the year amounted to 23.1 million euros.

The surplus for ordinary activities amounted to 20.9 million euros, compared with the 2.3 million euros forecast in the operating budget for 2015. The deviation was a result both of ordinary revenue and ordinary operating expenses. The former amounted to 62.7 million euros (14.4 million up on the budgeted amount), while the latter amounted to 41.8 million euros (4.2 million below the budgeted amount). The deviation in ordinary revenue was essentially concentrated in fee revenue, which totalled 61 million euros (13.5 million more than the budgeted amount). The reasons for this deviation are explained in the following section.

For their part, ordinary expenses amounted to 41.8 million euros, a fall of 0.4% on the previous year. This was 4.2 million euros less than the budgeted amount, 1.9 million of which was the result of the fall in staff costs as the CNMV was unable to cover the vacancies for technical staff that arose over the year as the new hires were limited by the provisions of Royal Decree 196/2015, of 22 March, approving the public sector hiring process for 2015. The provisions contained in Article 18.2 of the recast text of the Securities Market Act, which authorises the CNMV to decide on the announcement of vacancies in its workforce, could only be applied as from 28 April 2015, the date of entry into force of Law 15/2015, 27 April, on the promotion of business funding. The announcements of vacancies in 2015 under the new legal framework led to new hirings who joined the workforce in February 2016. Specifically, in application of the new legal framework, the CNMV has covered

seven vacancies for technical staff in addition to the 11 provided for in the public sector hiring process (up 64%).

With regard to ordinary expenses, external services fell significantly, amounting to 8.5 million euros, 1.7 million less than the budgeted amount and 3% down on 2014, due to a reduction in the costs for these services. Expenses corresponding to transfers and grants were also lower than the budgeted amount (0.3 million euros as a result of the fall in the annual fee for ESMA). In addition, depreciation/amortisation was also lower than the budgeted amount, by 0.2 million euros, as a result of a lower amount for the amortisation of intangible assets – computer software). The profit from financial operations amounted to 2.2 million euros, which is in line with the budget.

On 9 January and 31 July 2015, the government, following a proposal by the CNMV, agreed the allocation of the surplus obtained in 2013 and 2014, respectively, in both cases to the Public Treasury.

16.2 Effects of the fee reform

Law 16/2014, of 30 September, regulating CNMV fees, which entered into force on 1 January 2015, has meant a substantial change to the CNMV's fee revenue structure as it creates new fees, eliminates others and modifies several of the fees regulated in the previous legislation. There were three key aims to this reform: ensuring the financial sufficiency of the CNMV in relation to the principle of equivalence, aligning the CNMV's fee regulation with that of other similar supervisory authorities in Europe and, finally, introducing improvements in the management by reducing costs and charges linked to fee settlement and collection procedures.

The bill began its passage through Parliament on 1 April 2014 and therefore the economic data on which the forecasts in the economic-financial report accompanying the legal text are based corresponded to those available at the end of 2013, when the CNMV sent a draft bill to the government for processing. The situation and outlook for securities markets at that time were very different from those of 2015 and this is reflected in the fees collected (see Table 16.1), which are significantly higher than the forecast in the economic-financial report of Law 16/2014, of 30 September. For example, two figures clearly illustrate the differences in the level of market activity between 2013 and 2015. While trading in the Spanish market in 2013 amounted to 765.5 billion euros, the figure recorded in 2015 stood at 1.16 trillion euros, i.e., an increase of 51.9%. Similarly, while the total assets under management of mutual funds and SICAVs at year-end 2013 stood at 189.13 billion euros, this figure stood at 257.72 billion euros in 2015, a rise of 36.3%.

This significant change in the market situation explains the increase in fee revenue both in relation to fixed-rate fees (increase in the number of authorisations and registrations resulting from greater activity), and those which result from application of a rate to chargeable bases which are related to market data.

The CNMV closely monitors the evolution of revenue of each one of the fees established in Law 16/2014 in order to propose, as the case may be, the corresponding adjustments in the regulation, always with the aim that the fees guarantee the financial sufficiency of the CNMV and maintain the principle of equivalence.

CNMV fee revenues

TABLE 16.1

CNMV: organisational,
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aspects
Finances

Thousand euros

Activity or service	2015
Registration of prospectuses and market participants	11,004.7
Prospectus registration	4,599.1
Issue prospectuses	863.6
Listing prospectuses	3,735.4
Securitisation funds and bank asset funds	55.9
Authorisation and registration of entities	5,933.5
Authorisation of takeover bids	416.2
Market supervision	24,220.9
Stock market and MTF members	9,818.6
MEFF members	215.9
Sociedad de Sistemas members	5,471.4
CCP clearing members	469.0
Market governing companies	1,880.0
Listed issuers	6,366.0
Supervision of entities	25,788.0
CIS solvency supervision	11,757.5
Mutual funds	8,103.6
Investment companies	3,653.9
Solvency supervision of CIS and securitisation fund management companies	122.0
CIS management companies	115.0
Securitisation fund management companies	7.0
Solvency supervision of investment services firms	538.5
Portfolio management companies	5.0
Broker-dealers and brokers	533.4
Venture capital solvency supervision	393.6
Management companies of closed-ended collective investment entities	74.0
Closed-ended collective investment entities	319.6
Supervision of CIS and venture capital vehicle depositories	2,597.7
Supervision of conduct of business rules of investment firms, credit institutions and CIS management companies	7,444.7
Marketing foreign UCITS	2,934.0
Issuance of certificates	13.3
Total	61,026.9

Source: CNMV.

Table 16.2 shows the most significant deviations in relation to the forecast figures in the economic-financial report that accompanied Law 16/2014. These deviations are also discussed below.

**CNMV fee revenues: deviations with regard to the forecasts
of the economic-financial report of Law 16/2014**

TABLE 16.2

Thousand euros

Type of activity	Report forecast Law 16/2014	Fee revenue 2015	Difference in absolute value
Verification of requirements for prospectus admission and registration	3,356.9	4,599.1	1,242.2
Authorisations and registrations	3,871.5	5,933.5	2,062.0
Supervision of stock market and Iberclear members	11,509.6	15,290.0	3,780.4
Supervision of market infrastructures	1,249.0	1,880.0	631.0
Supervision of regulated information of listed companies	5,086.4	6,366.0	1,279.6
Supervision solvency and activity of collective investment schemes and depositories	10,096.0	14,355.2	4,259.2
Supervision of marketing of foreign CIS	1,847.0	2,934.0	1,087.0
Total	37,016.4	51,357.8	14,341.4

Source: CNMV.

16.2.1 Verification of requirements for prospectus admission and registration

The revenue under this heading amounted to 4,599,100 euros and exceeds the revenue figure in the economic-financial report accompanying Law 16/2014 by 1,242,200 euros.

The bulk of this deviation, for an amount of 829,000 euros, was the result of greater activity than forecast in accordance with the following breakdown:

- i) Greater revenue in equity admission verifications, for an amount of 510,000 euros, resulting from a higher number of verification processes than forecast (5%) and, in particular, a higher unit amount of these processes.
- ii) Registration of equity issue prospectuses, with 11 more processes than forecast (60%), which increased revenue by 215,000 euros.
- iii) Verification of fixed-income registration and admission requirements, for an amount of 89,000 euros, and registration of fixed-income issue prospectuses, for 15,000 euros.

In 2015, in accordance with the transitional provision of Law 16/2014, the CNMV received fees in accordance with the previous legislation contained in Royal Decree 1732/1998, of 31 July, on fees applicable to the activities and services provided by the CNMV. These fees involved unexpected non-recurring revenue of 413,000 euros, which accounts for 33% of the deviation under this heading.

16.2.2 Authorisations and registrations

The revenue under this item (5,933,500 euros) was 2,062,000 euros up on the forecast contained in the economic-financial report of Law 16/2014.

The most significant deviation took place with regard to the number of registrations, from a forecast of 7,887 (in line with the number of registrations in 2012 and 2013) to a figure of 10,566, a rise of 34%, due to the increase in activity. This led to revenue of 5,409,000 euros, 1,846,000 euros higher than the forecast contained in the report.

The number of authorisations in the report refers to a total of 110 entities, in line with the figures of authorisations relating to investment firms and CIS management companies in 2012 and 2013. The extremely favourable evolution of the market has led to a 43.6% increase in the number of authorisations, which is reflected in the increase in revenue of 135,000 euros above the forecast amount.

16.2.3 Supervision of stock market and Iberclear members

Revenue under this heading stood at 15,290,000 euros, 3,780,400 euros above the forecast.

The upward deviation stands at 32.8%, which reflects the strong growth in trading volume on stock markets compared with 2013 (51.9%).

16.2.4 Supervision of market infrastructures

The revenue recorded in 2015 amounted to 1,880,000 euros, 631,000 euros above the forecast contained in the economic-financial report of the Law.

This is a fixed rate applicable by brackets in accordance with the trading volume registered in each market. The sharp increase in trading volumes, considerably higher than expected, meant that several markets jumped into a bracket with a higher rate, which led to higher revenue for the CNMV.

16.2.5 Supervision of the regulated information of listed companies and regulated entities

The revenue for supervising the regulated information of listed companies in 2015 amounted to 6,366,000 euros, 1,279,600 euros above the forecast contained in the report.

The upward deviation in this item stands at 25.2% on the forecast and, in the case of companies with listed shares, accounted for a total of 880,000 euros, due to the increase in stock market capitalisation of the companies. This is also a rate applicable by brackets. The changes in capitalisation led to 13 of the 153 companies listed on the SIBE to move up to higher brackets, with the subsequent increase in the rate.

There was also an increase in the number of entities required to submit financial reporting to the CNMV, basically issuers of fixed income, securitisation funds and bank asset funds. This obligation affected 413 entities in 2015, compared with 340 in the forecast (an increase of 21.5%). The rise in the number of entities subject to the fees is explained by the ordinary turnover in the number of outstanding debt issues (there were more new issues in 2015 than expired issues) and also as a result of the low estimate of the number of securitisation funds and bank asset funds

included in the report considering the downward trend in the number of issues of new funds of recent years. This trend has gradually softened compared with the estimate, which led to an increase in revenue of 400,000 euros compared with the forecast.

16.2.6 Supervision of collective investment schemes and depositories

The revenue for supervising collective investment schemes and depositories amounted to 14,355,200 euros, 4,259,200 euros above the forecast contained in the report.

This deviation of 42% with regard to the forecast is the result of the sharp increase (46.3%) in the assets of CIS registered between 2013 and 2015.

16.2.7 Supervision of the marketing of foreign collective investment schemes

The revenue for the supervision of the marketing of foreign collective investment schemes amounted to 2,934,000 euros, 1,087,000 euros higher than the forecast contained in the report.

The bulk of the deviation corresponds to the marketing in Spain of alternative investment firms, whose presence in the national market was extremely low until the end of 2014 (only three alternative investment funds in 2013). The number of alternative investment funds marketed in Spain rose to 313 in 2015.

17 National Securities Numbering Agency

CNMV: organisational,
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aspects
National Securities
Numbering Agency

The CNMV discharges the functions of the Spanish National Securities Numbering Agency (Spanish acronym: ANCV), whose main goal is to assign and administer International Securities Identification Numbers (ISIN)¹ and Classification of Financial Instruments (CFI)² codes to facilitate their dissemination and use among users. The CNMV is also responsible for assigning the Financial Instrument Short Name (FISN)³ in line with ISO standard 18774. In Spain, the ISIN code is used as the primary identifier in securities trading, clearing and settlement. In its role as ANCV, the CNMV is a founder and full member of the Association of National Numbering Agencies (ANNA), which at 2015 year-end had a total of 91 full member countries and 25 associates.

As part of its international activity, the ANCV actively participates in various international working groups and management bodies relating to its activity. It currently holds the role of coordinator of the working group WG2: ISIN Quality and Guidelines, which belongs to ANNA, comprises representatives from several national agencies, and is responsible for drawing up uniform rules and criteria for ISIN allocation worldwide. The ANCV also contributes towards developing and reviewing ISO standards through Technical Subcommittee 4 (SC4).⁴ Two new versions of standards were published in 2015: firstly, the 3rd edition of ISO standard 10962 (CFI), which replaces and updates the previous 2001 version and, secondly, the first edition of ISO standard 18774.

A noteworthy new aspect in numbering is the availability, as from the end of November, of ISIN codes applicable to derivatives contracts immediately after they are traded for the first time. These codes may be consulted in the section dedicated to the ANCV on the CNMV's website, through an "ISIN code search" or the "Derivatives web service".

With regard to the key figures of the ANCV's activities, the number of securities and financial instruments with an ISIN in 2015 totalled 12,970, a fall of 1% on 2014 (see Table 17.1). Total numbers issued for equity instruments fell by 6.3%, with the fall mainly concentrated in collective investment schemes. The overall fall for fixed-income instruments stood at 27.3%. Significant falls were recorded in the number of new public debt issues (-54.5%) and private fixed income and issues of bonds and debentures (-89.9% and -56.3%, respectively). In contrast, significant rises were recorded in issues of covered bonds (46.4%) and securitisation bonds (15.2%). There

1 International Securities Identification Number: ISO standard 6166.

2 Classification of Financial Instruments: ISO standard 10962.

3 Financial Instrument Short Name: ISO standard 18774.

4 SC4 is responsible for the standards on securities and financial instruments and forms part of ISO Technical Committee 68.

was a 9.8% increase in issues of rights, while the codes given to structured products and warrants remained practically unchanged. Finally, in the derivatives market, the number of options with an ISIN number rose, while the number of futures and swaps fell.

Number of securities and other financial instruments with ISIN

TABLE 17.1

	2014	2015	% change
Equity	711	666	-6.3
Shares	188	184	-2.1
CIS and venture capital funds	523	482	-7.8
Preferred shares	0	0	0.0
Fixed income	1,295	941	-27.3
Government debt	99	45	-54.5
Treasury bills and commercial paper	12	12	0.0
Bonds and debentures	87	33	-62.1
Private fixed income	1,196	896	-25.1
Commercial paper	809	768	-5.1
Bonds	278	28	-89.9
Debentures	48	21	-56.3
Covered bonds	28	41	46.4
Securitisation bonds	33	38	15.2
Structured products	273	272	-0.4
Rights	51	56	9.8
Warrants and certificates	2,695	2,626	-2.6
Options	7,324	7,745	5.7
Futures	289	260	-10.0
Swaps	466	404	-13.3
Total	13,104	12,970	-1.0

Source: CNMV.

At the end of the year, the number of active securities and other financial instruments with an ISIN code in the ANCV database totalled 19,504. Listed securities and financial instruments accounted for 61.89% of the total.

The total number of queries to the ANCV stood at 680, practically the same figure as in 2014. Queries regarding Spanish codes, which accounted for 88% of the total, rose by 2.6% on the previous year, while queries about foreign codes fell by 15%.

Queries handled directly by the ANCV

TABLE 17.2

	2014	2015	% change
Spanish codes	574	589	2.6
Foreign codes	107	91	-15.0
Total	681	680	-0.1

Source: CNMV.

18 CNMV Advisory Committee

CNMV: organisational,
financial and institutional
aspects
CNMV Advisory Committee

The Advisory Committee is the body which provides advice to the CNMV's Board. Its functions and composition are provided for in Articles 30 and 31 of the recast text of the Securities Market Act, approved by Royal Legislative Decree 4/2015, of 23 October, and its implementing legislation and Royal Decree 303/2012, of 3 February, which regulates the CNMV Advisory Committee. This Committee is chaired by the CNMV's Vice-Chairperson and includes representatives of market infrastructures, issuers, investors, credit institutions and insurance companies, professional groups designated by the CNMV, investment guarantee funds and each one of the autonomous regions with authority with regard to securities markets and in which there is an official secondary market.

As a body providing advice to the CNMV's Board, the Advisory Committee informs on those issues referred to it by the Board. In particular, the Committee shall issue a mandatory report in the following cases: i) approval of CNMV circulars; ii) authorisations, revocations, mergers and takeovers of investment services firms, and iii) authorisations, revocations and mergers and takeovers of branches of investment services firms from non-EU countries.¹

In addition to the above, the Advisory Committee provides advice on draft regulations relating in general to the securities market which are referred to it by the Government or the Ministry of Economic Affairs and Competition. It thus fulfils the principle of consulting the affected sectors when new regulations are being drafted.

As a consequence of the intense international integration affecting the CNMV's activity, the committee's agenda regularly includes voluntary or non-mandatory consultations from international bodies, such as IOSCO and ESMA or relating to other initiatives of the CNMV or the Committee itself. This allows greater participation from the sector, which is in line with international recommendations on analysing the impact of regulations.

In addition, since 2012 the Committee has also been analysing the recommendations and standards issued by ESMA prior to their application in Spain.

The Advisory Committee must meet at least once every three months, but in practice it holds a meeting every month.

1 It should be indicated, however, that no proceedings for authorisation, revocation, merger and takeover of investment services firms have been processed since 2008. The Securities Market Act provides that the Advisory Committee shall issue a mandatory report when required by its regulation. Implementation of this rule was provided for in Royal Decree 867/2001 until 2008. However, this legislation was repealed upon approval of Royal Decree 217/2008, of 15 February, on the legal regime of investment services firms, which contains no provision on the intervention of the Advisory Committee in this type of procedure.

Actions by the Advisory Committee in 2015

Table 18.1 offers a statistical summary of the issues addressed by the Advisory Committee in 2015.

The number of issues analysed was significantly higher than in the previous year (20%). This rise was the result both of the increase in the number of mandatory reports on regulations (40%) and voluntary consultations (30%).

This greater presence of voluntary consultations reflects the growing importance of international activity for the CNMV, as well as its desire to collect, through the Advisory Committee, the sector's opinion as often as possible.

Types of issues referred to the Advisory Committee

TABLE 18.1

	Number of issues	
	2014	2015
Mandatory reports on regulations	14	16
Voluntary consultations (IOSCO, ESMA and others)	10	13
Total	24	29

Source: CNMV.

Table 18.2 provides a breakdown of the issues addressed.

List of CNMV Advisory Committee actions in 2015

TABLE 18.2

Mandatory reports on regulations

- Draft CNMV Circular on warnings relating to financial instruments (Session of 9/02/2015).
- Draft CNMV Circular on instruments for reporting and disclosing significant events (Session of 11/05/2015).
- Draft Order ECC determining the content, structure and requirements of publication of the annual corporate governance report and establishing the accounting obligations of bank foundations (Session of 11/05/2015).
- Draft CNMV Circular on statistical data and information in implementation of Article 86.2 of the Securities Market Act 24/1988, of 28 July (Session of 8/06/2015).
- Draft Royal Decree implementing Law XX/2015, of XX, on recovery and resolution of credit institutions and investment firms (Session of 8/06/2015).
- Draft Order ECC on obligations of information and classification of financial products (Session of 8/06/2015).
- Draft Royal Decree amending Royal Decree 1082/2012, of 13 July, approving the implementing regulation of Law 35/2003, of 4 November, on collective investment schemes (Session of 13/07/2015).
- Draft Royal Decree implementing Law 26/2013, of 27 December, on savings banks and bank foundations, regulating the reserve fund that must be established by certain bank foundations (Session of 13/07/2015).
- Draft Royal Decree on clearing, settlement and registry of securities represented in book-entry form and on transparency requirements of the issuers of securities admitted to trading on an official secondary market (Session of 13/07/2015).
- Draft CNMV Circular amending Circular 1/2008, on periodical reporting by issuers of securities admitted to trading on regulated markets, regarding half-yearly financial reports, interim management reports and, as the case may be, quarterly financial reports (Session of 13/07/2015).
- Draft CNMV Circular amending Circular 7/2008, of 26 November, on accounting rules, annual accounts and reserved statements of investment firms, management companies of collective investment schemes and management companies of venture capital entities, and Circular 11/2008, of 30 December, on accounting rules, annual accounts and reserved statements of venture capital entities (Session of 28/09/2015).
- Draft CNMV Circular on accounting standards, annual reports, public financial statements and reserved statements of statistical information of securitisation funds (Session of 28/09/2015).
- Draft CNMV Circular on the criteria to exempt companies traded exclusively on a multilateral trading facility referred to in Article 32 of the Securities Market Act 24/1988, of 28 July, from the obligation provided for in that article to request their admission to trading on a regulated market (Session of 28/09/2015).

- Draft CNMV Circular approving the forms for notifying significant shareholdings of directors and executives and closely related parties of trades in treasury shares by the issuer and other forms (Session of 30/11/2015).
- Draft CNMV Circular amending the forms of the annual corporate governance reports of listed companies and other entities - other than savings banks - that issue securities traded on official markets and the form for the annual directors' remuneration report of listed companies (Session of 30/11/2015).
- Draft CNMV circular amending Circular 1/2015, of 23 June, on statistical data and information of market infrastructures (Session of 30/11/2015).

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CNMV Advisory Committee

Voluntary consultations (IOSCO, ESMA and others):

Joint Committee of the European Supervisory Authorities

- Key information documents for packaged retail investment products (Session of 19/01/2015).
- Technical Discussion Paper (DP) on the PRIIPs Key Information Document (Session of 13/07/2015).

European Securities and Markets Authority (ESMA)

- Consultation on asset segregation in accordance with the Alternative Investment Fund Managers Directive (Session of 19/01/2015).
- Consultation on MiFID II/MiFIR (Session of 9/02/2015).
- Consultation on the Central Securities Depositories Regulation (Session of 9/02/2015).
- Consultation documents of the European Commission on the Capital Markets Union (Session of 11/05/2015):
 - *Building a Capital Markets Union.*
 - *Review of the Prospectus Directive.*
 - *An EU Framework for Simple, Transparent and Standardized Securitization.*
- Consultation on *Draft Guidelines on Complex Debt Instruments and Structured Deposits* (Session of 8/06/2015).
- Consultation on *Draft Guidelines for the Assessment of Knowledge and Competence* (Session of 8/06/2015).
- Consultation on *Draft Implementing Technical Standards under MiFID II* (Session of 19/10/2015).
- Consultation on *Guidelines on Sound Remuneration Policies under UCITS Directive and AIFMD* (Session of 19/10/2015).

CNMV

- Good governance code of listed companies (Session of 9/02/2015).

European Commission (EC)

- *Call for Evidence. EU Regulatory Framework for Financial Services* (Session of 14/12/2015).
- Consultation on *Review of the European Venture Funds (EUVECA) and European Social Entrepreneurship Funds (EUSEF) Regulations* (Session of 14/12/2015).

Source: CNMV.

VI Report by the Internal Control Body



Audit Report Pursuant to Article 17.4 of the Recast Text of the Securities Market Act - 2015

INTERNAL CONTROL DEPARTMENT

7 April 2016

1.- Introduction

The CNMV's Internal Control Department has performed the audit relating to the adaptation of the decisions adopted by the governing bodies to the procedural regulations applicable in each case, in implementation of the Audit Plan and Internal Control Actions approved by the Commission's Board in its session on 16 March 2016, thus complying with Article 17.4 of the Recast Text of the Securities Market Act, approved by Royal Legislative Decree 4/2015, of 23 October.

The work has been performed in accordance with the International Standards for the Professional Practice of Internal Auditing of the IIA (the Institute of Internal Auditors), pursuant to the Internal Audit Rules for the CNMV approved by a Resolution of the Board on 4 April 2011.

2.- Aims and scope

The aim of the work is to verify adaptation to the procedural legislation applicable in adopting supervisory decisions by the CNMV's governing bodies in 2015.

The basic legislation applicable to CNMV procedures is as follows:

- Recast Text of the Securities Market Act.
- Law 30/1992, of 26 November, on the Legal Regime of Public Authorities and Common Administrative Procedures.
- The CNMV's Internal Regulation.

It has also taken into account Resolutions on the delegation of powers of the CNMV in force in 2015.¹

There have been no limits placed on the scope in the performance of the work.

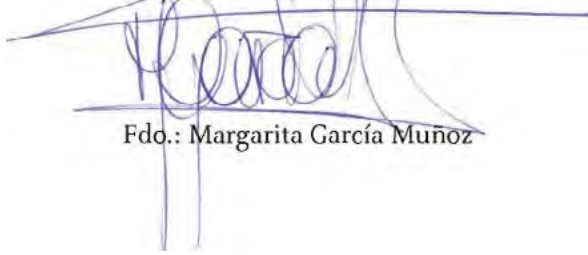
¹ Resolutions on delegation of 22 October 2014 and 11 March 2015.

3.- Opinion

In our opinion, having completed the audit work, it can be concluded that in 2015 the decisions adopted by the CNMV's governing bodies have met the requirements established in current legislation relating to the procedure and authority applicable in each case within the scope of the supervision entrusted to it by the Recast Text of the Securities Market Act and other legislation.

Madrid, 7 April 2016

Directora del Departamento
de Control Interno



Fdo.: Margarita García Muñoz

[Director of the Internal Control
Department

Signed: Margarita García Muñoz]

VII Financial statements of the CNMV

Summary of financial statements 2015

1 Balance sheet

Assets	2015	2014
A) Non-current assets	132,074,907.78	141,514,143.31
I. Intangible assets	5,482,741.63	5,439,610.71
1. Investment in research and development	885,795.17	1,855,381.15
3. Computer software	4,540,150.46	3,584,229.56
5. Other intangible assets	56,796.00	0.00
II. Property, plant and equipment	77,713,607.60	78,851,349.60
1. Land	43,634,703.45	43,678,478.93
2. Buildings	30,849,380.29	31,554,085.80
5. Other property, plant and equipment	3,229,523.86	3,618,784.87
IV. Long-term financial investments in group companies, jointly-controlled entities and associates	48,586,146.25	57,045,341.86
3. Loans and debt securities	48,586,146.25	57,045,341.86
V. Long-term financial investments	292,412.30	177,841.14
1. Financial investments in equity	935.36	935.36
2. Loans and debt securities	290,211.31	175,640.15
4. Other financial investments	1,265.63	1,265.63
B) Current assets	58,639,679.52	40,265,297.61
III. Trade and other receivables	36,977,219.37	15,161,593.36
1. Receivables for operating activities	29,971,373.31	12,775,635.30
2. Other receivables	7,005,846.06	2,385,958.06
IV. Short-term financial investments in group companies, jointly-controlled entities and associates	9,460,579.09	6,480,757.07
2. Loans and debt securities	9,460,579.09	6,480,757.07
V. Short-term financial investments	193,005.79	174,697.64
2. Loans and debt securities	193,005.79	174,697.64
VI. Prepayments and accrued income	377,024.90	214,211.85
VII. Cash and cash equivalents	11,631,850.37	18,234,037.69
1. Cash equivalents	2.09	0.00
2. Cash	11,631,848.28	18,234,037.69
TOTAL ASSETS	190,714,587.30	181,779,440.92

1 Balance sheet (continuation)

Equity and liabilities	2015	2014
A) Shareholders' equity	184,900,009.34	176,017,285.11
I. Contributed equity	5,385,871.28	5,385,871.28
II. Equity generated	174,389,986.18	164,353,117.20
1. Retained earnings / losses	10,533,905.24	14,651,414.58
2. Surplus for the year	23,110,194.65	8,955,816.33
3. Reserves	140,745,886.29	140,745,886.29
III. Valuation adjustments	5,124,151.88	6,278,296.63
2. Available-for-sale financial assets	5,124,151.88	6,278,296.63
B) Non-current liabilities	1,141,140.50	1,454,407.16
I. Long-term provisions	1,127,464.00	1,141,140.50
C) Current liabilities	4,687,113.96	4,621,015.31
I. Short-term provisions	1,044,303.51	828,497.28
II. Short-term debts	115,131.66	390,779.24
4. Other payables	115,131.66	390,779.24
IV. Trade and other payables	3,527,678.79	3,401,738.79
1. Payables for operating activities	1,655,073.25	1,191,985.37
2. Other payables	649,389.91	954,490.64
3. Public authorities	1,223,215.63	1,255,262.78
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	190,728,263.80	182,092,707.6

2 Income statement

	2015	2014
1. Tax revenues and social contributions	61,026,924.81	47,802,857.80
b) Fees	61,026,924.81	47,802,857.80
5. Own work capitalised	1,304,147.28	1,138,581.91
6. Other ordinary revenue	71,300.45	146,131.62
7. Provision surplus	309,030.51	0.00
A) TOTAL ORDINARY REVENUE (1+2+3+4+5+6+7)	62,711,403.05	49,087,571.33
8. Personnel expenses	-28,775,054.64	-28,375,532.53
a) Salaries, wages and similar	-22,941,928.12	-22,510,216.12
b) Employee welfare expenses	-5,833,126.52	-5,865,316.41
9. Transfers and subsidies granted	-1,449,577.34	-1,659,392.87
11. Other ordinary expenses	-8,897,257.44	-9,183,289.73
a) Supplies and outside services	-8,543,006.93	-8,806,261.23
b) Taxes	-354,250.51	-377,028.50
12. Depreciation and amortisation	-2,718,070.63	-2,805,495.92
B) TOTAL ORDINARY EXPENSES (8+9+10+11+12)	-41,839,960.05	-42,023,711.05
I. Profit (loss) from ordinary activities (A+B)	20,871,443.00	7,063,860.28
13. Impairment and gains (losses) from disposal of non-financial assets and assets for sale	1,480.86	-58,431.32
a) Impairment	30,206.40	32,385.46
b) Deletions and disposals	-28,725.54	-90,816.78
14. Other non-ordinary items	0.00	-349,042.76
b) Expenses	0.00	-349,042.76
II. Profit (loss) from non-financial operations (I+13+14)	20,872,923.86	6,656,386.20
15. Finance income	2,347,534.94	2,439,049.68
b) From marketable securities and loans forming part of fixed assets	2,347,534.94	2,439,049.68
b.1) In group companies, jointly-controlled entities and associates	2,122,902.49	2,229,638.58
b.2) Other	224,632.45	209,411.10
16. Finance costs	-1,488.88	-6,374.14
b) Other	-1,488.88	-6,374.14
19. Exchange differences	-11,704.88	-9,344.65
20. Impairment, deletions and disposal of financial assets and liabilities	-97,070.39	-123,900.76
b) Other	-97,070.39	-123,900.76
III. Profit (loss) from financial operations (15+16+17+18+19+20+21)	2,237,270.79	2,299,430.13
IV. Net profit for the year (II+III)	23,110,194.65	8,955,816.33

3 Cash flow statement

	2015	2014
I. CASH FLOWS FROM OPERATING ACTIVITIES		
A) Receipts	42,056,162.64	53,732,715.61
1. Tax revenues and social contributions	39,384,460.39	51,001,205.90
5. Interest and dividends received	2,483,639.17	2,497,476.28
6. Other receipts	188,063.08	234,033.43
B) Payments	38,184,845.71	39,730,800.65
7. Personnel expenses	28,376,706.14	28,089,351.05
8. Transfers and subsidies granted	1,329,554.24	1,353,499.52
10. Other operating expenses	8,161,883.20	8,951,494.37
12. Interest paid	0.00	61.86
13. Other payments	316,702.13	1,336,393.85
Net cash flows from operating activities (+A-B)	3,871,316.93	14,001,914.96
II. CASH FLOWS FROM INVESTMENT ACTIVITIES		
C) Receipts	5,268,095.73	313,748.67
1. Sale of property investments	0.00	4,657.05
2. Sale of financial assets	4,999,597.69	0.00
3. Other receipts from investment activities	268,498.04	309,091.62
D) Payments	2,660,410.42	1,373,076.49
4. Purchase of property investments	1,262,134.77	1,160,439.54
5. Purchase of financial assets	999,186.00	0.00
6. Other payments for investment activities	399,089.65	212,636.95
Net cash flows from investment activities (+C-D)	2,607,685.31	-1,059,327.82
III. CASH FLOWS FROM FINANCING ACTIVITIES		
F) Payments to owning entity/entities:	13,073,325.67	1,837,786.71
2. Return of contributions and payment of profit (loss) to owner(s)	13,073,325.67	1,837,786.71
Net cash flows from financing activities (+E-F+G-H)	-13,073,325.67	-1,837,786.71
IV. CASH FLOWS PENDING CLASSIFICATION		
I) Receipts pending application	3,840.99	5,848.90
J) Payments pending application	0.00	4,051.04
Net cash flows pending classification (I-J)	3,840.99	1,797.86
V. EFFECT OF EXCHANGE RATE CHANGES		
	-11,704.88	-9,344.65
VI. NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)		
	-6,602,187.32	11,097,253.64
Cash and cash equivalents at the start of the year	18,234,037.69	7,136,784.05
Cash and cash equivalents at the end of the year	11,631,850.37	18,234,037.69

4 Statement of changes in equity

	Note to the financial statements	I. Contributed equity	II. Equity generated	III. Valuation adjustments	IV. Other equity increases	Total
A. Equity at end of financial year 2014		5,385,871.28	164,353,117.20	6,278,296.63	0.00	176,017,285.11
B. Adjustments for changes in accounting criteria and error correction		0.00	0.00	0.00	0.00	0.00
C. Adjusted starting equity for financial year 2015 (A+B)		5,385,871.28	164,353,117.20	6,278,296.63	0.00	176,017,285.11
D. Changes in equity in financial year 2015		0.00	10,036,868.98	-1,154,144.75	0.00	8,882,724.23
1. Recognised income and expenses in the year		0.00	23,110,194.65	-1,154,144.75	0.00	21,956,049.90
2. Transactions with owner(s)		0.00	-13,073,325.67	0.00	0.00	-13,073,325.67
3. Other changes in equity		0.00	0.00	0.00	0.00	0.00
E. Equity at end of financial year 2015 (C+D)		5,385,871.28	174,389,986.18	5,124,151.88	0.00	184,900,009.34

Annexes

Capital increases and public offerings¹

I.1

Million euros

	Number of issuers			Number of issues		
	2014	2015	Change 15/14	2014	2015	Change 15/14
Capital increases	47	47	0	140	103	-37
Subscription offerings	6	0	–	8	0	–
Bonus issues	19	17	-2	37	28	-9
Of which, dividend choice	12	12	0	28	22	-6
Capital increase by conversion ²	11	11	0	43	31	-12
Capital increase for non-monetary consideration	4	5	1	9	7	-2
With pre-emption right	5	12	7	5	15	10
Without trading pre-emptive subscription rights	16	11	-5	38	22	-16
Public share offerings	4	6	2	7	12	5
Total	49	52	3	147	115	-32

Source: CNMV. (1) Does not include data from the MAB, ETF or Latibex. (2) Includes capital increases to meet the conversion of bonds and debentures into shares, as a result of conversions of employee stock options and for the execution of warrants.

Capital increases and public offerings in 2015: cash amount

I.2

Million euros

Issuer	Cash amount ¹	Type of transaction	Date registered
Promotora de informaciones, S.A.	2.8	Capital increase by exercise of warrants	08-Jan-15
Banco Santander, S.A.	7,500.0	Capital increase without trading warrants	12-Jan-15
Inmobiliaria Colonial, S.A.	275.0	Capital increase by exercise of warrants	13-Jan-15
General de Alquiler de Maquinaria, S.A.	1.7	Capital increase by conversion of bonds or debentures	13-Jan-15
Melia Hotels International, S.A.	113.2	Capital increase by conversion of bonds or debentures	13-Jan-15
Banco Bilbao Vizcaya Argentaria, S.A.	424.4	Bonus issue to meet dividend payment	15-Jan-15
Repsol, S.A.	391.9	Bonus issue to meet dividend payment	15-Jan-15
Solaria Energía y Medioambiente, S.A.	0.7	Capital increase without trading warrants	15-Jan-15
Atresmedia Corporación de Medios de Comunicación, S.A.	13.9	Capital increase for non-monetary consideration	20-Jan-15
Ercros, S.A.	0.7	Capital increase without trading warrants	22-Jan-15
Quabit Inmobiliaria, S.A.	1.5	Capital increase without trading warrants	29-Jan-15
Banco Popular Español, S.A.	16.7	Capital increase by conversion of bonds or debentures	29-Jan-15
Faes Farma, S.A.	14.1	Bonus issue to meet dividend payment	03-Feb-15
Solaria Energía y Medioambiente, S.A.	0.7	Capital increase without trading warrants	03-Feb-15
Banco Santander, S.A.	1,686.8	Bonus issue to meet dividend payment	05-Feb-15
Abengoa, S.A.	0.2	Capital increase for non-monetary consideration	05-Feb-15
Banco Popular Español, S.A.	31.9	Bonus issue to meet dividend payment	10-Feb-15
Inypsa Informes y Proyectos, S.A.	6.2	Capital increase with pre-emptive subscription rights	10-Feb-15
Aena, S.A.	3,874.8	Public offering	11-Feb-15
Laboratorio Reig Jofre, S.A.	228.3	Capital increase for non-monetary consideration	12-Feb-15
Saeta Yield, S.A.	434.8	Public offering	16-Feb-15
General de Alquiler de Maquinaria, S.A.	0.1	Capital increase by conversion of bonds or debentures	17-Feb-15
Banco de Sabadell, S.A.	1.7	Capital increase by conversion of bonds or debentures	19-Feb-15
Solaria Energía y Medioambiente, S.A.	1.2	Capital increase without trading warrants	24-Feb-15
ACS, Actividades de Construcción y Servicios, S.A.	81.2	Bonus issue to meet dividend payment	24-Feb-15
Grupo Ezentis, S.A.	3.0	Capital increase without trading warrants	03-Mar-15
Urbas Grupo Financiero, S.A.	2.0	Capital increase without trading warrants	05-Mar-15
General de Alquiler de Maquinaria, S.A.	0.4	Capital increase by conversion of bonds or debentures	05-Mar-15
Aena, S.A.	387.5	Public offering. Exercise of greenshoe option	11-Mar-15
Banco Popular Español, S.A.	0.5	Capital increase by conversion of bonds or debentures	18-Mar-15
Saeta Yield, S.A.	6.6	Public offering. Exercise of greenshoe option	11-Mar-15
Solaria Energía y Medioambiente, S.A.	1.7	Capital increase without trading warrants	26-Mar-15
Caixabank, S.A.	213.3	Bonus issue to meet dividend payment	26-Mar-15
General de Alquiler de Maquinaria, S.A.	0.9	Capital increase by conversion of bonds or debentures	31-Mar-15
Airbus Group, N.V.	5.2	Capital increase by exercise of share options	14-Apr-15
Telefónica, S.A.	3,048.4	Capital increase with pre-emptive subscription rights	21-Apr-15
Banco Bilbao Vizcaya Argentaria, S.A.	730.9	Bonus issue to meet dividend payment	23-Apr-15
Quabit Inmobiliaria, S.A.	1.7	Capital increase without trading warrants	23-Apr-15

Capital increases and public offerings in 2015: cash amount (continuation)

I.2

Million euros

Issuer	Cash amount ¹	Type of transaction	Date registered
General de Alquiler de Maquinaria, S.A.	1.1	Capital increase by conversion of bonds or debentures	23-Apr-15
Cellnex Telecom, S.A.	1,784.0	Public offering	23-Apr-15
Naturhouse Health, S.A.	72.0	Public offering	24-Apr-15
Banco de Sabadell, S.A.	1,606.6	Capital increase with pre-emptive subscription rights	27-Apr-15
Hispania Activos Inmobiliarios, S.A.	337.2	Capital increase without trading warrants	29-Apr-15
Solaria Energía y Medioambiente, S.A.	1.4	Capital increase without trading warrants	30-Apr-15
Abengoa, S.A.	1.3	Capital increase for non-monetary consideration	05-May-15
Cellnex Telecom, S.A.	162.2	Public offering	07-May-15
Talgo, S.A.	569.6	Public offering	07-May-15
Banco Santander, S.A.	1,778.5	Bonus issue to meet dividend payment	07-May-15
Abengoa, S.A.	238.3	Capital increase by conversion of bonds or debentures	07-May-15
Merlin Properties, Socimi, S.A.	613.8	Capital increase with pre-emptive subscription rights	12-May-15
Banco Popular Español, S.A.	31.4	Bonus issue to meet dividend payment	12-May-15
Cellnex Telecom, S.A.	194.6	Public offering. Exercise of greenshoe option	18-May-15
Jazztel, PLC.	3.6	Capital increase by exercise of share options	19-May-15
Faes Farma, S.A.	0.0	Bonus issue	19-May-15
Liberbank, S.A.	2.0	Capital increase by conversion of bonds or debentures	19-May-15
Naturhouse Health, S.A.	5.3	Public offering. Exercise of greenshoe option	22-May-15
Airbus Group, N.V.	1.4	Capital increase by exercise of share options	26-May-15
Banco de Sabadell, S.A.	1.1	Capital increase by conversion of bonds or debentures	26-May-15
General de Alquiler de Maquinaria, S.A.	3.1	Capital increase by conversion of bonds or debentures	26-May-15
Ferrovial, S.A.	106.5	Bonus issue to meet dividend payment	03-Jun-15
Axia Real Estate, Socimi, S.A.	394.6	Capital increase with pre-emptive subscription rights	10-Jun-15
Amper, S.A.	19.9	Capital increase with pre-emptive subscription rights	16-Jun-15
Jazztel, PLC.	2.9	Capital increase by exercise of share options	19-Jun-15
Banco Popular Español, S.A.	9.5	Capital increase by conversion of bonds or debentures	23-Jun-15
Banco de Sabadell, S.A.	176.1	Bonus issue to meet dividend payment	30-Jun-15
Euskaltel, S.A.	763.9	Public offering	01-Jul-15
Testa Inmuebles en Renta, S.A.	430.8	Capital increase without trading warrants	02-Jul-15
Euskaltel, S.A.	76.4	Public offering. Exercise of greenshoe option	07-Jul-15
Jazztel, PLC.	2.6	Capital increase by exercise of share options	07-Jul-15
Abertis Infraestructuras, S.A.	0.0	Bonus issue	09-Jul-15
Urbas Grupo Financiero, S.A.	3.0	Capital increase without trading warrants	09-Jul-15
Repsol, S.A.	422.4	Bonus issue to meet dividend payment	14-Jul-15
General de Alquiler de Maquinaria, S.A.	0.9	Capital increase by conversion of bonds or debentures	14-Jul-15
Ecolumber, S.A.	4.9	Capital increase with pre-emptive subscription rights	14-Jul-15
Acerinox, S.A.	69.7	Bonus issue to meet dividend payment	16-Jul-15
Iberdrola, S.A.	596.3	Bonus issue to meet dividend payment	28-Jul-15
Nmas1 Dinamia, S.A.	123.0	Capital increase for non-monetary consideration	28-Jul-15
Inypsa Informes y Proyectos, S.A.	10.1	Capital increase with pre-emptive subscription rights	28-Jul-15

Capital increases and public offerings in 2015: cash amount (continuation)

I.2

Million euros

Issuer	Cash amount ¹	Type of transaction	Date registered
ACS, Actividades de Construcción y Servicios, S.A.	123.4	Bonus issue to meet dividend payment	28-Jul-15
Sacyr, S.A.	0.0	Bonus issue	28-Jul-15
Ayco Grupo Inmobiliario, S.A.	10.0	Capital increase without trading warrants	30-Jul-15
Quabit Inmobiliaria, S.A.	2.1	Capital increase without trading warrants	30-Jul-15
Abengoa, S.A.	0.2	Capital increase for non-monetary consideration	30-Jul-15
Lar España Real Estate, Socimi, S.A.	135.0	Capital increase with pre-emptive subscription rights	07-Aug-15
Merlin Properties, Socimi, S.A.	1,033.7	Capital increase with pre-emptive subscription rights	11-Aug-15
Dogi International Fabrics, S.A.	5.0	Capital increase with pre-emptive subscription rights	11-Aug-15
General de Alquiler de Maquinaria, S.A.	0.6	Capital increase by conversion of bonds or debentures	11-Aug-15
Banco de Sabadell, S.A.	460.1	Capital increase by conversion of bonds or debentures	11-Aug-15
Amper, S.A.	7.4	Capital increase with pre-emptive subscription rights	27-Aug-15
Zardoya Otis, S.A.	0.0	Bonus issue	01-Sep-15
Banco Popular Español, S.A.	1.3	Capital increase by conversion of bonds or debentures	24-Sep-15
Caixabank, S.A.	211.7	Bonus issue to meet dividend payment	01-Oct-15
Banco Popular Español, S.A.	35.0	Bonus issue to meet dividend payment	06-Oct-15
Abengoa, S.A.	0.2	Capital increase by exercise of warrants	15-Oct-15
Banco Bilbao Vizcaya Argentaria, S.A.	452.2	Bonus issue to meet dividend payment	29-Oct-15
Abengoa, S.A.	0.1	Capital increase for non-monetary consideration	29-Oct-15
Obrascón Huarte Lain, S.A.	999.1	Capital increase with pre-emptive subscription rights	30-Oct-15
Grupo Ezentis, S.A.	0.4	Capital increase without trading warrants	03-Nov-15
Quabit Inmobiliaria, S.A.	45.0	Capital increase with pre-emptive subscription rights	11-Nov-15
Banco Santander, S.A.	607.0	Bonus issue to meet dividend payment	12-Nov-15
General de Alquiler de Maquinaria, S.A.	82.3	Capital increase without trading warrants	12-Nov-15
General de Alquiler de Maquinaria, S.A.	1.0	Capital increase without trading warrants	12-Nov-15
General de Alquiler de Maquinaria, S.A.	5.7	Capital increase without trading warrants	12-Nov-15
Lingotes Especiales, S.A.	0.0	Bonus issue	17-Nov-15
Ayco Grupo Inmobiliario, S.A.	3.0	Capital increase with pre-emptive subscription rights	19-Nov-15
Liberbank, S.A.	55.6	Capital increase by conversion of bonds or debentures	24-Nov-15
Papeles y Cartones De Europa, S.A.	0.0	Bonus issue	24-Nov-15
Euskaltel, S.A.	255.1	Capital increase without trading warrants	25-Nov-15
Banco de Sabadell, S.A.	2.0	Capital increase by conversion of bonds or debentures	26-Nov-15
Banco de Sabadell, S.A.	17.7	Capital increase by conversion of bonds or debentures	26-Nov-15
Ferrovial, S.A.	142.9	Bonus issue to meet dividend payment	01-Dec-15
Banco de Sabadell, S.A.	306.0	Capital increase by conversion of bonds or debentures	10-Dec-15
Banco Popular Español, S.A.	634.2	Capital increase by conversion of bonds or debentures	15-Dec-15
Telefónica, S.A.	1,300.4	Bonus issue to meet dividend payment	15-Dec-15
Urbas Grupo Financiero, S.A.	3.4	Capital increase without trading warrants	15-Dec-15

Source: CNMV. (1) Issues of new shares not paid for in cash have been valued at market prices.

Delistings in 2015¹

I.3

Company	Market	Reason. Procedure	Date
Fergo Aisa, S.A.	SIBE	CNMV Board Resolution.	29/01/2015
Grupo Tavex, S.A.	SIBE	Having settled the bid made by the company itself in accordance with Article 7.4 of Royal Decree 1197/1991	09/02/2015
Indo Internacional, S.A.	SIBE	CNMV Board Resolution.	30/10/2015
Jazztel, Plc.	SIBE	Other.	19/08/2015
La Seda de Barcelona, S.A.	SIBE	CNMV Board Resolution.	14/11/2015
Martinsa-Fadesa, S.A.	SIBE	CNMV Board Resolution.	30/10/2015
Compañía Vinícola del Norte de España, S.A.	SIBE	Having settled the bid made by the company itself in accordance with Article 7.4 of Royal Decree 1197/1991	24/11/2015
Zeltia, S.A.	SIBE	Technical. Due to merger.	02/11/2015
Logística de Hidrocarburos CLH, S.A.	Open outcry	Having settled the bid made by the company itself in accordance with Article 7.4 of Royal Decree 1197/1991	08/12/2015
Sociedad Anónima Damm	Open outcry	Having settled the bid made by the company itself in accordance with Article 7.4 of Royal Decree 1197/1991	10/04/2015
Inmofiban, S.A.	2nd market	Delisted by Regional Government of Catalonia.	23/01/2015

Source: CNMV. (1) Excludes MAB, Latibex and ETFs.

Sector indices in the Madrid and Barcelona stock exchanges

I.4

Yield in the period (%)

	2012	2013	2014	2015	2015			
					1Q	2Q	3Q	4Q
Madrid Stock Exchange								
Oil and energy	-16.0	19.0	11.8	0.6	6.6	-3.4	-7.6	5.6
Commodities, industry and construction	-8.0	28.9	-1.8	2.1	21.9	-6.0	-13.4	2.8
Consumer goods	55.6	17.1	-1.5	30.9	25.4	-3.7	1.4	6.9
Consumer services	12.7	58.9	10.0	10.4	20.6	-9.9	-1.5	3.1
Financial and real estate services	-4.7	19.9	1.4	-24.2	8.0	-8.5	-18.9	-5.4
Banking	-4.8	18.8	1.6	-26.0	7.1	-8.6	-19.4	-6.3
Real estate and others	-14.4	38.3	36.3	18.4	21.0	-1.6	-3.1	2.6
Technology and telecommunications	-18.3	22.8	2.5	-5.2	13.7	-5.0	-10.2	-2.2
Madrid Stock Exchange General Index	-3.8	22.7	3.0	-7.4	12.1	-6.5	-11.6	-0.1
Barcelona Stock Exchange								
Electricity	-4.0	20.8	30.9	15.2	6.9	-0.3	-0.4	8.5
Banks	9.2	23.1	7.6	-24.4	7.6	-8.2	-18.4	-6.2
Chemical	-21.5	27.0	-11.4	-24.7	13.9	-9.0	-27.5	0.2
Cement, construction and real estate	-11.2	41.1	2.3	-7.7	20.7	-10.8	-13.9	-0.4
Metallurgy	-21.0	83.0	-10.0	18.7	25.0	5.3	-23.2	17.4
Food, agriculture and forestry	2.6	6.6	-8.7	26.8	28.4	-3.6	0.0	2.4
Textiles and paper	65.0	13.7	-1.2	33.8	26.6	-2.7	2.3	6.2
Trade and finance	13.5	35.9	-11.7	-9.4	24.5	-7.4	-22.2	0.9
Sundry services	-13.2	25.2	7.1	-8.3	18.8	-7.0	-14.0	-3.6
BCN Global 100	-0.7	25.6	5.9	-12.0	13.2	-6.8	-15.2	-1.6

Source: Thomson Datastream.

Concentration of capitalisation by sector¹

I.5

No. of companies required in order to achieve a specific percentage

Sector	2014				2015			
	25%	50%	75%	100%	25%	50%	75%	100%
Oil	1	1	1	1	1	1	1	1
Energy and water	1	2	3	7	1	2	3	8
Mining & base metals	1	1	3	7	1	2	2	7
Cement and construction materials	1	1	2	4	1	1	2	4
Chemical	1	1	2	6	1	1	3	7
Textile and paper	1	1	1	15	1	1	1	14
Metal-mechanical	1	2	4	14	1	2	3	14
Food	1	2	3	10	1	2	2	9
Construction	1	2	3	7	1	2	3	7
Real estate	1	2	4	18	1	2	4	19
Transport and communications	1	1	2	4	1	2	3	7
Other non-financial	1	3	7	26	1	3	6	22
Banks	1	2	3	9	1	2	3	9
Insurance	1	1	1	2	1	1	2	2
Portfolio companies	1	1	1	6	1	1	1	6
SICAV	1	1	1	1	1	1	1	1
Finance houses	0	0	0	0	0	0	0	0

Source: CNMV. (1) Only includes capitalisation of companies that traded at some time during the year. Excludes Latibex, MAB and ETFs.

Concentration of equity stock market trading

I.6

No. of companies required in order to achieve a specific percentage

	2014				2015			
	25%	50%	75%	100%	25%	50%	75%	100%
All Stock Exchanges¹	2	5	13	140	2	5	15	146
Electronic market	2	5	13	120	2	5	15	125
National	2	5	13	112	2	5	14	117
Foreign	1	1	2	8	1	1	2	8
Open outcry	1	2	4	24	1	1	1	18
2nd market	1	1	2	8	1	1	2	3
Pro memoria:								
ETFs	1	2	3	68	1	2	4	68
Alternative stock market (MAB)	4	44	229	3,258	5	56	255	3,409
LATIBEX	1	2	5	24	1	2	5	24

Source: CNMV. (1) Excludes Latibex, MAB and ETFs.

Percentage of capitalisation by sector and the largest companies within each sector with respect to the overall market¹

1.7

Sector	% sector/market ²	Companies with the largest capitalisation in the sector	% company/market ³
Oil	2.3	REPSOL YPF	2.3
Energy and water	15.5	IBERDROLA	6.6
Energy and water		ENDESA	3.1
Energy and water		GAS NATURAL SDG	3.0
Mining & base metals	0.9	ACERINOX	0.4
Mining & base metals		CIE AUTOMOTIVE	0.3
Mining & base metals		ARCELOR	0.1
Cement and construction materials	0.3	VIDRALA	0.2
Cement and construction materials		CEMENTOS MOLINS	0.1
Cement and construction materials		CEMENTOS PORTLAND	0.0
Chemical	0.9	ALMIRALL, S.A.	0.5
Chemical		LABORATORIOS FARMACÉUTICOS ROVI, S.A.	0.1
Chemical		FAES FARMA	0.1
Textile and paper	18.3	INDUSTRIA DE DISEÑO TEXTIL (INDITEX)	15.8
Textile and paper		GRIFOLS	2.1
Textile and paper		GRUPO EMPRESARIAL ENCE	0.1
Metal-mechanical	1.6	ZARDOYA OTIS	0.8
Metal-mechanical		TÉCNICAS REUNIDAS, S.A.	0.3
Metal-mechanical		CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A.	0.1
Food	1.1	EBRO FOODS, S.A.	0.4
Food		VISCOFAN	0.4
Food		BARÓN DE LEY	0.1
Construction	5.2	FERROVIAL, S.A.	2.4
Construction		ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS	1.4
Construction		ACCIONA, S.A.	0.7
Real estate	1.8	MERLIN PROPERTIES, SOCIMI, S.A.	0.6
Real estate		GRUPO INMOCARAL	0.3
Real estate		TESTA INMUEBLES EN RENTA, SOCIMI, S.A.	0.3
Transport and communications	16.8	TELEFÓNICA	8.1
Transport and communications		INTERNATIONAL CONSOLIDATED AIRLINES GROUP, S.A.	2.7
Transport and communications		AENA, S.A.	2.5
Other non-financial	7.2	AMADEUS IT HOLDING, S.A.	2.8
Other non-financial		GAMESA CORPORACIÓN TECNOLÓGICA	0.7
Other non-financial		GESTEVISIÓN TELECINCO	0.6
Banks	26.0	BANCO SANTANDER CENTRAL HISPANO	10.5
Banks		BANCO BILBAO VIZCAYA ARGENTARIA	6.8
Banks		CAIXABANK, S.A.	3.0
Insurance	1.7	MAPFRE, S.A.	1.1
Insurance		GRUPO CATALANA DE OCCIDENTE	0.6
Portfolio companies	0.4	CORPORACIÓN FINANCIERA ALBA	0.4
Portfolio companies		NMAS1 DINAMIA, S.A.	0.0
Portfolio companies		CARTERA HOTELERA	0.0
SICAV	0.0	COMPAÑÍA GENERAL DE INVERSIONES	0.0

Source: CNMV. (1) Capitalisation at year-end. (2) Capitalisation of the sector companies as a percentage of the overall market. (3) Capitalisation of the companies listed as a percentage of the overall market.

Capitalisation and trading volume of Ibex 35 companies¹

1.8

Million euros

Company	Capitalisation ²			Trading volume		
	2014	2015	% total ³	2014	2015	% total ³
Banco Santander	88,040.6	65,792.4	10.5	144,436.7	161,137.3	17.2
Inditex	73,880.2	98,766.7	15.8	45,760.8	62,110.7	6.6
Telefónica	55,513.9	50,921.2	8.1	103,932.8	110,374.3	11.8
Banco Bilbao Vizcaya Argentaria	48,469.7	42,905.1	6.9	112,614.7	101,524.3	10.8
Iberdrola	35,756.3	41,506.5	6.6	55,560.7	49,501.4	5.3
Amadeus IT Group	14,808.2	17,853.5	2.9	26,069.2	26,352.5	2.8
International Airlines Group	12,628.1	16,881.6	2.7	7,411.5	12,882.5	1.4
Grupo Ferrovial	12,029.5	15,270.3	2.4	11,173.4	14,767.6	1.6
Caixabank	24,922.9	18,718.3	3.0	18,359.9	20,814.6	2.2
Repsol	20,990.0	14,171.7	2.3	56,018.6	45,277.0	4.8
Abertis Infraestructuras	14,759.2	13,591.8	2.2	10,274.1	19,600.8	2.1
Gas Natural	20,824.3	18,828.0	3.0	15,044.2	16,075.3	1.7
Red Eléctrica Corporación	9,903.1	10,430.7	1.7	15,183.6	18,537.2	2.0
AENA	-	15,810.0	2.5	-	30,948.9	3.3
Grífols	10,723.2	12,993.2	2.1	11,684.7	11,252.5	1.2
Banco de Sabadell	8,873.9	8,893.2	1.4	15,972.7	18,314.4	2.0
ACS	9,115.8	8,500.7	1.4	10,407.4	9,851.7	1.0
Endesa	17,522.3	19,613.4	3.1	10,647.3	16,500.9	1.8
Bankia	14,258.5	12,369.6	2.0	17,482.2	10,574.2	1.1
Banco Popular Español	8,739.2	6,588.3	1.1	23,064.6	15,907.0	1.7
Enagás	6,251.3	6,207.1	1.0	13,559.7	15,096.7	1.6
Bankinter	6,023.3	5,882.2	0.9	9,818.3	8,242.6	0.9
Gamesa	2,111.0	4,418.0	0.7	7,744.7	9,408.3	1.0
Corporación Mapfre	8,662.8	7,119.9	1.1	8,813.8	7,314.2	0.8
Merlin Properties	1,296.0	3,729.4	0.6	909.3	5,674.4	0.6
Mediaset España Comunicación	4,249.7	3,672.7	0.6	4,818.2	5,847.8	0.6
Acciona	3,218.0	4,528.1	0.7	4,226.0	4,463.9	0.5
Distribuidora Internacional de Alimentación	3,663.6	3,388.7	0.5	8,344.3	10,035.9	1.1
Acerinox	3,272.6	2,511.6	0.4	3,549.7	6,244.1	0.7
Técnicas Reunidas	2,028.5	1,948.0	0.3	3,851.5	4,937.5	0.5
FCC	3,061.7	1,824.0	0.3	5,464.4	4,569.0	0.5
Arcelormittal	835.5	492.2	0.1	3,652.8	3,607.0	0.4
Indra Sistemas	1,324.5	1,422.9	0.2	3,688.0	4,115.9	0.4
Obrascón Huarte Lain	1,850.2	1,574.5	0.3	4,895.9	5,457.6	0.6
Sacyr Vallehermoso	1,437.8	938.6	0.2	7,654.7	5,447.7	0.6

Source: CNMV. (1) Companies in the Ibex 35 at 31 December 2015. (2) Capitalisation on the last day of the year. (3) With respect to the market total.

Takeover bids authorised in 2015

1.9

Million euros

Company	Offeror	Purpose	% capital addressed by the bid	Amount paid	Result (%) ¹
Sociedad Anónima Damm	Sociedad Anónima Damm	Delisting bid	32.88	200.97	13.05
Realia Business, S.A.	Hispania Real, SOCIMI, S.A.U.	Voluntary takeover bid to take control	100.00	Bid withdrawn	Bid withdrawn
Sotogrande, S.A.	Sotogrande Luxco SARL	Mandatory takeover bid as a result of acquisition of control	3.00	3.78	1.88
Jazztel PLC	Orange, S.A.	Voluntary takeover bid to take control	100.00	3,179.11	94.75
Realia Business, S.A.	Inmobiliaria Carso, S.A. de C.V.	Voluntary takeover bid to take control	76.17	0.26	0.15
Abertis Infraestructuras, S.A.	Abertis Infraestructuras, S.A.	Partial voluntary takeover bid for acquisition of treasury stock	High 6.50	962.56	Pro rata 11.856133
Compañía Vinícola del Norte de España, S.A.	Compañía Vinícola del Norte de España, S.A.	Delisting bid	49.52	20.78	46.18
Testa Inmuebles en Renta, SOCIMI, S.A.	Merlin Properties, SOCIMI, S.A.	Mandatory takeover bid as a result of acquisition of control	0.38	6.40	0.31
Compañía Logística de Hidrocarburos CLH, S.A.	Compañía Logística de Hidrocarburos CLH, S.A.	Delisting bid	71.52	19.87	24.07
Total				4,393.73	

Source: CNMV. (1) Percentage of share capital admitted to trading. In the event of pro-rating, the co-efficient is indicated.

Companies listed on Latibex by sector

1.10

Million euros, unless indicated otherwise

Sector	No. of companies		Market capitalisation			Trading volume		
	2014	2015	2014	2015	% change	2014	2015	% change
Oil	1	1	19.4	21.0	8.2	77.5	78.5	1.3
Energy and water	4	2	6.1	0.4	-93.1	26.9	17.0	-36.7
Mining & base metals	5	5	108.3	65.8	-39.3	177.9	107.5	-39.5
Chemical	1	1	1.0	1.3	29.0	3.4	1.2	-65.8
Textile and paper	1	1	0.0	0.0	0.0	0.0	0.0	-100.0
Metal-mechanical	1	1	0.5	0.5	-6.4	0.6	0.1	-76.6
Food	1	0	0.1	0.0	-100.0	0.2	0.0	-97.8
Real estate	2	2	0.1	0.1	-26.5	0.2	0.1	-60.5
Transport and communications	2	1	1.1	0.7	-42.6	3.7	0.5	-87.1
Other non-financial	1	1	0.2	0.1	-62.2	14.5	4.1	-71.8
Banks	4	4	17.6	20.8	18.0	17.1	14.8	-13.7
Portfolio companies	2	1	1.5	0.0	-100.0	16.9	14.0	-16.9
Finance houses	1	1	48.3	31.4	-35.0	34.4	21.0	-39.0
Total	26	21	204.4	142.0	-30.5	373.1	258.7	-30.7

Source: CNMV.

Gross issues by the Public Authorities

I.11

Nominal amount in million euros

	Amount				% year-on-year change		
	2012	2013	2014	2015	13/12	14/13	15/14
Central Government	219,204	262,336	243,370	240,594	19.7	-7.2	-1.1
Short term	99,499	109,163	99,396	97,871	9.7	-8.9	-1.5
Long term	119,705	153,173	143,974	142,723	28.0	-6.0	-0.9
Regional governments	16,006	10,777	9,563	4,045	-32.7	-11.3	-57.7
Short term	6,506	2,502	340	424	-61.5	-86.4	24.8
Long term	9,499	8,274	9,224	3,621	-12.9	11.5	-60.7
Local authorities	21	24	53	0	13.5	119.4	-
Short term	0	0	0	0	-	-	-
Long term	21	24	53	0	13.5	119.4	-
Total Public Authorities	235,231	273,136	252,987	244,639	16.1	-7.4	-3.3

Source: Bank of Spain and CNMV.

Net issues by the Public Authorities

I.12

Nominal amount in million euros

	Amount				% year-on-year change		
	2012	2013	2014	2015	13/12	14/13	15/14
Central Government	63,819	91,262	49,627	50,172	43.0	-45.6	1.1
Short term	-5,995	4,561	-11,248	4,509	-	-	-
Long term	69,814	86,701	60,875	45,662	24.2	-29.8	-25.0
Regional governments	-82	-5,496	-2,298	-6,788	-6,632.2	58.2	-195.3
Short term	-3,910	-2,494	-1,121	15	36.2	-	-
Long term	3,828	-3,001	-1,178	-6,803	-	60.8	-477.6
Local authorities	-374	-131	-240	0	64.9	-82.5	-
Short term	-	-	-	-	-	-	-
Long term	-374	-131	-240	0	64.9	-82.5	-
Total Public Authorities	63,363	85,635	47,088	43,384	35.1	-45.0	-7.9

Source: Bank of Spain and CNMV.

Public debt trading between account holders.
Outright transactions, repos and sell-buybacks/buy-sellbacks

1.13

Million euros

	Amount				% year-on-year change		
	2012	2013	2014	2015	13/12	14/13	15/14
Treasury Bills	1,597,312	1,522,409	1,032,591	920,511	-4.7	-32.2	-10.9
Outright	182,767	243,841	283,516	337,888	33.4	16.3	19.2
Spot	180,854	239,107	278,152	333,736	32.2	16.3	20.0
Futures	1,913	4,733	5,364	4,153	147.4	13.3	-22.6
Repos	0	0	0	0	-	-	-
Sell-buybacks/Buy-sellbacks	1,414,545	1,278,569	749,075	582,623	-9.6	-41.4	-22.2
Government bonds and debentures	5,456,092	6,468,526	7,127,181	4,161,728	18.6	10.2	-41.6
Outright	673,667	1,078,083	1,158,897	929,692	60.0	7.5	-19.8
Spot	663,186	1,048,621	1,106,868	899,605	58.1	5.6	-18.7
Futures	10,481	29,462	52,029	30,087	181.1	76.6	-42.2
Repos	0	0	0	0	-	-	-
Sell-buybacks/Buy-sellbacks	4,782,425	5,390,443	5,968,284	3,232,035	12.7	10.7	-45.8
Debt of Autonomous Regions and other public institutions	7,598	11,089	10,287	10,430	45.9	-7.2	1.4
Outright	5,578	7,683	9,543	7,730	37.7	24.2	-19.0
Spot	4,362	5,912	4,545	4,030	35.5	-23.1	-11.3
Futures	1,216	1,771	4,998	3,700	45.6	182.2	-26.0
Repos	0	0	0	0	-	-	-
Sell-buybacks/Buy-sellbacks	2,020	3,406	744	2,700	68.6	-78.2	262.9
Total	7,061,002	8,002,024	8,170,059	5,092,669	13.3	2.1	-37.7

Source: Bank of Spain and CNMV.

Public debt trading by account holders and third parties.
Outright transactions, repos and sell-buybacks/buy-sellbacks

1.14

Million euros

	Amount				% year-on-year change		
	2012	2013	2014	2015	13/12	14/13	15/14
Treasury Bills	1,357,333	1,258,850	1,032,757	984,452	-7.3	-18.0	-4.7
Outright	648,849	667,181	460,613	401,658	2.8	-31.0	-12.8
Spot	634,481	652,396	441,275	393,260	2.8	-32.4	-10.9
Futures	14,368	14,784	19,338	8,397	2.9	30.8	-56.6
Repos	682,733	553,084	553,603	573,665	-19.0	0.1	3.6
Sell-buybacks/Buy-sellbacks	25,751	38,586	18,540	9,130	49.8	-52.0	-50.8
Government bonds and debentures	5,962,605	5,814,850	8,021,468	6,390,977	-2.5	37.9	-20.3
Outright	3,391,260	3,336,868	4,788,506	4,709,284	-1.6	43.5	-1.7
Spot	3,269,098	3,145,206	4,491,500	4,470,149	-3.8	42.8	-0.5
Futures	122,162	191,662	297,007	239,135	56.9	55.0	-19.5
Repos	2,259,542	2,268,423	2,835,524	1,302,585	0.4	25.0	-54.1
Sell-buybacks/Buy-sellbacks	311,803	209,558	397,438	379,108	-32.8	89.7	-4.6
Debt of Autonomous regions and other public institutions	44,705	37,387	25,498	13,700	-16.4	-31.8	-46.3
Outright	11,960	21,325	22,896	12,800	78.3	7.4	-44.1
Spot	10,861	19,994	20,361	11,900	84.1	1.8	-41.6
Futures	1,099	1,331	2,535	900	21.1	90.5	-64.5
Repos	32,602	13,449	2,570	600	-58.7	-80.9	-76.7
Sell-buybacks/Buy-sellbacks	143	2,613	32	300	1,727.3	-98.8	837.5
Total	7,364,642	7,111,087	9,079,723	7,389,130	-3.4	27.7	-18.6

Source: Bank of Spain and CNMV.

Number of issuers and issues filed with the CNMV: breakdown by instrument I.15

	Number of issuers ¹		Number of issues	
	2014	2015	2014	2015
Long-term	35	41	644	399
Non-convertible bonds and debentures	16	16	578	318
of which, subordinated debt	1	1	1	1
Convertible bonds and debentures	1	1	1	1
Mortgage bonds	13	13	27	34
Territorial bonds	3	3	3	6
Securitisation bonds	13	16	35	40
asset-backed (ABS)	13	16	35	40
mortgage-backed (MBS)	0	0	0	0
Preferred shares	0	0	0	0
Other issues	0	0	0	0
Short term²	18	16	18	16
Commercial paper	18	16	18	16
of which, asset-backed	1	1	1	1
Total	46	49	662	415

Source: CNMV. (1) In the case of issuers, the totals do not necessarily coincide with the sum, given that the same issuer may issue various types of instruments. (2) Shelf registrations.

Main fixed-income issuers¹ registered with the CNMV in 2015 I.16

Nominal amount in million euros

Name of issuing company	Nominal amount issued		
	Total	Short term ²	Long-term
Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria	27,032	0	27,032
Banco Bilbao Vizcaya Argentaria, S.A.	26,000	15,000	11,000
Banco de Sabadell, S.A.	18,761	6,000	12,761
Bankia, S.A.	17,534	15,000	2,534
Banco Popular Español, S.A.	8,575	5,000	3,575
Caixabank, S.A.	8,152	3,000	5,152
Bankinter, S.A.	7,991	4,000	3,991
Santander Consumer Finance, S.A.	5,000	5,000	0

Source: CNMV. (1) Issuers that registered issues exceeding 4 billion euros in 2015. (2) Nominal amount of shelf registrations.

Main fixed-income issuers¹ registered with the CNMV in 2015. Breakdown by instrument

1.17

Nominal amount in million euros

Asset type	Issuer	Amount
Simple bonds and debentures	Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria	27,032
	Banco de Sabadell, S.A.	3,061
	ADIF Alta Velocidad	1,850
	Banco Santander, S.A.	1,707
	Emisora Santander España, S.A.U.	1,546
Mortgage bonds	Banco de Sabadell, S.A.	8,800
	Banco Bilbao Vizcaya Argentaria, S.A.	4,500
	Banco Popular Español, S.A.	3,575
	Bankinter, S.A.	3,050
	Bankia, S.A.	2,250
	Caixabank, S.A.	2,000
Territorial bonds	Banco Bilbao Vizcaya Argentaria, S.A.	6,500
	Caixabank, S.A.	3,000
Commercial paper ²	Bankia, S.A.	15,000
	Banco Bilbao Vizcaya Argentaria, S.A.	15,000
	Banco de Sabadell, S.A.	6,000
	Banco Popular Español, S.A.	5,000
	Santander Consumer Finance, S.A.	5,000
	Bankinter, S.A.	4,000
	Bankinter Sociedad de Financiación, S.A.	3,500
	Caixabank, S.A.	3,000
Kutxabank Empréstitos, S.A.	2,000	
ABCP ²	Fondo de Titulización de Activos Santander 2	3,000

Source: CNMV. (1) Issuers which issued more than 1.5 billion euros in 2015 in the corresponding financial instrument. (2) Nominal amount of shelf registrations.

Commercial paper issuers: largest outstanding balances¹ at 31 December 2015

1.18

Million euros

Issuer	Amount	% of total	% accum.
Banco Sabadell	5,525	36.41	36.41
Santander Consumer Finance	2,268	14.95	51.36
Bankinter	2,228	14.68	66.05
Bankinter Sociedad de Financiación	1,200	7.91	73.95
FTA Santander 2	1,000	6.59	80.55
Kutxabank Empréstitos	893	5.88	86.43
Bankia	745	4.91	91.34
Banco Popular	628	4.14	95.48

Source: AIAF. (1) Issuers with an outstanding balance greater than 500 million euros at year-end.

Main securitisation bond issuers in 2015¹

1.19

Million euros

Issuer	Amount	Assets securitised
Fondo de titulización de activos PYMES Santander 11	3,754	SMEs ²
BBVA RMBS 15, Fondo de titulización de activos	3,280	Mortgage loans
Fondo de titulización RMBS Santander 4	3,098	Mortgage loans
IM Grupo Banco Popular Empresas IV, Fondo de titulización de activos	3,000	Corporate loans
Fondo de titulización de activos PYMES Santander 12	2,940	SMEs ²
Foncaixa PYMES 7, Fondo de titulización	2,530	SMEs ²
Fondo de Titulización del Déficit del Sistema Eléctrico, FTA	2,299	Other

Source: CNMV. (1) Issuers with CNMV-registered issues of more than 1.5 billion euro at year-end. (2) Includes funds whose pools include almost all loans to SMEs.

Securitisation bonds, by type of asset securitised

1.20

Nominal amount in million euros

	2011	2012	2013	2014	2015
Mortgage-backed securities (FTH)	2,100	0	0	0	0
Asset-backed securities (FTA)	66,313	23,800	28,593	29,008	28,370
Mortgage-backed FTA	13,699	3,269	7,204	17,310	9,458
Mortgage loans	11,349	2,269	7,204	17,310	9,458
Mortgage bonds	2,350	1,000	0	0	0
Real estate developer loans	0	0	0	0	0
FTA Companies	35,678	12,549	10,660	8,750	14,124
SMEs ¹	0	7,934	6,185	8,750	11,124
FTPYME ¹	3,689	0	0	0	0
FTGENCAT ¹	0	0	0	0	0
Loans to companies ²	28,294	4,537	3,325	0	3,000
Corporate loans ³	775	0	0	0	0
Finance leases	2,920	78	1,150	0	0
Other FTA	16,937	7,982	10,729	2,948	4,788
Subordinated debt	0	0	0	0	0
Treasury bonds	0	0	0	0	0
Government loans	0	0	0	0	0
Territorial bonds	0	0	0	0	0
Consumer loans	4,359	1,000	0	300	1,450
Auto loans	1,541	1,225	1,167	798	1,039
Accounts receivable	0	0	0	0	0
Rights to future loans	0	0	0	0	0
Securitisation bonds	0	0	0	0	0
Other loans	11,036	5,757	9,562	1,850	2,299
Total asset-backed bonds	68,413	23,800	28,593	29,008	28,370
Total asset-backed commercial paper⁴	2,366	1,821	1,544	620	2,420
Total bonds and commercial paper	70,779	25,621	30,137	29,628	30,790
<i>Pro memoria:</i>					
Mortgage subtotal	15,799	3,269	7,204	17,310	9,458

Source: CNMV. (1) Includes funds whose pools include almost all loans to SMEs. (2) Includes funds whose pools include loans to any type of business: self-employed, micro-enterprises, SMEs, and larger companies. (3) Includes funds whose pools are only comprised of loans to large companies. (4) Gross issues of asset-back commercial paper programmes registered by the FTAs.

Nominal amount in million euros

	2011	2012	2013	2014	2015	% change 15/14
Commercial paper	49,657	76,956	51,768	26,728	10,521	-60.6
Bonds and debentures	5,757,839	1,148,818	723,081	466,010	176,151	-62.2
Securitisation bonds	5,376,316	1,036,850	473,321	249,268	122,259	-51.0
Mortgage bonds	576,230	858,283	268,646	285,925	103,861	-63.7
Territorial bonds	516,905	581,313	81,318	77,721	37,532	-51.7
Matador bonds	12	0	0	0	0	-
Total private fixed income	6,900,642	2,665,369	1,124,814	856,384	328,066	-61.7
Treasury Bills	-	-	1	10	11	11.8
Government bonds and debentures	-	-	4	42	82	96.2
Total public debt	-	-	5	52	93	79.9
Total	6,900,642	2,665,369	1,124,819	856,436	328,159	-61.7

Source: CNMV.

Statistical annexes II: financial entities and investment services

Annexes
Statistical annexes II

Category	Assets										Pro memoria:	
	No. of funds		No. of investors		Amount		Total change (%)		Change in assets due to subscriptions and net yield ²		Distribution net subscriptions mutual funds (%)	
	2015	Change on Dec-14	2015	Change on Dec-14	2015	2015	On Dec-14	Amount	Net subsc.	Net yield		
Fixed income ³	319	-40	2,203,847	262,280	65,584	65,584	-6.75	-4,747	-4,816	69		-20.9
Mixed fixed income ⁴	132	9	1,130,190	527,091	44,792	44,792	84.22	20,478	20,903	-425		90.7
Mixed equity ⁵	142	11	612,276	235,011	21,503	21,503	58.46	7,932	8,227	-295		35.7
Euro equity	109	6	422,469	40,647	9,093	9,093	8.22	691	467	224		2.0
International equity	200	9	1,041,517	336,462	17,143	17,143	39.76	4,877	4,110	767		17.8
Guaranteed fixed income	186	-94	423,409	-246,039	12,376	12,376	-39.38	-8,042	-8,094	52		-35.1
Guaranteed equity ⁶	205	-68	417,843	-139,187	9,967	9,967	-18.28	-2,229	-2,396	167		-10.4
Global funds	178	16	381,590	157,920	12,683	12,683	84.19	5,797	5,788	9		25.1
Passively managed	213	-14	554,698	-131,828	17,731	17,731	-25.62	-6,089	-6,275	186		-27.2
Absolute return	97	-5	479,182	214,858	11,228	11,228	72.79	4,730	4,803	-73		20.8
Total mutual funds	1,804	-147	7,682,947	1,273,141	222,145	222,145	11.79	23,444	22,764	680		99
Funds of hedge funds	8	-8	1,050	-1460	49	49	-48.42	-47	-47	0		-0.2
Hedge funds	28	0	2,770	227	1,605	1,605	30.91	379	321	58		1.4
Total securities funds	1,840	-155	7,686,767	1,271,908	223,799	223,799	11.88	23,776	23,038	738		100
Real estate funds	3	0	3,918	-103	391	391	-6.90	-29	-1	-28		-
Foreign UCITS⁷	880	75	1,643,776	326,102	108,092	108,092	36.99	-	-	-		-

Source: CNMV. (1) Fund compartments which have sent reserved statements (therefore excludes funds in process of dissolution or liquidation). (2) For each category, the variation in assets is due to net subscriptions, gross profits paid out, net yields on assets and the net asset balance resulting from changes in investment policy. (3) Includes Euro fixed income, Foreign fixed income, Monetary fixed income and Short-term monetary fixed income. (4) Includes Euro mixed fixed income and Foreign mixed fixed income. (5) Includes Euro mixed equity and Foreign mixed equity. (6) Includes Guaranteed variable return and Partial guarantee. (7) The row on foreign UCITS includes both companies and funds registered with the CNMV. Asset data for foreign UCITS refer to the volume of investment, i.e., the product of the number of shares and units marketed in Spain and their year-end value.

Fund portfolio as a percentage of the outstanding balance of Spanish securities II.2

%

	2011	2012	2013	2014	2015
Listed equities¹	2.2	1.4	1.7	2.0	2.3
Private fixed income	3.1	2.6	3.0	3.2	2.6
Short term	6.6	2.4	9.6	11.7	18.0
Long term	3.0	2.6	2.8	2.9	2.1
Public sector fixed income	5.3	5.0	7.1	7.1	4.9
Short term ²	10.4	11.8	13.3	8.7	6.1
Long term	4.5	4.1	6.3	6.9	4.8

Source: CNMV and Bank of Spain. (1) Realisation value of the portfolio over the capitalisation of domestic securities in the electronic market, open outcry market and MAB. (2) Does not include temporary asset acquisitions.

Expenses charged to financial mutual funds II.3

% of average daily assets

	Management fees			Depository fees ¹		
	2013	2014	2015	2013	2014	2015
Total mutual funds	0.98	0.98	1.00	0.08	0.08	0.08
Fixed income	0.68	0.70	0.65	0.08	0.08	0.08
Mixed fixed income	1.13	1.19	1.17	0.08	0.09	0.08
Mixed equity	1.51	1.42	1.44	0.12	0.10	0.12
Euro equity	1.85	1.80	1.78	0.09	0.12	0.12
International equity	1.83	1.78	1.72	0.12	0.11	0.12
Guaranteed fixed income	0.86	0.88	0.84	0.08	0.08	0.08
Guaranteed equity	1.25	1.20	1.04	0.08	0.08	0.08
Global funds	1.32	1.20	1.10	0.08	0.09	0.08
Passively managed	0.72	0.64	0.65	0.08	0.07	0.08
Absolute return	1.13	1.07	1.00	0.08	0.08	0.08
Funds of hedge funds	1.66	1.55	1.42	0.08	0.10	0.10
Hedge funds²	2.99	2.32	2.40	0.05	0.03	0.02

Source: CNMV. (1) Except in hedge funds where they are financing fees. (2) Percentage of average monthly assets.

Yield and net subscriptions of mutual funds¹

II.4

Yield (%) and net subscriptions (million euros)

	2011		2012		2013		2014		2015	
	Yield	Net subsc.	Yield	Net subsc.	Yield	Net subsc.	Yield	Net subsc.	Yield	Net subsc.
Fixed income ²	1.56	-10,424	3.54	-7,740	2.28	13,405	2.41	13,821	0.10	-4,816
Mixed fixed income ³	-1.34	-1,980	4.95	-19	4.16	2,370	3.67	15,689	0.16	20,903
Mixed equity ⁴	-5.64	-376	7.83	36	10.85	2,673	4.70	6,842	0.15	8,227
Euro equity ⁵	-11.71	142	12.31	-115	28.06	1,734	2.09	-338	3.44	467
Foreign equity ⁶	-10.83	-796	13.05	-425	20.30	866	6.61	2,716	7.84	4,110
Guaranteed fixed income	3.28	7,809	4.85	-339	4.96	-6,718	2.54	-11,762	0.27	-8,094
Guaranteed equity ⁷	0.14	-4,054	5.07	-4,226	6.15	-2,689	2.64	-652	1.07	-2,396
Global funds	-4.64	972	7.44	-1,021	8.71	-177	4.63	2,110	2.45	5,788
Passively managed ⁸	-7.33	61	7.10	824	8.88	12,675	7.74	5,632	0.53	-6,275
Absolute return ⁸	-1.87	-2,208	3.84	-1,572	2.46	-53	1.98	1,736	0.12	4,803
Total mutual funds	-0.08	-10,853	5.50	-14,597	6.50	24,086	3.67	35,795	0.89	22,764
Funds of hedge funds	-2.98	-110	2.84	-60	5.09	-210	-0.51	-33	-0.86	-47
Hedge funds	-2.70	55	6.92	135	15.79	36	5.50	162	5.18	321
Total funds (MF+HF+HF)	-0.10	-10,908	5.50	-14,522	6.57	23,912	3.67	35,924	0.93	23,038
Real estate funds	-3.23	-1,450	-5.53	-42	-11.28	-36	-5.87	-3,085	-6.66	-1
Pro memoria: amount marketed by Spanish firms and Spanish-resident foreign firms										
Foreign UCITS	-	-4,675	-	8,313	-	24,953	-	22,254	-	32,889

Source: CNMV. (1) Funds which have sent reserved statements (therefore does not include funds in process of dissolution or liquidation). (2) Until 1Q09 includes: Short-term fixed income, Long-term fixed income, Foreign fixed income and Monetary fixed income. From 2Q09 includes: Euro fixed income, Foreign fixed income and Monetary fixed income. From 3Q11 includes: Euro fixed income, Foreign fixed income, Monetary fixed income and Short-term monetary fixed income. (3) Until 1Q09 includes: Mixed fixed income and Foreign mixed fixed income. From 2Q09 includes: Euro mixed fixed income and Foreign mixed fixed income. (4) Until 1Q09 includes: Mixed equity and Foreign mixed equity. From 2Q09 includes: Euro mixed equity and Foreign mixed equity. (5) Until 1Q09 includes: Spanish equity and Euro equity. From 2Q09 includes: Euro equity (that now includes Spanish equity). (6) Until 1Q09 includes: Foreign equity Europe, Foreign equity Japan, Foreign equity USA, Foreign equity Emerging countries and Foreign equity Others. From 2Q09 includes: Foreign equity. (7) Until 1Q09 includes: Guaranteed equity. From 2Q09 includes: Guaranteed equity and Partial guarantee. (8) New categories from 2Q09. All absolute return funds were previously classified under Global Funds.

Foreign UCITS marketed in Spain II.5

	2014	2015	Change (%)
No. of UCITS	805	880	9.3
No. of investors	1,317,674	1,643,776	24.7
Investment volume (million euros)	78,904	108,092	37.0
Breakdown by country of origin			
Germany	33	32	-3.0
Austria	25	23	-8.0
Belgium	4	4	0.0
Denmark	1	1	0.0
France	264	282	6.8
Netherlands	2	2	0.0
Ireland	117	143	22.2
Luxembourg	333	362	8.7
United Kingdom	26	31	19.2

Source: CNMV.

UCITS operators (SGIIC): registrations and de-registrations in 2015 II.6

UCITS operators	Controlling group
New registrations	
Arcano Capital, SGIIC, S.A.	Independent
Patrivalor, SGIIC, S.A.	Independent
Auriga Asset Management, SGIIC, S.A.	Independent
Liberbank Gestión, SGIIC, S.A.	Independent
Esfera Investment Technology, SGIIC, S.A.	Esfera Capital, Agencia de Valores, S.A.
De-registrations	
Barclays Wealth Managers España, SGIIC, S.A.	La Caixa
Sabadell Solbank Inversión, SGIIC, S.A.	Banco de Sabadell
Caja España Fondos, SGIIC, S.A.	Unicaja Banco
Crediges, SGIIC, S.A.	Caja Laboral Popular
Optimal Alternative Investments, SGIIC, S.A.	Banco Santander
Foreign operators with branch	
New registrations	
Carmignac Gestión Luxembourg, S.A. Sucursal en España	Carmignac Gestion Luxembourg
FCS Asset Management Limited, Sucursal en España	FCS Asset Management Limited
Amiral Gestión España, S.A., Sucursal en España	Amiral Gestión España

Source: CNMV.

Foreign investment firms with community passport: home Member State¹

II.7

Annexes
Statistical annexes II

	2014	2015
No. of foreign investment firms operating in Spain		
Free provision of services	2,595	2,674
Branches	39	42
Breakdown by home State		
Free provision of services		
Germany	52	56
Austria	20	20
Belgium	8	9
Bulgaria	7	7
Cyprus	130	153
Denmark	22	21
Slovakia	2	2
Slovenia	1	1
Estonia	1	1
Finland	8	11
France	43	47
Greece	8	9
Netherlands	83	89
Hungary	1	1
Ireland	46	44
Italy	6	6
Latvia	1	1
Liechtenstein	17	23
Lithuania	1	1
Luxembourg	31	35
Malta	20	24
Norway	30	31
Portugal	8	8
United Kingdom	2,032	2,057
Czech Republic	2	2
Romania	2	2
Sweden	13	13
Branches		
Germany	1	1
Belgium	1	1
France	2	2
Netherlands	2	2
Luxembourg	3	3
Norway	1	1
Poland	1	1
Portugal	1	1
United Kingdom	27	30

Source: CNMV. (1) Countries stated in the notifications of investment firms from EU Member States and in authorisations of investment firms from non-EU countries.

Registrations and de-registrations of broker-dealers, brokers, portfolio management companies, financial advisory firms and foreign investment firms with branches. 2015

II.8

Entity	Controlling group
Broker-dealers and brokers	
New registrations	
Alhambra Partners, SV, S.A.	Independent
Aegón Activos, AV, S.A.	Aegón España, S.A., de Seguros y Reaseguros
Diagonal Inversiones Capital, AV, S.A.	Independent
Indexa Capital, AV, S.A.	Independent
De-registrations	
Mirabaud Finanzas, SV, S.A.	Independent
Caja 3 Bolsa, SV, S.A.	Ibercaja Banco, S.A.
Asesores y Gestores Financieros, AV, S.A.	Independent
Alhambra Partners, AV, S.A.	Independent
Portfolio management companies	
Patrivalor, SGC, S.A.	Independent
Arcogest, SGC, S.A.	Banco Caminos, S.A.
Financial advisory companies	
New registrations	
Finetico, EAFI, S.L.	Independent
Corefinance Financial Services, EAFI, S.L.	Independent
Sánchez Casas Asesores, EAFI, S.L.U.	Independent
Inverdif Asesores, EAFI, S.L.	Independent
Jacobo Higuera Gotor	Independent
Smart Gestión Global, EAFI, S.L.	Independent
Gloversia Capital, EAFI, S.L.	Independent
McLaren Wealth Management, EAFI, S.L.	Independent
Brightgate Advisory, EAFI, S.L.	Independent
Altamar Advisory Partners, EAFI, S.L.	Independent
Villa & Ibáñez Asesoramiento Financiero, EAFI, S.L.	Independent
Rsr Inversión & Patrimonios, EAFI, S.L.	Independent
Universal Gestión Wealth Management, EAFI S.L.	Independent
Joaquín Fernández de Córdoba Manzanares	Independent
Remo Advisors, EAFI, S.L.	Independent
Atria Edv, EAFI, S.L.	Independent
Joachim Langhans	Independent
Blue Ocean Inversiones Globales, EAFI, S.L.	Independent
Enric Vidal-Ribas Martí	Independent
Francisco Pascual Márquez Godino	Independent
Ana Ros Ruiz	Independent
Kau Markets, EAFI, S.L.	Independent
New Momentum Consultant, EAFI, S.L.	Independent
De-registrations	
Beatriz Perelló Oliver	Independent
Gamma Investments, EAFI, S.L.	Independent

Registrations and de-registrations of broker-dealers, brokers, portfolio management companies, financial advisory firms and foreign investment firms with branches. 2015 (continuation) II.8

Entity	Controlling group
Cetrix Estrategias Adaptadas, EAFI, S.L.	Independent
Miramar Capital Asesores, EAFI, S.L.	Independent
Prinvestor Capital Partners EAFI, S.L.	Independent
Alter Advisory, EAFI, S.L.	Independent
José Velasco Aroca	Independent
Metacapital Investment, EAFI, S.L.	Independent
Vetusta Inversión Patrimonial, EAFI, S.L.	Independent
Caute Asesores, EAFI, S.L.	Independent
Joaquín Fernández de Córdova Manzanares	Independent
Inés Cots Marfil	Independent

Foreign investment firms with branch

New registrations

Computershare Investor Services Plc., Sucursal en España	Computershare Investor Services Plc.
Stormharbour Securities LLP, Sucursal en España	Stormharbour Securities LLP
Muzinich & Co Limited, Sucursal en España	Muzinich & Co Limited
T. Rowe Price International Ltd., Sucursal en España	T. Rowe Price International Ltd.

De-registrations

Generation Investment Management LLP, Sucursal en España	Generation Investment Management LLP
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Source: CNMV.

Changes of control at broker-dealers, brokers and portfolio management companies. 2015 II.9

Entity	Buyer
Acquisitions of control by Spanish financial institutions	
Grupo Nmas1 (Nmas1 Equities and Nmas 1 Asset Management)	Nmas 1 Dinamia
Capital Strategies Partners	Independent

Source: CNMV.

**Spanish investment firms with community passport at 31 December 2015:
host Member State** II.10

	2014	2015
Number of firms with cross-border activity¹		
Free provision of services	40	40
Branches	6	6
Breakdown by country of Spanish investment firms providing cross-border services^{2, 3}		
Free provision of services		
Germany	20	21
Austria	10	10
Belgium	16	16
Bulgaria	2	2
Cyprus	1	1
Denmark	9	9
Slovakia	2	2
Slovenia	1	1
Estonia	1	1
Finland	8	8
France	20	21
Greece	8	8
Hungary	2	2
Ireland	12	13
Iceland	1	1
Italy	18	20
Latvia	1	1
Liechtenstein	2	2
Lithuania	1	1
Luxembourg	19	20
Malta	4	4
Norway	6	8
Netherlands	15	15
Poland	4	4
Portugal	29	30
United Kingdom	22	23
Czech Republic	2	2
Romania	3	3
Sweden	11	11
Branches		
Italy	1	1
Portugal	1	1
United Kingdom	3	3
Sweden	1	1

Source: CNMV. (1) Does not include cross-border activity of financial advisory firms. (2) Countries stated in the notifications relating to free provision of services and in authorisations of branches. (3) Number of Spanish investment firms providing services in other countries. A single firm may provide services in more than one country.

Cross-border activity of Spanish financial advisory firms II.11

	2014	2015
Number of financial advisory firms with cross-border activity in the EEA		
Free provision of services	11	21
Branches	0	0
Number of financial advisory firms with cross-border activity outside the EEA		
Free provision of services	0	0
Branches	0	0
Breakdown by country. Free provision of services^{1,2}		
Germany	3	3
Belgium	1	1
France	2	2
Ireland	1	1
Italy	2	2
Luxembourg	9	16
Malta	2	2
Netherlands	0	1
Portugal	2	3
United Kingdom	5	6

Source: CNMV. (1) Countries stated in the notifications relating to free provision of services and in authorisations of branches. (2) Number of Spanish financial advisory firms providing services in other countries. A single firm may provide services in more than one country.

Foreign credit institutions authorised to provide investment services in Spain at 31 December 2015: home Member State II.12

	2014	2015
Number of foreign credit institutions providing investment services in Spain		
EU credit institutions		
Free provision of services	398	399
Subsidiaries of EU credit institutions under the free provision of services regime	0	0
Branches	54	53
Non-EU credit institutions		
Free provision of services	3	3
Branches	6	6
Breakdown by home State		
Free provision of services	401	402
EU credit institutions		
Germany	51	54
Austria	32	32
Belgium	8	8
Cyprus	2	2
Denmark	10	10
Finland	7	7

Foreign credit institutions authorised to provide investment services in Spain at 31 December 2015: home Member State (continuation) II.12

	2014	2015
France	44	41
Greece	1	1
Hungary	6	6
Ireland	30	30
Iceland	2	2
Italy	8	8
Liechtenstein	5	5
Luxembourg	54	54
Malta	9	10
Norway	3	3
Netherlands	26	26
Portugal	13	13
United Kingdom	80	80
Sweden	7	7
Non-EU credit institutions	3	3
Australia	1	1
Canada	1	1
Switzerland	1	1
Subsidiaries of EU credit institutions under the free provision of services regime	0	0
Branches	60	59
EU credit institutions	54	53
Germany	8	8
Austria	1	1
Belgium	2	1
Denmark	1	1
France	10	8
Ireland	1	2
Italy	3	3
Luxembourg	7	9
Netherlands	4	4
Portugal	8	8
United Kingdom	9	8
Non-EU credit institutions	6	6
Argentina	1	1
United States	3	3
Japan	1	1
Switzerland	1	1

Source: Bank of Spain and CNMV.

Number of shareholders of Ibex 35 companies¹ with significant shareholdings III.1

Entities	Shareholding				
	3%-5%	5%-10%	10%-25%	25%-50%	50%-100%
Abertis	1	–	2	–	–
Acciona	1	–	–	2	–
Acerinox	2	1	2	–	–
ACS	1	1	2	–	–
AENA	–	–	1	–	1
Amadeus	4	1	–	–	–
BBVA	1	–	–	–	–
B. Sabadell	2	2	–	–	–
B. Popular	4	1	–	–	–
B. Santander	–	1	–	–	–
Bankia	–	–	–	–	1
Bankinter	1	2	1	–	–
BME	–	1	–	–	–
Caixabank	–	–	–	–	1
DIA	2	1	1	–	–
Enagás	2	–	–	–	–
Endesa	–	–	–	–	1
Ferrovial	1	2	1	–	–
FCC	–	2	3	1	–
Gamesa	1	–	1	–	–
Gas Natural	1	–	–	–	1 ²
Grifols	2	4	–	–	–
Iberdrola	3	1	–	–	–
IAG	2	3	–	–	–
Indra	3	3	1	–	–
Inditex	–	1	–	–	1
Mapfre	–	–	–	–	1
Mediaset	1	–	–	1	–
Merlin	3	1	–	–	–
OHL	–	3	–	–	1
REE	1	1	1	–	–
Repsol	–	2	1	–	–
Sacyr	1	4	1 ³	–	–
Técnicas Reunidas	–	1	–	1	–
Telefónica	1	2	–	–	–
Total	41	41	18	5	8

Source: CNMV. (1) Composition of the Ibex 35 index at the close of the financial year. (2) Concerted action between La Caixa and Repsol. (3) Concerted action between Disa and Grupo Satocan.

Related-party transactions. First half of 2015

III.2

Million euros	Significant shareholders Directors and senior officers				Persons, companies or entities in the group				Other related parties				Total
	Amount		1HY 15/14 (%)		Amount		1HY 15/14 (%)		Amount		1HY 15/14 (%)		
	Amount	1HY 15/14 (%)	Amount	1HY 15/14 (%)	Amount	1HY 15/14 (%)	Amount	1HY 15/14 (%)	Amount	1HY 15/14 (%)	Amount	1HY 15/14 (%)	
Finance costs	324	74.6	35	668.1	53	-55.0	159	-7.4	571	-7.4	571	18.8	
Leases	1,554	-4.2	3	0.4	5	26.7	40	21.5	1,602	21.5	1,602	-3.6	
Services received	253	25.4	24	9.6	359	4.5	287	17.4	924	17.4	924	13.7	
Purchases of goods (finished or in progress)	2,571	-30.4	3	-69.3	3,978	-3.8	38	62.1	6,590	62.1	6,590	-16.2	
Other expenses ¹	235	13.3	84	239.3	64	-50.3	35	9.3	418	9.3	418	6.4	
Total expenses	4,936	-16.5	149	138.0	4,460	-5.7	560	10.8	10,105	10.8	10,105	-19.8	
Finance income	218	-34.7	1	11.1	239	-33.0	86	56.3	544	56.3	544	-27.1	
Dividends received	29	84.5	0	n.a.	270	36.1	63	2.5	362	2.5	362	31.4	
Services rendered	670	-28.0	8	277.8	497	-14.0	258	1.8	1,433	1.8	1,433	-18.8	
Sale of goods (finished or in progress)	1,090	-7.1	0	-56.3	449	-39.8	98	19.1	1,637	19.1	1,637	-18.2	
Other revenue ²	337	-23.8	0	102.2	491	5.1	15	-62.1	843	-62.1	843	-11.1	
Total revenue	2,344	-19.0	10	146.6	1,946	-17.0	520	5.8	4,820	5.8	4,820	-16.0	
Credit and capital contributions	11,062	-63.0	392	420.6	13,984	-17.2	3,258	-22.4	28,696	-22.4	28,696	-43.8	
Loans and capital contributions	21,440	115.1	41	41.5	8,073	-24.8	3,420	-24.7	32,973	-24.7	32,973	30.5	
Guarantees and sureties granted	303	16.9	9	1931.0	3,645	81.1	189	-41.3	4,146	-41.3	4,146	59.8	
Guarantees and sureties received	18,119	-11.1	947	-4.1	256	-89.8	204	124.0	19,525	124.0	19,525	-18.6	
Commitments acquired	3,360	290.1	5	-2.0	6,405	-27.6	1,386	-32.1	11,155	-32.1	11,155	-5.1	
Dividends and other profit distributions	2,381	-20.5	250	663.8	0	-98.7	53	-9.7	2,684	-9.7	2,684	-13.1	
Other transactions ³	33,062	29.1	6	-97.8	4,639	-45.9	3,049	97.2	40,756	97.2	40,756	13.2	
Total other transactions	89,726	0.3	1,650	17.0	37,002	-25.4	11,558	-9.7	139,936	-9.7	139,936	-9.0	
Total	97,007	-1.8	1,808	22.5	43,408	-23.4	12,638	-8.4	154,861	-8.4	154,861	-9.3	
% of total	62.6		1.2		28.0		8.2		100.0		100.0		

Source: CNMV (Interim reporting of listed companies, 1st half-year). (1) Comprising management contracts, R&D transfers, value correction for uncollectable debts, losses on de-recognition, and other expenses. (2) Comprising management contracts, R&D transfers, leases, gains on de-recognition or disposal of assets, and other income. (3) Comprising the purchase of assets, leases, repayment of credit, sale of tangible assets, depreciation, commitments or guarantees, and other transactions.

Reference Resolutions

(1/15)	Ministerial Order of 8 January 2015
	Resolution of the disciplinary proceedings brought against a credit institution for the alleged commission of a very serious breach of Article 99 x) of the Securities Market Act – performing uncovered short sales. The credit institution was fined 10,000 euros.
(2/15)	Ministerial Order of 12 January 2015
	Resolution of the disciplinary proceedings brought against four credit institutions (one being the successor of the other three) for the alleged commission of a very serious breach of Article 99 z) <i>bis</i> of the Securities Market Act for the failure to comply with conduct of business rules of the securities market in relation to detecting and managing conflicts of interest between clients. The three original credit institutions were found liable for the breach and the successor credit institution was fined an overall sum of 1,100,000 euros.
(3/15)	Ministerial Order of 19 January 2015
	Resolution of the disciplinary proceedings brought against a non – resident financial institution for the alleged commission of a very serious breach of Article 99 x) of the Securities Market Act – performing uncovered short sales. The financial institution was fined 100,000 euros.
(4/15)	Ministerial Order of 19 January 2015
	Resolution – relating to the very serious breach – of the disciplinary proceedings brought, on the one hand, against an issuer and its chairperson and an investment services firm for the alleged commission of a serious breach of Article 100 w) of the Securities Market Act – market manipulation – and, on the other hand, the same issuer and its chairperson for a very serious breach of Article 99 p) of the Securities Market Act – failure to report treasury stock trading. The issuer and its chairperson were fined 300,000 euros and 150,000 euros, respectively.
(5/15)	Resolution of the CNMV Board of 27 January 2015
	Resolution of the disciplinary proceedings brought against a legal person, its legal representative and a credit institution (subsequently acquired by another) for the alleged commission of a serious breach of Article 100 w) of the Securities Market Act – market manipulation. The legal person and its legal representative were fined 40,000 euros and 15,000 euros, respectively. In addition, the acquired credit institution was found liable for the breach and the acquiring credit institution was fined 50,000 euros.
(6/15)	Resolution of the CNMV Board of 27 January 2015
	Resolution of the disciplinary proceedings brought against two natural persons for the alleged commission of a serious breach of Article 100 w) of the Securities Market Act – market manipulation. They were fined 50,000 euros and 100,000 euros.
(7/15)	Ministerial Order of 30 January 2015
	Resolution of the disciplinary proceedings brought against one legal person for the alleged commission of a very serious breach of Article 99 p) of the Securities Market Act – failure to report significant shareholdings in a listed company. The legal person was fined 5,000 euros.
(8/15)	Ministerial Order of 6 February 2015
	Resolution of the disciplinary proceedings brought against one non-resident legal person for the alleged commission of a very serious breach of Article 99 p) of the Securities Market Act – failure to report significant shareholdings in a listed company. The legal person was fined 25,000 euros.
(9/15)	Ministerial Order of 12 February 2015
	Resolution of the disciplinary proceedings brought against four credit institutions for the alleged commission of a very serious breach of Article 99 z) <i>bis</i> of the Securities Market Act for the failure to comply with conduct of business rules of the securities market in relation to detecting and managing conflicts of interest between clients. The credit institutions were fined 750,000, 500,000, 200,000 and 100,000 euros, respectively.
(10/15)	Ministerial Order of 16 February 2015
	Resolution of the disciplinary proceedings brought against an investment services firm and its CEO for the alleged commission of three very serious breaches of Article 99 z) <i>bis</i> , l) and z) <i>ter</i> of the Securities Market Act – various failures to comply with organisational requirements for investment services firms. The investment services firm was given various fines totalling 520,000 euros and its CEO was fined an overall amount of 240,000 euros.
(11/15)	Resolution of the CNMV Board of 25 March 2015
	Resolution of the disciplinary proceedings brought against an issuer - a credit institution – for the alleged commission of a serious breach of Article 100 w) of the Securities Market Act – market manipulation relating to treasury stock. The credit institution was fined 150,000 euros.

Reference Resolutions

(12/15)	Resolution of the CNMV Board of 25 March 2015
	Resolution of the disciplinary proceedings brought against an issuer - a credit institution, subsequently acquired by another credit institution - for the alleged commission of a serious breach of Article 100 w) of the Securities Market Act – market manipulation relating to treasury stock –, as well as against an investment services firm for the alleged commission of a serious breach of article 100 x) <i>bis</i> of the Securities Market Act – failure to report to the CNMV transactions suspected of market abuse. The original credit institution was found liable and its successor fined 150,000 euros. With regard to the second breach, the investment services firm was fined 45,000 euros.
(13/15)	Resolution of the CNMV Board of 25 March 2015
	Resolution of the disciplinary proceedings brought against an investment services firm for the alleged commission of a serious breach of Article 100 x) <i>ter</i> of the Securities Market Act – failure to comply with the conduct of business rules on recommendations in relation to securities. The investment services firm was fined 40,000 euros.
(14/15)	Ministerial Order of 7 April 2015
	Resolution – relating to the breach not suspended awaiting a prior ruling from the criminal courts – of the disciplinary proceedings brought against five credit institutions (one of them the successor of the other four) for the alleged commission of two very serious breaches of Article 99 z) <i>bis</i> of the Securities Market Act, for failure to comply with conduct of business rules of the securities market; in one case, relating to the marketing of certain financial instruments to clients (suspended awaiting a prior ruling from the criminal courts) and, in another, in relation to the management of conflicts of interest between clients. All the credit institutions were found liable and two of them – successive successors of the liability of the others – were fined an overall amount of 3,100,000 euros.
(15/15)	Ministerial Order of 21 April 2015
	Resolution of the disciplinary proceedings brought against a credit institution for the alleged commission of a very serious breach of Article 99 z) <i>bis</i> of the Securities Market Act, for failure to comply with conduct of business rules of the securities market – specifically, in the marketing of certain financial instruments to clients. The credit institution was fined 1,000,000 euros.
(16/15)	Ministerial Order of 24 April 2015
	Resolution of the disciplinary proceedings brought against two credit institutions (one of them subsequently acquired by the other) for the alleged commission, by each of them, of two very serious breaches of Article 99 z) <i>bis</i> of the Securities Market Act for failure to comply with conduct of business rules of the securities market; in one case, relating to obligations to provide information to clients and, in the other, in relation to managing conflicts of interest between clients. The original credit institution was found liable and the successive credit institution was fined an overall amount of 3,100,000 euros.
(17/15)	Ministerial Order of 30 April 2015
	Resolution of the disciplinary proceedings brought against a non-resident credit institution for the alleged commission of a very serious breach of Article 99 x) of the Securities Market Act – performing uncovered short sales. The credit institution was fined 500,000 euros.
(18/15)	Ministerial Order of 7 May 2015
	Resolution of the disciplinary proceedings brought against a natural person for the alleged commission of a very serious breach of Article 99 o) of the Securities Market Act – use of insider information. The natural person was fined 160,000 euros.
(19/15)	Resolution of the CNMV Board of 26 May 2015
	Resolution of the disciplinary proceedings brought against a CIS management company for the alleged commission of two serious breaches of Article 81 m) of the Collective Investment Scheme Act for significant defects relating to internal control and organisational structure, respectively. The company was fined 50,000 euros for each breach.
(20/15)	Resolution of the CNMV Board of 26 May 2015
	Resolution of the disciplinary proceedings brought against a natural person for the alleged commission of a serious breach of Article 100 w) of the Securities Market Act – market manipulation. The natural person was fined 70,000 euros.
(21/15)	Ministerial Order of 5 June 2015
	Resolution of the disciplinary proceedings brought against a credit institution for the alleged commission of a very serious breach of Article 99 z) <i>bis</i> of the Securities Market Act for failure to comply with conduct of business rules of the securities market in relation to managing conflicts of interest between clients. The credit institution was fined 250,000 euros.
(22/15)	Ministerial Order of 5 June 2015
	Resolution of the disciplinary proceedings brought against a credit institution for the alleged commission of two very serious breach of Article 99 z) <i>bis</i> of the Securities Market Act for failure to comply with conduct of business rules of the securities market – specifically in relation to the charging of commissions and the recommendation of financial instruments. The credit institution was fined an overall amount of 900,000 euros.

Reference Resolutions

(23/15)	Resolution of the CNMV Board of 23 June 2015
	Resolution of the disciplinary proceedings brought against an investment services firm and its parent company for the alleged commission of a serious breach of Article 100 c) of the Securities Market Act – delays in the approval of their respective annual accounts corresponding to several financial years – and of one minor breach of Article 101.2 a) of the Securities Market Act – for their respective delays in submitting said annual accounts and other periodic reporting to the CNMV. The serious breach was reduced to a minor breach and two fines imposed upon the investment services firm and its parent company for an overall amount of 20,000 and 8,000 euros, respectively.
(24/15)	Resolution of the CNMV Board of 23 June 2015
	Resolution of the disciplinary proceedings brought against a natural person for the alleged commission of a serious breach of Article 100 w) of the Securities Market Act – market manipulation. The natural person was fined 17,000 euros.
(25/15)	Ministerial Order of 2 July 2015
	Resolution of two disciplinary proceedings – previously accumulated – brought against a credit institution for the alleged commission of two very serious breaches of Article 99 z) <i>bis</i> of the Securities Market Act for failure to comply with conduct of business rules of the securities market in relation to appropriateness testing of clients. The credit institution was fined an overall amount of 4,100,000 euros.
(26/15)	Ministerial Order of 2 July 2015
	Resolution of the disciplinary proceedings brought against a credit institution for the alleged commission of a very serious breach of Article 99 z) <i>bis</i> of the Securities Market Act for failure to comply with conduct of business rules of the securities market – specifically in relation to the receipt of incentives. The credit institution was fined 100,000 euros.
(27/15)	Ministerial Order of 2 July 2015
	Resolution of the disciplinary proceedings brought against a non-resident legal person for the alleged commission of a very serious breach of Article 99 x) of the Securities Market Act – performing uncovered short sales. The legal person was fined 70,000 euros.
(28/15)	Ministerial Order of 7 July 2015
	Resolution of the disciplinary proceedings brought against a natural person for the alleged commission of a very serious breach of Article 99 p) of the Securities Market Act – failure to report significant shareholdings in a listed company. The natural person was fined 500,000 euros.
(29/15)	Ministerial Order of 20 July 2015
	Resolution of the disciplinary proceedings brought against one legal person and one natural person for the alleged commission of a very serious breach of Article 99 p) of the Securities Market Act – failure to report significant shareholdings in a listed company. They were fined 70,000 and 30,000 euros, respectively.
(30/15)	Ministerial Order of 14 September 2015
	Resolution of the disciplinary proceedings brought against the governing company of the multilateral trading facility for the alleged commission of a very serious breach of Article 99 c) of the Securities Market Act – failure to comply with supervisory duties. The company was fined 150,000 euros.
(31/15)	Resolution of the CNMV Board of 30 September 2015
	Resolution of the disciplinary proceedings brought against two natural persons for the alleged commission of a serious breach of Article 100 w) of the Securities Market Act – market manipulation – and two investment services firms for the alleged commission of a serious breach of Article 100 x) <i>bis</i> of the Securities Market Act – failure to report transactions suspected of market abuse. The charge against one of the natural persons was dismissed, the other was fined 30,000 euros, and each of the firms was fined 20,000 euros.
(32/15)	Resolution of the CNMV Board of 30 September 2015
	Resolution of the disciplinary proceedings brought against a CIS management company and its chairperson and CEO for the alleged commission of a very serious breach of Article 80 a) of the Collective Investment Scheme Act – submission to the CNMV of incomplete or inaccurate information relating to its net worth position – and a serious breach of Article 81 m) of the Collective Investment Scheme Act for failure to comply with rules on internal control. The management company was fined an overall amount of 35,000 euros and its chairperson and CEO an overall amount of 75,000 euros.
(33/15)	Ministerial Order of 22 October 2015
	Resolution of the disciplinary proceedings brought against a non-resident credit institution for the alleged commission of a very serious breach of Article 107 <i>quater</i> , 3 c) of the Securities Market Act – performing uncovered short sales. The credit institution was fined 150,000 euros.

Reference Resolutions

(34/15) Resolution of the CNMV Board of 28 October 2015

Resolution of the disciplinary proceedings brought against a credit institution for the alleged commission of a serious breach of Article 100 t) of the Securities Market Act for failure to comply with conduct of business rules of the securities market – specifically, in relation to obligations to provide information to clients and appropriateness testing. The credit institution was fined 150,000 euros.

(35/15) Resolution of the CNMV Board of 28 October 2015

Resolution of the disciplinary proceedings brought against an issuer and the members of its Board of Directors for an alleged serious breach of article 100 b) of the Securities Market Act, for deficiencies in the annual directors' remuneration report. The company was fined 100,000 euros, and each of the members of its board of directors was fined 3,000 euros.

(36/15) Resolution of the CNMV Board of 28 October 2015

Resolution of the disciplinary proceedings brought against an investment services firm for the alleged commission of a serious breach of Article 100 x) *ter* of the Securities Market Act, for failure to comply with the conduct of business rules of the securities market on recommendations in relation to securities. The firm was fined 25,000 euros.

(37/15) Ministerial Order of 20 November 2015

Resolution of the disciplinary proceedings brought against a credit institution for the alleged commission of a very serious breach of Article 99 z) *bis* of the Securities Market Act for failure to comply with conduct of business rules of the securities market in relation to managing conflicts of interest between clients. The credit institution was fined 150,000 euros.

(38/15) Ministerial Order of 20 November 2015

Resolution of the disciplinary proceedings brought a natural person – a director of two listed companies – for the alleged commission of two very serious breaches of Article 99 p) of the Securities Market Act for failing to report significant shareholdings in said issuers. The person was fined 100,000 euros for each breach.

(39/15) Resolution of the CNMV Board of 25 November 2015

Resolution – in relation to the serious breach – of the disciplinary proceedings brought, on the one hand, against six people – natural and legal – for the alleged commission of two very serious breaches of Article 99 p) of the Security's Market Act, for the failure to report significant shareholdings in an issuer, in one of the breaches due to being a director of the issuer, and in the other due to being participants in a concerted action; and on the other hand, against a legal person for the alleged commission of a serious breach of Article 100 x) *ter* of the Securities Market Act – for failure to comply with the duty to report transactions performed with shares of an issuer. The serious breach was dismissed.

(40/15) Resolution of the CNMV Board of 15 December 2015

Resolution of the disciplinary proceedings brought against a CIS management company for the alleged commission of two serious breaches of Article 81 m) and g) of the Collective Investment Scheme Act for not having in place an adequate organisational structure and not acting in the benefit of the managed CIS, respectively. The category of one of the breaches was reduced to a minor breach of Article 82.1 f) of the Collective Investment Scheme Act, and the company was fined an overall amount of 75,000 euros.

(41/15) Ministerial Order of 16 December 2015

Resolution – in relation to the very serious breaches – of the disciplinary proceedings brought, on the one hand, against six persons – natural and legal – for the alleged commission of two very serious breaches of Article 99 p) of the Securities Market Act – failure to report significant shareholdings in an issuer – in one of the breaches due to being a director of the issuer, and in the other, due to being participants in a concerted action; and on the other hand, against one legal person for the alleged commission of a serious breach of Article 100 x) *ter* of the Securities Market Act – for failure to comply with the duty to report transactions performed with shares of an issuer. For the first very serious breach, the director was fined 80,000 euros; and for the second, the six participants in the concerted action were fined in overall amount of 44,000 euros.

List of rulings on contentious-administrative appeals against penalties in 2015

III.4

No.	Date	Court	Appeal No.	Ruling appealed
1	16/02/2015	National High Court	403/2011	Order MEH 25/05/2011
Upholds the penalty imposed by the Ministry of Economy and Finance Order dated 25 May 2011 for a very serious breach of Article 99 m) of the Securities Market Act.				
2	18/03/2015	Central Judicial Review Court No. 6	81/2014	Order MECC 13/09/2013
Upholds the penalties imposed by the Ministry of Economic Affairs and Competition Order dated 13 September 2013 for a very serious breach of Article 99 m) of the Securities Market Act.				
3	15/04/2015	National High Court	214/2014	Order MECC 17/12/2013
Upholds the penalty imposed by the Ministry of Economic Affairs and Competition Order dated 17 December 2013 for a very serious breach of Article 99 ñ) of the Securities Market Act.				
4	16/04/2015	National High Court	316/2013	Ruling MECC 26/03/2013
Upholds the penalties imposed – in relation to two very serious breaches of Article 99, one of Article 99 l) and the other of Article 99 z) <i>bis</i> , of the Securities Market Act – by the Ministry of Economic Affairs and Competition Order dated 2 August 2012, upheld on appeal by a ruling of the same ministry on 26 March 2013.				
5	20/04/2015	Central Judicial Review Court No. 9	166/2014	Order MECC 10/01/2014
Upholds the penalties imposed by the Ministry of Economic Affairs and Competition Order dated 10 January 2014 for a very serious breach of Article 99 m) of the Securities Market Act.				
6	21/04/2015	National High Court	461/2014	Order MECC 10/01/2014
Upholds the penalty imposed by the Ministry of Economic Affairs and Competition Order dated 10 January 2014 for a very serious breach of Article 99 p) of the Securities Market Act.				
7	22/04/2015	National High Court	694/2011	Order MEH 17/10/2011
Upholds the penalty imposed by the Ministry of Economy and Finance Order dated 25 May 2011, upheld on appeal by a Resolution of the same Ministry dated 17 October 2011, relating to a very serious breach of Article 99 m) of the Securities Market Act. This ruling replaces another dated 18 June 2014 handed down by the same chamber and section in relation to the same appeal, as the National High Court considered – despite maintaining the same ruling – that the first ruling did not contain a specific and unique set of grounds corresponding to the specific case, but had instead fully reproduced another ruling from the same chamber.				
8	29/04/2015	National High Court	315/2013	Ruling MECC 26/03/2013
Partially upholds the appeal brought against the Ruling of the Ministry of Economic Affairs and Competition dated 26 March 2013, which upheld on appeal the two penalties imposed – in relation to two serious breaches of Article 100, the first of Article 100 n) and the second of Article 100 g), of the Securities Market Act – by a Resolution of the CNMV Board of 10 July 2012. The penalty in relation to the first breach was annulled, while the penalty in relation to the second breach was upheld.				
9	14/05/2015	National High Court	465/2014	Order MECC 10/01/2014
Upholds the penalty imposed by the Ministry of Economic Affairs and Competition Order dated 10 January 2014 for a very serious breach of Article 99 p) of the Securities Market Act.				
10	23/06/2015	National High Court	384/2014	Ruling MECC 13/12/2013
Upholds the appeal brought against the Ruling of the Ministry of Economic affairs and Competition dated 13 December 2013, which upheld on appeal the penalty imposed – in relation to a very serious breach of Article 99 p) of the Securities Market Act – by the Ministry of Economic Affairs and Competition Order dated 11 October 2013 and, consequently, annuls the penalty imposed.				
11	25/06/2015	Central Judicial Review Court No. 9	51/2014	Ruling MECC 25/03/2014
Upholds the penalties imposed – in relation to a very serious breach of Article 99 m) of the Securities Market Act – by the Ministry of Economic Affairs and Competition Order dated 13 September 2013, upheld by a Ruling of the same ministry dated 25 March 2014.				
12	01/07/2015	National High Court	340/2013	Ruling MECC 16/05/2013
Partially upholds the appeal brought against the Ruling of the Ministry of Economic Affairs and Competition dated 16 May 2013, which in an accumulated manner, on the one hand, upheld on appeal the penalty imposed – in relation to a serious breach of Article 100 t) of the Securities Market Act – by the Resolution of the CNMV Board of 13 June 2012; and on the other hand, upheld on appeal the penalty imposed – in relation to a very serious breach of Article 99 z) <i>bis</i> of the Securities Market Act – by the Ministry of Economic Affairs and Competition Order dated 20 July 2012. The penalty in relation to the serious breach was annulled, while the penalty imposed in relation to the very serious breach was upheld.				

List of rulings on contentious-administrative appeals against penalties in 2015 (continuation)

III.4

No.	Date	Court	Appeal No.	Ruling appealed
13	13/10/2015	National High Court	1284/2014	Ruling MECC 25/03/2014
Upholds the penalty imposed by the Ruling of the CNMV Board of 24 July 2013, upheld on appeal by the Resolution of the Ministry of Economic Affairs and Competition dated 25 March 2014, for a serious breach of Article 81 g) of the Collective Investment Schemes Act.				
14	23/10/2015	Supreme Court	384/2013	Ruling AN 14/12/2012
Rules against the appeal lodged against the National High Court Ruling of 14 December 2012, upholding the penalty imposed in relation to a very serious breach of Article 80 n) of the Collective Investment Schemes Act by the Ministry of Economy and Finance Order dated 2 August 2011, upheld by a Resolution of the same Ministry dated 30 September 2011.				
15	13/11/2015	National High Court	474/2013	Order MECC 27/07/2012
Dismisses the appeal brought against the Ministry of Economic Affairs and Competition Order dated 27 July 2012 imposing a penalty in relation to a very serious breach of Article 99 m) of the Securities Market Act.				
16	04/12/2015	Supreme Court	214/2014	Ruling AN 15/04/2015
Rules against the appeal lodged against the National High Court Ruling dated 15 April 2015, upholding the penalty imposed in relation to a very serious breach of Article 99 ñ) of the Securities Market Act, by the Ministry of Economic Affairs and Competition Order dated 17 December 2013.				

Date	Company to which the warning relates	Type	Regulator	Comments
Warnings from the CNMV regarding non-authorized entities				
05/01/2015	GMT MARKETS WWW.GMTMARKETS.COM	Unauthorised entities	CNMV	
26/01/2015	SIMPLE TRADING CORPORATION LIMITED SIMPLE TRADE WWW.SIMPLETRADELIMITED.COM	Unauthorised entities	CNMV	
26/01/2015	FXGL CAPITAL WWW.FXGLCAPITAL.COM	Unauthorised entities	CNMV	
23/02/2015	KD MARKETS.COM LTD. WWW.KD-MARKETS.COM	Unauthorised entities	CNMV	
23/02/2015	IBERIA EQUITY RESEARCH, S.L. LAZAROV LAZAR NIKOLOV	Unauthorised entities	CNMV	
09/03/2015	FX GLOBAL MARKETS (FXGM) LTD.	Unauthorised entities	CNMV	
16/03/2015	ECONOMISTS & LAWYERS WWW.ECONOMISTS-LAWYERS.COM	Unauthorised entities	CNMV	
30/03/2015	TRADE MARKET OPTIONS, S.L. ROBERT HEIDE WWW.TRADEMARKETOPTIONS.COM	Unauthorised entities	CNMV	
30/03/2015	SISMA CAPITAL GROUP	Unauthorised entities	CNMV	
30/03/2015	REDWOOD FINANCES, S.L. JOSEP MARÍA VILA SASTRE	Unauthorised entities	CNMV	
13/04/2015	TAX STRATEGIES UNITED TAX STRATEGIES WWW.TAXSTRATEGIESLTD.COM WWW.UNITEDTAX-STRATEGIES.COM	Unauthorised entities	CNMV	
13/04/2015	STOCK MANAGER WORLDWIDE IB, S.L. HTTP://WWW.STOCKWORLDWIDE.ES/ FRANCISCO HOYOS GRIÑÓN BETZIE JARAMILLO BECKER REBECA PÉREZ RODRÍGUEZ	Unauthorised entities	CNMV	
13/04/2015	RUNSHINE INVESMENT SERVICES EUROPE, S.L. WWW.RISEUROPE.COM LAMBERTUS GERARDUS JOHANNES OERLEMANS	Unauthorised entities	CNMV	
13/04/2015	ASTON MARKETS (ASTON FOREX) WWW.ASTONMARKETS.COM	Unauthorised entities	CNMV	
20/04/2015	IGETMANIA WWW.FUSIONCLUBGLOBAL.COM	Unauthorised entities	CNMV	
20/04/2015	JOSÉ JAVIER SÁNCHEZ PÉREZ	Unauthorised entities	CNMV	
20/04/2015	NOTICIAS ECONÓMICAS Y FINANCIERAS SIGLO XXI, S.L. HTTP://WWW.NEWSMARKET.ES/ FRANCISCO MORENO MARTÍN	Unauthorised entities	CNMV	
20/04/2015	DIGITAL BET SERVICES SPAIN, S.L. EDUARDO HAVJERS PEMPERS KARBAHALS PHILIP HEIDE TRAPP	Unauthorised entities	CNMV	
18/05/2015	USFIA INC. WWW.USFIAMLM.COM	Unauthorised entities	CNMV	

Public warnings in respect of non-registered entities (continuation)

III.5

Date	Company to which the warning relates	Type	Regulator	Comments
08/06/2015	RICHMOND STOCK BI SPAIN, S.L. JOSÉ LUIS FERNÁNDEZ MARTÍNEZ WWW.RST-FX.ES	Unauthorised entities	CNMV	
08/06/2015	VITAL MARKETS SOLUTIONS LIMITED (VITAL MARKETS) WWW.VITALMARKETS.COM	Unauthorised entities	CNMV	
08/06/2015	VITAL MARKET SOLUCIONES FINANCIERAS, S.L. ÁNGEL JOAQUÍN GARCÍA CÁMARA	Unauthorised entities	CNMV	
15/06/2015	NEWSFINANCE SERVICIOS DE INFORMACIÓN, S.L. RAFAEL CARRILLO DE ALBORNOZ SÁNCHEZ	Unauthorised entities	CNMV	
15/06/2015	EAR SERVICIOS DE INFORMACIÓN, S.L. MIJAN ANCA URRIA	Unauthorised entities	CNMV	
15/06/2015	BULL POSITION INFORMATION SPAIN, S.L. JUAN CARLOS GÓMEZ MORENO	Unauthorised entities	CNMV	
22/06/2015	NEW YORK SECURITIES BANK (NYSB) / NYSB FUND MANAGEMENT, S.L. DIEGO GONZÁLEZ ALONSO JOCELYN PATRICIA SMITH CORTES WWW.NYSB.BIZ	Unauthorised entities	CNMV	
22/06/2015	JD BUSINESS CAPITAL WWW.JDBUSINESSCAPITAL.COM	Unauthorised entities	CNMV	
20/07/2015	MAXOW CAPITAL, LTD. WWW.MAXOWCAPITAL.COM	Unauthorised entities	CNMV	
20/07/2015	NORAPAL, S.L. WWW.AREABURSATIL.COM	Unauthorised entities	CNMV	
20/07/2015	HTTP://FINANCIALBINARY.COM/ES	Unauthorised entities	CNMV	
10/08/2015	PRIME FMS WWW.PRIMEFMS.COM	Unauthorised entities	CNMV	
31/08/2015	BROKER GROUP / BROKER CAPITAL WWW.BROKERGROUP.ES WWW.BROKERCAPITAL.ES	Unauthorised entities	CNMV	
31/08/2015	BROKER CAPITAL (BELIZE) WWW.BROKERCAPITAL.COM	Unauthorised entities	CNMV	
07/09/2015	GLOBAL MARKETS LTD. (INTERACTIVE COMPANY LTD.) WWW.GLOBALMARKETS.BG	Unauthorised entities	CNMV	
28/09/2015	B4OPTION.COM	Unauthorised entities	CNMV	
28/09/2015	GTOPTIONS.COM	Unauthorised entities	CNMV	
28/09/2015	LOCAL INVEST PARTNER, B.V. WWW.LOCAL-INVEST.COM MASLOVAS MINDAUGAS	Unauthorised entities	CNMV	
30/11/2015	DE URRUTIA GROUP HOLDING HTTP://WWW.DEURRUTIAGROUP.COM/	Unauthorised entities	CNMV	

Public warnings in respect of non-registered entities (continuation)

III.5

Date	Company to which the warning relates	Type	Regulator	Comments
Public warnings forwarded to the CNMV by foreign regulators				
07/01/2015	WAGNER CAPITAL MANAGEMENT GROUP WWW.WAGNERCAPITALMANAGEMENTGROUP.COM WWW.WAGNERCAPITALGROUP.COM WWW.CAPITALMANAGEMENT@GROUP.COM	Unauthorised entities	FCA - UNITED KINGDOM	
07/01/2015	WADE AND WILEY CONSULTANCY WWW.WADEANDWILEYCONSULTANCY.COM	Unauthorised entities	FCA - UNITED KINGDOM	
07/01/2015	STANLEY HUDSON WWW.STANLEYHUDSONASSOCIATES.COM	Unauthorised entities	FCA - UNITED KINGDOM	
07/01/2015	SIMON GRAY & ASSOCIATES WWW.SIMONGRAYASSOCIATES.COM	Unauthorised entities	FCA - UNITED KINGDOM	
07/01/2015	PARKBROOK INCORPORATE (CLONE) WWW.PARKBROOK.US	Unauthorised entities	FCA - UNITED KINGDOM	
07/01/2015	KEYSTONE CORPORATE GROUP WWW.KEYSTONECORPORATEGRP.COM	Unauthorised entities	FCA - UNITED KINGDOM	
07/01/2015	HONG KONG INVESTMENT CORPORATION WWW.HONGKONGIC.CO.UK	Unauthorised entities	FCA - UNITED KINGDOM	
07/01/2015	DB YATES & ASSOCIATES WWW.DBYATES.COM	Unauthorised entities	FCA - UNITED KINGDOM	
07/01/2015	CLAIMS AND COMPENSATION MANAGEMENT LIMITED WWW.C-AND-C.ORG.UK	Unauthorised entities	FCA - UNITED KINGDOM	
07/01/2015	CHARLTON FITZGERALD WWW.CHARLTONFITZGERALD.COM	Unauthorised entities	FCA - UNITED KINGDOM	
07/01/2015	CAVENDISH INVESTOR WEALTH MANAGEMENT WWW.CAVENDISH-INVESTOR.CO.UK	Unauthorised entities	FCA - UNITED KINGDOM	
07/01/2015	CANARY WHARF GROUP	Unauthorised entities	FCA - UNITED KINGDOM	
07/01/2015	ANGLO CHINA SECURITIES WWW.ACSECURITIES.COM	Unauthorised entities	FCA - UNITED KINGDOM	
07/01/2015	HARVER GROUP HTTP://HARVERGROUP.COM/	Unauthorised entities	FSAN - NORWAY	
07/01/2015	BINARY OPTIONS	Unauthorised entities	FSMA - BELGIUM	
07/01/2015	SPOTFN WWW.SPOTFN.DE	Unauthorised entities	FMA - AUSTRIA	

Public warnings in respect of non-registered entities (continuation)

III.5

Date	Company to which the warning relates	Type	Regulator	Comments
14/01/2015	WHEELER CONSULTANCY LTD. HTTP://WHEELERCONSULTANCYLTD.COM/	Unauthorised entities	FCA - UNITED KINGDOM	
14/01/2015	BENSON BPO LLC WWW.BENSONBPO.COM	Unauthorised entities	FCA - UNITED KINGDOM	
14/01/2015	LAXMI GROUPS INTERNATIONAL WWW.LAXMI-GROUPS.COM LAXMI GROUPS LUXEMBOURG	Unauthorised entities	CSSF - LUXEMBOURG	
14/01/2015	VANTAGE CAPITAL RESEARCH HTTP://VANTAGECAPITALRESEARCH.COM	Unauthorised entities	DFSA - DENMARK	
21/01/2015	WAKAMY LIBMAN AND ASSOCIATES WWW.WAKAMYLIBM.COM	Unauthorised entities	FCA - UNITED KINGDOM	
21/01/2015	SHIMBASHI & PARTNERS WWW.SHIMBASHIPARTNERS.COM	Unauthorised entities	FCA - UNITED KINGDOM	
21/01/2015	SELECT CAPITAL VENTURES SA WWW.SELECTCV.CA	Unauthorised entities	FCA - UNITED KINGDOM	
21/01/2015	CHARLTON FITZGERALD WWW.CHARLTONFITZGERALD.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity Cantor Fitzgerald Europe
21/01/2015	FINANCE TRADITION WWW.FINANCE-TRADITION.NET	Unauthorised entities	AMF - FRANCE	
21/01/2015	GA FINANCE WWW.GA-FINANCE.NET	Unauthorised entities	AMF - FRANCE	
21/01/2015	ANALYSIS FINANCE WWW.ANALYSIS-FINANCE.COM	Unauthorised entities	AMF - FRANCE	
21/01/2015	FINANPERF WWW.FINANPERF.COM	Unauthorised entities	AMF - FRANCE	
21/01/2015	CEA FINANCE WWW.CEAFINANCE.NET	Unauthorised entities	AMF - FRANCE	
21/01/2015	CO&H LTD.	Unauthorised entities	AMF - FRANCE	
21/01/2015	BINARY OPTIONS	Unauthorised entities	AMF - FRANCE	
21/01/2015	FOREX	Unauthorised entities	AMF - FRANCE	
28/01/2015	THOMAS CAPITAL PARTNERS	Unauthorised entities	FCA - UNITED KINGDOM	
28/01/2015	HARRISON STONES LIMITED WWW.HARRISON-STONES.COM	Unauthorised entities	FCA - UNITED KINGDOM	
28/01/2015	HARPER & REED CONSULTANTS WWW.HARPERANDREED.COM	Unauthorised entities	FCA - UNITED KINGDOM	

Public warnings in respect of non-registered entities (continuation)

III.5

Date	Company to which the warning relates	Type	Regulator	Comments
28/01/2015	AVANTE CORP LLC WWW.AVANTE-CORP.COM	Unauthorised entities	FCA - UNITED KINGDOM	
28/01/2015	IGETMANIA	Unauthorised entities	CSSF - LUXEMBOURG	
28/01/2015	WAGNER CAPITAL MANAGEMENT GROUP	Unauthorised entities	EI CBI - IRELAND	
11/02/2015	LF-TRUST EUROPE	Unauthorised entities	CSSF - LUXEMBOURG	
18/02/2015	DOUGLAS COOPER ASSOCIATES WWW.DOUGLASCOOPERASSOCIATES.COM	Unauthorised entities	FCA - UNITED KINGDOM	
18/02/2015	BRAEMAR CAPITAL WWW.BRAEMARCAPITAL.COM	Unauthorised entities	DFSA - DENMARK	
18/02/2015	INTERACTIVE BROKERAGE LTD. (FORMER GLOBAL MARKETS LTD.)	Unauthorised entities	BFSC - BULGARIA	
25/02/2015	JOSEF LANG CAPITAL MANAGEMENT (CLONE) WWW.JOSEF-LANG.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
25/02/2015	BC FINANCIAL ADVISORS	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity Benoit Camerlynck
25/02/2015	SCHWARZ & STIEN PARTNERS HTTP://SCHWARZ-STIEN.COM	Unauthorised entities	FSAN - NORWAY	
25/02/2015	SOUTH PACIFIC CAPITAL SINGLE MEMBER P.C. NIKOLOV IVAYLO	Unauthorised entities	HCMC - GREECE	
25/02/2015	GET EASY WWW.GETEASYGROUP.COM	Unauthorised entities	AMF - FRANCE	
25/02/2015	TALANTO CAPITAL MARKETS HTTP://WWW.TALANTOCM.COM	Unauthorised entities	CYSEC - CYPRUS	
25/02/2015	FOREX	Unauthorised entities	FSMA - BELGIUM	
25/02/2015	BINARY OPTIONS	Unauthorised entities	FSMA - BELGIUM	
04/03/2015	VERRAZZANO CAPITAL/VERRAZZANO UK (CLONE) WWW.VERRAZZANOCAP.CO.UK	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
04/03/2015	GET EASY WWW.GETEASYGROUP.COM	Unauthorised entities	AMF - FRANCE	
04/03/2015	SILVER PHOENIX INVESTMENTS	Unauthorised entities	AMF - FRANCE	
04/03/2015	EMIRATES PACIFIC GROUP	Unauthorised entities	AMF - FRANCE	
04/03/2015	JANIBANK INVESTMENT LTD. HTTP://WWW.JUKEBUX.COM	Unauthorised entities	CYSEC - CYPRUS	
11/03/2015	GREEN OAK FINANCIAL (CLONE) WWW.GREEN-OAK-FINANCIAL.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name

Public warnings in respect of non-registered entities (continuation)

III.5

Date	Company to which the warning relates	Type	Regulator	Comments
11/03/2015	CMI ASSET MANAGEMENT (CLONE) WWW.CMI-AM.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
11/03/2015	BINARY OPTIONS	Unauthorised entities	AMF - FRANCE	
11/03/2015	WHITE-MILLER ASSOCIATES	Unauthorised entities	FSMA - BELGIUM	
11/03/2015	SAITO MERGERS & ACQUISITIONS	Unauthorised entities	FSMA - BELGIUM	
11/03/2015	GLOBAL STRATEGY CAPITAL MARKETS LTD.	Unauthorised entities	FSMA - BELGIUM	
11/03/2015	HAWK TRADE	Unauthorised entities	FSMA - BELGIUM	
11/03/2015	GENERAL BUSINESS CAPITAL AG WWW.GENERAL-BUSINESS-CAPITAL.CH	Unauthorised entities	FMA - AUSTRIA	
18/03/2015	VERBATIM ASSET MANAGEMENT PLC (CLONE)	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
18/03/2015	KUCHER PARTNERS, LLC WWW.KUCHERPARTNERS.COM	Unauthorised entities	FCA - UNITED KINGDOM	
18/03/2015	CHARTIS MUTUAL GROUP WWW.CHARTISMUTUALGROUP.COM	Unauthorised entities	FCA - UNITED KINGDOM	
18/03/2015	EVANSON ASSET MANAGEMENT WWW.EVANSONASSETMANAGEMENT.COM	Unauthorised entities	FSAN - NORWAY	
18/03/2015	SOUTHEAST ASIA TRADERS HTTP://SOUTHEASTASIATRADERS.COM	Unauthorised entities	DFSA - DENMARK	
18/03/2015	FIFE HAMILTON ASSOCIATES WWW.EUROPEANCOMMODITIESCOMMISSION.COM	Unauthorised entities	FSMA - BELGIUM	
18/03/2015	EUROPEAN COMMODITIES COMMISSION WWW.EUROPEANCOMMODITIESCOMMISSION.COM	Unauthorised entities	FSMA - BELGIUM	
25/03/2015	PERITUS CAPITAL INC WWW.PERITUSCAPITAL.COM	Unauthorised entities	AFM - NETHERLANDS (HOLLAND)	
15/04/2015	INVESTEC ASSET MANAGEMENT LIMITED (CLONE)	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
15/04/2015	GREY CORPORATE PARTNERS WWW.GREYCORPPARTNERS.COM	Unauthorised entities	FCA - UNITED KINGDOM	
15/04/2015	ALPHA BROKING LTD. (CLONE)	Unauthorised entities	BFSC - BULGARIA	Unrelated to the duly registered entity with the same name
22/04/2015	SPARROW CAPITAL PARTNERS (CLONE) WWW.SPARROWCAPITALPARTNERS.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
22/04/2015	ATTICUS HOLDINGS INTERNATIONAL (CLONE) WWW.ATTICUSHOLDINGSINT.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name

Public warnings in respect of non-registered entities (continuation)

III.5

Date	Company to which the warning relates	Type	Regulator	Comments
22/04/2015	KOMAKI GROUP WWW.KOMAKIGROUP.COM	Unauthorised entities	FSAN - NORWAY	
22/04/2015	KEELEY CONSULTING HTTP://KEELEYCONSULTING.COM/	Unauthorised entities	FSAN - NORWAY	
22/04/2015	EARNEST & MEDWELL INTERNATIONAL HTTP://EARNEST-MEDWELL-INTERNATIONAL.COM/	Unauthorised entities	FSAN - NORWAY	
29/04/2015	UBS GLOBAL ASSET MANAGEMENT FUNDS LTD. (CLONE) WWW.UBS-PB.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
29/04/2015	SHIELDS CORPORATE PARTNERS WWW.SHIELDSCORPPARTNERS.COM	Unauthorised entities	FCA - UNITED KINGDOM	
29/04/2015	FOREX	Unauthorised entities	AMF - FRANCE	
06/05/2015	AXEL NEUMANN WWW.AXEL-NEUMANN.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
06/05/2015	MAPLE SECURITIES (UK) LIMITED	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
13/05/2015	GFS SECURITIES LTD.	Unauthorised entities	MFSA - MALTA	
13/05/2015	BANK INVEST CAPITAL LTD.	Unauthorised entities	MFSA - MALTA	
20/05/2015	SUNDRY FRANCE	Unauthorised entities	AMF - FRANCE	Websites that offer investments in binary options without being authorised
20/05/2015	SUNDRY FRANCE	Unauthorised entities	AMF - FRANCE	Unauthorised entities that offer Forex services
27/05/2015	WATTFORD CAPITAL PARTNERS WWW.WATTFORDCAPITALPARTNERS.COM	Unauthorised entities	FCA - UNITED KINGDOM	
27/05/2015	INDUSTRIAL AND COMMERCIAL BANK OF CHINA (CLONE) WWW.ICBCI.COM.HK	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
03/06/2015	ROBINSON SECURITIES LLC.	Unauthorised entities	EI CBI - IRELAND	
03/06/2015	SUNDRY FRANCE	Unauthorised entities	AMF - FRANCE	Websites that offer investment services without being authorised
03/06/2015	GEYSER BANK HTTP://GEYSERBANK.FINANCE	Unauthorised entities	FSMA - BELGIUM	
03/06/2015	EXPERIA MANAGEMENT GROUP	Unauthorised entities	FSMA - BELGIUM	
03/06/2015	AXIS INVESTMENT GROUP	Unauthorised entities	FSMA - BELGIUM	
10/06/2015	BROKERAGE-HRISTO IVANOV EOOD	Unauthorised entities	BFSC - BULGARIA	
10/06/2015	FINANCIAL CONSULT EOOD	Unauthorised entities	BFSC - BULGARIA	

Public warnings in respect of non-registered entities (continuation)

III.5

Date	Company to which the warning relates	Type	Regulator	Comments
17/06/2015	HELMUT STUDER (CLONE) WWW.HELMUTSTUDER.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
17/06/2015	GARNIER GLOBAL FINANCE (CLONE) WWW.GARNIERGF.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
17/06/2015	WB-INVEST GMBH WWW.WB-INVEST.COM	Unauthorised entities	AFM - NETHERLANDS (HOLLAND)	
24/06/2015	VANGUARD ASSET MANAGEMENT/VANGUARD DIRECT (CLONE)	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
24/06/2015	AKASAKA ACQUISITION GROUP WWW.AKASAKAACQ.COM	Unauthorised entities	FCA - UNITED KINGDOM	
24/06/2015	WIRE PREPAY HTTP://WWW.WIREPREPAY.COM/	Unauthorised entities	MFSA - MALTA	
01/07/2015	WEST FINANCIAL / WEST FINANCIAL ADVISORY HOUSE HTTP://WWW.WESTFINANCIALADVISORYHOUSE.COM	Unauthorised entities	FCA - UNITED KINGDOM	
01/07/2015	ROBINSON SECURITIES LLC WWW.ROBINSONSECURITIES.COM	Unauthorised entities	FCA - UNITED KINGDOM	
01/07/2015	PROFESSIONAL INVESTMENT CONSULTANTS (CLONE) WWW.PIC-INTERNATIONAL.NET	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
01/07/2015	CHINA MERCHANTS INTERNATIONAL CORPORATION WWW.CHINAMINT.CN.COM	Unauthorised entities	FCA - UNITED KINGDOM	
08/07/2015	THOMAS LOPPACHER (CLONE) WWW.THOMASLOPPACHER.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
08/07/2015	INTERNATIONAL ASSET MANAGEMENT GROUP LTD./ IAM GROUP WWW.IAMGROUPLTD.COM	Unauthorised entities	FCA - UNITED KINGDOM	
08/07/2015	ALTR ALTERNATIVE FUND MANAGERS (CLONE) WWW.ALTR-FUNDMANAGERS.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
08/07/2015	LUMA GROUP HTTP://WWW.LUMAGROUP.COM/	Unauthorised entities	FSAN - NORWAY	
08/07/2015	TRADERSKING LTD. HTTPS://WWW.TRADERSKING.COM	Unauthorised entities	CYSEC - CYPRUS	
08/07/2015	SUNDRY BELGIUM	Unauthorised entities	FSMA - BELGIUM	Unauthorised entities that offer binary options and Forex products
05/08/2015	UBS WEALTH MANAGEMENT / UBS GLOBAL WEALTH MANAGEMENT (CLONE) WWW.UBS-GWM.COM WWW.UBS-GAM.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name

Public warnings in respect of non-registered entities (continuation)

III.5

Date	Company to which the warning relates	Type	Regulator	Comments
05/08/2015	NAKAMURA CORPORATION WWW.NAKAMURACORPORATION.COM	Unauthorised entities	FCA - UNITED KINGDOM	
05/08/2015	DW TRADING (CLONE)	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
05/08/2015	CITIGROUP INVESTMENT / CITIGROUP IMPLEMENTATION SERVICES LIMIT WWW.CITIGROUFINVESTMENT.CO.UK	Unauthorised entities	FCA - UNITED KINGDOM	
05/08/2015	AXN TRADING LTD. (CLONE) HTTP://WWW.AXNTRADING.COM/	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
05/08/2015	ALPHA CAPITAL LTD. (CLONE) WWW.ALPHACAPLTD.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
05/08/2015	ASHOKA CAPITAL MARKETS WWW.ASHOKACAPITALMARKETS.COM	Unauthorised entities	CSSF - LUXEMBOURG	
05/08/2015	SUNDRY FRANCE	Unauthorised entities	AMF - FRANCE	Unauthorised entities that offer investment services in Forex
05/08/2015	NORVELL ASSOCIATES WWW.NORVELLASSOCIATES.COM	Unauthorised entities	DFSA - DENMARK	
05/08/2015	KEELEY CONSULTING HTTP://KEELEYCONSULTING.COM/	Unauthorised entities	DFSA - DENMARK	
05/08/2015	SUNDRY BELGIUM	Unauthorised entities	FSMA - BELGIUM	Unauthorised entities that offer investment services (boiler rooms)
12/08/2015	DISCRETIONARY UNIT FUND MANAGERS (CLONE) WWW.DUFM.CO.UK	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
19/08/2015	MG WEALTH ADVISORS HTTP://MGWEALTHADVISORS.COM/INDEX.HTML	Unauthorised entities	FSAN - NORWAY	
26/08/2015	TILNEY ASSET MANAGEMENT (CLONE) WWW.TILNEYASSETMNGT.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
26/08/2015	HENDERSON GLOBAL TRADING WWW.HENDERSONGLOBALTRADING.COM	Unauthorised entities	FCA - UNITED KINGDOM	
26/08/2015	CREDENCE FINANCIAL EARNINGS LTD. / CREDENCE TRADE (CLONE) WWW.CREDENCE-TRADE.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
26/08/2015	CASTLERIGG UCITS FUND PLC (CLONE) WWW.CASTLERIGGINVESTMENTS.COM WWW.CASTLE-RIGG.CO.UK	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
02/09/2015	NICOLAS ADAMIDES / NA TRADING (CLONE) WWW.NICOLASADAMIDES.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
02/09/2015	JC STERLING & ROTH WWW.JCS-ROTH.COM	Unauthorised entities	FCA - UNITED KINGDOM	

Public warnings in respect of non-registered entities (continuation)

III.5

Date	Company to which the warning relates	Type	Regulator	Comments
09/09/2015	LAU GLOBAL SERVICES CORP HTTPS://WWW.MXTRADE.COM	Unauthorised entities	CYSEC - CYPRUS	
16/09/2015	JEFFERSON PHILIPS	Unauthorised entities	FCA - UNITED KINGDOM	
16/09/2015	FOSTER DUNN & ASSOCIATES WWW.FOSTERDUNN.COM	Unauthorised entities	FCA - UNITED KINGDOM	
16/09/2015	COOPER & BROWN ASSOCIATES WWW.COOPERANDBROWNASSOCIATES.COM	Unauthorised entities	FCA - UNITED KINGDOM	
16/09/2015	BAKER FINCH PARTNERSHIP	Unauthorised entities	FCA - UNITED KINGDOM	
16/09/2015	FUNDSAVER SERVICES LTD. WWW.UBROKER.COM	Unauthorised entities	CYSEC - CYPRUS	
16/09/2015	SUNDRY FRANCE	Unauthorised entities	AMF - FRANCE	Websites that offer investments in binary options without being authorised
07/10/2015	CAMPBELL & PARTNERS LTD. WWW.CAMPBELLANDPARTNERSLTD.COM	Unauthorised entities	FCA - UNITED KINGDOM	
07/10/2015	HEDGES CAPITAL GROUP WWW.HEDGESCAP.COM	Unauthorised entities	FCA - UNITED KINGDOM	
14/10/2015	CHESTER HARRIS & CO INC WWW.CHESTERHARRISNY.COM	Unauthorised entities	FCA - UNITED KINGDOM	
14/10/2015	SUNDRY BELGIUM	Unauthorised entities	FSMA - BELGIUM	Unauthorised entities that offer investment services (boiler rooms)
14/10/2015	ADAMS & TAYLOR GROUP LTD. WWW.ADAMSANDTAYLORGROUP.LTD.COM	Unauthorised entities	FCA - UNITED KINGDOM	
14/10/2015	FXI (CYPRUS) LTD. HTTP://TRADEFXI.COM	Unauthorised entities	CYSEC - CYPRUS	
14/10/2015	MCMILLAN CONSULTING GROUP WWW.MCMILLANCONSULTINGGROUP.COM	Unauthorised entities	FCA - UNITED KINGDOM	
14/10/2015	BELMONT CAPITAL NEW YORK / BELMONT CAPITAL HOLDINGS WWW.BELMONTCAPITALHOLDINGS.COM	Unauthorised entities	FCA - UNITED KINGDOM	
14/10/2015	KENMAR SECURITIES / KENMAR SECURITIES LP	Unauthorised entities	FCA - UNITED KINGDOM	
14/10/2015	AXIS CAPITAL GROUP WWW.AXISCAPITALGROUP.COM	Unauthorised entities	FCA - UNITED KINGDOM	
14/10/2015	AT BROKERS (CLONE) WWW.ATBROKERS.CO.UK	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name

Public warnings in respect of non-registered entities (continuation)

III.5

Date	Company to which the warning relates	Type	Regulator	Comments
14/10/2015	TEMPLE CROWN INTERNATIONAL HTTP://TEMPLECROWNINTERNATIONAL.COM	Unauthorised entities	FCA - UNITED KINGDOM	
14/10/2015	SUNDRY BELGIUM	Unauthorised entities	FSMA - BELGIUM	Unauthorised entities that offer binary options and Forex products
14/10/2015	UNITED TAX CONSULTING LIMITED WWW.UNITEDTAXCONSULTINGLTD.COM	Unauthorised entities	SFSA - SWEDEN	
14/10/2015	THE LAW OFFICE OF JOHN S MARTIN WWW.JSMARTINLAW.COM	Unauthorised entities	SFSA - SWEDEN	
14/10/2015	FUNDSAVER SERVICES LTD. WWW.500OPTION.COM	Unauthorised entities	CYSEC - CYPRUS	
14/10/2015	SUNDRY FRANCE	Unauthorised entities	AMF - FRANCE	Websites that offer investments in binary options without being authorised
14/10/2015	BAXTER CAPITAL VENTURES MANAGEMENT WWW.BAXTERCAPITALMGMT.COM	Unauthorised entities	SFSA - SWEDEN	
14/10/2015	DUMONT PRIVATE EQUITY	Unauthorised entities	SFSA - SWEDEN	
14/10/2015	INSIGHT TRADING GROUP WWW.INSIGHTTRADING.COM	Unauthorised entities	SFSA - SWEDEN	
14/10/2015	PILPEL CAPITAL LTD. HTTP://BLOOMBEX-OPTIONS.COM	Unauthorised entities	CYSEC - CYPRUS	
14/10/2015	SUNDRY BELGIUM	Unauthorised entities	FSMA - BELGIUM	Unauthorised entities that offer investment services (boiler rooms)
14/10/2015	PERKINS CONSULTANCY WWW.PERKINSCONSULTANCYGRP.COM	Unauthorised entities	FCA - UNITED KINGDOM	
21/10/2015	WHITAKER CORPORATE PARTNERS (USA)	Unauthorised entities	EI CBI - IRELAND	
21/10/2015	TRM GROUP WWW.TRMGROUP.NET	Unauthorised entities	FCA - UNITED KINGDOM	
21/10/2015	INTERACTIVE LTD. (CLONE) – FORMER INTERACTIVE BROKERAGE LTD. Y GLOBAL MARKETS LTD. –	Unauthorised entities	MNB - HUNGARY	Unrelated to the duly registered entity with the same name
21/10/2015	OAK TREE FINANCE / OAK TREE FINANCIALS WWW.OAKTREEFINANCIALS.COM	Unauthorised entities	FCA - UNITED KINGDOM	
21/10/2015	OPTION500 WWW.OPTION500.COM	Unauthorised entities	CYSEC - CYPRUS	
21/10/2015	FUNDSAVER SERVICES LTD. WWW.EVERYOPTION.COM	Unauthorised entities	CYSEC - CYPRUS	
28/10/2015	HIGASHI AND PARTNERS WWW.HIGASHIPARTNERS.COM	Unauthorised entities	FCA - UNITED KINGDOM	
28/10/2015	STRATEGIC ASSET MANAGEMENT LIMITED (IRELAND)	Unauthorised entities	EI CBI - IRELAND	

Public warnings in respect of non-registered entities (continuation)

III.5

Date	Company to which the warning relates	Type	Regulator	Comments
28/10/2015	LANGFORD CONSULTING WWW.LANGFORDCONSULTINGGRP.COM	Unauthorised entities	FCA - UNITED KINGDOM	
04/11/2015	ALDRICH LIMITED MERGERS & ACQUISITIONS WWW.ALDRICHLIMITED.COM	Unauthorised entities	FCA - UNITED KINGDOM	
04/11/2015	BRIXTON BUSINESS CONSULTANTS WWW.BRIXTONCONSULTANTS.COM	Unauthorised entities	FCA - UNITED KINGDOM	
11/11/2015	THUNGEN FINANCIAL WWW.TFPRIVATECLIENTS.COM	Unauthorised entities	SFSA - SWEDEN	
11/11/2015	TENJIN & ASSOCIATE WWW.TENJINASSOC.COM	Unauthorised entities	FCA - UNITED KINGDOM	
11/11/2015	HTTP://WWW.BULLEINVESTMENT.COM/	Unauthorised entities	CYSEC - CYPRUS	
11/11/2015	NORIKURA GLOBAL	Unauthorised entities	SFSA - SWEDEN	
18/11/2015	LABANNA CAPITAL MANAGEMENT HTTP://LABANNACAPITALMGMT.COM/INDEX.PHP	Unauthorised entities	SSMA - SLOVENIA	
18/11/2015	AZTEC GROUP (CLONE) WWW.AZTEC-GROUP.COM	Unauthorised entities	SFSA - SWEDEN	Unrelated to the duly registered entity with the same name
18/11/2015	FINANCIERE DES DAHLIAS HOLDING LIMITED	Unauthorised entities	GFSC - GIBRALTAR	This publication does not imply a modification of the position of Spain on the dispute relating to the British territory of Gibraltar and the local nature of its authorities
18/11/2015	CAPSTONE SECURITIES (CLONE)	Unauthorised entities	EI CBI - IRELAND	Unrelated to the duly registered entity with a similar name
18/11/2015	WHITAKER CORPORATE PARTNERS WWW.WHITAKERCORPORATE.COM	Unauthorised entities	FCA - UNITED KINGDOM	
18/11/2015	CARNEGIE ASSET MANAGEMENT LIMITED HTTP://WWW.CARNEGIEASSETS.COM/	Unauthorised entities	DFSA - DENMARK	Unrelated to the duly registered entity with a similar name
18/11/2015	WWW.NOERUSCAPITAL.COM	Unauthorised entities	CYSEC - CYPRUS	
25/11/2015	INRIS UCITS FUND PLC (CLONE) WWW.INRIS.CO.UK HTTP://SITE9140400.91.WEBYDO.COM/CONTACT.HTML	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
25/11/2015	BROOKS AND FISHER ASSOCIATES WWW.BROOKSANDFISHERASSOCIATES.COM	Unauthorised entities	FCA - UNITED KINGDOM	
25/11/2015	MOTOYAGI AND ASSOCIATES	Unauthorised entities	EI CBI - IRELAND	
25/11/2015	LABANNA CAPITAL MANAGEMENT WWW.LABANNACAPITALMGMT.COM	Unauthorised entities	DFSA - DENMARK	
25/11/2015	CARTER FLANAGAN LIMITED / CARTER FLANAGAN PRIVATE ASSET MANAGEMENT WWW.CARTERFLANAGAN.COM	Unauthorised entities	FCA - UNITED KINGDOM	

Public warnings in respect of non-registered entities (continuation)

III.5

Date	Company to which the warning relates	Type	Regulator	Comments
25/11/2015	GUARDIAN ASSET MANAGEMENT WWW.GAMF-INANCE.COM	Unauthorised entities	FCA - UNITED KINGDOM	
25/11/2015	RK TRADING / ROLAND KEMENY (CLONE) HTTP://WWW.ROLANDKEMENY.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
25/11/2015	CHINA EMERALD CONSULTING	Unauthorised entities	EI CBI - IRELAND	
02/12/2015	ST. WORLD TRADE INC. WWW.TRADINGBANKS.COM	Unauthorised entities	CONSOB - ITALY	
02/12/2015	AMF - CAPITAL LIMITED / AMPHA MANAGEMENT LTD. WWW.ITALIMARKETS.COM	Unauthorised entities	CONSOB - ITALY	
02/12/2015	LHCBROKERS LTD. / OKLYCAPITAL LIMITED WWW.LHCBROKERS.COM	Unauthorised entities	CONSOB - ITALY	
02/12/2015	WWW.BESTOCOPY.COM	Unauthorised entities	CONSOB - ITALY	
02/12/2015	HANS BERNAUER / HB TRADING (CLONE) WWW.HANSBERNAUER.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
02/12/2015	SUNDRY FRANCE	Unauthorised entities	AMF - FRANCE	Websites that offer investments in binary options without being authorised
02/12/2015	HARTVIG INVEST WWW.HARTVIG-INVEST.COM	Unauthorised entities	DFSA - DENMARK	
02/12/2015	PRIVATE PARTNERS & ASSOCIATES WWW.PP-ASSOCIATES.COM	Unauthorised entities	DFSA - DENMARK	
16/12/2015	DIRK SWINNEN / DS TRADING (CLONE) WWW.DIRK-SWINNEN.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with a similar name
16/12/2015	CAPITAL TRADE HOUSE WWW.CAPITALTRADEHOUSE.COM	Unauthorised entities	CSSF - LUXEMBOURG	
16/12/2015	JJ BAUER ASSET MANAGEMENT / JJ BAUER EQUITY RESEARCH (CLONE) WWW.JJ-BAUER.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with a similar name
16/12/2015	CROWN ASSETS GIBRALTAR	Unauthorised entities	GFSC - GIBRALTAR	This publication does not imply a modification of the position of Spain on the dispute relating to the British territory of Gibraltar and the local nature of its authorities
16/12/2015	EQMC EUROPE DEVELOPMENT CAPITAL FUND (CLONE) WWW.EQMCLTD.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with the same name
16/12/2015	AIRSOFT WWW.AIRSOFTLTD.COM	Unauthorised entities	CYSEC - CYPRUS	
16/12/2015	SUMMIT CAPITAL MANAGEMENT WWW.SUMMIT-CM.COM	Unauthorised entities	CONSOB - ITALY	
16/12/2015	STANDARD CHARTERED MUTUAL SERVICES (CLONE) HTTP://WWW.STANCHBN.COM/EN HTTP://WWW.STANCHBN.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with a similar name

Public warnings in respect of non-registered entities (continuation)

III.5

Date	Company to which the warning relates	Type	Regulator	Comments
23/12/2015	FABBECK BANK PLC WWW.FABBECK.COM	Unauthorised entities	CSSF - LUXEMBOURG	
23/12/2015	BOURSEBINAIRE.FR INTERACTIVEOPTION.COM LEPLANB.BIZ	Unauthorised entities	AMF - FRANCE	Advertising campaign named "Plan B!"
23/12/2015	SUNDRY BELGIUM	Unauthorised entities	FSMA - BELGIUM	Unauthorised entities that offer investment services (boiler rooms)
23/12/2015	MELBINGER LEOPOLD & PARTNERS (CLONE) WWW.MLEOPOLDANDPARTNERS.COM	Unauthorised entities	FCA - UNITED KINGDOM	Unrelated to the duly registered entity with a similar name
Other public warnings forwarded to the CNMV by foreign regulators				
18/03/2015	SUNDRY BELGIUM	Other warnings	FSMA - BELGIUM	Persons who offer their help to victims of fraud to recover their investment (recovery rooms)
29/04/2015	SUNDRY FRANCE	Other warnings	AMF - FRANCE	Websites that make improper use of the name and logos of the French supervisor
15/07/2015	SUNDRY DENMARK	Other warnings	DFSA - DENMARK	Persons who without authorisation of investment services using the name of the authorised entity <i>Carnegie Asset Management Fondsmaglerselskab A/S</i>
14/10/2015	SUNDRY FRANCE	Other warnings	AMF - FRANCE	Websites that make improper use of the name and logos of the French supervisor and its ombudsman
09/12/2015	SUNDRY DENMARK	Other warnings	DFSA - DENMARK	Persons that make improper use of the name of the authorised entity BLS Capital <i>Fondsmaglerselskab A/S</i>

A Spanish legislation

A.1 Spanish Securities Market Commission

Ministerial Order ECC/51/2015, of 22 January, approving the official forms for settlement and self-assessment of fees established by Law 16/2014, of 30 September, regulating CNMV fees.

Pursuant to the provisions of Law 16/2014, of 30 September, regulating CNMV fees, this Order approves the official forms for settlement, self-assessment and payment of CNMV fees.

Firstly, it approves the settlement forms, which are included in Annex I of the Order. Specifically, it establishes the forms for the following fees:

- Fee for examination of documents.
- Fee for registration of entities and documents.
- Fee for verification of compliance with marketing requirement.
- Fee for supervision of solvency requirements and conduct of business rules.
- Fee for supervision of market members.
- Fee for supervision of markets.

In addition, it improves the self-assessment form for the fee for issuing certificates, which is included in Annex II of the Order.

CNMV Resolution of 30 January 2015, establishing the procedure and conditions for payment through entities cooperating in receiving electronic payment of fees applicable for the activities and services provided by the CNMV.

CNMV Board Resolution of 11 March, on delegation of powers.

Pursuant to this Resolution and in accordance with the provisions of Article 18 of the Securities Market Act 24/1988, of 28 July, and Article 13 of Law 30/1992, of 26 November, on the Legal Regime of Public authorities and the Common Administrative Procedure, with regard to the delegation of powers, the CNMV Board delegates certain powers in favour of its Chairperson, Vice-Chairperson and Executive Committee.

This delegation of powers is given in the scope of the Directorate-General of Markets, in the scope of the Department of the Chairperson's Office, in the scope of the Directorate-General of Entities and in the scope of the Directorate-General of the Legal Service and Secretariat of the Board. It also provides for other general delegations of powers.

CNMV Board Resolution of 26 May 2015, amending the CNMV's Internal Regulation.

This Resolution amends the CNMV's Internal Regulation so as to incorporate the new Directorate-General of Strategic Policy and International Affairs, which groups together the International Affairs Department, the Research and Statistics Department and a newly-created Institutional Strategy and Relations Department.

The need for this new Directorate-General is principally the result of the objective of defining and applying a strategy which places the CNMV amongst the most influential agents of international regulatory policy and consequently to ensure appropriate application of international legislation and standards in Spain. It was also created in response to the growing role of the markets and the need for coordination between different securities supervisors, as well as the new powers given to this body.

The Directorate-General of Strategic Policy and International Affairs has cross-cutting powers which will give it the necessary capacity to analyse and coordinate the response to draft legislation, which is significant from an institutional point of view, both European and Spanish, as well as its necessary implementation.

This new Directorate-General will conduct the strategic interactions with all the relevant institutional agents and will be responsible for supervising the corporate organisational and economic-financial aspects of market infrastructures. It will also be responsible for advising the higher bodies of the CNMV and ensuring that public messages are in line with the strategy defined in the annual Plan of Activities. It will also evaluate the CNMV's management policies and systems in a risk environment, and will propose strategies and plans for the CNMV's organisational and operational adaptation.

Furthermore, it entrusts the functions of preventive resolution of investment firms to a unit reporting directly to the Director-General in order to perform the functions assigned to the CNMV by legislation as the authority responsible for preventive resolution of these firms.

This Directorate-General is also responsible for the registration, authorisation, supervision and inspection of crowdfunding platforms, while the Directorate-General of Markets is responsible for supervising the mandatory reporting of market participants and the information submitted to trade repositories.

In accordance with the functions of this new Directorate-General, the Cabinet of the Chairperson's Office is no longer classified as a department and the possibility of creating a Department of the Chairperson's Office with the functions of supporting and advising the governing bodies is removed.

Royal Legislative Decree 4/2015, of 23 October, approving the recast text of the Securities Market Act.

This recast text has been drawn up by including a set of laws relating to securities markets, which have been duly regularised, clarified and structured in accordance with the authorisation provided for in Law 20/2014, of 29 October, delegating to the Government the power of passing various recast texts, pursuant to Articles 82 *et seq.* of the Spanish Constitution (Article 1(a) of this Law granted authorisation to the government to approve a recast text of the Securities Market Act 24/1988, of 28 July).

The sole additional provision of this Royal Decree states that to facilitate application of the recast text the Treasury website (www.tesoro.es) will publish, for information purposes only, a table of correspondences with the precepts of the Securities Market Act 24/1988, of 28 July.

A.2 Financial instruments

Ministerial Order ECC/2316/2015, of 4 November, on financial product information and classification obligations.

This Ministerial Order aims to ensure an adequate level of protection to customers, or potential customers, of financial products through a standardised information and classification system that includes warnings about the level of risk involved and allows them to choose the products that best suit their savings and investment needs and preferences. To this end, financial institutions have to provide their customers or potential customers with a risk indicator and, where appropriate, alerts about the liquidity or complexity of the product.

This Order takes effect three months after its publication in the *BOE* (Official State Gazette).

A.3 Market infrastructures

CNMV Circular 1/2015, of 23 June, on market infrastructure statistical data and information.

CNMV Circular 1/2015, of 23 June, on market infrastructure statistical data and information is published pursuant to the power granted by Article 86.2 of Securities Market Act 24/1988, of 28 July, to the CNMV, as expressly delegated by the Ministry of Economic Affairs and Competition.

This Circular is a thorough regulation of registries, internal and statistical databases, and documentation to be kept by the entities under subsections a) and b) of Article 84.1; these are the governing companies of secondary official markets, governing entities of multilateral trading facilities, central counterparties and central securities depositories (excluding the Bank of Spain), the *Sociedad de Bolsas*, Spanish investment firms, investment firm agents and investment guarantee fund management companies. Any other party that is a member of an official secondary market is also included.

This Circular comprises five regulations, a repeal provision, a final provision and an annex, forming an integral part thereof, with the following content:

- The first regulation sets the purpose and scope of application.

Thus, this Circular sets and regulates the registries, internal and statistical databases, and documentation disclosing and containing information on the structure, operation and activities related to financial instruments performed, as applicable, at the entities within the scope of application.

The contents of this Circular shall be applied to the governing companies of secondary official markets, governing entities of multilateral trading facilities, central counterparties and central securities depositories, the *Sociedad de Bolsas* and the companies owning all shares or an interest implying the direct or indirect control over the abovementioned entities.

- The second regulation refers to the characteristics of regulated statistical information.

In this regard, the statistical information that is the subject matter of this Circular shall consist of properly arranged data for automated processing, disclosing the events forming the “sequence of services” rendered by the various market infrastructures.

The data to be entered and saved shall include:

- i) All dynamic data related to each order or instruction flow throughout the service sequence in each trading and post-trading infrastructure involved.
- ii) All statistical and position data that post-trading infrastructures and markets connect to each order processed in their schedule throughout the sequence of services in which they become involved.
- iii) Flow and position data contained in statistical information governed by this Circular shall be kept in secure, stable and long-lasting media by the company in charge of entering them for at least ten years.

- The third regulation refers to the availability of statistical information and associated data for the CNMV.

The statistical data to be made available to the CNMV pursuant to the first and second regulations shall be structured in sets. These data sets may arise from or be classified for the purpose of this Circular in any of the following four categories or types:

- i) Data from platforms disclosing statistical information on real-time trading infrastructures, such as content of the data feeds of these trading infrastructures.
- ii) Data from or to be extracted from trading infrastructure online terminals.
- iii) Data organised in IT files and arising from mandatory IT systems for the control of activities performed in post-trading infrastructures.
- iv) Data – notwithstanding their origin – including data from the previous categories, organised and compiled as requested by the CNMV in IT files.

The data fields collecting flow and position data forming part of each data set categorised as c) and d) types in the annex to this Circular and, specifically, their formats, length, positions and further technical specifications shall be disclosed in the so-called “technical specification files”.

The companies belonging to the same group shall be coordinated.

- The fourth regulation updates data sets and amends the content of data fields.

The changes that companies are planning to introduce in a)- or b)-type data sets under subsection 1 of the third regulation shall be notified to the CNMV prior to their effective date, sufficiently in advance to allow an assessment of the impact on statistical information processing systems and, as applicable, the supervisory schemes of those companies’ operations.

Companies may also propose modifications in data fields or in c)- and d)-type file formats under subsection 1 of the third regulation, as indicated in the annex to this Circular. The CNMV may oppose these modifications whenever they impair the supervisory processes carried out through these files. If accepted, the CNMV shall determine the terms to implement the appropriate changes.

- The fifth regulation implements other provisions on statistical information data sets.

Each company shall establish the control mechanisms and systems required to guarantee the accuracy, quality and sufficiency of statistical information and compliance with formats and terms of availability to the CNMV.

The companies shall guarantee the consistency of a data type whenever it may appear in various data sets and shall not modify IT files – based on c)- and d)-type data under subsection 1 of the third regulation – made accessible or available to the CNMV, and shall not eliminate or cease to report on any data contained therein.

Furthermore, should any of the files not be available on time or, if available, should they contain empty fields or erroneous or defective data for IT purposes, the company responsible shall be required to make an immediate correction and properly make the file in question available again.

On a general basis, the CNMV may require companies to make as many clarifications as it may deem appropriate regarding data set contents.

The contents of statistical information and associated data contained in the data sets under the annex to this Circular that companies make public for any reason shall not differ from those made available to the CNMV.

The statistical information and associated data to which the CNMV may have access or made available through the data sets referred to under the third regulation shall be confidential and used only for the supervision, verification or reconciliation of data or, as applicable, for statistical purposes, pursuant to Article 90 of the Securities Market Act.

- In addition, the annex to the Circular is aimed at setting, compiling and describing the data sets deemed statistical information to be collected, kept and made available to the CNMV by the entities included in its scope of application, so as to be used in recurring supervisory tasks attributed to the CNMV with respect to these entities' structure and operations and the activities performed with financial instruments therein.
- In line with the previous comments, the Circular expressly repeals the following provisions:
 - i) The fourth regulation of CNMV Circular 2/1992, of 15 July, on accounting standards, public and confidential standard formats of financial statements, statistical information and public annual accounts of the companies governing official futures and options markets.
 - ii) The fourth regulation of CNMV Circular 4/1992, of 21 October, on accounting standards, public and confidential standard formats of financial statements, standard formats of supplementary financial statements and public annual accounts of the Securities Clearing and Settlement Service.
 - iii) CNMV Circular 4/1990, of 13 June, on statistical information of companies governing stock exchanges.
 - iv) The fourth regulation of CNMV Circular 3/1990, of 23 May, on accounting standards, public and confidential standard formats of financial statements, standard formats of supplementary financial statements, public annual accounts and audits performed by the *Sociedad de Bolsas*.
 - v) The additional provision of CNMV Circular 1/2003, of 22 January, developing the special requirements imposed on industrial members of secondary official olive oil futures and options markets and regulating the accounting and statistical information required from the companies governing these markets.

CNMV Circular 2/2015, of 23 June, on trading transparency in official secondary markets.

The amendment made by this Circular is aimed at eliminating the obligation established in Circular 3/1999, of 22 September, whereby stock exchanges are required to disclose information on the identity of the buyer and seller involved in the transactions performed on SIBE (Spain's electronic market in securities) throughout the session and in the special stock exchange operations performed by virtue of Royal Decree 1416/1991, of 27 December, on special stock exchange operations. Therefore, it is a specific and strictly technical amendment.

The amendment must be understood within the context of a growing interrelation and increased competition among the different centres where financial instruments are traded. Therefore, the trading of Spanish shares comprises not only Spanish stock exchanges but also foreign securities markets, including regulated markets and multilateral trading facilities.

If this amendment had not been adopted, there could be competitive disadvantages for Spanish stock exchanges as compared with other trading venues as a result of

the requirement to keep the market buyer and seller informed, as the members of the Spanish market would have more obligations than those established by other markets.

In order to avoid the competitive disadvantage referred to in the previous paragraph, Circular 2/2015 amended items A and B under the third subsection, “Information to be disclosed by companies governing stock exchanges”, of CNMV Circular 3/1999, of 22 September, on the transparency of transactions in official securities markets as follows:

- In ordinary transactions, especially those performed on the SIBE in real time, all transactions performed for each security throughout the session shall be disclosed indicating the price, volume and time of performance. For transactions not performed on the order market (main and fixing), public disclosure may be delayed, at most, until the commencement of trading on the following day.
- In transactions performed pursuant to Royal Decree 1416/1991, of 27 December, on special stock exchange transactions, the following information shall be disclosed: security identification, quantity, price, and time of transaction performance. The information on each one of them shall be disclosed before the commencement of the following trading session and the provisions under such Royal Decree and its implementing provisions shall apply.

Royal Decree 878/2015, of 2 October, on clearing, settlement and registry of securities held in book-entry form, on the legal regime of central securities depositories and central counterparties and on the transparency requirements for issuers of securities listed on an official secondary market.

The main purpose of this regulation is to make two major reforms to Spain’s securities markets. First, it creates and defines the elements on which the new securities clearing, settlement and registry system will be based. Second, it completes the transposition into national regulations of European Parliament and Council Directive 2013/50/EU, of 22 October 2013, on transparency requirements and issuer information.

Title I concerns the representation of securities in book-entry form, leaving largely unchanged the existing legal framework established by Royal Decree 116/1992, of 14 February, and clarifies the structure and functioning of the securities registry system with its “two-level system”. The first level is the central register run by the central securities depository. The second level comprises the “detailed registers” managed by the depository’s participating entities.

Title II addresses issues of settlement and the legal framework governing the market infrastructure, i.e., central counterparties and central securities depositories. Noteworthy points in this Title include Chapter IV, which implements the newly added Article 44 *septies* (currently Articles 144 *et seq.* of the recast text of the Securities Market Act) of the Securities Market Act 24/1988, of 28 July, specifying the reporting system for oversight of clearing, settlement and registry of securities. This reporting system, called the “post-trade interface”, will be managed by the central securities depository and will have available to it information from all participants in the post-trade process, including trading hubs, central counterparties, etc. Its ultimate purpose is to deliver traceability of trades, control of risks

and margins, proper application of the two registry levels and accurate settlement of trades. It will be a vital tool in the CNMV's oversight of the functioning of all post-trade phases and the registry, while registry records will no longer be available for monitoring purposes.

Most of these aspects of Royal Decree 878/2015 were due to take effect as from 3 February 2016. Notwithstanding the above, the first additional provision states that the different infrastructures shall verify, before the launch of the new securities clearing, settlement and registry system, that its members and participating entities are ready to meet their obligations under the decree and the infrastructure companies' internal regulations. It is therefore the infrastructure entities, CCP and CSD, which will announce, in coordination, the start date for the new clearing, settlement and registry system. The second additional provision states that these amendments shall not apply to fixed-income securities traded on official secondary markets or multilateral trading facilities or to sovereign debt traded on the market specified in Title IV, Chapter III, of Securities Market Act 24/1988, of 28 July, until the date and on the terms specified by the Minister for Economic Affairs and Competition.

The second major change brought in by this regulation is contained in the first and second final provisions, which complete the transposition into Spanish law of Directive 2013/50/EU, of 22 October 2013, of the European Parliament and Council, on transparency and reporting of issuers of securities listed for trading on a regulated market (the Transparency Directive), by amending Royal Decree 1310/2005, of 4 November, and Royal Decree 1362/2007, of 19 October, implementing the Securities Market Act provisions on the transparency requirements for issuers of securities traded on an official secondary market or another regulated market in the European Union. The Directive amends, among other matters, the timing and content of the reports that issuers have to publish and states that ownership of financial instruments with a similar effect to shareholdings would henceforth count towards the calculation of significant shareholdings. As a result, the decree makes a number of changes to the timing of publication of some financial reports, the calculation of voting rights in certain circumstances involving derivatives and the definition of an "issuer".

Particularly interesting are the changes to the reporting of significant shareholdings by the amendment of Article 28 of Royal Decree 1362/2007 and the introduction of a new Article 28 *bis*. Disclosure obligations will not only apply to anyone acquiring or transferring (a) financial instruments which confer at maturity an unconditional right or option to acquire, at the sole initiative of the holder and by formal agreement, existing shares that confer voting rights – an obligation that already applies – but also anyone who acquires or transfers (b) "financial instruments not included in (a) above but which are referenced to shares mentioned in (a) and which have a similar economic effect to the holding of such financial instruments, irrespective of whether or not they confer rights on settlement through the physical delivery of the underlying securities", when the proportion of voting rights reaches, breaches or falls below any of the thresholds set in Article 23.1 of Royal Decree 1362/2007 (3%, 5%, 10%, etc.).

Financial instruments are considered, for these purposes, to include negotiable securities, option contracts, futures, swaps, forward rate agreements, contracts for differences and any other contract or agreement with similar economic effects that may be settled via physical delivery of the underlying securities or in cash, as well as any

other instruments that may be determined by the Ministry of Economic Affairs and Competition or, with its explicit authorisation, the CNMV.

The aforementioned Article 28.2 includes a formula for calculating the number of voting rights attributable in the case of exclusively cash-settled financial instruments. For details of this calculation the Royal Decree refers to Commission Delegated Regulation (EU) 2015/761 of 17 December 2014.

The new Article 28 *bis* introduced by Royal Decree 1362/2007 includes a general aggregation regulation, under which the obligation to disclose also applies to anyone who owns, acquires, transfers or has the possibility to exercise voting rights associated with or conferred by shares or any of the other financial instruments referred to in Articles 23, 24 and 28 of the same Decree, when the proportion of aggregate votes reaches, breaches or falls below the established thresholds. Finally, it requires that voting rights already disclosed under Article 28 must be disclosed again when the person in question acquires the underlying shares with the consequence that the total number of voting rights associated with shares issued by the same issuer reaches the disclosure threshold.

These changes to the framework for reporting significant shareholdings took effect on 27 November 2015. The fourth transitional provision sets a fifteen-day deadline from this effective date for those concerned to report significant shareholdings under the new regulations.

CNMV Circular 5/2015, of 28 October, amending Circular 1/2008, of 30 January, on periodic information provided by issuers of securities traded on regulated markets regarding half-yearly financial reports, interim management statements and, where applicable, quarterly financial reports.

This Circular amends some aspects of the standard formats for the filing of periodic public information prescribed by CNMV Circular 1/2008. Specifically:

- Extension of the deadline for presenting the first half-yearly report from two to three months.
- Elimination of the obligation to publish and disseminate information on new issues of debt.
- Redesign of the formats used by credit institutions (Annex II) to the new standard formats introduced by Bank of Spain Circular 5/2014, of 28 November.
- Introduction of additional breakdowns of information in Annex II to provide greater transparency and better information for investors. The new breakdowns relate to solvency, credit quality of the loan portfolio and receivables, refinanced or restructured transactions and exposure to real estate.
- Incorporation, following amendments to IAS 1, of the new breakdown of “Other comprehensive income” into two parts, items recyclable through the income statement and non-recyclable items.

The Circular takes effect the day after its publication in the *BOE* (Official State Gazette). Nevertheless, half-yearly financial information must be presented in

accordance with the requirements of Annexes I, II and III of the Circular for periods beginning on or after 1 January 2016.

CNMV Circular 6/2015, of 15 December, amending Circular 1/2015, of 23 June, on data and statistical information regarding market infrastructure.

One of the key planks of the reforms to the system for clearing, settlement and registry of securities in measures such as Royal Decree 878/2015 is the switch away from the current equities registry system based on share registration records to a system based exclusively on netted balances of securities backed by alternative oversight procedures. A concomitant effect is that many of the files that the CNMV currently collects from market infrastructure bodies will be discontinued. It will be necessary to use new files designed for the new system and new procedures for the first phase of the reforms which will affect all equities trades. Consequently, the annex to Circular 1/2015 on data and statistical information on market infrastructure is replaced by the annex to this Circular, which specifies the registers, internal or statistical data bases and documents that must be collected, kept and made available to the CNMV by the institutions listed in sections 1 and 2 of Article 233.1a of the recast text of the Securities Market Act approved by Royal Legislative Decree 4/2015.

This Circular took effect on 3 February 2016.

A.4 Investment firms and credit institutions

Royal Decree 84/2015, of 13 February, implementing Law 10/2014, of 26 June, on the organisation, supervision and solvency of credit institutions.

This Royal Decree aims to implement the provisions of Law 10/2014, of 26 June, on the organisation, supervision and solvency of credit institutions with regard to access to the activity, solvency requirements and the supervisory regime of credit institutions. In this regard, it consolidates the regulatory rules on the organisation and regulation of credit institutions into one single text.

Royal Decree 358/2015, of 8 May, amending Royal Decree 217/2008, of 15 February, on the legal framework of investment firms and other entities that provide investment services and partially amending the Regulation of Law 35/2003, of 4 November, on Collective Investment Schemes, approved by Royal Decree 1309/2005, of 4 November.

This Royal Decree aims, firstly, to complete the transposition of Directive 2013/36/EU, of the European Parliament and of the Council, of 26 June, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms. Secondly, it aims to convert the main legislation on the organisation, supervision and solvency of investment firms to Royal Decree 217/2008, of 15 February, on the legal framework of investment firms and other entities that provide investment services.

With these aims, it introduces the following amendments to Royal Decree 217/2008:

- It determines the suitability requirements (sound business and professional reputation, knowledge and experience, capacity to exercise good governance)

which must be met by the members of the board of directors, managing directors and other key office-holders in investment firms. These requirements must be assessed on an ongoing basis both by the CNMV and by the investment firms themselves.

- It details the functions of the three committees which investment firms must establish (appointments committee, remuneration committee and risk committee).
- It specifies the disclosure obligations relating to corporate governance and remuneration policies.
- It adds two new titles, Title VI and Title VII, relating to investment firms' solvency and supervision, respectively.

The former contains the provisions on investment firms' solvency in addition to those of Regulation (EU) No. 575/2013. It sets out the requirement of investment firms to have strategies and procedures which allow them to evaluate capital adequacy in line with the nature, scale and complexity of their activity. It also establishes a series of guidelines to be followed by investment firms when managing the different risks that they face. This Title also includes the regime on common equity and additional Tier 1 capital buffers.

Title VII focuses on the subjective aspect of the supervisory function, for which it sets out a series of rules to determine the competent authority and establishes the framework of cooperation of the CNMV with other competent authorities, highlighting those relating to the colleges of supervisors, the adoption of joint decisions on prudential supervision and the procedure for declaring significant branches. This Title also establishes the disclosure obligations of the CNMV and of investment firms.

- It amends the second final provision of Royal Decree 217/2008, authorising the Ministry of Economic Affairs and Competition and, with its express authorisation, the CNMV, to establish the specific provisions for execution of this Royal Decree.

Law 11/2015, of 18 June, on the recovery and resolution of credit institutions and investment firms.¹

This Law is aimed at regulating the processes of early-stage actions and resolution of credit institutions and investment firms set up in Spain and at establishing the legal system applicable to the Fund for Orderly Bank Restructuring (FROB) as an executive resolution authority and its general sphere of action, in order to protect financial system stability by minimising the use of public resources. Its first final provision amends the Securities Market Act in order to incorporate the reform on securities clearing, settlement and registration.

1 Even though it is included in this heading, as shown in the body of the text, this Law incorporates the reform of the clearing, settlement and registry system of the Spanish securities market, it improves the transparency of issuers (in relation to their half-yearly and annual reports) and introduces new aspects, *inter alia*, in the regulation of collective investment schemes.

Unlike the previous regulation and in line with the transposed directive, the material novelty of this Law is that it is applied not only to credit institutions but also to investment firms.

This implies that the references made to the competent supervisor shall be understood to imply the Bank of Spain, in the case of credit institution resolutions, and to the CNMV, in the case of investment firm resolutions. However, in certain cases, the competent supervisor or the resolution authority shall include European institutions, agencies and bodies created as exclusive supervision and resolution authorities.

A distinction is made between preventive and executive resolution functions, the first ones being under the charge of the Bank of Spain and the CNMV – through the independently operating bodies established – and the second ones, under the charge of the FROB.

Chapter VII introduces minor new features with respect to the FROB structure, as it extends the number of members of its Governing Committee and creates the position of Chairman as the maximum representative in charge of ordinary administration and management to be held for a non-renewable term of five years, with specific grounds for removal. In addition, a CNMV member is incorporated thereto as a result of the expansion of the subjective scope of application of the Law.

Another significant new aspect resulting from the transposition of the Directive is the creation of a National Resolution Fund. The fund shall be financed by contributions made by credit institutions and investment firms and its financial resources should amount to at least 1% of all entities' guaranteed deposits. As from 1 January 2016, when the European Single Resolution Board will become fully operative and the National Resolution Fund will be merged with the other national funds from euro area Member States into a European Single Resolution Fund, Spanish credit institutions shall contribute to this European fund, and the National Resolution Fund shall only serve for the purpose of investment firms.

Law 9/2012, of 14 November, on the restructuring and resolution of credit institutions is repealed, except for its provisions amending other regulations and the second, third, fourth, sixth to thirteenth, fifteenth, seventeenth, eighteenth and twenty-first additional provisions.

The first additional provision of this Law amends the Securities Market Act 24/1988, of 28 July, in order to incorporate the reform on securities clearing, settlement and registration in the Spanish market, which implies significant changes in the clearing and settlement of all equity transactions. Among other aspects, noteworthy is the participation of a central counterparty, changing from a reference-based registry to a balance-based registry, and creating an information system for supervision purposes. It amends the following:

- As to securities clearing, settlement and registration, the following articles are amended: 5, 6, 7, new 7 *bis*, 12 *bis*, 31 *bis*, new 36 *bis*, new 36 *ter*, new 36 *quater*, 44 *bis*, 44 *ter*, 44 *septies* and 44 *octies*; and the following articles are eliminated: 54, 57, 60, 70 *ter*, 84, 95, and 98; new items in Articles 99, 100, 102, 103, 105, 106, 106 *ter*, new 107 *quinquies*, 125, and the seventeenth additional provision; the duplicated seventeenth additional provision introduced by Law 44/2002 is eliminated; a new twenty-second additional

provision is added with respect to the good performance of securities clearing, settlement and registration.

- In order to improve securities issuers' transparency, the following articles are amended: 35, 35 *bis*, 53 and 91.

The application of these amendments should be analysed considering the seventh transitional provision of this Law, which provides for the application of the first final provision and Regulation (EU) No. 909/2014, of the European Parliament and of the Council, of 23 July 2014, on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No. 236/2012.

Other amendments added by virtue of this law:

- Sixth final provision: this amends Law 35/2003, of 4 November, on collective investment schemes under subsections 1 and 2 of article 54 *bis*, with respect to the conditions for CIS cross-border management by management companies authorised in Spain, pursuant to Directive 2011/61/EU, of the European Parliament and of the Council, of 8 June 2011, and for service provision in other Member States.
- Thirteenth final provision: this amends Law 22/2014, of 12 November, regulating venture capital entities, other closed-ended collective investment schemes and management companies of closed-ended collective investment schemes, and amending Law 35/2003, of 4 November, on Collective Investment Schemes. It amends subsections 1 and 2 of Article 81, related to the conditions for cross-border management of venture capital entities and closed-ended collective investment schemes by management companies authorised in Spain, pursuant to Directive 2011/61/EU, of the European Parliament and of the Council, of 8 June 2011, and for service provision in other Member States.
- The ninth final provision added a tenth additional provision to the recast text of the Capital Companies Act, as approved by Royal Legislative Decree 1/2010, of 2 July. This tenth additional provision means that, for the purpose of the Law 11/2015, of 18 June, on the recovery and resolution of credit institutions and investment firms, the general shareholders' meeting of the listed companies governed by this Law may – through a majority of two thirds of validly cast votes – agree upon or modify articles of association by instructing that the general shareholders' meeting deciding to increase capital be called in a shorter term (with the ten-day limit as from calling) than the general calling term, provided that the conditions determined by this Law are met and the capital increase is necessary to avoid the resolution conditions under this Law.
- Bankruptcy Law 22/2003, of 9 July, is amended, specifically its second additional provision related to the special regime applicable to credit institutions, investment firms and insurance companies, pursuant to the previous comments.

Royal Decree 877/2015, of 2 October, implementing Law 26/2013, of 27 December, on savings banks and bank foundations, and regulating the reserve fund to which certain bank foundations have to contribute. It also amends Royal Decree 1517/2011, of 31 October, approving the regulation implementing the recast text of the Account

Auditing Act, approved by Royal Legislative Decree 1/2011, of 1 July, and amending Royal Decree 1082/2012, of 13 July, approving the implementing regulation of Law 35/2003, of 4 November, on Collective Investment Schemes.

This Royal Decree was drafted as an implementation of Law 26/2013, of 27 December, on savings banks and bank foundations, regulating the reserve fund to which certain bank foundations have to contribute. It amends Royal Decree 1517/2011, of 31 October, approving the regulation implementing the amended text of the Account Auditing Act, approved by Royal Legislative Decree 1/2011, of 1 July, and amending Royal Decree 1082/2012, of 13 July, approving the implementing regulation of Law 35/2003, of 4 November, on Collective Investment Schemes.

In particular, this Royal Decree amends the implementing regulation of Law 35/2003, of 4 November, on Collective Investment Schemes, in two respects. Firstly, to make more flexible the liquidity ratio of financial CIS, by reducing the mandatory proportion of liquid assets from 3% to 1% of net assets and their obligation to hold sufficient assets convertible into cash in one day to meet redemptions within the regulatory deadlines. Second, it amends Article 132 to write explicitly into the regulation the principles underlying the already applicable provisions of Article 16 of Commission Directive 2006/73/EC, of 10 August 2006, implementing European Parliament and Council Directive 2004/39/EC on organisational requirements and the terms and conditions of operation of investment firms as well as the terms defined in the Directive.

CNMV Circular 4/2015, 28 October, amending Circular 7/2008, of 26 November, on accounting standards, financial statements and confidential returns of investment firms, management companies of collective investment schemes and management companies of venture capital firms, and Circular 11/2008, of 30 December, on accounting standards, annual accounts and confidential returns of venture capital firms.

The Circular aims to update the information declared on the confidential returns required by CNMV Circular 7/2008, of 26 November, on accounting standards, annual accounts and confidential returns of investment firms, management companies of collective investment schemes and management companies of venture capital firms and in CNMV Circular 11/2008, of 30 December, on accounting standards, annual accounts and confidential returns of venture capital firms in order to reflect the amendments introduced by Law 22/2014, of 12 November. It also incorporates changes made by the Collective Investment Scheme Regulation affecting CIS management companies.

Firstly, amendments to the confidential returns specified in Circular 7/2008 for venture capital fund managers reflect the wider range of investment services that these entities can offer, the requirements to contribute to the Investment Guarantee Fund and the new definition of capital. It also requires more frequent filing of information, which becomes half-yearly, bringing it into line with all other asset managers.

Similarly, it creates an obligation for CIS and venture capital fund managers to report the number of complaints received and processed by their customer services departments, in line with ESMA, EBA and EIOPA guidelines on managing complaints by users of financial services.

Secondly, as regards Circular 11/2008, it requires a more detailed breakdown of confidential information following the extension of the types of assets that can count towards legal ratios. It also brings within the Circular's scope of application the new entities defined in Law 22/2014 of 12 November, and creates new confidential returns for filing by self-managed investment companies.

Royal Decree 1012/2015, of 6 November, implementing Law 11/2015, of 18 June, on the recovery and resolution of credit institutions and investment firms, and amending Royal Decree 2606/1996, of 20 December, on deposit guarantee funds for credit institutions.

The main purpose of this Royal Decree is to develop, from an organisational perspective, regulations introduced over recent years to deal with situations where banks or investment firms get into difficulties, completing the transposition of Directive 2014/59/EU, of 15 May 2014, parts of which are included in the abovementioned Law 11/2015. To this end, it sets out clear criteria and the measures necessary for complying with the principles underlying the EU Directive:

- Introducing a preventive phase that ensures the necessary conditions are in place so that, if an entity needs to be wound up, its resolution can take place in an orderly manner.
- Establishing a special procedure that is flexible and effective, for the resolution of credit institutions and investment firms that can replace normal bankruptcy legislation when the interests of the public and financial stability require.
- Providing appropriate separation of the oversight and resolution functions to avoid any potential conflict of interest affecting the supervisory authority if it were also responsible for administering resolution.
- Ensuring that losses from the resolution are absorbed by the entity's shareholders and creditors and not the public purse.

This Royal Decree regulates, among other points, the manner in which entities are to be valued prior to the adoption of any resolution measures, the content of recovery plans, criteria for their evaluation by the competent supervisor, the content of resolution plans, procedural obligations, rules on the functioning of resolution instruments, issues arising from the cancellation and conversion of capital instruments and internal recapitalisation, rules for determining when the FROB's financing mechanisms can be used to fund resolution measures, the role of the FROB and international agreements to recognise resolution processes in other countries.

The Royal Decree also amends Royal Decree 2606/1996, of 20 December, on deposit guarantee funds, with the aim of implementing the new articles added by Law 11/2015, of 18 June, to Royal Decree Law 16/2011, of 14 October, creating the Credit Institutions Deposit Guarantee Fund. This completes the transposition into Spanish law of European Parliament and Council Directive 2014/49/EU, of 16 April 2014, on deposit guarantee systems.

The Royal Decree entered into force the day after its publication in the *BOE* (Official State Gazette). However, the regulations on internal recapitalisation in Chapter VI came into force on 1 January 2016.

A.5 Collective investment schemes and venture capital entities

Royal Decree 83/2015, of 13 February, amending Royal Decree 1082/2012, of 13 July, approving the implementing regulation of Law 35/2003, of 4 November, on collective investment schemes.

This Royal Decree amends Royal Decree 1082/2012, of 13 July, approving the implementing regulation of Law 35/2003, of 4 November, on collective investment schemes, with the aim of completing the transposition of Directive 2011/61/EU, of the European Parliament and of the Council, of 8 June, which began in the recently approved Law 12/2014, of 12 November.

The aforementioned Directive 2011/61/EU affects the management companies of non-harmonised collective investment schemes (not authorised in line with Directive 2009/65/EC). This Royal Decree introduces new requirements for authorising such management companies and the marketing of the schemes which they market. It also provides greater details on the conduct of business rules governing these management companies and the operating, organisational and transparency requirements which they must meet, particularly relating to risk management, liquidity and conflicts of interest.

The following aspects are included with the aim of fully transposing the Directive:

- Additional information to be included in the prospectus of non-harmonised CIS.
- Periodic information which managers of CIS should provide to the CNMV on the main markets and instruments in which they trade on behalf of the alternative investment funds they manage.
- Limits to investment in securitisation instruments.
- Clarification of the concept of investment management to align it with Directive 2011/61/EU, so as to include portfolio management and risk control.
- Requirements for the delegation of the functions of management companies.
- Adjustments are made to the own funds which management companies must have in order to adapt them to the minimum level required by European legislation, as well as to incorporate adequate and consistent procedures which allow correct and independent valuation of the assets of the CIS.

Particularly noteworthy is that it includes regulation on remuneration policies and the depository which will be applied to managers and depositories of all types of CIS. Specifically, it makes the rules relating to the depository more consistent and systematic by integrating them under one single Title. In this regard, Title V is substantially amended in order to define and regulate the functions and responsibility of the depository. Other more technical aspects may be implemented by the CNMV in accordance with the powers delegated to it.

In addition, it incorporates a series of amendments which are not the direct result of a transposition of the Directive, but which respond to the need to adapt the legal framework to the evolution and development of the collective investment market in Spain. These new aspects include:

- Allowing the active marketing of hedge funds to qualified retail investors, providing they make a minimum investment of 100,000 euros and record in writing that they understand the risks inherent to the investment. It therefore raises the minimum investment for a retail investor to buy or subscribe shares or units of hedge funds (passive marketing) to 100,000 euros.
- Regulating different types of hedge funds so as to allow the possibility of investing in invoices, loans, commercial bills typically used in commercial operations and other similar assets, financial assets linked to investment strategies with a time horizon greater than one year and derivative financial instruments, whatever the nature of the underlying asset. The active marketing of this type of hedge fund is limited exclusively to professionals and certain additional reporting and risk management requirements are added.
- Improving and technically adapting the wording of several articles. For this purpose, it adjusts certain provisions of the regulation so as to allow the use of omnibus accounts. In addition, it adapts the assets in which harmonised CIS may invest so as to include those which ESMA considers suitable and it extends the instruments and derivatives in which non-harmonised SICAVs and non-harmonised financial investment funds may invest.
- Standardising the system for agents, legal representatives and representation with the system for investment firms.

It also introduces the second to the sixth final provisions of the CIS Regulation so as to establish the passport systems for CIS and managers from third countries, i.e., the requirements for cross-border marketing and management when the CIS and/or the manager are domiciled or incorporated in non-EU countries. The seventh final provision establishes the requirements to be met by a depository located in a third country.

Finally, it authorises the CNMV to establish the reporting regime with regard to the modifications in the conditions for authorising CIS management companies, the content and the form to be used for the balance sheet and the legal regime for the depository.

This Royal Decree repeals Ministerial Order EHA/596/2008, of 5 March, in the terms provided in the first transitional provision, i.e., the repeal will take effect as from the entry into force of the provisions to be approved by the CNMV when implementing the legal regime of the depository. Until that time, the aforementioned ministerial order will remain in force for all those aspects which do not contradict the provisions of this Royal Decree and of applicable EU legislation.

The first final provision of this Royal Decree amends Royal Decree 1310/2005, of 4 November, with a twofold aim. Firstly, in order to correctly transpose Directive 2003/71/EC, of the European Parliament and of the Council, of 4 November, it was necessary to specify that when the offer price and the number of securities that will be offered to the public cannot be included in the prospectus, the prospectus should include the criteria or the conditions that will be used to determine such elements or, in the case of price, the maximum price. Secondly, it is necessary to apply minimal adjustments so as to adapt Royal Decree 1310/2005 to the content of Directive 2014/51/EU, of the European Parliament and of the Council, of 16 April.

Law 25/2015, of 28 July, on the second-chance mechanism and financial burden reduction and other social measures.

This Law provides for the controls and guarantees required to avoid strategic insolvency or enable the selective provision of assets in lieu of payment. This allows a party that has lost everything after liquidation of their entire equity in favour of creditors to be released from most of their outstanding payables after such liquidation.

The second additional provision of the Bankruptcy Act is amended to express that Law 35/2003, of 4 November, on Collective Investment Schemes and Law 22/2014, of 12 November, regulating venture capital entities, other closed-ended collective investment undertakings and management companies of closed-ended collective investment undertakings, and amending Law 35/2003, of 4 November, on Collective Investment Schemes, as well as the recast text of the Pension Fund and Plan Regulation Law, approved by Royal Legislative Decree 1/2002, of 29 November, constitute special legislation applicable in the event of the bankruptcy of certain types of entities. This provision does not affect the current system since, as stated in the first subsection thereunder, upon the bankruptcy of these types of entities, the special characteristics provided for by specific legislation shall apply, as the case may be.

The second final provision amends the title of Article 54 *bis* and its subsections 1 and 2, and the title of Article 55 *bis* and its subsections 1 and 5 of Law 35/2003, of 4 November, on Collective Investment Schemes. This refers to the conditions for CIS cross-border management and for the provision of services in other Member States by management companies authorised in Spain, pursuant to Directive 2011/61/EU, of the European Parliament and of the Council, of 8 June 2011. In addition, an amendment was introduced to the conditions for the management of Spanish CIS and for the provision of services in Spain by management companies regulated by Directive 2011/61/EU, of the European Parliament and of the Council, of 8 June 2011, and authorised in another European Union Member State.

A.6 Corporate governance

CNMV Circular 3/2015, of 23 June, on technical and legal specifications and information to be contained in the websites of listed companies and savings banks issuing securities admitted for trading on official secondary securities markets.

This Circular intends, first of all, to adjust those minimum contents to the new obligations imposed by Ministerial Order ECC/461/2013, of 20 March, and by Law 31/2014, of 3 December, amending the Capital Companies Act for corporate governance improvement and, secondly, to consolidate into a single regulation the obligations imposed in this regard on listed companies and savings banks issuing securities admitted for trading.

In accordance with the above, this Circular shall apply to listed companies, savings banks issuing securities admitted for trading on official secondary securities markets and foreign institutions whose shares are admitted for trading on Spanish official secondary securities markets.

In addition, under the principle of information transparency, the information included on the website regarding obliged parties must be clear, complete, correct and true, excluding any partial information that comprises an insufficient period of time, that cannot be compared, that does not include appropriate warnings or that may give rise to error or confusion for any other reason or prevent the investor from forming a grounded opinion on the entity.

The following technical and legal specifications have been introduced:

- Obligated parties shall have a website with a registered Internet domain name. Each entity shall have the means required to cause its website to be easily found on the Internet through the mostly used browsers.
- All sites must be printable and written at least in Spanish.
- Should the website offer versions for different electronic devices, its contents and presentation shall be as consistent as possible.
- All website titles and contents shall be clear and material and the language used shall be appropriate for an average investor, avoiding the use of technical terms as much as possible. Should acronyms be used, they shall be translated while abbreviations shall also be avoided as far as possible.
- The website technical structure and files supporting contents shall allow navigation and accessibility through commonly used IT products in the Internet environment, and the response time shall not hinder the enquiry.
- The website home page of listed companies shall have a specific section that must be easily recognisable and have direct access to include, under a modern regulation on “Information for shareholders and investors” or a similar one, all the information required under Royal Legislative Decree 1/2010, of 2 July, which approved the recast text of the Capital Companies Act, the Securities Market Act 24/1988, of 28 July, Ministerial Order ECC/461/2013, of 20 March; this Circular 3/2015 or any other regulation stating that the entity is an obliged party and containing provisions providing for the inclusion of certain information on the website, notwithstanding the information included by listed companies voluntarily.
- The website home page of savings banks issuing securities admitted for trading on official secondary securities markets shall contain a specific section that must be easily recognisable and have a direct access to include, under “Information for investors” or a similar caption, all the information required by applicable regulations.
- The accessibility to the contents included under “Information for shareholders and investors” in listed companies, or under “information for investors” in savings banks shall not be beyond three navigation steps (clicks) from the main page and shall not require the enquiring party’s previous identification, except, as applicable, to access the Shareholders’ Forum.
- The contents shall be structured and arranged in order of importance with a concise and explanatory title, so as to allow quick and direct accessibility to

each one of them, with no charge for the user. Those contents must be downloadable and printable.

- At least each one of the contents specified in item/sub-item columns in Annexes I, “Information to be included by listed companies on their websites”, and II, “Mandatory information to be included by savings banks on their websites” to the Circular shall be directly referred to in the map or in any other web table of contents.
- In the event of discrepancies between the information contained in the website of the obliged party and the information contained in the CNMV’s public registries – unless they were not material – the obliged party shall eliminate those discrepancies as soon as possible. For that purpose, the obliged party shall send, as appropriate, the correct information to the CNMV to be added to the relevant administrative registries or shall modify its website.

Pursuant to this Circular, the information to be disclosed by the obliged parties in their websites may be offered through links allowing access to the information offered on that entity in the CNMV’s public registries.

Similarly, the obliged party’s website may include telematic connections with the Companies Registry or other public registries, so that shareholders and investors may compare the information. The links to the CNMV’s website included to facilitate the inquiry of existing information on the obliged party in the CNMV’s public registries shall be adjusted to the technical specifications established by this agency.

It is also determined that directors, in the case of listed companies, and the managing director or, as applicable, the person appointed by specific sector regulations, in the case of savings banks, shall be required to keep the website information updated and to adjust its contents to those resulting from the documents filed and registered with the appropriate public registries.

This Circular repeals:

- CNMV Circular 1/2004, of 17 March, on the annual corporate governance report related to listed companies and other entities issuing securities admitted for trading on official secondary securities markets, and other information instruments regarding listed companies.
- CNMV Circular 2/2005, of 21 April, on the annual corporate governance report and other information on savings banks issuing securities admitted for trading on official secondary securities markets.

Ministerial Order ECC/2575/2015, of 30 November, determining the content, structure and publication requirements of the annual corporate governance report, and establishing the accounting requirements for banking foundations.

This order addresses two areas. The first is the annual corporate governance report issued by banking foundations. It lays down rules on the content and structure of the report in the interests of transparency, including responsibility for its preparation, information on the structure, composition and functioning of the governance bodies, the process of determining policy on appointments, references to investment policy in the associated credit institution, the policy on remuneration and ex-

penses, related-party transactions, the policy on conflicts of interest and social work performed. It also sets the filing and publication requirements.

Secondly, it sets the financial reporting standards and formats for banking foundations, fixing their accounting obligations and formats for published financial statements.

Its first additional provision states that, “The second final provision of Ministerial Order ECC/461/2013, of 20 March, on the content and structure of the annual corporate governance report, the annual directors’ remuneration report and other informative documentation that must be issued by listed public limited companies (*societades anónimas*, or SAs), savings banks and other entities that issue securities admitted to trading on official markets shall read as follows:

Second final provision. Authorisation to the CNMV.

The CNMV is authorised to specify in a circular the detailed content and structure of corporate governance and compensation reports in accordance with the recast text of the Capital Companies Act, approved by Royal Legislative Decree 1/2012, of 2 July, and with this Order, fixing the formats and models that entities must use when publishing their reports”.

CNMV Circular 7/2015, of 22 December, amending Circular 5/2013, of 12 June, establishing the formats for annual corporate governance reports by listed companies, savings banks and other entities that issue securities admitted to trading on official securities markets, and Circular 4/2013, of 12 June, establishing the standard format for the annual report on remuneration of directors of listed companies and members of the board and control committee of savings banks that issue securities admitted to trading on official securities markets.

Following the adoption of Law 31/2014, of 3 December, amending the Capital Companies Act to improve corporate governance and the Good Governance Code of Listed Companies, approved by the CNMV on 18 February 2015, it became necessary to update the standard formats for the annual corporate governance reports defined in CNMV Circular 5/2013, of 12 June, establishing the formats for annual corporate governance reports by listed companies, savings banks and other entities that issue securities admitted to trading on official securities markets. This involved fundamental changes to Annex I of CNMV Circular 5/2013, of 12 June.

The Circular provides detailed specifications for the content and structure of the annual corporate governance report prescribed in Articles 5, 6 and 7 of Ministerial Order ECC/461/2013, of 20 March, on the content and structure of the annual corporate governance report, the annual report on remuneration of directors and other informative documentation that must be issued by listed companies, savings banks and other entities that issue securities admitted to trading on official markets, as amended by Ministerial Order ECC/2575/2015, of 30 November, empowering the CNMV to design standard formats for the various entities obliged to publish such annual reports.

The Circular repeals Section B, “Remuneration policy envisaged for future years”, from the format in Annex I – annual report on remuneration of directors of listed companies – of CNMV Circular 4/2013, of 12 June.

This Circular will take effect the day following its publication in the *BOE* (Official State Gazette) and will apply to annual corporate governance reports published by listed companies and other entities – apart from savings banks – which issue securities admitted to trading on official markets and to the annual reports on the remuneration of directors of listed companies for the years ending on or after 31 December 2015.

CNMV Circular 8/2015, of 22 December, approving the standard formats for reporting significant holdings of directors and executives and their close relatives, trading in own shares and other formats.

This Circular updates the standard formats for reporting voting rights previously covered by CNMV Circular 2/2007, of 19 December, approving the standard formats for reporting significant holdings of directors and executives, trading in own shares and other formats, bringing them into line with the obligations established under Royal Decree 1362/2007, of 19 October, implementing the Securities Market Act 24/1988, of 28 July, regarding the transparency requirements on securities issuers listed on an official secondary market or another regulated EU market, as defined in Royal Decree 878/2015, of 2 October, on the clearing, settlement and registry of securities held in book-entry form; on the legal regime of central securities depositories and central counterparties, and the transparency requirements on securities issuers listed on an official secondary market, which, among other points, transposes Directive 2013/50/EU, of the European Parliament and of the Council, of 22 October 2013, into Spanish law, amending Directive 2004/109/EC, of the European Parliament and of the Council, on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, Directive 2003/71/EC, of the European Parliament and of the Council, on the prospectus to be published when securities are offered to the public or admitted to trading, and Commission Directive 2007/14/EC laying down detailed rules for implementing certain provisions of Directive 2004/109/EC.

The Circular repeals CNMV Circular 2/2007, of 19 December, approving the standard formats for reporting significant holdings of directors and executives, trading in own shares and other formats.

The Circular takes effect the day after its publication in the *BOE* (Official State Gazette). Obligated parties must use the new standard formats introduced by this Circular for all reporting to be filed on or after 31 March 2016.

A.7 Insolvency

Law 9/2015, of 25 May, on urgent measures on insolvency.

This Law consists of a single article, divided into four sections, which amends several provisions of Law 22/2003, of 9 July, on Insolvency, relating to the insolvency agreement, the liquidation stage, the rating of the insolvency, out-of-court payment agreements and refinancing agreements.

A.8 Other legislation

Constitutional Law 1/2015, of 30 March, amending Constitutional Law 10/1995, of 23 November, on the Criminal Code.

This Constitutional Law fully revises and updates the Criminal Code to adapt it to new social demands. With this aim, it revises the regime for sentences and their application, adapts technical improvements to offer a faster and more coherent criminal law system, and introduces new categories of offences or adapts existing criminal categories, so as to offer a more appropriate response to new types of criminality.

Law 2/2015, of 30 March, on the de-indexation of the Spanish economy.

The main aim of this Law is to establish a new non-indexed discipline in the field of public procurement, which accounts for approximately 20% of GDP at regulated prices and, in general, in all the revenue and expenditure items of public budgets.

Law 5/2015, of 27 April, on the promotion of business financing.

Law 5/2015 establishes a raft of measures with a twofold purpose: on the one hand, due to the need to strengthen the recovery of bank lending, this law aims to make bank financing more accessible and flexible for SMEs and, secondly, it aims to move forward in the development of alternative means which will strengthen the sources of direct or non-bank corporate financing in Spain.

With this aim, the Law is divided into six titles:

- Title I focuses on improving bank financing to small- and medium-sized enterprises through the incorporation of two new aspects.

The first obliges credit institutions to notify SMEs, in writing and sufficiently in advance, of their decision to cancel or significantly reduce the flow of financing.

The second new aspect involves the reform of the legal regime for mutual guarantee societies, amending the functioning of the guarantee that the Spanish Refinancing Company provides to these societies. In this regard, it specifies that this guarantee will be activated following the first failure of the mutual guarantee society to pay.

- Title II sets out the new regime for financial credit establishments (*establecimientos financieros de crédito*) in order to modernise and adapt it to the current requirements of financial markets.

These financial credit establishments lose their classification as credit institutions, but they remain within the scope of financial supervision and strict regulation.

- Title III contains the reform of the regime for securitisation.

Firstly, Law 5/2015 consolidates the legislation relating to this matter, which was previously disperse, in order to guarantee the coherence and organisation of the applicable rules.

Secondly, in order to bring the Spanish legal system more in line with other European jurisdictions, it increases the flexibility of the trading of these instruments and removes the obstacles for implementing the innovations introduced in our peer countries.

Finally, it strengthens the requirements with regard to transparency and investor protection and specifies the functions which must be performed by management companies.

- Title IV contains the improvements in the access of companies to capital markets.

Firstly, it introduces reforms into the Securities Market Act 24/1988, of 28 July, in order to facilitate the transition of companies from a Multilateral Trading Facility (MTF) to an official secondary market, by reducing some of the requirements for a transitional period of two years. It also establishes the obligation for those companies which reach a high capitalisation volume (500 million euros) to request their admission to trading on a regulated market, with such companies then being bound by the requirements of these markets.

Secondly, it reforms the regime relating to issues of debentures by correcting certain dysfunctions. These amendments include eliminating the limit applicable to public limited companies and partnerships limited by shares whereby they were not allowed to issue debentures beyond their own funds, and eliminating the ban on limited liability companies issuing debentures. It also streamlines the establishment of the syndicate of bondholders, establishing that this will be mandatory in those situations in which it is necessary to ensure adequate protection of Spanish investors.

- Title V introduces, for the first time, a legal regime for “crowdfunding” platforms. It should be pointed out that this law only aims to regulate the structures impacting the financial component of the activity, i.e., in which investors expect to receive a monetary remuneration for their participation. The law therefore does not cover crowdfunding through sales or donations.

Firstly, with regard to the legal regime of crowdfunding platforms, this Title establishes requirements of authorisation and registration with the CNMV.

Secondly, it regulates and reserves the activity of these entities to those that have received the mandatory authorisation so as to ensure the neutrality of the platforms in their relationship between investors and promoters. It also establishes a ban on such platforms offering financial advisory services.

Finally, it clarifies the rules applicable to the agents that use this new financing channel so as to clarify the applicable regulation and, at the same time, ensure an adequate level of investor protection.

- Title VI amends the powers of the CNMV so as to extend its functional independence and strengthen its supervisory competences so as to better perform its functions.

To this end, it grants new powers to the CNMV, such as the ability to use new supervisory instruments and to issue technical guides, as well as the attribution of competencies which had previously corresponded to the Ministry of Economic Affairs and Competition, such as the power to grant and revoke authorisation to entities which operate in securities markets, and to impose serious penalties.

In addition, this Law has six additional provisions, 11 transitional provisions, 1 repealing provision and 13 final provisions. These include:

- The fifth additional provision regulates the regime applicable to issues of debentures performed by companies other than capital companies, associations or other legal persons.
- Pursuant to the single repealing provision of this Law 5/2015, the following legislation is repealed:
 - i) Law 211/1964, of 24 December, regulating the issue of bonds by companies which have not adopted the form of public limited companies, associations or other legal persons and the establishment of the Syndicate of Bondholders, without prejudice to the provisions set out in the tenth transitional provision.
 - ii) Articles 5, 6 and 7 of Law 19/1992, of 7 July, on the regime of real estate companies and funds and on mortgage securitisation funds, except for mortgage securitisation funds established prior to approval of this law.
 - iii) Article 16 of Royal Decree-Law 3/1993, of 26 February, on urgent measures on budget, tax, financial and employment matters.
 - iv) The first additional provision and sections 2 to 5 of the fifth additional provision of Law 3/1994, of 14 April, on the adaptation of Spanish legislation on credit institutions to the Second Banking Coordination Directive, and introducing other amendments to the financial system.
 - v) Article 97 of Law 62/2003, of 30 December, on tax, administrative and social measures.
 - vi) Article 27 of Royal Decree-Law 6/2010, of 9 April, on measures to promote economic recovery and employment.
 - vii) Articles 402, 408 and 410 of the recast text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of 2 July.
 - viii) Royal Decree 926/1998, of 14 May, regulating asset securitisation funds and the management companies of securitisation funds.
 - ix) The final provisions amend, *inter alia*, Law 22/2003, of 9 July, on Insolvency; Law 35/2003, of 4 November, on Collective Investment Schemes; Law 22/2014, of 12 November, regulating venture capital firms, other closed-ended collective investment undertakings and management companies of closed-ended investment undertakings, and amending Law 35/2003, of 4 November, on Collective Investment Schemes; Law 41/2007, of 7 December, amending Law 2/1981, of 25 March, regulating the mortgage market and other standards governing the mortgage and financial system, regulations of equity release mortgages and dependency insurance, and establishing certain tax rules thereon; Law 16/2014, of 30 September, regulating CNMV fees, and Law 10/2014, of 26 June, on the organisation, supervision and solvency of credit institutions.

Law 20/2015, of 14 July, on the organisation, supervision and solvency of insurance and reinsurance companies.

Law 22/2015, of 20 July, on accounts auditing.

This Law is aimed at regulating mandatory and voluntary accounts auditing activity by setting the mandatory terms and conditions and requirements for that purpose, as well as regulating the public supervision system and international cooperation mechanisms concerning said activity. The aim of this regulation is to improve the quality of audits, strengthening their independence, in order to consolidate reliability in economic and financial information.

The specific provisions contained in the Law include Article 3.5 (a), which establishes the following entities as public-interest entities: securities issuers, credit institutions and insurance companies subject to the supervision and control attributed to the Bank of Spain, the CNMV and the Directorate-General of Insurance and Pension Funds, and to regional entities with the power to organise and supervise insurance companies, respectively, as well as entities issuing securities admitted to trading on the alternative stock market and belonging to the growth companies segment.

Law 39/2015, of 1 October, on the common administrative procedure for public authorities.

This Law regulates the set of requirements for administrative actions to be deemed valid and effective, the common administrative procedure for all public authorities, including the imposition of sanctions and the civil liability of public authorities, and lays down firm principles governing the initiation of legislation and regulation. It aims to create a fully electronic, interconnected and transparent administration that can streamline administrative procedures and cut processing times. On this point, the CNMV will be obliged to comply with the new electronic administrative procedures since many of its areas of supervision, inspection and sanction, as specified in Article 233 of the recast text of the Securities Market Act, and many of the resulting administrative procedures it has to deal with, fall within the scope of the e-communications obligation introduced by Article 14.2 of the Law.

The main changes to the regulation of common administrative procedures are the possibility of simplified processing in certain circumstances, counting Saturday as a non-working day when calculating response times, new criteria for whether a legal deadline for resolving a process can or must be suspended and the grounds for rejecting administrative appeals.

Finally, a mandatory basis is laid down for the first time in law for the development of legislative initiatives and the regulation of public authorities with the aim of ensuring powers are exercised in line with the principles of good regulation, guaranteeing citizens a hearing and participation in the design of new regulations and achieving foreseeability and the public evaluation of orders as part of the constitutional right to legal certainty.

The following legislation is repealed:

- i) Law 30/1992, of 26 November, on the legal regime for public authorities and the common administrative procedure.

- ii) Law 11/2007, of 22 June, on citizens' electronic access to public services.
- iii) Articles 4 to 7 of Law 2/2011, of 4 March, on the sustainable economy.
- iv) Royal Decree 429/1993, of 26 March, approving the regulations for public authority procedures relating to property.
- v) Royal Decree 1398/1993, of 4 August, approving the regulations on the procedure to exercise sanctioning powers.
- vi) Royal Decree 772/1999, of 7 May, regulating the presentation of applications, documents and communications to Central Government, the issuing of copies of documents and returning of originals and the system of the registry offices.
- vii) Articles 2.3, 10, 13, 14, 15, 16, 26, 27, 28, 29.1.a, 29.1.d, 31, 32, 33, 35, 36, 39, 48, 50, sections 1, 2 and 4 of the first additional provision, the third additional provision, the first, second, third and fourth transitional provisions of Royal Decree 1671/2009, of 6 November, partially implementing Law 11/2007, of 22 June, on citizens' electronic access to public services.

The law takes effect one year after its publication in the *BOE* (Official State Gazette). However, the clauses on electronic records of powers, electronic records, records of authorised public employees, a general electronic point of access to the administration and a single electronic archive will take effect two years after the law comes into force.

Law 40/2015, of 1 October, on the legal regime of the public sector.

This Law defines and regulates the basic legal regime for public authorities, the principles governing the civil liability of public authorities, their sanctioning powers and the organisation and functioning of Central Government and the institutional public sector.

It repeals:

- i) Article 87 of Law 7/1985, of 2 April, regulating the bases of the local regime.
- ii) Article 110 of the recast law on provisions regarding the local regime approved by Royal Legislative Decree 781/1986, of 18 April.
- iii) Law 6/1997, of 14 April, on the structure and functioning of Central Government.
- iv) Articles 44, 45 and 46 of Law 50/2002, of 26 December, on Foundations.
- v) Law 28/2006, of 18 July, on State agencies for the improvement of public services.
- vi) Articles 12, 13, 14 and 15 and the sixth additional provision of Law 15/2014, of 16 September, on the streamlining of the public sector and other measures of administrative reform.

- vii) Article 6.1.f, the third additional provision and the second and fourth transitional provisions of Royal Decree 1671/2009, of 6 November, partially implementing Law 11/2007, of 22 June, on citizens' electronic access to public services.
- viii) Articles 37, 38, 39 and 40 of the Decree of 17 June 1955 approving the regulation of local authority services.

Law 28/2006, of 18 July, will remain in force until the end of the transitional period defined by the fourth additional provision for State public sector entities.

This law incorporates an amendment to Law 47/2003, of 26 November, on the General Budget,² whose Article 2 now reads as follows:

“Article 2. State public sector.

1. For the purposes of this Law, the following form part of the State public sector:

- a) Central Government.
- b) The State institutional public sector.

2. The State institutional public sector comprises the following:

a) Public bodies attached to or dependent on Central Government, which are classified as:

1st. Autonomous bodies.

2nd. Public corporate entities.

b) Independent administrative authorities.

2 It also amends article 3 to read as follows:

“Article 3. Public administrative, corporate and foundation sector.

For the purposes of this law, the State public sector is divided into the following parts:

1. The administrative public sector, comprising:

a) Central Government, autonomous bodies, independent administrative authorities, non-transferred public universities and management entities, common services and mutuals working with the Social Security system as well as its common administrative centres and the entities in section 3 of the preceding article.

b) Any public law bodies and entities linked to or dependent on Central Government, consortia and funds without legal personality that fulfil either of the following two characteristics:

1st. Their principal activity is not to produce market goods and services for individual or collective consumption or they redistribute national wealth and income, in all cases on a not-for-profit basis.

2nd. The majority of their financing does not come from commercial income, this being defined for the purposes of this law as any income of whatever kind obtained as consideration for the provision of goods or services.

2. The corporate public sector, comprising:

a) Public corporate entities.

b) State-owned commercial companies.

c) Any public law bodies and entities attached to or dependent on Central Government, consortia and funds without legal personality not included in the administrative public sector.

3. The foundation public sector, comprising State-owned public sector foundations”.

- c) State-owned commercial companies.
- d) Consortia attached to Central Government.
- e) Public sector foundations attached to Central Government.
- f) Funds without legal personality.
- g) Non-transferred public universities.
- h) Management entities, common services and mutuals working with the Social Security system in its public role of managing Social Security, as well as its common administrative centres.
- i) Any public law bodies and entities attached to or dependent on Central Government.

3rd. Bodies with separate endowments in the State General Budget which, as they have no legal personality, are not included as part of Central Government. These form part of the State public sector and their economic and financial regime is governed by this Law, notwithstanding any special terms laid down in their founding, organisational or operating regulations. However, their accounting and oversight regime shall in all cases be governed by the abovementioned regulations and this law shall not apply in these areas.

Notwithstanding the above, this Law shall not apply to the *Cortes Generales* (Spanish Parliament) whose budgetary independence is enshrined in Article 72 of the Constitution. Nevertheless, the necessary coordination shall be maintained in order to prepare the State General Budget Bill”.

It also provides as follows:

- This Law shall take effect a year after its publication in the *BOE* (Official State Gazette), except for paragraph 4 of the fifth final provision, amending the Bankruptcy Act 22/2003, of 9 July; paragraphs 1 to 11 of the ninth final provision, amending the recast text of the Law on Public Procurement, approved by Royal Legislative Decree 3/2011, of 14 November, and the twelfth final provision, on restitution or compensation to political parties for goods and rights seized under the regulations on political liabilities, which shall take effect twenty days following its publication in the *BOE* (Official State Gazette), and paragraph 12 of the same ninth final provision, which shall take effect six months after publication.
- However, the following measures shall take effect on the day following the law’s publication in the *BOE* (Official State Gazette): the first final provision, amending Law 23/1982, of 16 June, regulating national assets; the second final provision, amending Royal Decree Law 12/1995, of 28 December, on urgent budgetary, tax and financial measures, paragraphs 1 to 3 of the fifth final provision, amending the Bankruptcy Act 22/2003, of 9 July; the seventh final provision, amending the General Subsidies Act 38/2003, of 17 November, and the eleventh final provision, amending Law 20/2015, of 14 July, on the regulation, supervision and solvency of insurance and re-insurance companies.

- The tenth final provision, amending the thirteenth additional provision of Law 17/2012, of 27 December, on the 2013 State General Budget, shall take effect the day following its publication in the *BOE* (Official State Gazette), notwithstanding that sections one, paragraphs 1 and 2; two; three, paragraphs 1 and 2; four; five, paragraphs 1 to 4, and six shall take effect as from 1 January 2013 and notwithstanding also the provision of section 7.³

Ministerial Order ECC/2314/2015, of 20 October, setting the effective date for the launch of the financial title file.

The order sets 6 May 2016 as the start date for use of the financial ownership file or FTF, which records data on all openings and cancellations of current accounts, savings accounts, securities accounts and term deposits.

This order fulfils the mandate given in the first transitional provision of Royal Decree 304/2014, of 5 May, approving the regulation of Law 10/2010, of 28 April, on the prevention of money laundering and terrorist financing. It states that, before the effective date of the FTF, the SEPBLAC shall notify credit institutions as to which of them will have to carry out the initial data entry and declare existing the current, savings and securities accounts and term deposits so that, as from 6 May 2016, the monthly updates from institutions need only include new openings and cancellations of accounts and deposits or changes to existing data in the file.

Ministerial Order ECC/2402/2015, of 11 November, creating the centralised body for the prevention of money laundering and terrorist financing in the College of Land, Companies and Property Registrars.

The measure seeks to intensify and strengthen the collaboration of professions with the legal, police and administrative authorities. The aforementioned registrars (Spanish registrars of real property ownership, companies and charges on personal property) are obliged to cooperate by being included in a new class of persons subject to the provisions of Law 10/2010, of 28 April, on the prevention of money laundering and terrorist financing.

This achieves two aims:

- i) Making it easier for individuals to comply with anti-money laundering rules.
- ii) Helping standardise the measures applied by the profession so that they comply with the law and regulations on the prevention of money laundering and terrorist financing.

3 The third final provision includes an amendment to Government Law 50/1997, of 27 November. The fifth final provision includes an amendment to the Bankruptcy Act 22/2003, of 9 July. Article 3.1 of the Bankruptcy Act 22/2003, of 9 July, is amended to read as follows: "Those entitled to seek a declaration of bankruptcy are the debtor, any of their creditors or the bankruptcy mediator in the case of proceedings regulated by Title X of this law. If the debtor is a legal entity, they shall be competent to decide on the request to the administration or liquidation body". Also amended are Articles 34 *ter*, section 2 of Article 34 *quater*, Paragraph 6 of Section 1 of Article 90. The sixth final provision includes an amendment to Law 33/2003, of 3 November, on the Assets of Public Authorities. The eighth final provision included an amendment to General Budget Law 47/2003, of 26 November. The ninth final provision amended the recast text of the Public Procurement Act approved by Royal Legislative Decree 3/2011, of 14 November.

This order takes effect four months after its publication in the *BOE* (Official State Gazette).

B European legislation

B.1 Markets in financial instruments

Commission regulatory technical standards and implementing technical standards:

Commission Delegated Regulation (EU) 2015/3, of 30 September 2014, supplementing Regulation (EC) No. 1060/2009, of the European Parliament and of the Council, with regard to regulatory technical standards on disclosure requirements for structured finance instruments.

This Delegated Regulation (EU) 2015/3 supplements Regulation (EC) No. 1060/2009 with the purpose of complying with the provision that investors should receive sufficient information on the quality and performance of their underlying assets with a view to enabling them to perform an informed assessment of the creditworthiness of structured finance instruments.

In this regard, this Delegated Regulation is applied to all structured financing instruments whose issuer, originator or sponsor is established in the European Union and which are issued after the date of entry into force of this Regulation. The scope of this Regulation should not be limited to the issuance of structured finance instruments that qualify as securities, but should also include other financial instruments and assets resulting from a securitisation transaction or scheme, such as money-market instruments, including asset-backed commercial paper programmes.

The Annexes of this text contain standardised disclosure templates for a number of asset class categories.

Commission Delegated Regulation (EU) 2015/97, of 17 October 2014, correcting Delegated Regulation (EU) No. 918/2012 as regards the notification of significant net short positions in sovereign debt.

This Delegated Regulation corrects Delegated Regulation (EU) No. 918/2012, with the aim of incorporating the notification threshold of Article 7 of Regulation (EU) No. 236/2012 on significant net short positions in sovereign debt.

Commission Delegated Regulation (EU) 2015/2205, of 6 August 2015, supplementing Regulation (EU) No. 648/2012, of the European Parliament and of the Council, with regard to regulatory technical standards on the clearing obligation.

This Regulation defines which classes of over-the-counter derivatives come within the scope of the clearing obligation created by Regulation (EU) No. 648/2012 and the start date of the obligation.

B.2 Issuers and listed companies

Commission regulatory technical standards and implementing technical standards:

Commission Delegated Regulation (EU) 2015/761, of 17 December 2014, supplementing Directive 2004/109/EC, of the European Parliament and of the Council, with regard to certain regulatory technical standards on major holdings.

This Commission Delegated Regulation (EU) 2015/761 aims to establish provisions in application of Articles 9 and 13 of Directive 2004/109/EC, mainly with regard to the aggregation of holdings, the aggregation of holdings in the case of a group, financial instruments referenced to a basket of shares or an index, financial instruments providing exclusively for a cash settlement and client-serving transactions.

B.3 Investment services firms and credit institutions

Commission regulatory technical standards and implementing technical standards:

Commission Delegated Regulation (EU) 2015/61, of 10 October 2014, to supplement Regulation (EU) No. 575/2013, of the European Parliament and the Council, with regard to liquidity coverage requirement for credit institutions.

This Delegated Regulation establishes rules for specifying the liquidity coverage requirement provided for in Article 412, Section 1, of Regulation (EU) No. 575/2013 and is applicable to all credit institutions supervised in accordance with Directive 2013/36/EU, of the European Parliament and of the Council.

Commission Delegated Regulation (EU) 2015/62, of 10 October 2014, amending Regulation (EU) No. 575/2013, of the European Parliament and of the Council, with regard to the leverage ratio.

This Delegated Regulation amends Regulation (EU) No. 575/2013 with the aim of improving the comparability of the leverage ratio disclosed by institutions and to help avoid misleading market participants as to the real leverage of institutions.

In this regard, it amends the methodology for calculating the leverage ratio and introduces two new articles relating to the exposure value of derivatives and the counterparty credit risk add-on for repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions.

Commission Delegated Regulation (EU) 2015/63, of 21 October 2014, supplementing Directive 2014/59/EU, of the European Parliament and of the Council, with regard to *ex ante* contributions to resolution financing arrangements.

This Delegated Regulation establishes rules which specify:

- The methodology for the calculation and adjustment of the risk profile of institutions, and of the contributions to be paid by institutions to resolution financing arrangements.
- The obligations of institutions as regards the information to provide for the purpose of the calculation of contributions and as regards the payment of contributions to resolution financing arrangements.
- The measures to ensure verification by the resolution authorities that the contributions have been paid correctly.

The scope of application covers the institutions referred to in Article 103, Section 1, of Directive 2014/59/EU and defined in Article 2, Section 1, Item 23. It will also apply to a central body and affiliated institutions on a consolidated basis, where the affiliated institutions are wholly or partially exempted from prudential requirements under national law in accordance with Article 10 of Regulation (EU) No. 575/2013.

Commission Implementing Regulation (EU) 2015/79, of 18 December 2014, amending Commission Implementing Regulation (EU) No. 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No. 575/2013, of the European Parliament and of the Council, as regards asset encumbrance, single data point model and validation rules.

This Implementing Regulation amends Implementing Regulation (EU) No. 680/2014 in order to ensure that supervisory reporting on own funds and own fund requirements, financial information, losses stemming from lending that is collateralised by immovable property, large exposures, the leverage ratio, liquidity and asset encumbrances is carried out uniformly, and to ensure common supervisory data of high quality and precision.

Council Implementing Regulation (EU) 2015/81, of 19 December 2014, specifying uniform conditions of application of Regulation (EU) No. 806/2014, of the European Parliament and of the Council, with regard to *ex ante* contributions to the Single Resolution Fund.

This Implementing Regulation (EU) 2015/81 lays down rules specifying the conditions for implementing the obligation of the Single Resolution Board to calculate the contributions for individual institutions pursuant to Regulation (EU) No. 806/2014 to the Single Resolution Fund and the methodology for the calculation of those contributions.

Commission Implementing Regulation (EU) 2015/227, of 9 January 2015, amending Implementing Regulation (EU) No. 680/2014, laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No. 575/2013, of the European Parliament and of the Council.

This Implementing Regulation (EU) 2015/227 adds further precision to the templates, instructions and definitions used for the purposes of supervisory reporting of institutions in order to ensure correct application of the requirements established in Implementing Regulation (EU) No. 680/2014.

Commission Delegated Regulation (EU) 2015/850, of 30 January 2015, amending Delegated Regulation (EU) No. 241/2014, supplementing Regulation (EU) No. 575/2013, of the European Parliament and of the Council, with regard to regulatory technical standards for own fund requirements for institutions.

This Delegated Regulation is based on the draft regulatory technical standards submitted by the European Banking Authority to the Commission. In this regard, the European Banking Authority has conducted open public consultations on these draft regulatory technical standards, analysed the potential related costs and benefits and requested the opinion of the Banking Stakeholder Group. Commission Delegated Regulation (EU) No. 241/2014 should therefore be amended in the terms contained in this Delegated Regulation.

Firstly, it establishes that the drag on own funds should not be disproportionate in terms of both the distributions on any individual common equity Tier 1 instrument as well as the distributions of the total own funds of the institution. Consequently, this Delegated Regulation defines the concept of a disproportionate drag on own funds and establishes rules which cover both of these concepts.

It also regulates the preferential distributions relating to preferential rights to the payment of distributions, as well as the order of such payments.

B.4 Collective investment schemes and venture capital entities

Regulation (EU) 2015/760, of the European Parliament and of the Council, of 29 April 2015, on European long-term investment funds.

This Regulation establishes uniform rules on the authorisation, investment policies and operating conditions of EU alternative investment firms (EU AIFs), or compartments of EU AIFs that are marketed in the European Union as European long-term investment funds (ELTIFs). Regulation (EU) 2015/760 aims to raise and channel capital towards European long-term investments in the real economy, in line with the EU objective of smart, sustainable and inclusive growth.

This Regulation contains 38 articles that regulate aspects relating to the regime for authorising ELTIFs; the obligations relating to their investment policy; the redemption, trading and issue of units or shares of an ELTIF and distribution of proceeds and capital; transparency requirements; marketing of units or shares of ELTIFs and their supervision regime.

B.5 Central securities depositories and central counterparties

Commission regulatory technical standards and implementing technical standards:

Commission Implementing Regulation (EU) 2015/880, of 4 June, on the extension of the transitional periods related to own fund requirements for exposures to central counterparties set out in Regulations (EU) No. 575/2013 and (EU) No. 648/2012, of the European Parliament and of the Council.

This Implementing Regulation (EU) 2015/880 extends by six months the transitional periods related to own fund requirements for exposures to central counterparties set out in Regulations (EU) No. 575/2013 and (EU) No. 648/2012, of the European Parliament and of the Council.

B.6 European System of Financial Supervision

Commission regulatory technical standards and implementing technical standards:

Commission Delegated Regulation (EU) 2015/514, of 18 December 2014, on the information to be provided by competent authorities to the European Securities Markets Authority pursuant to Article 67, Section 3 of Directive 2011/61/EU, of the European Parliament and of the Council.

This Commission Delegated Regulation (EU) 2015/514 aims to ensure that the information provided by competent authorities pursuant to Article 67, Section 3, of Directive 2011/61/EU is pertinent and capable of supporting an informed assessment.

B.7 ESMA/EBA guidelines and recommendations

European Securities Market Authority (ESMA) Guidelines on alternative performance measures, of 5 October 2015.

These guidelines apply to alternative performance measures specified by issuers or the persons responsible for prospectuses when publishing regulated information or prospectuses (and their supplements) and aim to improve the usefulness and transparency of such measures. Compliance with these guidelines improves the comparability, reliability and/or comprehensibility of alternative performance measures.

European Banking Authority (EBA) Guidelines on the application of simplified objectives under Article 4(5) of Directive 2014/59/EU, of 16 October 2015.

The guidelines referred to in Article 4(5) of Directive 2014/49/EU specify criteria for deciding, in accordance with Article 4(1) of the same Directive, whether the possible adverse effects on financial markets, other entities and financing conditions of an entity ceasing to be viable and being liquidated under ordinary bankruptcy proceedings warrant applying the simplified obligations to the struggling entity. The verdict of the assessment by the competent authority or insolvency authority regarding whether an entity or class of entities would be eligible for simplified obligations could be notified to the entity concerned under the conditions of professional secrecy applying in the Member State concerned.

B.8 Other legislation

Regulation (EU) 2015/848, of the European Parliament and of the Council, of 20 May 2015, on insolvency proceedings.

This Implementing Regulation (EU) 2015/848 is mainly aimed at improving the efficiency and effectiveness of cross-border insolvency proceedings.

Commission regulatory technical standards and implementing technical standards:

Commission Delegated Regulation (EU) 2015/2, of 30 September 2014, supplementing Regulation (EC) No. 1060/2009, of the European Parliament and of the Council, with regard to regulatory technical standards for the presentation of the information that credit rating agencies make available to the European Securities and Markets Authority.

This Commission Delegated Regulation (EU) 2015/2 determines the information which credit rating agencies are required to send to ESMA in order to comply with the provisions of Regulation (EC) No. 1060/2009.

In this regard, it establishes that registered and certified credit rating agencies, when issuing a credit rating or a rating outlook, must submit rating information to ESMA. In turn, ESMA will publish information on these ratings on a public website known as the European Rating Platform (ERP).

With this aim, the Annex of this Delegated Regulation provides for the data which must be reported regarding each credit rating.

Composition of the CNMV Board as at 30 April 2016

Chairperson	Ms María Elvira Rodríguez Herrer
Vice-Chairperson	Ms Lourdes Centeno Huerta
Board Members	Mr Fernando Restoy Lozano (Bank of Spain Deputy Governor)
	Ms Rosa María Sánchez-Yebra Alonso (Secretary General of the Treasury and Financial Policy)
	Mr Juan Manuel Santos-Suárez Márquez
	Ms Beatriz Gloria Viana Miguel
Secretary	Mr Fabio Pascua Mateo

Composition of the CNMV Executive Committee as at 30 April 2016¹

Chairperson	Ms María Elvira Rodríguez Herrer
Vice-President	Ms Lourdes Centeno Huerta
Board Members	Mr Juan Manuel Santos-Suárez Márquez
	Ms Beatriz Gloria Viana Miguel
Secretary	Mr Fabio Pascua Mateo

1 The creation, constitution and functions of the Executive Committee are regulated by Article 18 of the Securities Market Act 24/1988, of 28 July, as amended by Law 44/2002, of 22 November, on Measures to Reform the Financial System.

Composition of the CNMV Advisory Committee as at 30 April 2016²

Chairperson Ms Lourdes Centeno Huerta

Secretary Mr Fabio Pascua Mateo

Technical Secretary Mr Víctor Rodríguez Quejido

Members

Representatives of market infrastructures

Member Mr Jaime Aguilar Fernández-Hontoria

Alternate Mr Ignacio Olivares Blanco

Member Mr Jorge Yzaguirre Scharfhausen

Alternate Mr Gonzalo Gómez Retuerto

Member Ms Ana Ibáñez Díaz-Bustamante

Alternate Mr Ignacio Solloa Mendoza

Representatives of issuers

Member Ms María Luz Medrano Aranguren

Alternate Mr Íñigo Elorriaga Fernández de Arroyabe

Member Mr Francisco Javier Zapata Cirugeda

Alternate Mr Rafael Piqueras Bautista

Representatives of investors

Member Mr Ángel Martínez-Aldama Hervás

Alternate Ms Virginia Arizmendi Ortega

Member Ms Elisa Ricón Holgueras

Alternate Ms Pilar Lluesma Rodrigo

Member Mr Manuel Pardos Vicente

Alternate Ms Ana María Solanas Forcada

Member Mr Fernando Herrero Sáez de Eguilaza

Alternate Mr Santiago Pérez Beltrán

Representatives of credit institutions and insurance companies

Member Mr Javier Rodríguez Pellitero

Alternate Mr Juan Basurto Solaguren-Beascoa

Member Mr José María Méndez Álvarez-Cedrón

Alternate Mr Antonio Jesús Romero Mora

Member Ms Cristina Freijanes Presmanes

Alternate Ms Zorione Arregui Elkorobarrutia

Member Ms Pilar González de Frutos

Alternate Ms María Aránzazu del Valle Schaan

Representatives of professional associations

Member	Mr Rafael Antonio Sanmartín Argos
Alternate	Mr Valentín Pich Rosell
Member	Mr Carlos Tusquets Trías de Bes
Alternate	Mr Santiago Satrustegui Pérez de Vilaamil
Member	Mr Fernando Vives Ruiz
Alternate	Mr Javier García de Enterría y Lorenzo-Velázquez

Representatives of the Investment Guarantee Fund

Member	Mr Ignacio Santillán Fraile
Alternate	Mr José Ignacio García-Junceda Fernández

Representatives of the Autonomous Regions with an official secondary market

<i>Basque Country</i>	
Member	Mr Juan Miguel Bilbao Garay
Alternate	Ms Zuriñe Embid Zubiria
<i>Catalonia</i>	
Member	Mr Josep María Sánchez i Pascual
Alternate	Ms Alba Currià Reynal
<i>Valencia</i>	
Member	Mr Francisco Álvarez Molina
Alternate	Mr Vicente Monfort Mir

CNMV organisational chart



