



Annual Report 2021



CNMV Annual Report 2021

Comisión Nacional del Mercado de Valores

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Abbreviations

AA. PP.	Public administration service
ABS	Asset-Backed Security
AIAF	Spanish Market in Fixed-income Securities
AIF	Alternative Investment Fund
ANCV	Spanish National Numbering Agency
APA	Approved Publication Arrangement
APR	Annual Percentage Rate
ASCRI	Spanish Venture Capital & Private Equity Association
AV	Broker
BIS	Bank for International Settlements
BME	Spanish Stock Markets and Financial Systems
CADE	Public Debt Book-entry Trading System
CC. AA.	Autonomous regions
CCP	Central Counterparty
CDS	Credit Default Swap
CFA	Atypical financial contract
CFD	Contract For Differences
CISMC	CIS Management Company
CNMV	(Spanish) National Securities Market Commission
CP	Crowdfunding Platform
CS	Customer Service
CSD	Central Securities Depository
CSRD	Central Securities Depositories Regulation
DLT	Distributed Ledger Technology
EAF	Financial advisory firm
EBA	European Banking Authority
EBITDA	Earnings Before Interest Taxes, Depreciation and Amortisation
EC	European Commission
ECA	Credit and savings institution
ECB	European Central Bank
ECR	Venture capital firm
EFAMA	European Fund and Asset Management Association
EFSM	European Financial Stabilisation Mechanism
EICC	Closed-ended collective investment company
EIOPA	Occupational Pensions Authority
EIP	Public interest entity
EMIR	European Market Infrastructure Regulation
EMU	Economic and Monetary Union
ESFS	European System of Financial Supervision
ESMA	European Securities and Markets Authority
ESRB	European Systemic Risk Board
ETF	Exchange Traded Fund
EU	European Union
EUSEF	European Social Entrepreneurship Fund
FICC	Closed-ended collective investment fund
FII	Real estate investment fund
FIN-NET	Financial Dispute Resolution Network
FINTECH	Financial Technology
FOGAIN	Investment Guarantee Fund

FRA	Forward Rate Agreement
FROB	Spanish Executive Resolution Authority
FSB	Financial Stability Board
FTA	Asset securitisation fund
FTH	Mortgage securitisation fund
GDP	Gross Domestic Product
HF	Hedge Fund
HFT	High Frequency Trading
IAGC	Annual corporate governance report
IARC	Annual report on director remuneration
IAS	International Accounting Standards
ICIS	Collective investment company/scheme
ICO	Initial Coin Offering
IF	Investment Firm / Investment Fund
IFRS	International Financial Reporting Standards
IIMV	Ibero-American Securities Market Institute
IMF	International Monetary Fund
IOSCO	International Organization of Securities Commissions
IPO	Initial Public Offering (for sale/subscription of securities)
IPP	Periodic public information
IRR	Internal Rate of Return
ISIN	International Securities Identification Number
KIID/KID	Key Investor Information Document
Latibex	Market of Latin American Securities
LEI	Legal Entity Identifier
LIIC	Spanish Collective Investment Companies Act
LMV	Spanish Securities Market Act
MAB	Alternative Stock Market
MAD	Market Abuse Directive
MAR	Market Abuse Regulation
MARF	Alternative Fixed-Income Market
MBS	Mortgage Backed Securities
MEFF	Spanish Financial Futures Market
MFP	Maximum Fee Prospectus
MiFID	Markets in Financial Instruments Directive
MiFIR	Markets in Financial Instruments Regulation
MOU	Memorandum Of Understanding
MREL	Minimum Requirement for Own Funds and Eligible Liabilities
MTF	Multilateral Trading Facility
MTS	Market for Treasury Securities
NCA	National Competent Authority
NDP	National Domestic Product
OECD	Organisation for Economic Cooperation and Development
OIS	Overnight Indexed Swaps
OTC	Over The Counter
OTF	Organised Trading Facility
PER	Price-to-Earnings Ratio
PRIIP	Packaged Retail and Insurance Based Investment Product
PUI	Loan of last resort
RAROC	Risk-Adjusted Return On Capital
REIT	Real Estate Investment Trust
RENADE	Spanish National Registry for Greenhouse Gas Emission Allowances
RFQ	Request For Quote
ROA	Return On Assets
ROE	Return On Equity
SAMMS	Advanced Secondary Market Tracking System
SAREB	Asset Management Company for Assets Arising from Bank Restructuring

SENAF	Electronic Trading Platform for Spanish Government Bonds
SEND	Electronic Debt Trading System
SEPBLAC	The Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences
SGC	Portfolio management company
SGECR	Venture capital firm management company
SGEIC	Closed-ended investment scheme management company
SGFT	Asset securitisation fund management company
SIBE	Electronic Spanish Stock Market Interconnection System
SICAV	Open-ended collective investment company
SICC	Closed-ended collective investment company
SII	Real estate investment company
SIL	Hedge fund with legal personality
SME	Small and Medium Enterprise
SNCE	National Electronic Clearing System
SPV/SFV	Special purpose/financial vehicle
SRB	Single Resolution Board
SREP	Supervisory Review and Evaluation Process
STOR	Suspicious Transaction and Order Report
SV	Broker-dealer
T2S	Target2-Securities
TER	Total Expense Ratio
TOB	Takeover Bid
TRLMV	Recast text of the Spanish Securities Market Act
TVR	Theoretical Value of the Right
UCITS	Undertaking for Collective Investment in Transferable Securities
VCF	Venture Capital Firm / Venture Capital Fund
XBRL	Extensible Business Reporting Language

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I Securities markets and their agents

I.1 Economic and financial environment

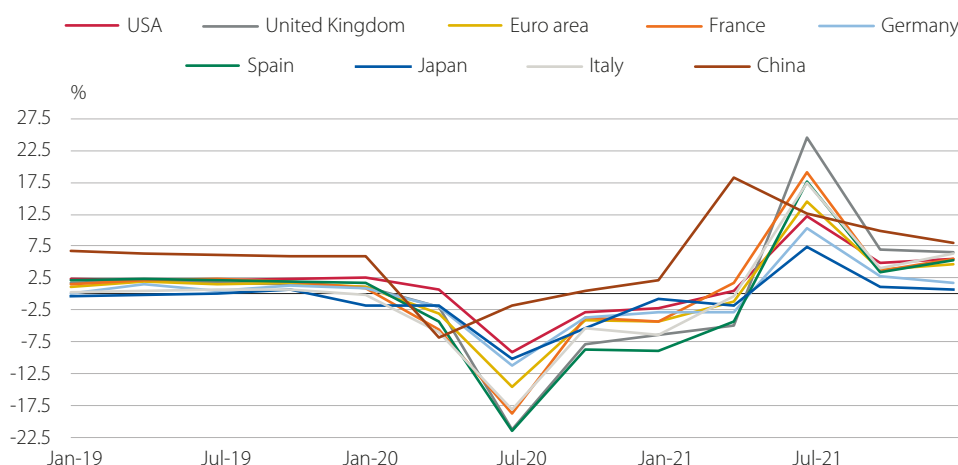
The development of the economic and financial environment is key in the generation of savings and investment flows of the agents that participate in the financial system and determines the evolution of important aspects within the scope of supervision of the CNMV, in particular, of financial markets and their infrastructures and non-bank financial intermediaries. The economic environment in 2021 was characterised by a strong recovery in economic activity on an international scale after the crisis associated with the pandemic, although with differences between countries and punctuated by the appearance of uncertainties of various kinds throughout the year. The financial environment showed signs of this economic recovery, with widespread increases in the prices of financial assets being observed.

I.1.1 Economic environment: uneven and uncertain recovery

The 2021 financial year was marked by an intense economic recovery on a global scale after the COVID-19 crisis that began in 2020, basically underpinned by the massive vaccination campaigns and public policies to support economies, but with an uneven profile among countries and being cut short at the end of the year in a context of new uncertainties. Growth was of different intensity among jurisdictions, with the advances of China (8.1%), the United Kingdom (7.5%), France (7%) and the United States (5.7%) standing out positively and Japan (1.7%) and Germany (2.9%) negatively. The advance of the Spanish economy was 5.1%. This unevenness was related not only to the degree to which each economy was affected by the pandemic depending on its production model, but also to the proliferation of unexpected difficulties and risk elements at the beginning of the year, which led to growth forecasts being scaled back considerably. These elements, which are still present, were linked to problems in some supply chains, the sharp rise in the price of raw materials – including oil –, the appearance of new variants of the virus that gave rise to additional restrictions on economic activity and, finally, the intensification of some geopolitical conflicts.

GDP: annual change¹

FIGURE I.1.1.1

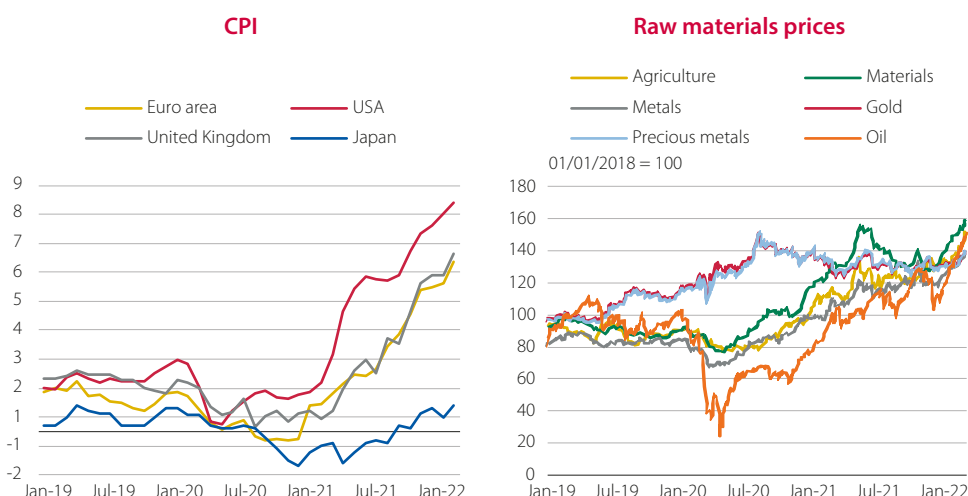


Source: Refinitiv Datastream. (1) Year-on-year GDP rates are shown for each quarter in all economies except China, for which YTD growth rates are shown in YoY terms.

The sharp increase in the price of raw materials and oil, together with the bottlenecks in production and supply, because of the restrictions caused by the pandemic, pushed inflation rates to maximum levels not seen for years in most economies. The fact that the increase in prices originated essentially from the energy component initially gave rise to hopes that it would not last long. But the inflationary factors persisted and other elements were added, such as the intensification of geopolitical conflicts and the consequent supply problems, which accelerated inflation. The spikes in general inflation rates, which reached highs well above 5% at the end of the year in economies such as the United States, the euro area and the United Kingdom (see Figure I.1.1.2), were followed by increases in core inflation, giving signs of inflationary pressure that was spreading to other goods and services. In the United States, other price indicators such as wages also began to show notable increases.

Price indices

FIGURE I.1.1.2



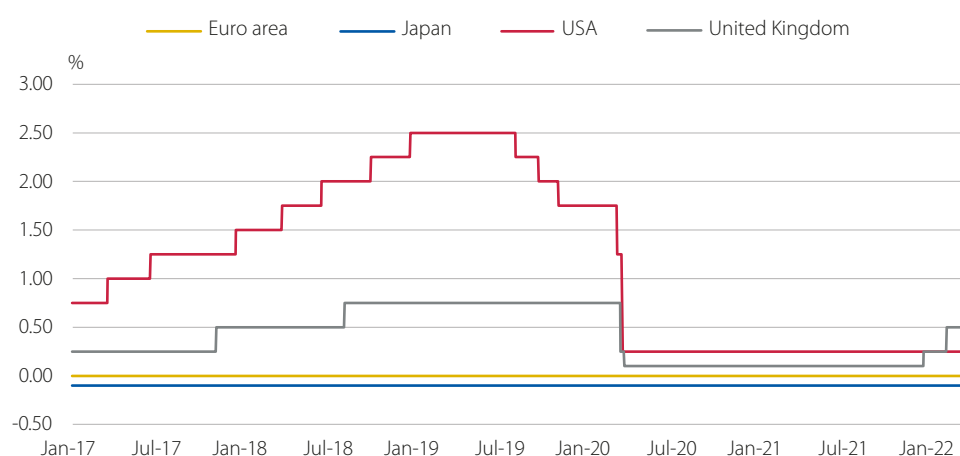
Source: Refinitiv Datastream.

The change in the global inflation outlook made central banks more inclined to reduce the broadly expansive tone of monetary policy. In fact, at the end of the year the first movements in official interest rates were observed, with the Bank of

England's decision to raise rates by 15 basis points (bp), to 0.25% (see Figure I.1.1.3). In the first few months of 2022 it increased them again, twice, to 0.75%. The US Federal Reserve, for its part, raised its interest rates by an initial 25 bp in March and also ended its bond purchase programme as it perceived greater risks in the rebound in inflation in the economy. Subsequently, in May it increased the official interest rate by another 50 bp to the range of 0.75-1.0% and announced that it would begin reducing its balance sheet at the beginning of June.¹ Finally, the European Central Bank (ECB) did not alter its interest rates, but in December 2021 it agreed that in March 2022 it would end net purchases under its Pandemic Emergency Purchase Programme (PEPP) as it considered that the programme had already achieved the objective of counteracting the impact of the pandemic on inflation in the medium term. It also announced that it would slow the pace of net acquisitions under the asset purchase programme (APP) in the second and third quarter of 2022. In March 2022, it decided to make third quarter purchases conditional upon new data. These latest changes occurred in a context in which the ECB Governing Council announced that it expected higher levels of inflation for longer and that it was prepared to adjust all its instruments appropriately. Despite this, its most recent forecast – from March 2022 – on the evolution of inflation continues to point to a considerable moderation in inflation, from an average of 5.1% in 2022, to 2.1% in 2023 and 1.9% in 2024.

Key policy rates

FIGURE I.1.1.3



Source: Refinitiv Datastream.

The Spanish economy experienced an intense recovery in its activity after the COVID-19 crisis, although it showed somewhat less progress than some neighbouring economies. Thus, GDP grew by 5.1% in 2021, below the recovery of other economies such as France and Italy (7% and 6.6%, respectively) although more than Germany (2.9%). The productive model of the Spanish economy, oriented towards the provision of services and, within these, those related to tourism, was particularly affected by the pandemic, which last year greatly reduced the flow of travellers and the mobility of the population in general and led to a strong increase in the consumption of goods, to the detriment of services. All in all, the growth of activity in Spain was intense in 2021, with a strong recovery during the second half, and

¹ Following the 50 bp hike in interest rates, the Fed's biggest rate hike in more than two decades, further rate hikes are anticipated during the year.

both domestic and foreign demand contributed positively (4.7 percentage points [pp] and 0.5 pp respectively). This environment of recovery in activity was accompanied by a process of significant job creation (7.2% in the year) and, consequently, by a decrease in the unemployment rate (down to 13.3% in the fourth quarter). Inflation rebounded considerably throughout the year, with a maximum level since 1992 in December, standing at 6.6%.² The inflation differential with the euro area widened in 2021 from -0.3 pp to 1.6 pp

Key variables of the Spanish economy (growth rates)

TABLE I.1.1.1

%	2017	2018	2019	2020	2021
GDP	3.0	2.3	2.1	-10.8	5.1
Private consumption	3.0	1.8	0.9	-12.2	4.7
Public consumption	1.0	2.3	2.0	3.3	3.1
Gross fixed capital formation, of which:	6.8	6.3	4.5	-9.5	4.3
Construction	6.7	9.5	7.1	-9.6	-2.8
Capital goods	9.2	4.6	3.2	-12.1	15.7
Exports	5.5	1.7	2.5	-20.1	14.7
Imports	6.8	3.9	1.2	-15.2	13.9
Foreign sector (contribution to growth, pp)	-0.2	-0.6	0.5	-2.2	0.5
Employment ¹	2.8	2.2	2.6	-7.6	6.6
Unemp. rate (% active population)	17.2	15.3	14.1	15.5	14.8
Consumer price index	2.0	1.7	0.8	-0.3	3.1
Current account balance (% of GDP)	2.8	1.9	2.1	0.8	1.0
Public authorities balance administrations (% of GDP)	-3.0	-2.6	-3.1	-10.3	-6.9

Source: Ministry of Economy and Competitiveness, Refinitiv Datastream and European Commission. Annual change unless otherwise stated. (1) Full-time equivalent (FTE) jobs.

The recovery of economic activity in 2021 translated into a strong increase in the earnings of listed non-financial companies. These went from aggregate losses of €100 million in 2020, due to the crisis associated with the pandemic, to profits of more than €31.28 billion in 2021 (see Table I.1.1.2). In absolute terms, the greatest increases occurred in the trade and services sector and in energy companies. Close to 80% of the companies presented a better result than the previous year, in some cases of a very high amount. Despite this general improvement, 25% of companies still had a negative result in 2021 as a whole. The level of company debt increased by 6.2% but was consistent with a decrease in the leverage ratio due to a greater expansion of company equity.

Profit/(loss) by sector: non-financial listed companies

TABLE I.1.1.2

Millions of euros

	Operating profit		Profit before tax		(Consolidated) profit for the year	
	2020	2021	2020	2021	2020	2021
Energy	7,629	17,595	5,301	16,397	3,406	11,469
Manufacturing	3,271	7,572	2,672	6,800	1,972	5,041
Trading and services	-4,037	11,986	-7,438	8,853	-6,777	7,818
Construction and real estate	3,352	5,854	1,603	3,935	1,296	6,955
Aggregate total	10,215.5	43,006.7	2,138.4	35,984.2	-101.3	31,283.5

Source: CNMV.

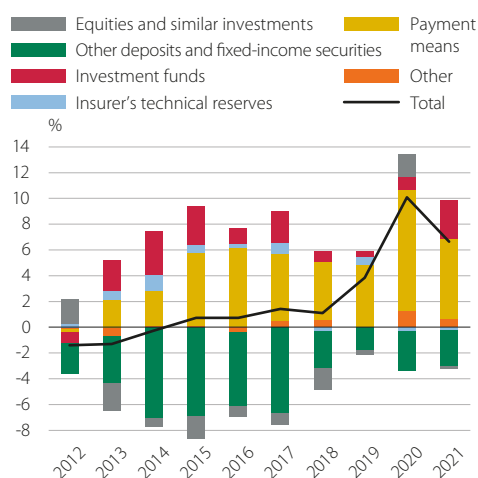
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The household savings rate decreased in 2021 but remained higher than before the pandemic. Consumption was partially reactivated because of the lifting of some of the restrictions imposed during the pandemic. At the end of the year, the household savings rate stood at 11.4% of disposable income, below the historical maximum registered in the first quarter of the year (16.3%) and also below the average savings of households in the euro area (see Figure I.1.1.4). The fall in savings, in turn, was reflected in the volume of investment in financial assets, which was notable (6.6% of GDP), but lower than the previous year. The investment pattern was similar to that observed since 2013 and was characterised by a shift out of term deposits and fixed-income securities and into means of payment (cash and demand deposits) and investment funds. This pattern is partially due to the context of low interest rates and the scarcity of attractive alternatives for investors. A fraction of the portfolio of these investors is held in very liquid, safe and low-yield assets, while another fraction is being allocated to assets that exhibit a higher level of risk, such as certain categories of mutual funds and other types of assets.

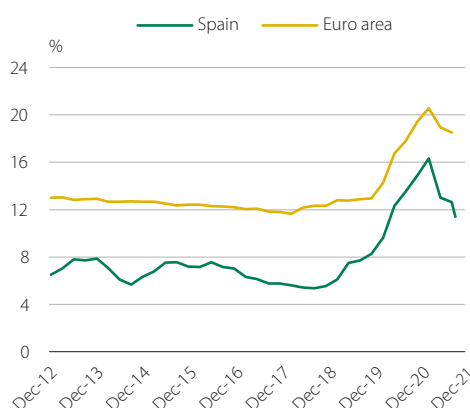
Households

FIGURE I.1.1.4

Net acquisition of financial assets (% of GDP)



Savings (% of disposable income)



Source: Refinitiv Datastream and Bank of Spain.

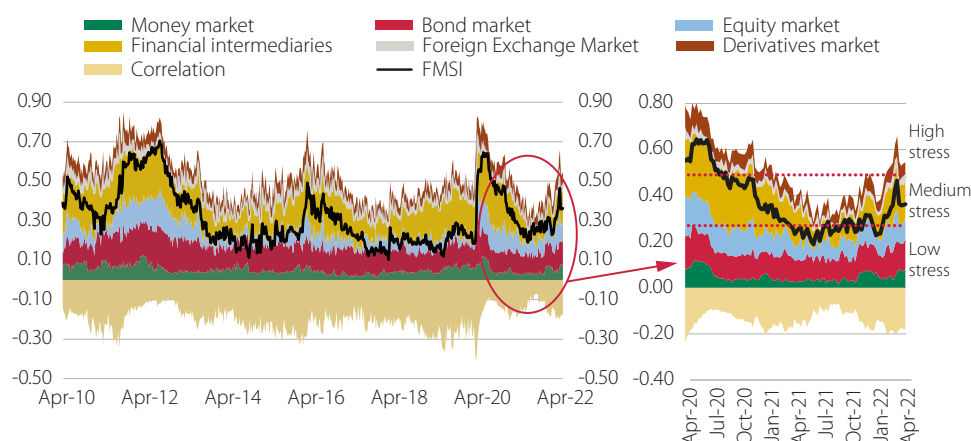
I.1.2 Financial environment: ups and downs

Stock market appreciations at the beginning of 2021 moderated in the second half of the year in a context of new uncertainties, led by geopolitical risk. In the first months of the year, the confirmation of generalised economic growth linked to advances in vaccination gave rise to significant stock market revaluations. However, in the second half of the year, the growing risk of inflation, together with the rest of the uncertainties mentioned in the previous section, tended to attenuate the intensity of the revaluations, although they continued to be significant, even in the fourth quarter of the year, in the midst of the sixth wave of coronavirus infections. Stock market appreciations in 2021 were above 20% in many of the advanced economies. In the first months of 2022, the markets suffered from increased uncertainty and volatility due to: i) the worsening of the risk of inflation, ii) the invasion of Ukraine by Russia, which was confirmed at the end of February, and iii) the restrictions imposed in China due to the increase in cases of COVID-19 and its possible consequences for demand and global growth. At the closing date of this report, stock market indices continue to show significant declines in prices and increases in volatility³ compared to the values observed in 2021.

The level of stress in the Spanish financial markets improved notably at the beginning of the year, although uncertainties once again weighed in the second half. The market stress indicator,⁴ which began 2021 at levels of 0.33 – which corresponds to a medium stress regime –, registered decreases until reaching the minimum level at the beginning of June, standing at 0.19 (low stress). Subsequently, the level of stress increased again and fluctuated at medium levels (0.32 in November and 0.23 at the end of the year), with only the fixed income segment standing out for its higher level (0.46). The financial intermediaries segment showed a notable improvement, from 0.75 to 0.35, as a result, above all, of the recovery in bank prices and their lower volatility. At the beginning of 2022, the stress level increased significantly (0.46), at the height of the uncertainty following the Russian invasion of Ukraine, which has led to falls in asset prices and notable increases in volatility. Currently, the risk remains at medium levels.

3 At 30 April, the decline in indices ranged from 1.5% to 11.5% for European indices and from 9.2% to 21.2% for US indices.

4 The stress indicator calculated by the CNMV provides a real-time measure of systemic risk in the Spanish financial system ranging from zero to one. To do this, it evaluates stress in six segments of the financial system and makes an aggregate, obtaining a single figure that takes into account the correlation between these segments. Econometric estimates indicate that index values below 0.27 correspond to periods of low stress, while scores between 0.27 and 0.49 correspond to periods of medium stress, and values above 0.49 indicate periods of high stress. For further details on recent movements in this indicator and its components, see the publication *Financial Stability Note*, and the CNMV's statistical series (market stress indicators), available at <http://www.cnmv.es/portal/menu/Publicaciones-Estadisticas-Investigacion.aspx>. For more information on the methodology of this index, see Cambón, M.I. and Estévez, L. (2016). "A Spanish Financial Market Stress Index (FMSI)". *Spanish Review of Financial Economics*, Vol. 14, No. 1, pp. 23-41 or as CNMV Working Paper No. 60 (http://www.cnmv.es/DocPortal/Publicaciones/MONOGRAFIAS/Monografia_60_en.pdf).



Source: CNMV.

For their part, the stock indices of the international markets of the advanced economies showed significant revaluations throughout the year, in a context of low volatility. The most intense advances were observed in the first months of 2021 (see Table I.1.2.1) and, later, they were somewhat more attenuated and irregular between regions, but, in any case, notable. In the United States, significant increases were recorded in the year: 18.7% for the Dow Jones and 26.9% for the S&P 500. In Japan, gains were more modest (4.9% for the Nikkei 225 and 10.4% for the Topix index). For its part, in Europe, annual increases ranged between 15.8% for the Dax 30 and 28.9% for the Cac 40, except for the Spanish index, whose increase was more modest than that of its European neighbours (7.9%). The worse relative performance of the Ibex 35 has to be seen in the context of less intense economic recovery and the greater weight in the Spanish market of companies and sectors most affected by the COVID-19 crisis. Volatility indicators remained at relatively low levels, as did liquidity indicators. Trading volumes behaved unevenly, with increases on US, Japanese and some European markets and decreases on others.⁵

⁵ Among the international markets that showed growth in trading volumes, those of the United States, Canada and Japan stood out, advancing by 11.4%, 6.4% and 8.3% respectively. In the case of the European markets Euronext and the Italian market advanced by 5.7% and 1.3% respectively, while downturns reached 9.8% on the London stock market, 11.9% on the Spanish market and 12.6% on the German market.

Performance of the main stock market indices¹

TABLE I.1.2.1

%	2018	2019	2020	2021	Mar-21	Jun-21	Sep-21	Dec-21
World								
MSCI World	-10.4	25.2	14.1	20.1	4.5	7.3	-0.4	7.5
Euro area								
Eurostoxx 50	-14.3	24.8	-5.1	21.0	10.3	3.7	-0.4	6.2
Euronext 100	-11.2	24.9	-3.6	23.4	8.3	5.8	0.9	6.7
Dax 30	-18.3	25.5	3.5	15.8	9.4	3.5	-1.7	4.1
Cac 40	-11.0	26.4	-7.1	28.9	9.3	7.3	0.2	9.7
Mib 30	-16.1	28.3	-5.4	23.0	10.9	1.8	2.3	6.5
Ibex 35	-15.0	11.8	-15.5	7.9	6.3	2.8	-0.3	-0.9
United Kingdom								
FTSE 100	-12.5	12.1	-14.3	14.3	3.9	4.8	0.7	4.2
United States								
Dow Jones	-5.6	22.3	7.2	18.7	7.8	4.6	-1.9	7.4
S&P 500	-6.2	28.9	16.3	26.9	5.8	8.2	0.2	10.6
Nasdaq-Cpte	-3.9	35.2	43.6	21.4	2.8	9.5	-0.4	8.3
Japan								
Nikkei 225	-12.1	18.2	16.0	4.9	6.3	-1.3	2.3	-2.2
Topix	-17.8	15.2	4.8	10.4	8.3	-0.5	4.5	-1.9

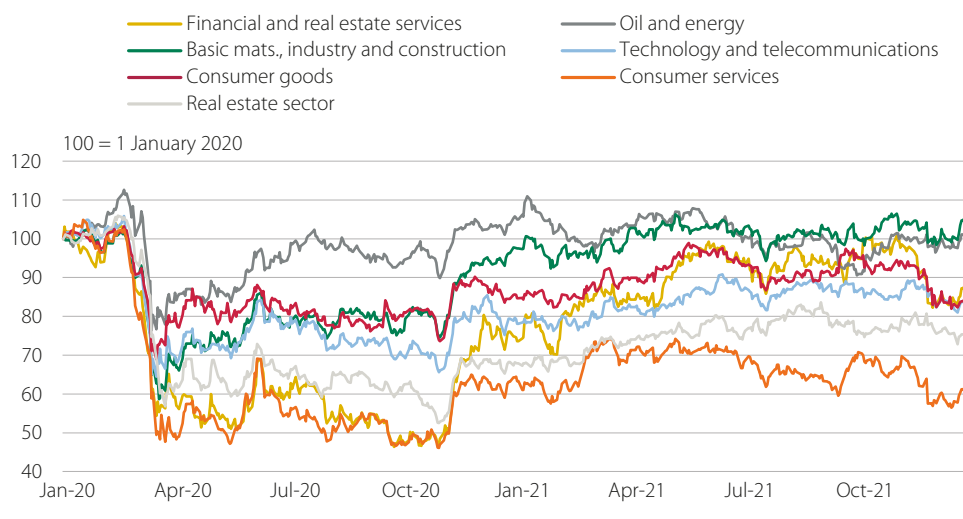
Source: Refinitiv Datastream. (1) In local currency. Data up to 31 December.

The General Index of the Madrid Stock Exchange (IGBM) performed positively over the year as a whole, albeit very unevenly among the sectors composing it. Most of them started the year with increases which petered out as the year went by due to the appearance of information that forced a downward revision of expected growth and the worsening of the pandemic. In the last quarter, some sectors experienced losses close to 10%. In the year as a whole, the advance of the banking sector stood out (20.3%), favoured by the lifting of restrictions on the distribution of dividends, as well as by the prospects of changes in monetary policy and, to a lesser extent, of the real estate service companies (13%). The revaluation of companies in the technology and telecommunications sector also stood out (9%), as did that of those in the raw materials, manufacturing and construction sector (9.3%). On the other hand, the annual balance of the oil and energy sector showed falls of 1.6%, driven to a certain extent by regulatory changes and, in the same way, share prices in the consumer services sector also decreased (-1.9%), although the recovery of companies related to leisure, tourism and hospitality (27.5%) should be mentioned within the latter.

Sector performance on the Madrid Stock Exchange

FIGURE I.1.2.2

Securities markets
and their agents
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environment

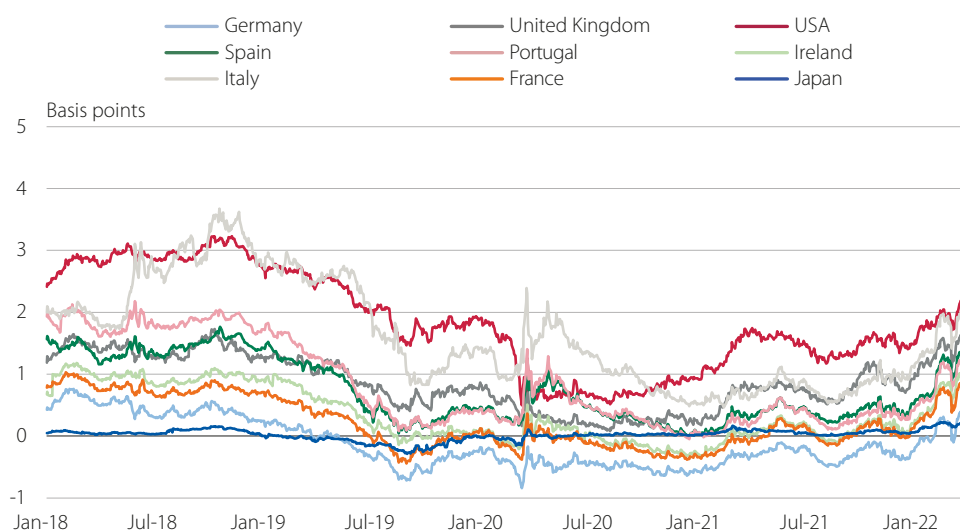


Source: Refinitiv Datastream.

The debt markets evolved in line with the eminently expansive monetary policy, although keenly aware of the possibility of a reversal of policy due to the rise in inflation. In the euro area, short-term interest rates remained at very low levels, while there were increases in longer term rates, especially in the first half of the year and at the end of the year (see Figure I.1.2.3). Despite this, long-term government bond yields in this area remained low in historical terms,⁶ while in the United States and the United Kingdom they were at somewhat higher levels. In Spain, the yield on the 10-year sovereign debt bond ended 2021 at 0.60%, 54 bp more than in 2020.

10-year government bond yields

FIGURE I.1.2.3



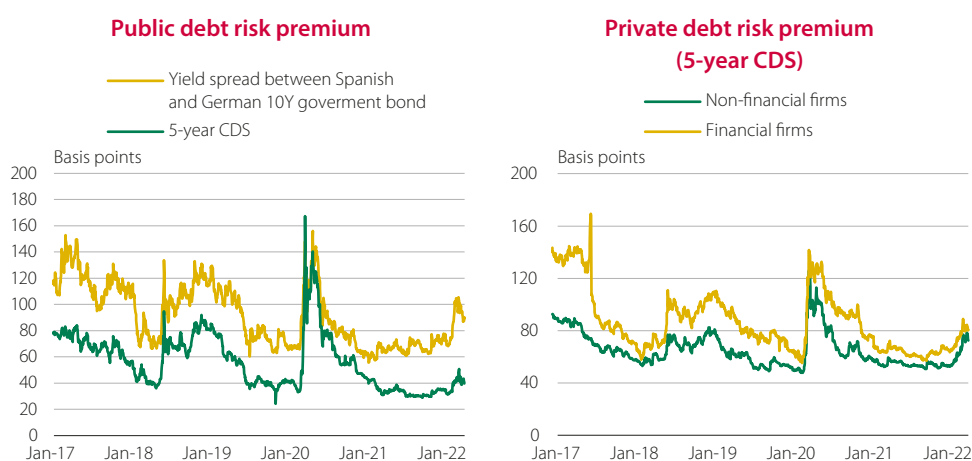
Source: Refinitiv Datastream.

⁶ At the end of December 2021, they stood below 0% in Germany and the Netherlands, between 0% and 1% in Austria, Finland, Ireland, Portugal, Spain, France and Belgium, and above 1% in Italy and Greece.

In Spain, the risk premiums of the public and private sectors remained at low levels during 2021. The various debt purchase programmes of the ECB contributed to the stability of these premiums. However, in the case of the sovereign debt risk premium, a slight increase was observed in the final stretch of the year, which is partly explained by the rise in inflation and the growing expectations of a tightening of the ECB's monetary policy. The annual balance of the risk premium was slightly upward (by 14 bp to 77 bp), with its increase reaching levels similar to those observed in countries such as France, Ireland and Belgium and in a medium range with respect to other European economies (where they ranged between 3 bp in Portugal and 29 bp in Greece). The risk premiums of private sector entities also showed a slight increase in the last weeks of 2021, but the annual balance was down (by 12 bp in the case of financial entities and 6 bp in non-financial entities). In the first months of 2022, the upward trend in risk premiums in the different sectors continued, in a context of much higher uncertainty, although far from that observed in other periods of crisis (see Figure I.1.2.4).

Spanish debt asset risk premiums

FIGURE I.1.2.4



Source: Refinitiv Datastream.

I.1.3 Risks and uncertainties

The forecasts of the International Monetary Fund (IMF) published in April this year point to a slowdown in the pace of growth worldwide: from 6.1% in 2021 to 3.6% in 2022 and 2023. The reduction in the expected forecast for this year, of almost 1 percentage point with respect to the January forecast, had its origin, above all, in the lower growth forecast for the European economies that are more dependent on imports from Russia: Germany (-1.7 pp) and Italy (-1.5 pp) and in the expected contraction of Russia's GDP (-8.5%, compared to the increase of 4.7% in 2021). In a scenario of higher and more persistent inflation, the IMF forecasts growth of 3.3% in 2022 and 2.4% in 2023 for the advanced economies (5.2% in 2021) and 3.8% in 2022 and 4.4% in 2023 for the emerging economies (6.8% in 2021). It expects growth of the Spanish economy to slow from just over 5% in 2021 to 4.8% in 2022 and 3.3% in 2023. These forecasts are 1.0 and 0.5 pp lower than those published in January.

This forecast scenario of a slowdown in the recovery path, which is conditioned by the materialisation of some very considerable risks, shows a high degree of uncertainty. The most important risk is undoubtedly related to the invasion of

Ukraine by Russia and all the direct and indirect effects that derive from it. The most immediate economic effects have to do with a strong increase in energy prices, which is added to those already registered in past months and which determines a higher growth of inflation and for a longer time. In addition, the economic and financial sanctions imposed on Russia will mean a significant decrease in the activity of that economy, but also for its European neighbours. What is decided about the import of gas and oil will be particularly relevant. In the longer term, the effects on world trade and, in particular, on the supply of raw materials other than energy are yet to materialise. In this scenario, the action framework of central banks has become especially complex, especially in Europe, as they face a historic increase in inflation as a result of a supply shock and, in addition, a high risk of lower growth, which would notably hinder monetary policy decisions.

Other risks that continue to be important but have, to a certain extent, taken a back seat, have to do with:

- i) The evolution of the pandemic itself, which, with low percentages of the population vaccinated in some countries, may continue to generate new strains of the virus with significant consequences for the world population.
- ii) Prolongation of supply chain problems and mismatches between supply and demand (more geared towards goods than services in the context of the pandemic). These imbalances harm both the evolution of inflation and the recovery of activity in the short term.

The Spanish economy shows some strengths in relation to previous crises, but also its own elements of uncertainty. The strengths have to do with the absence of significant imbalances in areas such as the real estate market or foreign financing, unlike in the previous crisis. Similarly, the financial strength of credit institutions and the fact that business debt is being refinanced at low fixed rates. However, the evolution of activity, which is still suffering from the effects of COVID-19, must face in the short term the effects of the war between Russia and Ukraine, in a context of medium-term consolidation of public accounts in which it is important to be efficient in the use of funds linked to the Next Generation EU (NGEU) programme.

I.2 Markets and issuers

The proper functioning of the financial markets and their infrastructures is essential for issuers to have appropriate financing alternatives that complement the traditional means of financing through the banking system. These financing alternatives through the capital markets are made up, among others, of equity, fixed income and derivative assets. In 2021, a mixed evolution of the financing of companies in the markets was observed, with increased equity financing and decreases in debt issues. Financial asset prices recovered in general terms, in a context of recovering economic growth, but trading levels remained modest compared with previous years.

I.2.1 Equity markets

Overview

The evolution of the international and national financial markets reflected the state of the pandemic and the recovery of economic growth as the vaccination process got under way. As indicated in Chapter I.1, international stock markets ended the year with significant revaluations, in excess of 20% in most advanced economies. In Europe, the annual stock market advances were between 14.3% (FTSE 100) and 28.9% (Cac 40), except for the Ibex 35, which showed the most modest revaluation of this group (7.9%). In the United States, increases of between 18.7% for the Dow Jones and 26.9% for the S&P 500 were observed, while in Japan the increases were 4.9% for the Nikkei 225 and 10.4% for the Topix. In general, the indices with greater concentrations of technology or health-related companies posted higher returns. Volatility indicators remained at relatively low levels, as did liquidity indicators. Trading volumes behaved unevenly, with increases on US and Japanese markets and on some European markets and decreases on others.¹

The capitalisation of the main international equity markets grew with respect to the size of their economies, thanks to the significant share price revaluations. However, trading volumes, measured in the same terms, performed more unevenly, with downturns in the case of the European markets (see Table I.2.1.1).

¹ See the previous chapter for further details.

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

TABLE I.2.1.1

	Market capitalisation ¹		Trading volume	
	2020	2021	2020	2021
United States ²	216.4	227.2	244.1	247.5
Canada	158.6	166.6	119.9	112.7
China ³	121.5	110.6	230.1	244.5
Japan	132.6	138.6	125.1	134.4
London Stock Exchange ⁴	109.8	115.9	59.1	48.6
Euronext ⁵	115.8	144.8	57.0	55.1
Germany	59.8	61.9	57.9	47.2
Italy ⁴	36.7	43.2	36.6	34.4
Spain	51.7	52.7	38.1	30.2

Source: World Federation of Exchanges; London Stock Exchange Group; Eurostat; statistical offices of the United States, Canada, China and Japan 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) Although Borsa Italiana was integrated into the LSE Group in 2010, here the ratios of capitalisation and trading to GDP corresponding to each country are provided separately. (5) The denominator is the sum of the nominal GDP of France, the Netherlands, Belgium, Portugal and Ireland.

Listed companies and capitalisation

The scarcity of IPOs is a phenomenon that has been observed for years, in the world generally and in Europe in particular for various reasons, and which poses significant challenges. An equity market with critical mass that encourages investors to invest in companies and enables companies to raise capital is important for the financial system to play its role effectively. It leads to companies obtaining more of their financing through the market and reducing their dependence on bank financing, bringing about a more resilient model for financing the economy from the point of view of financial stability. However, factors such as the low interest rate environment, which allows access to alternative financing channels, the variation in market cycles, with sometimes pessimistic expectations, trade disputes, and Brexit, have discouraged many companies from going public and caused some that had decided to do so to change their minds since the prices they had been counting on could not be met.

In this context, the Spanish stock markets ended 2021 with 133 companies admitted to trading, five fewer than in 2020 and the lowest number of listed companies in the last decade.² Likewise, the companies listed on the multilateral trading facilities (MTFs), BME MTF Equity and Latibex, numbered 2,431 and 19, respectively, at the end of the year, although it should be noted that of the 2,431 BME MTF Equity companies, 2,283 were SICAVs. Four companies joined the continuous market, three newly admitted – two renewable energy companies (Grupo

² The number of companies whose shares were admitted to trading at the end of 2011 was 165.

Ecolumber³ and Acciona Energía⁴ and one insurer (Línea Directa)⁵ – and one real estate holding company (Libertas 7) that had been listed on the open outcry market. On the other hand, nine delistings were recorded:⁶ eight from the continuous market and one from the open outcry market.⁷ Among the delistings from the continuous market, four were due to merger by absorption (Bankia, Liberbank, Quabit Inmobiliaria and Reno de Medici) and another four to takeovers (Barón de Ley, Biosearch, Euskaltel and Solarpack).

Number of companies listed on the Spanish stock markets¹

TABLE I.2.1.2

	All markets	Electronic market			Open outcry
		Total	National	Foreign	
Listed at 31/12/20	138	127	120	7	11
Listed at 31/12/21	133	123	116	7	10
New listings in 2021	4	4	4	0	0
New listings	3	3	3	0	0
Listed due to merger	0	0	0	0	0
Change of market	1	1	1	0	0
Delistings in 2021	9	8	8	0	1
Delistings	0	0	0	0	0
Delistings due to merger	8	8	8	0	0
Change of market	1	0	0	0	1
Net change in 2021	-5	-4	-4	0	-1

Source: CNMV. (1) Totals do not include BME MTF Equity, Latibex or ETFs.

The capitalisation of the Spanish stock markets grew by 10.2% in 2021 to reach a value of more than €638.1 billion. However, this amount was lower than the €666.9 billion recorded in 2019, before the start of the pandemic. The increase in 2021 was due both to increases in companies' share prices⁸ and to the funds raised through capital increases, which amply offset the value of the companies delisted from the markets.

3 Grupo Ecolumber entered the market through a public offering for subscription of securities.

4 Acciona Energía entered the market through an IPO (for sale of securities), the first such IPO since 2018.

5 Línea Directa entered the market through a process of listing.

6 For more details on delisted companies, see Annex I.3.

7 Libertas 7 was delisted from the open outcry market to be traded on the continuous market.

8 The most representative indices of the Spanish securities markets, the IBEX 35 and the IGBM, gained 7.9% and 7.1% respectively.

Capitalisation¹ of equity on Spanish stock markets

TABLE I.2.1.3

Amounts in millions of euros

	2018	2019	2020	2021	% change 21/20
All markets	592,662.6	666,943.2	579,163.7	638,177.7	10.2
Electronic market	591,166.2	665,757.8	578,110.1	636,858.4	10.2
National	590,057.8	664,393.4	576,622.7	634,591.2	10.0
Foreign ²	1,108.4	1,364.5	1,487.4	2,267.2	52.4
Open outcry ³	1,459.1	1,154.2	1,053.6	1,319.3	25.2
Madrid	219.4	69.8	30.9	23.1	-25.0
Barcelona	1,318.4	1,036.5	955.9	1,258.7	31.7
Bilbao	56.5	32.9	20.6	19.2	-6.8
Valencia	257.0	80.4	76.0	76.0	-40.3

Source: CNMV. (1) Includes only capitalisation of companies that were traded at some time during the year. Excludes Latibex, BME MTF Equity 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.

Share prices in all sectors represented on the Spanish stock market moved upwards, but with some disparity among them. This general movement, part of a scenario of slow recovery, showed some disparity among sectors and among stocks within each sector, depending on the effects of the successive waves of the pandemic on their businesses, as well as the intensity of the recovery in their activity and the prospects for each. The greatest advances in percentage terms corresponded to the financial sector (20.3%) and, to a lesser extent, to real estate services companies (13%), followed by companies in the raw materials, industry and construction sector (9.3%), as well as technology and telecommunications (9%).

In terms of capitalisation, the greatest advances were concentrated in the financial sector and in banks. This brought an end to a run of three successive annual declines. There was also an increase in the capitalisation of mining, raw material and oil companies, favoured by the increase in raw materials and oil prices. The capitalisation of the financial sector grew by 21.3%, while that of non-financial companies as a whole grew by 7.7% (see Table I.2.1.4 and Annexes I.5 and I.7). Although the pandemic initially had a significant effect on the capitalisation of the main Spanish companies, thanks to progress towards normalisation of the health situation and economic recovery, the pre-pandemic value structure has been largely restored. This has been possible thanks to the recovery of most of the capitalisation of many companies in traditional sectors such as banks, energy and telecommunications companies, as well as industrial and textile companies. Even so, new sectors and companies dedicated to technology and renewable energies are gaining more and more weight due to their greater capacity to operate and adapt to the new competitive environment.

Number of listed companies and capitalisation by sector¹

TABLE I.2.1.4

Securities markets
and their agents
Markets and issuers

Amounts in millions of euros

Sector	2020	2021	2020	2021	% change 21/20
Oil	1	1	12,601.0	15,939.9	26.5
Energy	10	11	137,042.8	145,998.5	6.5
Mining & basic metals	8	8	6,013.7	7,409.9	23.2
Cement and construction materials	3	3	3,631.2	3,794.2	4.5
Chemicals and pharmaceuticals	7	7	20,979.2	18,527.5	-11.7
Textiles and paper	8	7	82,872.3	90,368.3	9.0
Metal-mechanical	15	15	9,429.0	10,256.5	8.8
Food	11	10	8,077.9	7,192.8	-11.0
Construction	8	8	36,689.7	43,690.9	19.1
Real estate companies and SOCIMIs (Spanish REITs)	18	17	12,363.5	13,909.4	12.5
Transport and communication	6	5	75,100.4	88,647.4	18.0
Other non-financial	27	26	67,128.6	62,378.6	-7.1
Total non-financial sector	122	118	471,929.4	508,113.8	7.7
Banks	10	8	96,067.1	115,556.0	20.3
Insurance	2	3	8,403.7	10,910.9	29.8
Portfolio companies	4	4	2,788.8	3,597.0	29.0
Total financial sector	16	15	107,259.7	130,063.9	21.3
Total	138	133	579,189.1	638,177.7	10.2

Source: CNMV. (1) Includes only capitalisation of companies that were traded at some time during the year. Excludes Latibex, BME MTF Equity and ETFs. The capitalisation of foreign companies listed on Spanish markets is based on the number of shares registered by Iberclear.

The declines in capitalisation were concentrated in companies in the consumer services sector. All leisure, hospitality, tourism and airline companies belong to this sector, most notably the airlines, which posted negative performances for the second year running, continuing to feel the effects of the pandemic and the associated restrictions on their businesses. The capitalisation of food, chemical and pharmaceutical companies also fell. Finally, the value of small-cap companies showed little change, a trend that contrasts with the growth experienced in recent years.

The degree of market concentration in terms of capitalisation remained at levels similar to those of the previous year. As in the last three years, just seven stocks accounted for more than half the market capitalisation, although they were not the same seven as in previous years.⁹ Also, the three largest stocks alone continued to account for around a third of the total capitalisation, while the number of stocks needed to reach 75% of total capitalisation remained at 15. On the other hand, the number of Spanish stocks included in the Eurostoxx 50 index increased from three to four after BBVA rejoined, reflecting to a certain extent the recovery of the major banks and large traditional companies relative to mid-caps and new sectors.

⁹ Endesa left the list of the seven largest companies by market value and Naturgy entered.

Admissions to trading, issues and IPOs (for sale of securities)

In 2021, there was a significant increase in Spanish companies' recourse to the market as a means of financing. The number of capital increases carried out during 2021 was 51,¹⁰ which was 11 more than in 2020, and a total of €14.94 billion was raised. This was 37.6% more than in the previous year and the highest amount of the last four years (see Annexes I.1 and I.2 for further details). Furthermore, 91% of the amount of capital increases registered corresponded to fund raising, compared with 82% the previous year, the remaining 9% being bonus issues.

The amount of cash capital increases grew markedly to over €13.6 billion, 53.6% more than in 2020. The increases corresponded mostly to non-financial companies. Of the total amount, just over half was allocated to new projects, while the rest was used by companies from different sectors to strengthen their balance sheets and bring in new shareholders to contribute resources. Traditional fund-raising transactions with preferential subscription rights once again stood out for their amount, increasing slightly to exceed €7 billion, almost all of which corresponded to the increase carried out, for the third consecutive year, by Cellnex Telecom. The increase in the remaining fundraising transactions was also significant, in particular the non-monetary capital increases, which exceeded €3.5 billion.

Capital increases and IPOs (for sale of securities)¹

TABLE I.2.1.5

Amounts in millions of euros

	2018	2019	2020	2021	% change 21/20
Capital increases with fund-raising	7,389.8	8,240.6	8,903.1	13,673.2	53.6
With pre-emptive subscription right	888.4	4,729.8	6,837.1	7,060.4	3.3
Without pre-emptive rights (IPOs) ²	200.1	10.0	150.1	100.0	-33.4
Of which, increases	0.0	10.0	0.0	0.0	-
Accelerated book builds	1,999.1	500.0	750.0	0.0	-100.0
Capital increases with non-monetary considerations ³	2,999.7	2,034.2	233.0	3,525.3	1,413.0
Capital increases via conversion	388.7	354.9	162.4	109.5	-32.6
Other	913.8	611.8	770.3	2,878.1	273.6
Bonus issues	3,939.7	1,565.4	1,949.0	1,264.9	-35.1
Of which, elective scrip dividends	3,515.2	1,564.1	1,949.0	1,243.6	-36.2
Total capital increases	11,329.5	9,806.0	10,852.1	14,938.1	37.7
Initial Public Offerings (IPOs)	2,944.5	733.7	0.0	2,200.2	-
Of which, increases	147.8	0.0	0.0	0.0	-

Source: CNMV. (1) Does not include data from BME MTF Equity, ETFs or Latibex. (2) Initial public offerings (for subscription) (3) Capital increases for non-monetary consideration have been stated at market value.

The bonus capital increases (19 transactions) corresponded to elective scrip dividends. Despite their increase in number (by two), they decreased in volume (by €705 million) compared with the previous year (see Table I.2.1.5). Thus, although the uncertainties associated with the pandemic led more companies to opt for the

dividend payment format in the form of shares with the aim of retaining part of the resources allocated to shareholders on their balance sheets, many companies reduced their amount in favour of cash remuneration as the economic situation improved.

The positive evolution of the stock markets favoured investment flows into equities and IPOs and revived new companies' interest in going public. Although prospects for new companies joining the market were good in the first few months of the year, several having expressed their intention or started the process, and a good number of IPOs were processed and verified, these gradually tailed off over the course of the year as uncertainties increased and divergences emerged between companies' price expectations and those of the market. However, and as mentioned in a previous section, in this context the IPO of the renewable energy company Acciona Energía took place for an amount of €2.2 billion, the first IPO for sale of securities since 2018, as well as the IPOs of Grupo Ecoener and Línea Directa through offer for subscription and listing respectively.

Trading

Trading of Spanish equities admitted to trading on stock exchanges fell for the third year running in 2021, to €693.8 billion, 11.1% less than in 2020 and its lowest value since 2004. The decline in trading can be attributed to the environment of low volatility in the market in 2021 and the worse relative performance of the prices of Spanish companies. Decreases were observed in the trading of Spanish stocks both on the regulated market operated by BME¹¹ (-11.9%) and at other competing venues (-10.2%). The volume traded on BME was €368.61 billion and that traded at other venues was €325.03 billion. Given that the decline in trading at BME was somewhat higher in relative terms, its participation in the trading of Spanish securities fell slightly to represent 53.2% of the total (54% in 2020 and 57% in 2019).¹² These figures seem to indicate that the trend towards the offshoring of trading, which responds to the competition exercised by the trading venues that are competitors of BME, may have eased in 2021. The offshoring of trading is a process that has been taking place in recent years in most of the large European trading centres in favour of alternative venues.

Regarding the distribution of trading among BME's rival venues, Cboe DXE Europe Equities once again stood out for its high volume. Since January 2021 Cboe DXE Europe Equities has been operating from Amsterdam as a result of Brexit, with a single order book. Its trading volume exceeded €238 billion, representing a 73% market share of alternative trading venues and 32%¹³ of total trading in Spanish equities admitted to trading on the official Spanish markets. These proportions, while somewhat lower than those of 2020, ensure that Cboe remains BME's main rival. The other competitors increased their weight in total trading: Turquoise to 7.1%¹⁴ and the rest to 19.5%, these others being the only ones to show increases in volumes traded in absolute terms.

11 The Spanish market operator BME was acquired in 2020 by the Swiss market operator SIX.

12 This percentage was 85%, 80%, 72%, 68% and 62% in 2014, 2015, 2016, 2017 and 2018 respectively.

13 In 2020, it had a 76% market share of trading at alternative venues and 35.4% of the total traded.

14 In 2020 it represented 6.4%.

Total trading in Spanish equities admitted to listing on Spanish stock markets¹

TABLE I.2.1.6

Amounts in millions of euros

	2017	2018	2019	2020	2021	% change 21/20
Total	933,416.3	931,019.3	806,217.3	780,697.4	693,796.1	-11.2
Admitted to SIBE electronic platform	932,763.1	930,607.1	805,826.6	780,341.0	693,636.7	-11.1
BME	633,385.7	579,810.4	460,267.4	418,512.6	368,608.5	-11.9
Cboe DXE Europe Equities ²	193,310.8	278,361.0	256,772.5	275,682.4	238,466.3	-13.5
Turquoise	44,720.1	42,883.4	30,550.6	23,242.2	23,101.3	-0.6
Other ³	61,346.5	29,552.2	58,236.1	62,903.8	63,460.6	0.9
Open outcry	8.1	8.2	6.2	2.5	7.5	199.1
Secondary market	0.7	0.8	0.1	0.0	0.0	-
ETFs⁴	644.5	403.2	384.3	353.9	151.9	-57.1

Source: Bloomberg and CNMV. (1) Includes trading subject to market or MTF rules (lit plus dark) of equity instruments admitted to trading on Spanish official secondary markets and identified by means of an ISIN issued in Spain; therefore, foreign securities admitted to trading in these markets whose ISIN is not issued in Spain are not included. (2) Includes trading that until 2020 was carried out through Chi-X and BATS, which moved to Amsterdam in January 2021 as a result of Brexit. (3) 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 MTFs included in the table, and hence includes trading on other regulated markets and MTFs and systems. (4) Only ETFs with Spanish ISIN.

It should also be noted that one of the objectives of MiFID II and MiFIR was to increase the levels of transparency in the market and redirect part of the trading not subject to non-discretionary market rules to trading venues where it would be subject to such rules. In this regard, we would point out that in 2021 a downward trend was observed in the trading carried out by systematic internalisers,¹⁵ whose share in total trading was reduced to half of what it was barely two years ago. If this trend were to consolidate, it would represent a significant advance in meeting these objectives.

Trading on regulated markets operated by BME

Trading of equities in the markets operated by BME continued to be entirely concentrated in SIBE, literally the Spanish Stock Exchange Interconnection System, more commonly known as the electronic trading platform or the continuous market (see Table I.2.1.7). Trading on the open-outcry market was negligible and that of the two MTFs (BME MTF and Latibex) together once again barely reached 1% of volumes traded on the SIBE. Volumes traded on SIBE reached €374.53 billion¹⁶ in 2021, 11.9% less than in 2020. The number of transactions fell by 19% to 45 million, a decline being observed in the stock market activity of retail investors following the strong growth seen in 2020 (see Exhibit 1), and as a result the average amount per transaction increased by 8.7% to €8,390.

¹⁵ In 2021, it was less than 7% of total trading (defining total trading as the sum of trading subject to non-discretionary market rules and trading carried out by systematic internalisers).

¹⁶ This figure includes trading in ETFs, which amounted to €1.56 billion.

Trading in equities on markets operated by BME

TABLE I.2.1.7

Securities markets
and their agents
Markets and issuers

Amounts in millions of euros

	2018	2019	2020	2021	% change 21/20
Total	590,852.6	469,621.2	429,338.7	378,144.4	-11.9
Admitted to SIBE electronic platform	586,364.1	465,470.4	425,340.0	374,536.3	-11.9
SIBE	586,355.1	465,464.0	425,337.5	374,528.8	-11.9
of which ETFs	3,027.6	1,718.8	2,551.1	1,556.0	-39.0
Open outcry	8.2	6.2	2.5	7.5	198.5
Madrid	0.8	0.8	0.1	0.1	–
Bilbao	0.0	2.1	0.0	0.0	–
Barcelona	7.4	3.2	2.4	7.4	210.3
Valencia	0.0	0.1	0.0	0.0	–
Secondary market	0.8	0.1	0.0	0.0	–
BME MTF Equity	4,336.9	4,014.4	3,919.2	3,559.2	-9.2
Latibex	151.6	136.4	79.4	48.9	-38.4

Source: CNMV.

As for the different forms of trading on the continuous market, Table I.2.1.8 reflects a decline in all forms of in session trading, particularly through orders, the only increase being for off-hours trades. Furthermore, stock market trading continued to be concentrated in a small number of shares. In 2021, six stocks were needed to account for 50% of the amount traded on SIBE and 15 were needed to account for 75% (nine and 16 stocks respectively in 2020). Thus trading remains concentrated in large companies and just 28 stocks accounted for more than 90% of market trading. The stocks most traded were the same ones¹⁷ as in the previous year: Banco Santander, Iberdrola, Inditex, BBVA and Repsol, all of them components of the Spanish index and, in the case of the first four, of the Eurostoxx 50 (see Annexes I.6 and I.8).

Trading on BME by type of trade¹

TABLE I.2.1.8

Amounts in millions of euros

	2017	2018	2019	2020	2021	% change 21/20
In session	619,108.6	552,826.8	450,575.7	405,120.5	355,841.2	-12.2
Orders	335,917.3	300,217.8	258,242.2	278,516.1	237,430.5	-14.8
Applications	51,316.0	48,644.1	38,888.0	42,666.5	40,006.0	-6.2
Block trades	231,875.3	203,965.0	153,445.5	83,938.0	78,404.7	-6.6
Off-hours	2,373.8	1,667.3	3,098.1	4,174.3	4,889.5	17.4
Other types	18,811.3	28,833.5	10,071.5	13,491.6	12,241.7	-9.3

Source: CNMV. (1) Does not include data for Latibex, BME MTF Equity or ETFs.

17 Although its position in the ranking of the most frequently traded securities.

Analysis of the behaviour of retail investors in the financial markets during the COVID-19 crisis

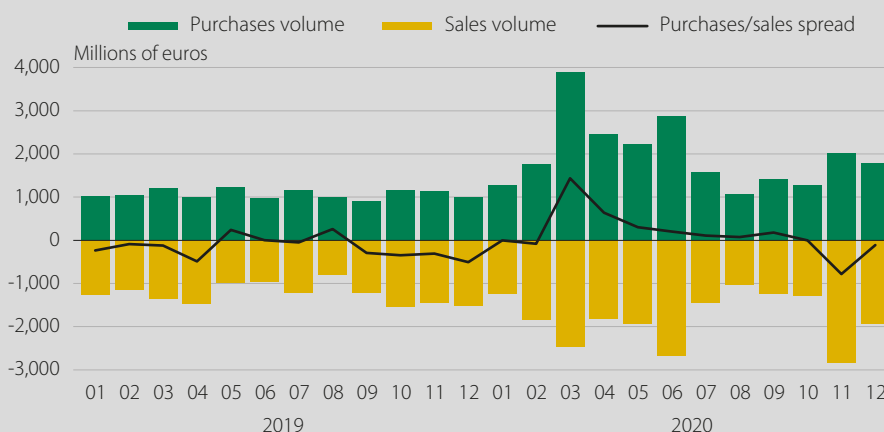
EXHIBIT 1

The coronavirus crisis that started in early 2020 gave rise to sharp falls in share prices, as well as bouts of high volatility in financial markets. The CNMV, like other European securities authorities, carried out a study in order to analyse the evolution of the behaviour of retail investors in the financial markets during 2019 and 2020 to try to identify any significant changes in the investment patterns of this group due to the pandemic. This exhibit presents some of the results obtained in this study, which is available on the CNMV website.¹ The study is also accompanied by an interactive dashboard allowing users to alter the tables and charts at their convenience.

The most important evidence obtained in this work is the significant increase in the volume of Ibex 35 shares traded by retail investors² at times of greatest market turbulence during the COVID-19 crisis. This evidence was also identified in similar studies conducted in France and Belgium. As can be seen in Figure E1.1, the volumes traded by these investors were greater in 2020 than in 2019, with the months of March, June and November standing out over the rest of the year. In addition, the difference between purchases and sales, which was in favour of sales during most of 2019, flipped over as trading on the buy side increased more intensely, especially in the first months of the crisis, as also happened in France and Belgium. In March 2020, coinciding with a 22.2% monthly decline in the Ibex 35, trading volumes increased significantly. Purchase transactions increased fourfold to nearly €4 billion for the month, compared with a monthly average of €1 billion in 2019. Subsequently, these volumes decreased, although at the end of 2020 they were still higher than the levels recorded in the pre-crisis period. The highest monthly volume of sales was recorded in November (€2.83 billion, compared with a maximum of €1.6 billion in 2019), in response to the Ibex 35's rebounding by 25.2% compared with the previous month.

Evolution of the trading volume of monthly purchases and sales

FIGURE E1.1

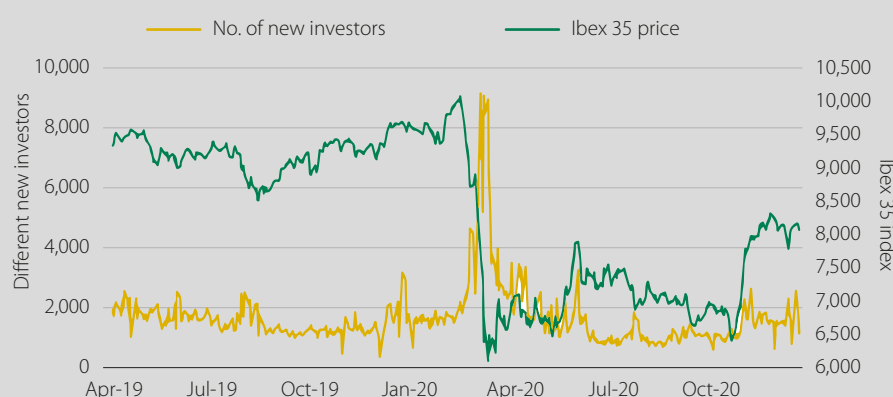


Source: Transaction reporting. CNMV.

These increases in trading volumes are explained by the strong increase in the number of transactions carried out, since the median value per operation registered a significant decrease after the outbreak of the COVID-19 crisis (see Figure E1.2). Thus, in March 2020 the number of purchase transactions increased more than fourfold, and the number of sales more than doubled with respect to the 2019 average. In the following months, a return towards the initial values was observed, but at the end of 2020 they were still higher than the values prior to the crisis.

Number of new Ibex 35 investors

FIGURE E1.2



Source: Transaction reporting. CNMV.

As a result, a change was observed, albeit a modest one, in the overall participation by retail investors in the stock markets. Thus, the participation of retail investors in market trading – which stood on average in 2019 and 2020 at 5.5% – saw significant increases during the crisis, especially in the first few weeks. In the first wave, this participation by retail investors reached 9.5% for purchase transactions and 6.5% for sales, with maximums in some sectors that were as much as three times pre-crisis levels. At the end of 2020, these proportions had decreased, although they were still higher than those observed before the pandemic. Furthermore, it is important to highlight the fact that retail investors significantly strengthened their presence in companies and sectors that were particularly volatile or affected by the pandemic (for example, companies dependent on tourism, and the financial sector), expecting to obtain future returns in a recovery context. Despite this, according to the *Annual report on ownership of listed shares* published by BME, the proportion of shares owned by families increased only slightly, to 17.1%, in 2020, this proportion being well below that of previous years, which was nearly always above 20% and with maximums close to 35%.

In conclusion, during the COVID-19 crisis, investing in the stock market became more attractive for retail investors, especially at the beginning, due to the fall in share prices and the possibilities opened up by the period of confinement. In this period, both the time to operate on the stock market in a relatively informed manner and the resources available to retailers to invest – at least for some of them – increased, thanks to the extraordinary increase in savings that occurred due to the impossibility of spending on activities that

were restricted. New technologies served as a catalyst and substantially facilitated the participation of investors in financial markets. Future updates of this work will make it possible to determine whether the increase in trading by retail investors in the financial markets continues over time or, on the contrary, was temporary and exceptional.

- 1 See Cambronero Pérez, G. and Ruiz Suárez, G. (2022). *Analysis of the behaviour of retail investors in the financial markets during the COVID-19 crisis*. CNMV, Working Paper No. 78. Available at: https://www.cnmv.es/DocPortal/Publicaciones/MONOGRAFIAS/DT_78_Comp_minoristas_COVID_ENen.pdf
- 2 For analytical purposes, "retail investor" is taken to mean any natural person regardless of investment experience.

Short positions

The aggregate position of short sales according to information received by the CNMV hardly changed at all in 2021, standing at 0.75% of total capitalisation of the continuous market a year-end. At the end of the year, three securities had short positions greater than 5% (the same number of securities as in 2020) and there were net short positions greater than 2% of their individual capitalisation in nine securities (17 at the end of 2020). Among the biggest individual positions were several companies in the energy, renewable energy and construction sectors.

Short positions

TABLE I.2.1.9

	% short positions/ capitalisation ¹	No. of companies with short positions > 2% ²	No. of companies with short positions > 5% ²
2017	0.70	16	5
2018	0.84	12	5
2019	0.66	14	1
2020	0.73	17	3
2021	0.75	9	3

Source: CNMV. (1) The figure for aggregate net short positions consists of the sum at the end of each reference year of the individual positions declared equal to or greater than 0.5% plus the sum of all positions equal to or greater than 0.2% and less than 0.5% for all securities included in the SIBE. (2) Number of companies whose aggregate net short positions at the end of each reference year were greater than 2% and 5%, respectively, of their capital (the sum of the individual positions declared equal to or greater than 0.5% plus the sum of all positions equal to or greater than 0.2% and less than 0.5%).

Takeover bids

In 2021, a total of five takeover bids were authorised, most notably including the first partial takeover bid by a third party in accordance with the takeover bid regulations in force since August 2007. Thus, the partial voluntary takeover bid by Global InfraCo O (2) S.à r.l. (IFM Investors) aimed at acquiring a maximum stake of 22.69% in the capital of Naturgy Energy Group, S.A. represented approximately 45% of the total amount offered in the five authorised offers in 2021, but in the event the amount of the transaction did not even reach 50% of its potential amount, so the large difference between the potential amount of €7.86 billion for all bids and the €5.21 billion achieved (see Table I.2.1.10) is mainly due to this circumstance. A list of the takeover bids authorised during the last year can be found in Annex I.9.

In the five takeover bids authorised in 2021, the consideration consisted of the payment of an amount in cash that was considered a fair price, and the price was justified by means of a valuation report. It was considered that the impact of the pandemic on market prices constituted one of the extraordinary circumstances provided in Article 137.3 of the recast text of the Securities Market Act, and consequently the prices of the five authorised bids in 2021 have been subject to compliance with the requirements of Section 2 of the aforementioned Article (see Exhibit 2).

All transactions except one¹⁸ required prior authorisation of foreign investment by the Council of Ministers.¹⁹ On the other hand, the result of the voluntary bids for Biosearch, S.A., Euskaltel, S.A. and Solarpack Corporación Tecnológica, S.A. allowed their respective bidders to carry out squeeze-outs, thus acquiring all the shares and delisting the companies.

Takeover bids

TABLE I.2.1.10

Amounts in millions of euros

	2017	2018	2019	2020	2021
Authorised¹					
Number	5	6	7	2	5
Potential amount	19,709	23,842	1,571	5,807	7,863
Potential amount plus agreements prior to acquisition ²	19,902	25,298	1,589	5,807	7,863
Completed³					
Number	4	6	7	2	5
Amount	1,309	19,582	840	5,210	5,213
Amount plus agreements prior to acquisition ²	1,502	21,038	858	5,210	5,213

Source: CNMV. In cases where the offer consideration has been adjusted for dividends, all amounts are calculated on the basis of this adjusted consideration. (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.

Application of Article 137.2 of the recast text of the Securities Market Act to the price of takeover bids

EXHIBIT 2

Section 3 of Article 137 of the recast text of the Securities Market Act determines the circumstances in which the price of takeover bids, regardless of their type (voluntary or mandatory), is subject to an exceptional regime. Said circumstances include those that affect market prices, in general, or that of the affected company in particular, due to natural disasters, situations of war or calamity or others deriving from force majeure.

It was considered that, due to its impact on market prices, the COVID-19 pandemic constituted such a circumstance from 12 March 2020 and continuing

18 Takeover bid for the delisting of Barón de Ley, S.A.

19 Article 7 bis of Law 19/2003 of 4 July on the legal regime of capital movements and economic transactions with foreign countries.

in 2021 and 2022, and consequently the prices of the seven takeover bids announced in the following two years have been subject to the exceptional regime.

The special requirements for the price of takeover bids in said regime were:

- The bidder must provide a report by an independent expert justifying the price offered with the applicable valuation methods.
- In addition, if the offer can be made through an exchange of securities, it must include, at least as an alternative, a consideration or price in cash, financially equivalent, at least, to the exchange offered.

The main particularity of the independent expert's report that serves to justify the price is the application, along with other criteria, of the average market value in a certain period, as opposed to the reference to the six months prior to the announcement of the general regime offer. This criterion requires an examination of the evolution of the price of the shares in various periods, analysing the main events that may have affected their quoted price and, particularly, the impact on the quoted price of the extraordinary circumstance in question.

Through this regime, which was incorporated into the Securities Market Act through Law 1/2012 of 22 June, greater protection is sought for the affected companies and their shareholders against potential takeover bids that could take advantage of exceptionally bearish market circumstances, restricting the freedom to set the price of the voluntary bid and subjecting the fair price of the mandatory offer to greater demands (Article 133.2 of the recast text of the Securities Market Act).

The prices of takeover bids have returned since 12 March to the general regime (free price fixing by the bidder in voluntary takeover bids and equitable price in the case of mandatory takeover bids).

Multilateral trading facilities

Latibex

The market value of Latin American stocks²⁰ traded on Latibex, which are quoted in euros, rose by 10.7% in 2021, to stand at €196.1 million. This amount represents less than 0.1% of the capitalisation of the companies traded there and a very small part of the total number of shares admitted to trading of these companies in their home markets. The majority of the balance registered in Iberclear (70%) once again corresponded to Brazilian companies and almost all of the rest to Mexican companies. Effective trading on Latibex fell by more than 38%, reaching €48.9 million, its lowest value in recent years, which mostly corresponded to companies in Brazil.

20 The FTSE Latibex All-Share and FTSE Latibex Top indices posted revaluations of 5.8% and 13.5%, respectively, which did not offset the high losses in 2020 (22% and 19.1% respectively).

Companies listed on Latibex, by country

TABLE I.2.1.11

Securities markets
and their agents
Markets and issuers

Amounts in millions of euros

Country	Number of companies		Negotiable securities at market price ¹			Trading volume		
	2020	2021	2020	2021	% change 21/20	2020	2021	% change 21/20
Argentina	2	2	0.9	1.2	35.6	0.1	0.1	-0.2
Brazil	10	11	124.2	136.1	9.6	28.6	39.8	39.0
Mexico	6	5	52.2	57.9	11.0	50.7	9.0	-82.3
Peru	1	1	0.0	0.9	–	0.1	0.1	27.7
Total	19	19	177.2	196.1	10.7	79.5	48.9	-38.4

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

BME MTF Equity

BME MTF Equity is structured in three segments: BME Growth, BME CIS and BME venture capital firms. The first is intended for SMEs in expansion²¹ and has the category of “growth market”.

BME Growth had a total of 127 companies admitted to trading at the end of 2021 (of which 77 were listed public limited companies for investment in the real estate market SOCIMI or Spanish REITs) with a total capitalisation of €19 billion. The number of listed growth companies increased to 50,²² the volume of shares traded increased to €805 million, and their capitalisation grew by 61.1% to exceed €5.1 billion,²³ an all-time high. This was the result of new companies joining the market, notably companies from the renewable energy sector, telecommunications, the media, consultancy and a football club. Likewise, the number of SOCIMIs²⁴ did not vary, although trading in them doubled, reaching €129 million, due to the interest of investors in the real estate market.

The number of SICAVs fell again (from 2,441 to 2,283, with 158 companies being deregistered) following the announcement of a particularly significant tax change that will come into force in 2022.²⁵ Their capitalisation increased by 7.5%, to €29.1 billion, thanks to the revaluation of their assets (see Section I.3.1 for further details).

21 This new category has been established as part of the Capital Markets Union (CMU) initiative, with the aim of boosting the financing of smaller companies through their presence in financial markets and aligning the quality and transparency standards of European growth markets.

22 16 companies were incorporated into the market and eight were delisted.

23 The indices of this market, IBEX Growth Market 15 and IBEX Growth Market All-Share, posted annual revaluations of 5.2% and 10.6% respectively.

24 Six companies were incorporated and six were delisted. SOCIMIs are the Spanish adaptation of the figure of real estate investment trusts (REITs) existing in other countries and are characterised by having a favourable tax regime.

25 Law 11/2021, of 9 July, on measures to prevent and combat tax fraud introduced specific regulatory and tax changes for SICAVs.

Companies listed on the BME MTF Equity, by segment

TABLE I.2.1.12

Amounts in millions of euros

	Number of companies		Market capitalisation ¹			Trading volume		
	2020	2021	2020	2021	% change 21/20	2020	2021	% change 21/20
BME Growth								
Growth stocks	42	50	3,199.1	5,153.4	61.1	752.6	805.1	7.0
SOCIMIs	77	77	12,755.0	13,846.3	8.6	57.1	129.0	126.0
BME CIS								
SICAVs	2,441	2,283	27,103.0	29,137.8	7.5	3,061.5	2,330.1	-23.9
BME hedge funds with legal personality-venture capital firms								
Hedge funds and venture capital firms	21	22	538.4	519.4	-3.5	57.8	272.4	370.9
Total	2,581	2,431	43,595.5	48,656.9	11.6	3,929.0	3,536.5	-10.0

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

Exchange traded funds (ETFs) on the Spanish stock exchange

ETF activity fell to its lowest levels since its introduction in 2006. Trading in ETFs stood at €1.55 billion and its assets at €785 million, belonging to five funds, the same as in 2020.

I.2.2 Fixed income

Overview

In Spain, the debt markets, like other European ones, evolved in 2021 in line with the expansionary monetary policy, which determined that interest rates remained at very low levels. These marked new historical lows at the shorter terms. In the final stretch of the year, as a result of expectations of a tightening of monetary policy and in a context of high inflation, the yield on long-term debt assets rose slightly. Thus, the yield on the 10-year Spanish sovereign debt bond closed 2021 at 0.6%, compared to 0.06% at the end of 2020. The increases have been more pronounced in the first months of 2022, given the increase in inflation rates.

In this context, gross issues of Spanish debt (public and private) decreased in 2021 by 2.6% compared with 2020, somewhat less than in the euro area as a whole (-5.4%). The total outstanding balance of debt increased by 5.1% (6.1% in the euro area as a whole) as a consequence of the greater increase in the outstanding balance of public debt (5.5%) compared with that of private fixed income (4.5%). The greater increase in public debt is explained by the maintenance of a high public deficit in a context in which fiscal revenues have not recovered their pre-pandemic vigour and expenses still reflect the policies put in place to cushion the effects of the COVID-19 crisis. At the end of 2021, the outstanding balance of Spanish public debt stood at €1.24 trillion.

The amount of sustainable fixed income issues stood at €23.12 billion in 2021, almost double the figure for 2020 (€13.82 billion). Of the total amount, €10.05 billion

were issued by the public administration service and €13.12 billion by private sector companies. The issues of Public Administrations in 2021 included not only those of several autonomous regions but also the first green bond issue of the Kingdom of Spain, the amount of which was €5 billion.

Securities markets
and their agents
Markets and issuers

Gross issues of private fixed income by Spanish issuers amounted to €210.81 billion in 2021, considering both issues registered with the CNMV and the Alternative Fixed Income Market (MARF) and abroad. The financial subsector increased its gross issues by 4.9% compared to the previous year, above the increase in the non-financial subsector (1.3%). However, the outstanding balance grew more markedly in the latter subsector (11.3%), compared with 3% for financial institutions. Despite the higher growth rate, the outstanding debt balance of non-financial corporations (€141.24 billion) represents less than a quarter of the debt balance of financial entities (€597.19 billion).

Issues and outstanding balances: breakdown by issuers

TABLE I.2.2.1

Nominal amounts in millions of euros

	Amount ¹			Pro memoria: euro area		
	2020	2021	% change 21/20	2020	2021	% change 21/20
Gross issues²	506,234	493,190	-2.6	9,007,757	8,519,892	-5.4
Public administrations	303,359	282,383	-6.9	3,524,278	3,193,988	-9.4
Financial institutions	147,722	154,930	4.9	4,625,298	4,656,439	0.7
Non-financial companies	55,153	55,876	1.3	858,181	669,465	-22.0
Net issues²	135,457	91,003	-32.8	1,313,937	949,869	-27.7
Public administrations	97,851	64,904	-33.7	991,613	554,578	-44.1
Financial institutions	26,767	13,017	-51.4	148,476	316,586	113.2
Non-financial companies	10,838	13,083	20.7	173,848	78,705	-54.7
Outstanding balances^{3, 4}	1,886,815	1,983,507	5.1	18,817,664	19,956,271	6.1
Public administrations	1,180,127	1,245,071	5.5	9,563,576	10,150,420	6.1
Financial institutions	579,831	597,193	3.0	7,699,093	8,166,287	6.1
Non-financial companies	126,857	141,243	11.3	1,554,996	1,639,564	5.4

Source: Bank of Spain, CNMV and ECB. Data for the debt of the public administration service 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 securities held in the portfolios of public authorities and includes currency swaps. Data from the Management Company for Assets from Bank Restructuring (SAREB) are included in the public administration service sector in accordance with the reclassification determined by Eurostat. (1) Includes issues made by Spanish companies in Spain and abroad. (2) For currency issues made by the public administration service, the equivalent value in euros is considered, applying the average exchange rate of the month published by the ECB. For currency issues of financial institutions and non-financial companies, the value in euros is obtained by applying the exchange rate of the last day of the month published by the ECB. (3) For the outstanding balances of currency issues, the value in euros is obtained 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.

Public sector debt

In the national public debt markets, the return on assets remained at low levels throughout the year and in all sections of the curve, due to the expansionary

monetary policy of the ECB. Even so, as indicated in the introduction to this chapter, a slight upward trend was observed in its longer tranches in the latter part of the year, taking the 10-year sovereign bond yield to 0.60% (vs. 0.06% at the end of 2020). At the end of the year the sovereign risk premium stood slightly above the level at the end of the previous year: 77 bp, compared with 63 bp at the end of 2020.

In 2021, the Spanish public administration service continued to be very active in its debt issues, even exceeding the level of 2020. In gross terms, the public administration service as a whole issued debt for a nominal amount of €287.66 billion, 5.2% less than in 2020, a year of exceptional growth (36.9% compared to 2019) as a result of the public deficit generated by the COVID-19 crisis. The increase in issues translated into a 5.5% increase in the balance of outstanding public debt. The average life of this debt continued the growing trend of recent years and closed 2021 at 7.99 years, compared with 7.25 years at the end of 2020.

Gross issues by the public administration service

TABLE I.2.2.2

Nominal amounts in millions of euros

	2018	2019	2020	2021	% change 21/20
Central government	245,453	214,827	296,965	279,893	-5.7
Short term	80,984	71,897	90,808	101,603	11.9
Long term	164,469	142,930	206,157	178,290	-13.5
Autonomous regions	3,718	6,845	6,394	7,768	21.5
Short term	452	541	878	501	-42.9
Long term	3,266	6,304	5,516	7,267	31.7
Local authorities	0	0	0	0	-
Short term	0	0	0	0	-
Long term	0	0	0	0	-
Total public administrations	249,171	221,672	303,359	287,661	-5.2

Source: Bank of Spain and CNMV.

The trading volume of Spanish public debt experienced a sharp decrease in 2021, with a total of €2 trillion compared with €3.1 trillion in 2020, which represents a drop of 33.5% in 1 year. The figures in Table I.2.2.3 include both transactions executed in Spanish and foreign trading venues, as well as bilaterally traded transactions and over-the-counter (OTC) transactions. The significant drop in trading in 2021 comes on top of that experienced in 2020, a year in which there was also a decline compared to 2019, although to a lesser extent (-15.9%).

State debt. Total trading by instrument and transaction¹

TABLE I.2.2.3

Securities markets
and their agents
Markets and issuers

Amounts in millions of euros

	2019	2020	2021	% change 21/20
Treasury bills	414,396	318,676	269,011	-15.6
Spot	412,731	316,459	268,854	-15.0
Term	1,665	2,217	157	-92.9
Non-stripped government bonds	3,249,497	2,771,733	1,784,689	-35.6
Spot	3,205,979	2,696,745	1,720,971	-36.2
Term	43,519	74,987	63,717	-15.0
Stripped government principal and coupons	17,863	7,267	5,333	-26.6
Spot	16,620	7,258	5,320	-26.7
Term	1,243	9	13	37.9
Total	3,681,756	3,097,676	2,059,033	-33.5

Source: Bank of Spain and CNMV. (1) Includes OTC transactions. Does not include simultaneous transactions or repos.

The trading volume of Spanish public debt executed through Spanish trading venues decreased in 2021, although to a lesser extent than total trading (-18.1% vs. -33.5%). Consequently, the Spanish venues increased their market share in the trading of Spanish public debt (from 22.5% to 27.7%). The variation in trading volume was not distributed evenly among all the Spanish venues. For example the AIAF regulated market, through the SEND platform, saw the volume of transactions reduced by 75.6%, going from €111.45 billion in 2020 to €27.18 billion in 2021. For its part, SENAF – the multilateral system for trading Spanish sovereign debt, managed by BME RF and aimed at market makers – increased its trading by 44.9%, from €120.69 billion in 2020 to €174.93 billion in 2021 (see Table I.2.2.4).

Finally, the Spanish organised trading facilities (OTFs) also saw a decrease in the volume of national public debt transactions executed through their platforms in 2021. This volume stood at €123.32 billion in the case of CAPI OTF and €245.03 billion in that of CIMD OTF, representing decreases of 27.9% and 16.6% respectively compared with the previous year. These two systems concentrate 65% of public debt trading in national venues. In September 2021, the CNMV authorised a new OTF: Tradition España or TEUR, which acted as intermediary for a small amount of Spanish public debt until the end of 2021 (€68 million).

Regarding public debt issued abroad, the Spanish venues traded a total of €137.69 billion in 2021, including €12.66 billion executed through Tradition, the new OTF. As a whole, the traded volume of foreign public debt increased by 18.7% compared to 2020, which contrasts with the 18% drop in the traded volume of Spanish public debt.

Contracting of public debt¹ in Spanish trading venues

TABLE I.2.2.4

Nominal amounts in millions of euros

Venue	Place of debt issue	2019	2020	2021	% change 21/20
AIAF	Total	158,531	140,339	47,485	-66.2
	In Spain	118,503	111,454	27,184	-75.6
	Abroad	40,028	28,885	20,301	-29.7
MTF					
SENAF		150,623	120,686	174,933	44.9
Dowgate	Total	-	1,090	7,522	590.1
	In Spain	-	73	192	163.2
	Abroad	-	1,090	7,522	590.1
SOC²					
CAPI	Total	139,548	180,150	164,224	-8.84
	In Spain	120,900	170,940	123,324	-27.9
	Abroad	18,648	9,210	40,900	344.1
CIMD	Total	340,927	370,596	301,523	-18.6
	In Spain	265,014	293,736	245,029	-16.6
	Abroad	75,913	76,860	56,494	-26.5
TEUR	Total	-	-	12,730	
	In Spain	-	-	68	
	Abroad	-	-	12,662	

Source: CNMV. (1) This table presents the total contracting of public debt assets that is carried out in Spanish trading venues. Includes issues made in Spain and abroad. (2) Organised trading facility.

Private debt

The yields of private fixed-income assets evolved in 2021 in line with those of public debt, that is, conditioned by the expansionary tone of monetary policy and, in the longer terms, by the rise in inflation. Thus, yields on shorter-term instruments marked new historical lows at the end of the year. The average interest rates of the 3, 6 and 12 month notes in December 2021 were 0.38%, 0.5% and 0.81% respectively, standing between 5 bp and 63 bp below the levels of the previous year. For their part, the interest rates of the longest terms (3, 5 and 10 years) saw slight increases, ending the year at levels of 0.12%, 0.13% and 0.56% respectively. Likewise, the risk premiums of private sector entities followed a downward trend in 2021, both in the financial and non-financial sectors, favoured by the continuity of the ECB's debt purchase programmes. The average CDS premiums of financial institutions ended the year at 64 bp (78 bp in 2020) and those of non-financial entities stood at 53 bp at the end of 2021 (59 bp in 2020).

In this context, Spanish private issuers turned to the debt markets to finance themselves at slightly better terms than in 2020. Issues in gross terms reached a total of €211 billion in 2021 compared with €203 billion in 2020, with a certain re-orientation of new issues towards foreign centres, to the detriment of those registered in Spain.

The decrease in private debt issues registered with the CNMV was more than offset by an increase in issues abroad. For the year as a whole, the amount of

private fixed income issues registered with the CNMV decreased by 22.3%, standing at €80.09 billion, while those registered abroad increased by 36.6%, to a volume of €123.25 billion. It is worth noting the strong increase in issues made in the MARF alternative fixed income market, by 45.7%, to €13.96 billion.

The volume of private debt issues registered with the CNMV contracted by almost €23 billion compared with 2020, mainly due to the decrease in issues of asset securitisation bonds and other long-term issues such as territorial bonds. The decline in securitisation bond issues in 2021 was similar to the increase they had registered in 2020 (almost €17 billion). Considering the nature of the securitised assets, mortgage loan securitisation bonds were those with the greatest decrease (slightly more than €10 billion), followed by consumer and car loan securitisation bonds (with a joint fall of around €4 billion) (see Statistical Annex I.17).

Issues of territorial bonds and other assets such as internationalisation bonds fell by 40% and 87% respectively, while issues of promissory notes also decreased, although with less intensity (-9.5%). On the other hand, issues of mortgage-backed securities grew by almost €6 billion, to €28.7 billion, and these were the fixed income instrument that captured the largest volume of resources, which indicates a possible preference of the issuers (financial entities) to the detriment of mortgage loan securitisation bonds.

Gross issues registered in Spain

TABLE I.2.2.5

Nominal amounts in millions of euros

	2018	2019	2020	2021	% change 21/20
CNMV					
Long term¹	53,774	52,305	80,753	59,914	-25.8
Non-convertible bonds	6,085	9,101	5,545	4,180	-24.6
Subordinated debt	500	950	500	750	50.0
Convertible bonds	0	0	0	0	-
Covered bonds	26,575	22,933	22,960	28,700	25.0
Regional covered bonds	2,800	1,300	9,150	5,500	-39.9
Securitisation bonds	15,464	16,471	35,081	18,376	-47.6
Preferred shares	2,850	1,000	1,750	2,335	33.4
Other issues	0	1,500	6,266	823	-86.9
Short term²	15,089	15,085	22,301	20,180	-9.5
Commercial paper	15,089	15,085	22,301	20,180	-9.5
Asset securitisation	240	0	0	0	-
Total	68,863	67,390	103,054	80,094	-22.3
Admitted to the MARF	6,358.7	10,347.6	9,584.0	13,964.5	45.7
Total	75,221.7	77,737.6	112,638.0	94,058.5	-16.5

Source: CNMV. (1) This heading only considers the issues of private sector entities and excludes for all years of the table the issues made by SAREB, which, according to Eurostat's criteria, now has to be considered as a public administration service. In 2021, the amount of debt issues of this company registered with the CNMV stood at €21.08 billion. (2) The figures for commercial paper issues correspond to the amounts placed.

Debt issues abroad exceeded in volume those registered in Spain during 2021, resuming the patterns observed before the pandemic. Issues abroad increased by 36.6% in 2021, with an increase in volume in absolute terms of around €31 billion. Noteworthy is the high weight of promissory note issues abroad (more than 50% of the total issued) compared to the 25% they represent of the issues registered with the CNMV.

Private fixed income issues made by Spanish issuers that are considered green, social or sustainable²⁶ (ESG) increased markedly during 2021. The amount of these issues came to €13.12 billion in 2021 (approximately 9.5% of long-term debt issues), almost 50% more than in 2020. The bulk of these issues (79%) were made in foreign markets. Most of the volume issued corresponded to green bonds (close to 80%), while social and sustainable bond issues accounted for around 15% and 6%, respectively, of the total. Although financial institutions carried out a considerable part of these issues (60%), it is worth noting the increase in the participation of non-financial corporations, from 20% in 2020 to 40% in 2021. Prominent among the latter were issues by companies in the energy, utilities and real estate sectors.

Finally, it is worth noting the stability in the debt issues carried out by subsidiaries of Spanish issuers in the rest of the world. These remained practically at the same level as the previous year, with a slight decrease of 1.9%, not having recovered the levels prior to the crisis.

Gross fixed income issues of Spanish issuers abroad

TABLE I.2.2.6

Nominal amounts in millions of euros

	2018	2019	2020	2021	% change 21/20
Long-term	36,913	53,234	46,122	60,644	31.5
Preferred shares	2,000	3,070	1,850	3,820	106.5
Subordinated bonds	2,250	1,755	0	1,350	-
Bonds	32,663	48,409	44,272	55,474	25.3
Securitisation bonds	0	0	0	0	-
Short term	50,933	47,087	44,078	62,606	42.0
Commercial paper	50,933	47,087	44,078	62,606	42.0
Asset securitisation	0	0	0	0	-
Total	87,846	100,321	90,201	123,250	36.6
Pro memoria: gross issues of subsidiaries of Spanish companies in rest of the world					
Financial institutions	43,549	57,449	42,063	40,439	-4.0
Non-financial companies	49,051	34,893	28,678	28,986	0.2
Total	92,600	92,342	70,741	69,426	-1.9

Source: Bank of Spain.

26 Green Bonds are any type of bond instrument where the proceeds are exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects aligned with the four core components of the Green Bond Principles (GBP). Social bonds are intended for new or existing social projects and aligned with the four components of the Social Bonds Principles (SBP); while sustainable bonds are used exclusively for financing or refinancing a combination of green and social projects.

In 2021 the MARF alternative fixed income market once again showed the expansion of the years prior to the pandemic, temporarily interrupted in 2020. Thus, the volume admitted to trading amounted to €13.97 billion, 45.7% more than in 2020. The increase in long-term issues is noteworthy, specifically asset securitisation bonds, the volume of which was 15 times the 2020 figure, reaching €2.98 billion.

Admission to the MARF¹

TABLE I.2.2.7

Nominal amounts in millions of euros

	2019	2020	2.021	% change 21/20
Non-convertible bonds	303.1	445.3	503.0	13.0
Securitisation bonds	363.5	199.2	2,982.5	1,397.2
Covered bonds	0.0	350.0	0.0	-100.0
Preferred shares	82.0	0.0	0.0	–
Commercial paper	9,599.0	8,589.5	10,479.0	22.0
Total	10,347.6	9,584.0	13,964.5	45.7
Number of issuers	58	62	85	37.1

Source: CNMV. (1) Trades not registered with the CNMV.

In the same way as public debt, the trading volume of private fixed income contracted by 40.8% in 2021 compared with the previous year. This fall in trading occurred both in bilateral OTC trading (-36.5%) and in the rest of the trading systems (MTFs, OTFs and systematic internalisers). Bloomberg Trading Facility BV was the centre that concentrated the largest trading volume of Spanish private fixed income in 2021 (25.8%), registering a strong increase compared to the previous year. This increase is explained by the diversion of the activity previously carried out through the group's subsidiary based in the United Kingdom (Bloomberg Trading Facility Limited). Comparing with the sum of the volume traded in 2020 through both platforms of the same group (€98.29 billion), there would have been a drop of 35.2% in 2021.

The rest of the venues also showed decreases in the volumes traded of Spanish private fixed income in 2021. Table I.2.2.8, which shows individually those trading systems that presented in 2021 a volume of Spanish private fixed income trading above €4 billion, reflects this. The table also includes, under the heading "other trading systems", the €174 million traded through the main private fixed-income market AIAF (practically the same volume as the previous year), as well as the €61 million through CAPI OTF (€34 million less than in 2020) and the €20 million of Tradition, the new OTF. The two Spanish systematic internalisers that appear in the table (Banco Santander and BBVA) also decreased the volume traded in 2021, especially BBVA, with a decrease of 61.1%.

Total trading of private fixed income instruments issued by Spanish companies¹

TABLE I.2.2.8

Millions of euros

	2019	2020	2021	% change 21/20
Bilateral trading (OTC)	172,581	157,323	99,899	-36.5
Bloomberg Trading Facility Limited (MTF)	96,873	81,937	–	–
Bloomberg Trading Facility BV (MTF)	2,026	16,352	63,652	289.2
Marketaxess ² (MTF)	12,342	13,426	8,485	-36.8
Tradeweb ² (MTF)	16,973	13,412	6,619	-50.6
Banco Santander, S.A. – Systematic Internaliser (S.I.)	2,439	11,196	9,124	-18.5
BBVA, S.A. – Systematic Internaliser (S.I.)	7,308	10,822	4,205	-61.1
HSBC – Systematic Internaliser (S.I.)	10,073	9,897	–	–
Barclays Bank Ireland PLC (S.I.)	–	–	6,565	–
Citigroup Global Markets Europe AG (S.I.)	–	–	4,247	–
Other trading systems ³	95,480	102,187	43,881	-57.1
Total	416,095	416,553	246,675	-40.8

Source: CNMV. (1) Data estimated from information contained in Transaction Reporting. Includes private fixed income assets issued by Spanish companies both in Spain and abroad. (2) Figures for 2019 and 2020 include the volume traded through the London subsidiary, while in 2021 the volume is that traded through the Dutch subsidiary (BV). (3) This heading includes the sum of the volume traded in other trading systems other than those identified, whether they are regulated markets (including AIAF in Spain, trading on which was €174 million), other multilateral trading facilities (including MARF), organised trading facilities (including CAPI OTF and CIMD OTF registered in Spain) and other systematic internalisers.

I.2.3 Derivatives markets

Overview

The aggregate volume of derivative product contracts traded on international markets once again reached a new historical record for the fourth consecutive year, standing at **62.58 billion contracts** (33.7% more). This increase started with the growth of derivatives on shares and stock market indices. The growth extended to the two existing segments in the market, but above all to options, with 29.28 billion futures contracts (up by 14.6%) and 33.31 billion options (up by 39.3%) traded.

The greatest growth in trading by number of contracts was once again concentrated in the Asia-Pacific and Latin America areas, with increases of 51.6% and 37.5% respectively. By volume of registered contracts, the Asia-Pacific and North America regions stood out, with 30.55 billion and 15.38 billion contracts respectively. In Europe, trading fell by 2.8%, to 5.45 billion contracts,²⁷ with the Eurex and ICE Futures Europe markets standing out for their size.

Trading on European financial derivatives markets

TABLE I.2.3.1

Securities markets
and their agents
Markets and issuers

Thousands of contracts

	2019	2020	2021	% change 21/20
Eurex	1,947,144	1,861,416	1,703,293	-8.5
ICE Futures Europe	1,126,515	1,079,753	1,114,374	3.2
Euronext	152,020	175,583	164,051	-6.6
Nasdaq Exchange Nordic Markets	79,252	76,534	65,882	-14.0
London Stock Exchange Group	38,884	28,911	32,224	18.4
MEFF	39,467	36,709	30,982	-15.6

Source: Eurex, Futures Industry Association and CNMV.

MEFF Exchange

The number of financial derivative contracts traded on MEFF fell by 15.6%, reaching its lowest volume in the last decade and half that of 10 years ago. In general terms, this decrease can be attributed to several factors, among which the drop in volatility in the financial markets (compared to 2020), the worse relative performance of the Ibex 35 and the competition from other trading venues. The drop affected both equity and index contracts in a similar way, with contracts with underlying sovereign debt remaining inactive. Among derivatives on the Ibex 35, despite the fact that both futures and options trading fell, the former continued to account for almost all of the activity. In the case of derivatives on shares, there was a slight growth in the volume of futures contracts on shares (3.4%), which was insufficient to offset the fall in the number of share option contracts (-26.8%).

Trading on MEFF Exchange¹

TABLE I.2.3.2

Number of contracts

	2018	2019	2020	2021	% change 21/20
Contracts on Ibex 35	6,983,287	6,625,993	6,395,357	5,547,599	-13.3
Futures on Ibex 35 ²	6,564,971	6,256,231	6,151,704	5,398,675	-12.2
Plus	6,342,478	5,965,905	5,905,782	5,260,568	-10.9
Mini ²	149,023	145,489	154,351	92,657	-40.0
Micro	-	-	-	-	-
Dividend impact	70,725	144,831	91,571	45,450	-50.4
Sector	2,745	6	0	0	-
Options on Ibex 35 ²	418,315	369,762	243,653	148,924	-38.9
Contracts on shares	31,412,879	32,841,027	30,313,892	25,434,719	-16.1
Futures on shares	10,703,191	15,298,027	10,968,411	11,346,047	3.4
Futures on dividends	471,614	758,700	130,055	2,100	-98.4
Futures on dividends plus	200	-	7,752	20,800	168.3
Options on shares	20,237,873	16,784,300	19,207,674	14,065,772	-26.8
Total	38,396,166	39,467,020	36,709,249	30,982,318	-15.6

Source: CNMV. (1) The differences in the nominal value of the various products make it impossible to compare them based on the number of contracts traded. However, the trends in trading over time in each type of product can be tracked. (2) 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 relative to those of the Ibex 35 Plus future (using €1 as the multiplier of the index used to calculate the nominal value of the contract in the first two cases and €10 in the latter case).

Trading remains concentrated in a small number of underlying assets, reflecting the high and growing degree of market concentration. In the case of futures on shares, 1 single underlying (Banco de Santander) represented almost 90% of market trading, while in the case of options, just five underlyings (Iberdrola, Banco Santander, Telefónica, Repsol and BBVA) accounted for 92% of total contracting.

The main novelty in the financial derivatives segment corresponded to the updating by the European Committee of Corporate Actions (ECAC) of the guidelines for the treatment of corporate actions for derivative contracts when the payment of dividends is postponed or cancelled due to the COVID-19 pandemic.

At year-end 2021, MEFF Exchange had a total of 87 market members, four fewer than the previous year. The financial derivatives sector had 58 members, the energy derivatives sector had 37 and the currency derivatives sector had 5.²⁸

Number of members in MEFF Exchange

TABLE I.2.3.3

Segment	Traders	Own account traders	Total entities	Change 21/20
Financial derivatives	45	13	58	-5
Energy	8	29	37	0
Forex	5	0	5	1
Total entities¹	58	42	87	-4
Change 2021/20	-5	1	-4	-

Source: MEFF Exchange and CNMV. (1) The total is lower than the sum of members in each segment as there are entities that participate in more than one segment.

MEFF Power

Contracts traded on MEFF Power²⁹ represented an underlying energy volume of 26.6 TWh, 1.2 TWh less than in 2020 (-4.2%). This evolution was due to the 54.9% drop observed in the comparison of the first four months of both years, when a year-on-year reduction in registered volume of 8.6 TWh was recorded. Likewise, the change observed in the structure of registered contracts led to a decrease in the total number of transactions in the 2021 financial year (8.7% less, to a total of 2,871), although with a somewhat higher unit volume of energy.

Despite the lower volume of energy registered, the effective amount of transactions in MEFF Power doubled in 2021, to €2.28 billion, due to the sharp increase in prices. The average prices of the contracts registered in 2021 reached €85.9/MWh, 109.7% higher than the €40.9/MWh of 2020. The increase had a special impact in the last months of the year, with average prices hovering around €120/MWh from September to November and reaching €173.7/MWh in December.

²⁸ Entities may participate in more than one segment.

²⁹ MEFF Power is MEFF's energy derivatives segment, in which are recorded derivative contracts with financial settlement against the daily average of the Spanish electricity spot market (SPEL) prices, calculated by the Iberian Electricity Market Operator with settlement periods that can be daily, weekly, monthly, quarterly or annual.

The reduction in derivatives trading volumes in OTFs³⁰ that had started in 2020 was accentuated in 2021. In 2021 the effective volume fell by 53.2% to €340.72 billion and 37.7% fewer transactions were registered. The drop in activity extended to all types of derivative contracts, although it affected interest rate contracts more intensely, the effective amount of these falling by 63.9% compared with the previous year. With this decrease, interest rate derivatives came to account for just 45.7% of the global effective volume, below the corresponding level for currency derivatives (which were also down by 37.7%), interrupting the trend of previous years (in 2020 interest rate derivatives had accounted for 59.2% of the total).

Trading on organised trading facilities (OTFs)

TABLE I.2.3.4

Financial derivatives segment	No. of trades	Cash amount (millions of euros)
Financial derivatives ¹	1,058	155,739
FX derivatives ²	903	184,983
Total	1,961	340,722
Energy derivatives segment	43	51.32

Source: CNMV. (1) Correspond to trades with swaps, basis swaps, futures on interest-rate indices and overnight indexed swaps. (2) Correspond to trades with foreign exchange futures.

The drop in OTF activity in the energy derivatives segment³¹ was also significant in 2021. There was a reduction in both the number of trades (-67.4%) and the volume of underlying energy (-80%). Likewise, despite the large increase observed in the average price per MWh (which reached €80.2 in 2021 as a whole compared to €42.3 in 2020), the effective volume fell by 62.3%.

Warrants and certificates market

The volume of issues of warrants registered with the CNMV recovered in 2021, increasing to 4,581 (48.7% more), while premiums rose to 2,142 million (83.5% more). The strong relative increase in issues in 2021 is explained, to a large extent, by the poor comparison with the figures for 2020, when there was a notable decrease as a result of the COVID-19 crisis. In absolute value, issues have not yet recovered to pre-pandemic levels. The growth of premiums practically doubled in contracts whose underlyings were indices and shares and even more than tripled in contracts with underlying commodities (see Table I.2.3.5). On the contrary, the number of issuers fell back to three.³²

30 An organised trading system or facility (OTS or OTF) is a type of trading venue introduced by MiFID II, on which only fixed income instruments and derivatives can be traded and where, unlike regulated markets and MTFs, trading can be conducted in accordance with discretionary rules. CAPI OTF (managed by CM Capital Markets Brokerage, AV, S.A.) and CIMD OTF (managed by CIMD, SV, S.A. of Grupo CIMD Corretaje e Información Monetaria y de Divisas, S.A.) are the two OTFs authorised by the CNMV where derivatives were traded in 2021. In addition to financial and currency derivatives traded on both OTFs, energy derivatives are also traded on CIMD OTF.

31 Where swaps are traded CIMD's energy derivatives segment is where swaps are traded with financial settlement against the daily average of the spot market price of Spanish base load electricity (SPEL) and Italian (ITEL) (base and peak load) electricity spot markets.

32 The issuing entities of warrants were Société Générale, BNP Paribas and Banco Santander.

Warrant issues registered with the CNMV

TABLE I.2.3.5

Amounts in thousands of euros

	Number		Amount of premium				
	Issuers	Issues	Total	Shares	Indices ¹	Currencies	Commodities
2017	6	5,730	2,433,614	939,528	1,443,030	32,415	18,642
2018	5	5,231	2,084,891	818,952	1,160,478	48,767	56,695
2019	6	5,496	1,837,678	901,350	809,259	42,694	84,375
2020	5	3,081	1,167,724	445,662	673,963	24,797	23,302
2021	3	4,581	2,142,675	792,780	1,258,604	4,210	87,081

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

Despite the increase in the amount of premiums issued, the volume traded in warrants fell back to €289 million. The decrease in trading is largely explained, as in the rest of derivatives, by the decrease in market volatility in 2021. The contracted amount, which is the lowest in the last 15 years, was distributed in similar proportions between warrants on indices and on shares, with the rest of the underlying assets reaching very low values.

Trading in warrants on the continuous market

TABLE I.2.3.6

Premiums traded, in thousands of euros

	No. of issues ¹	Premiums traded by type of underlying				Total
		Indices ²	Shares	Currencies ³	Commodities	
2017	5,082	266,016	186,717	2,018	7,837	462,588
2018	4,191	317,881	133,863	1,390	3,542	456,676
2019	3,627	186,620	100,818	543	3,182	291,163
2020	3,328	161,714	147,125	2,067	8,795	319,700
2021	3,003	143,403	141,487	497	3,779	289,167

Source: CNMV. (1) The number states the issues that recorded trading in each period. (2) Includes baskets of securities and of indices. (3) Includes warrants on fixed income in the years in which these were traded.

The scarce activity of certificates is concentrated in the secondary market. In the absence of new issues in the primary market, market activity is concentrated in the only two active issues in the market (gold and oil).

I.2.4 Clearing, settlement and registry

Iberclear

It provides the initial registration service (notary service), the service of provision and maintenance of securities accounts (central maintenance service or central deposit function) and manages the ARCO securities settlement system (settlement service), as well as other related ancillary services.

Among the central securities depositories (CSDs) authorised to provide services on securities issued under Spanish law, Iberclear (Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal) is the one that concentrates the most activity. According to the latest data from the

European Securities and Markets Authority (ESMA) available for 2020, of the total value of issues made in accordance with Spanish regulations, 91% was initially registered with Iberclear, which settled 78% of the total value of transactions on them. The remaining activity was concentrated in the CSDs of the Clearstream and Euroclear groups.

At 31 December 2021 Iberclear had 63 participating entities. This figure includes the CSDs linked as investors in Iberclear and the central counterparties. The variation compared to 2020, at the end of which there were 70 participating entities, is mainly explained by mergers between entities in which both held the status of participants.

Registry

At the end of 2021, a total of 7,721 issues were registered with Iberclear (4.3% more), with a nominal amount of €1.84 billion (2.8% more). Public debt issues explain the increase in the total outstanding nominal balance. Regarding the number of issues, its increase is explained by that of the issues of other securities (securities that are not public or corporate debt), which was 7%. This progress is explained, above all, by the greater number of issues of warrants outstanding (increase of 478 issues compared to 2020), which more than offset the decrease in the number of outstanding issues of SICAVs (-157).

Iberclear ARCO. Registry

TABLE I.2.4.1

Amounts in millions of euros

Securities registered	2020	2021	% change 21/20
Number of issuances	7,402	7,721	4.3
Public sector debt	555	563	1.4
Corporate debt	1,993	1,963	-1.5
Other securities	4,854	5,195	7.0
Nominal balance registered	1,791,747	1,841,701	2.8
Public sector debt	1,168,059	1,238,915	6.1
Corporate debt	493,520	474,673	-3.8
Other securities	130,168	128,113	-1.6

Source: Iberclear and CNMV.

Settlement activity

Settlement activity suffered a slight decrease in relation to the number of transactions (-2%) and an increase of 13% in relation to their amount (see Table I.2.4.2). Without differentiating by type of security, and in terms of cash, transactions from central counterparties (CCPs) experienced a decrease of 2%, compared to the 22% increase of bilateral and platform transactions.

By type of asset, a slight decrease was observed in the total number of sovereign debt transactions, which contrasted with the increase in the amount settled (14%). In the first case, the increase in settled transactions from clearing houses did not compensate for the decrease in bilateral or platform transactions. In the second,

the increase is explained by bilateral or platform transactions, which largely offset the lower amount settled in clearing house transactions.

Settled trades on equity assets decreased by just over 2% in 2021. This evolution is explained by the decrease in the number of transactions instructed by clearing houses. Settled cash barely changed compared to 2020, since the increase in the amount observed in bilateral and platform transactions offset the decrease in clearing house transactions. Regarding corporate debt, where there was no activity cleared in a clearing house and settled in Iberclear, there were significant decreases both in the number of transactions (-6.5%) and in cash settled (-26.3%).

Iberclear. Transactions settled ARCO

TABLE I.2.4.2

Amounts in millions of euros

	2020		2021	
	No. of transactions	Cash	No. of transactions	Cash
Trades from CCPs	2,673,757	9,952,119	2,418,214	9,751,342
Sovereign debt	427,353	9,408,808	463,668	9,225,519
Corporate debt	–	–	–	–
Equity	2,246,404	543,311	1,954,546	525,823
Bilateral and platform trades	7,298,805	15,821,280	7,340,691	19,333,206
Sovereign debt	1,161,132	14,629,539	1,098,363	18,159,244
Corporate debt	78,835	177,370	73,691	130,766
Equity	6,058,838	1,014,371	6,168,637	1,043,196
Total	9,972,561	25,773,399	9,758,905	29,084,547

Source: Iberclear and CNMV.

Settlement efficiency ratios improved during 2021, both measured on the number of transactions and on their cash. The inefficiency rate was 6% for transactions and 3.7% in terms of cash (8% and 4.2% respectively in 2020). The equities segment saw the largest number of failed trades (6.4% compared with 8.9% in 2020) and 14.5% in terms of cash (16.9% in 2020). Sovereign debt transactions continued to show the best efficiency ratios, since the number of failed trades accounted for only 3.4% of the total and 3.1% in terms of cash (3.3% and 3.4% respectively in 2020). These ratios were much higher for the corporate debt sector: 5% in number of transactions and 4.1% in cash.

Failed clearing house transactions that were resolved by repurchase or cash compensation continued to account for a small percentage of those instructed by CCPs. These did not reach 0.01% in transactions or in cash. The cash affected in 2021 decreased notably compared to the amount of 2020 (although within reduced values in both years), reaching levels similar to those of 2019.

Iberclear. ARCO settlement incidents

TABLE I.2.4.3

Securities markets
and their agents
Markets and issuers

Amounts in millions of euros

	2020		2021	
	No. of transactions	Cash	No. of transactions	Cash
Sovereign debt	52,138	810,425	54,193	839,209
Corporate debt	3,917	5,504	3,717	5,361
Equity	738,534	263,474	523,509	227,993
Total failed trades	794,589	1,079,404	581,419	1,072,563
Buy-ins and settlement in cash	184	26	187	4

Source: Iberclear and CNMV.

BME Clearing

The number of BME Clearing members increased by 3 in 2021, to 187. As can be seen in Table I.2.4.4, which reflects the distribution of active members in BME Clearing, differentiating by segment and by type of member, additions were made in the energy segment (4 members) and in the derivatives segment (2 members), while 1 and 2 members, respectively, deregistered from the repo and equity segments.

Number of members of BME Clearing by segment

TABLE I.2.4.4

Segment	Clearing			Non clearing			Total entities	Change 21/20
	General	Individual	Special indiv.	Non-clearing	Ordinary	Proprietary		
BME Clearing Derivatives	8	24	–	12	1	11	56	2
FX sub-segment	–	4	–	–	–	–	4	–
BME Clearing Energy	6	1	–	–	–	41	48	4
BME Clearing Repo	1	23	–	–	–	–	24	-1
BME Clearing Swap	–	9	–	–	–	–	9	–
BME Clearing Equity	7	13	1	5	20	–	46	-2
Total entities	22	74	1	17	21	52	187	3
Change 2020	–	-1	–	–	–	4	3	

Source: BME Clearing and CNMV.

BME Clearing Derivatives

At BME Clearing Derivados, where transactions on financial derivatives traded on the MEFF Exchange are cleared, two entities were registered in 2021. Thus, the total number of members stood at 56 at the end of the year (2 more than in 2020). In the particular area of the clearing activity of FX-Rolling contracts corresponding to a sub-segment within financial derivatives, there are currently four registered members.

BME Clearing Energy

At BME Clearing Energía, in addition to clearing electricity contracts traded on the MEFF Exchange, a clearing service has been provided for natural gas (NG) and liquefied natural gas (LNG) contracts since 24 May 2018. This service is provided for OTC futures, spot transactions and loan or deposit transactions. As can be seen in Table I.2.4.5, gas contracts had high activity in 2021, both in cash traded (up by €285.42 million compared to 2020) and in number of transactions (12.5%). In addition, the volume registered in products on electricity represented the highest figure in at least the last 5 years, with a year-on-year variation of 100.8% compared to 2020 (that is, the volume doubled in 2021). This activity also translated into a robust increase in the open position of both products, which at the end of the year stood at 35.85 TWh,³³ a rise of 2.7% compared with 2020.

Activity in BME Clearing Energy

TABLE I.2.4.5

Nominal volume in millions of euros

	2020			2021		
	Electricity	Gas	Total	Electricity	Gas	Total
Cash volume	1,137	90	1,228	2,283	348	2,632
Number of transactions	3,144	263	3,407	2,871	296	3,167
TWh	28	7	35	27	9	36

Source: CNMV and BME Clearing.

BME Clearing Equity

The equities segment, which is the central counterparty service for the purchase and sale of securities traded on the stock exchange,³⁴ recorded an effective volume of €741.51 billion in 2021, 12.2% less than in 2020 (see Table I.2.4.6).

Activity in BME Clearing Equity

TABLE I.2.4.6

	2020	2021
Cash volume (millions of euros)	844,389	741,506
Number of transactions	111,407,336	90,509,504

Source: CNMV and BME Clearing.

³³ The record high was 34.92 TWh in April 2020.

³⁴ In September 2017, the connection of Iberclear and BME Clearing to the pan-European securities settlement platform Target2-Securities was completed.

BME Clearing Repo

Securities markets
and their agents
Markets and issuers

The repo fixed-income segment offers the central counterparty service for Spanish public debt repos, thus eliminating counterparty risk for participating entities. Despite the new offer from BME Clearing through the agreements signed with different platforms in 2018 and 2019, the number of transactions in this segment continued to fall in 2021 (-28%), as did cash amounts registered (-29% to €103.15 billion).

Activity in BME Clearing Repo

TABLE I.2.4.7

	2020	2021
Cash volume (millions of euros)	145,130	103,153
Number of transactions	1,363	982

Source: CNMV and BME Clearing.

BME Clearing Swap

This segment, which began its activity in 2016 and which offers the central counterparty service for OTC derivatives traded on interest rates, maintained the participation of nine clearing members at the end of the year (the same as in 2020). All of them were individual clearers. In 2021, only four transactions were registered in this segment, for a nominal amount of €43.89 million (two transactions, for €12.25 million in 2020).

I.3 Financial institutions and investment services

The set of entities under the supervision of the CNMV make up what is called non-bank financial intermediation (NBFi). These entities, which in some cases carry out activities similar to those of banks, involving, for example, transformation of maturities or liquidity, exposure to credit risk or use of leverage, have become particularly significant in recent years. This increased significance is explained by an international context in which the financial system has progressively reduced its dependence on banks, although this financing continues to be quantitatively the most important. Due to the size of their assets, collective investment schemes (CIS) stand out and are some way ahead of other entities that make up NBFi. Investment firms, which are smaller, are essential in providing services related to securities, traditionally those related to their trading, and more recently others such as the marketing of CIS, portfolio management and financial advice. It is also worth noting the strong growth observed in recent years of venture capital and private equity firms and crowdfunding platforms, which have positioned themselves as alternative and successful financing formulas.

I.3.1 Collective investment

After a 2020 financial year complicated by the outbreak of the pandemic, the collective investment industry experienced a significant advance in 2021, which occurred especially in national investment funds and in vehicles of foreign origin. Thus, the assets of investment funds grew by 16.1% during the year, thanks both to the new inflows of resources and to the increase in the value of the investment portfolio. As in 2019, there was no clear trend in unitholder investment strategies in 2021. Growth was observed in some higher risk fund categories, especially global equities, as well as in fixed income funds, which are considered to be conservative. For their part, foreign CIS marketed in Spain, which had already been growing strongly since 2012, increased their investment volume by 38.5% between January and December 2021, reaching 43.5% of total Spanish investment in CIS.

The entry into force of Law 11/2021 of 9 July on measures to prevent and combat tax fraud is giving rise to important changes in the field of open-ended investment companies (SICAVs). The regulations require a minimum investment of €2,500 by at least 1,000 shareholders for a SICAV to be able to continue to apply the 1% tax on its profits. Thus, in addition to the more than 150 deregistrations of entities in 2021, more than 75% of the SICAVs in existence at year-end have announced their upcoming liquidation.

Investment funds

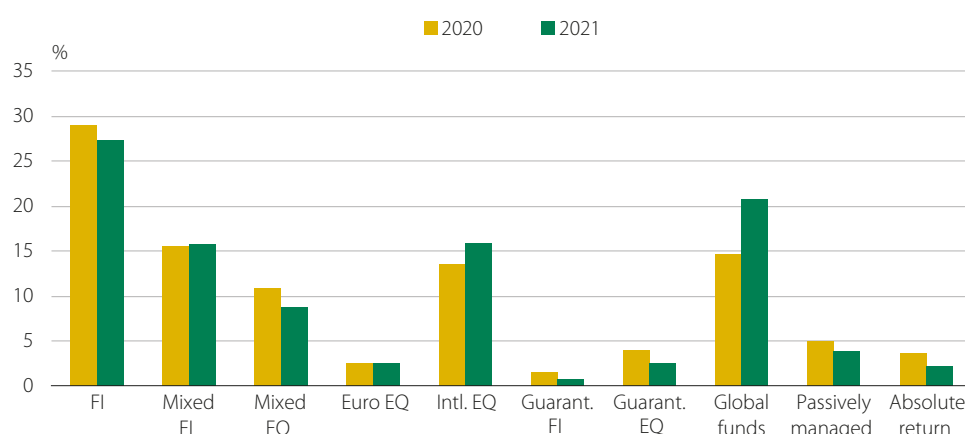
The assets of Spanish investment funds (IFs), which stagnated in 2020 due to the pandemic,¹ grew strongly again in 2021, with an increase of 16.1%, reaching €324.7 billion. This advance had its origin both in the net subscriptions made by the unitholders, which amounted to €27.62 billion over the course of the year, and in the revaluation of the portfolio of these vehicles, whose annual performance stood at 6.3% thanks to the recovery of the markets, especially equity markets. Capital growth was seen in all four quarters of the year, but most particularly in the second quarter, when the increase was 5.5% and net investment was more than €10 billion.

The category of funds that registered the greatest growth in assets throughout the year was “global”. After two years with hardly any movement, these funds grew again notably in 2021, after receiving net subscriptions of close to €23 billion² (see Statistical Annex II.1). This significant inflow of resources, together with an increase in the value of assets of almost €4 billion, caused the assets of these funds to increase by 65.1%. International equity funds also experienced a strong increase in assets, although some distance behind, with an increase of 35.8% to exceed €51 billion. In fixed-income and mixed fixed-income funds, there was a substantially lesser increase in assets, of around €7.5 billion in each category, due to investors’ subscriptions.

On the negative side, the most notable decline in assets was that of guaranteed equity funds, whose assets have been falling gradually for the past 12 years. Thus, this category closed 2021 with assets of €8.28 billion, after losing 26.7% in one year and having reached almost €29 billion in 2009. In the case of guaranteed fixed-income funds, which have undergone a contraction process very similar to that of guaranteed equities funds, the year ended with a fall in assets of more than €1.8 billion, to just €2.35 billion. In absolute return funds, on the other hand, the decrease was just over €2.8 billion and they closed the year with assets of €7.23 billion.

Investment funds: breakdown of assets

FIGURE I.3.1.1



Source: CNMV.

- 1 It should be remembered that between the months of January and March 2020, the assets of IFs had contracted by 10.5%, while in the rest of the year they recovered by 11.8%. This meant that the year closed with an increase of 0.1%.
- 2 It is important to mention that around €7.9 billion of this figure corresponded to existing investment funds that had previously belonged to other categories.

These movements caused the relative weight of the categories considered less conservative (equities, euro and international, and global funds) to increase by more than 8 percentage points (pp) to more than 39% of total investment funds' assets. On the other hand, the relative importance of the most conservative formulas (fixed income funds and guaranteed fixed income and equity funds) decreased, from representing 34.4% in 2020 to 30.4% in 2021 (see Figure I.3.1.1). However, it is important to mention that part of this movement was due to the high revaluation of the portfolio of vehicles with greater proportions of equities. In addition, fixed income funds, which account for almost all the conservative funds, experienced high net subscriptions during the year, of €7.67 billion, extending the run of growth of this category which started in 2019 (in the last three years its assets have increased by almost €22 billion). These movements seem to indicate that some investors opt for the search for yield in the current environment of low interest rates (35% of gross subscriptions went to global and equity funds), while others, more risk-averse and influenced by the current high level of uncertainty, opt for more conservative formulas (38%), although it should be noted that these formulas are not necessarily safer.

The aggregate return of IFs for the year as a whole was 6.3%, with positive values in all four quarters of the year and especially high in the first two. Virtually all fund categories posted positive returns for the year as a whole, with the exception of fixed income funds (-0.3%) and secured fixed income funds (-1.3%). On the other hand, euro and international equity funds, thanks to the good performance of the equity markets, recorded by far the highest values, with 16.7% and 21.1%, respectively. The return on the portfolio of passively managed funds, of which almost half the assets belong to vehicles that replicate an index, was also high, specifically 9.8%, while that of global funds stood at 7.9%.

Breakdown of investment fund assets¹

TABLE I.3.1.1

Amounts in millions of euros

	2020	%	2021	%	% change 21/20
Assets	279,695	100.0	324,701	100.0	16.1
Portfolio of financial investments	256,257	91.6	299,435	92.2	16.8
Spanish securities	54,588	19.5	54,716	16.9	0.2
Debt securities	38,395	13.7	35,648	11.0	-7.2
Equity instruments	6,185	2.2	6,829	2.1	10.4
Collective investment schemes	8,511	3.0	11,397	3.5	33.9
Deposits with credit institutions	1,342	0.5	627	0.2	-53.3
Derivatives	141	0.1	168	0.1	19.1
Other	15	0.0	47	0.0	213.3
Foreign securities	201,665	72.1	244,716	75.4	21.3
Debt securities	86,152	30.8	95,132	29.3	10.4
Equity instruments	33,886	12.1	46,254	14.2	36.5
Collective investment schemes	81,358	29.1	103,090	31.7	26.7
Deposits with credit institutions	0	0.0	0	0.0	-
Derivatives	268	0.1	239	0.1	-10.8
Other	1	0.0	1	0.0	0.0
Doubtful, delinquent or disputed investments	5	0.0	4	0.0	-20.0
Cash	22,203	7.9	23,951	7.4	7.9
Net balance (debtors/creditors)	1,234	0.4	1,315	0.4	6.6

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

As in recent years, the breakdown of the aggregate assets of investment funds changed in 2021 in favour of foreign securities, which had a relative weighting of 75.4% of total assets at year-end, 3 pp more than in 2020, at €245 billion.³ The domestic portfolio, for its part, while its relative importance decreased, remained practically constant in absolute terms, with just under €55 billion. The increase in investment by IFs in global assets was especially high in the case of investment in other CISs, which increased by 26.7% to reach €103.09 billion and a relative weight in the foreign portfolio of 42.1% (40.3% in 2020). In relation to the domestic portfolio, there were no significant changes in most categories, investment in fixed-income securities remaining the predominant one, with a relative importance of 65.2%. Overall, it can be stated that the weight of direct investment in equities in the portfolio, both domestic and foreign, is relatively low.

Management companies continued the process of rationalising their ranges of funds on offer in 2021. The decrease in the number of vehicles was slightly less than in 2020 (63 in 2021 compared with 80 in 2020), although higher than in previous years. At year-end, there were 1,452 investment funds, following 76 registrations and 139 deregistrations during the year (see Table I.3.1.2). Most of the deregistrations, a total of 130, were the result of absorptions by other IFs, all of them Spanish. This reduction, coupled with the growth in assets, led to a notable increase in average assets per fund in the year, which rose from €184.6 million in 2020 to €223.6 million in 2021.

The number of CISs availing themselves of Articles 8 and 9 of the Disclosure Regulation⁴ at the end of the year was 183.⁵ These articles indicate the pre-contractual disclosures that must be satisfied by financial products that promote environmental or social characteristics (Article 8) and financial products whose objective is sustainable investments (Article 9). 176 of these (170 investment funds, two hedge funds and four SICAVs) availed themselves of Article 8 and seven (six investment funds and one hedge fund) of Article 9. The number of unitholders in these vehicles was 5,057,460 and they had assets of €68.4 billion.

3 It must be taken into account that the foreign portfolio includes all the securities that have been acquired in non-national markets, regardless of the origin of the issuers, a factor that is especially relevant in the case of debt assets, since there is a growing tendency on the part of Spanish issuers to carry out their issues in foreign markets.

4 Regulation (EU) 2019/2088 of the European Parliament and of the Council, of 27 November 2019, on sustainability-related disclosures in the financial services sector.

5 Corresponding to a total of 188 compartments.

Registrations and deregistrations in 2021

TABLE I.3.1.2

Securities markets
and their agents
Financial institutions
and investment services

Type of entity	Entities registered at 31/12/20	Registrations	Deregistrations	Entities registered at 31/12/21
Total financial CIS	4,018	95	298	3,815
Investment funds	1,515	76	139	1,452
Investment companies	2,427	6	153	2,280
Funds of hedge funds	7	3	0	10
Hedge funds	69	10	6	73
Total real estate CIS	5	0	1	4
Real estate investment funds	2	0	0	2
Real estate investment companies	3	0	1	2
Total foreign CIS marketed in Spain	1,048	110	84	1,074
Foreign funds	407	44	35	416
Foreign companies	641	66	49	658
CISMCs	123	4	4	123
Depositories	35	0	2	33

Source: CNMV.

The number of unitholders increased, in line with the growth in assets, by a remarkable 24.9% in 2021, to 15.8 million. There were increases in all four quarters of the year, especially in the last one, in which an increase of more than 1 million new unitholders was registered. Fixed income funds recorded the highest growth, with 1.3 million more unitholders, followed by international equity funds, with an increase of 838,642. Both categories had already registered the largest increase in investors in the two previous years and together they accounted for almost 60% of the total number of unitholders. Conversely, guaranteed funds, both equity and fixed income, saw the biggest reductions in the number of unitholders, in line with the reduction in their assets, the former having 91,396 and the latter 57,890 fewer unitholders at year-end 2021 than at the end of 2020 (see Statistical Annex II.1).

Technical guide on liquidity management and control of CISs

EXHIBIT 3

In January this year the CNMV published its *Technical guide on liquidity management and control of collective investment schemes (CISs)*. This initiative, which was submitted to public consultation in September 2021, is included in the CNMV's 2021 Activity Plan and aims to unify all the relevant supervisory criteria applicable in this area that the supervisor has been transmitting to entities in the last few years. The guide also takes into account the results of recent actions carried out at a national and European level, notably the Common Supervisory Action undertaken by ESMA in 2020.

The CNMV thus provides transparency to the criteria, methodologies and practices that it considers most appropriate for compliance with the regulations in the area of control and management of the liquidity of CIS and that it applies in the exercise of its supervisory function. Entities that deviate from these criteria will have to justify their actions and be able to prove that they comply adequately with legal obligations.

In particular, the technical guide¹ sets out the contents that the procedures of CIS managers should include to ensure appropriate management and control of the liquidity risk of their CISs, with the aim of avoiding harm and conflicts of interest among investors. Specifically, in the final text, in which the comments received in the public consultation period² have been taken into account, the guide details:

- The analyses to be carried out and limits to be observed in the design phase of each CIS and the checks that also have to be carried out prior to any investment.
- The analyses and recurring checks needed to ensure appropriate alignment of the liquidity profile of the assets with the liabilities of each CIS. To do so, the principle of proportional sale of liquid and less liquid assets (the slicing approach) has to be complied with, employing a reasonable margin. Detailed guidelines are included on approaches for determining liquidity ratios or levels of financial instruments, as well as estimating sale time horizons and scenarios for redemptions and other payment obligations and stress and resilience tests. The final wording specifies that it will be the manager that defines how the proportion of liquid and less liquid assets will be maintained in situations of reimbursement in the CIS.
- The various tools that can be used for appropriate management of CIS liquidity. CIS managers have to consider in their procedures on the one hand the circumstances in which the different tools established by the regulations would be applicable (notice periods, temporary indebtedness, partial subscriptions/redemptions, side pockets, etc.), making sure that they are appropriately implemented, and on the other hand the use of anti-dilutive mechanisms (including notably the valuation of the portfolio at bid or ask prices and swing pricing) to avoid conflicts of interest between unitholders subscribing or redeeming and those remaining at especially difficult moments as regards the market situation.
- The functions assumed by the manager's various areas, the involvement of the board of directors and additional analyses relating to the delegation of functions.

It is worth mentioning that liquidity management is also generating growing attention in the European Union, with the proposal at the end of November last year to amend the AIFMD and the UCITS³ Directive incorporating elements similar to those contained in this Spanish guide at EU level among other things.

1 CNMV – Technical guides.

2 The public consultation period began on 9 September 2021 and ended on 15 October. For further details of the observations received in the public hearing process, see <http://www.cnmv.es/Portal/publicaciones/Documentos-Fase-Consulta.aspx?tDoc=1&lang=en>

3 https://eur-lex.europa.eu/resource.html?uri=cellar:9025e7c1-4de7-11ec-91ac-01aa75ed71a1.0001.02/DOC_1&format=PDF

The number of SICAVs registered with the CNMV fell by 147 in 2021, a figure very similar to that observed in the last 5 years. It is worth mentioning that from January 2022, Law 11/2021 of 9 July on measures to prevent and combat tax fraud requires a minimum shareholding of €2,500, together with the existing requirement that there must be a minimum of 100 shareholders in order for them to continue availing themselves of the previously existing tax regime whereby they were taxed at a Corporation Tax rate of 1%, in the same way as investment funds. Thus, at 31 March 2022, 1,756 vehicles had reported their upcoming deregistration as SICAVs, while 467 had reported their continuity and the remaining 63 had yet to respond (for further information, see Exhibit 14).

The contraction of the sector throughout 2021 was also reflected in the number of shareholders (down by 2.9% to 351,617) but not in assets, which increased by 5.8% to €28.50 billion. This meant that both average assets per SICAV and average assets per shareholder increased substantially over the course of the year: the former stood at €12.5 million (€11.1 million in 2020), while the latter exceeded €81,000 (just over €74,000 in 2020). Almost all SICAVs were listed on the BME MTF Equity market (formerly MAB).

The breakdown of these vehicles' assets remained stable in 2021, with a majority of investment in foreign assets, which accounted for more than 86% of the financial investment portfolio. Within the foreign portfolio, as was the case in the previous year, there was an increase in the relative importance of investment in other CISs, which came to represent 55.6% of this portfolio (53.5% in 2020). On the other hand, investment in fixed-income securities continued to contract, causing its weight to fall from 15.3% to 12.1% of foreign investment (see Table I.3.1.3). For its part, the domestic portfolio, while decreasing slightly in terms of its relative weight, increased in absolute value terms, from €3.41 billion in 2020 to €3.53 billion in 2021. The breakdown of the various instruments within domestic investments remained similar to that of previous years, the majority (46.4%) being invested in equities.

Breakdown of investment company assets¹

TABLE I.3.1.3

Amounts in millions of euros

	2020	%	2021	%	% change 21/20
Assets	26,936	100.0	28,502	100.0	5.8
Portfolio of financial investments	24,523	91.0	25,730	90.3	4.9
Spanish securities	3,414	12.7	3,525	12.4	3.3
Debt securities	732	2.7	734	2.6	0.3
Equity instruments	1,601	5.9	1,634	5.7	2.1
Collective investment schemes	968	3.6	1,067	3.7	10.3
Deposits with credit institutions	44.6	0.2	19	0.1	-57.4
Derivatives	3.2	0.0	0	0.0	-100.0
Other	66	0.2	71	0.2	7.6
Foreign securities	21,086	78.3	22,203	77.9	5.3
Debt securities	3,226	12.0	2,684	9.4	-16.8
Equity instruments	6,548	24.3	7,158	25.1	9.3
Collective investment schemes	11,276	41.9	12,335	43.3	9.4
Deposits with credit institutions	0.0	0.0	0.0	0.0	0.0
Derivatives	23.8	0.1	8	0.0	-66.4
Other	12.6	0.0	17	0.1	34.9
Doubtful, delinquent or disputed investments	4.9	0.0	2.0	0.0	-59.2
Intangible assets	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.5	0.0	1.0	0.0	100.0
Cash	2,222	8.2	2,476	8.7	11.4
Net balance (debtors/creditors)	190.8	0.7	295	1.0	54.6
Pro memoria: No. of shareholders	362,133	-	351,617	-	-2.9

Source: CNMV. (1) Interest included in each heading.

Hedge funds

Assets of hedge funds continued the expansion of recent years in 2021, with growth of 22.7%, to €4.37 billion. Despite this increase, hedge funds in Spain, unlike other European countries, continue to have a very low weight within collective investment, less than 1% of total assets. Both hedge funds and funds of hedge funds saw increases in their assets over the course of the year, of 21.7% to €3.54 billion for the former and 27.3% to €831 million for the latter. The number of vehicles registered with the CNMV also increased during the year, specifically by seven, to stand at 83 at the end of December. As shown in Table I.3.1.2, this increase was seen both in the hedge funds segment, which closed the year with 73 institutions, following ten registrations and six deregistrations, and in the funds of hedge funds segment, where the three registrations brought the total to ten at year-end after three years with no movement.

In line with the increase in assets and in the number of entities, the total number of unitholders and shareholders of these vehicles grew substantially, to 14,171 at year-end, 3,352 more than at the end of 2020. This movement was especially pronounced in the funds of hedge funds where, thanks to the registrations made in the year, the number of unitholders rose by 88.4%, to 5,385. In the case of hedge funds, the increase was 10.4% and they ended the year with 8,786 unitholders. The performance of the portfolio was in line with that of the market over the course of the year, especially equity markets, and was positive for all categories: while hedge funds posted an annual return on their portfolio of 5.4%, funds of hedge funds showed a return of 9.3%.

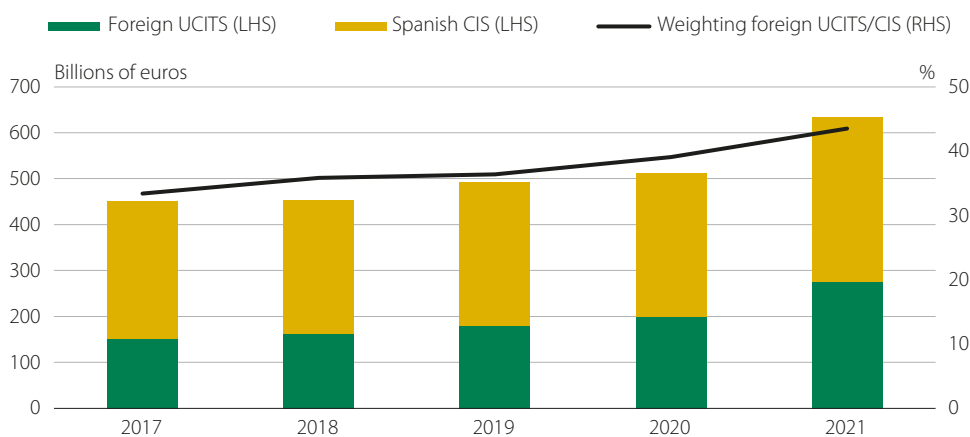
Foreign CISs marketed in Spain

The investment volume of foreign CISs marketed in Spain has increased continuously and considerably in recent years, and the increase was particularly marked in 2021. Assets of foreign CISs amounted to €276.23 billion at the end of the year, representing an increase of 38.5% relative to year-end 2020 (see Figure I.3.1.2). As a result, the weight of foreign CISs in the total of CISs marketed in Spain reached 43.5%.

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Assets of foreign CISs marketed in Spain¹

FIGURE I.3.1.2



Source: CNMV. (1) From the first quarter of 2018, the data of unitholders and investment volume are estimated with the data received to date. With the entry into force of CNMV Circular 2/2017, of 25 October, the number of entities required to submit statistical information has increased and therefore the data for the last three years may not be fully comparable with the information published up to December 2017.

The number of foreign CISs registered with the CNMV also grew in 2021, by 26, to end the year at 1,074 (416 funds and 658 companies). Thus, over the course of the year the number of foreign funds increased by 9 (44 registrations and 35 deregistrations) and that of companies by 17 (66 registrations and 49 deregistrations). As in previous years, most of the registrations corresponded to vehicles from Luxembourg (25 more than in 2020), reaching 497. It is also worth mentioning that as a result of Brexit, 23 UK vehicles were deregistered (see Statistical Annex II.5).

Collective investment scheme management companies (CISMCs)

At the end of 2021 there were a total of 123 CISMCs registered with the CNMV. This number has remained stable since 2019. However, the assets managed by these entities increased notably during the year, specifically by 15.2%, to stand at slightly above €358 billion,⁶ in line with the expansion of the sector. Of this figure, as in previous years, around 90% corresponded to Spanish investment funds, followed by SICAVs, with 8.2%. It is worth mentioning that the management of foreign CISs by Spanish management companies, which is not included in the aforementioned figure, saw strong growth in 2021, after remaining relatively stable in the previous four years, reaching over €23 billion, representing an increase of 48.2%

⁶ This figure corresponds to the information obtained from the confidential statements that Spanish CISs submit to the CNMV.

relative to the previous year. This sector also remained highly concentrated: the three largest management companies held a combined share of 49.4% of total assets under management at year-end 2021, appreciably more than the 43.5% seen at the end of 2020.

Aggregate profit before tax increased by 34% compared with 2020, reaching €1.22 billion for the year. This advance was basically due to the growth in assets under management (AuM), which caused fees received to increase by 20.6%, to €3.55 billion. This trend was due mainly to CIS management fees. At around 85% of total fees received, these are by far the most significant. In 2021 the increase by 18.6% to €3.03 billion (see Table I.3.1.4). As a result of this increase, which was proportionally greater than that in AuM, average CIS management fees increased to 0.84% in 2021 compared with 0.82% in 2020. Thanks to this improvement in the sector's results, the number of loss-making entities also fell to 14, half the previous year's figure, with losses totalling €5.7 million (see Table I.3.1.5).

Income statements of CISMCS

TABLE I.3.1.4

Amounts in thousands of euros

	2020	2021	Change (%)
Net interest income	664	697	5.0
Net fees	1,520,462	1,906,240	25.4
Fees received	2,939,529	3,545,270	20.6
CIS management	2,551,446	3,025,538	18.6
Subscription and redemption fees	11,710	12,149	3.7
Other	376,373	507,505	34.8
Fees paid	1,419,067	1,639,030	15.5
Profit from net financial investments	2,131	4,410	106.9
Return on equity instruments	4,233	8,603	103.2
Net exchange differences	-1,154	-390	-66.2
Other operating income and expense, net	9,684	9,851	1.7
Gross margin	1,536,020	1,929,411	25.6
Operating costs	587,798	661,509	12.5
Personnel	330,638	384,542	16.3
General expenses	257,160	276,967	7.7
Depreciation, amortisation and other provisions, net	43,158	52,997	22.8
Net losses due to impairment of financial assets	717	-1,313	
Net operating profit	904,347	1,216,218	34.5
Other gains and losses	4,624	1,866	-59.6
Profit before tax	908,971	1,218,084	34.0
Tax on income	-261,867	-344,123	31.4
Profit from continuing operations	647,104	873,961	35.1
Result of interrupted activities	0	-1	-
Net profit for the year	647,104	873,960	35.1

Source: CNMV.

Pre-tax results, number of loss-making entities and amount of losses

TABLE I.3.1.5

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Amounts in thousands of euros

	Pre-tax results	No. of loss-making entities	Amount of losses
2016	600,818	13	7,369
2017	754,562	19	6,630
2018	1,115,425	26	11,541
2019	969,287	21	7,839
2020	909,602	28	7,627
2021	1,218,084	14	5,675

Source: CNMV.

Depositories

During 2021, two depositories were removed from the CNMV registry, so that at the end of the year there were a total of 33. Of these, only 19 were operational, three fewer than at the end of 2020. The sector continued to be clearly predominated by vehicles belonging to banking groups, 95.4% of total CIS AuM being deposited with them at year-end 2021, virtually unchanged from 2020. The remaining 4.6% was divided among credit cooperatives, broker-dealers and insurance companies. Of the amount deposited in banks, 34.4% corresponded to branches of foreign financial entities, with most of this amount (more than 90%) in two entities headquartered in France.

I.3.2 Provision of investment services

Investment services may be provided by various types of entities: credit institutions, investment firms (including broker-dealers, brokers, portfolio management companies and financial advisory firms) and CIS management companies (CISMCs). Credit institutions are by far the largest providers of investment services in Spain and account for the bulk of fee income in the various types of services. For their part, broker dealers and brokers continue to have a relative weight of some significance, particularly in order transmission and execution. It should be noted that portfolio management companies, financial advisory firms and CISMCs offer a more limited catalogue of investment services than broker-dealers and brokers.

Credit institutions

At the end of 2021, a total of 108 Spanish credit institutions (banks, savings banks and credit cooperatives) were registered with the CNMV as being able to provide investment services, three fewer than in 2020.⁷ Notable removals from the list were Bankia and Liberbank, absorbed by Caixabank and Unicaja Banco respectively. The number of foreign credit institutions providing investment services in Spain at the end of the year stood at 416, 69 fewer than the previous year. This decrease was largely due to the fall in the number of UK entities as a result of Brexit. Of these

⁷ It should be noted that in 2021, of the 108 registered credit institutions, 98 can be considered to have been active in the provision of investment services.

foreign entities, 361 operated under the freedom to provide services regime and 55 through branches. Almost all of them (411) were from other EU Member States (see Statistical Annex II.12).

The aggregate amount of fees received by credit institutions for the provision of securities services and the marketing of CISs increased notably in 2021, by 22.6%, to stand at €5.89 billion. Table I.3.2.1 shows the income obtained by credit institutions from the provision of securities services and the marketing of investment funds and other non-bank financial products. The provision of investment services implied fees of €2.64 billion for credit institutions, 21.6% more than in 2020. Income obtained for the various investment services showed growth of more than 20% in all components except the processing and execution of orders. Particularly notable increases were seen in fees for discretionary portfolio management (34.9%), investment advice (31.7%), and placement and underwriting of securities (20.3%). For its part, income from processing and executing orders increased by 1.2%.

As regards fees for ancillary services relating to investment, credit institutions received €1.25 billion, representing an increase of 18.6% compared with 2020. In this case, fees for all the various ancillary services saw significant increases compared with the amounts of the previous year.

Revenues of credit institutions from the provision of securities services and marketing of non-bank financial products

TABLE I.3.2.1

Amounts in millions of euros

	2018	2019	2020	2021	% of credit institutions' total fees ¹
For investment services	1,735	1,847	2,166	2,635	15.6
Placement and underwriting	217	296	354	426	2.5
Processing and execution of orders	510	498	642	650	3.8
Discretionary portfolio management	414	479	527	711	4.2
Investment advice	595	573	644	848	5.0
For ancillary services	965	923	1,055	1,251	7.4
Administration and custody	667	650	651	746	4.4
Financial reports and research	184	148	234	280	1.7
Other ancillary services	115	125	169	225	1.3
Marketing of non-bank financial products	4,222	4,084	4,010	4,865	28.7
Collective investment schemes	1,688	1,597	1,581	2,000	11.8
Pension funds	892	927	972	1,152	6.8
Insurance	1,507	1,437	1,377	1,604	9.5
Other	135	123	79	109	0.6
Total	6,923	6,854	7,231	8,751	51.7
<i>Pro memoria:</i>					
For securities services and marketing of CISs	4,388	4,367	4,802	5,886	34.7
Total fee income	14,928	15,176	15,193	16,927	100.0

Source: CNMV and Bank of Spain. In 2017, the confidential statements that credit institutions submit to the Bank of Spain were amended to bring them into line with the criteria for preparation, terminology, definitions and formats of FINREP (EU financial reporting).

In line with the foregoing, income received from the sale of non-banking products increased by 21.3% in 2021. Advances were observed in all items: marketing of CISs (26.5%), pension funds (18.5%), insurance (16.5%) and others (38.0%). The combined weight of revenue from providing securities services and marketing CISs in the total amount of fees received by these entities increased from 31.2% in 2020 to 34.7% in 2021. This occurred in a context in which total fees received by credit institutions grew by 11.4%. In recent years, the pressure of the low interest rate environment on their income has been giving rise to a change in the business model of credit institutions. They have sought to offset the decline in their traditional net interest income as far as possible with increases in fees for banking, investment and insurance services.

A comparison of the fees received by credit institutions with those received by investment firms shows the preponderance of the former in providing investment services. As can be seen in Table I.3.2.2, this type of service is mostly provided by credit institutions. This is largely due to the fact that a significant number of investment firms (broker-dealers and brokers) whose main or sole shareholder was a credit institution have disappeared, with their activities now taken over by the credit institutions themselves. Credit institutions clearly exceed broker-dealers and brokers in order processing and execution services, a segment in which for many years investment firms accounted for the bulk of the fees. In 2013 this situation changed and in recent years credit institutions have progressively gained market share in this segment, to stand at around 70%.

Fees received for investment services. 2021

TABLE I.3.2.2

Amounts in millions of euros

	Investment firms ¹	Credit institutions (CI)	Total	% CI/total
Total Investment services	716	4,634	5,350	86.6
Placement and underwriting	89	426	516	82.6
Processing and execution of orders	271	650	921	70.6
Portfolio management	42	711	752	94.5
Investment advice	90	848	938	90.4
Marketing of CISs	224	2,000	2,223	90.0
Total ancillary services	382	1,251	1,633	76.6
Administration and custody	38	746	784	95.2
Other ancillary services	344	505	849	59.5

Source: CNMV and Bank of Spain. (1) Includes broker-dealers and brokers, financial advisory firms and branches of foreign IFs.

Credit institutions also outweigh investment firms in the provision of ancillary services related to investment, but less so than in the case of investment services proper. In this regard, it should be noted that investment firms received 40.5% of the total revenues of the "Other ancillary services" segment.

Investment firms

Broker-dealers and brokers

Authorisation and registration

At the end of 2021, a total of 91 broker-dealers and brokers were registered with the CNMV, four entities fewer than at the end of 2020. This figure breaks the sector's positive trend of recent years. One of the main reasons is banking groups, in this case foreign, integrating their brokers and broker-dealers into the parent bank, which gives rise to deregistration of entities. These declines were partly offset by the creation of new entities, mostly linked to non-bank financial groups. This highlights the transformation of the composition of the sector, with a growing presence of independent entities linked to non-bank financial groups.

As can be seen in Table I.3.2.3, in 2021 seven entities were registered and 11 de-registered. Of the former, five corresponded to four brokers and one company, all belonging to non-bank financial groups. The other two were a broker belonging to a foreign banking group and an independent broker. As for the deregistrations, four resulted from absorption into the banking groups to which they belonged (three broker-dealers and one broker). For its part, one broker-dealer was absorbed by another company. Of the remaining six deregistrations, two broker-dealers and one broker ceased their activity voluntarily, one broker filed for bankruptcy, another was converted into a CISMIC and, lastly, one broker-dealer was converted into a credit institution (see Statistical Annex II.8).

There were two changes of control among brokers and broker-dealers in 2021 (see Statistical Annex II.9) These changes affected two brokers that were originally independent: one was acquired by an Andorran credit institution and the other by a Cypriot non-bank financial institution. The number of representatives used by investment firms increased notably, from 1,760 at the end of 2020 to 2,088 at the end of 2021.

The majority of broker-dealers and brokers that use an EU passport to operate in other EU countries do so under the freedom to provide services regime. Specifically, at the end of 2021, 53 firms were operating under this regime (two fewer than in the previous year, see Statistical Annex II.10), while eight Spanish firms had branches in other countries, four more than at the end of 2020. The list of countries in which entities operated under the branch regime changed significantly. Branches were opened in Luxembourg, Poland and Portugal and closed in France, the Netherlands, Sweden and the United Kingdom. In the case of the United Kingdom, as for most of the entities that operated under the free provision of services regime, the abandonment of the activity was due to Brexit.

Registrations and deregistrations

TABLE I.3.2.3

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Type of entity	Firms at 31/12/20	Registrations	Deregistrations	Entities at 31 Dec. 2021
Spanish entities	95	7	11	91
Broker-dealers	38	1	6	33
Brokers	57	6	5	58
Foreign entities	3,119	80	2,253	946
With a branch	66	5	30	41
Free provision of services	3,053	75	2,223	905
Pro memoria:				
Representatives	1,760	619	291	2,088

Source: CNMV.

In 2021 a total of 80 entities authorised in other Member States informed the CNMV of their intention to begin providing investment services in Spain (see Table I.3.2.3). However, in this area the year was also marked by the consequences of Brexit. In this regard, it is important to note that UK entities lost their EU passporting rights to operate in Spain on 1 January 2021. After that date, if they wished to continue operating, they had to re-register as non-EU entities. This led to there being 2,253 notifications of abandonment of this activity, constituting the bulk of this type of entity. Most of these notifications, both for registrations and deregistrations, corresponded to entities operating under the free provision of services regime, which decreased substantially in number, from 3,053 to 905 at the end of 2021. With the great reduction in the number of this type of entities, Cyprus, Germany and the Netherlands have become the countries of origin of most of the entities that operate under this regime. In turn, the number of foreign firms with branches went from 66 to 41. Again, the decrease in the number of branches was caused, for the most part, by the abandonment of the activity of those based in the United Kingdom, which were 26 at the end of 2020 (see Statistical Annex II.7). At the end of 2021, only two UK entities were registered as non-EU branches and none under the free provision of services regime.⁸

Results

Broker-dealers and brokers obtained net aggregate profit before tax of €140.7 million in 2021, an increase of 3.1% on the previous year. This increase was due to the large growth in the result of brokerage firms (286.8%). Brokers for their part saw their net aggregate results decline by 14%.

A total of 33 firms ended the year with losses, five fewer than in 2020. Moreover, the aggregate volume of losses was somewhat greater. Losses of broker-dealers increased by 25.4%, while those of brokers decreased by 30.0% (see Tables I.3.2.5 and I.3.2.7).

Broker-dealers experienced a significant fall in their net income compared to the previous year (see Table I.3.2.4). All items contributed to this rise, except for interest margin and net exchange differences. There were notable decreases in gains on

⁸ See the CNMV statement on the provision of investment services in Spain by companies from third countries without a branch establishment published on 23 July 2021. CNMV – Information to the sector.

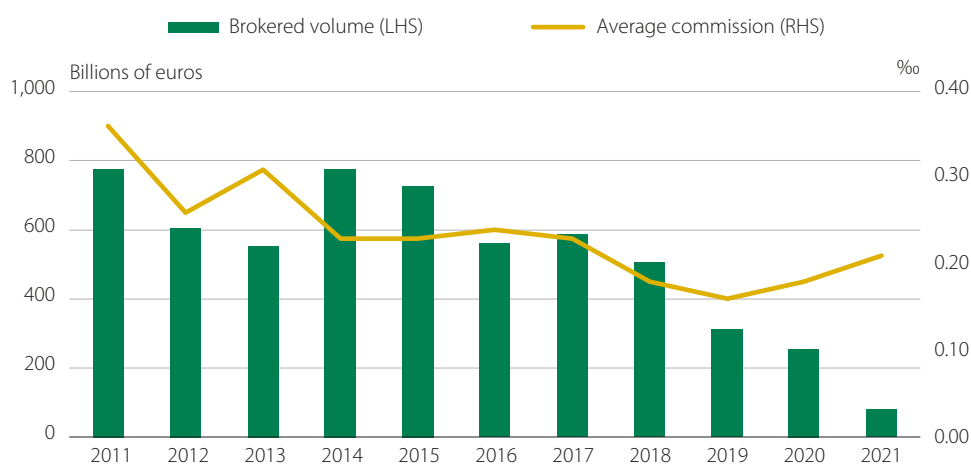
financial investments (66.3%) and other operating income and expense (62.7%). Net fee income was also down, by 14.5%, although the performance of its different components was uneven.

Within revenue from the provision of services to third parties, fees from order processing and execution remained the largest component, although they fell significantly in 2021, by 35.4%. This decrease is explained, for the most part, by the fact that the broker-dealer belonging to Credit Suisse ceased its activity when it became a credit institution. The main activity of this company was the processing and execution of customer orders.

Intermediation in national markets has decreased in importance in recent years. For investment firms, fees for processing and executing orders traditionally came from brokering activities in the Spanish equity markets. However, in recent years, this type of brokering has been declining with respect to brokering carried out in other markets such as international equity and derivatives markets. Specifically, brokerage fees in Spanish equity markets went from accounting for 47.5% of broker-dealers' fees for processing and executing orders in 2018 to 10.4% in 2021. This is due, above all, to the notable fall in the volumes brokered in these markets in recent years. This is also one of the main reasons for the increase in average fees (see Figure I.3.2.1).

**Broker-dealers that are stock market members:
brokered volume and average effective fees for equities
on Spanish regulated stock markets**

FIGURE I.3.2.1



Source: CNMV.

Most other fees saw increases in 2021. The increase in fees received for the placement and underwriting of securities, to more than €86 million, was significant (€5.3 million in 2020). Income from investment advice also increased (by 36.7%), as did that from the marketing of CISs (26.7%) and portfolio management (20.8%). On the other hand, it is worth noting the 32.5% decrease in income from "other" fees. Fees paid increased slightly (by 0.6%) compared with the previous year,

accounting for 44.8% of fees received, four pp more than in 2020. This was because derivatives were the dominant transactions in 2021, which increased investment firms' operating costs.

Gains on financial investments decreased by 66.3% in 2021, to €32.7 million. A significant part of the decrease this year was due to the exceptional sale in 2020 by two broker-dealers of the shares they held in BME as a result of the takeover bid launched by SIX. In any case these figures confirm the trend of recent years, whereby proprietary trading activity has fallen to levels that can be considered low compared with those of investment firms in peer countries. It is also important to highlight the decrease in net income from other operating income and expenses (62.7%), which stood at €34.4 million.

Broker-dealers' operating expenses also decreased, in line with the decline in activity in the sector. Both components saw declines: personnel expenses fell by 28.9%, while general expenses were down by 32.3%. Depreciation, amortisation and other provisions fell considerably (by 34.5%). Although expenses decreased as a whole, the decrease in gross margin (29.9%) caused the operating result to fall by 28.8% from €124.9 million in 2020 to just under €89.0 million in 2021. The result before taxes fell by 14.0% to €110.7 million. A notable contribution to this came from "other gains" of €17.2 million.

Trends in the aggregate income statement in recent years reveal the process of change in the business model of a large number of broker-dealers. Their traditional main business, brokerage in securities markets, has been losing its relative importance, while marketing, third party management and "others" are increasingly important in their income statements.

As has become the norm in recent years, most of the profits in this subsector were generated by a small number of companies. Specifically, of the companies operating at the end of 2021, three broker-dealers accounted for 72.2% of the total results of companies reporting a profit and 87.1% of the aggregate result. This concentration was intensified by the exit of the four companies belonging to foreign credit institutions mentioned above.

An analysis by entity shows that 13 broker-dealers posted losses before tax, one more than in 2020 (see Table I.3.2.5). Seven of these had already posted losses in 2020. Of these 13 companies, 11 are independent entities and two belong to a financial group. Cumulative losses were €17.5 million in 2021, up from €13.9 million in 2020.

Income statement of broker-dealers¹

TABLE I.3.2.4

Amounts in thousands of euros

	2020	2021	% change 21/20
Interest margin	35,957	41,565	15.6
Net fees	310,868	265,790	-14.5
Fees received	525,812	481,945	-8.3
Processing and execution of orders	254,307	164,293	-35.4
Issuance placement and underwriting	5,279	86,324	1,535.2
Deposit and book-entry of securities	39,260	36,880	-6.1
Marketing of CISs	50,985	64,608	26.7
Portfolio management	13,128	15,860	20.8
Investment advice	5,813	7,944	36.7
Other	157,040	106,036	-32.5
Fees paid	214,944	216,155	0.6
Result of financial investments	97,113	32,733	-66.3
Net exchange differences	-981	972	-
Other operating income and expense	92,259	34,398	-62.7
Gross margin	535,216	375,458	-29.9
Operating costs	396,091	276,737	-30.1
Personnel	250,567	178,230	-28.9
General expenses	145,524	98,507	-32.3
Amortisation and other provisions	14,665	9,599	-34.5
Net losses due to impairment of financial assets	-533	156	-
Net operating profit	124,993	89,966	-28.8
Other gains and losses	3,736	21,754	482.3
Profit before tax	128,729	110,720	-14.0
Tax on income	25,801	17,239	-33.2
Profit from continuing operations	102,928	93,481	-9.2
Result of interrupted activities	0	-2,773	-
Net profit for the year	102,928	90,708	-11.9

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

Results before tax, No. of loss-making broker-dealers and amount of losses before tax

TABLE I.3.2.5

Securities markets
and their agents
Financial institutions
and investment services

Amounts in thousands of euros

	Profit before tax (total) ¹	No. of loss-making firms	Amount of losses before tax
Broker-dealers			
2018	103,853	18	-28,789
2019	65,011	13	-29,789
2020	128,729	12	-13,930
2021	110,969	13	-17,477

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

All brokers receive income mainly from the provision of services to third parties, since they cannot carry out proprietary investment activities. 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 CISs or portfolio management. Independent entities predominate in this subsector.

Brokers' aggregate result before tax increased almost fourfold in 2021, to €30 million. The increase in results was due to higher revenues, in line with the expansion of their activity, in a context in which, at the same time, brokers were able to contain cost increases.

Thus, in net terms, fees grew by 21.4% relative to the previous year. In gross terms (fees received), revenue from the sale of CISs stood out, increasing by almost €30 million (47.1%). There was also substantial growth in income from portfolio management (57.2%), investment advice (18.1%) and "other" activities (8.2%). Conversely, there were declines in fees received in the remaining categories, which account for an ever smaller proportion of fee income. Income from processing and executing orders fell by 35.8%, while fees for placement and underwriting of issues, and for deposit and book-entry of securities fell by 31.3% and 43.6% respectively. The increase in brokers' fee income was reflected in an increase in fees paid to third parties (30.2%). Despite some negative contributions from net other income and operating expenses, the aggregate gross margin grew notably, by 26.6%, to €174.1 million.

Operating expenses increased by 10.4%. This trend is explained by the increase in both general expenses (16.1%) and personnel expenses (7.8%). Revenues that grew to a greater extent than expenses meant that the net operating result was €26.1 million, much higher than the €3.3 million of 2020. As happened last year, other gains and losses contributed almost €4 million to pre-tax results.

The increase in pre-tax results in the sector was a consequence of the improvement in individual brokers' returns. Specifically, 36 of those registered at the end of both 2021 and 2020 posted improved results. As for the rest, there was a decrease in both the number of loss-making entities (from 20 to 16) and the amount of the losses, which went from €13.7 million in 2020 to €10.6 million in 2021. It is important to note that 11 of the 16 loss-making brokers had already suffered losses in the previous year (see Table I.3.2.7).

Income statement for brokers¹

TABLE I.3.2.6

Amounts in thousands of euros

	2020	2021	% change 21/20
Interest margin	932	454	-51.3
Net fees	143,162	173,785	21.4
Fees received	165,094	202,233	22.6
Processing and execution of orders	22,035	14,140	-35.8
Issuance placement and underwriting	2,157	1,481	-31.3
Deposit and book-entry of securities	754	425	-43.6
Marketing of CISs	62,134	91,375	47.1
Portfolio management	14,554	22,874	57.2
Investment advice	33,990	40,142	18.1
Other	29,470	31,896	8.2
Fees paid	21,932	28,548	30.2
Result of financial investments	-5,562	666	-
Net exchange differences	-596	213	-
Other operating income and expense	-372	-989	-165.9
Gross margin	137,564	174,129	26.6
Operating costs	132,069	145,812	10.4
Personnel	90,074	97,054	7.8
General expenses	41,995	48,758	16.1
Amortisation and other provisions	2,130	2,200	3.3
Net losses due to impairment of financial assets	26	-38	-
Net operating profit	3,339	26,155	683.3
Other gains and losses	4,417	3,846	-12.9
Profit before tax	7,756	30,001	286.8
Tax on income	4,920	7,199	46.3
Profit from continuing operations	2,836	22,802	704.0
Result of interrupted activities	0	0	-
Net profit for the year	2,836	22,802	704.0

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

Results before tax, No. of loss-making brokers and amount of losses before tax

TABLE I.3.2.7

Amounts in thousands of euros

	Profit before tax ¹	No. of loss-making firms	Amount of losses before tax
Brokers			
2018	12,532	21	-10,947
2019	10,443	19	-11,349
2020	7,756	20	-13,744
2021	30,001	16	-10,572

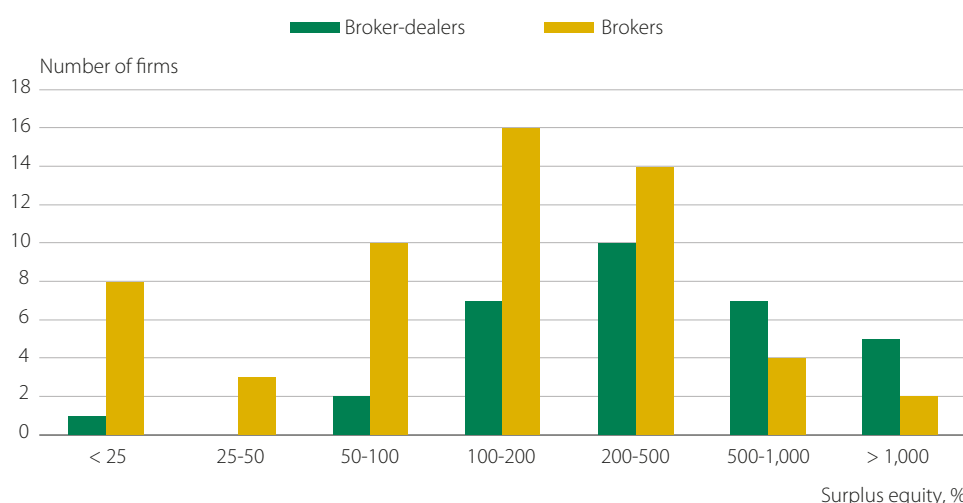
Source: CNMV. (1) Includes results of all firms which were included in the CNMV registries at any time during the year, not only at year-end.

The sector as a whole continued to exhibit high levels of solvency during 2021, the equity surplus at the end of the year being 5.3 times capital requirement. This figure increased considerably compared with that registered at the end of 2020 (2.8 times), which is explained by the deregistration of one large entity, the Credit Suisse broker-dealer company. The increase was also contributed to by the entry into force of a new solvency regulation which is more proportionate and appropriate to the level of risk assumed by IFs and which requires fewer own resources from most companies.⁹ In any case, in absolute terms, this surplus is not very important, as the amounts involved are small.

As is usual, this margin was generally greater in broker dealers than in brokers. Thus, while for the former, the aggregate equity surplus was around 6.8x, for the latter, it remained at 2.1x. As for the distribution of this ratio, Figure I.3.2.2 shows that at the end of 2021, most broker-dealers continued to have surplus equity greater than 200%. At the same time, the brokers continued to show a more uneven distribution. Four brokers closed the year with an equity deficit (no broker-dealers).

Surplus equity over minimum requirements for broker-dealers and brokers

FIGURE I.3.2.2



Source: CNMV.

Financial advisory firms

Financial advisory firms offer their clients the sole reserved activity of advisory services in financial investments. Since the entry into force of MiFID II, these entities have been able to offer independent or non-independent advice.

At year-end 2021, 140 financial advisory firms were registered with the CNMV, the same number as in 2020. Nine new firms were registered and nine were deregistered. Total assets under advisory services amounted to €19.26 billion. Of this amount,

⁹ Regulation (EU) 2019/2033 of the European Parliament and of the Council, of 27 November 2019, on the prudential requirements of investment firms and amending Regulations (EU) No. 1093/2010, (EU) No. 575/2013, (EU) No. 600/2014 and (EU) No. 806/2014.

€12.33 billion corresponded to independent advice. Compared to the previous year, total assets advised increased by 10.6%. The bulk of the advisory service contracts signed corresponded to retail clients (95.4% of a total of 9,317), although these contracts only accounted for 46.0% of assets under advisory services (see Table I.3.2.8).

Lastly, the combined profit of these types of entities increased notably, from €4.8 million in 2020 to €7.4 million in 2021. This increase was due both to an increase in fee income from clients and to rebates and other fees from other entities. Specifically, fees charged directly to clients increased from €37.3 million in 2020 to €44.7 million in 2021.

Financial advisory firms: number of contracts and volume of assets under advisory services¹

TABLE I.3.2.8

Amounts in thousands of euros

	2020	2021	% change 21/20
Number of contracts			
Retail clients	6,867	8,890	29.5
Non-retail clients	397	427	7.6
Total	7,264	9,317	28.3
Assets under advisory services (thousands of euros)			
Retail clients	6,907,284	8,858,793	28.3
Non-retail clients	10,515,766	10,404,722	-1.1
Total	17,423,050	19,263,515	10.6

Source: CNMV.

Other considerations on the provision of investment services in Spain

Information on the provision of investment services in Spain is usually presented in accordance with the type of entity performing this activity. These can be credit institutions, IFs or CISMCS, although the management of CIS is not strictly speaking an investment service from a legal point of view. However, an approach based on the business model of the entities makes it advisable to delimit more precisely what part of the business related to providing investment services is performed by banks that may be defined as commercial banks and what part is performed by entities that may be considered to be specialised in providing investment services. This last group of entities would be formed by independent IFs and CISMCS (that is, not subsidiaries of commercial banking groups) and by banks specialising in the provision of investment services.

One part of this analysis consists of identifying the entities that have the legal form of a bank, but whose business model is based on providing investment services. For this purpose, the ratio of revenue received for providing investment services to the entity's total revenue can be taken, identifying as banks specialised in investment services any entity with a ratio of over 65%.¹⁰ It is estimated that the

¹⁰ Among the most significant entities by volume of revenue received are Allfunds, Cecabank, Banco Inversis, Caceis Bank and Renta 4.

amount of income for providing investment services corresponding to these entities in Spain was €1.20 billion in 2021 as a whole. However, if we take account of the volume of fees that these entities pay as rebates to third parties, which in some cases are of a significant amount due to their specific business model, the volume of revenue falls to just below €715 million (around 13.4% of total fees received by credit institutions for this business).

In the case of non-bank financial entities (broker-dealers, brokers and CISMCS), those belonging to a commercial banking group and which, therefore, would fall within the scope of the provision of investment services of this type of entity, have been identified. As regards brokers and broker-dealers, these entities are currently insignificant as credit institutions have been absorbing their broker-dealers and brokers over recent years in the context of a major reorganisation of the Spanish financial sector. At the end of 2021, there were a total of four broker-dealers belonging to Spanish credit institutions whose main business was commercial banking. These accounted for 77% of the total assets of broker-dealers in 2021 and around 19% of the income received by this type of entity. In the area of CIS management companies, the importance of those linked to commercial banks is higher as they account for 66% of fees net of rebates resulting from CIS management and 73% of the total amount of the fees received by management companies as a whole.

Taking into account all these considerations, it is estimated that in 2021 64% of the business related to the provision of investment services in Spain (including the management of CISs and measured by fees received) corresponded to traditional commercial banks or entities belonging to their groups. The remainder corresponded to financial entities specialising in the provision of investment services that are not linked to commercial banking. This percentage represents a notable decrease compared to those estimated for 2019 (68%) and 2020 (67%) and continues with the downward trend observed since 2017.

ESMA Statement on Investment Recommendations on Social Media EXHIBIT 4

In recent years there has been an increase in investment recommendations made on social media. These recommendations tend to target retail investors. For this reason and with the aim of reinforcing investor protection, on 28 October 2021, the European Securities and Markets Authority (ESMA) decided to publish a statement explaining the regulations that must be applied to them.

Specifically, the communication is addressed to any person, inside or outside the EU, who discloses information proposing an investment decision on financial instruments of the EU and whose objective is a broad public. Thus, in accordance with EU regulations, a relevant example of disclosure of information would be sharing an opinion on social media about the present or future price of a certain share.

The EU regulations applying in these cases are those deriving from the legislation on market abuse.¹ These regulations establish the following obligations for any individual or legal entity that makes an investment recommendation:

- The person or entity making the recommendation must disclose his, her or its identity.
- Sources, interpretations, relevant facts and objective prices must also be disclosed.
- The date and time when the recommendation is made must be indicated.
- Any particular interest or conflict of interests must be disclosed.
- In addition, if the person or entity making the recommendation makes investment recommendations frequently, he, she or it must summarise and publish the methodologies used, past recommendations, and the times of updating of the recommendations.

Application of the Market Abuse Regulation is intended to ensure that investment recommendations are made in a specific and transparent way. In this way, investors will be able to know and evaluate both the credibility of the recommendation and its objectivity as well as the interests of those making the recommendation.

The statement recalls that the publication of misleading information may be interpreted as market manipulation. It also states that there is proactive monitoring of the conduct, orders and transactions of investors by the European national supervisors. Any act contrary to the Market Abuse Regulation may give rise to fines and administrative and criminal proceedings. Finally, it is also pointed out that the Regulation always applies, even if there are warnings or disclaimers to the effect that what appears on a public platform is not intended to constitute an investment recommendation or that the person writing it is not an expert.

¹ Regulation (EU) No. 596/2014 of the European Parliament and of the Council, of 16 April 2014, on market abuse (the Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

I.3.3 Venture capital firms and crowdfunding platforms

Venture capital and other closed-ended collective investment schemes

Private equity and venture capital activity continued their upward trend of recent years in 2021, and this was reflected in the number of new closed-ended collective investment schemes registered with the CNMV, which continued to record all-time highs. A total of 143 closed-ended investment schemes and seven new management companies of closed-ended schemes were registered in 2021. The CNMV register closed the year with a total of 671 investment vehicles and 122 management companies, an increase of 22.9% and 2.5% respectively on the figures for year-end 2020.

In the area of closed-ended investment schemes, among the aforementioned 143 new registrations there was a wide variety of legal forms and investment objectives. For

venture capital entities – venture capital funds and venture capital firms – the number of registrations was 106, of which five corresponded to SME venture capital entities. Thirteen European venture capital funds (EuVECA) and two European social entrepreneurship funds (EuSEF) were also registered. In total, at 31 December 2021, 44 EuVECAs and six EuSEFs were registered, which represents an increase of 43% compared with the previous year. For their part, registrations of closed-end collective investment entities saw notable growth during 2021: 22 new entities, 10 of them closed-ended collective investment companies and 12 closed-ended collective investment funds.

Apart from this, the initiative of the Spanish Official Credit Institute (ICO) through the FOND-ICO Global venture capital fund held a new call, the fourteenth, for €750 million, allocating two thirds to growth funds. In this way, in the 14 public calls for FOND-ICO Global carried out up to the end of 2021, 123 investment vehicles have been selected in which up to €3.02 billion will be invested.

Finally, and in relation to the entry into force of Regulation (EU) 2019/2088 of the European Parliament and of the Council, of 27 November 2019, on sustainability-related disclosures in the financial services sector, which also applied to venture capital entities, it should be noted that at the end of 2021, 112 vehicles had included information on sustainability in their information brochures, of which six stated that they were financial products that promoted environmental or social characteristics, in the meaning of Article 8 of the aforementioned Regulation and three were aimed at sustainable investments in the meaning of Article 9.

Registrations and deregistrations in 2021

TABLE I.3.3.1

Type of entity	Entities registered at 31/12/20	Registrations	Deregistrations	Entities registered at 31/12/21
Venture capital companies	184	54	7	231
Venture capital funds	235	47	6	276
SME venture capital companies	18	5	3	20
SME venture capital funds	13	0	0	13
European venture capital funds	31	13	0	44
European social entrepreneurship funds (EUSEF)	4	2	0	6
Total venture capital undertakings	485	121	16	590
Closed-ended collective investment companies	28	10	0	38
Closed-ended collective investment funds	33	12	2	43
Total closed-ended collective investment entities	61	22	2	81
Total venture capital firms + closed-ended collective investment entities	546	143	18	671
Management companies of closed-ended collective investment entities	119	7	4	122

Source: CNMV.

According to the estimates for 2021 made by the ASCRI, the Spanish venture capital and private equity association, the sector ended 2021 with an investment volume of €7.49 billion. This amount is 20% higher than the previous year, spread over a total of 841 transactions, and represents the second best historical record, surpassed only in 2019. This increase was due, to a large extent, to the recovery of large transactions (for over €100 million), with 10 investments accounting for more than half of the total investment volume. Also, middle market transactions (between €10 million and €100 million) remained very active, with a new maximum in the number of investments (93), which reached an amount of €2.30 billion.

It is also worth noting that the venture capital segment set new all-time highs, in both investment volume (€1.94 billion) and number of transactions (691). Of this figure, more than €1.5 billion was invested by international vehicles. Divestment, for its part, continued to slow due to the pandemic and economic uncertainties and amounted to €1.49 billion (at cost price), through 238 transactions.

Crowdfunding platforms

Activity in authorisation and registration of CPs during 2021 was very low. Only two new securities CP applications were received, which were resolved by withdrawal of the interested parties, and one new securities and loans CP was authorised, application for which was submitted prior to 2021. The number of CPs registered remained at 27, after one new securities and loans CP was registered and one loans CP was deregistered in 2021.

It is also worth noting the entry into force on 10 November 2021 of Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European crowdfunding service providers for business. The Regulation establishes uniform requirements for the provision of crowdfunding services in the EU, obliging CPs authorised in Spain in accordance with the provisions of Law 5/2015 of 27 April on the promotion of business financing to adapt to meet the requirements imposed by the Regulation, for which a transitional period is set that ends on 10 November 2022. However, the EC is studying the possibility of extending the transitional period for one more year.

Number of CP applications

TABLE I.3.3.2

Platform type	Securities	Loans	Mixed	No data ¹	Total
2015	10	12	1	1	24
2016	7	7	7	0	21
2017	3	3	3	0	9
2018	2	4	6	0	12
2019	1	5	2	0	8
2020	0	0	0	0	0
2021	2	0	0	0	2

Source: CNMV. (1) The application for authorisation did not indicate the type of crowdfunding platform.

Number of CP applications authorised, denied and withdrawn

TABLE I.3.3.3

Securities markets
and their agents
Financial institutions
and investment services

Platform type	Securities	Loans	Mixed	No data ¹	Total	Total
2015	Authorised	1	0	0	-	1
	Denied / withdrawn	0	0	0	0	0
2016	Authorised	8	8	2	-	18
	Denied / withdrawn	3	4	0	1	8
2017	Authorised	4	2	3	-	9
	Denied / withdrawn	2	4	2	0	8
2018	Authorised	2	0	0	-	2
	Denied / withdrawn	2	5	7	0	14
2019	Authorised	1	0	2	-	3
	Denied / withdrawn	0	3	2	0	5
2020	Authorised	0	2	2	-	4
	Denied / withdrawn	0	1	0	0	1
2021	Authorised	0	0	1	-	1
	Denied / withdrawn	2	0	0	0	2

Source: CNMV. (1) The application for authorisation did not indicate the type of crowdfunding platform.

Number of CPs registered

TABLE I.3.3.4

Platform type	Securities	Loans	Mixed	Total
2015	1	0	0	1
2016	4	8	0	12
2017	3	1	4	8
2018	3	1	1	5
2019	2	0	2	4
2020	0	1	1	2
2021	0	0	1	1
Cumulative total¹	9	8	10	27

Source: CNMV. (1) The sum of the years does not agree with the cumulative total due to the deregistrations: two in 2019, three in 2020 and one in 2021.

Regulation (EU) 2020/1503 on European crowdfunding service providers for business

EXHIBIT 5

Regulation 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European crowdfunding service providers for business, which was published in the *Official Journal of the European Union* on 20 October 2020, regulates for the first time the provision of crowdfunding services in the EU, establishing harmonised investor protection requirements and standards. Crowdfunding services cover both the placement – without firm commitment – of negotiable securities and instruments admitted for crowdfunding issued by project promoters (investment-based crowdfunding) and the facilitation of granting of loans (lending-based crowdfunding). In addition, crowdfunding service providers can provide the service of individual portfolio management of loans.

The main novelties regarding **investor protection** are: i) for non-sophisticated investors, performing an entry knowledge test, the simulation of the capacity to withstand losses, warnings and a reflection period of four business days; ii) for all investors, the delivery of a Key Investment Information Sheet, KIIS with information on the financial risks and expenses and, in the case of loans, on the default rates of the project promoter.

The Regulation, which began to apply on 11 November 2021, required ESMA to develop 12 technical standards: eight regulatory technical standards (RTS), including two that must be developed in close cooperation with the EBA, in addition to four implementing technical standards (ITS) on a variety of topics. To carry out this task, ESMA created a temporary task force to prepare the RTS, which were sent to the EC for approval on 10 November 2021.

The regulatory technical standards specify or establish the following aspects:

- The requirements, standard formats and procedures for **complaint handling**.
- The requirements for the maintenance or application of internal provisions to prevent **conflicts of interest**; the appropriate measures to prevent, detect, manage and communicate conflicts of interest between crowdfunding service providers (or their partners, directors, employees or persons linked to them by a control relationship) and their clients, or between two clients, and measures for the disclosure of information on conflicts of interest.
- The measures and procedures for the **business continuity plan**.
- The requirements and arrangements for **applying for authorisation** to operate as an ECSP, including model forms, templates and procedures for requesting authorisation.
- The **default rate calculation methodology** (annual default rate and expected and actual annual default rates by risk category) of the projects offered on the crowdfunding platform (**in close cooperation with the EBA**).
- The necessary measures to: i) carry out the **suitability assessment** of the services for non-sophisticated potential investors (**entry knowledge test**), ii) carry out the **simulation of the ability to bear loss** of non-sophisticated potential investors and iii) provide the necessary information by non-sophisticated potential investors and to warn of the inadequacy and risk of the investment (**in close cooperation with the EBA**).
- The requirements for and content of the model for presenting the information to be contained in the Key Investment Information Sheet (KIIS); the main types of risks associated with the crowdfunding offer and which must therefore be disclosed; the use of certain financial ratios to enhance the clarity of key financial information; and fees, rates and

transaction costs, including a detailed breakdown of direct and indirect costs to be borne by the investor.

- The **information to be exchanged** between NCAs to cooperate in investigation, supervision and enforcement activities.

ESMA has also published a set of **questions and answers to promote convergence in supervision** and help to the NCAs and the industry, especially in the first months of application of the regulation. The questions and answers refer to the following aspects: **the use of special purpose vehicles, the transitional period** depending on whether or not there is national legislation on crowd-funding, **general provisions** (such as the definition of the project and the consideration of the individualised management of loan portfolios), interpretation of the term “**routing orders**” in Article 3.3 of the Regulation and, finally, issues relating to **investor protection** (non-application of the non-prohibition to invest for non-sophisticated investors in the case of Article 21.6, the responsibility of the project promoter, the language regime of the KIIS and of advertising communications and the regime of advertising communications regime in the Member State of dissemination).

II CNMV actions in the securities markets

II.1 Issuers' transparency obligations

Issuers of securities listed on a Spanish official secondary market, or domiciled in the European Union when Spain is their home Member State, are obliged to file with the CNMV on the one hand an annual financial report comprising their annual financial statements, the audit report, the management report and statements of responsibility for their content, with the exceptions provided in the regulations, and on the other hand semi-annual interim financial information.¹

The annual financial report and the semi-annual interim financial information are considered regulated periodic information, the supervision of which corresponds to the CNMV, with the aim of reinforcing confidence in the reliability of the financial information published by issuers.

II.1.1 Financial reporting

Annual financial reporting²

The number of annual reports corresponding to the 2020 financial year received by the CNMV amounted to 281, corresponding to 146 issuers (144 in 2019). This figure excludes reports from asset securitisation funds and bank asset funds and includes both individual and consolidated reports.

Although still voluntary in 2021, 68 annual financial reports were received in the European Single Electronic Format (ESEF). This figure represents 47% of all issuers required to publish their annual financial report. This new format establishes issuers' obligation to prepare their entire annual financial reports in XHTML format.

Furthermore, where IFRS consolidated financial statements are presented, they must be marked up using the XBRL markup language (Extensible Business Reporting Language) and IFRS taxonomy.

The percentage of issuers with audit reports presenting unqualified audit reports remains in line with figures seen in 2019 and 2018, qualified reports for 2020 being received from two entities in 2021 (three in 2019). In 2020 and 2019, no entity submitted a report with a disclaimer of opinion (one in 2018).

1 Articles 118 and 119 of the recast text of the Spanish Securities Market Act approved by Royal Decree 4/2015, of 23 October.

2 Annual financial reporting is available at www.cnmv.es, in the "Companies search" section of "Registration files" under the heading "Annual financial reports", where the official registries of the audited annual accounts of companies that issue securities may be consulted.

Summary of issuer annual financial reports received by the CNMV

TABLE II.1.1.1

(Excluding securitisation funds and bank asset funds)

	2018		2019		2020	
	Number	%	Number	%	Number	%
Audits filed with the CNMV	292	100.0	277	100.0	281	100.0
Individual accounts	152	52.1	144	52.0	145	51.6
Consolidated accounts	140	47.9	133	48.0	136	48.4
Special reports pursuant to Article 14 of Royal Decree 1362/2007	4	-	4	-	4	-
Audit opinion						
Unqualified opinion	284	97.3	271	97.8	277	98.6
Qualified opinion	6	2.1	6	2.2	4	1.4
Disclaimer of opinion or adverse opinion	2	0.7	0	0.0	0	0.0
Type of qualification						
Audits with exceptions	2	0.7	0	0.0	0	0.0
Audits with scope limitations	6	2.1	6	2.2	4	1.4
Effects of exceptions						
Effects on profit						
Audits with positive effects	0	0.0	0	0.0	0	0.0
Audits with negative effects	2	0.7	0	0.0	0	0.0
Effects on equity						
Audits with positive effects	0	0.0	0	0.0	0	0.0
Audits with negative effects	0	0.0	0	0.0	0	0.0
Nature of emphasis of matter paragraphs						
Going concern related	23	7.9	21	7.6	27	9.6
Asset recovery related	2	0.7	2	0.7	2	0.7
COVID-19 related	0	0.0	32	11.6	10	3.6
Other circumstances	1	0.3	5	1.8	10	3.6

Source: CNMV.

The CNMV verifies that the regulated periodic financial information has been prepared in compliance with the applicable regulations. To exercise this function, the CNMV is empowered, as described in Article 234 of the recast text of the Securities Market Act to require listed entities to publish additional information, completing the disclosures provided by the issuer or indicating the corrections identified, accompanied where applicable by commitments to restate or reformulate the periodic financial information. In this process, the CNMV addresses issuers, requesting information in writing to obtain clarification or data on specific matters. Oral requests are also sometimes made whether by telephone or through meetings in order to collect additional information. The requests for information are a tool to investigate possible non-compliance, but not every request is ultimately related to non-compliance with accounting regulations. Consequently, there are responses from entities that do not entail any corrective action by the CNMV.

The CNMV's supervisory work on annual financial reports involves two levels of review, a formal and a substantive level. In accordance with ESMA Guidelines on

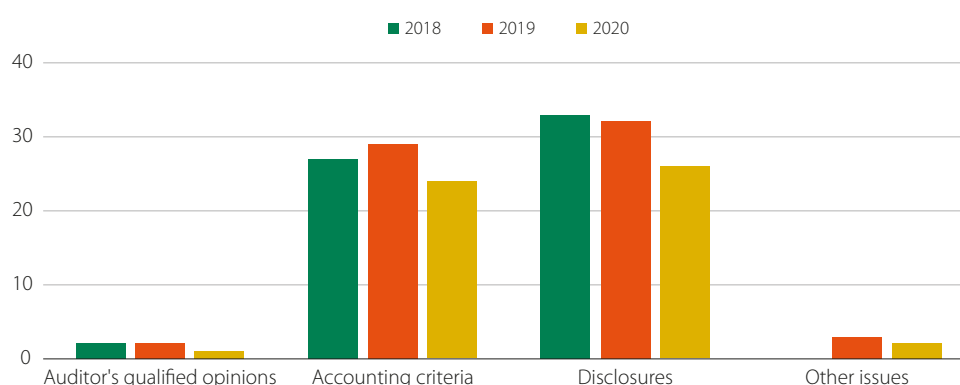
supervision,³ the substantive reviews may, in turn, be full or partial, with the latter type only covering certain specific aspects of the financial information.⁴

All of the reports received are subject to a formal review regarding compliance with legal requirements. This type of review also entails other issues deriving from specific changes in the applicable regulations.

The substantive review, on the other hand, is carried out only on a certain number of audited annual accounts. To identify the entities that are subject to such review, a mixed selection model is applied based on risk, which takes into account factors related to financial and non-financial information, and in sampling and rotation, in accordance with ESMA's guidelines on enforcement of financial information.

Reasons for requests sent to issuers¹
(excluding securitisation funds and bank asset funds)

FIGURE II.1.1.1



Source: CNMV. (1) The request include those sent to issuers subject to formal and substantive review, without taking into account those relating to NFIS, APMs or delays in sending financial information.

Figure II.1.1.1 shows the main reasons why requests were sent to listed entities, excluding asset securitisation funds (ASFs) and bank asset funds (BAFs), in relation to the annual accounts for the years 2018 to 2020. In most cases, the accounting policy adopted was satisfactorily explained in the issuer's reply to the CNMV's request. In others, the adjustment that would result from having applied a method more in keeping with the regulations in force, or the lack of a certain disclosure of information, would not have had a material effect on the fair presentation of the financial statements considered as a whole. However, in those situations in which the method used by the entity was not consistent with the standard and the adjustment was material, the CNMV requested the reissuance or restatement of their financial statements. Similarly, in the event of material errors regarding one or more specific matters included in the financial information published by the entities, a corrective note or a future correction commitment was issued.

3 ESMA – *Guidelines on enforcement of financial information* (28 October 2014). These guidelines have been recently updated, the amendments coming into force on 1 January 2022. (https://www.esma.europa.eu/sites/default/files/library/esma32-50-218_guidelines_on_enforcement_of_financial_information_en.pdf). The CNMV notified ESMA on 17 September 2021 that it complies with the updated guidelines.

4 In general, the priorities defined by ESMA and by the CNMV, as well as transactions which have had a significant impact during the year.

To facilitate the dissemination of financial information, each year the CNMV publishes on its website the *Report on the supervision by the CNMV of the annual financial reports and the main areas of review for the following year*.⁵ This report describes the most important incidents detected in the review of the annual financial statements and the main supervisory actions.

Semi-annual periodic 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 half-yearly basis.⁶

The performance of an audit or review by the auditor of this information is voluntary. A total of 59.7% of issuers (55.7% in the same period of the previous year) submitted their interim financial reports for the first half of 2021⁷ to some type of review by auditors. This percentage rises to 88.2% if we consider only Ibex 35 companies (91.2% in the same period of the previous year).

When full audits are performed (seven cases), the auditor provides reasonable assurance regarding the interim financial statements, while in limited reviews (76 entities) the assurance offered is moderate. Regarding the opinions issued by the auditors, it should be noted that none contained qualifications.

Law 5/2021, of 12 April,⁸ in force since 3 May 2021, eliminated the obligation for issuers whose shares are admitted to trading on a regulated market to prepare and publish financial information on a quarterly basis. On 20 April 2021, the CNMV issued a statement saying that issuers could continue to voluntarily publish quarterly financial information, although since it is no longer periodic financial information, it should be sent either as other relevant information or as privileged information, as appropriate.

International activities related to financial reporting

In October 2021 ESMA published the common enforcement priorities for annual financial reports for the year 2021,⁹ differentiating between financial information and non-financial information. ESMA, together with the national supervisors of the European Union, will pay particular attention to these areas when monitoring and assessing the application of the relevant requirements, as well as reviewing such matters as may be important for the various issuers examined. ESMA's common enforcement priorities for financial reporting refer to the following matters: i) impacts deriving from COVID-19, ii) climate-related issues and iii) disclosures of expected credit losses information for credit institutions. The CNMV also decided to include other additional priorities, which are detailed in the *Report on the CNMV's*

5 This report provides more detailed information on the actions of the CNMV summarised in this section.

6 Article 119 of the recast text of the Securities Market Act, approved by Royal Decree 4/2015, of 23 October.

7 In the case of companies whose financial year does not correspond to the calendar year, the financial information for the first half-year presented during financial year 2021 has been used.

8 Law amending the recast text of the Corporate Enterprises Act.

9 https://www.esma.europa.eu/sites/default/files/library/esma32-63-1186_public_statement_on_the_european_common_enforcement_priorities_2021.pdf

*review of annual financial reports and main enforcement priorities for the following financial year corresponding to 2020.*¹⁰ Prominent among these is the review of accounting treatment of the value of adjustments for deviations in the energy market price in accordance with Article 22 of Royal Decree 413/2014

CNMV actions in the securities markets
Issuers' transparency obligations

The CNMV actively collaborated in the preparation of two reports published by ESMA. These reports dealt with the application of the principles and requirements of IFRS 7 Financial Instruments: Disclosures and IFRS 9 Financial Instruments, in relation to the measurement and disclosure requirements regarding the expected losses due to credit risk on the part of financial institutions¹¹ and the application of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities.¹²

It is also worth highlighting the letter sent by ESMA to the EC dated 3 March 2021 proposing a number of improvements to the Transparency Directive (Directive 2004/109/EC) in the area of enforcement of financial information, in light of the Wirecard case.¹³

II.1.2 Information on sustainability and corporate governance

Information relating to the non-financial information statement (NFIS)

The NFIS, which includes information on sustainability, is part of the management report¹⁴ included in the annual report that must be prepared and published by issuers of securities in regulated markets. Therefore, it falls under the supervisory authority of the CNMV, in accordance with Articles 122 and 234 of the recast Text of the Securities Market Act. The CNMV must verify that this information has been prepared in accordance with the applicable regulations and, if it has not been so prepared, must require compliance, in accordance with the powers conferred by law, in order to reinforce confidence in the reliability of non-financial information published by listed entities.

The preparation of the NFIS is mandatory for all financial years beginning on or after 1 January 2017 for certain companies, the scope of which has subsequently been expanded. The obligation applies to companies included in the scope of application of Royal Decree-Law 18/2017, of 24 November, which incorporated the

10 https://www.cnmv.es/DocPortal/Publicaciones/Informes/IA_2020_ENen.pdf

11 *Report on the application of the IFRS 7 and IFRS 9 requirements regarding banks' expected credit losses* (<https://www.esma.europa.eu/document/report-application-ifs-7-and-ifs-9-requirements-regarding-banks%E2%80%99-expected-credit-losses>).

12 *Report on the application of IFRS 10, IFRS 11 and IFRS 12* (https://www.esma.europa.eu/sites/default/files/library/esma32-67-716_report_on_ifrs_10-11-12.pdf).

13 <https://www.esma.europa.eu/press-news/esma-news/esma-proposes-improvements-transparency-directive-after-wirecard-case>

14 Article 1 of Law 11/2018, of 28 December, amending the Commercial Code, the recast text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on the auditing of accounts as regards non-financial information and diversity, establishes that the consolidated financial statements must contain a consolidated management report, which, when applicable, shall include the non-financial information statement. Article 2 of this Law states that corporate enterprises must include in their management reports a non-financial information statement with the same content as that provided for the consolidated financial statements under Article 49 of the Commercial Code, although referring exclusively to the company in question.

obligations imposed by Directive 2014/95/EU of the European Parliament and of the Council, of 22 October 2014, on non-financial and diversity information¹⁵ (Directive 2014/95/EU or the “NFRD”). Subsequently, Law 11/2018, of 28 December, applicable to financial years beginning on or after 1 January 2018, amended the Commercial Code, the recast text of the Corporate Enterprises Act (the “TRLSC”) and the Auditing Act (the “LAC”) and repealed the aforementioned Royal Decree-Law, expanding the scope¹⁶ and increasing the content of the non-financial information to be reported by companies and requiring that the information included in the NFIS be reviewed by an independent provider of verification services.

Of the 145 issuers that submitted individual financial statements¹⁷ and of the 136 that submitted consolidated financial statements for the 2020 financial year, 43 were required to include an NFIS in their individual management report and 96¹⁸ in their consolidated management report (30% and 71% of the totals, respectively). The process of verification did not lead to any issuers submitting NFIS with qualifications in 2020 (two issuers¹⁹ in 2019).

NFIS received by the CNMV

TABLE II.1.2.1

	2017 ¹	2018	2019	2020
Individual NFIS	42 27%	43 28%	45 31%	43 30%
Consolidated NFIS	95 67%	96 69%	97 73%	96 71%
Individual annual reports	155	152	144	145
Consolidated annual reports	142	140	133	136

Source: CNMV. (1) Year in which the provisions of Royal Decree-Law 18/2017 applied.

Figure II.1.2.1 shows the changes over the past three years, since the verification report became obligatory, in the percentage of issuers filing unqualified and qualified verification reports. In 2017, when it was not yet obligatory under Royal Decree-Law 18/2017, only 10% of issuers submitted a verification report. In 2019, there was a significant drop in the number of verification reports with qualifications compared to 2018 (13 issuers presented qualifications in 2018), a trend which continued in 2020, when there were no qualifications at all. The decrease in the last

15 <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014L0095>

16 Law 11/2018 requires that the NFIS be included in the management report when the following conditions are met: i) the average number of workers employed by the group companies during the financial year is greater than 500 and ii) either it is considered a public interest entity or at the end of two consecutive financial years it meets two of the following conditions: a) total consolidated assets of over €20 million, b) net turnover of over €40 million, and c) an average number of workers employed during the year of over 250. The transitional provision indicates that, after three years from the entry into force of the law, it will be applicable to all companies with more than 250 workers that are either considered public interest entities in accordance with auditing legislation, except for entities that are classified as SMEs in accordance with Directive 34/2013, or at the end of two consecutive financial years, meet at least one of the following conditions: i) total assets of more than €20 million and ii) net annual turnover of more than €40 million.

17 Excluding securitisation funds and bank asset funds.

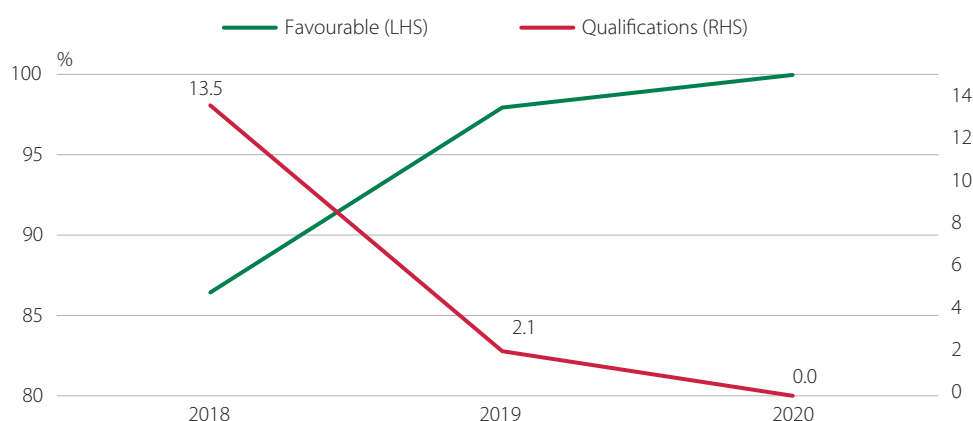
18 Includes one entity, Pharma Mar, S.A., which voluntarily submits this report although it is not required to do so.

19 Obrascón Huarte Lain, S.A. and Fluidra, S.A.

two years is due to the improvements in internal systems and processes, which has allowed information that had been omitted in previous years to be obtained, and due to the provision of documentary evidence and greater details compared with previous years, affording investors and other stakeholders an appropriate understanding of the situation, performance and development of the entity or group and the impact of its activity.

Opinions on NFIS

FIGURE II.1.2.1



Source: CNMV.

The CNMV verifies that the NFIS, which forms an integral part of the management report, has been prepared in accordance with the applicable regulations. To exercise this function, the CNMV is empowered to require listed entities to publish additional information, completing the disclosures provided by the issuer or indicating the corrections identified, accompanied where applicable by commitments to restate or reformulate the financial information.

The CNMV's enforcement work on the NFIS follows a similar approach to its work on financial disclosures, with two levels of review performed: formal and substantive. In line with the principles set out in the ESMA guidelines on enforcement of financial information,²⁰ the substantive reviews may, in turn, be full or partial, with the partial reviews only covering certain specific aspects of the non-financial information.²¹

To facilitate the dissemination of non-financial information, the CNMV publishes on its website the Report on the CNMV's supervision of non-financial information and main enforcement priorities for the following financial year,²² which was published as a separate report for the first time. This report describes the most notable incidents detected in the review of the non-financial information statements and the main enforcement actions.

20 ESMA – *Guidelines on enforcement of financial information* (28 October 2014). These guidelines have recently been updated, and the amendments came into force on 1 January 2022. (https://www.esma.europa.eu/sites/default/files/library/esma32-50-218_guidelines_on_enforcement_of_financial_information_en.pdf).

21 Basically the priorities set by ESMA and the CNMV.

22 This report provides more detailed information on the actions of the CNMV summarised in this section.

The Taxonomy Regulation

EXHIBIT 6

The Taxonomy Regulation establishes a harmonised classification at EU level of the economic activities that are considered environmentally sustainable in accordance with the six environmental objectives set.

This Regulation requires the development of technical screening criteria. Thus, on 9 December 2021, Commission Delegated Regulation (EU) 2021/2139, of 4 June 2021,¹ was published, establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives. The adoption by the EC of the delegated act establishing the technical screening criteria for the other four environmental objectives is expected shortly.

Also, on 10 December, the information disclosure obligations on sustainability were extended. Commission Delegated Regulation (EU) 2021/2178, of 6 July 2021,² specifies the content and presentation of information to be disclosed pursuant to Article 8 of the Taxonomy Regulation by undertakings subject to Articles 19 *bis* or 29 *bis* of Directive 2013/34/EU³ concerning environmentally sustainable economic activities and specifying the methodology to comply with that disclosure obligation.

In particular, the NFIS of non-financial companies published from 1 January 2022 covering the 2021 financial year must disclose the proportion of eligible and ineligible economic activities, in accordance with the taxonomy for the environmental objectives of climate change mitigation and adaptation, in their total turnover, their capital expenditure and their operating expenses, together with certain qualitative information relevant to this disclosure.

Financial companies for their part must disclose the proportion in their total assets of exposures to: i) eligible and ineligible economic activities according to the taxonomy; ii) central government, central banks and supranational issuers; iii) derivatives, and iv) companies that are not required to publish non-financial information under the NFRD, as well as certain qualitative information, for the period from 1 January 2022 to 31 December 2023, with reference to information corresponding to the 2021 and 2022 financial years.

In future years, both financial and non-financial undertakings must expand their disclosures of information on taxonomy-alignment, in accordance with the provisions of the aforementioned Commission Delegated Regulation (EU) 2021/2178.

To facilitate fulfilment of these obligations, on 20 December 2021 the EC published a FAQs document on how financial and non-financial undertakings should report taxonomy-eligible activities and assets in accordance with Article 8 of the Taxonomy Regulation. The publication of this document was accompanied by a guide published by the Platform on Sustainable Finance for companies wishing to provide additional voluntary disclosures regarding the eligibility or alignment of their activity with the Taxonomy Regulation.

Since the Spanish legislator opted to make it obligatory for the information included in the NFIS to be verified by an independent provider of verification services, the new content of Article 8, being part of the mandatory content under the applicable regulatory framework, must also be subject to verification, as part of the verification of the NFIS as a whole.

In this context, ESMA acknowledges the possibility that the evaluation of taxonomy-eligible/aligned activities may require progressive adjustments to the procedures and internal methodologies for obtaining and processing data.

On the other hand, since the initial application of the disclosure requirements is subject to simplified reporting obligations for a transitional period of one or two years, ESMA encourages issuers to use the time available to adequately configure their internal information systems so as to be able to meet the requirements.

Additionally, ESMA points out that assessing the degree of alignment of an issuer's economic activities with the taxonomy criteria, and the disclosure of the related information may require collection of data that are not always readily available to issuers. ESMA therefore encourages issuers to put in place the necessary preparations to ensure a timely and correct application of the relevant requirements.

Lastly, to facilitate understanding of the information on sustainability, the CNMV considers it important that the information required under the Taxonomy Regulation be properly identified in the NFIS and traceable, and recommends including a specific section relating to the taxonomy requirements in the table identifying where the various components of the NFIS are to be found. In addition, companies must present their indicators in quantitative terms, together with the corresponding qualitative disclosures, to allow users to know how they have been obtained and the limitations of the information.

1 <https://eur-lex.europa.eu/legal-content/En/TXT/PDF/?uri=CELEX:32021R2139&>

2 <https://eur-lex.europa.eu/legal-content/En/TXT/PDF/?uri=CELEX:32021R2178&>

3 <https://eur-lex.europa.eu/legal-content/En/TXT/PDF/?uri=CELEX:32013L0034&>

International activities relating to non-financial information

As previously mentioned, the common enforcement priorities published by ESMA in October 2021 were extended by the CNMV. ESMA's priorities included matters such as: i) the impacts derived from COVID-19, ii) climate-related issues and iii) disclosures related to Article 8 of the Taxonomy Regulation. The additional priorities included by the CNMV are detailed in the *Report on the supervision by the CNMV of the annual financial reports and main areas of review for the following year corresponding to 2020*.²³

The Board of the International Organisation of Securities Commissions (IOSCO) agreed in April 2020 to establish a Sustainable Finance Task Force (STF), which

23 https://www.cnmv.es/DocPortal/Publicaciones/Informes/IA_2020_ENen.pdf

published a report in 2021. The task force reports to the Board and focuses its efforts on three lines of work, one of which is the dissemination by issuers of non-financial information relating to sustainability. As a result of the work carried out by the STF, in June 2021 the *Report on Sustainability-related Issuer Disclosures*²⁴ was published. The report reiterates the urgent need to improve the consistency, comparability and reliability of sustainability information to investors.

At the European level, on 21 April 2021 the EC published a proposal for a Corporate Sustainability Reporting Directive (CSRD) which will amend the existing Non-Financial Reporting Directive (NFRD) and which, once transposed into the regulations of each Member State, will regulate the content of sustainability reporting,²⁵ requiring limited scope verification of reported information²⁶ and extending the scope of reporting requirements to large companies and companies listed on regulated markets in the EU, except listed micro-enterprises.

This proposal was submitted to the Council of the EU and to the European Parliament's Committee on Economic and Monetary Affairs, which will have to negotiate the final legislative text, so that the Member States can transpose the new Directive into national legislation for companies falling within its scope of application to comply with its content for financial years beginning on or after 1 January 2023 (although the Council of the EU, during the negotiations of the Directive, proposed certain changes with respect to the initial proposal, notably a delay of one year for the entry into force of the Directive for those entities currently subject to the NFRD).

To ensure the comparability and usefulness of the information, the EC requested a mandate from the European Financial Reporting Advisory Group (EFRAG) to draw up a proposal for European sustainability reporting standards, which, after the preparation of the corresponding delegated act by the EC, are expected to be applicable in 2023. In relation to this mandate, on 29 April 2022, EFRAG submitted to public consultation the draft standards developed by EFRAG PTF-ESRS (Project Task Force on European Sustainability Reporting Standards).²⁷ The consultation period will run until 8 August 2022.

Information regarding significant shareholders and treasury stock

Communications of significant holdings and treasury stock are regulated. In particular, the reporting of significant shareholdings by significant shareholders, and the disclosure of listed company own share transactions (hereinafter notifications) are governed by Royal Decree 1362/2007, of 19 October, implementing Law 24/1988, of 28 July, the Securities Market Act, with regard to the transparency requirements of issuers whose securities are listed on an official secondary market or on another regulated market of the European Union (Royal Decree on Transparency).

24 <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD678.pdf>

25 <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014L0095>

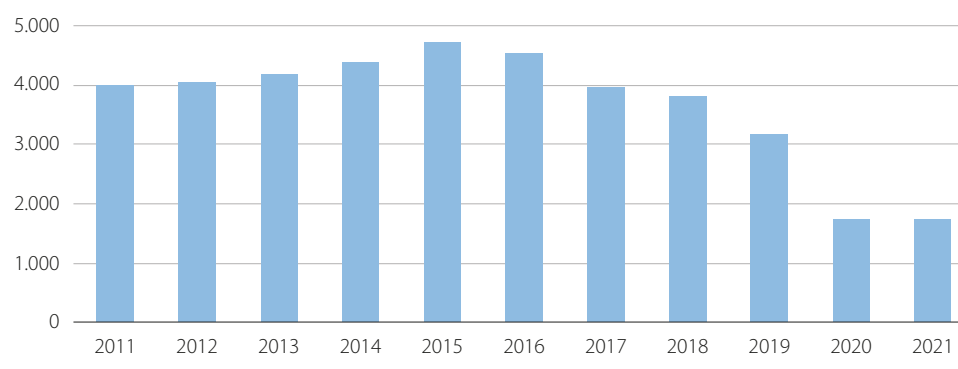
26 The obligation to have non-financial information verified by an independent provider of assurance services had already been incorporated into Spanish legislation by Law 11/2018, of 28 December.

27 <https://www.efrag.org/EuropeanLab/LabGovernance/45/European-Lab-PTF-on-European-Sustainability-Reporting-Standards>

On 11 December 2019, the automatic publication of notifications of significant holdings was implemented. Of the 1,812 notifications received through the electronic office in 2021, 95% were published automatically without incident. Moreover, a total of 1,733 notifications were validated in 2021, a decline of 0.3% relative to 2020. Regarding the breakdown of notifications, 90% of them concerned significant shareholders (77% in 2020), while the remaining 10% were treasury stock notifications (11% in 2020).

Number of notifications registered annually (2011-2021)

FIGURE II.1.2.2



Source: CNMV.

Notifications cancelled and rectified

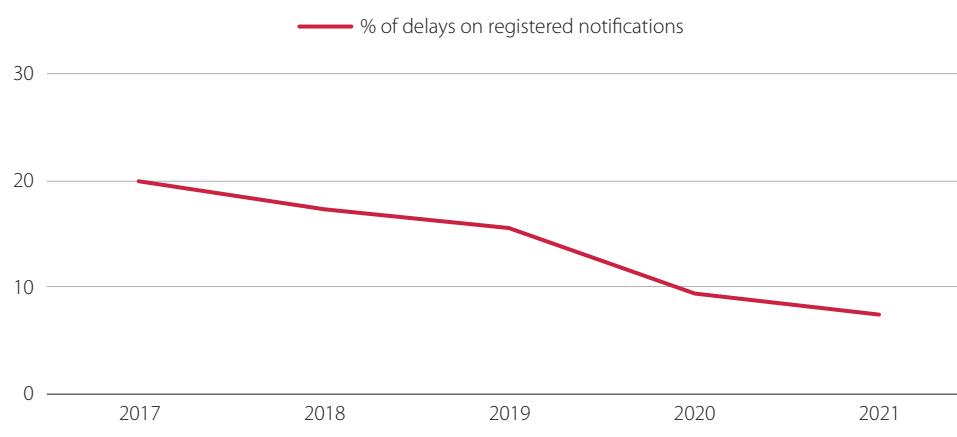
Validated notifications represented 93% of those received (1,856). The rest were cancelled or replaced, where appropriate, by new communications. The number of notifications cancelled due to error was 15.9% fewer than in 2020. 80% of the cancelled notifications were presented by significant shareholders, while the remaining 20% corresponded to companies' declarations of transactions with their own shares.

Notifications submitted late

A total of 129 notifications (162 in 2020) were received after the deadline established by the regulations, equating to 7.4% of the total (9.3% in 2020) (see Figure II.1.2.3). 79% of the late notifications concerned significant shareholders. The proportion of notifications filed in 2021 with a delay of fewer than seven days was 49.6% (51.2% in 2020). Delays exceeding 90 days accounted for 15.5% of the cases (15.4% in 2020).

Notifications submitted late

FIGURE II.1.2.3



Source: CNMV.

Notifications of 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 is reduced to 1% and its respective multiples. The average annual number of notifications per significant shareholder stood at 5.7 (5.3 in 2020). The 1,562 notifications received in 2021 (1,338 in 2020) concerned significant shareholdings in 99 listed companies (98 in 2020) and were submitted by 273 separate shareholders (251 in 2020). Table II.1.2.2 gives a breakdown of notifications received, grouped by intervals of voting rights and by market capitalisation of the companies involved.

Number of notifications regarding significant shareholders' voting rights

TABLE II.1.2.2

	Total notifications	Less than 5%	Between 5 and 15%	Between 16 and 30%	Between 31 and 50%	More than 50%
Ibex 35	603	381	74	144	2	2
More than €500 million	797	490	266	20	2	19
Less than €500 million	162	104	37	12	2	7
Total	1,562	975	377	176	6	28
% of total	100	62	24	11	1	2

Source: CNMV.

Treasury stock notifications

According to the Royal Decree on Transparency, an issuer of shares admitted to trading on an official secondary market or on another regulated market domiciled in the European Union for which Spain is the home Member State is obliged to notify the CNMV of the share of voting rights in its possession when it makes acquisitions amounting to or exceeding 1% of the company's total voting rights. In 2021,

the CNMV validated a total of 171 notifications of treasury share transactions (196 in 2020) which affected 58 issuers (60 in 2020). Table II.1.2.3 shows the breakdown of notifications received in 2021, grouped by market capitalisation and percentage of final holdings of treasury shares.

CNMV actions in the securities markets
Issuers' transparency obligations

Number of treasury stock notifications by final percentage declared

TABLE II.1.2.3

	Total notifications	Less than 1%	Between 1 and 2%	Between 2 and 3%	Between 3 and 4%	Between 4 and 5%	More than 5%
Ibex 35	77	38	22	5	3	–	9
More than €500 million	60	22	16	13	–	3	6
Less than €500 million	34	13	2	3	6	9	1
Total	171	73	40	21	9	12	16

Source: CNMV.

Shareholders' agreements and concerted actions

The Corporate Enterprises Act²⁸ requires disclosure of any shareholder agreements affecting listed companies or their controlling shareholder entities. These notifications are registered as price-sensitive information. Shareholder agreements may regulate the exercising of voting rights or restrict the free transferability of the shares. If the first circumstance arises, the CNMV will assess the impact on notifications of significant shareholdings. The CNMV received a total of six notifications relating to shareholder agreements in 2021 (16 in 2020), affecting five listed companies (13 in 2020).

The Royal Decree on Transparency provides 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. In 2021, seven notifications (six in 2020) of concerted action among shareholders of three listed companies (five in 2020) were registered.

Corporate governance report

In 2021, 129 listed public limited companies (127 in 2020) and 20 fixed-income issuers (18 in 2020) submitted ACGRs for 2020. This is in accordance with the provisions of Article 540 of the Corporate Enterprises Act and the seventh additional provision of the recast Text of the Securities Market Act. On the basis of companies' ACGRs,²⁹ the CNMV prepares and publishes on its website 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.³⁰

28 Royal Legislative Decree 1/2010, of 2 July, approving the recast text of the Corporate Enterprises Act.

29 Corporate Governance Reports of issuers of securities admitted to trading on regulated markets.

30 Past corporate governance reports going back to 2004 can be consulted at the following link: <http://www.cnmv.es/portal/Publicaciones/PublicacionesGN.aspx?id=21&lang=en>

According to the 2020 ACGRs of entities with securities admitted to trading on regulated markets, the most important aspects and trends in the corporate governance practices of listed companies were as follows.

Application of the “comply or explain” principle

The degree of compliance with the Good Governance Code was high. On average, listed companies declared that they complied fully with 83.7% of the code’s recommendations (85.7% in 2019) and partially with 9.5%. The slight decrease in the percentage of compliance does not reflect any slackening but rather the incorporation of new recommendations, which have been widely followed. Therefore, at an aggregate level, recommendations that were not followed at all by listed companies accounted for only 6.8% of the total. Ibex 35 companies stated that they complied fully with 89% of the Code of good governance and partially with a further 6.7% of the recommendations applicable to them.

Board of Directors and members

The total number of board members of listed companies amounted to 1,243 in 2020 (1,272 in 2019). The percentage corresponding to Ibex 35 companies was 35% (35.1% in 2019). The average size of Boards was 9.9 members (no significant change from previous years), while the average for Ibex 35 companies was 12.8 (13.1 in 2019).

Percentage of women on boards

The percentage of women on boards has increased since 2013 by 14.1 pp, to stand at 26.1% in 2020 (23.4% in 2019) and 31.3% in the Ibex 35 (27.5% in 2019). Although in the case of Ibex 35 companies the current recommendation of 30% is met, these proportions remain far from the goal of 40% female presence on boards of directors by 2022 recently established in recommendation 15 of the Good Governance Code of listed companies. In this regard, the CNMV publishes an annual document on the presence of women on the boards of directors and in senior management of listed companies.³¹

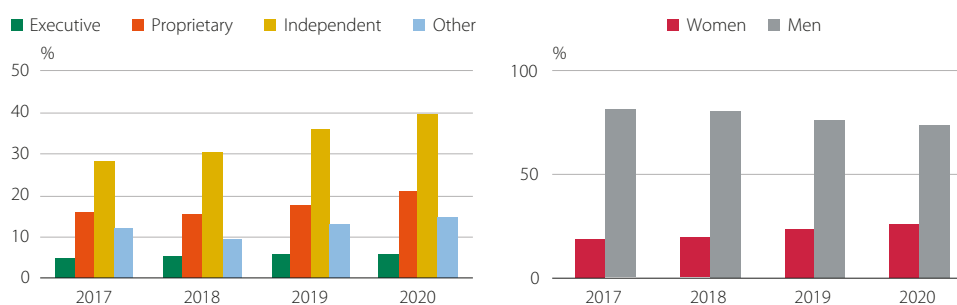
Figure II.1.2.4 shows how the presence of women on boards has evolved, by category of director. The left hand panel shows the percentage of female directors in each of the four categories out of the total number of directors, male and female, in that category. The right hand panel shows the percentage of men and women on the board, without differentiating among categories.

31 Past reports can be accessed through the following link: http://www.cnmv.es/portal/Publicaciones/Consejas_Directivas.aspx?lang=en

Women directors as a percentage of the total number of directors

FIGURE II.1.2.4

CNMV actions in the securities markets
Issuers' transparency obligations



Source: ACGRs of companies and CNMV.

Remuneration

Finally, for the last eight years the CNMV has published on its website an *Annual Report on Remuneration of Directors of Listed Companies* (ARRD), which describes in aggregate terms the main features of the remuneration policies and practices applied to directors, obtained from the information included in the ARRDs published by each listed company.³²

According to the ARRDs published by listed companies for 2020, the average remuneration for that year per board and per director stood at €3.7 million and €374,000 respectively. The average remuneration per board represented a decrease of 7% with respect to the previous year and the average remuneration per director, of 2.1%.

The average remuneration of executive directors amounted to €1.6 million and that of external directors to €130,000, 3.3% and 3.7% lower than the previous year, respectively.

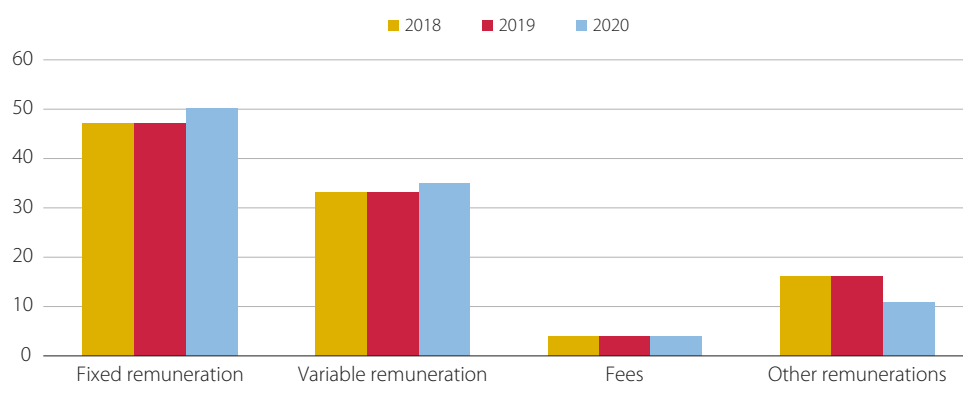
There is a wide gap between the remuneration of directors of Ibex 35 companies and those of other companies. Executive directors of Ibex 35 companies had average remuneration of €3.4 million, compared with €705,000 for those of other companies, and external directors of Ibex 35 companies had average remuneration of €212,000, compared with €88,000 for those of other companies.

Fixed remuneration was the most significant component of total remuneration, accounting for 50% of the total (see Figure II.1.2.5). Variable remuneration, including gross gains on shares or financial instruments vesting in the year, amounted to 35%; attendance fees constituted 4%; remuneration vesting in the year on savings schemes represented an average of 4%, and the rest corresponded to other remuneration items, including indemnities.

32 Past reports can be consulted at the following address: <http://www.cnmv.es/portal/Publicaciones/PublicacionesGN.aspx?id=46>

Remuneration by item

FIGURE II.1.2.5



Source: ARRDs of the companies and own work.

International activities relating to corporate governance

The most important international activity carried out during 2021 relating to corporate governance was participation in the ESMA Corporate Finance Standing Committee, collaborating in the preparation of ESMA's response to the EC's consultation on *"Listing Act: making public capital markets more attractive for EU companies and facilitating access to capital for SMEs"* in relation to corporate governance matters.

Questions and answers about the communication regime of related transactions

EXHIBIT 7

On 3 May 2021, Law 5/2021, of 12 April, amending the recast text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, and other financial regulations came into force. Among other novel features, it systematically introduced a specific regulation for transactions that listed companies carry out with related parties; this regime entered into force on 3 July 2021, requiring a new Chapter VII *bis* to be added to Title XIV of the Corporate Enterprises Act, consisting of four Articles, from 529 *vicies* to 529 *tervicies*.

Taking into consideration that this new regulation introduces important innovations compared to the previous regulatory framework and that related party transactions are of enormous importance for shareholders and other investors to be able to adequately evaluate and judge the financial situation of entities and their performance, as well as the risks that these transactions could represent, it is important for the information published by listed companies to be comparable. In this context, the CNMV received various questions about how to interpret certain requirements of the disclosure regime for related party transactions in accordance with Article 529 *unvicies* of the Corporate Enterprises Act.

For all these reasons, on 15 November 2021 the CNMV published a paper entitled *Questions and answers on the reporting regime for related-party*

transactions regulated in Chapter VII bis of Title XIV of the Corporate Enterprises Act, presenting the issues considered most relevant and most applicable by listed companies, together with the criteria that the CNMV considered most appropriate for their correct interpretation.

The topics covered are listed below:¹

- *The transitional regime applicable for the new regime for reporting and approving related-party transactions*; whether for the application of the publication thresholds, the 12 months prior to 3 July 2021 (when Chapter VII bis of Title XIV of the Corporate Enterprises Act came into force) should be considered or whether the 12 months start to count from that date.
- *The aggregation of transactions*; questions such as what meaning should be attributed to the expression “same counterparty”; whether once the limit of Article 529 *unvicies* of the Corporate Enterprises Act is reached, only the transaction that reaches or exceeds the threshold must be published, or all the previous ones too, and whether, once it has been published as having reached the threshold each of the new related party transactions must be published or whether the computation restarts and there is no obligation to republish until the threshold is reached again.
- *The persons linked to the directors*; what rule is applicable for determining the need to publicise transactions with persons related to the listed company due to their relationship with one or more of its directors.
- *The thresholds for individualised disclosure*; how the two thresholds established in section 1 of Article 529 *unvicies* of the Corporate Enterprises Act should be applied in practice.
- *The relevant aggregates of related party transactions*; how the notion of amount or value should be interpreted for the purposes of the obligation to publish certain types of related party transactions, specifying the particular cases of purchase or sale of goods, financial transactions (loans, guarantees and financial derivatives), multi-year contracts, contracts of indeterminate amount and framework agreements.
- *When the related party transactions are disclosed*; how are we to understand the term “carried out”, which is used in the Corporate Enterprises Act both to indicate that transactions must be publicly announced “not later than at the time they are carried out” (Article 529 *unvicies*) and to apply the calculation rules (Article 529 *tervicies*), stipulating that the computation must be made of all the transactions carried out with the same counterparty within a period of one year.
- *The audit committee's report*; in relation to the justifying report that the audit committee has to issue, what happens when, in order to justify reasonableness, trade secrets or information that could seriously harm the business position has to be disclosed.

- *The distribution of dividends or other returns on similar contributions*; this is about whether the distribution of dividends and capital reductions with return of contributions should be considered for the purposes of the calculation rules of Article 529 *tervicies*.
- *Other aspects*: various issues are addressed, such as: whether Order EHA/3050/2004 is considered applicable; whether a listed company that is under the control of a public sector entity is subject to the regime provided in Chapter VII a) of Title XIV of the Corporate Enterprises Act in relation to the transactions that it carries out with other public sector entities; and whether the exemption from the publicity and approval regime established by Articles 529 *unvicies* and 529 *duovicies* of the Corporate Enterprises Act, as provided by section 3 of the twelfth additional provision of said Act, also extends to related transactions carried out by a listed company with a related entity in the public sector, if the rest of the established conditions are met.

The document may be updated when issues arise that may be of interest to listed companies and on which the CNMV considers it appropriate to make known its non-binding interpretive opinion. These criteria could evolve based on supervisory experience, regulatory or jurisprudential changes, or common positions adopted at the European Union level.

1 This document (in Spanish only) can be accessed at the following link on the CNMV website: http://cnmv.es/docportal/Legislacion/FAQ/Operaciones_vinculadas.pdf

II.2 Supervision of the markets

The CNMV's supervisory agenda was determined by the macroeconomic situation, legislative reforms and market players' initiatives. These factors came on top of its annual activity of ordinary supervision of compliance with the organisational, operational and solvency requirements imposed by the respective regulations on the various financial infrastructures.

Movements in energy prices compelled us to conduct enhanced monitoring of the activity of the central counterparty (CCP). A particular watch was kept on the effect of these prices on the position guarantees required of clearing members and the contributions to the corresponding default fund. Special attention was also given to examining the countercyclical measures available to the CCP to try to prevent margin calls, which are designed to maintain the clearing house's solvency, from causing tensions in the liquidity of the system.

The sharp growth in the risk of cyberattacks prompted an in-depth review of compliance with Spanish infrastructures' compliance with the CPMI-IOSCO guidelines. Many of these rules will be incorporated into the forthcoming EU Digital Operations Resilience Act (DORA) on which the legislators are currently working.

The institution continues to make substantial efforts with regard to the quality of data. Market participants send or make available to the supervisors a series of data on their activity that are necessary for the supervision of market abuse, the performance of the necessary calculations for the operation of important regimes of MiFID or the monitoring of the risks involved in positions in OTC derivatives, among other aspects. The reliability of these data is an essential condition for the effectiveness of the CNMV's supervisory and analytical activities, which is why intense monitoring of the various reports continued in this past year.

An important legislative reform in this sector was the harmonisation in the European Union of settlement discipline for securities transactions. This regime entered into force on 1 February 2022 and has involved significant preparatory work by the CSD, its participating entities and the CNMV itself.

The integration of the BME and SIX groups is proving to be of great importance for the Spanish financial sector. The projects on which the new group is working were actively monitored by the CNMV in 2021, and this will continue over the next few years, in which significant actions are expected. In this task, the CNMV relies on effective and continuous cooperation from FINMA, the Swiss financial supervisor.

Lastly, the CNMV continued with its intense supervision of correct price formation and the integrity of the markets, in application of the market abuse regime. In this area, we reviewed compliance with the requirements imposed on trading venues by MiFID regarding algorithmic trading, and work continued on promoting

improvements in the quality of suspicious transaction reporting and market abuse reporting by the entities.

II.2.1 Tools for detecting market abuse

Prominent among the aims of market supervision is the detection and prevention of market abuse. To this end, the CNMV uses various sources of information, particularly the daily reporting of transactions in financial instruments carried out by investment firms, credit institutions and, in certain circumstances, markets. The information contained in this reporting feeds into an electronic alarm system used to detect possible cases of market abuse. Another important source of information is the reporting by entities of suspicious transactions.

Daily reporting of transactions

One of the main sources of information used by the CNMV to detect indications of market abuse is the daily communication of transactions in financial instruments executed by investment firms, credit institutions and, in certain circumstances, markets. Throughout 2021, the CNMV continued to provide support to entities in dealing with incidents and responding to the most frequent queries, while stressing the need to comply with this reporting obligation both in form and on time, pursuing high quality standards. In this regard, based on the general quality tests carried out, the CNMV contacted entities to require them to correct particular errors and individually reviewed other entities' transaction reports, which gave rise to 16 deficiency letters referring to the lack of quality in the content of the reports or to failure to report transactions.

In 2021, more than 277 million transactions executed in financial instruments were reported (8.2% more than in 2020). The number of entities required to report to the CNMV stood at 183 on average, and reports were also received from some markets referring to members or participants not subject to MiFID. This increase in the number of reports received reflects the increase in transactions in general and the fact that some financial entities centralised their EU operations through Spanish investment firms due to Brexit. This also affected the records forwarded by the CNMV to the competent authorities of other Member States, which exceeded 292 million (many more than the 180 million of 2020), since a single record may be sent to more than one competent authority. On the other hand, nearly 240 million records were received from competent authorities of other EU Member States (20% fewer than in the previous year) because following Brexit, UK activity in the European Union is carried out directly by subsidiaries in EU Member States.

Financial Instruments Reference Data System (FIRDS)

Financial instruments are identified by a series of standardised fields, the Financial Instruments Reference Data System, which are sent daily to the competent authorities of the European Union. The CNMV carries out a daily monitoring of the correct submission to ESMA of the reference data on financial instruments traded on trading venues or internalisers, focusing especially on the fundamental data (Issuer's LEI, CFI, maturity date, etc.) and those essential for performing the transparency calculations (FITRS).

At the end of 2021, there were six regulated markets, five multilateral trading facilities (MTFs), three organised trading facilities (OTFs) and six systematic internalisers (SIs) registered in the CNMV. At the end of the year the new OTF, Tradition España OTF, started reporting. The number of different market or segment identifier codes (MICs) reported was 25, while instruments reported daily were around 60,500 (33,500 in 2020), a change mainly caused by the increase in derivatives on the MEFF market. The active instruments in ESMA's for which CNMV was the relevant competent authority amounted to 114,986.

Finally, in accordance with Regulation (EU) 2019/2175 of the European Parliament and of the Council, of 18 December 2019, amending Articles 22 and 27 of MiFIR, with effect from 1 January 2022, trading venues, systematic internalisers and approved public arrangements (APAs) are required to submit the FIRDS/FITRS/DVCM report directly to ESMA.

Reporting of suspicious transactions and orders

In addition to the information on transactions in financial instruments, the CNMV has another supervisory tool in the form of the reports made by investment firms when they detect any transaction that they suspect involves market abuse. As a result of the internationalisation of the supervised entities motivated by factors such as Brexit and the uncertainty caused in the markets by the pandemic, the number of reports of suspicious transactions – especially those sent to other regulators – has seen a slight increase. It should also be noted that entities have been more diligent in sending reports, which has shortened the average time taken to send them.

The number of suspicious transaction and order reports (STORs) pursuant to Article 16 of the Market Abuse Regulation was 290, representing an increase of 4% relative to those received in 2020. Most of them referred to the potential or attempted use of inside information. In addition, six were received relating to issues other than market abuse. Most of the STORs related to equities. Those relating to transactions with fixed income instruments decreased slightly. Of the STORs received, three referred to more than one kind of instrument.

196 STORs were received from financial entities and seven from the markets. Approximately 30% of the STORs were suspicious transactions reports on Spanish instruments received from other regulators. In turn 28% of the reports received were forwarded by the CNMV to other regulators. An increase of more than 10 pp can be seen in relative to the previous year.

Summary of market activity and supervision

The number of transactions in trading venues under the supervision of the CNMV fell by almost 19% in 2021 compared to 2020 (see Table II.2.1.1). In cash terms, the decline was more significant, falling by more than 22%. The decline in both the number of transactions and cash is explained by the comparison with the significant increase that occurred in both magnitudes in 2020 in the context of the COVID-19 crisis.

Number of transactions and volume

TABLE II.2.1.1

Markets	No. of transactions (in thousands)			Nominal/cash amount (in millions of euros)		
	2020	2021	Change 21/20 (%)	2020	2021	Change 21/20 (%)
Fixed income	55,164	44,666	-19.0	429,339	378,144	-11.9
Renta fija	69	61	-10.9	813,823	709,132	-10.9
Regulated market	14	11	-23.8	140,516	47,620	-66.1
MTF	23	27	15.7	121,796	182,509	49.8
OTF	31	23	-24.8	551,511	479,003	-13.1
Derivatives	4,485	3,682	-17.9	1,233,806	837,516	-32.1
Total markets	59,719	48,409	-18.9	2,476,968	1,924,792	-22.3
Settlement	9,973	9,759	-2.1	25,773,399	29,084,547	12.9
Clearing	115,804	94,122	-19.0	1,474,064	1,329,059	-11.0
Total	185,496	152,290	-17.9	29,724,531	32,338,398	8.8

Source: CNMV.

The Securities Market Act empowers the CNMV to require market participants under its supervision to provide necessary information in the course of its investigations or to carry out or cease certain behaviours. In 2021 the CNMV sent 181 requirements relating to the supervision of activities in the markets (183 in the previous year).

II.2.2 Actions to supervise market abuse and correct price formation

Publication by issuers of inside information

In order to maintain the integrity of the market and correct price formation, the CNMV continuously monitors compliance with the publication of inside information by issuers. It is for issuers to decide whether information is inside information and therefore must be published as soon as possible. On the other hand, if the conditions to delay the publication are met, the issuer must actively monitor the fulfilment of these conditions so that the confidentiality of the inside information is no longer ensured, the issuer must disclose it to the public as soon as possible.

Since January 2020, a new communication procedure has been in force whereby issuers report separately regarding their inside information and other relevant information, in accordance with the Securities Market Act and the Market Abuse Regulation (MAR).

During 2021 the total number of communications of inside information and other significant information was 6,279 (a very similar figure to that of 2020, when there were 6,284).

Price-sensitive information notices and inside or significant information disclosure

TABLE II.2.2.1

CNMV actions in the securities markets
Supervision of the markets

Tipo	2020			2021	
	Price-sensitive information notices to 7 Feb. 2020	Inside information	Significant information	Inside information	Significant information
Financial instruments	420	129	3,135	140	3,622
Public offerings (for sale or subscription)	3	6	20	13	23
Block trades	-	10	-	23	-
Trading halts and resumptions	1	16	20	15	34
Credit ratings	3	35	32	17	48
Securitisation funds	256	3	1,978	6	2,329
Other financial instruments	157	59	1,085	66	1,188
Business and financial position	123	435	1,424	341	1,603
Earnings information	76	194	-	143	-
Insolvency proceedings	3	8	-	16	-
Other business and financial position	44	233	1,424	182	1,603
Corporate transactions	29	105	129	103	201
Corporate governance and official notices	48	26	281	20	249
Total	620	695	4,969	604	5,675

Source: CNMV.

Temporary trading halt

In 2021, the numbers of trading halts and affected issuers were in line with those of the previous year.

Temporary trading suspensions

TABLE II.2.2.2

	2020	2021
Number of issuers suspended	9	10
Number of halts	9	10
Due to the need to disclose price-sensitive information	5	5
Due to expiry of acceptance period for delisting bids	3	5
Other	1	0

Source: CNMV.

Market soundings

Market sounding prior to the sale of a significant block of shares is an action that normally entails a significant number of entities accessing inside information. The CNMV therefore checks to make sure that this practice complies with the conditions established in the MAR.

During 2021, a total of 11 accelerated bookbuilds of large blocks of shares were carried out, affecting eight issuing companies. One of the companies carried out two bookbuilds and another carried out three over the course of the year. The number of bookbuilds in 2020 was seven and in 2019 it was 11.

The purpose of the bookbuilds depends on whether the seller is a shareholder or a company offering shares through a capital increase. Among the purposes indicated for the bookbuilds carried out during the year were: reducing the stakes of one or more shareholders; increasing the liquidity of the stock; share buy-back programmes with a view to allocating the shares acquired to fulfil ESOP obligations; financing of new projects; strengthening the organisational structure and improving the company's business plan.

Nine of the transactions involved the placement of shares previously owned by a shareholder or group controlling the issuer and the other two concerned shares issued in the context of capital increases. The placement percentages ranged approximately between 2.5% and 14.9% of the share capital (amounts prior to the corresponding capital increases) and, in the rest of the transactions that did not correspond to capital increases, the amounts ranged between 3% and 12.3% of the share capital approximately. In two of the cases, the size of the placement was increased from that initially communicated, the increase being notified at the close of the market in the same session in which the placement process was announced. Discounts on placement prices ranged from approximately 1% to 13%.

All accelerated bookbuilds were announced with the market closed. In six cases, the final result of the transaction was reported on the day of its announcement and in five cases its completion was communicated the following day and always prior to the start of the trading session. In one case, the issuer reported the placement transaction and its result in a single communication.

In order to prevent the risks of violation of the prohibition of using inside information, the CNMV regularly supervises accelerated bookbuilds and reviews compliance with the preventive measures contained in Article 11 of the MAR (market soundings) and its implementing regulations.

Treasury stock trading

In 2020, the situation of equity prices associated with the impact of the pandemic on the markets and the CNMV's derogation of the criteria for discretionary treasury stock trading had contributed to increasing the implementation of share buy-back programmes. The purchase of treasury shares within the framework of a buy-back programme avoids the risks of market abuse if those transactions are carried out outside the safe havens which constitute this buy-back regime and accepted market practices (liquidity contracts). The trend was consolidated in 2021 and the number of issuers resorting to the safe haven for the

acquisition of their own shares continued to grow within the purposes established by the MAR.

In 2021, 46 buy-back programmes were in force, corresponding to 38 different issuers (eight of which carried out more than one buy-back in the period). Of these, 22 were for the acquisition of own shares for subsequent amortisation and 23 were to meet obligations arising from the issuers' incentive plans. Only one of these 46 programmes provided for acquisitions of shares to fulfil both these objectives.

If a broader time perspective is taken, it is observed an increase in the number of buy-back programmes in force, from 20 in 2018 to 46 in 2021. A positive inertia can also be seen in terms of the number of issuers that, for purposes other than those regulated, adhere to the same operational and transparency conditions that the regulation requires for buy-back programmes, despite not having the benefit of the safe haven.

Liquidity contracts

At the end of the year, 37 issuers maintained their liquidity contracts in force. From a historical perspective a stabilisation is seen following the growth registered after the entry into force of CNMV Circular 1/2017.

Changes in the composition of the Ibex 35

The CNMV's supervision of changes in the **composition of the Ibex 35 index** focuses on analysing whether such changes have been made appropriately with regard to the technical rules of the index and detecting any distortions in trading in the market aimed at favouring a share's remaining in, joining or being removed from the index. In the first ordinary review in June, the Technical Advisory Committee agreed not to make any changes in the composition of the index. However, in the second ordinary review in December, this Committee decided to include the shares of Laboratorios Rovi and to exclude those of Viscofan from its composition.

II.2.3 Short selling

Another notable part of the CNMV's supervisory work concerns compliance with the obligations imposed by 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, applicable to holders of net short positions, refer to the obligations of communication to the competent authority and of publication, when the respective thresholds are exceeded.

Transparency regime

On 16 March 2020, due to the crisis caused by COVID-19, ESMA decided to temporarily lower the reporting limit for net short positions in shares listed on regulated EU markets to 0.10% of the share capital (as against the previous 0.20%), extending this decision three times (in June, September and December 2020), until the decision expired on 19 March 2021.

In this context, during 2021, 4,619 communications of net short positions in shares were received (25% fewer than in 2020). These communications corresponded to notifications from 161 entities, the vast majority of them being funds domiciled in the United States and the United Kingdom, as in previous years. At year-end, net short positions were held on 57 issuers, and 84 issuers were affected by short positions at some time during the year (91 in 2020).

Finally, on 31 January 2022 Commission Delegated Regulation (EU) 2022/27, of 27 September 2021, amending Regulation (EU) 236/2012 on short selling came into force, permanently establishing the threshold for notification at 0.1% of the share capital.

II.2.4 Supervision of the MiFID requirements imposed on the markets

Electronic trading

In 2021 the CNMV carried out various supervisory actions relating to trading by electronic means on trading venues. Thus, for example, in addition to continuing with reviews of various aspects of the algorithmic trading regime established in Article 48 of the MiFID and several commission delegated regulations, supervision of which had begun in previous years (agreements and plans for market making, order-to-trade ratio (OTR) and system capacity), a supervision was carried out regarding self-assessments of compliance with Article 48 of the MiFID carried out by several trading venues as established in Commission Delegated Regulation (EU) 2017/584.

It is also worth mentioning the reviews prior to the report to ESMA of the volatility management mechanisms and parameters applied by the trading venues, in accordance with the provisions of Articles 18 and 48 of the MiFID and the supervision of the price variation regime (tick-size) according to the update of the annual calculations on transparency published by ESMA on 1 March 2021.

In this last year, a relevant legislative measure was adopted regarding the quarterly execution quality reports, the regime for which is contained in Article 27 of the MiFID and in Commission Delegated Regulation (EU) 2017/575. The purpose of publishing these reports is to make it easier for investment firms to comply with the principle of best execution; however, EU legislators have examined whether such a measure imposes a disproportionate burden on trading venues compared with the benefits it brings. For this reason, one of the measures included in the Capital Markets Recovery Package was the temporary suspension of the obligation to publish these reports.

The number of algorithmic trading notifications pursuant to Article 17 of MiFID II in 2021 amounted to 18. Of these, one was a new notification of algorithmic trading and the remaining 17 were modifications of previous notifications. The number of reporting entities amounted to 127 at the end of 2021. As regards notifications relating to the systematic internalisation activity, only modifications of previous notifications were notified, so at the end of 2021 there were still 11 internalisers (the same as at the end of the previous year).

Supervisory actions and market news

In the context of an increase in sustainable debt issues, in 2021 the Official Credit Institute (ICO) issued for the first time in Spain a social bond for a nominal amount of €500 million which was admitted to the AIAF regulated market. This bond is intended to finance projects with a positive impact on employment, that promote economic and territorial cohesion or the construction of social housing, or that are developed in the field of education and health, among others.

The outstanding debt balance in the Alternative Fixed Income Market (MARF) amounted to €9.51 billion at the end of 2021, 85.5% more than in 2020. During the year, new issues were registered for a nominal amount of €13.95 billion, most notably that of CaixaBank Corporates 1, FTA, with a nominal amount of €2.07 billion.

In October 2021, the CNMV authorised Spain's third organized trading facility, Tradition OTF. This OTF, managed by Tradition Financial Services España, SV, S.A.U., started its activity in December with 353 transactions for a nominal amount of €12.75 billion, of which 99% corresponded to foreign sovereign debt and the rest to Spanish sovereign debt.

Regarding public debt, the CNMV sent ESMA six notifications received from financial entities relating to the use of the exemption provided in Regulation (EU) No. 236/2012 on short selling for authorised primary market operators in Spanish sovereign debt. These notifications are motivated by the transfer of the activities of two of them domiciled in the United Kingdom to entities of their group domiciled in EU States.

In the regulatory field, the CNMV actively participated in the work coordinated by ESMA and aimed at proper compliance of exemptions from pre-trade transparency requirements relating to instruments other than shares and similar instruments. During 2021, a total of 25 exemptions from pre-trade transparency requirements were analysed, which represents a total of 741 exemptions analysed at EU level since 2018, when this review work began.

Finally, regarding the tasks of supervising the improvement of the quality of transparency data, it is worth highlighting the high degree of cooperation between the trading venues and the CNMV, which made it possible to achieve high percentages of compliance with respect to fixed income instruments. In most cases these percentages were higher than 90%. During 2021, ESMA carried out a total of five tests, verifying in each of them that the qualitative and quantitative information sent by the trading venues was correct. This year, with the aim of further improving the quality of the data, two new analyses have been introduced relating to the type of bond and the MiFIR identifier.¹ The aim is to achieve high levels of transparency data quality so that the calculations required for the operation of several MiFID regimes are as accurate as possible. Among other aspects, these calculations serve to establish the thresholds to determine whether an instrument is illiquid and whether a transaction can be considered as LIS or SSTI.²

1 MiFIR Identifier: Identification of financial instruments other than shares and similar instruments: securitised derivatives, structured financing products, bonds for all bonds except ETCs and ETNs, emission rights and derivatives.

2 LIS: Large in Scale, SSTI: Size Specific to Instrument.

Credit ratings

The supervision of credit rating agencies (CRAs) corresponds directly to ESMA. Therefore, as a member of the Board of Supervisors of ESMA, the CNMV's activity with respect to these entities consists mainly in its contribution to the implementing regulations on rating agencies and to decisions on disciplinary procedures, and authorisations and rejections of new agencies in the European Union.

Notable among regulatory matters was the approval and publication of guidelines on disclosure requirements applicable to credit rating agencies as regards initial reviews and preliminary ratings. The objective of these is to offer guidelines that address possible inconsistencies in the application of the corresponding requirements by the rating agencies and, by extension, reduce the risks involved in rating shopping. In the same vein, it is worth mentioning the approval and publication of technical advice on the revision of the delegated regulation regarding the fees charged by ESMA to credit rating agencies.

Also, in line with the tasks carried out in 2020, in September 2021 ESMA published its opinion on the accessibility and use of the ratings, exposing its concerns about their distribution. In this opinion, ESMA calls for legislative changes and identifies the legal obstacles to improving access to ratings and facilitating their use.

Over the course of 2021, ESMA withdrew the registration of several rating agencies. In particular, it withdrew the registration of several agencies of the Fitch group as a result of the concentration of their activities in Fitch Ratings Ireland Limited, and that of ACRA Europe, following the request of the entity itself to renounce its status as a CRA. Additionally, on 1 January 2021, the UK subsidiaries³ of AM Best, DBRS, Fitch Ratings, Moody's and The Economist Intelligence Unit were automatically deregistered as a result of the loss of status of CRAs established in the European Union following Brexit.

Supervision of markets in derivative instruments

During 2021, in line with the supervision carried out in previous years, daily operations of markets in derivative instruments were monitored and analysed. These tasks also continue with actions related to the prevention and detection of situations of market abuse. In this sense, specific control actions were performed, some of which are described below.

Regulated markets

An exhaustive monitoring of trading on MEFF Exchange was carried out. This includes the daily review of volumes traded, prices, volatilities, transactions, trading strategies and open positions, as well as, during the derivatives expiry weeks, monitoring the roll-over of positions and of the accounts with the largest concentration

3 The deregistered agencies are: Fitch Ratings España, S.A.U., Fitch France S.A.S., Fitch Italia S.p.A., Fitch Polska S.A., ACRA Europe, a.s. (ACRAE), AM Best Europe-Rating Services Ltd. (AMBERS), DBRS Ratings Limited, Fitch Ratings Limited, Fitch Ratings CIS Limited, Moody's Investors Service Ltd, and The Economist Intelligence Unit Ltd.

of position in the nearest maturity and of the performance of the Ibex 35 index over the period for calculating the settlement price at maturity of the future.

As regards the FX-rolling segment, trading levels in each of the available currency pairs are analysed daily, while in the MEFF Power segment, in addition to the daily analysis of operations, special attention was paid in 2021 to the evolution of prices.

Regarding warrants traded on the stock exchanges, an analysis of the transactions was carried out and compliance with the specialists' obligations was reviewed. The supervisory actions in relation to warrants also included monitoring issuer's communication of relevant information, settlements corresponding to the various maturities, new issues, cancellations and barrier knock-ins.

In order to detect possible situations of market abuse in the trading of derivative instruments, an analysis was carried out of the operations executed on dates close to certain events that may have an impact on their price. Some of these events may include the disclosure of insider information and suspension of trading of derivative products. Potential situations of market abuse identified by monitoring the daily operation of the derivatives markets, automatic alerts and reports of suspicious transactions were analysed.

Organised trading facilities (OTFs)

CAPI OTF and CIMD OTF continued to be the Spanish OTFs in which derivative instruments were traded in 2021. As for the regulated markets on which derivatives are traded, these are monitored daily and include the analysis of their operation, which in the case of CAPI OTF includes the trading of interest rate and currency derivative instruments, and in the case of CIMD OTF, it has two differentiated segments: one for currency futures and interest rate swaps and another for electricity derivatives (commodities). The monitoring of OTF operations includes the review of the transactions carried out during the previous session, considering aspects such as, for example, their characteristics, type, terms, underlying assets, references or volumes.

Limits on positions and ancillary activities in commodity derivatives

The CNMV verified that the open positions in electricity derivative contracts were lower than the limits established in the regulations. In Spain, derivatives with electricity as the underlying are traded in the energy segments of the MEFF and CIMD trading venues. These trading venues must submit, at the close of each trading day, the open positions of all holders in electricity derivatives contracts. It was found that these positions were lower than the maximum limits established by the CNMV in accordance with Article 85 of the recast text of the Securities Market Act.

In 2021, the CNMV received communications regarding the use of the ancillary activity exemption from 185 companies, 35 more than in 2020. This exemption allows entities to trade on their own account in commodity derivatives, emission allowances or derivatives thereof and to provide investment services in such financial instruments without becoming investment firms, provided that certain requirements are met.

Monitoring by the CNMV of initiatives deriving from the merger between the SIX and BME groups

EXHIBIT 8

On 18 November 2019, SIX Group AG (SIX) launched a voluntary takeover bid for the shares of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (BME), which represented 100% of its share capital. Once the transaction received, among others, the corresponding authorisation from the Spanish Government and was executed, SIX acquired control of the trading and post-trading infrastructures of BME, as well as of the rest of its subsidiaries.

In the context of the authorisation of said acquisition by the Spanish Government, SIX assumed a series of commitments regarding the ownership structure, location and transactions of BME's infrastructures.

A part of these commitments is related to the operation of the regulated infrastructures of the Spanish market and may require administrative authorisation. From this perspective, the CNMV has been monitoring those commitments that affect entities directly supervised by the CNMV.

Thus, for example, one of those commitments assumed by SIX was to carry out a cost-benefit and functional analysis of the trading platforms to determine whether it made sense to integrate any of the market systems into a common trading platform.

After carrying out the aforementioned analysis, in June 2021 SIX and BME announced their intention to start the process of integrating their trading platforms. This announcement explained that BME's equity and fixed income markets would be harmonised on the SIX trading platform by expanding and optimising current capabilities, in order to address the needs of the Spanish market, and that participants in the Spanish market would be consulted in order to continue adjusting the scope of the new platform and defining its specifications.

Also in the aforementioned announcement, reference was made to the fact that the CNMV would be kept informed at all times of the process of integrating the platforms, in relation to which all the relevant authorisations would be requested for the migration, which was expected to be completed between the fourth quarter of 2022 and the second quarter of 2023.

The CNMV values positively the consultation with market participants prior to the definition and implementation of the trading platform and considers that the implementation of a market model with a modern architecture, which would incorporate new functionalities well known by the international participants, could have a positive impact on the Spanish market.

Once the scope and specifications of the new platform have been defined, the impact on the Spanish market can be analysed and the review of regulatory issues that may arise from this project can be addressed, including the authorisation processes that must be processed prior to the implementation of the new trading platform.

II.2.5 Benchmarks

In terms of benchmarks, the CNMV develops actions to supervise and monitor the benchmark reforms at a global level, accompanied by dissemination and coordination actions aimed at facilitating the knowledge and adaptation of the Spanish financial industry to the new reform paradigms.

Supervision of index administrators, contributors and users

The supervision of benchmarks is a competence entrusted to the CNMV since 2016.⁴ This includes that of the administrators, as well as their authorisation and registration, that of the entities that contribute to the calculation of crucial indices and that of the users of the benchmarks.

During 2021, the activity of the administrators registered by the CNMV was monitored and changes reviewed to make sure they were in line with the Benchmark Regulation.⁵ Particularly noteworthy was the adaptation by Sociedad de Bolsas of its organisational structure and governance mechanisms in order to incorporate, together with the management of the Ibex indices, the indices of the Madrid, Barcelona, Bilbao and Valencia stock exchanges, the FTSE-Latibex indices and the public debt indices, including the public debt index from 2 to 6 years, which is considered (along with other indices) the official interest rate for the purposes of its application by financial entities in real estate loan contracts. Previously, this index was managed by the Bank of Spain itself, while the rest of the public debt indices are newly created.

The review also included the incorporation into the portfolio of indices managed by Sociedad de Bolsas of the Ibex Gender Equality index, which has been published since 30 November and considers sustainability factors – social and good governance – in its methodology. This index is calculated based on the data on the presence of women on the boards of directors and in the senior management of listed companies published annually by the CNMV based on the data provided by the issuing companies in their annual corporate governance reports.

This past year the alignment of the informative documents that directors have to publish with the new regulation on transparency in sustainability was also monitored.

The supervision of benchmark users took place during 2021 in a first review of compliance with the obligation to have robust plans to deal with a discontinuity or significant change and to inform in the information brochures, complying with the provisions of Articles 28.2 and 29 of the Benchmark Regulation.

4 “The regulation also confers on the Bank of Spain oversight, inspection and disciplinary functions relating to compliance with the following obligations of supervised entities: i) those of contributors of input data to benchmarks prepared by the Bank of Spain and, ii) those relating to the use of benchmarks in financial contracts applicable to entities subject to Bank of Spain supervision in the area of transparency and customer protection”.

5 Regulation (EU) 2016/1011 of the European Parliament and of the Council, of 8 June 2016, on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No. 596/2014.

As for the contributors of data for crucial indices, the CNMV continued with its activity as a member of the Euribor college and with the work of supervising the Spanish contributors to the Euribor.

Monitoring of the global benchmark reform

The CNMV continued to work on monitoring the reforms of benchmark indices. In line with the disclosure strategy and with the task of facilitating the transition to Spanish entities, the CNMV persevered in monitoring the reforms, in collaboration with other administrations and with the private sector, to successfully face the challenges implied by the transition to the new scenario and preserve financial stability.

2021 marks the end of Libor and EONIA and consolidates the continuity of Euribor

EXHIBIT 9

Since the benchmark interest rate reforms began almost a decade ago, they have followed different paths in the Libor jurisdictions and in the euro area. Although the Euribor modernisation process is being successfully consolidated in the euro area and the transition to the risk-free benchmark, the €STR, is making reasonable progress, the Libor transition represents a major challenge for the markets.¹

Despite the measures taken to strengthen it, the UK authorities consider that the sustainability of Libor has not been assured due to the diminishing liquidity of the money market that it aims to represent and the consequent reduction in the number of transactions that support its calculation. For this reason, on 5 March 2021 the UK Financial Conduct Authority (FCA) officially confirmed the end of the publication of Libor from 31 December 2021 in all its maturities and currencies except in US dollars, publication of which would continue until June 2023. This longer period is necessary given that the dollar index is the most used in the world and there is still a very high volume of contracts in force in many jurisdictions, many of them considered emerging markets and developing economies with a level of preparation that is still very incipient.

The disappearance of Libor means that the market must move towards alternative rates which, in accordance with the recommendations of the Financial Stability Board (FSB), must be based on the risk-free rates identified in each of the jurisdictions (see Table E9.1).

Recommended rates to replace Libor

TABLE E9.1

	Recommended substitute rate	Administrator
USD Libor	Secured Overnight Finance Rate (SOFR)	New York Federal Reserve
Libor GBP	Sterling Overnight Index Average (SONIA)	Bank of England
Libor CHF	Swiss Average Rate Overnight (SARON)	SIX Swiss Exchange
JPY Libor	Tokyo Overnight Average Rate (TONAR)	Bank of Japan
Libor EUR	Euro Short Term Rate (€STR)	European Central Bank

Source: CNMV.

Due to its widespread use at a global level, this decision poses important challenges for the markets and requires a coordinated effort for its completion by all participants, whether they are supervisory authorities, financial and non-financial entities, markets and their infrastructures, or index users.

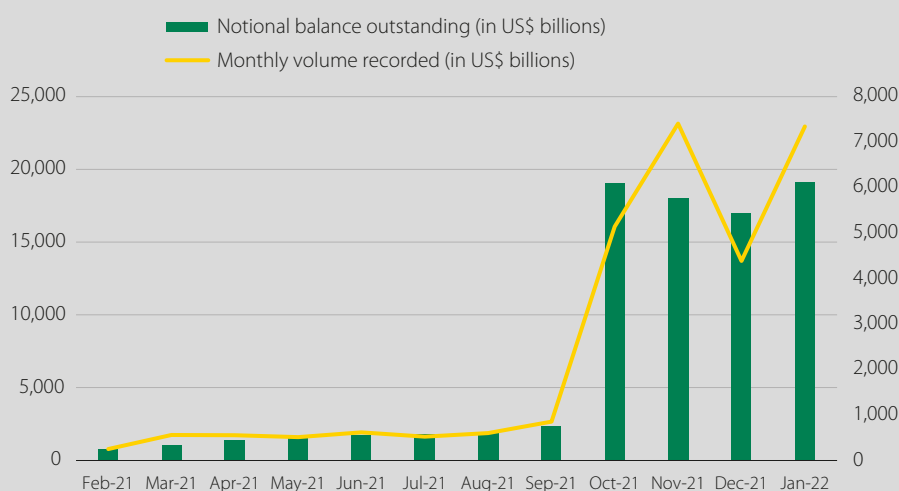
In the euro area, the continuity of Euribor and its coexistence with the €STR reduces concentration and transition risks and offers more alternatives. The reform of its methodology and of its control environment have allowed it to continue measuring the same underlying interest, but in a much more precise way and in compliance with EU regulations. This strengthened methodology has proven its strength, validity and credibility during the COVID-19 crisis.

In the coming months, work will continue to reinforce contracts with alternative rates based on the €STR, based on the recommendation made by the working group on euro risk-free rates in May 2021. For this to occur, it is essential that the markets using this benchmark develop sufficiently.

The end of 2021 also saw the definitive disappearance of the overnight inter-bank rate, the EONIA, which since October 2019 has been calculated as the €STR plus 8.5 bp. Although so far the development of the €STR has not been as fast as expected, as market participants have continued to trade EONIA despite its imminent demise, the change made by central counterparties in October 2021 in derivative clearing determined the transition of liquidity from one market to another.

Evolution of derivatives in €STR¹

FIGURE E9.1



Source: LCH. (1) Data refer only to OIS and basic swaps.

¹ See Exhibit 16, "Status of the interest rate benchmark reform", published by the CNMV in the *Annual report for 2020*.

The year 2021 marked a milestone in the transition from Libor and in the push for risk-free rates. This was reflected in intense communication work by the FSB and IOSCO, as well as by the UK, US and EU authorities, urging the entities participating in the markets to stop using this reference and move towards alternative risk-free rates identified in each jurisdiction. On 13 January 2021, the CNMV issued a statement with specific recommendations to properly manage the transition.

On 15 June 2021 the CNMV organised the 3rd Conference on “The status of interest rate benchmark reform”. The first was held in June 2018 and the second in October 2019. The conference organised in 2021 included the intervention of EU and Spanish authorities, as well as representatives of the industry itself, and it dealt with and debated the Libor transition and the reforms in the euro area, as well as its financial implications, legal, accounting, operational and behavioural for the entities that habitually operate with the indices.

On 22 October 2021, the EC confirmed, through the publication of two implementing regulations, the legal replacement rates for Eonia (the €STR plus 8.5 bp) and the Libor in Swiss francs (the compound Swiss Average Rate Overnight – SARON). Both replacement rates will apply from 1 January 2022 to all contracts and financial instruments regulated by the Benchmark Regulation that have not transitioned to an alternative rate or have not been updated with solid support rates.

II.2.6 Transactions of managers and related persons

During 2021, a total of 2,282 notifications of managers and related persons were registered, 6.2% fewer than in 2020. The number of queries answered also fell, 46.5%. The most frequent queries concerned the interpretation of the regulations, doubts about how to notify certain situations and notification errors. In relation to cancellation requests due to errors, a total of 24 were registered, which represents an increase of 20% compared to the previous year, without reaching 1% of the total notifications registered.

Number of notifications received by the CNMV

TABLE II.2.6.1

	2020	2021	% change 21/20
NNA procedure. Notification of activities related to algorithmic trading	9	18	100.0
NAI procedure. Reporting of Systematic Internalisation Activity	15	12	-20
Processing of notifications of transactions by managers and related parties. Notification of transactions of managers and related persons	2,432	2,282	-6.2

Source: CNMV.

II.2.7 Clearing, settlement and registry

Central securities depository

Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear) is supervised by the CNMV, which is the competent authority responsible for authorising, supervising and sanctioning Central Securities Depositories (CSDs) in Spain.

A significant part of the supervisory activity during the year focused on reviewing the application of EU regulations. In particular, the annual evaluation of the systems, strategies, processes and mechanisms applied by CSDs under Article 22 of the Central Securities Depositories Regulation (CSDR) was carried out. The CNMV

will shortly send the CSDs the conclusions and recommendations resulting from the 2021 review and evaluation.

Within the framework of the CSDR, the assessment of applications submitted by foreign CSDs to operate under the freedom to provide services regime continued. The purpose of the assessments carried out by the CNMV pursuant to Article 23 of the Regulation is to verify that the procedures that the CSD employs or intends to employ allow users to comply with the national legislation referred to in Article 49.1 of the EU Regulation.

Similarly, the information for the calculation of the indicators with which to determine the relevant currencies in which the settlement takes place and the significant importance of a CSD for a host Member State was reviewed.

Supervision of the levels of efficiency of the system was also maintained This action took place in a context of preparation for the entry into force of the settlement discipline regime, which took place on 1 February 2022. In this regard, the analysis and implementation of measures to reduce or eliminate those elements of the Spanish settlement system that are estimated to negatively affect its efficiency continued. In addition, in 2021 the CNMV continued to monitor participants and transactions with the greatest influence on inefficiency figures, occasionally urging entities to take measures or to tell their clients to do so, to achieve the effective settlement of transactions with significant weigh on efficiency on certain settlement days.

Central counterparty

A very significant part of the supervision of BME Clearing in 2021 corresponded to the verification of compliance by the CCP with the requirements established by EU regulations. 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. The CNMV also considered the Principles for Financial Market Infrastructures (PFMI) issued by CPMI-IOSCO in 2012 in its supervisory actions.

In 2021, unlike previous years, a new supervision methodology was applied. This methodology is based on the ESMA Guidelines on methodologies and procedures for the supervision and review of CCPs in accordance with Article 21 of EMIR. These guidelines specified a series of basic elements that all competent authorities must review in the scope of their supervisory activities and, in addition, specified other more detailed aspects that must be evaluated depending on the nature and complexity of the services provided by each CCP and its risk profile. The annual review concluded that BME Clearing continues to comply with the requirements of EMIR.

Additionally, during 2021 the CNMV carefully evaluated the liquidity risk involved in margin calls made by the Spanish CCP and how in general it mitigates the procyclicality of its risk management system. This work was carried out in accordance with the recommendations and initiatives of various international organisations such as the European Systemic Risk Board (ESRB) and the Financial Stability Board (FSB) which, after the outbreak of the COVID-19 pandemic and the strong price movements that occurred in the securities markets, showed great concern about the impact that the extraordinary margin calls applied in this context could have on CCP participants.

The sharp rise in the prices of electricity and natural gas during the year and the resulting consequences for the operation of the BME Clearing segment were reviewed in great detail. In particular, it should be noted that throughout 2021 both the initial margins requested by the CCP and the contributions to the risk mutualisation fund ("Default Fund") increased significantly, in a magnitude similar to that observed in the prices of the underlying contracts cleared.

Likewise, the way in which BME Clearing performs default simulations was also reviewed in some detail, since they are a basic instrument to ensure that the CCP is fully prepared to manage the closing of positions of an entity that might have gone bankrupt. The evaluation carried out by the CNMV took into account the CPMI-IOSCO guidelines on this matter, the origin of which was the review work carried out as a result of the incident that occurred in an EU CCP in 2018.

Additionally, special attention was paid to the way in which BME Clearing manages concentration risk. This refers to the risk of liquidating a position in the market that represents a significant volume compared to what is usually traded in the market. Concentration risk is another of the elements of the CCPs' risk management system that, internationally, is attracting greater interest. Thus, for example, within the framework of ESMA, it was decided that this year's European-wide stress test would incorporate concentration risk as one of the elements to be evaluated.

Finally, an in-depth review was conducted of the methodology that used by BME Clearing to carry out back testing to evaluate the suitability of its margin model. This tool is essential to ensure that the CCP's margin model guarantees a sufficient level of coverage of the daily initial margins required, to prevent BME Clearing and its participants from being exposed to non-covered losses in the event that one of them defaults on its obligations following price fluctuations.

Other obligations under EMIR

In 2021 the CNMV continued its work of supervising compliance by Spanish entities with the reporting obligations deriving from EMIR, participating in exercises coordinated by ESMA to assess the quality of the information reported at European level and carrying out specific analyses.

As part of EMIR compliance, the CNMV also analyses the exemption requests provided for in the Regulation with respect to certain intragroup transactions: centralised clearing, collateral exchanges or reporting to trade repositories.

Oversight of ESRB recommendations on anti-procyclicality of margin models

EXHIBIT 10

With the onset of the pandemic in 2020, the regulatory and supervisory authorities showed their interest in analysing the effects of volatility in the markets in relation to the stability of the financial system and the liquidity and solvency profile of the participants. The European Systemic Risk Board (ESRB) prepared a document with a series of recommendations on liquidity risks that could arise from margins calls in the markets during times of stress.

These recommendations were published on 20 July 2020 in the *Official Journal of the European Union*.¹

The CNMV undertook to incorporate these recommendations into its supervision² of both the CCP BME Clearing and the entities subject to the requirements of EMIR³ in relation to their activities as clearing members and as financial counterparties of OTC derivatives. To this end, during 2021 the Department of Secondary Markets intensified its communications with the CCP and with a group of selected entities (by proportionality criteria), with the corresponding information requirements to be able to evaluate these issues in greater depth.

In parallel with these events, a review was carried out (and is still ongoing) of one of the Articles in the EMIR technical standards, specifically that relating to the application of countercyclical measures in the calculation of margins. The objective of this review is to include in EMIR some of the guidelines that ESMA had published in 2018⁴ on the application of measures to reduce procyclicality in the margins of CCPs, with a view to ensuring their uniform and consistent application.

With all the information collected, the CNMV was able to make an in-depth assessment of the extent of compliance with the different ESRB recommendations and, in the case of the CCP and given the relevance of the matter, with respect to the ESMA guidelines on the application of countercyclical measures, and how they performed in the market circumstances brought about by COVID-19. The analysis also considered the discussions held in international forums in which the CNMV took part during the year in relation to these issues, as well as good sector practices.

Going into the details of the aforementioned recommendations published by the ESRB, some focused on the supervision of CCPs and others, as indicated, on clearing members and financial counterparties included in the scope of EMIR. These are divided into four large groups: A, B, C and D, which in general terms deal with the following aspects:

- The recommendations of group A are related to the evaluation of the anti-procyclical measures applied by the CCPs in the establishment of margins and collateral valuation haircuts, the use of progressive scales in the credit ratings when these serve to make adjustments to margins and in the timely transmission of relevant information on changes related to the accepted collateral. Clearing members and financial counterparties included in the scope of EMIR are also recommended to avoid, as far as possible, abrupt collateral requirements and, as was recommended to the CCP, to use granular and progressive scales when applying adjustments to the credit rating of their clients or counterparties.
- The group B recommendations deal with the CCP liquidity stress testing framework, and they suggest that liquidity provider default scenarios should be considered. ESMA is requested to review the technical standards in order to explicitly include this type of scenario and the CCPs to take them into account in the meantime. In addition, CCPs are recommended to have well-defined procedures to deal with temporary liquidity mismatches.

- The recommendations of group C refer to the transactions of the CCPs in relation to the requirement and return of margins when there are surpluses, so that their management does not increase the potential liquidity tensions of the members. In turn, clearing members are also recommended to avoid, as far as possible, excessive pressure on their clients due to sudden liquidity requirements.
- Finally, the recommendations of group D are addressed to the supervisory authorities – including the CNMV – calling on them to actively participate in international forums with the aim of collaborating in the establishment of prudent mechanisms that mitigate the procyclical effects of the collateral exchange models, among other aspects.

From the study carried out by the CNMV it was concluded that all the entities analysed, including the CCP, fully comply with all the recommendations. In order to promote the process of continuous improvement in the practices of the CCP and ensure its adequate adaptation to the new regulatory standards in progress, a series of additional recommendations were sent to them, with respect to which there is already a commitment on their part.

Lastly, when the results of the assessment on the extent of compliance with these recommendations were announced, the ESRB gave a very positive assessment of the CNMV's supervisory activity, in relation to both the CCP (BME Clearing) and the clearing members and financial counterparties of bilateral agreements.

- 1 Recommendation of the European Systemic Risk Board, of 25 May 2020, on liquidity risks arising from margin calls (ESRB/2020/6) (2020/C 238/01).
- 2 <https://www.cnmv.es/Portal/verDoc.axd?t=%7B022cd245-edc2-454b-a4f4-f790edb9490c%7D>
- 3 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).
- 4 Guidelines on EMIR Anti-Procyclicality Margin Measures for Central Counterparties (ESMA70-151-1293).

II.2.8 Agencia Nacional de Codificación de Valores (Spain's national numbering agency)

The CNMV performs the functions of the National Numbering Agency (NNA) in Spain. Its main objective is to assign and manage international securities identification codes (ISIN)⁶ and classification of financial instruments (CFI),⁷ facilitating their dissemination and use among users. It also assigns the Financial Instrument Short Name (FISN).⁸ In Spain, the ISIN code is used as the primary identifier in securities trading, clearing and settlement. In its role as NNA, the CNMV is a founder and full member of the Association of National Numbering Agencies (ANNA), which at 2021 year-end had a total of 102 full member countries and 16 associates.

6 International Securities Identification Number: ISO standard 6166.

7 Classification of Financial Instruments: ISO standard 10962.

8 Financial Instrument Short Name: ISO standard 18774.

Within its international activity, the NNA participates in various international working groups and management bodies. Among them, WG2 stands out: ISIN Quality and Guidelines, which belongs to ANNA. This group comprises representatives from several national agencies and is responsible for drawing up uniform rules and criteria for ISIN allocation worldwide, as well as for CFI and FISN codes. It also participates in WG6: ISIN: LEI Link, which is entrusted with the task of establishing criteria and solving incidents that may appear in the connection of issuers' ISINs with their LEI code. The NNA also contributes to the preparation and review of the ISO standards mentioned above, through its Technical Subcommittee 8 (SC8).⁹

The NNA activity statistics reveal that the number of securities and financial instruments codified during 2021 was 81,544, which was 67% more than in 2020 (see Table II.2.8.1). The number of equity issuances increased by 15.7%. For its part, the coding of fixed income increased by 12.3% due to the increase in both public debt and private fixed income issuances (and despite the fact that covered bond issuances experienced a decrease of 42.9%). Regarding the decrease in the volume of covered bonds issued, it is important to bear in mind that in November 2021 Royal Decree-Law 24/2021 was published (subsequently amended by Royal Decree-Law 29/2021), transposing the Covered Bonds Directive, which will come into force on 8 July 2022.

There was a significant decrease in warrants issuances and structured products, which contrasted with the increase in derivatives codified. Warrant issuances decreased by 72.9% and those of structured products by 49.3%. Regarding the latter case, April 2021 saw an amendment to the fourth additional provision of the Securities Market Act which includes the requirements that must be met in the marketing or placement between clients or retail investors of debt financial instrument issuances that are liabilities susceptible of internal recapitalisation. The marked increase in the number of derivatives codified (options, futures and swaps) had its origin in a change in the moment of assigning the codes (68.5%).

9 SC8 is responsible for the standards on baseline data for financial instruments and is a subcommittee of the ISO Technical Committee 68.

Numbers assigned to issues by the NNA in 2020 and 2021

TABLE II.2.8.1

	2020	2021	% change 21/20
Equity	604	699	15.7
Shares	115	146	27.0
CIS and venture capital firms	489	553	13.19
Fixed income	955	1,072	12.3
Public sector debt	49	60	22.4
Treasury bills and commercial paper	12	12	0.0
Bonds	37	48	29.7
Private fixed income	906	1,012	11.7
Commercial paper	776	900	16.0
Medium-term bonds	13	17	30.8
Long-term bonds	17	16	-5.9
Covered bonds	35	20	-42.9
Securitisation bonds	65	59	-9.2
Additional Tier 1 financing securities	3	2	-33.3
Structured products	140	71	-49.3
Rights	35	25	-28.6
Warrants and certificates	442	120	-72.9
Options	45,540	76,896	68.9
Futures	886	1,936	118.5
Swaps	247	723	192.7
Total	48,852	81,544	66.9

Source: CNMV.

At the end of the year, the number of active securities and other financial instruments with an ISIN code in the NNA database totalled 69,193.

Regarding the queries received by the NNA, in 2021 a number similar to that of the previous year was attended to, although those pertaining to foreign codes were 26.2% lower.

Enquiries handled by the NNA

TABLE II.2.8.2

	2020	2021	% change 21/20
Enquiries about Spanish codes	276	283	2.5
Enquiries about foreign codes	42	31	-26.2
Total enquiries	318	314	-1.3

Source: CNMV.

II.3 Supervision of entities

In supervising entities, the CNMV carries out many and varied actions, both remotely and on the spot, using a wide variety of tools.

The ways in which these activities, detailed in the following pages, found expression in 2021, included actions coordinated with the European Securities and Markets Authority (ESMA) focused on product governance obligations and the assessment of appropriateness, with the preparation of technical guidelines.

Supervision of management entities, investment vehicles and depositories particularly featured preventive analyses focusing basically on managers' fulfilment of their obligations and the appropriateness and sufficiency of information provided to investors in the vehicles.

Lastly we should also mention the continuous supervision of redemption flows in investment funds and checks to make sure managers have appropriate liquidity management procedures allowing them to fulfil their obligation to provide liquidity to investors, while at the same time preventing possible conflicts of interest between investors, especially in situations of market stress.

II.3.1 Investment firms

As a result of these supervisory actions, the CNMV sent out a total of 1,302 deficiency letters to supervised entities during the year. Of these, 1,128 originate from desk-based reviews and 174 from on-site inspections.

**Supervision of investment firms and credit institutions:
deficiency letters sent by the CNMV in 2021**

TABLE II.3.1.1

Type of deficiency letter	On site	Desk based	Total
For late filing of information	1	107	108
Requests for information	85	391	476
Corrective measures or recommendations	26	116	142
Other notifications	62	514	576
Total	174	1,128	1,302

Source: CNMV.

Conduct of business rules and organisational requirements

Product governance obligations. Common supervisory action (CSA) coordinated by ESMA

The CNMV participated in a CSA focused on product governance obligations. Continuing with the line initiated by ESMA in 2019, the CNMV participated this year, along with other supervisors, in a CSA coordinated by ESMA, focused on reviewing the product governance procedures that entities must implement in order to: i) design products that meet the needs of a defined target market, ii) establish distribution strategies compatible with it, and iii) take reasonable steps to ensure that the products are distributed within the target market. The conclusions of this action are summarised below.

Aspects related to the identification of the target market and the distribution strategy of certain financial instruments (structured products, investment funds and warrants), as well as the procedures followed by the entities to analyse the cost structure and, in general terms, whether the product is in the interest of clients. The CNMV's action was carried out on a sample of eight credit institutions and its main results are described below.

Identification of the target market and distribution strategy

The firms analysed have, in general terms, product approval procedures that include the identification of a target market and the distribution strategy and cover all the aspects established in the regulations. Although some weaknesses were observed in the procedures and documentation, in general they were not particularly significant. Some noteworthy incidents concerned the limited involvement of the compliance function, the use of unclear definitions of the target market and the adoption of imprudent decisions regarding the level of knowledge and experience required for complex products.

Although it is common for manufacturers to define the target market relatively broadly, we observed that distributors refine this target market, adapting it to their internal systems and sometimes imposing more restrictive criteria for more complex products, which we consider appropriate. In general, with a few exceptions, firms have mechanisms to ensure that their target market and their strategy conform to the limits set by the manufacturer

Approval processes are often organised by product classes, which we consider acceptable in principle if it concerns only the identification of the target market and providing the classes consist of sufficiently homogeneous instruments, it refers to specific product parameters (term and risk) and are kept up to date. This approval by classes is not suitable, however, for analysing the cost structure or whether the product is in the client's interest, which must in any case be done product by product.

Sales outside the target market

Most of the firms have opted to market the most complex products under the provision of investment advice, so sales of this type of product outside the target market are not allowed, which we consider a prudent strategy.

In case of non-advised sales, most firms have designed checks to prevent sales outside the target market, but in general the determination is based purely on “client type” and “client’s knowledge and experience” and the client is not always warned that the firm is not in the position to assess if they belong to the target market due to the lack of sufficient information.

Some firms consider additional information to that obtained as a result of the provision of the order reception and transmission service, at least in certain types of products or services. In the cases analysed, we observed a relatively high number of sales outside the target market, and in many cases there were no monitoring and control procedures to ensure that the product was not generally reaching customers outside the target market.

Analysis of the cost structure and of whether the product is in the interest of the client

Firms must have robust and documented procedures to identify the costs of products, both explicit and implicit. As it has been doing as part of its supervisory actions, the CNMV reviewed the procedures put in place by firms to identify implicit costs, reviewing the systems for determining the fair value of structured products, on the premise that any difference between the fair value and the price charged to the client is a cost, regardless of whether or not it constitutes, in whole or in part, a margin for the entity; and conveyed to the firms its observations on the methodology used to calculate the fair value in cases where significant differences were detected.

Regarding the analysis of the features of the products, most of the firms mention scenario analysis or assessment of the consistency between costs and returns. Some firms also indicate comparisons with other assets or maximum margin policies, although, in general, with little detail and poor documentation of the analyses and criteria used.

The following are some of the general considerations that the CNMV took into account in assessing the procedures analysed:

- Although different policies are allowed using the flexibility indicated in the ESMA questions and answers on this area, the tests and analyses carried out must be properly documented and the conclusions submitted to the body in charge of product approval. This body must at least establish a supervisory mechanism that includes the approval of specific tests and criteria, and some system for ratifying or monitoring their application.
- The difficulty of estimating and analysing future returns is acknowledged, as is the possibility of considering not only the moderate scenario, but also the balance with other scenarios, and the need to take into account the current market situation, with negative interest rates. In any case, it is necessary for firms to justify situations in which costs are high compared to returns, such as products with a cost higher than the maximum return that the client can obtain.
- Setting a cost limit is considered a good practice, but this analysis should be refined by establishing differences by level of risk and term, allowing the relationship between cost and return expectations to be taken into account to some extent. On the other hand, in order to achieve adequate investor protection,

the controls or limits must be established in terms of total cost and not of the institution's margin.

- The advisability of the entity's making and documenting a comparison with market practices, considering the cost/return ratio of products of the same type or with investment alternatives.
- In the case of auto-callable products, not only the maximum term must be considered in the analysis, but also the possibilities of early cancellation. For example, a minimum product duration could be established, allowing the absorption of entry fees, such that the cost of the product relative to the return that could be obtained if the product were cancelled in the first observation date would not be excessive.

Exchange of information between producers and distributors

All firms have systems in place to receive information from manufacturers, but reporting by distributors to manufacturers is less well implemented, and only a limited number of firms have periodic reporting systems in operation.

Product review

Periodic product review procedures must include, among other aspects, checking to see whether the product is being distributed within the target market or whether it is reaching clients whose needs, characteristics and objectives are not compatible with the instrument in question. All the firms analysed had product monitoring or review systems, with different levels of periodicity and depth, although in some cases they need to be strengthened, particularly as regards distributors' keeping watch for sales outside the target market.

In addition, very few firms have sufficient procedures for monitoring the fair value of the products that they market during the placement period. Firms must continuously monitor the evolution of the value during the marketing period and establish specific rules on when to update cost information; they must also bear in mind the need to warn about the existence of a significant difference between the effective amount of the purchase transaction and the estimate made by the entity of the fair value of the instrument (in compliance with Rule 4 of CNMV Circular 1/2018, of 12 March), as well as considering other possible measures if necessary, including the possibility of ceasing to sell the product if it is considered that it is no longer in the interest of the client. This is without prejudice to the need to maintain surveillance procedures throughout the life of the products, taking into account any event that may substantially affect the potential risk associated with the target market.

CNMV technical guide on appropriateness assessment

ESMA has drawn up guidelines on the assessment of appropriateness. Following the CSA coordinated by ESMA in 2019 on the assessment of appropriateness, ESMA drew up guidelines on the matter in order to enhance clarity and improve convergence in the application of certain aspects of the appropriateness assessment requirements. The guidelines were published in December 2021.

Taking into account the ESMA guidelines as well as its supervisory experience, the CNMV worked on the preparation of a *Technical Guide on Appropriateness Assessment*. The guide looks with some depth of detail at certain criteria not included in the ESMA guidelines but which the CNMV considers appropriate for compliance with the applicable regulations and which it uses in the exercise of its supervisory function. The technical guide updates and replaces the criteria contained in the *Guide to Assessing Appropriateness and Suitability* of 17 June 2010 as regards the assessment of appropriateness. The technical guide was published on 19 April 2022.

Horizontal review of internal procedures and actions regarding internal whistleblowing by personnel of investment firms and credit institutions

A review was carried out on a representative sample of firms to assess compliance with the obligation to have adequate internal procedures for employees to be able to report potential or actual infringements internally. The review revealed that, in general, firms have adequate internal procedures regulating the functioning of the whistleblowers' channel, although they do not always have an exclusive channel for this purpose.

The firms maintain procedures that guarantee the confidentiality of the identity of those reported and of whistleblowers, and the protection of the latter against retaliation as a result of reported infractions. The body responsible for the channel has due autonomy and, in general, the firms have internal registration systems that ensure complete traceability of all the information relating to the reports received.

Supervision and monitoring of the activity carried out by branches and agents, and firms under the freedom to provide services

In 2021, as in previous years, there was intense activity to supervise compliance with the applicable regulations in the case of EU branches and agents, and to monitor the activity carried out by EU firms without an establishment in Spain under the freedom to provide services, for which the CNMV, as the host supervisor does not have supervisory powers but collaborates with the home supervisor monitoring the activity carried out by these firms. Exhibit 11 contains the most noteworthy aspects in this area.

Supervision and monitoring of operations with CFDs

EXHIBIT 11

During 2021, the CNMV continued to carry out actions in relation to the marketing, distribution and sale of financial contracts for difference (CFDs), an activity subject to restrictions and warnings both in Spain and in the rest of the European Union due to its complexity and high risk, which make these products generally unsuitable for retail clients. Despite this, there is still an appetite for CFDs among the general public, which is largely attracted by the promises of high returns held out by various operators in the mainstream media and on social networks.

In Spain, the marketing of these products is carried out fundamentally by EU firms that, for the most part, operate under the freedom to provide services,

for which reason the CNMV does not have supervisory powers in the first instance, since these correspond to the home country supervisor.

In view of the risk entailed by marketing these products to retail clients, the CNMV has for some years been devoting part of its resources to monitoring the activity of these firms, in order to facilitate the home national competent authority supervisory work. Thus, in the 2019-2021 period, some 60 letters were sent to the home authorities, basically conveying facts and events detected, approximately half of which correspond to 2021.

During 2021 we followed up on incidents previously reported to the home authorities, largely relating to inappropriate advertising practices, marketing of services to and acquisition of retail clients through unauthorised third parties who also do not have appropriate financial knowledge or investment experience. Other significant incidents reported to home authorities included circumvention of restrictions on the marketing, distribution and sale of CFDs established in Spain by means of inappropriate incentives for retail clients to ask to be treated as professional clients and the transfer of operations to related firms located outside the European Union without authorisation to operate in Spain and not subject to the restrictions indicated. In some cases, where we detected particularly significant bad practices accompanied by aggressive clients acquisition that is highly detrimental to the interests of investors, we raised the possibility of the CNMV's adopting preventive measures after notifying the competent authority.

As a result of this activity of the CNMV, eight firms operating under the freedom to provide services which had been aggressively marketing CDFs in Spain agreed during 2021 to various restrictive measures on the marketing of services in Spain. The adoption of these restrictive measures made it unnecessary for the CNMV to take the preventive measures the possibility of which had been previously raised with the home supervisor.

In the case of EU firms with permanent establishments in Spain, whose compliance with the rules of conduct the CNMV is empowered to supervise, the most notable actions concerned the branch of one EU entity and the agent of another, where there were indications of inappropriate marketing of CFDs to retail clients, a similar business model being used in both cases.

The work carried out revealed very serious breaches of duties of information, rules of conduct and governance that firms must comply with in their actions. In particular, the marketing model of these two firms was aimed at attracting clients with little financial knowledge through advertisements in the mainstream media referring to obtaining high returns in the short term, sometimes accompanied by the image of popular personalities. After that, an intense and aggressive telephone contact was initiated with the purpose of opening an account and a first contribution of funds, initially not very high, followed by later contributions encouraged by these firms' sales staff in order to avoid the closure of positions and the consequent materialisation of losses, which ultimately led to the generation of much larger losses. The bad practices observed were numerous and significant, and among them the following stand out: the provision of investment services without an appropriate

assessment of the compatibility of the product offered with the client's risk profile and with their knowledge and experience, the payment of incentives to the sales network that entailed a conflict of interest with the clients, deficiencies in terms of the training obligations of the personnel who inform the clients, and the making of investment recommendations without having authorisation to do so and in any case without complying with the applicable rules of conduct.

The seriousness of the events detected made it necessary to adopt far-reaching remedial measures, which involved a radical change in the business model of these firms and the resources dedicated to it, which was very difficult in practice. This explains why in both cases the firms agreed to close the establishment and consequently to cease marketing their services.

According to the available information referring to the firms that operate in Spain with a permanent establishment, the marketing of CFDs to retail investors following the restrictions established in the last three years initially decreased appreciably, but has subsequently experienced gradual growth, although without reaching previous levels. However, according to the information on the websites of the firms that operate with CFDs, a high percentage of retail clients, greater than 70% for the vast majority of the firms with the greatest activity and in some cases approaching 90%, continues to suffer losses.

At least two EU countries, France and Belgium, maintain additional regulations that are more restrictive than those established by ESMA and by the CNMV for the marketing, distribution or sale of CFDs, by prohibiting their advertising aimed at the general public in the case of France and by prohibiting the use of electronic platforms in that of Belgium.

The supervisory experience described in the foregoing paragraphs makes it advisable to assess the need to adopt additional measures for the marketing of this complex and high-risk product. For this reason, the analysis of possible action alternatives on this matter has been established in the CNMV's 2022 Activity Plan.

Prudential requirements

Entry into force of the new prudential regulations applicable to investment firms (Regulation (EU) 2019/2033 and Directive (EU) 2019/2034)

On 26 June 2021, investment firms began to apply these new EU solvency standards, which represent a substantial change from the previous regime.¹ The new prudential regulations distinguish three large groups of risks: risk-to-client (RtC), risk-to-market (RtM) and risk-to-firm (RtF), establishing "K-factors" used to calculate the capital requirements applying to each. As in the previous system,

¹ Directive 2013/36/EU and Regulation (EU) No. 575/2013, as it is basically oriented towards credit institutions.

certain requirements are established for whichever is the greatest of the following: i) the amount deriving from the application of the K-factors referred to, ii) a minimum capital requirement and iii) the requirement determined on the basis of fixed overheads. The new Regulation also amends the liquidity requirements applicable to investment firms, which are now determined based on fixed overheads.

In the absence of a transposition of the Directive and of adaptation to Spanish regulations, as well as of the publication of the second level EU regulations, during the second half of 2021 the prudential supervision of investment firms was carried out through specific requests for information.

II.3.2 Management entities, investment vehicles and depositaries

The supervision of management companies and the collective investment schemes (CISs) managed was basically characterised by the performance of preventive analyses. The purpose of these is to ensure that the management companies of these vehicles properly fulfil their obligations, that conflicts of interest are properly resolved and that unitholders and shareholders receive sufficient information about their investments. The main checks performed in 2021 on collective investment schemes (CISs) are summarised below:

One very important aspect from the point of view of investor protection is that relating to the costs of the products offered. Indeed, costs and performance for retail investment products is one of the two Union Strategic Supervision Priorities or USSP identified by ESMA in 2020 and renewed in September 2021 (the other priority is market data quality).

In this context, and in the area of CISs, the CNMV participated together with the rest of the EU NCAs in a Common Supervisory Action (CSA) to analyse the procedures put in place by managers for setting fees and costs. The ultimate goal of these procedures should be to prevent investors from being charged undue costs. The CNMV analysed in detail the procedures of a sample of management companies and, although most of them lacked formal and express cost-setting procedures, these were set and controlled in a multidisciplinary manner through other management company procedures, so that the incidences detected were very few. An ESMA report on the joint result of the CSA in the different jurisdictions is expected in the first part of 2022.

Apart from this, following the intense liquidity tensions seen in the fixed income markets in 2020, the tasks of monitoring CIS liquidity continued. These included monitoring of trends in redemptions, as well as identification and analysis of the CISs with significant exposures to assets that could present lower levels of liquidity. Additionally, the procedures implemented by the entities to manage the liquidity of these funds were verified and, in cases where investors had exited, we also checked to see that no conflicts of interest had been generated as a result of not maintaining, with a reasonable margin, the ratio between liquid illiquid assets. In carrying out these actions, no particularly significant incidents were detected.

Another essential aspect of investor protection is transparency, to which the CNMV devoted much effort in 2021 in the area of private equity and venture capital firms. This choice is explained by the fact that it is a collective investment

vehicle with a growing presence of retail investors. Specifically, we supervised the availability of the key information document (KID) in cases where the venture capital firm was marketed to retail investors, and checked to see that its content complied with the provisions of 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). Deficiency letters were sent to entities that did not display the KID on their website, and to those whose KIDs were deficient (in most cases this concerned either inadequate descriptions or tables of costs and performance that did not follow the formats laid down by the Regulation).

Analysis of KIDs of venture capital vehicles

EXHIBIT 12

On 1 January 2018, Regulation (EU) No. 1286/2014 of the European Parliament and of the Council, of 26 November 2014, and its implementing regulations on key information documents (KIDs) for packaged retail and insurance-based investment products (PRIIPs), which requires producers to draw up a standardised information document (the Key Information Document or KID) and publish it on its website when these products are aimed at retail investors. For their part, the entities that sell or recommend these products must deliver said document to the clients in good time before those retail investors are bound by any contract or offer relating to that PRIIP.

In accordance with the regulations on PRIIPs and with the provisions of question 2.6 of the questions and answers (Q&A) on the application of Regulation 1286/2014 published on the CNMV's website, venture capital firms – more specifically, those whose marketing is not restricted to professionals and whose subscription period for investors has not expired – must have the PRIIP KID and must make it available to investors. The managers of venture capital vehicles (or the venture capital company in the case of self-managed venture capital vehicles) must also publish the PRIIP KID on their website.

Since this Regulation came into force, the CNMV has carried out analyses to verify compliance by the managers, in other words to check whether they have prepared PRIIP KIDs for all the venture capital firms subject to this obligation. In addition, we checked to see that the PRIIP KIDs were available on the managers' websites and that their content included all aspects indicated by the regulations, without any significant alterations or omissions, and conformed to that laid down.

In a first phase of the analyses, we detected that most of the managers had not prepared the PRIIP KID. Consequently, the managers were required to prepare it and make it available to the public on their website, provided that the product was aimed at retail investors and was in the marketing period.

In subsequent analyses, we reviewed the content of the PRIIP KIDs that had been prepared in response to the request, occasionally finding deficiencies in their content. Among the most commonly detected deficiencies, the following can be mentioned:

- Not adequately describing the purpose of the product, as well as not specifying the assets to be invested. Many documents reproduced the text of the Regulation *verbatim*, without detailing its specific characteristics.
- Not correctly explaining the type of investor for which the product is intended. In many cases the minimum initial investment was not specified, and nor was the knowledge that the investor should have, the investor's ability to withstand losses, preferences regarding the investment horizon or theoretical knowledge and experience in this type of product.
- Not indicating, in the section "Additional information on liquidity risks", the recommended investment holding period, and whether the venture capital firm is considered to have a significant liquidity risk or as being illiquid.
- Not reflecting the performance scenarios following the regulations. In some KIDs, information on the data and methodology used to estimate returns was not included, and the standard table required by the PRIIP Regulation was not followed (information on intermediate scenarios or periods missing). In some cases the calculations were made assuming an investment other than €10,000 as established by the regulations.
- Failure to design the cost tables in accordance with the standardised model established by the PRIIP Regulation. The tables of costs over time did not present many deficiencies in their content, but they did in format, since intermediate scenarios were included, these not being necessary in products without liquidity, such as venture capital. On the other hand, in relation to the cost composition tables, some confusion was detected about the concepts to include in the different headings; for example in "Portfolio transaction costs", which should include only transaction costs, management fees were included, when this should be included in the section "Other ongoing costs". Also, the "carried interest" and "performance fees" sections were not presented in annualised form as required by the PRIIP Regulation.

Additionally, we reviewed venture capital management companies firms' advertising on their websites. This review was done through the implementation of a series of controls (programmed in Python language). Incidents were detected in a small number of managers, who were sent deficiency letters for including messages or expressions highlighting benefits or advantages without warning of the risks assumed.

Also through these analyses, we identified a significant number of entities, stakes in whose vehicles had been acquired by retail investors. In these cases, it is particularly important for the rules of conduct in the placement of these vehicles to be complied with, which is why an analysis was initiated to include: verification of compliance with the principles required by the regulations for the marketing of these vehicles to retail investors, as well as compliance with the requirements for being classified as a professional investor and for evidencing the client's own initiative or previous experience; the evaluation of the appropriateness of the product, and the rest of the established requirements (minimum investment, signing to assume risks, etc.)

Apart from this, during 2021 supervisory actions were carried out on the procedures for selecting intermediaries in the fixed income operations of several managers. Specifically, the analyses and controls carried out to evidence best execution of said operation were supervised, to make sure it cannot lead to any practice that might generate conflicts of interest. In certain entities, deficiencies of greater or lesser significance were detected, for which the following measures, among others, were required to be adopted: i) existence of documentary evidence that the price and result of the transaction corresponded to that of the market, taking into account all the information available and, in particular, analysing the prices offered by other intermediaries or counterparties immediately prior to the execution of the operation; ii) the importance of having the largest possible universe of counterparties or intermediaries and of using order execution systems that are transparent and allow traceability of requests made and responses received; iii) establishment of the requirements that must be met to evidence best execution and of the exceptions that may occur, with controls that allow compliance with said requirements to be verified and any anomalies in the operation to be detected.

In recent years there has been a notable increase in the services provided by managers and in the complexity of their activities. Specifically, the provision of investment services, cross-border action and the management of alternative vehicles have increased. In this context, it becomes particularly important to check that the managers have a good organisational structure, both internally and at the group level, that ensures correct and prudent management of the company, including internal control mechanisms that prevent conflicts of interest. We also check to make sure that managers are equipped with both the human resources with the appropriate knowledge and experience for each of the activities carried out, and with the technical resources necessary for them. The boards of directors of the management companies or, as the case may be, of the self-managed investment vehicles, must lead the supervision of internal control and the prevention of conflicts of interest.

Additionally, actions were carried out to verify compliance with the requirements and criteria for the appointment of non-professional CIS advisers by CIS managers, as well as the adequacy of the control requirements established on the recommendations issued. The analysis was extended to the activity of this type of advisers on social networks and on their own websites, since a high degree of activity in these media by all market participants has been observed.

The supervision of CIS and venture capital firms did not present any distinctive characteristics during 2021. It focused, as in other years, on the analysis of the supervision and surveillance reports on the managers that the depositories must submit every six months for CISs and annually for venture capital vehicles. If anything, particular attention is being paid to the depository for venture capital vehicles, since it is on the one hand a relatively new activity and on the other more complex in aspects such as the custody or registration of assets and their valuation. In any case, so far the incidents found in relation to depositories' performance of the functions assigned to them by the regulation are very limited, because after the processes of concentration and specialisation of financial entities in recent years, depository entities have high standards of professionalisation. In this regard, the only noteworthy incidents in the venture capital area would refer to the valuations of certain assets, in any case of a one-off nature, and the occasional delay in sending the surveillance report to the CNMV, due to not having all information on the underlying investments.

In any case, in order to maintain the aforementioned standards, the CNMV recalled, in the question and answer documents, how important it is for the intervention of the manager in the choice of the depository to be governed by completely objective criteria and to be carried out in the exclusive interest of investors. This circumstance, taking into account the dynamism of the aforementioned concentration and specialisation processes, will be analysed by the CNMV in the coming years.

Supervision of CIS and venture capital firms by the CNMV in 2021

TABLE II.3.2.1

Type of deficiency letter	Desk based	On site	Total
For late filing of information	567	0	567
Requests for information	112	35	147
Corrective measures or recommendations	393	27	420
Other notifications	14	30	44
Total	1,086	92	1,178

Source: CNMV.

Adaptation of CIS prospectuses to sustainability regulations

EXHIBIT 13

On 10 March 2021, Regulation (EU) 2019/2088 of the European Parliament and of the Council, of 27 November 2019, on sustainability-related disclosures in the financial services sector (the Sustainable Finance Disclosure Regulation or SFDR) entered into force. This Regulation imposes significant obligations in the area of information offered in the prospectuses of all CISs. In a very summarised way, the transparency obligations that affect prospectuses are the following:

- Information on the policy of integrating sustainability risks into the decision-making process: Article 6 of the SFDR.
- Statement on policies on adverse impacts of investment decisions or advice on sustainability factors: Article 7 of the SFDR.
- Information when a product promotes environmental or social characteristics: Article 8 of the SFDR.
- Information when a product's objective is sustainable investments: Article 9 of the SFDR.

In order to speed up the processing of the changes imposed by Articles 6 and 7 of the SFDR, which affect all funds, the CNMV developed a simplified procedure for CIS managers to be able to reasonably comply with the requirements imposed by this Regulation. All asset managers availed themselves of this simplified procedure, which has led to the updating, in a short period of time, of the prospectuses of more than 1,500 funds.

Likewise, on 1 January 2022, Regulation (EU) 2020/852 of the European Parliament and of the Council, of 18 June 2020, on the establishment of a

framework to facilitate sustainable investment (hereinafter the Taxonomy Regulation) came into force. This Regulation requires, among other things:

- Inclusion in the pre-contractual information of the financial products described in Article 8 (which promote environmental or social characteristics, or a combination of them) and in Article 9 (which have sustainable investments as their objective) of the SFDR, of information on the degree of alignment with the Taxonomy Regulation, with regard to the first two environmental objectives established by Article 9 of said Regulation: mitigation of climate change and adaptation to climate change.
- Inclusion of the following statement in the prospectus of the rest of the financial products: “The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities”.

In order to make it easier for CIS management companies to adapt to the requirements imposed by the Taxonomy Regulation, during December 2021, the CNMV acted *ex officio* in including the above statement in the prospectuses of all CISs not qualified in accordance with Articles 8 or 9 of the SFDR.

The CNMV is aware of the circumstances in which the Taxonomy Regulation is coming into force, as not all the necessary regulatory developments have been approved and there is not enough information on the issuers to allow the degree of alignment of the investments with the aforementioned Regulation to be calculated.

Given this situation, and for the sake of a harmonised application of the Taxonomy Regulation within the countries of the European Union, the CNMV will assume the guidelines established by the European supervisory authorities (ESAs). In the absence of such guidelines or technical development standards, the supervisory criteria considered appropriate will be disseminated to the sector, subjecting, however, said criteria to those that, where appropriate, may be subsequently adopted by EU bodies.

Other actions

The CNMV updated the document of questions and answers on the CIS regulations and published an additional document with questions and answers related to the new regulations on sustainability (Regulation (EU) 2019/2088 of the European Parliament and of the Council, of 27 November 2019, on sustainability-related disclosures in the financial services sector and Regulation (EU) 2020/852 of the European Parliament and of the Council, of 18 June 2018, regarding the establishment of a framework to facilitate sustainable investments). Below are the most relevant questions and answers about CISs and other closed vehicles, as well as the new sustainability regulations:

Circular on advertising: In relation to CNMV Circular 2/2020, of 28 October, on advertising, it was clarified that the concept of advertising campaign must be understood in a broad way, so as to cover commercial communications (they would be an advertising piece, since this is understood as the specific format through which the

advertising message is transmitted), as well as **press releases** when there is a direct or indirect monetary or non-monetary consideration for its dissemination.

Also, when a CIS management company (CISMC) contracts the advertising with a third party (service provider), it must check that this third party is not providing investment services without authorisation to do so, and must carry out some verification, its not being sufficient to include in the contract a statement from the service provider regarding compliance with the principle of reservation of activity. For these purposes, if a CISMC signs a CIS distribution contract with an investment firm or credit institution whereby the latter carries out the advertising activity on its own account, such investment firm or credit institution would not fall within the definition of provider of advertising services. In relation to the registration of advertising activities, it is clarified that if the CISMC has disseminated an advertising piece about a product or service, it must register who the distributors of said products or services have been and if apart from this any distributor carries out other advertising for its own account, it is the distributor that should register such advertising.

Engagement policy: Regarding the new obligation for managers to have a shareholder engagement policy, to publish it on their website and to implement it, it was clarified that if entities decide not to comply with any of the provisions of the regulations based on the “comply or explain” principle that governs it, the manager must publish a clear, reasoned explanation for not doing so, a mere statement not being enough. On the other hand, it is not considered appropriate for CISMCs to adopt the group’s engagement policy, due to the potential conflicts of interest that this may entail; the CISMC must have a totally independent policy, except where there are several entities managing third-party assets within the same group and it is decided to develop an engagement policy for them.

It was also clarified that it is possible to delegate the exercise of the right to vote to a third party, provided that the rule on delegation of functions (Article 98 of the CIS Regulation) is complied with, meaning that the manager must control the actions of the delegate and ensure that its exercise of the right to vote is consistent with the management company’s engagement policy. Additionally, when a CISMC also provides portfolio management services (and clients have delegated the exercise of voting rights to it), the engagement policy and its effective application must be the same for both segments, and the same applies to SICAVs that have not retained the exercise of the voting rights of their portfolios.

Venture capital: In the area of venture capital and other closed-ended vehicles, it was explained that it is not possible to set up a venture capital fund that invests 100% in only one or two foreign vehicles, fulfilling the diversification requirement at the level of this or these foreign vehicle(s), since the investment vehicle must comply with the diversification coefficients of Law 22/2014, of 12 November, regulating venture capital entities at the first level of investments, not at the second level.

As regards the marketing of venture capital vehicles or other closed-ended collective investment vehicles, the promotion of their subscription among family members and friends of the promoters is also considered marketing, and the regulations do not provide exceptions regarding the personal or family sphere.

In relation to the PRIIP KID for venture capital vehicles, the marketing of venture capital vehicles to retail clients through third parties makes it necessary for the manager, as producer of the vehicle, to publish the PRIIP KID on its website. Also,

when stakes are acquired in a venture capital vehicle or closed-ended collective investment vehicle on the initiative of a retail client, the PRIIP KID must be provided to the retail client in good time before the transaction, even if no marketing activities are carried out with such investor. It will also be necessary to deliver it to retail investors acquiring stakes in the venture capital vehicles even if they demonstrate that they have experience in investment, management or provision of advice.

Sustainability: Regarding sustainability regulations, the questions and answers clarified new and significant concepts such as sustainability risk and principal adverse impacts (PAIs). Thus sustainability risk is to be understood as any environmental, social or governance fact or condition that, were it to occur, could have a material negative impact on the value of the investment, while adverse impact is to be understood as a significant negative effect on the environment or society that could occur as a result of investing in a given economic activity.

Regarding the obligation of financial market participants (FMPs), including managers, and financial advisers to publish on their websites whether or not they consider PAIs at entity level, if they do so they must publish it in a section called “Statement on principal adverse impacts on sustainability”. Otherwise, the section will be named “Non-consideration of principal adverse impacts”, and will include a justification in this regard.

On the other hand, it is considered possible that an FMP that considers PAIs at entity level might follow different approaches in its products, being able to evaluate the PAIs only in some of them. In this regard, the pre-contractual information must indicate whether they take into account the adverse impacts of investment decisions or otherwise provide a reasoned explanation as to why this is not done.

In relation to the products of Article 8 of Regulation 2019/2088, the SFDR (which promote environmental or social characteristics) and Article 9 (which have sustainable investments as their objective), guidelines are given on the minimum information required in the prospectus, which must be complied with by both CISs and closed-ended vehicles. Likewise, all CISs and closed-ended vehicles, unless they are in liquidation, must update their pre-contractual information to report on the integration of sustainability risks and PAIs (Articles 6 and 7 of the SFDR), which is why the CNMV has created a simplified procedure for updating prospectuses.

Regarding the first annual report of Article 8 and 9 vehicles that must comply with the SFDR, this will refer to the 2021 financial year, prepared in 2022, and both CISs and venture capital vehicles and other closed-ended vehicles must detail in the management report the degree of compliance with the environmental or social characteristics (Article 8) or the global impact of the product in relation to sustainability by means of pertinent sustainability indicators (Article 9).

Regarding expenses related to sustainability, it will be possible to allocate sustainability analysis costs relating to investment decisions providing they are referred to in the prospectus and they concern original thinking with significant conclusions that are not obvious or in the public domain, analogous to financial research costs. Conversely the costs of integrating ESG risks, updating prospectuses and periodic reports, those generated by the consideration of PAIs and those for contracting sustainability indices would not be chargeable to the fund, corresponding to functions of the management company which are already remunerated by its fees.

Aspects relating to the application of SFDR in discretionary portfolio management and financial advice were also clarified, as were certain technical aspects relating to the principle of “do no significant harm” or DNSH that sustainable investments must comply with.

Others: The new questions and answers published in 2021 also clarified aspects about the possibility of exposure to cryptocurrencies by the various types of CIS; the expenses that can be allocated to the funds in cases of ordinary recovery of withholdings, as well as the principles that must guide the managers’ actions in these processes; the possibility of a manager’s delegating the risk management function to the group entity that assumes the internal audit function, in certain cases; the criteria to be followed by the management company in choosing a depository, including in cases of transfer of business to other depositaries, and other issues such as making the submission of periodic information to investors more flexible.

As for other significant actions carried out in 2021, it is worth highlighting the preparation of a technical guide on the management and control of the liquidity of CISs. This guide, which was an initiative included in the 2021 Activity Plan, aims to group together all the relevant supervisory criteria that the CNMV has been transmitting to entities in recent years in relation to the management and control of the liquidity of CISs, and also the results of the recent actions carried out at national and EU level (most notably the CSA carried out by ESMA during 2020).

Specifically, the guide details: i) the analyses and limits in the design phase of each CIS and the checks that must be carried out prior to making any investment; ii) the recurring analyses and controls necessary to ensure adequate alignment between the liquidity profile of the assets and liabilities of each CIS and to maintain, with a reasonable margin, the ratio of liquid to less liquid assets to avoid conflicts of interest between investors; iii) the different tools that may be used for adequate liquidity management of CISs (notice periods, temporary indebtedness, partial subscriptions/redemptions, side-pockets and the use of anti-dilutive mechanisms (among which it is worth highlighting the valuation of the portfolio at bid or ask prices and swing pricing) to avoid conflicts of interest between investors subscribing or redeeming and those remaining; and iv) the functions assumed by the different areas of the management company, the involvement of the board of directors and additional analyses relating to the delegation of functions.

Impact on SICAVs of Law 11/2021 on measures to prevent and fight against tax fraud

EXHIBIT 14

The first day of 2022 marked the entry into force of Law 11/2021, of 9 July, on measures to prevent and combat tax fraud, transposing Council Directive (EU) 2016/1164, of 12 July 2016, laying down rules against tax avoidance practices that directly affect the functioning of the internal market, amending various tax regulations and regulating gambling.

This Law tightens the requirements that SICAVs must meet in order to maintain their tax regime, amending for this purpose Law 27/2014, of 27 November, on corporate tax, by requiring that, for the purposes of the

application of the reduced tax rate for collective investment schemes (1%), to determine the minimum number of shareholders required by the regulations (100), only those shareholders who own shares for an amount equal to or greater than €2,500, determined in accordance with the net asset value corresponding to the date of acquisition of the shares, will be counted; the Law also establishes a transitional regime for SICAVs that decide to wind up and liquidate in 2022, allowing shareholders to defer tax on the income generated by the liquidation, providing they reinvest the proceeds in other CISs.

In light of the above amendments, and by virtue of the legal duties to act with due diligence and in the best interest of investors, the CNMV sent a requirement to all managers in December 2021 for them to inform the boards of directors of the SICAVs that they managed of the aforementioned amendment to the Corporate Tax Law and to notify the CNMV of the decision adopted in relation to this tax amendment.

Additionally, those SICAVs whose boards of directors agreed to submit their dissolution and liquidation to the general meeting of shareholders were required to inform the shareholders of the possibility of availing themselves of the provisions of the transitional regime allowing the deferral of tax on the income obtained from the liquidation providing it was reinvested in another CIS.

Likewise, and by virtue of the provisions of Article 23 of the CIS Regulations (approved by Royal Decree 1082/2012), SICAVs intending to wind up and liquidate were required to publish the corresponding notice on the CNMV's website; companies that decided to continue were also required to publish such a notice, specifying the tax implications of such decision and whether actions would be carried out to comply with the requirement imposed by Law 11/2021 for SICAVs to benefit from the reduced tax regime (100 shareholders each with shares for an amount equal to or greater than €2,500), applicable for tax periods beginning on or after 1 January 2022.

In order to make sure SICAVs' liquidating dividends benefit from the transitional regime, some management companies decided to set up investment funds (or share classes) specifically for receiving them.

Finally, some data on the foreseeable impact of this tax change are detailed below. Starting from a situation at 31 December 2021 with a total of 2,286 registered SICAVs (with AuM of €29.03 billion and 349,876 shareholders), it is estimated¹ that, as a result of this tax change, 1,679 SICAVs will disappear (either because they are liquidated or because they are transformed into another type of company), representing 73.4% of the total registered (and 50% of the AuM at 31 December 2021). It seems that for now 448 SICAVs would continue, representing 19.6% of the total registered and 39% of the AuM (about €11.4 billion).

¹ At the time of preparing this exhibit, decisions were pending in 7% of the total number of registered SICAVs, specifically 159 SICAVs with AuM of some €2.79 billion.

Lastly, at EU level, two important initiatives must be highlighted:

- i) The approval by the EC of the draft reform of Directive 2011/61/EU of the European Parliament and of the Council, of 8 June 2011, on Alternative Investment Fund Managers (the AIFMD) and Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds (ELTIFs). In the case of the AIFMD, the introduction of rules is proposed so that the managers have liquidity management procedures with the appropriate tools, have a minimum substance in the authorisations and provide information to the NCAs and ESMA on delegations in third countries. Requirements are also introduced regarding the information to be sent by AIFMs to NCAs. Notably, the aforementioned regulations also apply to Directive 2009/65/EC of the European Parliament and of the Council, of 13 July 2009, the UCITS Directive. A final point of the reform to consider is the regulation of loan funds.

In order to promote ELTIFs, the rules of operation are made more flexible and greater margin is given to the marketing of this product to retail investors.

- ii) ESMA approved guidelines on advertising communications of investment funds, defining the concept of advertising communication and the requirements that these communications must meet. These guidelines, which the CNMV has undertaken to apply, are consistent in their content with CNMV Circular 2/2020 on the advertising of financial products, and therefore complement it.

II.3.3 Crowdfunding platforms

Supervision of the situation and activity carried out by crowdfunding platforms (CPs)

Among the more notable supervisory activities carried out during 2021 was the monitoring of the financial situation of certain supervised CPs. Another action of interest relates to the significant number of projects with a single investor, which does not fit the typical corporate object of these entities, according to the current Spanish or EU regimes, which require the offer to be made to a plurality of investors. ESMA has been consulted on this matter, in case it should be feasible for this activity to be carried out on an ancillary basis.

Entry into force of the EU Regulation on European crowdfunding service providers for business

During 2021, the advisability of maintaining the supervisory model that had been applied to these entities was reviewed. On the occasion of the application in November 2021 of Regulation (EU) 2020/1503 of the European Parliament and of the Council, of 7 October 2020, on European crowdfunding service providers for business, which establishes a transitional regime until November 2022 whereby entities authorised under the national regime can continue to carry out their activity, during 2021 we reviewed the advisability of maintaining the supervisory model that was being applied to these entities, and of making the necessary adjustments and adaptations.

Article 51 of the Regulation establishes that it will be applicable from 10 November 2021. However, as indicated above, Article 48 establishes a transition period

until 10 November 2022 (which could be extended for a period of 12 months if the EC so decides), during which entities that have been providing crowdfunding services in accordance with the applicable national regulations may continue with their activity, within the framework established by said regulations.

Thus, during the aforementioned transitional period, entities that provide crowdfunding services and that are subject to one of the following regulatory frameworks will coexist:

- Entities authorised in accordance with Law 5/2015 and registered in the CNMV registry, which may carry out their activity as they have been doing until now, according to said Law, until the end of the transition period (10 November 2022).
- Entities authorised in accordance with Regulation (EU) 2020/1503 and registered in the ESMA registry, whose activity must comply with the provisions of said Regulation.

The aforementioned Article 48 further provides that during the transitional period “Member States may have in place simplified authorisation procedures for entities that, at the time of entry into force of this Regulation, are authorised under national law to provide crowdfunding services”.

For these purposes, the CNMV developed a *Simplified manual for the authorisation of the provision of crowdfunding services*. Its use is voluntary and its objective is to enable CPs that so wish to adapt to the Regulation, allowing them to continue to provide crowdfunding services once the transitional period has ended. However, the EC is considering the possibility of extending the transitional period for one year.

II.3.4 Cooperation in the prevention of money laundering

The CNMV continued to collaborate in 2021 with the money laundering authorities in accordance with the provisions of the Securities Market Act. The collaboration agreement between SEPBLAC (Spain’s AML authority) and the CNMV signed in 2003, whereby the supervisory work programme has been applied to certain entities included in the CNMV’s supervisory plan, expired in the fourth quarter of 2020, and in the first few months of 2021 the last four reports on the development of this work were prepared and submitted, as provided in the agreement. The CNMV also sent SEPBLAC relevant information on incidents regarding the prevention of money laundering identified in the review of the internal audit reports prepared by reporting entities.

Collaboration with SEPBLAC continued in 2021 and continues normally pending the signing of a new agreement, expected in 2022.

II.3.5 Fondo General de Garantía de Inversiones (FOGAIN)

At the end of 2021, the number of entities participating in the FOGAIN amounted to 176 (see Table II.3.5.1). As a new development in 2021, two branches of non-EU IFs joined the FOGAIN, as a result of Brexit.

Investment Guarantee Fund (FOGAIN)

TABLE II.3.5.1

Type of entity	2017	2018	2019	2020	2021
Broker-dealers/brokers	89	91	94	95	91
Portfolio management companies	1	1	1	1	0
CISMCs	68	73	81	80	80
MCs of closed-ended CIS	2	2	2	3	3
Branches	–	–	–	–	2
Total	160	167	178	179	176

Source: CNMV.

At the end of 2021, the FOGAIN's assets stood at €114.5 million. In line with the security and liquidity criteria set out in its regulations, the fund continued to invest its assets in public debt and bank deposits.

Although the bulk of compensation of clients of Esfera Capital, AV, S.A. was dealt with in 2020 (€5.2 million), in 2021 the FOGAIN continued to attend to compensation requests received from clients of this entity, amounting to €182,855.

II.4 Resolution of entities

The global financial crisis highlighted the importance of having resolution regimes that allow the competent authorities to manage the non-viability of systemic financial entities, maintaining the continuity of critical functions for the proper functioning of the financial system, preserving financial stability and without resorting to taxpayer funds.

The European Union has a complete resolution framework, aligned with the principles of the Financial Stability Board (FSB) on the effective resolution of financial institutions, which covers banks, investment firms and central counterparties. In Spain, an institutional configuration has been chosen that grants the CNMV the powers of preventive resolution of investment firms and will be completed with the forthcoming official designation as resolution authority for central counterparties.

II.4.1 Resolution (preventive stage) of investment firms

The CNMV, as the resolution authority for investment firms (IFs), must prepare and approve, following a report from the FROB and the competent supervisor, the resolution plan of each IF or group subject to supervision on a consolidated basis. The resolution plan is the fundamental element of planning, at individual or group level, in which the strategy and actions to be followed in the event that the entity reaches a situation of non-viability are described.

In 2021, the second cycle of preparation of the first resolution plans was completed. In 2019, the first update of the resolution plans previously approved (second cycle) began. During 2021, this process was completed and the second update of said plans (third cycle) was launched. In addition, the first resolution plans were prepared for the IFs registered in that year. Table II.4.1.1 shows the number of plans carried out during the 2021 financial year.

In its function of preventive resolution of IFs, the CNMV must also draw up a report on the recovery plans prepared by the entities. During 2021, six recovery plans were reported, concluding in all cases that the planned measures did not negatively affect the resolvability of the entities.

IF resolution plans prepared in 2021

TABLE II.4.1.1

	No. of initial plans	Updated plans	Plans with possible non-substantial obstacles
Individual	–	1	–
Group	1	7	6
Total	1	8	6

Source: CNMV.

Updates to resolution plans are produced in a shorter format than their original version. This format refers to the initial plan for the aspects that do not need to be mentioned in the update. In all cases, it was considered that the entities analysed met the criteria to benefit from simplified obligations, since considering their size and the activities they carry out, their non-viability would not have a systemic impact. The resolution strategy defined in all cases is that the entities will be resolved, in the event of non-viability, by means of liquidation in accordance with the ordinary bankruptcy procedure, since this does not jeopardise any of the resolution objectives.

During the preparation of the resolution plan, the CNMV also determines the minimum requirement for own funds and eligible liabilities (MREL) that each entity must meet. Its purpose is to make sure that entities have sufficient own funds and eligible liabilities to absorb the losses that exist at the time of non-viability and to recapitalise themselves in the event of resolution, allowing the entity to continue operating. For entities whose strategy is bankruptcy liquidation, the MREL requirement only includes the volume necessary to absorb losses; the CNMV considers that it must coincide with the regulatory capital requirement required of the entity by its competent supervisor (see exhibit in this section).

By virtue of the collaboration agreement between the CNMV and the FROB, two meetings of the collaboration committee created to strengthen cooperation between both bodies and the exchange of relevant information for the exercise of their respective powers were held in 2021. Also the agreement, valid for four years, was renewed for a further four years and revised to improve its content.

In terms of regulation related to recovery and resolution, the CNMV collaborated with its contributions to the work of transposing the Directive amending the Bank Recovery and Resolution Directive (BRRD).

Implications of the new resolution framework for investment firms

EXHIBIT 15

The resolution framework applicable to investment firms (IFs) has been strengthened by Directive (EU) 2019/879¹ (known as BRRD II), which was transposed to the Spanish legal system in 2021.² The implications of this new resolution framework for investment firms must be understood in conjunction with the new prudential regulations for these entities,³ approved in 2019 and entering into force in June 2021.

With the new prudential framework, a substantial change is introduced in the scope of application of entities subject to resolution whose resolution authority is the CNMV. The new prudential regulation distinguishes three

types of entities based on their size, the functions they perform and the inter-connections they maintain. Thus, type 1 entities whose total assets exceed €30 billion must request authorisation as a credit institution, so their resolution authority will no longer be the CNMV.

The criteria to define the entities considered small and not interconnected (type 3) entail their being considered eligible for the application of simplified obligations, that is, entities whose non-viability would not have significant effects on the markets, on other entities or on the real economy, which allows the resolution authority to adapt the content of its resolution plans, the update frequency and the level of detail of the resolvability assessment.

The definition of type 3 entities includes, *inter alia*, the condition that they do not have assets under custody or have customer balances, which also affects the assessment of resolvability carried out by the resolution authority, reduces the chances of identifying obstacles to resolvability and makes it easier for the ordinary liquidation procedure to be identified as feasible and credible to resolve the entity in the event of non-viability.

For type 2 entities (those that do not fit into types 1 or 3), the resolution authority must assess their eligibility to apply simplified obligations and determine, through the resolvability analysis, whether or not there are obstacles to the resolution.

Expression of the MREL requirement in IFs

TABLE E15.1

	Applicable prudential regime	Composition of MREL ¹	Form of expression of MREL
Systemic IF (type 1)	CRR	LAA + RCA	Risk-weighted assets. Leverage ratio.
Non-systemic IFs (type 2 or 3) with a resolution strategy other than liquidation	IFR	LAA + RCA	Own funds requirement established by the supervisor multiplied by 12.5.
Non-systemic IFs (type 2 or 3) with liquidation strategy	IFR	LAA	Own funds requirement established by the supervisor.

Source: CNMV. (1) LAA (loss-absorbing amount) is the component of the requirement intended to absorb losses; RCA (re-capitalisation amount) is the component intended to recapitalise the entity.

Another of the implications refers to the determination of the minimum requirement for own funds and eligible liabilities (MREL). The BRRD II determines, in general, that this requirement must be expressed in terms of risk-weighted assets and the leverage ratio (previously it had to be expressed in terms of total liabilities and own funds). For type 1 investment firms to which the solvency regulations contained in Regulation (EU) No. 575/2013 of the European Parliament and of the Council, of 26 June 2013, are applicable, the requirement is expressed as a function of both parameters. However, for type 2 and type 3 entities, which with the new prudential regulations do not have to determine risk-weighted assets and are not subject to the leverage ratio, the expression of the requirement is adapted as shown in Table E15.1.

For investment firms whose strategy in case of non-viability is liquidation, the resolution authority may impose a higher MREL requirement than the recapitalisation amount determined by the supervisory authority if it believes that it is justified to absorb in full the losses expected to be incurred by the entity.

- 1 Directive (EU) 2019/879 of the European Parliament and of the Council, of 20 May 2019, amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC.
- 2 Royal Decree-Law 7/2021, of 27 April, transposing EU Directives in matters of competition, prevention of money laundering, credit institutions, telecommunications, tax measures, prevention and repair of environmental damage, posting of workers in the provision of transnational services and consumer protection.
Royal Decree 1041/2021, of 23 November, amending Royal Decree 2606/1996, of 20 December, on deposit guarantee funds of credit institutions; and Royal Decree 1012/2015, of 6 November, developing 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.
- 3 Contained in Directive (EU) 2019/2034 and Regulation (EU) 2019/2033 on the prudential requirements of investment firms (known as IFD and IFR, respectively).

International activity

In the exercise of its resolution powers, the CNMV is present in various forums and working groups internationally. At the EU level, the CNMV is a member of the Resolution Committee (ResCo) of the EBA, which held seven virtual meetings in 2021. Tasks in which the CNMV participated notably included the development of guidelines to improve the analysis of resolvability and transferability, a survey to assess the independence of NCAs and the analysis of various cases of resolution that occurred.

The CNMV also participates in various working subgroups created by EBA-ResCo: the Subgroup on Resolution Planning and Preparation (SGRPP), which held five meetings in the year, and the Subgroup on Resolution Execution (SGRE), which met ten times during 2021.

II.4.2 Resolution of central counterparties (CCPs)

The Spanish CCP, BME Clearing, is one of the 13 infrastructures worldwide that is considered a systemic CCP in more than one jurisdiction. Ensuring an orderly resolution, if necessary, of these entities continues to be a priority of the FSB. The CNMV continued to work on the planning of a possible resolution and on the resolvability analysis, although its official designation as resolution authority is pending.

During 2021, an initial analysis of the financial resources available in the CCP was carried out to deal with different resolution scenarios. For this, the steps of the FSB Guide on available financial resources and their treatment in resolution were followed.¹ In the first quarter of the year, a meeting of the crisis management group (CMG) of BME Clearing, chaired by the CNMV, was held, in which this analysis was

1 FSB (2020). Guidance on Financial Resources to Support CCP Resolution and on the Treatment of CCP Equity in Resolution. 16 November.

discussed and subsequently reported to the FSB. During the year, a confidentiality agreement by the member authorities of the CMG was also signed and the content of the cross-border cooperation framework agreement was agreed, the signing of which by all the members will be completed in the first months of 2022.

International activity

In the international arena, the CNMV maintains intense activity and since May 2020 has been leading the development of international standards relating to the resolution of CCPs. This leadership stems from co-chairing the FSB Cross-border Crisis Management Group for Financial Market Infrastructures (fmiCBCM). The CNMV, as it holds the co-chairmanship of the FSB-fmiCBCM, also participates in the FSB-Resolution Steering Group (ReSG), to which group the former reports.

Through the fmiCBCM, the FSB monitors the progress of systemic CCP crisis management groups in more than one jurisdiction and assesses the progress of the relevant authorities in resolution planning, in accordance with the expectations defined in the FSB's resolution policy.

In 2021, progress was noted both in the crisis management groups and in the work of the national authorities. In particular, crisis management groups (CMGs) were established for the 13 CCPs currently identified as systemically important in more than one jurisdiction. More than half of the CMGs signed a cross-border cooperation agreement that enables the exchange of information for resolution purposes between all CMG members. National authorities also moved ahead with CCP resolvability assessments, which have commenced for nearly half of CCPs, and resolution planning has commenced for almost all of them.

Between December 2020 and June 2021, the FSB organised, in collaboration with other institutions, several seminars on the possible impacts on financial stability arising from the application of recovery and resolution measures in CCPs. In these seminars, organised together with the Basel Committee on Banking Supervision (BCBS), the Committee on Payments and Market Infrastructures (CPMI) and the International Organisation of Securities Commissions (IOSCO) and aimed at authorities, the transmission of systemic risk deriving from member default loss scenarios and other unrelated scenarios, as well as the potential system-wide impact of multi-CCP loss scenarios were addressed.

From the conclusions, it is worth highlighting the need to continue with certain tasks. Among them, the following stand out: i) planning recovery and resolution in scenarios of losses due to operational risks (including cyber risk), ii) considering other means of covering losses and meeting liquidity needs in a CCP resolution in scenarios of severe market disruption, iii) expanding existing information-sharing frameworks and promoting cross-sector and cross-border cooperation, and iv) deepening understanding of the interconnectedness and cumulative second-round impacts of various resolution tools.

With the publication, in January 2021, of the Regulation on the recovery and resolution of CCPs,² the European Union has a legal resolution framework based

2 Regulation (EU) 2021/23 of the European Parliament and of the Council, of 16 December 2020, on a framework for the recovery and resolution of central counterparties.

on the key attributes of the FSB (see Exhibit 16). This framework will enter into force in a staggered manner to facilitate the development of second-level regulations for its practical implementation, designation of the corresponding resolution authorities and provision of the necessary resources for the exercise of their functions. The task force organised by ESMA, in which the CNMV participates, worked during 2021 on the level 2 developments shown in Table II.4.2.1, which must be approved by the European Union in 2022.

Level 2 developments of the CCP Recovery and Resolution Regulation

TABLE II.4.2.1

Regarding recovery	Regarding resolution
<ul style="list-style-type: none"> – Guidelines on CCP recovery plan scenarios. – Guidelines on CCP recovery plan indicators. – Regulatory Technical Standards (RTS) on factors for evaluating CCP recovery plans. – Guidelines on triggers for the use of early intervention measures. – Guidelines on the circumstances of temporary restrictions in case of a significant non-default event. – RTS on the methodology for calculation and maintenance of the additional amount of pre-funded dedicated own resources (“second skin in the game”). – RTS on compensation orders. 	<ul style="list-style-type: none"> – RTS on resolution colleges. – RTS on the content of CCP resolution plans. – Guidelines on the application of the circumstances in which a CCP is considered to be failing or likely to fail . – RTS on the valuation of assets and liabilities of CCPs in resolution. – Guidelines on the valuation methodology of each contract before its termination. – RTS on safeguards for clients and indirect clients. – Guidelines on international cooperation agreements with authorities from third countries. – Guidelines on the assessment of resolvability. – Guidelines on a template to summarise the resolution plan. – Guidelines on a template for written procedures for resolution colleges.

Source: CNMV and ESMA.

Ten years of the FSB’s key attributes for an effective resolution

EXHIBIT 16

2021 marks ten years since the key attributes of resolution regimes¹ were adopted by the Financial Stability Board (FSB) as part of a broad programme of reforms developed after the global financial crisis of 2008 to address the problem of financial institutions that are “too big to fail”. One of the lessons of that crisis was the need to establish effective resolution regimes that ensure that the failure of a systemic financial institution can be managed in an orderly manner, without recourse to public funds, while maintaining the continuity of its essential economic activities.

To this end, the key attributes set out a series of tools intended to provide authorities with sufficient powers and control over the resolution of financial institutions. And they ensure a consistent approach to the design of resolution regimes across jurisdictions, allowing country-specific details to be taken into account in their implementation, and facilitating cross-border coordination in a crisis.

Since its adoption, there has been notable progress in its implementation and in improving resolution capacity in the banking and – albeit less advanced in most jurisdictions – financial market infrastructure and insurance sectors. Today, in many countries there are designated resolution authorities that have the legal powers and operational capacity to intervene and resolve financial institutions that are no longer viable.

For major systemic financial institutions globally, crisis management groups have been established, backed by cross-border cooperation agreements; recovery and resolution plans have been defined; work has been done to remove barriers to resolution capacity, and assessments of the credibility and feasibility of resolution strategies are under way.

One of the keys to the success of the attributes, in addition to strong political commitment to their implementation, is the FSB's tracking of progress on implementation across jurisdictions and peer pressure to ensure progress on the global scale. In its 2021 resolution report, the FSB acknowledges that reforms aimed at improving the resolution of CCPs, whose systemic importance has increased since the financial crisis, have been significant, but there is still some way to go.

During this time, progress has been made in planning the resolution of systemically important CCPs in more than one jurisdiction and the first resolvability assessment processes have been completed, which have shown some progress in the application of the FSB Guide on financial resources to support CCP resolution and on the treatment of capital in resolution.

However, the availability of adequate resources for CCP recovery and resolution remains a political priority on which work is yet to be completed at the international level. In addition, digital innovation is giving rise to new challenges for resolution planning, such as the dependence on cloud service providers, the clearing of new products such as crypto-assets, the application of technologies related to decentralised finance and the need to evaluate the resolution capacity of new technological participants in the market.

These aspects will determine the FSB's work programme in the coming years in the complex and challenging area of CCP resolution, since maintaining the continuity of critical central clearing functions is key to financial stability.

1 FSB (2011). *Key Attributes of Effective Resolution Regimes for Financial Institutions*. Updated in 2014.

II.5 Monitoring and actions relating to financial stability

Financial stability is a notion traditionally applied to the banking area that has evolved over recent years in line with the growing awareness of the importance of other parts of the financial system in strengthening the resilience and preserving the stability of the system as a whole. The CNMV, like other securities market supervisory authorities, and in accordance with the Securities Market Act, did not originally have a specific legal mandate for monitoring systemic risk and maintaining financial stability. However, it does have certain functions related to this matter explicitly assigned to it. The main actions of the CNMV in this area concern the development of risk identification exercises and analyses, some of which are published, and its participation in national and international committees on the subject, notably the Spanish Macroprudential Authority Financial Stability Council (AMCESFI) and the European Systemic Risk Board (ESRB).

II.5.1 Introduction

Macroprudential policy aims to preserve the stability of the financial system as a whole by strengthening its resilience and mitigating systemic risk. A stable financial system is one that shows solidity and efficiency and facilitates the transfer of resources between agents, from savers to those seeking financing, ultimately guaranteeing a sustainable contribution of financial activity to economic growth. The global financial crisis of 2007 and 2008 showed clearly that other actors and activities carried out outside the banking sector could be a source of systemic risk in certain circumstances. For this reason, a new, more holistic approach to risk identification started to develop and reforms were proposed that focused on: i) making *non-bank financial intermediation* activities and the entities involved in them more resilient and ii) establishing an institutional and regulatory framework for detecting and analysing systemic risks and improving the supervision of the system and the use of instruments.

The design of macroprudential policy in the non-banking area has advanced significantly in recent years, especially in the analysis and design of risk identification indicators; however, the availability of tools is very uneven across jurisdictions, as is their implementation. During the most recent crises, the tools most frequently used were, as regards financial markets, prohibitions on short selling and, for investment funds, the suspension of redemptions. Many of the tools that are available are of microprudential origin, but can be applied macroprudentially. In the area of investment funds, for example, the need to promote and standardise the use of tools by both asset managers and supervisory authorities is being addressed by various institutions.

The CNMV, like other securities market supervisory authorities, and in accordance with the Securities Market Act, did not originally have a specific legal mandate for monitoring systemic risk and maintaining financial stability. However, it does have certain functions related to this matter explicitly assigned to it.¹ Formally, the functions and tasks of the CNMV relating to financial stability were included in its Internal Regulations in 2016. However, its work in this area had begun much earlier (in 2006), focusing on the analysis of the liquidity of collective investment schemes (CISs). Work continued in subsequent years both in the field of securities markets and in that of the entities supervised by the CNMV.

Additionally, in recent years, two laws came into force explicitly recognising the role of the CNMV in macroprudential policy and in maintaining financial stability. These laws also expanded the set of tools available to the institution to respond in an agile and efficient manner to the risks to financial stability. The first law, Royal Decree-Law 22/2018, of 14 December, empowered the CNMV to adopt measures to strengthen the liquidity of CISs for reasons of financial stability and to prevent the increase in indebtedness of the entities under its supervision, and the second, Royal Decree-Law 11/2020, of 31 March, in the context of the COVID-19 crisis, introduced the possibility of the CNMV's establishing notice periods for redemptions without their being subject to the ordinary requirements.

The aforementioned Royal Decree-Law 22/2018 gave rise to the creation, through Royal Decree 102/2019, of the AMCESFI, called to continue the work carried out to date by the Financial Stability Committee (CESFI), aimed at identifying significant risks to the Spanish financial system. The creation of the AMCESFI, chaired by the Minister of Economy and of which the highest officials of the Bank of Spain, the CNMV, the Secretary of State for Economy and Business Support, and the General Directorate of Insurance and Pension Funds are members, was approved on 1 March 2019.

The following sections describe the most important tasks carried out by the CNMV in matters of financial stability and systemic risk. A distinction is made between: i) the exercises and analyses carried out in the CNMV itself, some of which are published, and ii) the CNMV's participation in national and international committees dealing with the subject matter. This description is not exhaustive, but must be completed with the information provided in other chapters of this Annual Report, in particular the information on resolution and on certain elements in the area of benchmarks.

II.5.2 Analysis of stability and systemic risk. Indicators

The analyses carried out by the CNMV in the area of systemic risk and financial stability are based on indicators of various kinds that allow vulnerabilities and risks to be detected. In the area of financial markets, there are indicators that assess, for example, the degree of stress in the system or typically financial risks such as market risk, liquidity risk, credit risk and contagion risk. In the field of supervised entities, the most important analyses are carried out on investment funds, and in particular on the possible imbalances between their liquidity and

1 See the report entitled *The participation of the CNMV in macro-prudential policy*. Available at: http://www.cnmv.es/DocPortal/Publicaciones/OTROS/CNMV_politica_macroprudencial_en.PDF

their redemption profiles, as well as on their degree of leverage. Stress tests are also carried out every six months to assess the capacity of the funds to face a substantial increase in redemptions. The results of these analyses are published in two types of reports: the *Financial Stability Note* and the *Report on non-bank financial intermediation*. Also included in this section is a specific reference to the analysis of the leverage of alternative investment funds² (AIFs), which is obligatory under EU law.

CNMV actions in the securities markets
Monitoring and actions relating to financial stability

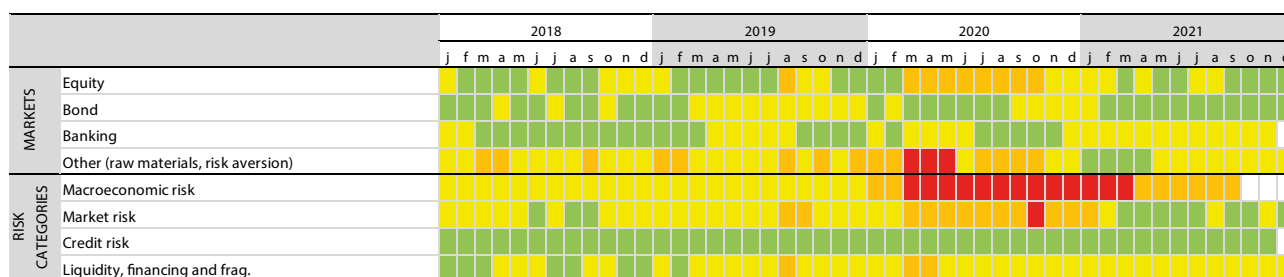
Financial Stability Note

The *Financial Stability Note*,³ first published in 2017 (having previously been for internal use), describes the recent evolution of market stress indicators, of heat maps (see Figure II.5.2.1) and of the different sources of risk and major financial risk categories. In 2021, these notes reported the decrease in the level of stress in the financial markets, following the strong increase registered in 2020 in the context of the crisis caused by the pandemic. Prominent among the main sources of risk were those relating to uncertainty as to how the pandemic would evolve, the high levels of indebtedness of certain agents, the cybersecurity challenges deriving from the increase in remote activities and, lastly, climate change. In this last case, the main tasks considered so far as regards financial stability consist in determining the direct risks deriving from the physical impact of adverse events and the risks involved in the transition to a decarbonised economy, identifying the entities most exposed to them.

The most significant financial risks identified in 2021 were market risk and liquidity risk, especially as regards certain fixed income assets. As main triggers for these risks we pointed to the potential deterioration of the economy and the risk of inflation, which might not only have a negative impact on activity but also be reflected in yields on debt assets and consequently their prices.

Heat map: summary by markets and risk categories

FIGURE II.5.2.1



Source: CNMV. For more detail on the construction of these maps see the article by Cambón Murcia, M.I. (2015). "Identification of vulnerabilities in the Spanish financial system: an application of heat maps". *CNMV Bulletin*, Quarter I, 2015, pp. 103-115.

2 These institutions, with aggregate assets of just over €60.6 billion at the end of 2021, represent 1.1% of the financial system.

3 CNMV – *Financial Stability Note*.

Non-bank financial intermediation

The CNMV's publication on *Non-bank financial intermediation*⁴ (NBFI) in Spain describes the latest trends of the entities and activities involved and assesses their most significant risks. This report includes the results of the stress tests that are carried out periodically on the investment fund sector and the most important NBFI entities in quantitative terms.

The volume of NBFI assets in Spain, according to the narrow measure established by the FSB, stood at €303.6 billion in 2020, 2.3% less than in 2019 and 5.8% of the total financial system. The most important NBFI institutions by this measure are investment funds (87.4%), followed at a considerable distance by securitisation funds (7.6%). The other NBFI institutions, which are mainly finance companies, broker-dealers and mutual guarantee companies, barely account for 5% of total assets. The analysis of the risks associated with NBFI does not currently point to the existence of significant vulnerabilities from the standpoint of financial stability. The most significant risks for NBFI entities are credit risk and liquidity risk, which are largely associated with the very nature of these institutions.

Degree of NBFI involvement in financial risks. 2020

FIGURE II.5.2.2

	Investment funds			Finance companies	Broker-dealers	SPVs: securitisation
	Monetary	Fixed income	Mixed			
Credit risk	●	●	●	●	●	●
Maturity transformation	○	●	○	○	○	●
Asset liquidity ¹	●	●	●	●	○	●
Leverage ²	○	○	○	●	●	●
Interconnectedness with the banking system	○	○	○	○	○	●
Relative importance (%) ^{3, 4}	0.9	15.8	29.4	9.5	1.9	36.3

Source: CNMV. For greater detail of the thresholds for each risk and type of entity, see the article by Ispuerto, A. (2019). "Non-bank financial intermediation in Spain". *CNMV Bulletin*. Quarter I, 2019, pp. 77-118. A greater intensity of colour signifies a greater involvement in a given risk. (1) In the case of investment funds, the colours assigned to this risk are defined on a liquidity measure based exclusively on the type of asset in the portfolio. (2) In the case of investment funds, the assessment of the leverage risk is made on the indirect leverage measure, based on the position in derivatives. (3) The weights of the institutions presented in this figure do not add up to 100%, since mutual guarantee companies and certain types of funds that also form part of NBFI are not represented. (4) These percentages are calculated according to the total size of the sector, without discounting the entities that are consolidated in banking groups.

Stress tests are part of the supervisors' tools to contrast the degree of resistance of their supervised entities to a very adverse theoretical scenario. In the case of investment funds, stress tests are carried out in order to assess the capacity of these institutions to meet an extraordinary increase in redemptions. This capacity depends on the magnitude of the estimated redemption shock and the liquidity conditions of the assets in the fund's portfolio. It therefore involves an assessment of investment funds' liquidity mismatch risk, the most important from the point of view of financial stability for these institutions, where there is a possibility that the redemption profile is not sufficiently aligned with the liquidity of these funds'

portfolios. The most significant results of an exercise of this type on Spanish non-real estate investment funds, which is carried out every six months applying a methodology initiated by ESMA (STRESI framework, ESMA, 2019)⁵ and later expanded by the CNMV (see Ojea, 2020),⁶ show that the market for investment funds is, in general, resistant to the scenarios proposed.

The latest stress test on investment funds (30 June 2021) revealed that in the most extreme redemption scenario, the number of funds that could experience liquidity problems was 10 (1.3% of the assets of the investment sample). In this most extreme scenario the estimated redemption shock is, depending on the type of fund, between three and nine times higher than that recorded in the worst week of the COVID-19 crisis in March 2020. Of the ten funds that could experience liquidity problems, six belong to the category of high yield fixed income funds.

Leverage of alternative investment funds

In general terms, AIFs have greater flexibility to borrow than other funds and are therefore more likely to pose risks to financial stability if the level of leverage becomes excessive. Therefore, it is important to carry out an analysis of the degree of leverage of these institutions, as indeed provided by EU law (Article 25 of the AIFMD).

At the end of 2020⁷ ESMA published guidelines on the harmonised application of this Article, establishing common principles and indicators for NCAs to follow when carrying out this analysis. Although formally the reference date of the first monitoring that must be reported to ESMA is 31 December 2021, the CNMV decided to carry out an initial leverage analysis of the funds in advance, using previous data.⁸ This analysis revealed that the four forms of CIS assumed by AIFs in Spain (quasi-UCITS,⁹ alternative investment CISs, real estate CISs and venture capital firms all have low levels of leverage, no individual CIS being identified whose size and level of leverage was sufficient to potentially generate systemic risk.¹⁰

The estimated gross leverage for the quasi-UCITS AIFs at the end of 2021 was 40.6%, which is low. These institutions are the most important AIFs in quantitative terms (56% of total assets), although a downward trend can be seen in recent years, due in part to some of them having become “real” UCITS and in part to the growth of venture capital firms. Figure II.5.2.3 presents the individualised distribution of the gross leverage level of quasi-UCITS AIFs. It can be seen that more than 60% of the vehicles, in terms of assets, had a leverage of less than 25% and that 16% of them had a leverage ratio greater than 100%.

5 ESMA (2019). *Stress simulation for Investment funds*. ESMA Economic Report.

6 Ojea, J. (2020). “Quantifying uncertainty in adverse liquidity scenarios for investment funds”. *CNMV Bulletin*. Quarter II, 2020, pp. 23-44.

7 “ESMA publishes final guidance to address leverage risk in the AIF sector”.

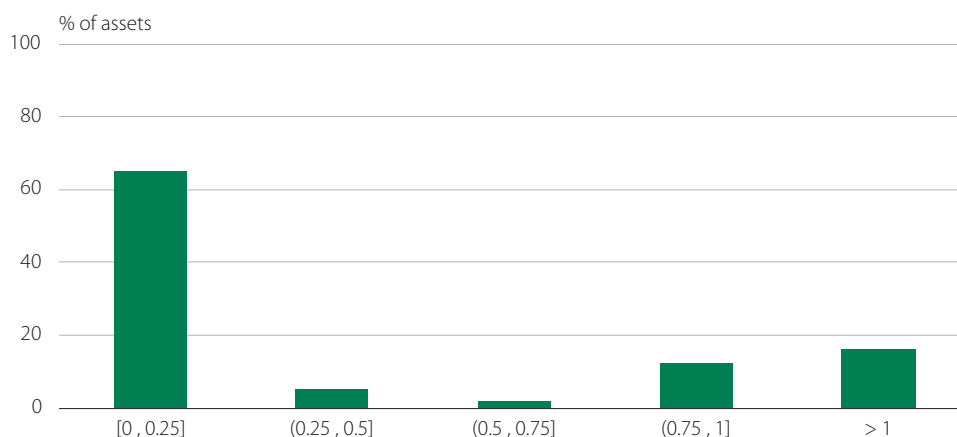
8 The detailed results of this analysis were published in the *CNMV Bulletin* for the first quarter of 2021.

9 These include investment funds (IFs) and open-ended collective investment companies (SICAVs) that meet practically all UCITS requirements and are eligible for one or more of the exemptions referred to in Article 72 of the implementing regulation of Law 35/2005, of 4 November, on Collective Investment Schemes (CISR).

10 This identification is part of phase 1 of the analysis. Since in this phase no significant entity is identified in the terms defined, phase 2 of the established analysis is not performed.

Distribution of gross leverage¹ of quasi-UCITS AIFs. 2021

FIGURE II.5.2.3



Source: CNMV. (1) The gross leverage level is calculated from the sum, in absolute value, of the nominal amounts of the derivative contracts.

II.5.3 Actions in relation to the AMCESFI

The CNMV participates in the AMCESFI through its Council and its Technical Committee on Financial Stability (CTEF). Both AMCESFI structures meet regularly and whenever the occasion demands it. In these meetings, the CNMV gave an account of the evolution of the main indicators of the financial markets and of the agents it supervises, as well as the most significant risks identified within its purview. It also participated in two working subcommittees to assess: i) the public support measures adopted in Spain in the face of COVID-19 and ii) the degree of interconnection among entities that make up the financial system. The results of the work of these subcommittees were published in the *Annual report 2020* of the AMCESFI.¹¹

Law 7/2021, of 20 May, on climate change and energy transition, which contains sustainable finance reporting obligations that complement the EU regulatory framework, expressly indicates that financial sector supervisors, under the coordination of the AMCESFI, must involve themselves within the scope of their remits in assessing the risk to the Spanish financial system deriving from climate change. To do this, they must jointly prepare a biennial report that covers, at least, the following:

- Degree of alignment with the climate goals of the Paris Agreement and EU regulations based on future scenarios.
- Assessment of the risk to the Spanish financial system deriving from climate change.
- Policies and proposals necessary to combat and mitigate it.

As a consequence of this mandate, the AMCESFI CTEF agreed in July 2021 to create a working group among the institutions involved to address the preparation of the first biennial report on climate change. This work constitutes an important challenge for supervisors due to various issues that limit the scope of the

study. These include the lack of necessary data in some areas, the need to have long-term scenarios, the difficulty of designing analytical tools for long-term studies and the necessary incorporation of interconnections. The CNMV is developing its contribution to this report in two different areas: i) listed companies, to which a questionnaire has been sent and the answers to which will allow conclusions to be drawn in relation to the objectives indicated in the law and ii) investment funds, for which appropriate stress tests are being designed to assess the potential losses of their portfolio based on different scenarios.

CNMV actions in the securities markets
Monitoring and actions relating to financial stability

II.5.4 Actions in relation to the ESRB, IOSCO and the FSB

European Systemic Risk Board (ESRB)

In 2021, the ESRB continued its supervisory work in the macroprudential area in order to assess, prevent and mitigate the impact of systemic risk. The ESRB's scope of action covers the entire financial system of the European Union, including banks, insurers and pension funds, asset managers and all other activities and entities related to NBFI. The CNMV is a member of the ESRB and participates both in the Consultative Committee and in the group of experts on NBFI (NBEG), in addition to being a member with voice but no vote of the General Board of the ESRB.

In the field of securities markets, the CNMV played an active role in the main topics of debate. In particular, the CNMV participated in the discussions on the reforms necessary to strengthen money market funds, in view of the difficulties experienced by some of them during the COVID-19 crisis, and on the risks to financial stability arising from the use of CCPs based in the United Kingdom and considered systemically important. In the discussion of monetary funds, which ultimately led to the ESRB's approval of a recommendation addressed to the EC in late 2021,¹² the CNMV supported the need to eliminate constant net asset value (CNAV) funds and to promote the correct valuation of the assets in the portfolio of the funds. Other important topics on the ESRB agenda were related to cybersecurity and the evolution of risks in the real estate sector. Both matters were the subject of recommendations (and warnings in the second case) in the first weeks of 2022.¹³

The group of experts on non-bank financial intermediation, in which the CNMV participates, basically dealt with three major tasks in 2021: i) the completion of the contribution to the EC for the review of the AIFMD, ii) the preparation of the annual *EU Non-bank Financial Intermediation Risk Monitor* and iii) the preparation of the ESRB recommendation regarding the money market reform discussed above. In the first of the works, it is worth highlighting the ESRB's proposal to strengthen the reporting of AIFs to more accurately assess their liquidity, leverage and interconnections, as well as to improve the classification and identification of these institutions according to their investment strategy.

In 2020, the ESRB issued a total of nine recommendations, four of which directly affected the CNMV, while in 2021 it did not issue any recommendations addressed to national securities authorities. The recommendations on the topics

12 "ESRB recommends increasing the resilience of money market funds".

13 "ESRB recommends establishing a systemic cyber incident coordination framework" and "ESRB issues new warnings and recommendations on medium-term residential real estate vulnerabilities".

discussed during 2021 were made at the beginning of 2022 and did not directly affect the CNMV. The following exhibit describes the CNMV's responses to the recommendations received from the ESRB in 2020.

Response of the CNMV to the recommendations made by the ESRB

EXHIBIT 17

The ESRB issued a total of seven recommendations in 2020, four of which were applied within the scope of the CNMV's actions. Of these, three were related to different vulnerabilities identified in the context of the COVID-19 crisis and one was related to promoting the use of the LEI code in the identification of legal entities. The actions and the response of the CNMV to these recommendations are described below:

- **Recommendation ESRB/2020/7, of 27 May 2020, on the limitation of capital distributions during the COVID-19 pandemic** (subsequently amended by Recommendation ESRB/2020/15, of 15 December 2020).

After the publication of the first version of this recommendation, the CNMV sent a communication to the CCP requiring it to comply with the content of the recommendation, in particular to refrain from distributing dividends, repurchasing ordinary shares or agreeing to variable remuneration for managers. In relation to investment firms, the CNMV decided not to carry out any additional action, taking into account the principle of proportionality and, in particular, the small size of this sector within the financial system. The extension of this recommendation exempted CCPs from compliance due to issues related to the very nature of these entities. Therefore, the CNMV did not have to make any additional communication to any of the financial entities under its supervision.

- **Recommendation ESRB/2020/6, of 25 May 2020, on liquidity risks arising from the adjustment of margin calls.**

This recommendation came in the period of greatest disturbance in the financial markets during the COVID-19 crisis, which gave rise to significant adjustments to the margins provided by market participants.

The CNMV informed the ESRB in detail about how it already took account of some of these considerations in its usual tasks and how it was going to incorporate or reinforce others in the field of supervision of CCPs and, likewise, regarding the adjustments to margins of financial and non-financial counterparties defined in Articles 2.8 and 2.9 of the EMIR, in their derivative contracts not cleared by a CCP or in their activities as clearing members on behalf of clients. The CNMV received a very positive assessment from the ESRB regarding its supervisory activity, in relation to both the CCP, BME Clearing and the clearing members and financial counterparties of bilateral agreements. For further details on this recommendation, see Exhibit 10.

- **Recommendation ESRB/2020/8, of 27 May 2020, on monitoring the implications for financial stability of debt moratoria, public guarantee plans and other fiscal measures adopted to protect the real economy against the pandemic.**

The CNMV contributed to compliance with this recommendation on the part of the AMCESFI by reporting on initiatives such as: i) restrictions on the increase in short positions; ii) the regulations creating new liquidity management tools in the field of collective investment; iii) the continuous communication between the CNMV and the CIS management companies urging them to carry out appropriate valuation of the portfolios and promoting the use of tools such as swing pricing and valuation at bid price, and iv) communication with market infrastructures in relation to the previous recommendation.

– **Recommendation ESRB/2020/12, of 24 September 2020, on the identification of legal entities.**

This recommendation is subdivided into two: (A) one addressed to the EC, in which this institution is urged to propose the adoption by EU legislation of a common framework establishing the mandatory use of the LEI for entities that are obliged to report financial information and (B) another addressed to the relevant entities urging them to promote the use of the LEI pending EU legislation. The second recommendation (B), applicable to the CNMV, indicates that the relevant authorities should: i) require legal entities involved in financial transactions under their supervision to have an LEI code, ii) identify by means of an LEI code the entities that have a financial reporting obligation and iii) identify by means of an LEI code the entities on which it publishes information.

In its response to the ESRB, the CNMV indicated that its degree of compliance is very high. In all EU regulations that require the use of the LEI (for example, MiFID or EMIR), the CNMV requires reporting entities to identify themselves and their counterparties by means of said code. In addition, in the case of the Transaction Reporting Exchange Mechanism (TREM), the CNMV's data collection system does not allow the incorporation of any file if it does not contain the LEI identifiers. There is also complete compliance with regard to investment firms and activities under the supervision of the CNMV that involve client asset management (except entities with very limited activity, such as financial advisory entities, for proportionality reasons). Finally, there is also compliance in the identification of securities issuers.

IOSCO

Within the International Organisation of Securities Commissions (IOSCO) the most important work of the CNMV in the framework of risk identification and financial stability is carried out through two groups: the Committee on Emerging Risks (CER) and the Financial Stability Engagement Group (FSEG). In the first of these groups, continuous monitoring is carried out of the main risks that are identified regarding financial stability at a global level, which entails the publication of a report (*Risk Outlook*) used to prioritise and plan the work of IOSCO.

In the FSEG group, the CNMV has been collaborating in the analysis of the liquidity of the corporate bond market during the market stress of March 2020 caused by COVID-19. To this end, the trading data in various jurisdictions and the behaviour of the various market participants in the supply and demand of liquidity, as well as the structure of the market, taking into account its possible vulnerabilities,

were analysed. The FSB collaborated in considering the role of market makers, as well as of other IOSCO working groups that, in parallel, had been working on issues related to the trading of ETFs and investment funds during the crisis. This work confirmed the remarkable growth of the corporate bond market since the 2008 crisis, the high degree of fragmentation of the securities traded and the progress of electronic trading, although market makers and the RFQ protocol maintain a predominant role. In addition, in the context of the COVID-19 crisis, a strong increase in asset sales was observed, which caused a notable deterioration in liquidity (measured by bid and ask spreads). IOSCO will continue to work on this matter with the aim of improving its operation and the provision of liquidity (for example, with progress in the standardisation of instruments or the expansion of electronic trading).

Financial Stability Board (FSB)

The CNMV collaborates with the FSB to identify financial stability risks. This includes the work of the FSB-fmiCBCM, co-chaired by the CNMV, which dealt with the impact on financial stability deriving from the application of CCP recovery and resolution tools (see Chapter II.4); participation in the Non-bank Monitoring Expert Group (NMEG) and collaboration in other working groups created to assess the effects of the COVID-19 crisis in different areas.

The participation of the CNMV in the NMEG,¹⁴ which dates back to 2016, is part of an annual exercise to monitor entities that carry out NBFI activities. The CNMV collects and sends information from those entities that are under its supervision: CIS, venture capital firms, brokers and broker-dealers and asset securitisation vehicles. Both the quantitative information of these entities and that relating to the tools available to mitigate the risks are sent.

The CNMV also participated in other working groups, either within the FSB or in joint FSB/IOSCO groups, created with the aim of evaluating the effects of the COVID-19 crisis on the financial system from two perspectives: i) the tension in the markets and the reduction of their liquidity, and ii) the massive redemptions in investment funds. Regarding the first, in addition to the work related to liquidity in the corporate debt market mentioned in the previous section on IOSCO, a working group (WS3) under the FSB/SCAV was created to analyse the effects of the stress episode in market liquidity, to identify the factors that contributed to the liquidity crisis and the possible existence of stress-amplifying mechanisms in the financial system. Regarding the second, the CNMV participated in the IOSCO/FSEG group of experts that jointly analysed with the FSB/SCAV the episode of massive redemptions in investment funds and the way in which liquidity risk was managed. The ultimate goal of both is to devise regulatory policies that mitigate the effects of a future crisis.

II.6 Investor assistance

Although the vast majority of the CNMV's functions and activities are geared towards the general objective of investor protection, this chapter describes those in which it directly attends to or offers training or information to individual retail investors or interacts with them.

This includes handling queries and complaints, but also the promotion of financial education among the public and warnings about unauthorised entities.

II.6.1 Claims and complaints

The CNMV Claims and Complaints Service deals with complaints and claims from investors who have previously turned to the customer service department (CSD) or ombudsman of the entity concerned without obtaining satisfaction. Investors can file complaints with the CNMV's Claims & Complaints Service for delays, failures to address their problems or other inadequate actions by financial institutions, as well as claims for specific actions or omissions that harm their rights or interests which may be considered non-compliance with the rules of conduct of these entities. They must prove that they previously filed these complaints or claims with the CSD and/or ombudsman of the entity in question without obtaining satisfaction or a timely response.

The number of written claims and complaints filed by investors continued the rising trend seen in recent years. In 2021, investors presented 1,254 written claims and complaints likely to give rise to the opening of a claim file, a slight increase on those presented in 2020 (1,242) and a much bigger increase compared with 2019 (1,077), 2018 (1,018) and 2017 (998). The Claims & Complaints Service analyses these written filings and, depending on whether they meet the requirements to be admitted, may go through several different phases (preliminary, processing and resolution).

The CNMV Claims & Complaints Service increased the number of submissions processed and consequently reduced the number in process at the end of the year (see Table II.6.1.1). The number of claims and complaints that did not meet the requirements for admission to processing grew by 1.5% in 2021, and the number processed during the year also increased, by 15%. The number of claims and complaints not requiring a final reasoned report increased by 45.3%, reflecting the **53% increase in the number of those in which the entity concerned acquiesced or settled with the claimant.**

There was also an increase of 8.3% in the number of claims and complaints on which the Claims & Complaints Service issued a reasoned report. Of these, 54.6% were in favour of the claimant and the remaining 45.4% against.

Where the report is favourable to the complainant, the Claims & Complaints Service requires the respondent entity to state whether or not it accepts the criteria contained in the report and, where appropriate, to provide documentation demonstrating that the situation referred to by the complainant has been rectified. Respondent entities accepted the criteria or agreed to rectify the situation referred to in the report in 57.2% of cases in 2018, 80.2% in 2019 and 70.3% in 2020. The percentage corresponding to 2021, as well as a ranking of entities based on these percentages, will be included in the Report on Complaints & Enquiries for that year, which is usually published in the second half of each following year. This is due to the fact that entities sometimes take a long time to reach solutions that satisfy the complainants, which is why this information is not available at the date of publication of this report.

The number of claims and complaints being processed at the end of 2021 was down appreciably, to be precise by 30.2%.

Claims and complaints processed, by type of resolution

TABLE II.6.1.1

Number of claims and complaints

	2019		2020		2021		% change 21/20
	Number	%	Number	%	Number	%	
Registered with the CNMV's Claims Service	1,077	–	1,242	–	1,254	–	1.0
Not accepted for processing	345	–	477	–	484	–	1.5
Processed without final reasoned report	129	18.8	137	18.5	199	23.4	45.3
Acceptance or mutual agreement	112	16.3	117	15.8	179	21.0	53.0
Withdrawal	12	1.7	15	2.0	15	1.8	0.0
Ex post facto non-admission	5	0.7	5	0.7	5	0.6	0.0
Processed with final reasoned report	557	81.2	602	81.5	652	76.6	8.3
Report favourable to the complainant	285	41.5	311	42.1	356	41.8	14.5
Report unfavourable to the complainant	272	39.7	291	39.4	296	34.8	1.7
Total processed	686	100.0	739	100.0	851	100.0	15.2
Being processed at the end of the year	242	–	268	–	187	–	-30.2

Source: CNMV.

Claims have various causes, the most common being subsequent information, fees and purchase and sale orders, and they relate to different products, the two main groups being collective investment schemes (CISs) and other types of securities. The causes raised in the 851 claims received in 2021 can be grouped into: appropriateness/suitability, prior information, purchase/sale orders, fees, transfers, subsequent information, ownership and operation of the CSD (see Table II.6.1.2).

In claims relating to appropriateness/suitability and prior information, investors generally complain that products offered are not suitable for their investor profile and they receive no or very little information about them. In claims regarding

purchase and sale orders or transfers, investors often disagree with form or execution period. Other claimants question the fees charged for the products contracted or services provided.

Subsequent information is intended to enable clients to properly monitor their positions in investment products, as well as the options or rights deriving from these. Thus, it is common for investors to claim that they have not received the information or that they received it after the deadline or with short notice before corresponding instructions have to be issued. An analysis is also made of the attention to information requests made by investors to the entities through which they have contracted the products.

In some claims, issues arising from the ownership of the securities arise in terms of the legitimacy of the ordering party, the existence of charges or encumbrances or usufruct of the securities, renunciation or changes of ownership, etc. Finally, sometimes, the claim deals with the operation of the CSD both in the phase prior to the client's claim against the entity and during its subsequent processing with the CNMV's Claims & Complaints Service.

The CNMV continued to strive to streamline claims management, in line with the priority given to this area. Thus, the average claim resolution time was reduced by 10% during 2021, to 68 days, from 76 days in 2020.

Regarding the type of product, 41.1% of the cases of resolved claims related to CISs. The remainder related to other types of transferable securities, such as equity instruments, bonds and financial derivatives. The issues making up most complaints related to the product information provided after the contract was signed (23.3%), fees charged by entities (21.4%) and purchase/sale orders for products (21%).

Reasons for claims concluded in 2021

TABLE II.6.1.2

Investment service/reason	Reason	Securities	CIS	Total
Marketing/execution	Appropriateness/suitability	51	62	113
Advisory service	Prior information	49	68	117
Portfolio management	Purchase/sale orders	161	66	227
	Fees	142	87	229
	Transfers	25	47	72
	Subsequent information	160	78	238
	Ownership	12	12	24
Acquisition <i>mortis causa</i>	Appropriateness/suitability	1	1	2
	Prior information	1	–	1
	Purchase/sale orders	3	3	6
	Fees	5	3	8
	Transfers	–	–	–
	Subsequent information	9	11	20
	Ownership	21	12	33
CSD operation		13	6	19
Total		653	456	1,109¹

Source: CNMV. (1) There is very often more than one reason stated in the same claim or complaint file.

II.6.2 Enquiries

The CNMV's Investors Department responds to enquiries 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, regulating the procedure for filing claims and complaints with the claims and complaints services of the Bank of Spain, the CNMV and the Directorate-General of Insurance and Pension Funds.

In addition to responding to the enquiries defined in the aforementioned Order, the CNMV also helps investors search for information on its website (www.cnmv.es). This information is to be found in the CNMV's official public registries and in other documents which it publishes, and deals with queries or doubts that private individual investors may raise regarding the securities markets.

There are three means available to submit enquiries: by telephone, by post or through the electronic office. In the electronic office there is a section for the presentation of claims, complaints and enquiries, where identification is required by means of an electronic certificate or identity card or through a user name and password, which can be used for future enquiries or claims with the CNMV.¹

In 2021, 10,421 enquiries were dealt with. Most of them were made by telephone (83.2%) and responses were mostly limited to providing existing information on the website (<http://www.cnmv.es>). By volume, the second most used method was the electronic office form (13.8%) followed by submission through the general registry (3%).

As shown in Table II.6.2.1, the total number of enquiries dealt with in 2021 decreased by 6.5% compared with 2020. Investors preferred to use the electronic form to send their written enquiries (13.8%), presentation through the general registry falling by 21.3% compared with the previous year. The average response time was reduced to 19 calendar days. This figure excludes enquiries received by telephone, which are answered on the same day.

It was found that numerous written submissions that were actually queries from professionals were filed with the CNMV using the wrong channel – that for submitting enquiries from retail customers. Queries of a professional nature should be addressed to the CNMV department with competence on the matter, through the “Any document, request or communication to be addressed to the CNMV” procedure in the Open Area of the CNMV's Electronic Office.

Number of enquiries by channel

TABLE II.6.2.1

	2019		2020		2021		% change 21/20
	No.	% of total	No.	% of total	No.	% of total	
Telephone	6,471	85.6	9,382	84.1	8,667	83.2	-7.6
Letter	289	3.8	399	3.6	314	3.0	-21.3
Form	800	10.6	1,369	12.3	1,440	13.8	5.2
Total	7,560	100.0	11,150	100.0	10,421	100.0	-6.5

Source: CNMV.

¹ <https://sede.cnmv.gob.es/sedecnmv/sedeelectronica.aspx?lang=en>

Regarding the subject matter of enquiries, once again this year investors requested information on data available in the official registries of the CNMV. In particular, information was requested on registered entities; where to find prospectuses; access to price sensitive information notices of CISs and other entities and inside information, financial and corporate governance information of issuers. Other information available on the CNMV website was also requested and given: CNMV communications, statistics and publications, among other content freely accessible to the public.

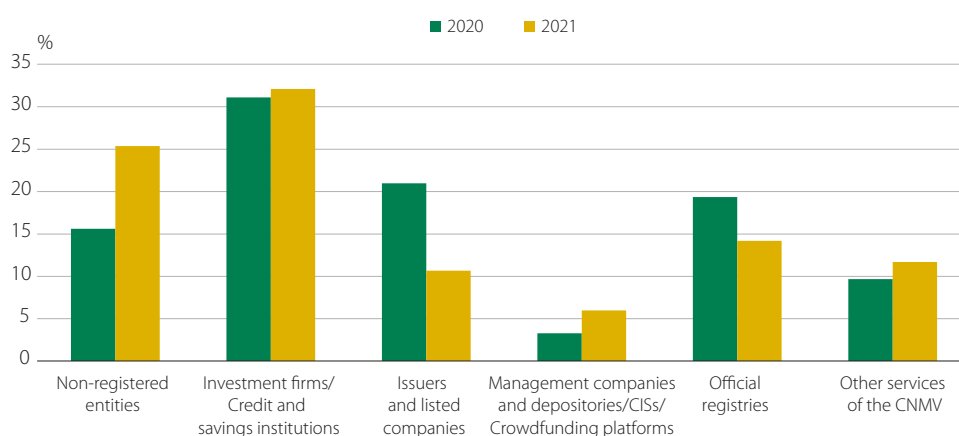
Year after year, many of the written queries received through the electronic form or the general registry relate to losses on investments, either direct or through investment firms. Enquiries about losses on investments made through unregistered entities increased by 25% relative to the previous year (see Figure II.6.2.1). Written queries about investment firms usually concern, among other matters, fees for holding stocks that are suspended or delisted; depositories' obligations; investment guarantee schemes; the possibility of renouncing securities excluded from trading, administration fees, transfer of securities to another financial entity and fees on current accounts linked to securities accounts.

In the third block, dedicated to issuers and listed companies, as in the previous year, queries about loans assigned to securitisation funds were repeated, as were those about corporate transactions and IPOs. The latter include aspects such as the acceptance process, calendar, authorised price and the possibility of exercising a squeeze-out. It should be noted that during 2021 queries continued to be received relating to the holding of warrants relating to restructuring processes issued by Deoleo, S.A. and Abengoa, S.A., and the possibility of selling, liquidating or renouncing them; as well as the complaints relating to the resolution of Banco Popular Español, S.A. and the resolution measures adopted by the Single Resolution Board on 7 June 2017, which, among other things, led to the amortisation of all pre-existing shares.

Among the queries on management companies, depositories and CISs, there were many repeats of those relating to the characteristics of CISs, custody fees for shares and units in Spanish and foreign CISs, crowdfunding platforms and venture capital firms.

Subjects of enquiries

FIGURE II.6.2.1



Source: CNMV.

Finally, there were queries about the information in the official registries and about other services offered by the CNMV, such as claims and complaints handling, publications, press releases and communications, investor alerts, etc. These types of consultation notably included many about the register of investment firms, queries about the content of price sensitive information notices and the presentation of new technological projects and initiatives in relation to the securities markets.

In addition to recurring subjects, investors made enquiries about matters relating to the market situation or particular events. Among them, the following should be highlighted:

- Consultations on Cypriot investment firms that suspended their activity in Spain during 2021, as was the case of Depaho Ltd. (www.fxgm.com) o Forex TB Ltd. (www.forextb.com).
- Enquiries relating to the acquisition of securities *mortis causa*, in particular requests for information on investments of deceased individuals or doubts about the requirement to open a new securities account in the same financial institution as the deceased.
- Queries arising from changes in the contractual conditions as a result of the merger of Bankia, S.A. and Caixabank, S.A.
- Queries relating to the rights to individualised accounts in the name of the final investor in the context of global or omnibus accounts.
- Queries on fees and expenses for providing information to clients on paper. It is relevant to note in this respect that the CNMV considers that entities must provide their clients with the corresponding information, on paper or electronically, as the client freely chooses, at no additional cost.
- Consultations on the operational limitations or the scope of services offered by investment firms.
- Queries regarding takeover bids made over the course of the year, with special mention of the 2021 bid by Barón de Ley, S.A. with a view to its delisting, as well as the voluntary bid presented on Zardoya Otis, S.A. by Opal Spanish Holdings, S.A. The consultations basically focused on knowing the procedure, the terms for its authorisation and the price at which the bids were set.
- Consultations relating to the agreement reached by certain shareholders of OHL to support a recapitalisation operation of the company through an injection of own funds.
- Queries and complaints motivated by the possible dilutive effect that the capital increase made in Distribuidora Internacional de Alimentación, S.A. could have, the first tranche having consisted of the capitalisation of €769 million of debt to the majority shareholder L1R Invest1 Holdings S.à r.l., at an issue price, applicable to all tranches, of €0.02 for each new share (€0.01 par value and €0.01 issue premium).
- Inquiries related to Abengoa, S.A. due to the failure to present the company's audited annual accounts for the years 2019 and 2020. Once these accounts

were presented, the enquiries focused on finding out the reasons why the company was still suspended from listing (as it has been since 14 July 2020 in connection with its insolvency situation).

- Consultations on the restructuring process and the subsequent dissolution of Codere, S.A. approved at an extraordinary general meeting of shareholders on 10 December 2021 and which led to the suspension of the listing of its shares. On 29 April 2022, the CNMV agreed to the delisting of the shares of Codere, S.A. (in liquidation).
- Enquiries regarding companies admitted to trading on BME Growth. In these cases, we informed enquirers that the CNMV's action was limited to supervising possible breaches of the MAR.
- Consultations on administration and custody fees for shares and units in Spanish and foreign CISs.
- Consultations on transfers of investment between CISs and changes of market-er. The doubts about these transactions focused especially on the terms, the tax regime, the procedure to be followed and the applicable fees.
- Consultations on hedging systems for investments made through Spanish or foreign investment firms.
- Enquiries about companies that offer training courses, which does not necessarily constitute a reserved activity requiring authorisation and registration with the CNMV, even if the training is on trading and the service is offered in Spain.
- Queries about unregistered entities (boiler rooms), revealing the increase in identity theft of registered entities and organisations such as the CNMV in 2021. The CNMV informed the supervisors of the entities affected by the impersonation of their identity of this circumstance so that they, in turn, could inform the entities with a view to their taking such measures as they saw fit. Investors were also warned that the CNMV has not signed or authorised the recovery of losses suffered by investors to any national or foreign company or to any natural person.

II.6.3 Warnings about unauthorised firms

Through its website, the CNMV issues warnings to investors about firms that are not authorised to provide investment services or that are carrying on activities reserved by law to collective investment schemes or crowdfunding platforms and that the CNMV or other supervisors have detected.² A summary of the information on the warnings issued in 2021 is shown below (detailed information is available in the “Warnings” section of the Investor area of the CNMV website):

² Since February 2018 it has been possible to make anonymous and confidential notifications to the CNMV of potential infringements regarding the securities market.

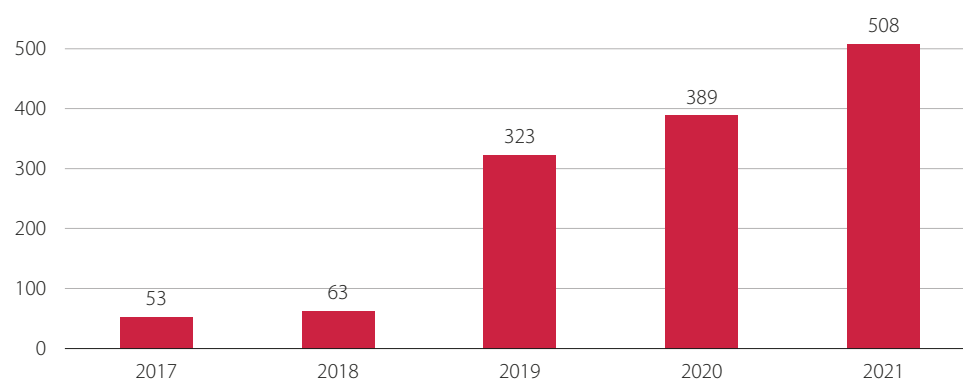
- **A total of 508 warnings from the CNMV.** These issued alerts on entities not authorised to act in the securities markets, pursuant to the provisions of the Securities Market Act.³ This figure marks an increase of 30.6% compared with the warnings issued in 2020 (389), which exceeds the number of warnings issued, on an individual level, by any other supervisory body of any neighbouring country.
- **A total of 1,081 communications (1,254 in 2020) from supervisory bodies of other EU Member States and the United Kingdom.** Of these, 1,034 (12.7% fewer than in 2020) referred to unauthorised entities and another 47 (32.9% fewer than in 2020), included in the “Other warnings” section, to alerts relating to specific behaviours or irregular actions.⁴

As a result of this activity, a total of 1,589 warnings were made during 2021 (3.3% fewer than in 2020). It should be noted that the CNMV concentrates 32.0% of all warnings received through its website (as its own warnings or those of the supervisors who have communicated them to the CNMV). The warnings issued by the two supervisors that have published the most warnings through the CNMV website (the CNMV itself and the UK’s FCA) represent 58.2% of the total warnings published through this medium.

Figure II.6.3.1 shows the rising trend in the number of warnings on unregistered entities made by the CNMV over the last five years. For its part, Figure II.6.3.2 reflects the evolution of the number of warnings from supervisory bodies of EU Member States and the United Kingdom. It should be noted that the UK’s FCA and Belgium’s FSMA are regulators that also have powers in the banking and insurance sector, so their warnings also include these areas.

Number of warnings issued by the CNMV on unregistered entities

FIGURE II.6.3.1



Source: CNMV.

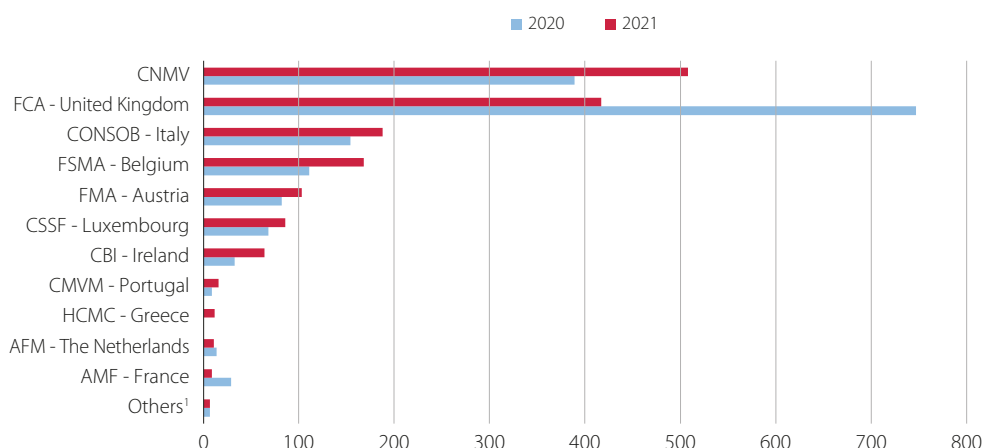
³ Articles 17 and 144 of the Securities Market Act.

⁴ Since 2010 IOSCO’s website has featured an alert service on unauthorised entities that includes warnings issued by members of the organisation. Given that not all warnings issued by IOSCO members are communicated in turn to the CNMV, it is recommended to visit this website for further information.

Number of warnings on unregistered entities from EU Member States and the United Kingdom

FIGURE II.6.3.2

CNMV actions in the securities markets
Investor assistance



Source: CNMV. (1) Two supervisory bodies with fewer than nine warnings in 2021.

The increase in the number of warnings published by the CNMV was a consequence, mainly, of the consolidation of new avenues of investigation to detect these practices, which we have been testing since 2019. In this regard, as had already been detected in 2020, the appearance of new fraud methods should be highlighted, through the Internet and social networks, related to the popularisation of computer tools that allow remote access to user devices (computers, mobile phones, etc.), partly due to the conditions derived from the measures adopted due to the COVID-19 pandemic.

Testimonials continued to be received from Spanish investors about the use, by boiler rooms, of computer tools, such as remote access software (AnyDesk, LogMeIn, TeamViewer, etc.) and virtual private networks (VPN services), to operate fraudulently on behalf of the holder of securities and bank accounts, as reported in the alert published on the CNMV's Investor Portal.⁵

On that same Portal in 2020 we had reported the increase attempts to defraud investors by impersonating the identity of authorised entities. They pretended to be an authorised company, using identification data similar or identical to those of an authorised company. These fraudulent websites have been identified in the CNMV register with the word "clone", reporting that they have no connection with the authorised entities whose identity they supplant.

The CNMV also found it appropriate to inform investors, through this Portal, of the detection of attempts to defraud investors by falsifying the telephone number from which the communication is made to make it coincide with that of the CNMV itself. In these calls, personal or bank information is requested on the pretext of some supposed official proceeding; for example, showing interest in the losses suffered by the investor on previous investments. However, the real purpose of these calls or communications is to access the investor's bank accounts or personal passwords and illegally appropriate their funds.

⁵ <https://www.cnmv.es/Portal/Gpage.aspx?id=Alertas-Inversor&lang=en>

The increase detected in fraud attempts and cases led the CNMV to publicly raise in mid-2021 the need to address an Action Plan against Financial Fraud (PAFF), understood as a joint public-private effort that brings together and coordinates efforts to improve the detection and prosecution of financial fraud. The plan took the form of a protocol that was signed by 19 public and private institutions in April 2022 (see Exhibit 18).

Finally, during 2021 we observed a growing offer of services relating to crypto-assets (such as contracts for differences [CFDs] and other derivative products) by entities not registered with the regulators and therefore not authorised to provide such services.

**Action Plan against Financial Fraud (PAFF):
public-private partnership to tackle financial fraud**

EXHIBIT 18

The economic and social situation deriving from the two years of pandemic has had a significant impact on the digitisation of society as a whole and thereby modified consumption and investment habits. In this period, several factors have coincided that explain this phenomenon.

In the first place, from the economic and financial point of view, we are witnessing an unstable macroeconomic scenario, with low or negative interest rates, which has prompted some investors to seek higher returns by assuming more risks. All this has coincided with an increase in private savings, first due to the lack of mobility and later due to the uncertainty of the moment.

Secondly, the acceleration of technological development has allowed the birth of new platforms and the increase in disintermediation processes that have brought the financial markets and the activity of trading closer to non-expert investors with hardly any barriers to entry. The effect of technological development has also been enhanced by the appearance of new sources of information – basically social media – that are widely used by certain age groups of the population, and that have led to the emergence of leaders of opinion and influencers and advertising of financial products aimed at the retail customer.

And thirdly, taking advantage of the environment described, the development of fundraising campaigns aimed at small investors linked mainly to complex financial products, commodities and, above all, other types of products such as crypto-assets.

The effects of changing consumption and investment habits, with a large number of new investors (often with little knowledge of how the financial markets work, with direct access to offers of investment products via the Internet) have generated a breeding ground for a significant increase in irregular and criminal activity through financial fraud. Currently, there are numerous complaints pending, claiming hundreds of millions of euros in financial damage, which increases the risk of a subsequent climate of general distrust towards financial markets and the reputation of the sector itself.

The CNMV is one of the institutions that, in its work to defend investors, from a global perspective of the financial sector, has detected this notable increase in irregular activities together with other institutions, such as the State security forces and bodies and the tax authorities, mainly. To the extent that the detection of these allegedly criminal activities, as well as their containment and prosecution, should not and cannot be carried out exclusively by a single entity, the CNMV understood that the development of a public-private collaboration framework was and is the best possible way to prevent and fight more effectively and preventively against this type of activity.

As a result of this philosophy, throughout 2021 the CNMV has been working on the preparation of a protocol to promote and improve cooperation between the entities involved in these issues. In the numerous meetings held, the goal of improving the prevention and fight against offers of potentially fraudulent financial products and services in a coordinated manner was set. To this end, we proposed measures to improve the mechanisms for exchanging information between the competent authorities and institutions, new detection and alert mechanisms regarding the activities of entities not authorised to offer financial services, and the reinforcement of education and citizen information campaigns so that they have the necessary knowledge to make their investment decisions.

Finally, and as a result of these conversations, a protocol was drawn up that aims to:

- Define and articulate measures that contribute to reducing the capacity for action and expansion of financial fraud attempts.
- Cooperate in its detection.
- Restrict the promotional or advertising dissemination of its activities.
- Establish information mechanisms for investors and clients of financial services on the risks and possibilities of fraud.
- Create communication channels between the signatory institutions.
- Establish mechanisms that allow the verification of the registration of entities that are advertised in the media and social networks.
- Develop awareness-raising and informative campaigns for the public.
- Create alert mechanisms for new trends in financial fraud.
- Provide investors and clients of financial services with the instruments and knowledge necessary to detect and avoid these practices through action in the field of financial education.

The protocol of the Action Plan against Financial Fraud (PAFF) was signed on 29 April 2022 by 19 public and private institutions¹ and it will be developed on the basis of specific agreements to be signed between the various

entities, linking each of them to specific measures of a technological, dissemination and financial education nature, depending on their activity. Likewise, the public-private collaboration is open to the inclusion of other public entities and associations, to the continuous monitoring of measures to combat financial fraud and to the proposal of new ones, through the creation of a monitoring committee in which representatives of each signatory organisation participate.

1 Ministry of Economic Affairs and Digital Transformation, National Securities Market Commission (CNMV), State Attorney General's Office, Bank of Spain, National Police, Civil Guard, Mossos d'Esquadra, Ertzaintza, Navarra Provincial Police, Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offenses (SEPBLAC), Spanish Banking Association (AEB), CECA, Investment Guarantee Fund (FOGAIN), Association of Collective Investment Institutions and Pension Funds (INVERCO), Media Association of Information (AMI), Union of Open Commercial Televisions (UTECA), Autocontrol, Association of Registrars, General Association of Notaries.

II.6.4 Warnings about other entities

In 2021, 19 entities were added to the list of “Other entities” in the “Warnings to the Public” section of the CNMV’s website. This list provides information on those entities that could be carrying out fundraising activities or providing services of a financial nature without having any type of authorisation or being registered for any purpose with the CNMV. The list is not exhaustive and is taken mainly from searches and analyses conducted on the Internet and social networks. Being included on the list, which allows investors to rule out their being regulated or authorised entities, does not imply any statement on the compliance, or otherwise, of any of the corresponding entities’ activities with current legislation.

II.6.5 Whistleblowing

The CNMV has a special channel for reporting possible infringements so that any person who is aware of actual or potential infringements relating to the organisation and discipline of securities markets, and who wishes to report in confidentially, may contact the CNMV. This channel is specifically aimed at employees and other persons who provide or have provided services in entities that may have committed infringements relating to the securities markets. In no circumstances may this channel be used to deal with private complaints or enquiries, as these issues have their own specific channels on the CNMV website.

There are several channels enabled for the communication of infractions. These are: i) by telephone (900 373 363); ii) via email (comunicaciondeinfracciones@cnmv.es); iii) by letter addressed to Communication of Infractions;⁶ iv) through the form⁷ enabled on the CNMV website in the section “Communication of infringements”, and v) in person at the CNMV offices in Madrid. These reports must contain factual evidence which may reasonably lead to at least a well-founded

6 Investors Department – CNMV. Edison, 4 28006 Madrid / Bolivia, 56, (4th floor). 08018 Barcelona

7 System enabled on the CNMV website to submit communications anonymously. It also allows a confidential and anonymous line of contact to be maintained with the CNMV if the user so wishes.

suspicion of infringement.⁸ They must therefore include a detailed description of the potential infringement, the identity of the persons or entities involved in the potential illegal conduct and the dates on which the alleged infringements took place. At any event, the information provided must not be a repetition of other information that has already been made public.

In 2021, 1,153 communications were received, 42.9% more than in 2020, which led to the publication of 95 new warnings on the CNMV website (www.cnmv.es). Of the total communications, 268 (23.2%) were inappropriately directed to this channel, either because they were queries or claims or complaints, or because the matter dealt with was outside the powers attributed to the CNMV. Of the remaining 885 communications, 485 (54.8%) related to unauthorised entities or boiler rooms.

400 communications had a content that fell within the scope of supervisory powers of the CNMV. However, in 344 cases they lacked factual elements from which a well-founded suspicion of infringement could reasonably be derived – in most cases because they were not sufficiently substantiated or were very imprecise – or they dealt with issues whose scope of jurisdiction corresponded in the first instance to supervisory bodies of third countries, since in most cases they are entities that provide their services in Spain under the freedom to provide services regime (without a permanent establishment) or because they concern securities not traded on Spanish markets, which represent 86% of said communications. The number of communications, therefore, on which the CNMV was able to carry out a detailed analysis, was only 56.

In 2021, two disciplinary proceedings were opened due to communications sent through this channel. In 32 cases the communications received gave rise to supervisory actions by the CNMV (representing 2.8% of the total communications received).

II.6.6 Investor education

Financial education plan

During 2021, the CNMV continued to devote preferential attention to promoting the national strategy for financial education. One of the most important milestones was the development and launch of the new Finance for All website (www.finanzasparatodos.es). A large part of the actions in 2021 were aimed at expanding the scope and efficiency of the activities carried out and at meeting the strategic objectives established for the period 2018-2021.

In parallel, work was done on the design of the Financial Education Plan for the period 2022-2025.⁹ The Ministry of Economic Affairs and Digital Transformation joined this Plan at the beginning of 2022, defining new objectives and lines of action for the next period. Likewise, work continued on the promotion and management of the network of Plan collaborators, among which are some public administrations, the finance industry, companies, research institutions, consumer associations and representatives from the educational system. The cooperation of these bodies is

⁸ As provided in Article 276 *ter* of the Securities Market Act.

⁹ Financial Education Plan 2022-2025.

essential to meet the objectives of the Plan and to make sure the results filter through to all segments of the population, thus increasing their levels of financial culture.

In this regard, in 2021 progress was made in the conclusion of new collaboration agreements, with more than 45 institutions forming part of the Financial Education Plan. Of particular note are the collaboration instruments formalised with the Ministry of Consumer Affairs, the University of Zaragoza, the San Pablo CEU University Foundation, the Mutualidad de la Abogacía Foundation, the Organisation of Pension Consultants (OCOPEN) and the Spanish Chamber of Commerce.

Financial Education Plan 2022-2025

EXHIBIT 19

On 14 January 2022, the CNMV, the Bank of Spain and the Ministry of Economic Affairs and Digital Transformation signed a collaboration agreement for the promotion and development of the Financial Education Plan for the period 2022-2025. The Ministry's joining the Plan as a promoter is a new development with far-reaching implications and endorses the work carried out in previous years by the Bank of Spain and the CNMV.

Since 2008, driven by the Financial Education Plan, a multitude of informative actions have been carried out and numerous educational resources have been developed for Spanish citizens. Likewise, an important network of more than 45 collaborators has been created who have contributed to the dissemination of the Plan, to creating awareness about the importance of financial education and to improving the financial culture of the population through the development of numerous activities.

The launch of this new Plan takes place in a context conditioned by the events deriving from the COVID-19 pandemic, which have had a serious impact on the economy, the financial markets and individuals, and which are accelerating pre-existing trends that are making for a more complex and less stable reality. Adapting to this new context will require the acquisition and consolidation of certain skills and abilities, as well as the adoption of certain attitudes related to saving, indebtedness and long-term management of personal finances.

As usual, with each renewal of the Financial Education Plan, new objectives have been established for the coming period. The objectives for 2022-2025 are: i) to push a communication strategy supported by the promotion of the new Finance for All website that allows the brand to be publicised and the Spanish population to become aware of the importance of financial education; ii) to obtain a deeper understanding of the needs of the Spanish population in terms of financial education; iii) to evaluate the impact and effectiveness of the Financial Education Plan in its years of development; iv) to expand the network of collaborators by incorporating institutions that can contribute social sensitivities to the groups most in need of financial education; v) to focus the promotion of financial education on certain groups such as primary school pupils and vocational training and university students; vi) to develop specific training initiatives for the needs of vulnerable groups: digital skills to

avoid vulnerability and prevent financial fraud, and vii) to contribute to the development of the objectives of the 2030 Agenda.

For the next period, the most important challenge of the Plan will be to respond to the needs arising from the COVID-19 pandemic. In this context, a gradual increase in the number of users of financial products and services using digital channels for contracting and management has been observed. This circumstance has brought with it the rise of new products and services, but also the increase in scams and fraud in the use of digital channels, which have highlighted the need for the Financial Education Plan to focus on providing financial users with tools to avoid and prevent financial fraud both in the context of digitisation and those that may come through more traditional means. Likewise, another challenge will be to reinforce the presence of financial education in the school curriculum, so that the youngest become familiar with the concepts of saving, spending and responsible indebtedness. Finally, in the coming years, progress will continue to be made in increasing social awareness regarding financial education and its consideration as a key competence in the society of the twenty-first century.

More information at Financial Education Plan 2022-2025.

Also, in 2021 the design and implementation work on the www.finanzasparatodos.es portal was completed. It is operational, with a novel content and architecture strategy, which is described in Exhibit 20.

The CNMV also continued promoting financial education in schools and, in particular, the Financial Education Programme for the 2020/2021 academic year, for which 540 schools were registered. The third edition of the Financial Literacy Competition was also held during the academic year.

A new edition of Financial Education Day was also held in 2021. Numerous activities were developed in it (seminars, publications, workshops for young people, games, etc.), in which Plan collaborators actively participated. The central event of that day was organised at the Bank of Spain in hybrid mode (face-to-face and online). Participants in the event included the First Vice President and Minister of Economic Affairs and Digital Transformation, Nadia Calviño; the Secretary of State for Education, Alejandro Tiana; the general director of Consumption, Bibiana Medialdea; the president of the CNMV, Rodrigo Buenaventura, and the governor of the Bank of Spain, Pablo Hernández de Cos. In this event, the final of the Financial Knowledge Contest took place, in which the Santísima Trinidad school, from Plasencia, was the winner, and the Sagrado Corazón Fundación Espínola school, from Coria, was the runner-up. The Finances for All Awards were also presented to the Association of Financial Consumers Asufin and to Afundación, of the Obra Social de Abanca.

New web portal of the Financial Education Plan

EXHIBIT 20

In September 2021, the Financial Education Plan, promoted by the CNMV, the Bank of Spain and the Ministry of Economic Affairs and Digital Transformation, renewed its website www.finanzasparatodos.es with the aim of consolidating it as the reference portal for financial education in Spain.

This renewal, which has been driven by the growth and evolution of the Plan, has aimed to incorporate improvements in the design, content architecture and user experience to make it a more practical and interactive website.

The new website is divided into three sections:

- **Discover:** with content and tools to guide users in making financial decisions throughout their lives, responding to questions such as: How is your financial health? How to prepare your budget? How to manage your debts? How to prepare your retirement? or How to invest your money?
- **Participate:** informs about all the initiatives, activities and projects that are promoted within the framework of the Financial Education Plan and in which citizens and institutions can participate: the network of collaborators and the initiatives they develop, the school programme and contest aimed at educational centres and teachers, the Financial Education Day and the Finance for All Awards.
- **Learn:** includes different types of educational resources prepared by the Plan, aimed at teaching and guiding financial education issues, such as guides, videos, tools, podcasts, glossary, etc

Additionally, the website has two reserved spaces. The first of these is aimed at the collaborators of the Plan, whose purpose is to serve as a space for exchange and collaboration between the different institutions and to facilitate the dissemination of activities and materials. The second is aimed at teachers who participate in the school programme and in the Financial Knowledge Quiz, where teachers can find tools for students and games to use in the classroom.

The website, which also has a news section, is present on the main social networks (Instagram, Facebook, Twitter and YouTube) with the aim of maximising the dissemination of its content.

International forums on financial education

The CNMV participated very actively in the various international financial education forums, sharing experiences and promoting it. The CNMV took part in all the technical meetings of the International Network on Financial Education of the OECD – the leading financial education forum worldwide, of which it is a member – and actively collaborated in the work carried out therein. Likewise, the CNMV participated as a speaker in the *Workshop on governance and coordination with private and*

not-for-profit stakeholders within National Strategies on Financial Education of the OECD, presenting the Code of good practices for financial education initiatives in Spain.

CNMV actions in the
securities markets
Investor assistance

The CNMV also participated in Global Money Week (GMW), an initiative promoted by the OECD with the aim of making young people aware of the importance of paying attention to their finances from an early age. The CNMV is a member of IOSCO's Committee on Retail Investors (C8), which works towards improving investors' financial literacy. During 2021, the CNMV participated very actively in the exchange of experiences in financial education.

The CNMV has also actively promoted the participation of several Latin American countries (Colombia, Costa Rica, El Salvador, Panama, the Dominican Republic and Uruguay) in World Investor Week (WIW), an initiative run by IOSCO in October and November 2021. The vice president of the CNMV participated in the bell ringing organized by BME and the World Federation of Exchanges (WFE) on the occasion of the celebration of the WIW and Financial Education Day.

CNMV training activities

In addition to the educational activities performed in the framework of the Financial Education Plan, the CNMV performs training activities specifically aimed at investors.

Publications and resources for investors

During 2021, new resources were published in the Investor Section of the CNMV website. Specifically, in 2021 we published a guide called *Competencias básicas para inversores* [Core competencies for investors], which seeks to make it easier for citizens to make investment decisions in a more conscious and informed manner. This framework is based on the work prepared by IOSCO, which establishes a set of basic skills to define the knowledge, attitudes and desirable conduct among retail investors.

Also in 2021 we published a guide called *50 preguntas y respuestas básicas sobre inversión* [50 basic questions and answers about investment]. This guide includes common questions when making a decision of this type and simple, brief and didactic answers that serve as a first orientation for the reader. Finally, in the Investor Section, numerous infographics were also published throughout 2021 related to various topics such as investment in shares, investment funds or fixed income, among others.

Training conferences and seminars

As in previous years, the CNMV participated in numerous conferences and seminars in 2021. Training talks were given in specialised forums such as Expofinancial, on regulation and financial education; the Table of El Economista-CECA on the importance of financial education and the challenges of digitisation; the Finsalud Foundation, on the aims and objectives of financial education; the UNED-ASEPUMA, with a brief overview of financial education in Spain for mathematics teachers, and

the Financial Health and Vulnerable Population Work Group organised by the Nantik Lum Foundation.

The CNMV also organised a webinar on how financial education influences savings and investment decisions. This was based on the conclusions of a study carried out on the results of the latest survey of financial skills. In addition, financial education materials were disseminated through other media, such as the written press.

Finally, the CNMV participated in the IV International Congress on Financial Education on the challenges of financial education in times of paradigm change, organised in Malaga by the Edufinet Project.

New advances in the incorporation of financial education into the school curriculum

EXHIBIT 21

Since 2009, when the first collaboration agreement was signed with the Ministry of Education and Vocational Training, the Financial Education Plan has worked hard to advance the introduction of basic financial education content and skills in formal education.

With Organic Law 8/2013 for the Improvement of Educational Quality (LOMCE) it was possible for the Royal Decrees on minimum education to incorporate, for the first time, curricular contents of financial education. Royal Decree 126/2014, of 28 February, on minimum teaching in primary education included content on money and savings in the subject of social sciences. Likewise, Royal Decree 1105/2014, of 26 December, establishing the basic curriculum for compulsory secondary education and baccalaureate, incorporated broader content into the subject of economics in the fourth year of secondary education, such as those related to the classification and calculation of income and expenses, savings, indebtedness, risk and diversification, insurance, etc.

Also in the first cycle of secondary education in the subject of initiation to entrepreneurial and business activity, contents on personal income and expense management, personal financial planning, identification of financial services, etc. were incorporated.

The LOMLOE (Organic Law 3/2020, of 29 December, amending the LOMCE) has provided a new opportunity to advance in the inclusion of financial education curricular content. This new Law deepens the competency-based approach that the previous Law already included, but also incorporates new curricular elements. Specifically, it defines an exit profile for each educational stage, determined by the key skills that all students must have acquired at the end of each stage of compulsory education. The Law also introduces the so-called “basic knowledge”, defined as the knowledge, skills and attitudes whose learning is necessary for the acquisition of the specific skills of each area or subject. Financial education is included among the blocks defined as basic knowledge.

On 25 March 2021, the CNMV, the Bank of Spain and the Ministry of Economic Affairs and Digital Transformation submitted a proposal to the Ministry of Education and Vocational Training for the inclusion of financial skills in the design of primary and secondary education school curricula in the development regulations of the LOMLOE.

Royal Decree 157/2022, of 1 March, establishing the organisation and minimum teachings of primary education contained a large part of the proposals sent. In particular, the Royal Decree incorporated in the subjects of knowledge of the natural, social and cultural environment content such as the value and control of money, means of payment, the green economy, the influence of markets (goods, financial and labour) in the life of citizens, advertising, responsible consumption, consumer rights and the social value of taxes. In the subject of mathematics, contents related to money, the monetary system, estimates of quantities and change in daily life and the resolution of problems related to responsible consumption and money are included: prices, interest and discounts.

Royal Decree 217/2022, of 29 March, establishing the organisation and minimum teachings of compulsory secondary education included in the subjects of mathematics, economics and entrepreneurship, and education in civic and ethical values some of the contributions made in the proposal for the Financial Education Plan, which must be developed or expanded by the regional educational authorities, the centre or the teacher.

The inclusion of basic knowledge on financial education in the first three years of secondary education is considered an advance. In mathematics, it deals with the interpretation of numerical information in simple financial contexts, the methods for taking responsible consumption decisions based on quality-price and value-price relationships in everyday contexts or the development of problems in financial contexts. In education in civic and ethical values, content related to sustainability, the SDGs, the circular economy, the blue economy and sustainable living habits, such as responsible consumption, are incorporated.

The subject of economics and entrepreneurship in the fourth year of secondary education is the subject that includes most of the suggestions made to the Ministry: control and management of money, sources and control of income and expenses, indebtedness, sources of financing and fundraising, financial resources, financial risk management and insurance. However, as it is an optional subject, it excludes those students who decide to take other subjects aimed at different types of baccalaureate or the various fields of vocational training.

One of the most important aspects of the Law is that it grants an important level of autonomy to the autonomous communities in the development of their curricula (50% for communities with their own language and 40% for the rest) and also allows the educational centre and the teacher to complete the curriculum of the different stages and cycles. In this regard it would be considered an advance if more financial education contents were included in the regional royal decrees.

II.7 Disciplinary action

The CNMV has disciplinary powers in relation to infractions of the rules of order and discipline of the stock market. These powers extend to the securities markets and the activity of all natural and legal persons involved in trading on them. These rules give it the power to initiate and draw up the corresponding sanctioning files for very serious, serious and minor infractions, and to impose the appropriate sanctions.

The imposition of sanctions, as a necessary element in the regulation of the securities market, has as a corollary in the Spanish legal system the possibility of having sanctioning resolutions reviewed through administrative means, which corresponds to the Ministry of Economic Affairs and Digital Transformation, and by the contentious-administrative jurisdiction in court, all without prejudice to the actions carried out by the CNMV before said bodies in defence of the general interests entrusted to it. Within these functions, the CNMV collaborates in the defence of contested sanctioning resolutions, as well as with respect to the rest of the resolutions issued by the CNMV within the framework of its powers. Likewise, it provides whatever collaboration is required by the competent judicial authorities or the public prosecutor's office in matters related to the securities market.

II.7.1 Disciplinary proceedings

In 2021, the CNMV Executive Committee initiated¹ 16 new disciplinary proceedings involving a total of 28 alleged infringements (see Tables II.7.1.1. and II.7.1.2). Disciplinary proceedings were opened in relation to: 11 cases of market abuse (privileged information), six for breach of rules of conduct in relation to clients or investors, three for breach of reporting obligations by issuing companies, two for breach of restricted activity regulations, one for breach of the regulations on short positions and the rest for violations of the general regulations on IFs and CISs.

The initial agreements for these proceedings included proposed fines for a total amount of €7.07 million (€2.84 million in 2020).

The number of disciplinary proceedings initiated in 2021 increased significantly compared to the previous year (16 in 2021 compared to 7 in 2020).

¹ In accordance with Article 273.1, letter a), of the Securities Market Act, the initiation and investigation of sanctioning proceedings corresponds to the CNMV.

Proceedings initiated and concluded

TABLE II.7.1.1

	2020	2021
Number of proceedings initiated	7	16
Number of proceedings concluded	13	13
Of which:		
Initiated in 2014	1	–
Initiated in 2019	9	2
Initiated in 2020	3	4
Initiated in 2021	–	7

Source: CNMV.

In the course of the year, the CNMV agreed on 15 sanctioning resolutions² which concluded 13 files (two started in 2019, four in 2020 and seven in 2021). In nine of these proceedings, some or all of the alleged offenders availed themselves of early termination as provided in Article 85 of Law 39/2015 of 1 October on the Common Administrative Procedure of Public Administrations, which allows termination of the proceedings by means of voluntary acknowledgement of liability by the alleged offender or voluntary payment, with application of reductions to the monetary fines provided for in the Law. The time for processing each case naturally varies with its complexity, but anyway in 2021 the average processing time was reduced to seven months.

Table II.7.1.2 shows the nature of the breaches addressed in the disciplinary proceedings concluded in 2021 and Statistical Annex III.2 shows a summary of the sanctioning decisions adopted by the CNMV. Of the sanctioning resolutions adopted by the Board of the CNMV, it is worth highlighting, due to their number, those related to seven infractions for market abuse (six for use of privileged information and one for market manipulation) and those related to three infractions of rules of conduct, which accounted for more than 50% of the offences sanctioned.

2 In accordance with Article 273.1, letter b), of the Securities Market Act, the imposition of sanctions for very serious, serious and minor infringements corresponds to the CNMV.

Number of infringements of each type addressed in disciplinary proceedings

TABLE II.7.1.2

CNMV actions in the securities markets
Disciplinary action

	Open		Concluded	
	2020	2021	2020	2021
Very serious breaches	7	22	13	17
I. Failure to disclose/incorrect disclosure of significant holdings or treasury stock transactions	1	–	2	1
II. Breach of disclosure requirements by issuers	1	3	–	2
III. Breach of reserved activities	1	2	–	1
IV. Breach of rules of conduct	2	4	8	3
V. Breach of general investment firm regulations	–	2	2	–
VI. Breach of general crowdfunding platform regulations	–	–	–	2
VII. Breach of general CIS regulations	1	2	–	1
VIII. Non-compliance regarding short positions	–	1	–	1
IX. Resistance to the inspections of the CNMV	–	–	1	–
X. Market manipulation	1	–	–	1
XI. Inside information	–	8	–	5
Serious breaches	1	5	7	1
I. Breach of annual reporting requirements of issuers	–	–	–	–
II. Breach relating to the audit committee of issuers	–	–	–	–
III. Market abuse breaches	–	–	–	–
IV. Breach of rules of conduct	–	2	1	–
V. Breach of general investment firm regulations	–	–	–	–
VI. Breach of general CIS regulations	–	–	–	–
VII. Breach of general crowdfunding platform regulations	–	–	–	–
VIII. Breach of reserved activities	–	–	1	–
IX. Inside information	–	3	–	1
X. Market manipulation	1	–	5	–
Minor breaches	–	1	–	–

Source: CNMV.

In the 15 sanctioning resolutions issued in 2021 by the CNMV, a total of 31 fines were imposed for an amount of €4.71 million (see Table II.7.1.3). Furthermore, various disciplinary rulings relating to serious or very serious infringements were added to the public register of penalties in 2021, once they were legally confirmed,³ with fines for a total amount of €6,315,000, disclosed on the CNMV website. At the close of the year, fines for the amount of €3,285,000 were pending legal confirmation and inclusion in the register of penalties.

³ In accordance with Article 313 *ter* of the Securities Market Act, the CNMV will make public on its official website, through the corresponding register, and without undue delay any decision by which a sanction is imposed, after notifying the persons sanctioned.

Penalties imposed

TABLE II.7.1.3

	2020			2021		
	No.	Amount ¹	Period ²	No.	Amount ¹	Period ²
I. Fine	27	9,030	–	31	4,710	–
II. Removal/general disqualification	2	–	10	–	–	–

Source: CNMV. (1) Thousands of euros. (2) Years.

II.7.2 Litigation department: judicial review of disciplinary proceedings and other actions

In 2021, eight appeals were filed with the Ministry of Economic Affairs and Digital Transformation against sanctioning resolutions, of which, in the same year, three were dismissed and one was declared inadmissible. In addition, the Ministry issued two dismissal and four inadmissibility resolutions in respect of appeals filed in 2020, all of them regarding sanctions. Likewise, the CNMV dismissed an appeal for reconsideration filed in the same year against the agreement to file a complaint.

A total of 16 appeals were filed with the administrative courts in 2021, 12 of them against disciplinary rulings. Of the other four appeals, two were related to the alleged obligation to formulate a takeover bid, another was filed against the resolution – due to breach – of an administrative contract and the last one, against the decision to dismiss a claim of patrimonial responsibility, issued by the Ministry of Economic Affairs and Digital Transformation.

Of the 17 court rulings handed down in 2021, 12 referred to disciplinary proceedings and confirmed the action of the CNMV. Specifically, the National High Court dismissed 10 contentious-administrative appeals that led to the full confirmation of the contested sanctioning resolutions, although appeals in cassation were prepared against four of them, two of them already admitted for processing in the same year. The Supreme Court issued one non-admission ruling and one dismissal that also led to the ratification of the penalties imposed (see Table II.7.2.1 and Statistical Annex III.3).

As for the five rulings issued by the courts in appeals filed against non-sanctioning resolutions, only one, relating to a claim for the amount of personnel and handed down by the National High Court, was unfavourable to the CNMV. The other three resolutions issued by said court involved the dismissal of a contentious-administrative appeal filed against the decision to revoke the authorisation of a CP, the dismissal of an appeal against the decision not to pursue a complaint and the non-admission of an appeal filed against the authorisation of the application for delisting of an entity's shares, although an appeal in cassation was filed against this last ruling, which was admitted for processing in the same year. Finally, the Supreme Court dismissed the appeal in cassation against a ruling by the National High Court that confirmed the CNMV's decision not to pursue a complaint.

Apart from this, the CNMV experts provided assistance, in the exercise of their functions, to judges and courts of all kinds: the number of requests for collaboration received in 2021 (133) increased compared to the total of those processed in the previous year (125). Although there was noteworthy collaboration with criminal

courts – mainly relating to fraud or embezzlement –, most of the requests (65) were from the civil courts. These requests basically related to the following issues: asset securitisation; information on whether or not entities are authorised to provide investment services; identification of securities held by natural persons or legal entities (knowledge of which corresponds to the depositories of the securities); investigation procedures and disciplinary rulings in the context of the proceedings handled by the CNMV; notices of attachment (which are the competency of governing bodies); and, in general, the production of evidence in proceedings of various types brought before the different courts, with requests for data or documentation.

CNMV actions in the securities markets
Disciplinary action

Cases in which the CNMV participated in 2021

TABLE II.7.2.1

	Presented	Resolved
Administrative appeals	9	11
Appeals to a higher court	8	10
Motions to set aside the decision	1	1
Appeals to the courts against administrative decisions/judicial review	16	17
Requests received for assistance		
Assistance to courts		133

Source: CNMV.

II.7.3 Claims

During 2021, a document was presented to the CNMV that was classified as an administrative denunciation, regarding the alleged breach of the obligations of information and evaluation of clients, in the context of cross-border marketing of high-risk investment products, all relating to various foreign IFs registered with the CNMV under the freedom to provide services. Although there were already relevant supervisory actions initiated *ex officio* on the reported cases, the status of their processing was pending final resolution at 31 December 2021, given the volume of documentation provided, the complexity of the matter and the large number of entities involved.

II.8 International cooperation and activity

The CNMV strengthened its international activity by increasing the presence of its senior management and staff in the international organisations to which it belongs. For example it collaborated actively with ESMA, contributing to the promotion of supervisory convergence, especially in the areas of investor protection, market integrity and risk detection. It also collaborated with IOSCO, especially in promoting greater harmonisation of the principles of corporate information on sustainability. Additionally, the CNMV was especially active in both organisations sharing experiences in the area of fintech. Within the sphere of the Ibero-American Institute of Securities Markets (IIMV), the CNMV provided outstanding support in human resources, particularly in the areas of sustainability and fintech. Finally, the CNMV participated actively in the debates promoted by IOSCO, the European Systemic Risk Board (ESRB) and the Standing Committee on Standards Implementation (SCSI) of the Financial Stability Board (FSB) in relation to non-bank financial intermediation, in order to improve and expand the liquidity management instruments of the investment fund industry.

In 2021, the CNMV had an active presence in the main areas of work, which focused on the European and international agenda. In particular, in aspects related to the lessons learned from the crisis caused by the 2020 pandemic, in relation to non-bank financial intermediation (NBFI, previously referred to as “shadow banking”, in all the activity relating to sustainable finance, in the work on digitisation and, in particular, in all those areas aimed at increasing supervisory convergence in ESMA’s sphere.

The Chairperson of the CNMV maintained a high degree of involvement in the international agenda. For example, since March 2021, the Chairperson of the CNMV has chaired ESMA’s Market Integrity Standing Committee (MISC), as well as (since January 2020) its Investor Protection and Intermediaries Standing Committee (IP-ISC) and more recently, since 1 April 2022, he has been a member of ESMA’s Management Board. In addition, he is Vice-Chairperson of the IOSCO temporary group on sustainable finance, where he has co-chaired the working group on standardisation of corporate information on sustainability. In this same area, since February 2021 the Vice-Chairperson of the CNMV has chaired ESMA’s Coordination Network on Sustainability (CNS) promoted the Sustainable Finance Roadmap, which was published in February 2022. The Vice-Chairperson is also a member of the IOSCO Audit Committee. Returning to NBFI, the Chairperson of the CNMV is a member of the Financial Stability Engagement Group (FSEG), an IOSCO group in which various aspects of the activities relating to NBFI were discussed, as commented on later.

Altogether, in 2021, the CNMV attended almost a thousand international meetings in which 114 people participated. Specifically, the CNMV participated in 404 meetings of the various ESMA committees and in 296 meetings of the IOSCO working groups. Within the scope of the FSB, the CNMV attended 40 meetings and 34 meetings of the Joint Committee of the three European supervisory authorities, as reflected in the attached table.

Number of meetings in international bodies

TABLE II.8.1

Body	No. of meetings
ESMA	406
IOSCO	301
FSB	41
Joint committee	40
ANNA	22
ESRB	19
NCA's and government institutions	114
Private institutions	56
Total	999

Source: CNMV.

II.8.1 Cooperation and information sharing with foreign authorities

The information received through international cooperation is an essential and growing ingredient of the CNMV's supervision, in light of the increased integration of financial markets. In 2021, international collaboration requests, on average, remained stable compared to the previous year, with a slight increase of 1% over those managed in 2020.

Specifically, in 2021, 182 requests for supervisory collaboration were received from financial market regulators in other countries (-8% compared to 2020) and 211 requests for collaboration were sent to foreign financial market supervisory authorities (9%).

Regarding the requests for collaboration received, 90 (49%) concerned suspicious transaction and order reports (STORs), 44 (25%) concerned requests for cross-border investigative and supervisory actions and 48 (26%) requests for information for "fit and proper" assessments. Of the 90 STORs received in 2021, 82% related to potential insider trading and 18% to potential market manipulation.

The foreign regulators that sent the CNMV the greatest number of requests for collaboration were the FCA of the United Kingdom, with 25% of the total, followed by the AMF of France (15%), the BaFin of Germany (14%) and the AFM of the Netherlands (9%).

Requests made by the CNMV for its part increased by 9%, especially due to the increase in STORs. In particular, with regard to the requests for collaboration sent, 97 (46%) corresponded to STORs, 86 (41%) to requests for cross-border investigative and supervisory actions, and 28 (13%) to requests for information for fit and proper assessments. Of the 97 STORs sent to other regulators in 2021, 97% related to potential insider trading and just 3% to potential market manipulation.

Finally, the foreign regulators to which the CNMV sent the greatest number of requests for collaboration in 2021 were the FCA of the United Kingdom with 18% of the total, followed by the BaFin of Germany (17%), the AMF of France (10%) and the Cyprus CySEC (7%).

The figures on these acts of cooperation over the last five years are set out below.

Collaboration actions 2017-2021

TABLE II.8.1.1

	2021		2020		2019		2018		2017	
	Requests	% change	Requests	% change	Requests	% change	Requests	% change	Requests	% change
Sent	211	9	193	-3	199	114	93	3	90	43
Received	182	-8	198	-22	253	60	158	49	106	-4
Total	393	1	391	-13	452	80	251	28	196	13

Source: CNMV.

Cooperation agreements

In 2021, it is worth highlighting the cooperation agreement signed in October by the CNMV and the Bank of Spain with the US Securities and Exchange Commission (SEC), to allow Spanish credit institutions and investment firms that register as “security-based swap dealers and major security-based swap participants (SBS Entities)” to benefit from a substituted compliance regime.

The Dodd-Frank Act requires all entities exceeding a certain threshold in certain over-the-counter (OTC) transactions in derivatives based on securities including credit default swaps (CDS) with US counterparties or that involve U.S. markets to register as SBS Entities with the SEC.

The SEC set out a substituted compliance regime pursuant to which Spanish entities registered with the SEC as SBS entities may meet certain requirements under US Federal securities laws and regulations by complying with comparable Spanish and EU requirements. For the signing of the agreement, a comparative evaluation of certain standards of the US, EU and Spanish regulations was carried out, and a substitute compliance order was issued determining that these rules are equivalent.

This cooperation agreement complements the agreement signed by the ECB and the SEC on 16 August 2021 on consultation, cooperation and exchange of information in relation to the supervision and surveillance of certain credit institutions that operate in cross-border OTC derivatives within the scope of the Single Supervisory Mechanism.

The specific conditions of this substitute compliance for Spain were adopted by the SEC through an order on 22 October 2021.

II.8.2 European Securities and Markets Authority (ESMA): strategy, priorities, competition developments and participation of the CNMV

The CNMV is a member of ESMA’s Board of Supervisors and actively participates in the standing committees and in the work of this EU authority with the aim of favouring the drafting of a single rulebook, facilitating risk assessment and, ultimately, promoting supervisory convergence and direct supervision of certain entities.

Supervisory convergence

In terms of supervisory convergence, the strategy recently designed by ESMA is based on the identification of the areas of greatest risk that may affect ESMA's objectives. To do this, the national competent authorities (NCAs) first share the main supervisory risks detected in their respective jurisdictions, through the Senior Supervisors Forum. This information, together with the collection of data through different channels, allows ESMA to determine each year what the priority actions should be, with the ultimate goal of achieving a common supervisory culture based on risk and data, while at the same time focusing on results.

A key tool to achieve this objective are the two strategic supervisory priorities that since 2020, and every three years, ESMA has to identify after the reform introduced by Regulation (EU) 2019/2175 of the European Parliament and of the Council of 18 December 2019 amending earlier Regulations on the ESAs. In November of that same year 2020, ESMA announced that the first two supervisory priorities would consist of the costs and performance of retail investment products and the enhancement of market data quality.

During 2021, ESMA's strategic supervisory priorities found concrete expression in a common supervisory action on the costs and fees charged by investment fund managers and in improving the quality of the transparency data reported in accordance with Regulation (EU) No. 600/2014 on markets in financial instruments (MiFIR).

It is also important to note that during 2021 ESMA completed the common supervisory action on the application of the requirements related to the MiFID I & II (Directive 2004/39/EC and 2014/65/EU) suitability assessment, initiated in 2020, in which some deficiencies have been detected on the part of entities when taking into account the costs of investment products in their recommendations to clients. Lastly, ESMA started a common supervisory action on product governance in 2021.

Another essential tool to promote supervisory convergence at EU level is the peer review. ESMA worked on two discretionary reviews during 2021, one on the supervision of cross-border activities of investment firms and credit institutions targeting retail clients, and another on how the NCAs have managed the relocation of companies from the United Kingdom to the EU 27 in the context of Brexit.

The report on the former review, in the preparation of which an expert from the CNMV participated, was published in March 2022 and followed the new, more demanding methodology established in the last reform of ESMA's Regulation. In it, ESMA points to the need for NCAs of home Member States to make improvements in authorisation, supervision and enforcement as regards the cross-border activities of investment firms and credit institutions. The assessment covered six jurisdictions (Netherlands, Germany, Czech Republic, Luxembourg, Cyprus and Malta). In this report, ESMA includes for the first time two specific recommendations, addressed in particular to the Cypriot authority (CySEC) – increase its human resources and strengthen supervision –, which obliges this NCA to make every effort to comply with them as well as to confirm to ESMA whether it complies or intends to comply with them within a period of two months.

ESMA also carried out several mandatory peer reviews. Specifically, in relation to the supervision of central counterparties (CCPs), this year's assessment focused

on the due diligence of clearing members; in the field of central securities depositories, the assessment focused on those that provide cross-border services or participate in interoperable links and, finally, in the area of prospectuses, an assessment was carried out on the verification/approval procedure.

CNMV actions in the securities markets
International cooperation and activity

ESMA also dedicated resources to convergence in 2021 in terms of enforcement through the initiatives carried out by the Enforcement Network of the NCAs such as, for example, by promoting the exchange of experiences on real cases. In relation to this area, it is worth highlighting the final report sent by ESMA to the EC in March with technical advice on the application of administrative and criminal sanctions within the framework of MiFID II and MiFIR and, in particular, on the need for greater harmonisation of the administrative sanctions provided for in infringements of the requirements of the aforementioned Regulation.

A very significant work published by ESMA this year was the third report on *Performance and Costs of EU Retail Investment Products*, the conclusions of which draw attention to the fact that retail investors are bearing higher costs than institutional ones (40% more on average) and that the costs of active management are higher than those of passive management and that, nevertheless, returns on the former are less than on the latter.

ESMA's guidelines and recommendations are one of the most significant instruments for achieving supervisory convergence among its members. In 2021, the CNMV informed ESMA of compliance with the guidelines issued by ESMA (either from the date of notification or, in one case, from the date on which the necessary legal amendments were incorporated) listed below. In addition, ESMA publishes this information on its website and in the event that a member does not agree to comply with them, totally or partially, it makes it public, and may even publish the reasons provided by the NCA that justify its non-adoption, but always after first notifying that authority.

ESMA Guidelines

TABLE II.8.2.1

	ESMA Guidelines	CNMV's position	Date of notification
1	Guidelines on performance fees for UCITS and certain types of AIFs	Intention to comply once the appropriate legal amendments have been made	4 January 2021
2	Guidelines on MiFID II product governance requirements	Compliance	15 February 2021
3	Guidelines on disclosure requirements under the Prospectus Regulation.	Compliance	24 March 2021
4	Guidelines on reporting under Articles 4 and 12 SFTR	Compliance	27 May 2021
5	Guidelines on certain aspects of the MiFID II compliance function requirements	Compliance	7 June 2021
6	Guidelines on written agreements between members of CCP colleges	Compliance	22 July 2021
7	Guidelines on outsourcing to cloud service providers	Compliance	23 July 2021
8	Guidelines on Article 25 of Directive 2011/61/EU	Compliance	30 July 2021
9	Guidelines on stress tests scenarios under Article 28 of the MMF Regulation	Compliance	30 July 2021
10	Guidelines on Enforcement of Financial Information	Compliance	17 September 2021
11	Guidelines on the MiFID II/MiFIR market data obligations	Compliance	20 September 2021
12	Guidelines on marketing communications under the Regulation on cross-border distribution of funds	Compliance	30 September 2021
13	Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders	Compliance	17 January 2022

Source: CNMV.

Sustainable finance

As far as sustainable finance is concerned, ESMA actively contributes to the renewed EC strategy, published in July 2021, which includes the fundamental lines to finance the transition to a sustainable economy and achieve climate neutrality in 2050. In this area, the design of the Sustainable Finance Roadmap for 2022-2024 stands out; it sets as priorities the fight against greenwashing and the promotion of transparency, providing supervisors with adequate competences and carrying out adequate monitoring of the risks existing in ESG markets – that is, those that promote environmental, social and governance characteristics.

Other important initiatives in which ESMA worked throughout 2021 were the level 2 regulatory developments within the framework of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (see exhibit 22), through its contribution to the Joint Committee, and the advice provided to the EC on the application of Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 regarding the establishment of a taxonomy in relation to the information that companies required to publish non-financial information have to provide on the manner and extent in which their activities are related to economic activities that are considered environmentally sustainable in accordance with this Regulation.

Likewise, ESMA expressed its concern about the quality of ESG ratings and the use being made of them. For this reason, it sent a letter to the EC in January 2021 with a series of considerations and proposals, including regulating and supervising this matter.

Information on sustainability in financial products

EXHIBIT 22

Regulation (EU) 2019/2088 of the European Parliament and of the Council, of 27 November 2019, on sustainability-related disclosures in the financial services sector (the SFDR or Disclosure Regulation) established a mandate for the European Supervision Authorities (ESAs), through its Joint Committee, to develop draft **regulatory technical standards (RTS)**. These standards deal with the detailed content, methodology and presentation of the statement that entities must provide on their websites about the principal adverse impacts of their investment decisions on sustainability factors. They also deal with the content and presentation of pre-contractual, periodic and website information relating to financial products that promote, among others, environmental or social characteristics, or a combination of them (Article 8 of the Regulation), and financial products that have as their objective sustainable investments (Article 9 of the Regulation).

Subsequently, Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (the Taxonomy Regulation) introduced new mandates to develop RTS on the details of the presentation and content of the information relating to the principle of “do no significant harm”, as well as on the content and presentation of the pre-contractual and periodic information

on financial products of Articles 8 and 9 of the SFDR that include investments in economic activities that contribute to environmental objectives in their portfolios. To this end, on 2 February 2021 the ESAs submitted to the EC the final report with their proposal regarding the mandates of the SFDR and the principle of “do no significant harm” introduced by the Taxonomy Regulation and, on 22 October 2021 they submitted the final report regarding the remaining mandates of the Taxonomy Regulation.

On 25 February 2021 the ESAs also published a **supervisory statement** in which they invited the market to use the proposed technical standards as a reference and clarified the timetable for the application of the obligations relating to Level 1 and the technical standards, which at that time were scheduled to apply from 1 January 2022. On 25 November 2021, the EC announced in a letter its intention of postponing the application of the technical standards to 1 January 2023. For this reason, in March 2022, the ESAs updated the supervisory statement, which also includes the supervisory expectations in relation to the information on alignment with the taxonomy that financial products must provide in accordance with Articles 5 and 6 of the Taxonomy Regulation.

On 6 July 2021, the EC published a **Q&A** document which clarified doubts about the interpretation of Level 1 relating, among others, to the SFDR Articles 8 and 9 products, although the EC also indicated in its Renewed Sustainable Finance Strategy, published in July 2021, that it would work on defining minimum sustainability criteria for Article 8 products. In December 2021, the ESAs sent a second set of questions on the interpretation of Level 1 to the EC, the response to which is awaited.

Digitisation

In the area of digitisation, ESMA responded to the request for technical advice received from the EC on digital finance in February 2021, in particular on the regulation and supervision applicable to the most fragmented value chains when they provide financial services. On 7 February 2022 the ESAs jointly published their advice, in which they included a series of recommendations that revolve around the following basic ideas: i) adapt the regulations to the new technological and business developments; ii) strengthen consumer protection in the digital context; iii) advise on the regulations and supervision applicable to cross-border services; iv) guarantee the same treatment for already established financial entities and for groups that combine financial and non-financial activities, and v) ensure that the authorities have sufficient experience and resources to guarantee adequate supervision throughout the value chain in the provision of financial services.

ESMA also devoted resources to the area of cybersecurity, the most salient example being the publication in May of guidelines on outsourcing to cloud service providers and its follow-up of the EC's draft Digital Operational Resilience Act (DORA). In fact, in February 2021, the three ESAs sent a letter to the EC in which they questioned the approach taken by this institution regarding the governance of the supervision of critical ICT third-party providers, in particular when they provide

services across different sectors, as well as the lack of enforcement or of resources assigned to ESMA to be able to carry out the new tasks entrusted to it.

In the area of crypto-assets, it is worth mentioning the reminder published in March 2021 addressed to consumers on the risks associated with investing in this type of asset in the framework of the Trends, Risks and Vulnerabilities Report which ESMA publishes regularly, following the warning issued in the same sense in February 2018. Likewise, in March 2022, it published another warning in which it reminded investors of the current absence of regulations in the field of securities markets that protect them when they acquire this type of asset.

ESMA also published a statement on the need for caution when making investments based on information in the media and social networks and not verified by the regulator. This recommendation has its origin in the well-known case of GameStop, a US video game company whose shares rose significantly in January 2021 as a result of the promotion made of them on social media and websites.

Lastly, in October it recalled that **the Market Abuse Regulation applies equally to investment recommendations made on social media**. In particular, it pointed out that these recommendations must be transparent and objective so that potential investors can assess them and distinguish between facts and opinions.

Other initiatives deriving from the international context

Throughout 2021 ESMA continued to monitor the effects of the pandemic on the markets. Within the scope of the regime applicable to short selling, in March it decided not to renew the temporary decision adopted in the midst of the crisis to lower the threshold for the communication of net short positions to the relevant NCAs from 0.2% to 0.1% of the issued capital, considering that the emergency situation was over. On the other hand, in May it recommended the EC to adopt this threshold of 0.1% on a permanent basis, since this allows the national authorities to obtain useful information for their supervisory activity.

ESMA views with concern the new “payment for order flow” (PFOF) business model of some brokers. These brokers operate online with the main claim of not charging any fees for the provision of their services. The usual practice of these entities consists of replacing this income with the payment they receive from third parties (for example, from market makers) for directing the orders received from clients to them for their execution. This practice may be in breach of MiFID II regulations on conflicts of interest, best execution and incentives.

In July, ESMA published a statement expressing its doubts about the compatibility of PFOF with the existing regulations and asked NCAs to prioritise this issue in their supervision activities. The EC, for its part, in its proposal to amend the MiFIR, published on 25 November 2021, proposed the prohibition of this practice.

As regards Brexit, in December 2021 ESMA published a statement and a report on the systemic importance of Tier 2 CCPs established in the United Kingdom.

In 2020, ESMA determined that LCH Ltd and ICE Clear Europe Ltd were CCPs that were part of the Tier 2 category as they were systemically important, although it left the calibration of their importance for later. This decision meant subjecting these

entities to the direct supervision of ESMA and compliance with the requirements established in the Regulation on market infrastructures (EMIR, Regulations (EU) 648/2012 and 2019/2099). It was in December 2021 that ESMA finally ruled on this matter. After the evaluation carried out, based on a solid methodology that it made public in July, ESMA concluded that LCH Ltd SwapClear – for products denominated in euros and zlotys – and two CCPs belonging to ICE Clear Europe Ltd (ICEU CDS and ICEU STIR) – for products denominated in euros – may have substantial systemic importance with an impact on the financial stability of the EU, or of one or more Member States, and that the framework contained in EMIR was not sufficient to control the risks that could derive from them.

At the same time, ESMA positioned itself against the adoption of a decision not to recognise UK CCPs, as it estimated that the cost would outweigh the benefits. However, it proposed to the EC the adoption of adequate measures to limit the substantive systemic importance of these entities, as well as to reduce the risks and vulnerabilities that could derive from recognition.

The EC agreed to the decision to extend the equivalence of UK CCPs on 8 February 2022. The equivalence will expire on 30 June 2025. In addition, on the same date it also published a consultation on measures that could be taken to make EU CCPs more attractive and thus facilitate a reduction in excessive reliance on systemic CCPs from third countries.

EU Capital Markets Union

In relation to issuances, it is worth highlighting ESMA's statement on special purpose acquisition companies (SPACs), published in July with the aim of ensuring adequate investor protection in these cases.

ESMA also worked on drawing up various pieces of advice addressed to the EC on certain regulatory reviews, including those of Regulation (EU) 2017/1131 on money market funds, Regulation (EU) 2015/760 on European long-term investment funds, on algorithmic trading and the operation of organised trading facilities in the framework of MiFID II and on Regulation (EU) 909/2014 on central securities depositories, in which it aimed at ensuring a proportionate approach.

ESMA also worked throughout 2021 on the preparation of regulatory initiatives developing various aspects of EMIR. In particular, it is worth mentioning the work carried out to harmonise the criteria followed by NCAs in determining that a CCP proposal must be subject to some kind of administrative authorisation. In this regard, ESMA published in March a final report with a proposal for technical standards to regulate this matter. Work was also carried out and consultations were raised with the industry on the advisability of amending the obligations of CCPs in terms of limiting procyclical risks.

ESMA also continued to work on developing the technical aspects of Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties. In 2022, after the preparation of the technical standards and guidelines associated with this Regulation, CCPs must begin to prepare a complete framework that allows these infrastructures to survive market situations or other very extreme events that could eventually threaten their solvency.

Governance

ESMA continued to prepare itself to be able to assume new responsibilities in 2022. In particular, the supervision of administrators of critical benchmarks in the European Union and benchmarks of third countries, as well as data reporting service providers.

It is also worth mentioning the revision of the regime applicable to the European supervisory authorities launched by the EC, in which the possibility of reinforcing the tools to improve supervisory convergence, reviewing their governance to provide them with greater autonomy or even assigning them powers in new matters is being considered as a possibility.

ESMA, in a letter published in May, was in favour of reinforcing supervisory convergence, including reviewing some tools (such as Q&A documents), as well as consolidating itself as a data hub. Regarding the assignation of new powers, ESMA considers that it is still too early to assess the impact that the new powers have had following the 2019 review of the regime applicable to the ESAs and of some other regulations, but it did point out that centralised supervision can be beneficial in some areas, for example with respect to entities from third countries wishing to provide services in the EU wholesale market.

ESMA's Report on the independence of National Competent Authorities

EXHIBIT 23

On 18 October 2021, ESMA published a *Report on the independence of National Competent Authorities* (NCAs).¹ The other two European supervisory authorities (ESAs) – EBA and EIOPA – published their own reports on their respective sectors on the same date.

The three reports mentioned maintain a similar structure and are essentially factual, thus avoiding value judgements. The four thematic axes on which ESMA's document pivots are operational, financial and personal independence, and transparency and accountability, issues on which the report concludes that the NCAs report a high degree of independence, in general terms. However, it also indicates that, due to the legal frameworks and structures, the different jurisdictions may differ in their practices and approaches and, consequently, each one may have a different degree of independence.

In relation to operational independence, the report reflects how the vast majority of NCAs are established as independent bodies in the sense of lacking interference from governments, other authorities and sectoral interests, in addition to having the legal powers and resources suitable for the fulfilment of their objectives. However, the report identifies some authorities that are established under the dependency of a Ministry. Also, regarding the operability of the NCAs, only two report the limited capacity they face to hire the personnel required to carry out their supervisory tasks (one of them being the CNMV, as it requires authorisation from the Government via the Executive Commission of the Interministerial Remuneration Commission – CECIR), and another nine (including the CNMV) allude to the difficulties they encounter in attracting or retaining personnel with the necessary skills.

Regarding financial independence, although almost all the NCAs indicated that they had stable and adequate financing, the models implemented present different approaches. Most NCAs are financed entirely from income received from their supervisory activities, although others are financed from a combination of their own income and a contribution from the state budget. It should be noted that certain authorities have the ability to use budget surpluses to create reserves for the following year. On the other hand, regarding the procedure for budget approval, there is a division between NCAs that require budget approval from the Government or Parliament and those for which approval by their own governing bodies is sufficient.

Regarding personal independence, ESMA's report portrays the existing disparities regarding the composition of the governing bodies of the NCAs, their terms of office and the mechanisms adopted for the appointment and dismissal of their members. In addition, considerations regarding *ex officio* Board members are addressed, with ten NCAs (the CNMV among them) being identified as having them linked to positions in central banks and representatives appointed by government agencies. Likewise, it highlights that only two NCAs (the CNMV and the Polish KNF) have *ex officio* members on their Board linked to heading up a government department, that is, a position in a government department entails a position on the Board of the NCA. On the other hand, the report also reflects the existing panorama regarding the provisions that restrict the exercise of professional activities in the sector, once the employees and directors of the NCAs finish providing their services (cooling-off). Finally, in relation to all the personnel of the NCA, the report describes how in a majority of authorities legal protection is granted to its members in the performance (in good faith) of their functions.

Transparency and accountability are the focus in the last section of ESMA's report, in which all the NCAs responded that they guarantee public transparency through the publication of certain documents (annual accounts, for example) and the duty to inform about their activities to government or parliamentary bodies (through annual reports or hearings). To conclude this section, the report indicates that all authorities report being subject to judicial review in relation to their regulatory or supervisory decisions that affect third parties, while accepting challenges.

The general conclusion of ESMA's report states that, in general terms, the authorities enjoy a high level of independence. However, key areas are identified where divergences between NCAs can help identify changes needed to improve it. These key areas include, among others, the composition of the governing body, rules on conflicts of interest and periods of incompatibility after termination, consultation with the Government or other entities, financing models and delegation to third parties.

1 https://www.esma.europa.eu/sites/default/files/library/esma42-110-3265_report_on_ncas_independence.pdf

II.8.3 IOSCO: priorities, news and participation of the CNMV

The CNMV is a member of the Board of IOSCO and actively participates in committees and in the work that said organisation develops for the adoption of international standards in the field of securities markets and in its close work with the FSB and the G20.

In February 2021, IOSCO updated its work plan, which incorporated two new priorities: i) the financial stability and systemic risks of NBFI, and ii) the risks exacerbated by the COVID-19 pandemic: risks of misconduct, fraud, scams and operational resilience.

Financial stability and systemic risks of NBFI

In this area, we would highlight the report submitted to public consultation in October 2021 by IOSCO together with the Basel Committee on Banking Supervision (BCBS) and the Committee on Payments and Market Infrastructures (CPMI) in relation to measures to **improve the resilience of the non-bank financial intermediation sector**, which analyses the margin calls of March and April 2020, the transparency, predictability and volatility of margin call practices in various jurisdictions and markets, and market participants' liquidity management processes.

IOSCO also promoted a thematic review of its 2018 recommendations regarding liquidity risk management for CISs through the Financial Stability Engagement Group (FSEG). It also seeks to collect information on how the responsible entities – to whom the recommendations were addressed – have implemented them in practice. The report on the thematic review is expected in the autumn of 2022.

The behaviour of ETFs during the pandemic-induced market stresses was also the subject of a study by IOSCO and the institution concluded that no associated imminent risks were identified from a regulatory or financial stability perspective, going so far as to suggest that the structure of the ETFs was relatively resilient at all times.

IOSCO also published a report with the aim of helping jurisdictions that seek to develop or improve their complaint management mechanisms, within its work plan linked to investor protection. To this end, the report establishes nine practices that cover topics from the establishment of a system for the management of complaints to the use of the data of the complaints received to identify areas from which investor education initiatives arise or, even, for regulatory and supervisory purposes.

During 2021 IOSCO also reviewed the implementation of recommendations and standards established on business continuity plans (BCPs) for trading venues and market intermediaries published in 2015, indicating that it had found vulnerabilities that underlined the importance of having effective BCPs backed by adequate regulatory frameworks, and including several recommendations for action.

In the framework of the pandemic, IOSCO published a report analysing the impact of government support measures (GSMs) on the credit ratings of the three largest credit rating agencies (CRAs), as well as on their rating methodologies. The report concludes that no material changes in methodologies were observed and that rating publications generally did explain the impact of GSMs when such impact

was material to the rating decision. It is also suggested that GSMs had played an important role in relieving downward pressure on credit ratings.

Finally, in relation to the results of listed companies given the uncertainty generated by COVID-19, IOSCO recalled that the application of accounting standards must lead to issuers providing clear, pertinent and truthful information to allow investors to make informed investment decisions, requiring uniform application and compliance with high-quality accounting standards, especially in times of uncertainty.

In this sense, IOSCO in this statement also recalls the important role that audit committees, those charged with governance and external auditors play in issuers. It also recalls that it is management's responsibility to develop well-reasoned and supported estimates and provide reliable financial information on the current and potential future effects on the issuer caused by COVID-19. Additionally, it affirms that the audit committees or those responsible for corporate governance are committed to supervising the financial reports of the issuer and the external audit process, and that it remains the responsibility of the external auditor to perform high-quality assurance services in accordance with professional standards on financial reporting.

Financial innovation

In the framework of crypto-assets, the CPMI and IOSCO have submitted to public consultation a preliminary guide that confirms and clarifies that agreements on stablecoins must observe international standards for payment, clearing and settlement systems.

This report represents a significant advance in understanding the implications of agreements on stablecoins for the financial system and provides clear and practical guidance regarding the standards that must be met to maintain its integrity.

Finally, regarding the use of artificial intelligence (AI) and machine learning (ML) IOSCO published a guide to help its members regulate and supervise its use by market intermediaries and asset managers. The guide consists of six measures that seek to ensure that market intermediaries and asset managers have appropriate governance, controls and oversight frameworks over the development, testing, use and performance monitoring of AI and ML, and that they have experienced staff, with well-defined and robust processes and with adequate disclosure to its investors, regulators and other interested parties. IOSCO encourages its members to consider these measures carefully in the context of their legal and regulatory framework.

II.8.4 Financial Stability Board (FSB)

The policies carried out by the FSB in 2021 can be grouped into four main lines of action:

- Support for the adjustment of financial markets in a post-COVID-19 environment, promoting a sustainable and inclusive recovery and evaluating the financial policies followed by jurisdictions, as well as possible risks and vulnerabilities.

- Reinforcement of the resilience of the financial sector and, very specifically, of the non-banking financial sector through the analysis of the risks created by the situations of stress of some market participants, such as monetary and open-ended investment funds.
- Containment of the risks associated with digitisation, even though positively assessing its beneficial effects, highlighting in this action the work related to the evaluation of risks for the financial stability of crypto-assets and developing good practices for reporting cyber incidents to regulators.
- Addressing the risks to financial stability associated with climate change through the application of the road map of the FSB published in July 2021 and prepared in collaboration with standard setting bodies.

The CNMV (in the person of its Chairperson is a member of one of the standing committees of the FSB, the Standing Committee on Standards Implementation (SCSI). In 2021, in coordination with the Official Credit Institute (ICO), it participated in the thematic peer review on out-of-court corporate debt workouts published in May 2022.

Additionally, the CNMV co-chairs a subgroup on resolution of central counterparties and regularly participates in the annual monitoring and evaluation of NBFI.

II.8.5 IIMV – Instituto Iberoamericano del Mercado de Valores (Ibero-American Securities Market Institute)

The IIMV, whose Board of Trustees is chaired by the CNMV, continued in 2021 with the training activity of its members following the work programme established for 2020, helping its members to exchange experiences on the impact of COVID-19, establishing a communication channel on non-regulated entities and carrying out training activities on crypto-assets and sustainable finance.

Due to the pandemic, the IIMV was unable to hold the meeting of the Council of Authorities – the highest body of the Institute, in which the presidents and superintendents of its members are represented – at the end of 2020, in which the training plan for the following year would normally have been approved, so instead it decided to continue with the 2020 programme of activities, adding some areas of particular concern such as crypto-assets and the sale of financial services through non-regulated entities.

Subsequently, in February 2022, the Council of Authorities was able to meet and approve the work plan for this year, while replacing its president, whose mandate, due to the pandemic, was extended for one year more than the two statutorily provided for. In said session of the Council, the superintendent of the Costa Rican authority (SUGEVAL), María Lucía Fernández Garita, was appointed president of the Council of Authorities for the next two years.

During 2021 the IIMV held training sessions in the form of conferences, colloquia and workshops in which 1,027 people participated, most of them employees of the financial market supervisory authorities. The IIMV organised a total of seven conferences and colloquiums. A total of 162 employees of the organisations integrated in the Institute attended five courses with a duration of 5-6 weeks. In addition, it carried out two cooperation activities.

Continuing with the exchange of information on the measures adopted by IIMV members as a result of the pandemic, in 2021 the IIMV published 10 bulletins on the regulatory impact of COVID-19 on the capital markets of Ibero-America, an activity that concluded in October 2021. In 2020 the IIMV published 13 bulletins on this matter. These bulletins can be consulted by members on the IIMV website. This activity has had about 2,500 readers.

All IIMV activities are free and most of the conferences and workshops/colloquiums are aimed at employees of the Ibero-American supervisory bodies that are members of the IIMV.

In 2021 all IIMV activities were carried out remotely. Specifically, during that year, the IIMV held the following:

- 10 online training activities: 5 online courses, 3 technical talks (cryptocurrencies, sandboxes and corporate governance) and 2 workshops (sustainable finance and crypto-assets).
- 2 dissemination activities: conference on trends and a conference on bitcoin.
- 2 cooperation activities (Coordination channel on unauthorised entities and Network of technology experts).

During 2021, the IIMV increased its offer of training courses with a duration of 5-6 weeks, including a course on cybersecurity and another on inspection and supervision that join the courses on IFRS and corporate governance that have been taught since 2016 and the course on investor protection started in 2020.

The cybersecurity course included modules on the supervision of the technological risk of financial institutions, the risk of cloud service providers, forensic evidence and malware. Between 30 and 36 students from 14 to 16 supervisory bodies participated in these courses. Since these courses require a great dedication of resources and attention to each student, there is a limit for the participation of 30-36 people.

The workshops and symposiums are usually open to the public, so the 2 workshops and 4 symposiums organised by the IIMV in 2021 had the participation of between 98 and 167 people per activity, making a total of 836 participants in public sessions. Among them, it is worth highlighting the intensive workshop on crypto-assets, which had 690 views on YouTube and 48 attendees, and the workshop on sustainable finance, in which 167 people participated.

The concern of the members of the IIMV for the fight against fraud and the provision of investment services by unauthorised entities crystallised in the establishment of a communication channel on unauthorised entities which was inaugurated in March with a meeting of 30 employees from 16 members of the IIMV. Through this channel, a collaboration space is provided for the cross-border supervision of entities not authorised by IIMV members and, in this way, the protection of Ibero-American investors is promoted.

Finally, **the informative activity of the IIMV is also reflected in its quarterly magazine**, which has 1,448 subscribers and which in 2021 included 22 articles by 16 authors, in which topics such as sustainable finance, venture capital investment funds, simplification of the registration of company promissory notes and the establishment of good corporate practices.

II.9 Sustainable finance

Securities markets have an important role to play in the transition to more sustainable and inclusive growth. This involves the development of sustainable finance so as to facilitate an appropriate re-routing of capital flows to finance the necessary transformation of the economy.

One of the strategic priorities defined by the CNMV for 2021-2022 is to facilitate the role of the securities market in the transition towards a more sustainable and inclusive economy, ensuring the reliability of information for investors. Following this approach, the CNMV has contributed to the implementation and promotion in the Spanish sector of the main regulatory innovations indicated below and has been active in the national and international debate.

II.9.1 Context and regulatory developments

In 2021, the EC continued regulatory activity in the area of sustainable finance. Of particular note were the publication on 21 April 2021 of the sustainable finance package and on 6 July of the Strategy for financing the transition to a sustainable economy, which are detailed below. With this, the EC continues to complete the 2018 Action Plan and underpins the initiatives of the European Green Deal. In particular, we note:

- **The proposal for a Corporate Sustainability Reporting Directive (CSRD), published in April 2021** (see information on this in the chapter on transparency obligations of issuers in this report).
- **The proposal for a regulation on green bonds**, which establishes a voluntary standard for the issue of these products (EUGBS), which will be open to any issuer of green bonds, including companies, public authorities, and also issuers located outside of the EU.
- **On 23 February 2022 the EC published a proposal for a Directive on corporate sustainability due diligence.** Its objective is to promote responsible and sustainable corporate behaviour throughout the global value chain. With a wide subjective scope that includes, in certain cases, third country companies with activity in the EU, it imposes an obligation of due diligence that will imply the integration of due diligence into companies' policies; the identification, prevention and mitigation of adverse impacts or their minimisation; the establishment and maintenance of a complaints procedure, and the supervision of the effectiveness of this policy and its public communication.

It is also necessary to mention the work that the EC is carrying out in other areas that have not been regulated up to now, such as the creation of ecological labels

for retail financial products (a project led by the Joint Research Centre). Also noteworthy are the studies on the activity of ESG data providers and ESG rating agencies with a view to deciding on possible regulation of these companies and the activity they carry out. Regarding this last aspect, ESMA drew the attention of the EC to the lack of regulation in this sector¹ and recently, in compliance with an EC mandate, it has opened a public consultation period on providers of ESG ratings.²

Additionally, in 2021 several significant regulations came into force that affected the scope of the Spanish securities markets.

In particular, it is worth highlighting the effective application of the Regulation on sustainability-related disclosures in the financial services sector,³ which is applicable to asset managers, financial advisers and other market participants who must comply with a series of new transparency obligations, at both entity and product level (see Exhibit 13 in Chapter II.3 and Exhibit 22 in Chapter II.8).

The European Supervisory Authorities (ESAs) issued a statement on 25 February 2021⁴ with the aim of promoting a harmonised approach to the presentation of information and the methodologies used. In it they encouraged NCAs to refer entities and advisers to the draft RTS as a reference for applying the second-level regulations until they come into force. The adoption and publication of second-level regulations has been delayed, which is why both the EC and the various NCAs (such as the CNMV, in June and November 2021) have resorted to publishing FAQs to facilitate the interpretation and practical implementation of the SFDR.

The ESAs also highlighted, in relation to the Taxonomy Regulation,⁵ the second-level regulatory developments that help to specify some of the obligations contained in the first level, as is the case of the delegated acts on climate change⁶ or Article 8:⁷

- Commission Delegated Regulation (EU) 2021/2178, published in the *Official Journal of the European Union (OJEU)* on 10 December 2021, specifies the content and presentation of the information, as well as the methodology, referred to in Sections 1 and 2 of Article 8 of the Taxonomy Regulation, relating,

1 ESMA letter to the EC requesting the regulation of ESG ratings agencies and other data providers. 29 January 2021.

2 Call for Evidence on Market Characteristics for ESG Rating Providers in the EU. 3 February 2022.

3 Regulation (EU) 2019/2088 of the European Parliament and of the Council, of 27 November 2019, on sustainability-related disclosures in the financial services sector.

4 On 25 March 2022, the ESAs modified this communication to report the delay in the publication and application of the second-level regulations, as well as the expectations regarding the supervision of financial products subject to the Taxonomy Regulation until said publication.

5 Regulation (EU) 2020/852 of the European Parliament and of the Council, of 18 June 2020, on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

6 Commission Delegated Regulation (EU) 2021/2139, of 4 June 2021, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

7 Commission Delegated Regulation (EU) 2021/2178, of 6 July 2021, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

respectively, to the obligation of companies subject to the Accounting Directive⁸ to publish non-financial information in their non-financial information statement or in their consolidated financial statement on the manner and extent in which the company's activities are associated with economic activities considered environmentally sustainable, and the obligation of non-financial companies to disclose the proportion of their turnover from products or services related to economic activities that are considered environmentally sustainable, as well as the proportion of their total fixed assets and the proportion of their operating expenses related to assets or processes associated with environmentally sustainable economic activities.

- Commission Delegated Regulation (EU) 2021/2139, published in the *OJEU* on 9 December 2021, establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation, known as the “Climate Delegated Act”.

In addition, amendments were made to MiFID II, the AIFMD and the UCITS Directive to integrate the management of sustainability risks and ESG factors into the activity and management of these entities. Thus, as regards MiFID II:

- Commission Delegated Regulation (EU) 2021/1253, of 21 April 2021, amending Delegated Regulation (EU) 2017/565 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and the terms defined for the purposes of that Directive introduces new obligations affecting suitability assessments, sustainability risk management and conflicts of interest, and will be applicable from 2 August 2022. On 27 January 2022 ESMA published a consultation document on the review of suitability guidelines in accordance with the new requirements.
- Commission Delegated Directive (EU) 2021/1269, of 21 April 2021, amending Delegated Directive (EU) 2017/593 as regards the integration of sustainability factors into the product governance obligations, establishes a series of requirements regarding the policies and procedures of product governance and the definition of a product's target market. Member States must amend their national regulations to implement the Directive no later than 21 August 2022 and apply them from 22 November 2022. ESMA has yet to modify its Product Governance Guidelines.

Regarding AIFs and UCITS:

- Commission Delegated Regulation (EU) 2021/1255, of 21 April 2021, amending Delegated Regulation (EU) No 231/2013 as regards the sustainability risks and sustainability factors to be taken into account by Alternative Investment Fund Managers is applicable from 1 August 2022.
- Commission Delegated Directive (EU) 2021/1270, of 21 April 2021, amending Directive 2010/43/EU as regards the sustainability risks and sustainability factors to be taken into account for Undertakings for Collective Investment in

8 Directive 2013/34/EU.

Transferable Securities (UCITS). Member States must amend their national regulations to implement the Directive no later than 31 July 2022 and apply them from 1 August 2022.

The regulations published on transition benchmarks establish a gradual application calendar. Following the publication in 2019 of Regulation (EU) 2019/2089 on EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks, developed by other second-level regulations published in 2020,⁹ It is necessary to refer to the obligations in force from 31 December 2021, since the application schedule of these regulations is gradual:

- As regards the methodology, climate transition benchmark administrators must select companies that publish specific reduction targets with timelines, based on a breakdown at subsidiary level, that is updated annually and providing their activities do no significant harm to other ESG targets.
- With regard to transparency obligations, administrators of any type of benchmark (except those aligned with the Paris Agreement and climate transition) must include in the benchmark statement an explanation of how their methodology fits the objective of reduction of carbon emissions or achieves the objectives of the Paris Agreement.

At the national level there have also been legislative developments. Among them the following stand out:

- **Law 5/2021 of 12 April concerning the promotion of long-term shareholder involvement in listed companies**,¹⁰ which transposes Directive (EU) 2017/828 on the encouragement of long-term shareholder engagement. One of the objectives of this Law is to improve the corporate governance of listed companies in terms of sustainability and increase the transparency of the business activity of institutional investors, asset managers and proxy advisors. With regard to the publication of non-financial information by companies subject to Law 11/2018, of 28 December, on non-financial information and diversity, greater detail is required on social issues and related to the staff; specifically on companies' mechanisms and procedures for promoting the involvement of workers in the management of the company, in terms of information, consultation and participation.
- **Law 7/2021, of 20 May, on climate change and energy transition**, which establishes that entities whose securities are admitted to trading on regulated

9 Commission Delegated Regulation (EU) 2020/1818, of 17 July 2020, supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks.

Commission Delegated Regulation (EU) 2020/1817, of 17 July 2020, supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation on how environmental, social and governance factors are reflected in the benchmark methodology.

Commission Delegated Regulation (EU) 2020/1816, of 17 July 2020, supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published.

10 Law 5/2021, of 12 April, amending the recast text of the Spanish Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July, and other financial regulations, as regards the encouragement of long-term shareholder engagement in listed companies.

markets, credit institutions, insurance and reinsurance entities, and companies of a certain size will have to submit an annual report to the CNMV with an assessment of the financial impact on the company of the risks associated with climate change generated by the exposure of their activity to climate change, including the risks of the transition towards a sustainable economy and the measures adopted to deal with these risks.

This same rule also establishes that the Bank of Spain, the CNMV and the General Directorate of Insurance and Pension Funds, within the scope of their respective powers, will jointly prepare, every two years, a report on the degree of alignment with climate goals of the Paris Agreement and the regulations of the European Union based on future scenarios and on the evaluation of the risk for the Spanish financial system derived from climate change and the policies to combat it, which will be coordinated within the scope of the Macroprudential Authority Financial Stability Council (AMCESFI) (see Chapter II.5, on financial stability, of this same report).

II.9.2 CNMV actions

In compliance with its strategy, the CNMV published documents and criteria over the course of the year to facilitate compliance with and adaptation to the requirements of the Disclosure Regulation, which entered into force on 10 March 2021. These actions originated with the awareness of the difficulty of their practical implementation by the affected entities, as they did not have second-level regulations. Thus, on 18 February 2021, the CNMV issued a statement along the same lines as that published by the ESAs on 25 February and established an urgent procedure so that the affected entities could swiftly process the adaptation of affected CISs' prospectuses to the new obligations of the regulation. In this communication, the CNMV encouraged the affected entities to prepare adequately during the time in which the technical regulations were not applicable. Similarly, the CNMV clarified that during the period of application of the regulation without the technical standards being required, entities could voluntarily use as a reference the draft of such standards submitted by the ESAs to the EC on 4 February 2021. Likewise, in relation to the legally enforceable obligations per 10 March, the CNMV made a series of clarifications.

On 1 June 2021, taking into account the issues and doubts raised by the sector regarding the practical application of the SFDR, the CNMV published criteria to help subject entities with compliance.¹¹ These criteria, which complement those published in February, were compiled in the form of questions and answers and the CNMV took into account, when drafting these Q&As, the fact that SFDR related-clarifications and its further development by the EC were still pending. For this reason, the CNMV warned that the criteria could be subject to revision or expansion as more information became available or guidelines were issued at EU level.

Among the criteria established, the one related to the use of ESG terms in the commercial names of CISs wishing to be considered ESG financial products stands out. They may only include references to ESG elements in their commercial name if the

11 On 12 November 2021, the CNMV updated this document.

percentage of investments that promote environmental or social characteristics exceeds 50% of the investment, provided that the rest of the investments do not alter the achievement of said environmental or social characteristics. In the case of general commercial communications on these products (outside the scope of their name), references to ESG terms may be used as long as the advertising message is aligned with the information in the prospectus.

Likewise, the document includes criteria on the minimum information to be contained in the prospectuses of CISs that promote environmental or social characteristics or that have sustainable investments as their objective (CISs under Article 8 or 9 of the Regulation, respectively), and various considerations on the principal adverse impacts (PAIs) and their material impact on investments.

The CNMV's Activity Plan includes a review of the implementation of the SFDR including, among other things, a review where appropriate of the use of sustainable fund names, subject also to such criteria as may be agreed upon within the scope of ESMA.

Apart from this, the CNMV maintained an intense presence in international debates and committees.

Its participation in the working group on ESG Disclosures of the Joint Committee's Consumer Protection and Financial Innovation Sub-Committee. This working group is preparing the implementing technical standards that develop the SFDR. Additionally, the vice-chair of the CNMV has continued to hold the presidency of the **ESMA Coordination Network on Sustainability**, which coordinates some of the European Authority's work on sustainable finance, including responses to various public consultations by the EC. The relevant actions of this Coordination Network include the approval of its work plan, the study carried out on financial sustainability in the investment value chain and the design of the road map which will define ESMA's main actions in terms of financial sustainability during the 2022-2024 period.

Likewise, through the IOSCO Sustainability Task Force (STF), one of whose vice-presidencies is held by the chairman of the CNMV, the CNMV participated in the process that has laid the foundations for the sustainability standards that will be developed by the International Sustainability Standards Board. It starts from the concept of creating value for the company and is limited, at first, to the standards on climate-related information. Likewise, the STF has published three reports that analyse in detail the information on sustainability published by issuers, asset managers and ESG rating agencies and other data providers with different recommendations to improve the transparency of the information and contribute to greater investor protection.

IOSCO activity in the area of sustainable finance

EXHIBIT 24

Throughout 2021, the Sustainability Task Force (STF) of the International Organisation of Securities Commissions (IOSCO), in which the President of the CNMV holds one of its vice-presidencies, worked intensively in three areas with the aim of identifying problems and challenges that may affect investor protection and market transparency and proposing recommendations for

their solution. The three areas mentioned refer to the publication of information on sustainability by: i) issuers; ii) asset managers, with special attention to the phenomenon of greenwashing, and iii) ESG ratings agencies and other providers of ESG data.

Particularly noteworthy is the work carried out in the area of issuers, which is currently affected by regulatory fragmentation, entailing a lack of comparability of published information and a lack of connection between financial and non-financial information. This has led IOSCO to support the work of the recently created International Sustainability Standards Board (ISSB), which has already started working on the development of unique sustainability standards with a universal vocation that will initially be dedicated to climate-related information but which, later on, will incorporate other sustainability factors. IOSCO collaborates closely with the ISSB, through its role in the Monitoring Board of the IFRS Foundation, in order to guarantee that the new standards serve the interests of investors and meet the necessary quality conditions.

In June 2021, the STF published a report, *Report on Sustainability-related Issuer Disclosures*, in which the deficiencies of the current system of non-financial reporting are analysed, areas for improvement identified and possible solutions proposed based on the creation of global standards, issued by the ISSB, whose adoption will be promoted by IOSCO.

Regarding the information published by asset managers, IOSCO published a second report in November 2021, *Recommendations on Sustainability-Related Practices, Policies, Procedures and Disclosure in Asset Management*, containing a series of recommendations addressed to regulators and supervisors of the financial markets and the industry aimed at confronting greenwashing in financial products. The recommendations, based in part on the SFDR, advise disclosures of information at entity and product level, as well as supervisory tools, the use of common terminology and financial education to avoid greenwashing.

Also, in November 2021, IOSCO published the report *Environmental, Social and Governance (ESG) Ratings and Data Products Providers*. This document analyses and describes the problems arising from the lack of regulation in the area of ESG rating agencies and other providers of sustainability data, and proposes a set of recommendations for both securities market regulators and companies that provide ESG data and ratings, the users of said information and the companies that are the subject of this information.

In early 2022, the IOSCO Board decided to renew the structure and content of this working group to continue collaborating with the ISSB, advance the development of a possible verification framework for sustainability information, study carbon markets and assess the implementation of sustainability reporting recommendations published by asset managers, ESG ratings agencies and other ESG data providers.

Other actions

Finally, the CNMV promoted various organisational measures, internal and external, to promote work in the area of sustainable finance. Thus, in 2021 the contents of the section on sustainable finance on the CNMV website were updated and expanded, in order to improve dissemination and facilitate access to information. An internal reorganisation was also agreed, whereby the Regulation and Sustainable Finance area was created, to promote coordination and the exchange of information between the different areas of the institution, reinforcing the work already carried out by the Internal Committee on Sustainability. Finally, work was carried out on the development of the CNMV Environmental Plan, part of the application of which will be carried out in the course of 2022.

Additionally, it is worth mentioning the studies carried out to promote the analysis and understanding of aspects related to sustainability. In particular, articles called “Sustainable Development Goals, sustainability indices and corporate governance: an analysis of Spanish listed companies”, “Climate and sustainability benchmarks and their contribution to compliance with Sustainable Development Goals” and “Integration of climate risk monitoring into the prudential, behavioural and macroprudential supervision of the CNMV”, were published in early 2022.¹²

12 The first two studies are available in the *CNMV Bulletin* of the third quarter of 2021 (https://www.cnmv.es/DocPortal/Publicaciones/Boletin/Boletin_III_2021_ENen.pdf) and the third in the *CNMV Bulletin* of the first quarter of 2022 (https://www.cnmv.es/DocPortal/Publicaciones/Boletin/Boletin_I_Tri_2022_ENen.pdf).

II.10 Fintech and cybersecurity

The CNMV considers it a priority to promote the application of technological innovations to the provision of financial services. This priority attempts to find a balance between fostering innovation and technological development and maintaining both the integrity of the securities markets and investor protection and the provision of investment services. This was reflected in the strategy for 2021-2022 and in the 2021 Activity Plan, which included key objectives in these areas. The main lines of action worked on during 2021 are detailed below.

II.10.1 Fintech Portal

Through this innovation hub, created in 2016, regulatory information is provided to sponsors of projects whose business models lend themselves to activities related to the securities markets. It is an informal space visited by both small companies (start-ups) and the innovation departments of established financial sector entities.

Based on the queries received since the creation of the portal, a Q&A document has been prepared and published. This document contains the most frequent queries, mainly those related to crowdfunding platforms (CPs), automated advice and management, and crypto-assets. Through this space, the CNMV also learns about new services and products based on new technologies that are available and innovation in the financial sector. As an objective of the 2022 Activity Plan, this document will be updated and structured by business verticals, incorporating new issues, especially those related to crypto-assets.

Since the launch of the Fintech Portal, a total of 576 queries have been received. The number of enquiries received in 2021 is detailed below, broken down according to the type of project (vertical) and compared with those received in 2020.

Enquiries received on the Fintech Portal

TABLE II.10.1.1

Verticals	2020	2021
Crowdfunding platforms	10	8
Crypto-assets and blockchain	32	98
Token sales	16	48
Exchanges	13	10
Other	3	40
Robo advice and management	20	11
Customer relations	9	0
Technology provider	1	1
Other	32	23
Total	104	141

Source: CNMV.

The most frequent queries during 2021 were those related to crypto-assets and blockchain technology. There were many corresponding to issues of crypto-assets, requesting clarification of the nature of tokens and asking whether crypto-assets were considered transferable securities according to the CNMV criteria. Likewise, many inquiries were received regarding tokenisation platforms, exchanges of crypto-assets and advice on crypto-assets. One of the novelties in 2021 was the receipt of enquiries about DeFi (decentralised finance) services and products.

Below are the consultations regarding the activity of CPs and the application of the new Regulation (EU) 2020/1503 of the European Parliament and of the Council, of 7 October 2020, on European crowdfunding service providers for business.

II.10.2 Sandbox

During 2021, the sandbox regulations were implemented in Spain, to facilitate innovation in financial services, in accordance with the provisions of Law 7/2020, of 13 November, on the digital transformation of the financial system. Through the sandbox, the aim is to promote innovation by eliminating regulatory obstacles and establishing collaboration channels between entities and authorities through a single point of contact, with transparent and agile processes.

The sandbox is part of a special regulatory regime allowing regulated and non-regulated companies to try out those of their technology-based projects that are sufficiently mature and that are applicable to the financial system. This can give rise to new business models, applications, processes, products or other types of financial services. The tests are carried out in a controlled and safe environment, which is monitored by the supervisors. In addition, the limitations, scope and safeguards for users taking part in the tests are established in advance between the competent authorities and the sponsors and set out in a protocol.

During 2021, two cohorts were launched and the period for submitting applications for the third was published:

- The first cohort was published on 15 December 2020. The period for submitting applications began on 13 January and ended on 23 February 2021 and a total of 66 applications were received.

On 14 May 2021 the list of projects presented to the sandbox that had received a favourable prior evaluation was published. A total of 18 projects received a favourable prior evaluation, in four of which the CNMV was the competent authority.

- The second cohort was published on 15 June 2021. The period for submitting applications began on 1 September and ended on 13 October 2021 and a total of 13 applications were received.

On 22 December 2021, the list of projects presented to the sandbox that had received a favourable prior evaluation was published. In this cohort the list included four projects. The CNMV is the competent authority for two of them (and participates as secondary supervisor in a project of the DGSFP (Directorate General for Insurance and Pension Funds).

On this same date, the resolution informing of the period for submitting applications for the third call was published. Applications could be submitted from 1 March to 12 April 2022.

On 14 May 2021, the list of projects presented to the sandbox that had received a favourable prior evaluation was published, the CNMV being the competent authority for four projects. Of the four projects admitted to the sandbox, the test protocol has been signed with three of the promoters, as one of the promoters withdrew from the process before it was signed.

Regarding the characteristics of the projects and the tests that will be carried out based on the signed protocols, the following should be highlighted:

Marketplace Project

It proposes the creation of a marketplace platform that offers security to investors who want to participate in the financing of business projects, through the issue and placement of crowdfunding loans represented by tokens on a private blockchain platform, and their subsequent trading. The crowdfunding loans issued will be tokenised, making them negotiable securities.

These loans will be subscribed by a small group of investors who will receive tokens representing their claims on the issuer. To facilitate payments, the marketplace incorporates the operation of electronic money services, although the innovation lies in the investment services provided.

The objectives pursued with these tests are:

- This platform aims to test an attractive, safe and agile model for small and medium-sized companies to obtain financing, as well as for investors to access this type of investment.
- Evaluate the possible alternatives so that investors can, among themselves, exchange, sell or acquire tokens with the validation of an entity authorised to provide investment services.
- Analyse the life cycle of the loan and its respective corporate events through blockchain technology.

This project must comply with the mercantile and corporate regulations applicable to the issue of negotiable securities that create or recognise debt. In this way, the representation of the credit rights deriving from the tokenised crowdfunding loans will be carried out in a traditional way outside the platform, so that the rights of the investors remain intact in spite of the risks described.

Issue and custody of tokenised shares of an investment fund

The sponsors have developed a solution based on blockchain technology, the purpose of which is the issue, subscription and redemption of tokens representing shares in an investment fund, together with the infrastructure to carry out the custody layer of the cryptographic keys of these tokens.

A new fund will be created, which will invest in shares of another fund already managed by a fund manager. Likewise, the fund manager will be the depository and will carry out the custody of the shares issued in the traditional way. It will also be in charge of recording daily the net asset value and automatically allocating the shares in the subscription and redemption transactions in the blockchain. The CNMV will have a supervisory node that, through the execution of smart contracts, will allow it to monitor background activity.

The tests are intended to validate the use of distributed ledger technology in some of the processes related to the subscription and redemption of CIS shares, specifically:

- That registers of shares can be effectively kept using this technology.
- That through smart contracts the execution of subscription and redemption transactions can be managed and coordinated with the usual settlement methods.
- That the supervisor can access certain information on transactions with shares through a supervisor node.

Realfund

The promoters have developed a platform that will tokenise a corporate loan (*préstamo participativo*) providing the technical and legal means for the issue of the token, the payment of interest on the loan and the repayment of the principal at maturity. The tokenisation of the loan involves the issue of negotiable securities.

The objective of the loan is to finance a system relating to the marketing of real estate products. Small and medium-sized investors are offered the possibility of being remunerated on the basis of real estate sales made with this system. The investor receives a return in stablecoins that will increase for each property sold through this system.

Specifically, it is intended to prove that the issue of corporate loans (*préstamos participativos*) using blockchain technology allows:

- The transferability of tokens to be restricted by means of smart contracts to investors that have been duly registered on a white list prior to sending the tokens to the respective wallets.
- Interest to be distributed to investors via smart contracts using a stablecoin.

In this project, the representation of the negotiable securities that constitute the crowdfunding loans is carried out both in a traditional way outside the blockchain and complying with the mercantile and corporate regulations applicable to the issue of negotiable securities that create or recognise debt.

In July 2021 the CNMV published **Guidelines on Outsourcing to Cloud Service Providers**. This document, prepared by ESMA, contains good practices aimed at helping supervised entities and the CNMV to identify, address and supervise the risks and challenges arising from cloud outsourcing agreements, among others, the making of this decision, the selection of the provider of this type of service, the monitoring of the activity and the preparation of an appropriate exit strategy.

These good practices are aligned with the content included in the proposal of the Digital Operational Resilience Act (DORA). In addition, DORA will include the obligation for certain entities to carry out advanced tests of persistent attacks, known as Red Teaming. Spain has adopted the European framework TIBER-EU (implemented as TIBER-ES), which allows these tests to be carried out fully and with mutual recognition between the countries that have adopted it.

The CNMV considers it very important for the sector to have good practices in the area of technological risk management and work is being done to achieve this in the National Cybersecurity Forum. The objective of this Forum is to promote the culture of cybersecurity in the private sector, through a public-private collaboration working group and under the umbrella of the National Security Council. Specifically, it is looking at the best way to transfer good practices to listed companies and assessing the option of including in the annual corporate governance report submitted by these entities to the CNMV, information regarding the adoption of these good practices, especially those referring to organisational aspects.

TIBER-ES framework for carrying out advanced tests on technological risk

EXHIBIT 26

TIBER-EU has its origin in the supervision of technological risk in the financial sector (its direct antecedent is the CBEST framework implemented in the United Kingdom) and includes the guidelines for carrying out advanced cybersecurity tests, establishing the framework for the execution of Red Teaming exercises with the following objectives:

- Determine how the authorities, entities and providers should act and work together.
- Establish the phases that make up a Red Teaming exercise that emulates the techniques and procedures of real attackers.
- Establish a common framework for the acceptance of results among different authorities.

This last aspect is very important, since this framework of cybersecurity exercises would allow financial institutions to mutually accept this type of evidence among EU authorities that have adopted TIBER-EU, avoiding duplication in the supervision of technological risk. In fact, TIBER-EU surged due to the lack of homogeneous and comparable exercises within the European

Union that would allow a financial institution (originally banks) with presence in several countries to properly manage the performance of these tests.

The framework is designed so that the authorities of each country make the decision to adopt it and a proprietary authority is designated. In the case of TIBER-ES, it is the Bank of Spain, which, together with the CNMV and the DGSFP, will monitor the performance of the tests and validate that they are carried out in accordance with the requirements of the framework. To this end, the TCT (Tiber centre Team) was created, made up of representatives of the three authorities.

Carrying out these tests does not mean qualifying the entity that has undergone them as approved or failed, but rather improving knowledge of its weaknesses and strengths in the face of cyberattacks and identifying measures that increase its cyber resilience. This is a very advanced type of test, superior to the penetration tests or ethical hacking specific to or routinely part of a security audit. Therefore, they require sufficient maturity in this area, since the tests are carried out on production systems, and a significant dedication of resources by all those involved in the test.

In summary, in the exercises carried out within the framework of TIBER-EU, the following must participate:

- The authorities that, through the TCT, supervise the tests.
- The financial institution, which will be responsible for fully managing the test and ensuring that the significant risk mitigation controls are in place for its performance. Within the entity there will be two different roles:
 - White Team: a small number of people from the entity who know that the exercise is being carried out and collaborate with the TCT.
 - Blue Team: the people of the entity that are the object of the exercise and whose prevention, detection and response capabilities are being put to the test.
- External providers, who provide input for exercise design and who run the tests. Two different teams are established, which can be from the same or different providers, and which interact with each other:
 - Threat intelligence provider: they analyse the possible points of attack on the entity, selecting the targets and acquiring the necessary intelligence to carry out the attacks.
 - Red Team provider: they execute the attacks, on the basis of the information provided by the threat intelligence provider.

Spanish regulations: control of advertising of crypto-assets

On 17 February last, CNMV Circular 1/2022, of 10 January, regarding advertising of crypto-assets for investment purposes entered into force. It develops the rules, principles and criteria to which this advertising activity is subject, in such a way as to offer truthful, understandable and non-misleading content, and to visibly include the risks associated with them.

This Circular does not regulate the crypto-assets themselves, their issue or the services provided in relation to them. Its objective is to strengthen the legal framework for the protection of citizens in the area of advertising, in a context in which advertising campaigns related to these unregulated products and services have intensified.

As regards the scope of application, the rule applies to:

- Crypto-asset service providers when they engage in these advertising activities.
- Advertising service providers. This includes natural persons who, in exchange for remuneration, advertise and promote crypto-assets (products or services promoted by influencers).
- Any other natural or legal person who carries out this activity, at their own initiative or on behalf of a third party.

The Circular expressly excludes advertising activity on the following types of crypto-assets from its scope of application:

- Crypto-assets that have the nature of financial instruments included in the Annex to the recast text of the Securities Market Act, in which case CNMV Circular 2/2020 on advertising of investment products and services will apply.
- Crypto-assets that are not for investment purposes.
- Utility tokens, providing they meet certain requirements.
- Unique non-fungible crypto-assets, providing they meet certain requirements.

The Circular also does not apply to:

- The explanatory documentation of issue of crypto-assets or white papers.
- Corporate advertising campaigns when they meet certain requirements.
- Presentations addressed to analysts or institutional investors.
- Publications made by financial analysts or independent commentators.
- Advertising about seminars or courses on crypto-assets, as long as they do not promote investment in crypto-assets.

The new Circular 2/2020 establishes that advertising of crypto-assets must be clear, balanced and impartial, and the messages must provide information about the risks of the product that can be easily read and seen. It must also include the following warning: “Investment in crypto-assets is unregulated, may not be suitable for retail investors, and the entire investment amount may be lost.”

Additionally, the regulation defines the way in which the CNMV will supervise advertising activity and establishes a mandatory prior notification system for mass advertising campaigns, defined as those directed at 100,000 people or more. These campaigns must be reported to the CNMV with at least ten days’ notice. All other advertising actions will be subject to the supervisory review of the CNMV, which may require their cessation or rectification, but they do not require prior notification.

The Circular also establishes fairly-detailed requirements on the content and format of advertising pieces. For example, there are restrictions to mention returns or superlative adjectives or, in terms of the format, the mandatory warnings are generally required to occupy at least one fifth of the space.

Failure to comply with the rules contained in the Circular may be construed as a serious infringement, in accordance with Article 292.4 of the Securities Market Act.

EU regulations

On 24 September 2020, the EC published its Digital Finance Strategy for the financial sector. This strategy is designed with the aim of ensuring that the European Union faces and leads the digital revolution with the help of innovative European companies, so that the benefits of digital finance are available to consumers and businesses in Europe. The following digital legislative package was included in the framework of this strategy:

- A proposal for a regulation that will allow the establishment of a pilot scheme for market infrastructures that use distributed ledger technologies (known as the DLT Pilot Regime). This proposed regulation establishes a pilot regulatory regime to operate market infrastructures based on DLT, establishing their authorisation regime and the conditions under which they can carry out their activity, as well as the exit and termination regime of this pilot regime.
- A proposed regulation on crypto-asset markets, known as MiCA, which establishes a regulatory framework applicable to issues of crypto-assets that are not considered financial instruments and to the providers of services on them, and includes titles related to market abuse, the supervisory powers of the competent entities and the sanctioning regime.
- A draft law relating to digital operating resilience, known as DORA, is also included, establishes a cross-cutting cybersecurity framework for the entire financial sector that would cover both infrastructures and entities that offer services in the securities markets.
- A proposal for a directive to amend other directives, which included necessary amendments to sectoral directives mainly as a consequence of the approval of DORA.

As far as the DLT Pilot Regime is concerned, in June 2021 the EC and the Council agreed on a **compromise proposal for the text**. This proposal was sent to the European Parliament to start the legislative process known as “trilogues”. In December 2021, the EC, the Council and the Parliament reached agreement on the regulation, which is pending formal approval by the European co-legislators.

Regarding DORA and the directive amending other directives, in December 2021 the Council and the European Parliament received their respective mandates to start the legislative process of trilogues at the beginning of 2022. However, as of 31 December 2021 the European Parliament had not yet adopted a position on MiCA. At the end of March 2022, the European Parliament adopted an agreement on the amendments to the EC’s MiCA proposal, which marked the beginning of negotiations for the final approval of this regulation by European legislators.

II.10.5 International activity

The CNMV participates in various international working groups dealing with issues related to new technologies, innovation and cybersecurity. The workplans of these groups include the analysis and regulation applicable to matters such as crypto-assets and the use of artificial intelligence in the regulatory and supervisory environment.

At European level, the participation of the CNMV in the following groups should be highlighted:

- i) **The Financial Innovation Standing Committee (FISC) of ESMA and the specific subgroups.** These deal with, among others, the legal nature and the regulation applicable to real cases of crypto-assets.

Among the work carried out, it is worth highlighting the joint report by the three European supervisory authorities – the EBA, EIOPA and ESMA – issued in February 2022 in response to the EC’s call for advice on digital finance of February 2021. The proposals presented are intended to maintain a high level of consumer protection and address the risks arising from the transformation of value chains, platforms and the emergence of new mixed activity groups which combine financial and non-financial activities. The ESAs recommend swift action to ensure that the EU’s financial services supervisory and regulatory framework remains fit for purpose in the digital age.

In addition to the joint report, ESMA also published two reports outlining the results of a survey of NCAs and the results of a public call for tests covering fragmented value chains, digital platforms and mixed activity groups, which have served to inform the work and recommendations of the ESAs.

- ii) **The European Forum for Innovation Facilitators (EFIF)** has promoted the creation of a cross-border framework to share information between regulatory sandboxes of the various Member States, considering the different scopes and characteristics of regulatory sandboxes across the European Union and setting the procedural rules for bilateral and multilateral cross-border cooperation among NCAs.

The framework allows all types of companies to indicate their interest in invoking it if the company has requested access to at least one regulatory sandbox in the European Union. It is not binding on NCAs, but provides guidance to all NCAs in the Economic Area.

In addition, the framework defines three specific cases of cooperation:

- The participation of two or more regulatory sandboxes from at least two different EU Member States plus an indefinite number of observer NCAs (case 1 – Multiple sandbox trials);
- The participation of a regulatory sandbox plus an indefinite number of observer NCAs (case 2 – Observation of sandbox trials);
- The participation of a regulatory sandbox whose test results are made available to NCAs located in one or more other EU Member States (case 3 – Exchange of test results).

With regard to international organisations, the contribution of the CNMV to the work of IOSCO relating to crypto-assets and decentralised finance should be highlighted. During 2021, the CNMV participated in the preparation of a report on the characteristics of products and services based on DeFi models (decentralised finance).

The purpose of the report is to provide IOSCO members with a general understanding of DeFi to help them consider potential regulatory concerns or issues within their respective jurisdictions, for which a symposium was held in June 2021 in which DeFi market representatives and academics presented their business models and discussed their concerns and expectations about the DeFi environment with the members of the group, including the CNMV.

Conference on Fintech and cybersecurity

In March 2021, the CNMV organised a public meeting on Fintech and cybersecurity with the sector. In this event, experts from the CNMV, as well as specialists from the sector, discussed the regulations of the sandbox, the EU Regulation on crowdfunding, platforms and marketplaces, the EU's digital finance strategy, cybersecurity, advice and management, and innovation in regulatory compliance.

III 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 and its implementing legislation – Royal Decree 303/2012, of 3 February, regulating the CNMV Advisory Committee.

Review and update of the rules of the internal regime of the Advisory Committee

In recent years, the CNMV has considered it necessary to make the institution more accessible and to facilitate relations with supervised entities and investors and with society as a whole and other interested parties.

As part of this process, in 2021 the Committee's activity was made more transparent. This was done by redesigning the corresponding section of the CNMV's website, improving access to information and providing greater detail on the composition of members of the Committee and their profiles. We also started publishing the reports issued by the Committee on its deliberations in the exercise of its functions and the agendas of each session.

In addition to the above, in 2021 a reflection began within the Committee to review its internal regulations, which dated from 2012. The new regulations, which were approved at the beginning of 2022, update and modernise the previous ones, in order to promote the transparency of the activity carried out by this body, favour its operation, facilitate the search for consensus positions and promote more active participation by its members.

Specifically, after the review carried out, a series of amendments were made, among which the following stand out:

- i) Although the mandatory reports were already being published, in order to increase transparency, it was agreed to publish on the CNMV's website all the reports prepared by the Advisory Committee, whether mandatory or not, unless the majority of its members requested, with reasons, that it not be published and the chairperson so agrees.
- ii) In order to achieve the adoption of agreements by consensus, the creation of working groups within the Committee will be encouraged and as far as possible proposed reports will include the positions of the majority of its members prior to the meeting.
- iii) Finally, to encourage more active participation, measures were introduced to facilitate the preparation of proposed reports and simplify their format and the related deliberations.

Actions by the Advisory Committee in 2021

In 2021, the Advisory Committee met a total of eight times and issued 25 reports, of which 13 were mandatory and 12 voluntary.

The number of reports increased as a result of the increase in activity relating to the transposition of significant aspects of EU law and the number of circulars and technical guides issued by the CNMV in this period. In addition, the Committee continued to work on gathering opinions from the sector as often as possible, more often than required by law.

In particular, it is important to highlight the activity carried out by the Committee in relation to the preliminary draft of the Securities Market and Investment Services Act and the draft implementing royal decrees, due to their importance for the CNMV's activity. The Advisory Committee carried out a detailed analysis, setting up a transversal in-house group in which several of its members participated.

Other significant contributions related to the preliminary draft of the Law on the Creation and Growth of Businesses, one of the most important reforms of the Recovery Plan to reinforce and invigorate the productive fabric, and the draft CNMV Circular on Advertising of Crypto-assets, which develops the rules, principles and criteria to which advertising of this type of instrument must be subject.

Type of issues referred to the Advisory Committee

TABLE III.1

	No. of issues	
	2020	2021
Mandatory reports on regulations	7	13
Voluntary consultations (IOSCO, ESMA and others)	15	12
Total	22	25

Source: CNMV.

Table III.2 provides a breakdown of the issues addressed.

Actions of the CNMV Advisory Committee in 2021

TABLE III.2

Mandatory reports on regulations: 13

- Public consultation on draft CNMV Circular on accounting standards, annual accounts and financial statements of investment firms and their consolidated groups, collective investment scheme management companies and closed-ended investment scheme management companies (meeting of 22 February).
https://www.cnmv.es/DocPortal/AIDia/CNMV_Circular_ESI_SGIIC_SGEIC.pdf
- Preliminary draft of the Securities Market and Investment Services Act (meeting of 26 May).
https://www.cnmv.es/DocPortal/AIDia/SGTFI_LMVyServiciosInversion.pdf
- Draft Royal Decree on the legal regime of investment firms and other entities that provide investment services (meeting of 26 May).
https://www.cnmv.es/DocPortal/AIDia/SGTFI_RegimenJuridico_ESI.pdf
- Draft Royal Decree on financial instruments, admission to trading, registration of negotiable securities and market infrastructures (meeting of 26 May).
https://www.cnmv.es/DocPortal/AIDia/MAETD_InstrumentosFinancieros.pdf
- Draft Royal Decree on powers of the CNMV (meeting of 26 May).
https://www.cnmv.es/DocPortal/AIDia/SGTFI_PotestadesCNMV.pdf

- Draft CNMV Circular on advertising of crypto-assets (meeting of 12 July).
https://www.cnmv.es/DocPortal/AIDia/CNMV_Circular_pub_criptoactivos.pdf
- Draft CNMV Circular approving the new models of Annual Corporate Governance Report and Annual Report on Directors' Remuneration as a result of the approval of Law 5/2021 of 12 April (meeting of 12 July).
https://www.cnmv.es/DocPortal/AIDia/CNMV_Modif_IARelAGC.pdf
- Preliminary Draft of Law XX/2021 on guaranteed bonds (meeting of 12 July).
https://www.cnmv.es/DocPortal/AIDia/SFTFI_bonos_garantizados.pdf
- Preliminary draft of Law XX/2021 and draft of Royal Decree XX/2021 on the transposition of Directive (EU) 2019/1160 of the European Parliament and of the Council of 20 June 2019 amending Directives 2009/65/EC and 2011/61/EU (AIFMD) with regard to cross-border distribution of collective investment undertakings (meeting of 12 July).
https://www.cnmv.es/DocPortal/AIDia/SFTFI_ALIIC.pdf
https://www.cnmv.es/DocPortal/AIDia/SFTFI_PRIIC.pdf
- Proposal for a CNMV technical guide to the assessment of appropriateness (meeting of 20 September).
https://www.cnmv.es/DocPortal/AIDia/CNMV_GT_conveniencia.pdf
- Proposal for a CNMV Circular on statistical reporting requirements for EU money market funds (meeting of 20 September).
https://www.cnmv.es/DocPortal/AIDia/CNMV_ProyectoCircular_req_info.pdf
- Preliminary draft of Law for the creation and growth of businesses (meeting of 20 September).
https://www.cnmv.es/DocPortal/AIDia/CNMV_anteproyecto_ley_creacion.pdf
- Draft CNMV technical guide to management and control of CISs' liquidity (meeting of 18 October).
https://www.cnmv.es/DocPortal/AIDia/CNMV_ComGT_gestionLiquidez.pdf

Non-mandatory consultations (IOSCO, ESMA and others): 12

European Securities and Markets Authority (ESMA)

- Consultation paper on the review of certain aspects of the Short Selling Regulation (meeting of 18 October).
https://www.cnmv.es/DocPortal/AIDia/CNMV_CP_SSR.pdf
- Call for evidence on retail investor protection aspects (meeting of 13 December).
https://www.cnmv.es/DocPortal/AIDia/ESMA_Retail_Investors.pdf

European Central Bank (ECB)

- Public consultation by the Working Group on Euro Risk-Free Rates on Euribor fallback trigger events (meeting of 14 January).
https://www.cnmv.es/DocPortal/AIDia/ECB_fallbacks_trigger_events.pdf
- Public consultation by the working group on euro risk-free rates on €STR-based EURIBOR fallback rates (meeting of 14 January).
https://www.cnmv.es/DocPortal/AIDia/ECB_fallbacks_rates.pdf

Joint Committee of the European Supervisory Authorities (JCESA)

- Joint consultation on taxonomy-related sustainability disclosures (meeting of 12 April).
https://www.cnmv.es/DocPortal/AIDia/ESA_Taxonomy.pdf

CNMV

- CNMV strategic lines 2021-2022. 2021 Activity Plan (meeting of 22 February).
- Rules of internal regime of the Advisory Committee (meeting of 13 December).
- Report on appointment of new member (Article 10.1.d) of Royal Decree 303/2012) (meeting of 13 December).

European Commission (EC)

- Public consultation on the review of the Alternative Investment Fund Managers Directive (AIFMD) (meeting of 14 January).
https://www.cnmv.es/DocPortal/AIDia/EC_AIFMD.pdf
- Public consultation on the review of the European Long-Term Investment Funds (ELTIF) regulatory framework (meeting of 14 January).
https://www.cnmv.es/DocPortal/AIDia/EC_ELTF.pdf

- Targeted consultation on the supervisory convergence and the single rule book (meeting of 12 April).
https://www.cnmv.es/DocPortal/AIDia/CE_single_rule_book.pdf
 - EU strategy for retail investors (meeting of 12 July).
https://www.cnmv.es/DocPortal/AIDia/EC_EUstrategy_retail_investors.pdf
-

IV CNMV: organisational, financial and institutional aspects

IV.1 Annual objectives and performance

This chapter presents the CNMV Activity Plan, in which the organisation publishes its strategy and a list of specific objectives. The strategy describes the institution's priorities for action and supervision for the year 2022, in order to inform and favour the exchange of information and transparency with the market, investors and supervised entities. The specific objectives are concrete actions with public significance, selected on the basis of their being opportune or innovative with respect to the organisation's usual functions.

IV.1.1 2022 Activity Plan

On 23 February 2022, the CNMV presented its Activity Plan for the year. This Plan, previously presented to the CNMV Advisory Committee for its consideration, set out 47 targets for the year, and included a review of the degree of attainment of the commitments made in the 2021 Activity Plan. The armed conflict in Ukraine, which broke out on the following day, 24 February, and its consequences for the markets could require activities to be re-prioritised during the year and ultimately affect the attainment of some of these objectives.

The Plan indicates that 91% of the objectives set for 2021 had been completed, a slightly higher percentage than in other years (86% in 2020, 84% in 2019, 78% in 2018 and 86% in 2017) and details the degree to which each of these objectives has been developed. Of particular significance among the objectives attained in the 2021 Activity Plan was the publication of the Circular on the advertising of crypto-assets as an investment, the preparation of a Technical Guide on the management and control of CISs' liquidity, the publication of criteria on the application of the new EU regulations in the area of ESG and on the encouragement of long-term shareholder engagement, and of criteria for the authorisation of companies from third countries to provide investment services to professional clients in Spain without setting up a branch.

The CNMV's aims in taking these initiatives was to continue to increase the transparency of its operating guidelines and to facilitate compliance with regulations by supervised firms. In addition, the CNMV also worked on adapting to the new EU solvency regulations for investment firms, the regulations on crowdfunding platforms and setting up the sandbox under the coordination of the General Secretariat of the Treasury and International Financing.

It also cooperated with ESMA in studying improvements in the system for supervising the quality of data reporting by infrastructures and intermediaries, in carrying out a horizontal review of the degree of compliance with ESMA guidelines on alternative performance measures (APMs) and in analysing issuers' disclosures on the effects of COVID-19.

In the CNMV's own context, a strategic plan for the institution's information systems was designed, a new strategic framework for risk management and control was approved, the CNMV's risk catalogue was updated and a global sustainability plan developed. A proposal to update the law on CNMV fees was also drawn up.

As regards financial education, we should mention the signing of a new agreement, together with the Ministry of Economic Affairs and Digital Transformation and the Bank of Spain, for the development of a Financial Education Plan, as well as the publication of two guides on the tax treatment of listed shares and investment funds.

Additionally, during 2021 the CNMV conducted some significant studies which enabled it to monitor such market phenomena as the impact of information provided by investment funds, the influence of COVID-19 on retail investors' behaviour and the issue and marketing of sustainable financial products.

Objectives pending completion amount to 9% of all objectives set for 2021, although most are at a very advanced stage and are expected to be completed in 2022. Some of them, such as the survey on investors' and other users' perception of the functioning of the CNMV, and the training programme in managerial skills, have been held up by delays in the bidding processes for the relevant services, while others, such as the incorporation of new regulations on technological risk are still pending approval of the relevant EU regulations.

The strategic lines defined on the occasion of the preparation of the 2021 Activity Plan remain valid. In particular, the four strategic lines detailed below were defined for the 2021-2022 period:

- i) Rigorous supervision based on investor protection and increased use of data.
- ii) Boosting capital markets as a source of funding for economic recovery.
- iii) Enhancing the role of the stock market in the transition to a more sustainable and inclusive economy, ensuring the reliability of the information disclosed to the investor.
- iv) Promoting technological advances applied to the securities markets, mitigating their risks.

The 2022 Activity Plan maintains the strategic lines defined for the 2021-2022 period, reinforcing or adjusting priorities in certain aspects taking into account the developments observed during 2021 and the economic-financial and regulatory environment forecast for the year 2022. In particular, the following initiatives stand out:

- The CNMV will promote an action plan against financial fraud to maintain investors' confidence and boost their participation in the markets, especially as regards retail investors, in order to improve information and financial education tools so that citizens do not fall for fraudulent offers but detect them so as to act early and limit their effect.

- The CNMV will collaborate in the adaptation of the Spanish market to the new framework for admissions to trading and will continue to analyse possible measures to boost equity markets, paying particular attention to SMEs.
- The CNMV will promote a regulatory framework for sustainable finance based on clear, reliable, comparable information that avoids the risk of “greenwashing”.
- The CNMV will give special attention to monitoring offers of crypto-assets and to the development of crypto-assets, focusing especially on the supervision of advertising and promoting financial education and investor training.

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IV.1.2 Key Performance Indicators (KPIs) of the CNMV

In 2018, in accordance with its Activity Plan for that year, the CNMV began to develop a number of KPIs, to which activity indicators were added.

In continuation of this exercise, the CNMV has published these performance and activity indicators for the fourth time. The publication of these indicators aims to increase transparency regarding the activities carried out by the CNMV, to provide a means of assessing its performance and to serve as a basis for improving the efficiency of the processes.

The CNMV’s main indicators for 2021 are shown below. 2020 data are presented for purposes of comparison.

Areas	Indicator	
	2020	2021
Authorisation and registration of IFs	93 proceedings	96 proceedings
Total average time ¹	1.3 months ²	1.2 months
Authorisation of service providers (CISMCs, closed-ended investment scheme MCs, IFs and CPs)	52 proceedings	50 proceedings
Average time from last documentation ³	0.5 months ⁴	0.9 months
Total average time from initial application ⁵	7.0 months	6.5 months
Corresponding:		
To the sponsor	2.4 months	2.3 months
To the CNMV	2.5 months	2.4 months
To reporting procedures of other authorities	2.2 months	1.8 months
Fixed income issues for wholesale investors	197 proceedings	120 proceedings
Percentage processed in the agreed period ⁶	98.5	99.17
Complaints by investors	1,242	1,254
Percentage of complaints concluded in the year with regard to those filed that year and outstanding from the previous year	81.9	87.7
Average time to resolve complaints	76 days	68 days
Investor enquiries	11,150	10,421
Average time for responding to enquiries	22 days	19 days
Disciplinary proceedings		
Average time to process disciplinary proceedings	260 calendar days	220 calendar days
Average time for processing requests for cooperation with the courts:		
Submission to competent General Directorate	5 calendar days	3 calendar days
Final submission to the court	13 calendar days	16 calendar days
Requests for international cooperation		
Average response time	33 days	20 days
Excluding suspicious transaction reports	50 days	34 days
Average response time received	37 days	25 days
Average response time sent	60 days	42 days
Suspicious transaction reports	6 days	4 days
Average processing time received	1 day	1 day
Average processing time sent	14 days	7 days

Source: CNMV. (1) The maximum legal period is two months following receipt of the application or from the time when the required documentation is completed. (2) The figure shown is the total period from the initial application, although it is common in the vast majority of cases for it to be necessary to provide additional documentation to that initially provided. (3) Depending on the type of entity, the maximum legal period is three or six months from the request or from the time when the required documentation is completed. (4) The figure shown is the period elapsed from the time when the documentation is completed to the date the proceedings are resolved. (5) The breakdown reflects the time periods taken by the promoter to complete the documentation required by the CNMV for its analysis and for obtaining the mandatory reports (from other supervisors or SEPBLAC). (6) Essentially includes three stages: Three days from receipt of the application in order to submit the first comments, two days for sending comments relating to the modifications resulting from the first comments, where appropriate, and three days for admission of the securities from when the information is complete. In any event, given the usual nature of the transactions, most of them do not require comments and hence they are fully completed in 3 days or less.

Areas	Indicator	
	2020	2021
Collective investment schemes/venture capital undertakings		
Number of deficiency letters		
For late filing of information	365	567
Requests for information	116	147
Corrective measures or recommendations	369	420
Other notifications	122	44
Number of actions (including inspections)	257 (of which 18 inspections)	251 (of which 11 inspections)
Investment firms/credit institutions		
Number of deficiency letters		
For late filing of information	126	108
Requests for information	425	476
Corrective measures or recommendations	155	142
Other notifications	175	576
Number of actions (including inspections)	314 (of which 15 inspections)	458 (of which 13 inspections)
Markets		
Number of deficiency letters		
Equity	84	56
Compliance and development	53	75
Derivatives	12	21
Fixed income	3	3
Post-trade	29	26
Other	2	-
Number of reports	281	320
Financial and accounting information		
Corrective actions (additional breakdowns, correction in future years, restatements or reformulations) as a percentage of the number of annual financial reports subject to substantive review (overall)	55.0	46.0
Percentage of communications from directors, treasury stock and significant shareholders received late	6.8	7.4
Infringements		
Number of notifications of possible infringements (notifications that may be anonymous)	653	885
Including factual elements that may constitute possible infringements	361	541
Without sufficient factual elements	292	344
Disciplinary proceedings		
Number of disciplinary proceedings:		
Open	7	16
Concluded	13	13
Fines	29	31

Areas	Indicator	
	2020	2021
Periodic publications	18	17
Annual Report	1	1
Quarterly Bulletin	4	4
Financial Stability Note	4	4
Annual report on complaints and enquiries	1	1
Annual Corporate Governance Report (ACGR)	1	1
Annual accounts supervision report	1	1
Annual Directors' Remuneration Report	1	1
Non-bank financial intermediation in Spain	2	1
Activity Plan	1	1
Presence of women on boards of directors and in senior management of listed companies.	1	1
Report on the supervision of non-financial information statements	1	1
Descriptive or research articles on matters of interest to the CNMV	15	14
Contained in the Quarterly Bulletin	12	10
Working documents	3	4
Seminars	7	4
Internal	0	0
Open	7	4
Statistical publications		
Primary securities market statistics	4	4
Statistics on commercial paper placements registered with the CNMV	4	4
Statistics on economic and financial information relating to securitisation funds	1	1
Statistics on asset securitisation funds	4	4
Statistics on collective investment schemes	4	4
Statistics on investment firms	12	12
Statistics on corporate governance of listed companies	1	1
Statistics on remuneration of directors of listed companies	1	1
Statistical annex of the Quarterly Bulletin	4	4
Statistical annex of the Annual Report	1	1
Updated public series	5,191 ¹	5,191 ¹
Institutional relations		
Number of requests from the Ministry of Economic Affairs and Digital Transformation processed: parliamentary initiatives and questions, internal approvals, other reports	127	71
Number of regulatory proposals on which advice has been given	19	23
Number of public interventions or appearances	45	56
Chairperson	28	31
Vice-Chairperson	13	15
Directors	4	10
Number of enquiries received through the FinTech Portal	104	141
Number of reports submitted to the Advisory Committee for assessment	22	25

Areas	Indicator	
	2020	2021
Financial education		
Financial Education Programme in schools		
Number of centres	517	590
Number of teachers	586	675
Number of students	17,001	19,400
Financial Education Programme Partner Network: number of partnership agreements entered into	44	47
Financial Education Day: number of events and activities performed and coordinated for that day	138	109
Number of posts	78	86
Facebook	142	168
Twitter	391	341
Investor Section	62	22
Number of emails	86,500	144,000
General Register		
Incoming	137,594	158,152
Register of incoming paper documents	6,981	5,302
Register of incoming electronic documents	130,613	152,850
Electronic registration received by the SIR registry exchange system	470	622
Outgoing	164,495	201,499
Register of outgoing paper documents	18,888	22,098
Register of outgoing electronic documents	145,607	179,401
Enquiries received and responses issued regarding official records	1,533	1,650
Certificates of registration in the various official registers	587	547
Finances		
Number of fee settlements issued	18,680	22,389
Number of supplier invoices	1,642	1,385
International activities		
Requests for international cooperation		
Received	198	182
Sent	193	211
Number of actions carried out	1,928	1,756
Received	877	786
Sent	1,051	970
International collaboration requests (excluding suspicious transaction and order reports)		
Number of actions carried out	1,594	1,360
Received	103	92
Number of actions carried out	634	582
Sent	139	114
Number of actions carried out	960	778

Areas	Indicator	
	2020	2021
Suspicious transaction reports	149	187
Number of actions carried out	409	396
Received	95	90
Number of actions carried out	281	204
Sent	54	97
Number of actions carried out	128	192
Number of technical staff attending international meetings	97	114
Attendance at international meetings	849	975
ESMA	410	398
IOSCO	209	299
European Union	120	103
Colleges	6	5
Other forums	104	171
Staff attending courses	30	30
Systems		
Computers in workstations	532	551
Number of laptops	527	627
Software products purchased with licences	77	79
End user applications developed and in production	271	267
Files received by electronic registration and automatically processed	121,265	130,491
Procedures available at the electronic office	70	70
Users of the CIFRADOc service (for supervised entities) of the electronic office	1,709	1,545

Source: CNMV. (1) The correction in the figure corresponding to updated public series for the year 2020 is due to a change in criterion in some of them, whereby a series is considered as being the 12 monthly figures for the year as opposed to each individual monthly figure as before.

IV.2 Human resources and organisation

People are the main asset of any organisation. Therefore, having efficient arrangements in this regard is decisive for the viability and development of the public policies assigned to the organisation. In 2021 the work carried out by the CNMV's teams was once again subject to the constraints imposed by COVID-19, which gave rise to the appearance or exacerbation of difficulties and challenges that they had to overcome in order to perform their duties.

Changes in workforce and staff selection processes

CNMV workforce: composition by professional category

TABLE IV.2.1

Number of employees at the end of each year

	2020			2021		
	Total	Men	Women	Total	Men	Women
Services	8	8	–	8	8	–
Clerical staff/Computer operators	53	10	43	56	12	44
Technical staff	351	159	192	361	166	195
Management	23	16	7	25	17	8
Total	435	193	242	450	203	247

Source: CNMV.

During 2021, several selection processes were carried out, as provided in the corresponding Offer of Public Employment, once the delay in the ongoing selection processes caused by the declaration of the state of alarm during the pandemic had been overcome. This led to an increase of 3.45% in the workforce.

As a result of the 2018 Offer of Public Employment, a total of 14 candidates from three different calls were incorporated: six from the call for administrative personnel, three from the call for technicians specialising in risk measurement models and six from the call for technicians for various directorates and departments.

With regard to the 2019 Offer of Public Employment, the candidates selected to cover nine technician positions also joined us in 2021. The selection process for transfers among administrations, started in 2020, was also covered.

Finally, the selection processes for the 2021 Offer of Public Employment are expected to begin in the second quarter of 2022.

With the aim of encouraging and facilitating internal mobility, 13 internal selection calls were made during the year for a total of 14 vacancies, to cover the positions of sub-manager (1), technician (7) administrative head (3) and secretary (3) in various departments.

Distribution of staff by CNMV departments

TABLE IV.2.2

Number of employees at the end of each year

	2020			2021		
	Total	Men	Women	Total	Men	Women
Directorates-General	340	147	193	342	147	195
Entities	126	54	72	124	50	74
Markets	118	54	64	122	58	64
Legal Affairs	43	18	25	44	17	27
Strategic Policy and International Affairs	53	21	32	52	22	30
Departments	85	42	43	96	51	45
Chairperson, Vice-Chairperson and Board	10	4	6	12	5	7
Total	435	193	242	450	203	247

Source: CNMV.

Training actions

The initiatives implemented by the CNMV in 2021 in the context of its training programme included the following:

- Training actions developed and delivered in cooperation with various specialised schools and training centres. A total of 6,665 hours of training were delivered (92% of total training given), which were attended by 86% of the workforce.
- Training delivered internally, with participation by 19% of the workforce. A total of 170 hours were taught.
- Individual training actions, with a total of 243 hours taught, in which 3% of the workforce participated.

In 2021, the training programme comprised a total of 41 training actions and 7,250 training hours. 72% of the workforce participated in one or more of the planned training actions.

Breakdown of training by area of training

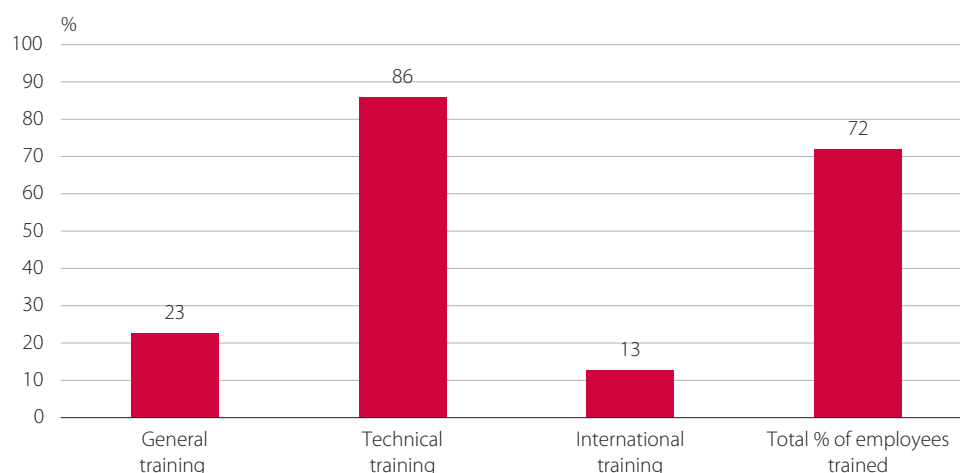
TABLE IV.2.3

	No. of participants	Employees trained (% of workforce)	Hours of training
General training	100	23	1418
Technical training	703	86	5,660
International training	63	13	172
Total	866	72	7,250

Source: CNMV.

Employees by type of training

FIGURE IV.2.1



CNMV: organisational,
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Source: CNMV.

As in previous years, a new edition of the language programme was implemented, with participation by 41% of the workforce. The participants received a total of 10,917 hours of training, an average of 24.6 hours per employee. As part of this programme, with the aim of helping students to perfect the language (English, French or German), the possibility of attending a residential or non-residential summer course in Spain was offered. As in 2020, and exceptionally, due to the situation created by COVID-19, language training in the form of intensive language courses abroad was not considered. In total, 6% of staff took part in the summer courses, with 795 hours of training carried out.

Breakdown of the language programme. 2021

TABLE IV.2.4

	No. of participants	% of staff taking part ¹	Training hours taught
Language programme 2021/2022	219	41	10,917
Annual English programme	164	37	9,331
Annual programme for other languages	29	5	791
Summer language programme	26	6	795

Source: CNMV. (1) Employees trained as a % of staff.

Other significant human resources initiatives

During this past financial year we completed the project to develop a new intranet with a modern and versatile interface, adapted to the current needs of the CNMV. This intranet, to be called Atenea, is expected to be operational in the first quarter of 2022.

The 1st Collective Bargaining Agreement of the CNMV was negotiated with the employee representatives, and is currently going through administrative processing in accordance with the applicable regulations.

In addition, during the last quarter of 2021, the CNMV Teleworking Policy was negotiated with the workers' representatives; it was launched in the second quarter of 2022.

New organisational developments

On 31 May, Patricia Muñoz González-Úbeda was appointed General Director of the Legal Service and Secretary to the CNMV Board. On this same date, José Miguel Martínez Gimeno resigned as General Director of the Legal Service and Secretary to the CNMV Board.

With effect from 1 May, Ángel Benito Benito was appointed General Director of Markets upon the ending of his term of office as a director of the CNMV.

On 18 February, Helena Viñes Fiestas was appointed a member of the CNMV Board; she took up the position with effect from 1 May of the same year.

On 28 September, the new premises of the CNMV's Barcelona office were inaugurated, coinciding with the 25th anniversary of its establishment, and on 28 October the new Bilbao office was inaugurated.

IV.3 Finances

The CNMV's funding comes mainly from the fees charged to supervised entities in accordance with the items and tariffs established in Law 16/2014 of 30 September regulating the CNMV's fees. During 2021, fee income increased by 3.5%, while ordinary administrative expenses increased by 3.4% relative to the previous year.

IV.3.1 Income and expenses

In 2021, the CNMV obtained €68.5 million in revenue and incurred €51.9 million in expenses, so the surplus for the year was €16.6 million, an increase of 3.0% compared with the previous year.

The surplus for ordinary activities amounted to €17.2 million. Ordinary income, which comes mostly from the collection of fees, reached €66.0 million, 5.5% more than in 2020, mainly due to the growth in fees for supervision of entities.

Ordinary expenses were €48.8 million, 3.4% up on the previous year. Personnel expenses, which represented 70.7% of total ordinary expenses, increased by 3.8% as a result of the salary increase provided for in Law 11/2020 of 30 December on General State Budgets for the year 2021, and also of a 2.1% increase in the average workforce.

Other ordinary expenses grew by 2.6% relative to 2020. This increase was concentrated in two areas: "Transfers and subsidies granted", which grew by 11.7% as a result of the increase in the annual membership fee of ESMA, and "External supplies and services", which increased by 1.6% relative to 2020, a year in which certain operating expenses had fallen due to the measures adopted to deal with COVID-19.

The net result of financial transactions was a negative €0.6 million, due to the impairment of receivables, which exceeded financial income.

On 28 September 2021, the government, at the proposal of the CNMV, resolved to appropriate the entire profit obtained in 2020, amounting to €16,104,166,84 to the Public Treasury.

IV.3.2 Fee structure

As can be seen from Table IV.3.2.1, which shows the rates established for the various services provided by the CNMV, fee income increased by 3.5% in 2021 relative to the previous year.

This was due basically to the increase in the authorisation and registration of entities (33.8%) motivated by the adaptation of the prospectuses of CISs to the Sustainable Finance Disclosure Regulation (SFDR), as well as the increase in the rates for solvency supervision of CISs (13.5%) and their depositories (16.6%), all partly offset by the 26.4% fall in fees for supervision of stock exchange members to pre-pandemic levels.

CNMV fee income

TABLE IV.3.2.1

Amounts in thousands of euros

Activity or service	2020	2021	% change 21/20
Registration of prospectuses and entities	8,139.3	9,718.4	19.4
Registration of prospectuses	3,559.9	3,120.4	-12.3
Issue prospectuses	158.9	274.6	72.8
Listing prospectuses	3,401.0	2,845.8	-16.3
Securitisation funds and bank asset funds	83.0	108.2	30.3
Authorisation and registration of entities	4,333.1	5,796.6	33.8
Authorisation of takeover bids	163.2	693.1	324.7
Market supervision	20,554.0	18,418.7	-10.4
Activity of stock market and MTF members	8,199.9	6,033.5	-26.4
Activity of MEFF members	157.1	144.8	-7.8
Activity of Iberclear members	4,704.7	4,810.6	2.3
Activity of CCP clearing members	819.2	688.4	-16.0
Activity of market management companies	1,224.1	1,210.6	-1.1
Activity of listed issuers	5,448.9	5,530.7	1.5
Supervision of entities	32,982.9	35,714.6	8.3
CIS solvency supervision	12,549.6	14,239.8	13.5
Solvency supervision of CIS and securitisation fund management companies	172.7	178.2	3.2
CIS management companies	157.3	163.0	3.7
Securitisation fund management companies	15.5	15.1	-2.2
Solvency supervision of investment firms	610.8	416.3	-31.8
Solvency supervision of venture capital firms	686.1	834.3	21.6
Management companies of closed-ended CISs	113.2	121.6	7.4
Closed-ended CISs	572.9	712.8	24.4
Supervision of CIS and venture capital firm depositories	3,135.0	3,656.7	16.6
Supervision of rules of conduct of IFs, credit institutions and CISMCS	8,914.4	9,106.1	2.2
Marketing of foreign CISs	6,914.2	7,283.3	5.3
Issue of certificates	18.0	22.7	26.2
Total	61,694.2	63,874.4	3.5

Source: CNMV.

IV.3.3 Financial figures

CNMV: organisational,
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Finances

Some of the main financial statements included in the accounts prepared by the CNMV for 2021 are shown below, in addition to a comparison with the accounts audited and approved for the previous year. However, the full accounts, including the notes to the financial statements, are published separately once they have been audited by the IGAE (General Comptroller of the State Administration), presented to the Board and approved by the Chairperson, no later than 31 July each year, in accordance with applicable regulations.

IV.3.3.1 Balance sheet

Assets	Year 2021	Year 2020
A) Non-current assets	125,752,804.90	126,118,887.28
I. Intangible assets	4,854,455.84	4,309,217.81
1. Investment in research and development	1,034,459.84	1,214,352.75
3. Computer software	3,819,996.00	3,073,618.06
5. Other intangible assets	0.00	21,247.00
II. Property, plant and equipment	73,331,872.14	73,624,042.68
1. Land	43,653,645.58	43,637,812.22
2. Buildings	26,884,477.12	27,527,082.50
5. Other property, plant and equipment	2,793,749.44	2,459,147.96
IV. Long-term financial investments in group companies, jointly-controlled entities and associates	47,112,132.00	47,785,496.69
3. Loans and debt securities	47,112,132.00	47,785,496.69
V. Long-term financial investments	454,344.92	400,130.10
1. Financial investments in equity	935.36	935.36
2. Loans and debt securities	152,143.93	247,929.11
4. Other financial investments	301,265.63	151,265.63
B) Current assets	62,104,372.06	62,174,951.57
III. Trade and other receivables	32,044,518.51	43,335,379.30
1. Receivables for operating activities	28,418,829.17	34,920,685.23
2. Other receivables	3,625,689.34	8,414,681.64
3. Public administrations	0.00	12.43
IV. Short-term financial investments in group companies, jointly-controlled entities and associates	6,352,419.75	5,571,344.38
2. Loans and debt securities	6,352,419.75	5,571,344.38
V. Short-term financial investments	159,750.30	192,156.23
2. Loans and debt securities	159,750.30	192,156.23
VI. Accrual accounts	371,828.14	324,280.68
VII. Cash and cash equivalents	23,175,855.36	12,751,790.98
2. Cash	23,175,855.36	12,751,790.98
TOTAL ASSETS	187,857,176.96	188,293,838.85

IV.3.3.1 Balance sheet (continuation)

Liabilities & Equity	Year 2021	Year 2020
A) Equity	181,220,819.16	182,099,147.10
I. Contributed equity	5,385,871.28	5,385,871.28
II. Equity generated	174,687,571.03	174,211,445.62
1. Retained earnings/(accumulated losses)	10,428,334.09	10,428,334.09
2. Surplus for the year	16,580,292.25	16,104,166.84
3. Reserves	147,678,944.69	147,678,944.69
III. Valuation adjustments	1,147,376.85	2,501,830.20
2. Available-for-sale financial assets	1,147,376.85	2,501,830.20
B) Non-current liabilities	1,255,945.92	1,431,289.44
I. Long-term provisions	1,255,945.92	1,431,289.44
C) Current liabilities	5,380,411.88	4,763,402.31
I. Short-term provisions	293,633.67	504,465.22
II. Short-term debts	896,270.64	167,454.28
4. Other borrowings	896,270.64	167,454.28
IV. Trade and other payables	4,190,507.57	4,091,482.81
1. Payables for operating activities	1,263,818.41	1,426,008.45
2. Other payables	1,289,215.06	1,076,111.24
3. Public administrations	1,637,474.10	1,589,363.12
TOTAL LIABILITIES & EQUITY	187,857,176.96	188,293,838.85

Source: CNMV.

IV.3.3.2 Income statement

	Year 2021	Year 2020
1. Tax revenues and social contributions	63,874,408.67	61,694,240.83
b) Fees	63,874,408.67	61,694,240.83
5. Own work capitalised	1,151,112.56	844,811.78
6. Other ordinary revenue	60,921.10	39,148.38
7. Provision surplus	961,129.61	12,590.93
A) TOTAL ORDINARY REVENUE (1+2+3+4+5+6+7)	66,047,571.94	62,590,791.92
8. Personnel expenses	-34,523,733.91	-33,273,869.00
a) Salaries, wages and similars	-27,646,462.38	-26,615,888.70
b) Employee welfare expenses	-6,877,271.53	-6,657,980.30
9. Transfers and subsidies granted	-2,307,700.05	-2,065,641.19
11. Other ordinary expenses	-9,810,019.19	-9,638,275.10
a) Supplies and outside services	-9,272,458.79	-9,129,763.95
b) Taxes	-537,560.40	-508,511.15
12. Depreciation and amortisation	-2,212,723.62	-2,259,238.08
B) TOTAL ORDINARY EXPENSES (8+9+10+11+12)	-48,854,176.77	-47,237,023.37
I. Profit/(loss) from ordinary activities (A+B)	17,193,395.17	15,353,768.55
13. Impairment of and net gains/(losses) on disposal of non-financial non-current assets and held-for-sale assets	39,109.06	48,175.78
a) Impairment	49,032.43	49,999.28
b) Derecognitions and disposals	-9,923.37	-1,823.50
14. Other non-ordinary items	-4,836.03	-122,428.46
a) Income	0.00	68,749.50
b) Expenses	-4,836.03	-191,177.96
II. Profit/(loss) from non-financial operations (I+13+14)	17,227,668.20	15,279,515.87
15. Finance income	1,038,998.62	1,199,245.01
b) From negotiable securities and loans forming part of non-current assets	1,038,998.62	1,199,245.01
b.1) In group companies, jointly-controlled entities and associates	580,777.48	910,384.17
b.2) Other	458,221.14	288,860.84
16. Finance costs	-73,018.31	-42,702.09
b) Other	-73,018.31	-42,702.09
19. Exchange differences	-5,363.63	-4,392.22
20. Impairment, derecognition and disposal of financial assets and liabilities	-1,607,992.63	-327,499.73
b) Other	-1,607,992.63	-327,499.73
III. Result of financial transactions (15+16+17+18+19+20+21)	-647,375.95	824,650.97
IV. Net profit/(loss) for the year (II+III)	16,580,292.25	16,104,166.84

Source: CNMV.

IV.3.3.3 Statement of cash flows

	Year 2021	Year 2020
I. CASH FROM OPERATING ACTIVITIES		
A) Receipts	74,621,890.95	57,385,202.70
1. Tax revenues and social contributions	73,740,260.56	56,275,223.90
5. Interest and dividends received	668,641.30	954,585.66
6. Other receipts	212,989.09	155,393.14
B) Payments	45,220,323.96	44,342,975.15
7. Personnel expenses	33,468,839.79	32,313,848.21
8. Transfers and subsidies granted	2,251,382.03	2,008,887.74
10. Other operating expenses	9,383,342.04	9,810,521.40
13. Other payments	116,760.10	209,717.80
Net cash from operating activities (+A-B)	29,401,566.99	13,042,227.55
II. CASH FROM/(USED IN) INVESTING ACTIVITIES		
C) Receipts	5,690,043.07	8,618,575.67
2. Sale of financial assets	4,315,000.00	7,429,000.00
3. Other receipts from investing activities	1,375,043.07	1,189,575.67
D) Payments	8,802,542.33	11,373,424.03
5. Purchase of property investments	1,544,106.93	1,010,895.03
6. Purchase of financial assets	6,893,351.40	9,936,652.40
7. Other payments for investing activities	365,084.00	425,876.60
Net cash from/(used in) investing activities (+C-D)	-3,112,499.26	-2,754,848.36
III. CASH FROM/(USED IN) FINANCING ACTIVITIES		
F) Payments to owner(s)	16,104,166.84	14,660,212.57
2. Return of contributions and distribution of profit to owner(s)	16,104,166.84	14,660,212.57
Net cash from/(used in) financing activities (+E-F+G-H)	-16,104,166.84	-14,660,212.57
IV. CASH FLOWS PENDING CLASSIFICATION		
I) Receipts pending application	244,527.12	134,087.74
Net cash flows pending classification (+I-J)	244,527.12	134,087.74
V. EFFECT OF VARIATIONS IN EXCHANGE RATES	-5,363.63	-4,392.22
VI. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)	10,424,064.38	-4,243,137.86
Cash and cash equivalents at the start of the year	12,751,790.98	16,994,928.84
Cash and cash equivalents at the end of the year	23,175,855.36	12,751,790.98

Source: CNMV.

IV.3.3.4 Statement of comprehensive changes in equity

	I. Equity contributed	II. Equity generated	III. Value adjustments	IV. Other equity increases	Total
A. Equity at the end of financial year N-1	5,385,871.28	174,211,445.62	2,501,830.20	0.00	182,099,147.10
B. 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 N (A+B)	5,385,871.28	174,211,445.62	2,501,830.20	0.00	182,099,147.10
D. Changes in equity in financial year N	0.00	476,125.41	-1,354,453.35	0.00	-878,327.94
1. Income and expense recognised in the year	0.00	16,580,292.25	-1,354,453.35	0.00	15,225,838.90
2. Transactions with owner(s)	0.00	-16,104,166.84	0.00	0.00	-16,104,166.84
3. Other changes in equity	0.00	0.00	0.00	0.00	0.00
E. Equity at end of financial year N (C+D)	5,385,871.28	174,687,571.03	1,147,376.85	0.00	181,220,819.16

Source: CNMV.

IV.4 Report by the Internal Control Body



Audit Report Pursuant to Article 17.4 of the Recast Text of the Securities Market Act - 2021

INTERNAL CONTROL DEPARTMENT
25 May 2022

1.- INTRODUCTION

The Internal Control Department of the CNMV has performed an audit on the compliance of the decisions adopted by the governing bodies with procedural regulations applicable to each case in implementing the Audit Plan and Internal Control Action Plan approved by the Board of the CNMV in its meeting of 30 March 2022. This report is issued in compliance 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 was performed in accordance with the International Standards for the Professional Practice of Internal Auditing of the IIA (Institute of Internal Auditors) as established by the CNMV Internal Audit Rules approved by a Resolution of the Board on 28 February 2022.

2.- OBJECTIVES AND SCOPE

The objective of the work is to verify compliance of the supervisory decisions adopted by the CNMV's governing bodies in 2021 with the applicable procedural regulations.

The basic laws and regulations applicable to the CNMV's procedures are as follows:

- Recast Text of the Securities Market Act.
- Law 39/2015 of 1 October on the Common Administrative Procedure of Public Administrations.
- Law 40/2015, of 1 October on the Legal Regime of the Public Sector.
- The CNMV's Internal Regime.

In addition, the Agreements on the delegation of powers of the CNMV in force during 2021.

No scope limitations arose during the course of the work.

3.- OPINION

In our opinion, the audit work having been completed, it can be concluded that the decisions adopted by the CNMV's governing bodies in 2021 in the area of the supervision entrusted to it by the Recast Text of the Securities Market Act and other legislation met the requirements established in current legislation relating to the procedure and authority applicable in each case.

Manager of the Internal Control Department
Margarita García Muñoz

Annexes

Statistical annexes I: markets and issuers

Capital increases and initial public offerings¹

I.1

Importes en millones de euros

	Number of issuers			Number of issues		
	2020	2021	Change 21/20	2020	2021	Change 21/20
Cash capital increases	16	20	4	23	31	8
With pre-emptive right	5	4	-1	5	4	-1
Without pre-emptive right (IPO) ²	1	1	0	1	1	0
Of which, increases	0	0	0	0	0	0
Accelerated placements	1	0	-1	1	0	-1
Capital increases with non-monetary considerations ³	1	4	3	2	5	3
Capital increases via conversion	2	4	2	2	4	2
Other	8	12	4	12	17	5
Bonus issues	13	14	1	18	20	2
Of which, scrip dividends	12	13	1	17	19	2
Total capital increases	28	33	5	40	51	11
Initial public offering (IPO)	0	1	1	0	1	1
Of which, increases	0	0	0	0	0	0

Source: CNMV. (1) Does not include data from the MAB, ETFs or Latibex. (2) Public subscription offering. (3) Capital increases for non-monetary consideration have been stated at market value.

Capital increases and initial public offerings in 2021: cash amount

I.2

Amounts in millions of euros

Issuer	Cash amount ¹	Type of transaction	Date registered
Telefónica, S.A.	342.3	Bonus issue to meet dividend payment	12-Jan-21
Faes Farma, S.A.	4.9	Bonus issue to meet dividend payment	19-Jan-21
Repsol, S.A.	101.7	Bonus issue to meet dividend payment	26-Jan-21
Urbas Grupo Financiero, S. A.	1.5	Other capital increases	28-Jan-21
Libertas 7, S.A.	11.0	Other capital increases	02-Feb-21
Sacyr, S.A.	1.8	Bonus issue to meet dividend payment	09-Feb-21
Iberdrola, S.A.	266.0	Bonus issue to meet dividend payment	09-Feb-21
ACS, Actividades de Construcción y Servicios, S.A.	55.7	Bonus issue to meet dividend payment	16-Feb-21
Grenergy Renovables, S.A.	105.0	Other capital increases	23-Mar-21
CaixaBank, S.A.	2,079.2	Non-cash capital increase	26-Mar-21
Cellnex Telecom, S.A.	6,997.9	Capital increase with preemptive subscription rights	27-Apr-21
Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros	19.9	Other capital increases	27-Apr-21

Capital increases and initial public offerings in 2021: cash amount (continuation)

I.2

Amounts in millions of euros

Issuer	Cash amount ¹	Type of transaction	Date registered
Telefónica, S.A.	1,434.5	Other capital increases	28-Apr-21
Grupo Ecoener, S.A.	100.0	Public subscription offering	04-May-21
Obrascón Huarte Lain, S.A.	56.0	Non-cash capital increase	24-May-21
Neinor Homes, S.A.	1.1	Bonus issue to meet dividend payment	03-Jun-21
Obrascón Huarte Lain, S.A.	0.2	Bonus issue to meet dividend payment	10-Jun-21
Obrascón Huarte Lain, S.A.	0.0	Other capital increases	10-Jun-21
Grupo Ezentis, S.A.	68.0	Capital increase by conversion	28-Jun-21
Obrascón Huarte Lain, S.A.	36.4	Other capital increases	28-Jun-21
Obrascón Huarte Lain, S.A.	35.0	Capital increase with preemptive subscription rights	28-Jun-21
Ferrovial, S.A.	3.4	Other capital increases	28-Jun-21
Almirall, S.A.	1.7	Other capital increases	28-Jun-21
Coca-Cola Europacific Partners Plc	194.5	Bonus issue to meet dividend payment	29-Jun-21
Corporación Acciona Energías Renovables, S.A.	2,200.2	Initial Public Offering (IPO)	01-Jul-21
Sacyr, S.A.	12.6	Bonus issue to meet dividend payment	06-Jul-21
Inmobiliaria del Sur, S.A.	3.4	Bonus issue to meet dividend payment	06-Jul-21
Grupo Ezentis, S.A.	19.9	Capital increase by conversion	09-Jul-21
Service Point Solutions, S.A.	0.0	Other capital increases	14-Jul-21
Amper, S.A.	18.7	Capital increase by conversion	19-Jul-21
Amper, S.A.	0.1	Other capital increases	19-Jul-21
Laboratorio Reig Jofre, S.A.	0.3	Bonus issue to meet dividend payment	21-Jul-21
ACS, Actividades de Construcción y Servicios, S.A.	4.2	Bonus issue to meet dividend payment	22-Jul-21
Fomento de Construcciones y Contratas, S.A.	16.1	Bonus issue to meet dividend payment	29-Jul-21
Iberdrola, S.A.	94.6	Bonus issue to meet dividend payment	29-Jul-21
Unicaja Banco, S.A.	1,075.1	Non-cash capital increase	30-Jul-21
Coca-Cola Europacific Partners Plc	0.0	Other capital increases	05-Aug-21
Inmobiliaria Colonial, SOCIMI, S.A.	224.9	Non-cash capital increase	06-Aug-21
Distribuidora Internacional de Alimentación, S.A.	1,027.8	Other capital increases	12-Aug-21
Urbas Grupo Financiero, S.A.	2.8	Capital increase by conversion	07-Sep-21
Inmobiliaria Colonial, SOCIMI, S.A.	90.1	Non-cash capital increase	08-Sep-21
NH Hotel Group, S.A.	101.8	Other capital increases	30-Sep-21
NH Hotel Group, S.A.	6.3	Capital increase with preemptive subscription rights	30-Sep-21
Airbus SE	130.2	Other capital increases	21-Oct-21
Vidrala, S.A.	1.4	Bonus issue to meet dividend payment	30-Nov-21
Miquel y Costas & Miquel, S.A.	21.3	Bonus issue to meet dividend payment	25-Nov-21
Ferrovial, S.A.	1.5	Bonus issue	25-Nov-21
Berkeley Energía Limited	0.2	Bonus issue to meet dividend payment	05-Nov-21
Airbus SE	4.8	Other capital increases	02-Dec-21
Coca-Cola Europacific Partners PLC	0.0	Other capital increases	02-Dec-21
Telefónica, S.A.	141.0	Bonus issue to meet dividend payment	23-Dec-21
Artificial Intelligence Structures, S.A.	21.2	Capital increase with preemptive subscription rights	30-Dec-21

Source: CNMV. (1) Issues of new shares not paid for in cash have been valued at market prices.

Delistings in 2021¹

I.3

Company	Market	Reason. Procedure	Date
Bankia, S.A.	SIBE	Merger by absorption by Caixabank, S.A. with exchange of shares and delisting.	29/03/2021
Quabit Inmobiliaria, S.A.	SIBE	Exclusion due to merger with absorption by Neinor Homes with exchange of shares.	25/05/2021
Biosearch, S.A.	SIBE	Exclusion at the end of the term and upon settlement of the forced sale (squeeze-out) following the takeover bid.	30/07/2021
Liberbank, S.A.	SIBE	Exclusion due to merger by absorption by Unicaja Banco with exchange of shares.	02/08/2021
Euskaltel, S.A.	SIBE	Exclusion upon settlement of the forced sale (squeeze-out) following the takeover bid by Kaixo Telecom, S.A.U.	01/09/2021
Barón de Ley, S.A.	SIBE	Exclusion upon settlement of the forced purchase order by the entity's own takeover bid.	19/10/2021
Solarpack Corporación Tecnológica, S.A.	SIBE	Exclusion upon settlement of the forced sale (squeeze-out) following the takeover bid of Veleta Bidco S.à.r.l.	28/12/2021
Reno de Medici, S.p.A.	SIBE	Exclusion from trading due to merger by absorption with squeeze-out by Romina Bidco.	29/12/2021

Source: CNMV. (1) Excludes MAB, Latibex and ETFs.

Sector indices in the Madrid and Barcelona stock exchanges

I.4

Yield in the period (%)

	2018	2019	2020	2021	2021			
					I	II	III	IV
Madrid Stock Exchange								
Oil and energy	6.1	14.4	5.0	-1.6	-1.5	-4.1	-8.7	14.1
Electricity and gas	8.9	18.4	14.2	-4.2	-4.5	-4.7	-11.4	18.8
Basic mats., industry and construction	-8.6	24.9	-2.5	9.3	5.0	-1.3	-0.7	6.2
Consumer goods	-16.7	34.8	-15.3	0.9	5.6	4.0	2.3	-10.1
Consumer services	23.3	8.6	-36.7	-1.9	10.5	-4.8	3.8	-10.2
Financial and real estate services	-27.1	-2.6	-26.4	20.3	14.8	10.0	3.0	-7.5
Banking	-29.0	-3.4	-27.5	20.7	15.0	10.5	3.1	-7.8
Real Estate and others	-26.1	-11.0	-32.1	13.0	7.6	1.4	1.6	1.9
Technology and telecommunications	-5.5	4.5	-21.9	9.0	6.5	4.3	-0.5	-1.3
Madrid Stock Exchange General Index	-15.0	10.2	-29.4	7.1	6.2	2.3	-0.9	-0.6
Barcelona Stock Exchange								
Electricity	8.5	24.2	18.9	4.1	3.7	-2.8	-4.9	8.7
Banks	-29.3	-3.2	-28.5	24.3	17.2	10.4	5.6	-9.1
Chemicals and pharmaceuticals	-3.3	8.0	-	9.3	13.7	-4.0	-0.4	0.5
Cement, construction and real estate	-12.7	26.6	-20.1	3.3	8.9	-6.3	-3.0	4.5
Metallurgy	-20.8	18.9	43.5	-2.2	11.6	-0.9	0.8	-12.3
Food, agriculture and forestry	-23.3	-2.6	-	-5.9	20.3	-10.5	2.1	-14.3
Textiles and paper	-22.7	38.3	-17.8	13.7	9.5	4.5	1.0	-1.6
Trade and finance	-50.0	-11.9	-15.7	4.1	3.7	-2.8	-4.9	8.7
Sundry services	-6.3	8.6	-23.9	24.3	17.2	10.4	5.6	-9.1
BCN Global 100	-17.4	8.2	-16.8	10.2	11.3	1.6	0.9	-3.4

Source: Thomson Datastream.

Concentration of capitalisation by sector¹

I.5

Number of companies required in order to achieve a specific percentage

Sector	2020				2021			
	25%	50%	75%	100%	25%	50%	75%	100%
Oil	1	1	1	1	1	1	1	1
Energy	1	1	3	11	1	2	4	11
Mining & basic metals	1	2	2	8	1	2	2	8
Cement and construction materials	1	1	2	3	1	1	2	2
Chemicals and pharmaceuticals	1	1	2	7	1	1	2	7
Textiles and paper	2	2	2	8	1	1	1	7
Metal-mechanical	1	2	4	15	1	2	4	15
Food	1	2	3	11	1	2	3	10
Construction	1	2	3	7	1	2	3	7
Real estate companies and SOCIMIs (Spanish REITs)	3	4	6	18	1	2	4	17
Transport and communication	1	2	3	6	1	2	3	5
Other non-financial	1	2	3	26	1	3	4	26
Banks	1	5	5	9	1	4	5	8
Insurance	1	1	2	2	1	1	2	3
Portfolio companies	1	1	1	4	1	1	1	4
SICAVs	0	0	0	0	0	0	0	0
Financial institutions	0	0	0	0	0	0	0	0

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

Concentration of equity stock market trading

I.6

Number of companies required in order to achieve a specific percentage

	2020				2021			
	25%	50%	75%	100%	25%	50%	75%	100%
All markets¹	3	7	16	136	3	7	15	130
Electronic market	3	7	16	128	3	7	15	127
National	3	7	15	121	3	6	15	120
Foreign	1	1	2	7	1	1	1	7
Corros	1	1	1	8	1	1	1	3
Secondary market	0	0	0	0	0	0	0	0
ETF	1	2	3	5	1	2	3	5
MAB	5	41	166	2,612	9	34	146	2,465
Latibex	1	1	2	18	1	2	3	19

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	2.5	Repsol YPF	2.5
Energy and water	22.9	Iberdrola	10.4
Energy and water		Gas Natural SDG	4.3
Energy and water		Endesa	3.4
Mining & basic metals	1.2	CIE Automotive	0.5
Mining & basic metals		Acerinox	0.5
Mining & basic metals		Arcelor	0.1
Cement and construction materials	0.6	Vidrala, S.A.	0.4
Cement and construction materials		Cementos Molins, S.A.	0.2
Chemicals and pharmaceuticals	2.9	Grifols	1.5
Chemicals and pharmaceuticals		Laboratorios Farmacéuticos Rovi, S.A.	0.6
Chemicals and pharmaceuticals		Almirall, S.A.	0.3
Textiles and paper	14.2	Industria de Diseño Textil (Inditex)	13.9
Textiles and paper		Grupo Empresarial Ence	0.1
Textiles and paper		Miquel Costas & Miquel	0.1
Metal-mechanical	1.6	Zardoya Otis	0.5
Metal-mechanical		Gestamp Automoción, S.A.	0.4
Metal-mechanical		Construcciones y Auxiliar de Ferrocarriles, S.A.	0.2
Food	1.1	Viscofan	0.4
Food		Ebro Foods, S.A.	0.4
Food		Amrest Holdings, SE	0.2
Construction	6.8	Ferrovial, S.A.	3.2
Construction		Acciona, S.A.	1.4
Construction		ACS, Actividades de Construcción y Servicios	1.1
Real estate companies	2.2	Merlin Properties, SOCIMI, S.A.	0.7
Real estate companies		Grupo Inmocaral	0.7
Real estate companies		Aedas Homes, S.A.	0.2
Transport and communication	13.9	Cellnex Telecom, S.A.	5.4
Transport and communication		Telefónica	3.5
Transport and communication		Aena, SME, S.A.	3.3
Other non-financial	9.8	Amadeus IT Group, S.A.	4.2
Other non-financial		Gamesa Corporación Tecnológica	2.2
Other non-financial		Fluidra, S.A.	1.1
Banks	18.1	Banco Santander, S.A.	8.0
Banks		Banco Bilbao Vizcaya Argentaria	5.5
Banks		CaixaBank, S.A.	3.0
Insurance	1.7	Mapfre, S.A.	0.9
Insurance		Grupo Catalana Occidente	0.6
Insurance		Línea Directa Aseguradora, S.A.	0.3
Portfolio companies	0.6	Corporación Financiera Alba	0.5
Portfolio companies		Alantra Partners, S.A.	0.1
Portfolio companies		Mobiliaria Monesa, S.A.	0.0

Source: CNMV. (1) Capitalisation at year-end. (2) Capitalisation of the sector 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

Amounts in millions of euros

Company	Market capitalisation ²			Trading volume		
	2020	2021	% total ³	2020	2021	% total ³
Industria de Diseño Textil (Inditex)	81,157.6	88,918.1	14.0	31,203.6	34,868.9	9.3
Iberdrola	74,295.7	66,271.0	10.4	46,319.2	36,046.2	9.7
Banco Santander, S.A.	44,010.5	50,990.2	8.0	45,270.5	41,202.5	11.0
Banco Bilbao Vizcaya Argentaria	26,904.9	35,006.4	5.5	28,015.1	30,234.1	8.1
Cellnex Telecom, S.A.	23,907.1	34,768.0	5.5	16,052.0	21,094.9	5.7
Gas Natural SDG	18,383.9	27,760.0	4.4	7,063.9	8,410.4	2.3
Amadeus IT Group, S.A.	26,831.7	26,867.8	4.2	25,839.9	16,121.2	4.3
Telefónica	17,290.8	22,260.9	3.5	26,642.2	18,554.8	5.0
Endesa	23,663.1	21,386.8	3.4	9,696.0	8,501.5	2.3
Aena, SME, S.A.	21,330.0	20,820.0	3.3	9,502.6	6,909.4	1.9
Ferrovial, S.A.	16,563.6	20,218.1	3.2	12,209.7	8,355.6	2.2
CaixaBank, S.A.	12,567.0	19,458.4	3.1	10,545.0	8,926.3	2.4
Repsol YPF	12,601.0	15,939.9	2.5	27,324.4	22,323.6	6.0
Gamesa Corporación Tecnológica	22,539.0	14,351.7	2.3	7,628.8	8,991.9	2.4
Red Eléctrica de España	9,076.6	10,294.0	1.6	8,882.3	6,980.2	1.9
Grifols	14,207.2	9,833.9	1.5	8,728.6	5,871.2	1.6
Acciona, S.A.	6,401.8	9,221.4	1.4	3,365.5	3,565.5	1.0
International Consolidated Airlines Group, S.A.	8,903.9	8,471.4	1.3	9,420.2	10,191.4	2.7
ACS, Actividades de Construcción y Servicios	8,434.5	7,180.9	1.1	9,070.6	5,730.2	1.5
Fluidra, S.A.	4,098.4	6,886.1	1.1	725.6	5,241.7	1.4
Mapfre, S.A.	4,905.7	5,560.1	0.9	3,156.6	1,865.3	0.5
Enagás	4,706.7	5,344.6	0.8	7,225.9	5,102.6	1.4
Merlin Properties, SOCIMI, S.A.	3,654.8	4,495.7	0.7	3,464.7	1,914.3	0.5
Grupo Inmocaral	4,077.6	4,451.8	0.7	1,697.9	1,416.6	0.4
Laboratorios Farmacéuticos Rovi, S.A.	2,125.0	4,137.9	0.6	430.0	1,165.6	0.3
Bankinter, S.A.	3,976.6	4,053.0	0.6	4,768.6	3,635.4	1.0
CIE Automotive	2,703.5	3,353.0	0.5	1,316.9	1,119.0	0.3
Banco de Sabadell	1,991.9	3,330.0	0.5	6,132.0	4,576.7	1.2
Acerinox	2,444.1	3,080.2	0.5	1,805.3	3,461.9	0.9
Solaria Energía y Medioambiente, S.A.	2,953.8	2,139.2	0.3	2,605.9	4,589.0	1.2
Almirall, S.A.	1,945.0	2,031.5	0.3	1,252.9	1,252.0	0.3
Indra Sistemas	1,233.0	1,681.7	0.3	1,595.6	1,595.1	0.4
Meliá Hotels International, S.A.	1,260.7	1,322.8	0.2	1,666.6	1,647.8	0.4
Pharma Mar, S.A.	1,303.2	1,046.6	0.2	4,893.2	2,399.2	0.6
Arcelor	686.3	797.0	0.1	2,585.4	3,554.8	1.0

Source: CNMV. (1) Companies in the Ibex 35 at 31 December 2020. (2) Capitalisation on the last day of the year. (3) With respect to the market total.

Takeover bids authorised in 2021

I.9

Amounts in millions of euros

Company	Offeror	Purpose	% capital addressed by the bid	Amount paid ¹	Result (%) ²
Biosearch, S.A.	Kerry Iberia Taste & Nutrition, S.L.U.	Voluntary takeover bid to take control	100.00	114.67	90.33
Euskaltel, S.A.	Kaixo Telecom, S.A.U.	Voluntary takeover bid to take control	100.00	1,919.34	97.67
Barón de Ley, S.A.	Barón de Ley, S.A.	Exclusion bid	7.49	15.00	3.28
Naturgy Energy Group, S.A.	Global Infracor O (2) S.à.r.l.	Partial voluntary takeover bid	22.69	2,317.83	10.83
Solarpack Corporación Tecnológica, S.A.	Vane Bidco, S.à.r.l.	Voluntary takeover bid to take control	100.00	846.35	96.04
Total				5,213.18	

Source: CNMV. (1) Consideration adjusted for dividends. (2) Percentage with respect to share capital. In the event of pro-rating, the co-efficient is indicated.

Companies listed on Latibex by sector

I.10

Amounts in millions of euros, unless indicated otherwise

Sector	Number of companies		Market capitalisation			Trading volume		
	2020	2021	2020	2021	% change 21/20	2020	2021	% change 21/20
Oil	1	1	25.6	28.7	12.13	11.2	9.9	-11.33
Energy	2	3	2.0	2.1	3.51	1.2	1.3	5.51
Mining & basic metals	5	5	94.8	103.9	9.55	15.2	27.5	80.84
Chemicals and pharmaceuticals	1	1	0.5	0.7	57.19	0.4	0.6	57.43
Textiles and paper	0	0	0.0	0.0	–	0.0	0.0	–
Metal-mechanical	1	1	0.1	0.1	13.51	0.2	0.1	-56.15
Food	0	0	0.0	0.0	–	0.0	0.0	–
Real estate companies and SOCIMIs (Spanish REITs)	1	0	0.0	0.0	-100.00	0.0	0.0	–
Transport and communications	1	1	0.4	0.5	47.39	0.4	0.2	-53.60
Other non-financial	1	1	0.0	0.1	171.75	0.3	0.3	-1.64
Banks	4	4	3.1	3.2	3.25	0.9	0.7	-24.18
Portfolio companies	1	1	0.0	0.0	-44.83	0.1	0.2	16.31
Financial institutions	1	1	50.7	56.7	11.91	49.6	8.2	-83.42
Total	19	19	177.2	196.1	10.66	79.5	48.9	-38.45

Source: CNMV.

Net issues by public administrations

I.11

Nominal amounts in millions of euros

	Amount				% year-on-year change		
	2018	2019	2020	2021	19/18	20/19	21/20
Central government	41,684	17,117	100,718	61,199	-58.9	488.4	-39.2
Short term	-8,393	-9,024	15,981	-2,057	-7.5	277.1	-112.9
Long term	50,077	26,141	84,737	63,256	-47.8	224.2	-25.4
Autonomous regions	-3,621	1,698	-2,760	3,905	146.9	-262.5	241.5
Short term	-53	208	-138	-50	490.9	-166.1	63.7
Long term	-3,568	1,490	-2,622	3,956	141.8	-276.0	250.8
Local administrations	-134	-53	0	0	60.5	100.0	-
Short term	-	-	-	-	-	-	-
Long term	-134	-53	0	0	60.5	100.0	-
Total public administrations	37,929	18,762	97,958	65,104	-50.5	422.1	-33.5

Source: Bank of Spain and CNMV.

Number of issuers and issuances filed with the CNMV. Breakdown by instrument

I.12

	Number of issuers ¹		Number of issues	
	2020	2021	2020	2021
Long term	41	30	233	149
Non-convertible bonds and obligations	11	13	143	85
of which, subordinated debt	1	0	1	0
Convertible bonds	0	0	0	0
Mortgage-backed securities	14	7	26	16
Territorial bonds	3	3	6	3
Securitisation bonds	15	12	52	41
asset-backed (ABS)	15	12	52	41
mortgage-backed (MBS)	0	0	0	0
Preferred shares	2	3	2	3
Other issues	2	1	4	1
Short term²	11	7	11	7
Promissory notes	11	7	11	7
of which, asset-backed	0	0	0	0
Total	47	34	244	156

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 2021

I.13

Nominal amounts in millions of euros

Name of issuing company	Nominal amount issued		
	Total	Short term ²	Long term
Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria	21,077	0	21,077
Banco de Santander, S.A.	14,323	0	14,323
Banco de Sabadell, S.A.	10,067	7,000	3,067
CaixaBank, S.A.	9,250	0	9,250
Banco Bilbao Vizcaya Argentaria, S.A.	6,500	0	6,500
Bankinter, S.A.	6,224	4,000	2,224
RMBS Santander 7, Fondo de titulización	5,565	0	5,565
Santander Consumer Finance, S.A	5,000	5,000	0
Endesa, S.A.	4,000	4,000	0

Source: CNMV. (1) Issuers that registered issues exceeding €4 billion in 2021. (2) Nominal amount of shelf registrations.

Main fixed income issuers¹ registered with the CNMV in 2021. Breakdown by instrument

I.14

Nominal amounts in millions of euros

Asset type	Issuer	Amount
Simple bonds	Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria	21,077
Mortgage-backed securities	Banco Santander, S.A.	12,500
	CaixaBank, S.A.	6,000
	Banco Bilbao Vizcaya Argentaria, S.A.	4,500
	Banco de Sabadell, S.A.	3,000
Territorial bonds	CaixaBank, S.A.	2,500
	Banco Bilbao Vizcaya Argentaria, S.A.	2,000
Commercial paper programme ²	Banco de Sabadell, S.A.	7,000
	Santander Consumer Finance, S.A.	5,000
	Bankinter, S.A.	4,000
	Endesa, S.A.	4,000
	Telefónica, S.A.	2,000
Securitisation bonds	RMBS Santander 7, Fondo de titulización	5,565
	BBVA RMBS 20, Fondo de titulización	2,500
	BBVA Consumo 11, Fondo de titulización	2,500
	SOL LION RMBS, Fondo de titulización	1,694
	BBVA Consumo 4, Fondo de Titulización	1,530

Source: CNMV. (1) Issuers which issued more than €1.5 billion in 2021 in the corresponding financial instrument. (2) Nominal amount of shelf registrations.

Commercial paper issuers: largest¹ outstanding balances at 31 December 2021

I.15

Amounts in millions of euros

Issuer	Amount	% of total	% accum.
Endesa, S.A.	2,915	50.72	50.72
Bankinter, S.A.	1,253	21.79	72.51
Banco de Sabadell, S.A.	904	15.73	88.24
Bankinter Sociedad de Financiación, S.A.	500	8.70	96.94
Santander Consumer Finance, S.A.	82	1.43	98.37
Banca March, S.A.	64	1.11	99.48
Telefónica, S.A.	30	0.52	100.00

Source: AIAF. (1) Issuers with an outstanding balance greater than €500 million.

Main securitisation bond issuers in 2021¹

I.16

Amounts in millions of euros

Issuer	Amount	Assets securitised
RMBS Santander 7	5,565	Mortgage loans
BBVA Consumo 11	2,500	Consumer loans
BBVA RMBS 20	2,500	Mortgage loans
Columbus Master Credit Cards	2,000	Other
Santander Consumo 4	1,530	Consumer loans

Source: CNMV. (1) Issuers with CNMV-registered issuances of more than €1.5 billion at year-end.

Securitisation bonds, by type of asset securitised

I.17

Nominal amounts in millions of euros

	2017	2018	2019	2020	2021
Via the FTH (Mortgage securitisation fund)	0	0	0	0	0
Via FTAs (Asset securitisation funds)	29,415	18,145	18,741	36,281	16,116
Mortgage securitisation funds	14,885	683	3,025	19,701	9,033
Mortgage loans	14,885	683	2,525	19,701	9,033
Mortgage-backed securities	0	0	500	0	0
Real estate sponsor loans	0	0	0	0	0
Corporate FTAs (asset securitisation funds)	4,850	10,442	7,430	4,293	1,000
SMEs ¹	3,750	10,442	5,600	2,550	1,000
FTPME ¹	0	0	0	0	0
FTGENCAT ¹	0	0	0	0	0
Business loans ²	0	0	0	0	0
Corporate loans ³	0	0	0	0	0
Finance leases	1,100	0	1,830	1,743	0
FTA (asset securitisation funds), other	9,680	7,020	8,286	12,288	6,083
Subordinated debt	0	0	0	0	0
Treasury bonds	0	0	0	0	0
Loans to public authorities	0	0	0	0	0
Territorial bonds	0	0	0	0	0
Consumer loans	4,672	2,504	3,097	6,430	4,030
Auto loans	977	1,534	1,556	4,658	2,053
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	4,032	2,982	3,633	1,200	0
Total securitisation bonds	29,415	18,145	18,741	36,281	16,116
Total securitisation commercial paper issued⁴	2,200	240	0	0	0
Total bonds and commercial paper	31,615	18,385	18,741	36,281	16,116
<i>Pro memoria:</i>					
Mortgage subtotal	14,885	683	3,025	19,701	9,033

Source: CNMV. (1) Comprises funds the portfolios of which consist almost entirely of loans to SMEs. (2) Comprises funds the portfolios of which contain loans to any type of business: self-employed, micro-enterprises, SMEs and larger companies. (3) Comprises funds the portfolios of which consist only of loans to large companies. (4) Gross issues of asset securitisation funds with securitisation commercial paper programmes.

Nominal amount in millions of euros

	2017	2018	2019	2020	2021	% change 21/20
Commercial paper	3,820	0	0	0	0	–
Bonds	8,413	27	15	9	10	19.58
Securitisation bonds	6,207	0	0	0	0	–
Mortgage-backed securities	6,583	0	0	0	0	–
Territorial bonds	368	0	0	0	0	–
Matador bonds	0	0	0	0	0	–
Total private fixed income	19,183	27	15	9	10	19.58
Treasury bills	0	0	0	0	0	–
Government bonds	9	443	0	5	85	1,600.80
Total public debt	9	443	0	5	85	1,600.80
Total	19,192	470	15	14	95	603.96

Statistical annexes II: financial institutions and investment services

Number, unitholders, assets and breakdown of changes in assets of securities and real estate investment funds¹

II.1

Amounts in millions of euros

Job category	Number of funds			Number of unitholders			Assets			Pro memoria:			
	% change			% change			Amount			Change ²			
	2021	vs. Dec-20		2021	vs. Dec-20		2021	% change vs. Dec-20		Net subsc.	Net yield	Gross profits distributed	Distribution of net subscriptions to investment funds (%)
Fixed income ³	266	-10		5,476,096	1,340,802		88,422.8	7,406.9		7,674.2	-265.8	-1.5	27.3
Mixed fixed income ⁴	181	7		1,459,004	255,724		50,869.7	7,669.3		6,574.7	1,160.1	-65.4	23.4
Mixed equity ⁵	192	6		721,346	-23,766		28,141.1	-2,291.6		-4,179.3	1,890.4	-2.7	-14.9
Euro equity	94	-10		778,138	248,031		8,279.6	1,188.5		13.8	1,176.4	-1.9	0.0
International equity	307	31		3,882,184	838,642		51,222.2	13,499.7		5,260.9	8,242.5	-3.6	18.7
Guaranteed fixed income	43	-12		77,430	-57,890		2,346.7	-1,830.3		-1,787.1	-43.3	0.0	-6.4
Guaranteed equity ⁶	114	-19		265,043	-91,396		8,094.9	-2,942.2		-2,949.3	7.2	0.0	-10.5
Global funds	263	15		1,989,428	579,669		67,591.0	26,646.5		22,755.0	3,894.8	-3.3	80.9
Passive management ⁷	88	-30		505,514	-5,737		12,500.4	-1,513.9		-2,700.6	1,192.9	-6.1	-9.6
Absolute return	61	-11		659,411	72,371		7,231.2	-2,826.2		-3,041.9	216.5	-0.8	-10.8
Total IFs	1,611	-33		15,816,557	3,156,457		324,701.0	45,006.5		27,620.3	17,471.5	-85.4	98.2
Funds of hedge funds	9	3		5,278	2,536		613.7	250.3		205.3	45.0	0.0	0.7
Hedge funds	58	1		8,149	750		2,967.0	472.3		307.9	162.5	1.9	1.1
Total funds (Total Ifs + funds of hedge funds + hedge funds)													
	1,678	-29		15,829,984	3,159,743		328,282	45,729.1		28,133.5	17,679.0	-83.5	100.0
Real estate funds	2	0		482	-1		311.0	0.2		0.0	1.4	0.0	-
Foreign CIs ⁸	1,074	26		6,073,537	1,761,197		276,231.9	76,812.6		-	-	-	-

Source: CNMV. (1) Sub-funds which have sent confidential statements (excludes funds in dissolution or liquidation). The data of special purpose sub-funds are included only in the totals, not in the breakdowns by category. (2) For each category, the variation in assets is due to net subscriptions, including those due to changes in the investor profile, gross profits paid out and net yields on assets. (3) Until 2019 it includes the following categories (CNMV Circular 3/2011): euro fixed income, international fixed income, money market and short term money market. From 2020 onwards it includes the following categories (CNMV Circular 1/2019): short-term public debt constant net asset value money market funds (MMFs), short-term low volatility net asset value MMFs, short-term variable net asset value MMFs, standard variable net asset value MMFs, euro fixed income and short-term euro fixed income. (4) It comprises euro mixed fixed income and international mixed fixed income. (5) It comprises euro mixed equity and international mixed equity. (6) It comprises guaranteed variable return and partial guarantee. (7) Until 2019 it includes passively managed CISs (CNMV Circular 3/2011). From 2020 onwards it includes the following categories (CNMV Circular 1/2019): passively managed CISs, CISs that replicate an index and CISs with a specific non-guaranteed target return. (8) The number of foreign CISs includes only UCITS registered with the CNMV. The data of unitholders and investment volumes are estimated using the data received to date. The volume of investment is the result of multiplying the number of shares and units distributed in Spain by their value at the end of the corresponding period.

Fund portfolio: weight in the outstanding balance of Spanish securities¹

II.2

%

	2017	2018	2019	2020	2021
Listed equity²	2.6	3.0	2.6	2.5	2.8
Private fixed income	1.9	1.6	1.3	1.1	1.2
Short term	14.8	17.4	24.3	15.5	21.4
Long term	1.6	1.3	1.0	1.0	0.9
Public sector fixed income	4.2	3.5	2.9	2.3	1.7
Short term	6.8	9.0	7.8	6.0	6.5
Long term	3.9	3.1	2.6	2.1	1.4

Source: CNMV and Bank of Spain. (1) Internal portfolio of financial investment funds, excluding hedge funds and funds of hedge funds at realisation value. Does not include repos. (2) Listed equity as a percentage of the capitalisation of Spanish securities in the continuous market, open outcry market and MAB.

Expenses charged to financial investment funds

II.3

% of average daily assets

	Management fees			Depository fees ¹		
	2019	2020	2021	2019	2020	2021
Total investment funds²	0.85	0.83	0.86	0.07	0.08	0.07
Fixed income	0.44	0.42	0.40	0.06	0.06	0.06
Mixed fixed income	0.92	0.88	0.88	0.08	0.08	0.08
Mixed equity	1.29	1.28	1.28	0.10	0.10	0.09
Euro equity	1.49	1.45	1.30	0.10	0.10	0.09
International equity	1.41	1.31	1.31	0.09	0.09	0.08
Guaranteed fixed income	0.36	0.36	0.36	0.05	0.05	0.05
Guaranteed equity	0.47	0.44	0.44	0.05	0.05	0.05
Global funds	1.03	1.07	1.15	0.08	0.08	0.09
Passive management	0.42	0.41	0.37	0.05	0.05	0.04
Absolute return	0.81	0.78	0.68	0.06	0.07	0.06
Funds of hedge funds	2.45	1.90	1.75	0.07	0.06	0.07
Hedge funds³	1.26	1.49	1.62	0.00	0.00	0.00

Source: CNMV. (1) Except in hedge funds where they are financing fees. (2) The data of the special purpose sub-funds are included only in the totals, not in the breakdowns by category as this is not available. (3) Percentage of average monthly assets.

Yields and net subscriptions of investment funds

II.4

Yield (%) and net subscriptions (in millions of euros)

	2017		2018		2019		2020		2021	
	Yield	Net subsc.	Yield	Net subsc.	Yield	Net subsc.	Yield	Net subsc.	Yield	Net subsc.
Fixed income ¹	-0.13	-3,638	-1.44	-2,766	1.38	10,733	0.62	2,063	-0.31	7,674
Mixed fixed income ²	1.10	2,891	-4.27	-1,064	4.75	-1,506	-0.03	2,620	2.49	6,575
Mixed equity ³	3.23	5,499	-6.45	2,486	9.25	3,289	0.59	1,601	7.18	-4,179
Euro equity	11.16	2,550	-13.01	1,790	14.27	-3,588	-8.75	-2,008	16.72	14
International equity	8.75	4,514	-12.34	3,864	22.18	4,114	2.83	2,633	21.14	5,261
Guaranteed fixed income	0.72	-3,263	0.09	-576	3.98	-283	1.68	-707	-1.29	-1,787
Guaranteed equity ⁴	1.61	-310	-1.33	-667	3.62	-1,857	0.70	-2,254	0.06	-2,949
Global funds	4.46	13,406	-5.69	9,449	8.45	-2,554	-0.31	-1,501	7.90	22,755
Passive management ⁵	2.13	-4,585	-3.16	-2,790	7.45	-3,027	0.44	-24	9.82	-2,701
Absolute return ⁵	1.44	4,287	-4.81	-1,900	3.94	-2,853	0.94	-1,762	3.02	-3,042
Total IFs⁶	2.42	21,325	-4.89	7,842	7.12	2,468	0.78	660	6.31	27,620
Funds of hedge funds	0.44	193	-2.99	177	4.91	71	-0.35	-227	11.27	205
Hedge funds	7.41	209	-5.63	83	10.15	270	-0.04	-203	6.59	308
Total funds										
(Total IFs + Funds of hedge funds + Hedge funds)	2.76	21,727	-4.90	8,102	7.14	2,809	0.77	231	6.60	28,134
Real estate funds	-2.60	-1	0.24	-52	0.00	0	0.47	0	0.07	0

Source: CNMV. (1) Until 2019 it includes the following categories (CNMV Circular 3/2011): euro fixed income, international fixed income, money market and short term money market. From 2020 onwards it includes the following categories (CNMV Circular 1/2019): standard variable net asset value, euro fixed income and short term euro fixed income MMFs. (2) It includes euro mixed fixed income and international mixed fixed income. (3) It includes euro mixed equity and international mixed equity. (4) It includes guaranteed variable return and partial guarantee. (5) Until 2019 it includes passively managed CISs (CNMV Circular 3/2011). From 2020 onwards it includes the following categories (CNMV Circular 1/2019): passively managed CISs, CISs that replicate an index and CISs with a specific non-guaranteed target return. (6) The data of the special purpose sub-funds are included only in the totals, not in the breakdowns by category as this is not available.

Foreign CIS marketed in Spain¹

II.5

	2020	2021	Change (%)
Number of schemes	1,048	1,074	2.5
Number of investors	4,312,340	6,073,537	40.8
Investment volume (millions of euros)	199,419	276,232	38.5
Breakdown by country of origin			
Germany	45	50	11.1
Austria	32	33	3.1
Belgium	5	5	0.0
Denmark	1	1	0.0
Finland	13	14	7.7
France	225	222	-1.3
Ireland	222	231	4.1
Liechtenstein	4	5	25.0
Luxembourg	472	501	6.1
Netherlands	3	3	0.0
Portugal	3	0	-100.0
United Kingdom	23	0	-100.0
Sweden	0	9	-

Source: CNMV. (1) The number of undertakings and their distribution by country of origin includes only UCITS (companies and funds) registered with the CNMV. Data relating to assets and the number of unitholders are estimated using the data received to date.

CIS management companies (CISMCs) and management companies of closed-ended collective investment schemes: registrations and deregistrations in 2021

II.6

Annexes
Statistical annexes II

CIS management company	Controlling group
Registrations	
Talenta Gestión, SGIC, S.A.	Independent
Impact Bridge Asset Management, SGIC, S.A.	Independent
Actinver Inversiones y Valores, SGIC, S.A.	Actinver
Proaltus Capital AM, SGIC, S.A.	Independent
Deregistrations	
Fidentiis Gestión, SGIC, S.A.	Bestinver, S.A. / Absorbed by Bestinver Gestión, SGIC, S.A.,
Bankia Fondos, SGIC, S.A.	Caixabank, S.A. / Absorbed by Caixabank Asset Management, SGIC, S.A.
Quintet Asset Management, SGIC, S.A.	Quintet Private Bank (Europe), S.A. / Transformation into S.A.
Trea Asset Management, SGIC, S.A.	Trea Capital Partners SV / Absorbed by Nobangest, SGIC, S.A. (new name: Treas Asset Management, SGIC, S.A.)
Foreign management companies with branches	
Registrations	
Tikehau Investment Management, Sucursal en España	Tikehau Investment Management
MSIM Fund Management (Ireland) Limited, Sucursal en España	MSIM Fund Management (Ireland) Limited
PGIM Private Capital (Ireland) Limited, Sucursal en España	PGIM Private Capital (Ireland) Limited
Generali Investments Partners, SGR, Sucursal en España	Generali Investments Partners, SGR
A&G Luxembourg AM, S.A., Sucursal en España	A&G Luxembourg AM, S.A.
UBP Asset Management (Europe), S.A., Sucursal en España.	UBP Asset Management (Europe), S.A.
M&G Luxembourg, S.A., Sucursal en España	M&G Luxembourg, S.A.
LFE European Asset Management, S.à r.l., Sucursal en España	LFE European Asset Management, S.à r.l.
Threadneedle Management Luxembourg, S.A., Sucursal en España	Threadneedle Management Luxembourg, S.A.
Lonvia Capital, Sucursal en España	Lonvia Capital
Deregistrations	
Legg Mason Investments (Ireland) Limited, Sucursal en España	Legg Mason Investments (Ireland) Limited
Management companies of closed-ended collective investment schemes	
Registrations	
Q-Impact Investment Management, SGEIC, S.A.	Qualitas
Sancus Capital, SGEIC, S.A.	Independent
Mago Equity, SGEIC, S.A.	Independent
Austral Venture Gestion, SGEIC, S.A.U.	Independent
Enion Venture Partners, SGEIC, S.A.	Independent
Delicias Capital, SGEIC, S.A.	Independent
Q-Living Asset Management, SGEIC, S.A.	Qualitas
Deregistrations	

**CIS management companies (CISMCs) and management companies
of closed-ended collective investment schemes:
registrations and deregistrations in 2021 (continuation)**

II.6

CIS management company	Controlling group
Bankinter Capital Riesgo, SGEIC, S.A.	Bankinter
CVP Asset Management, SGEIC, S.A.	Independent/Absorbed by Athos Capital, SGEIC, S.A.
Decenes Mecenes, SGEIC, S.A.	Independent
Alameda Capital Spain, SGEIC S.A.	Independent

Source: CNMV.

Foreign investment firms with community passport: home Member State¹

II.7

Number of investment firms	2020	2021
Free provision of services	3,053	905
Germany	105	114
Austria	22	24
Belgium	11	11
Bulgaria	11	10
Cyprus	217	224
Croatia	1	1
Denmark	21	21
Slovakia	3	3
Slovenia	1	1
Estonia	1	2
Finland	13	14
France	67	78
Greece	11	13
Netherlands	124	123
Hungary	2	3
Ireland	68	67
Iceland	1	1
Italy	12	16
Latvia	2	2
Liechtenstein	32	31
Lithuania	1	1
Luxembourg	46	47
Malta	29	32
Norway	32	33
Poland	2	2
Portugal	11	14
United Kingdom	2,192	0
Czech Republic	3	3
Sweden	12	14
Branches	66	41
Germany	13	15

Foreign investment firms with community passport: home Member State¹
(continuation)

II.7

Annexes
Statistical annexes II

Number of investment firms	2020	2021
Cyprus	5	4
France	5	7
Netherlands	4	3
Ireland	7	5
Luxembourg	2	3
Norway	1	1
Poland	1	1
Portugal	1	1
United Kingdom	26	0
Sweden	1	1
Total	3,119	946
<i>Pro memoria: foreign investment firms outside the EEA</i>		
Branches	0	2
United Kingdom	0	2
Free provision of services	3	3
Argentina	1	1
Brazil	1	1
Chile	1	1
Total	3	5

Source: CNMV. (1) Countries indicated in the notifications of investment firms of EU Member States and authorisations of investment firms of non-EU countries.

**Broker-dealers, brokers, portfolio management companies,
financial advisory firms and foreign investment firms with branches:
registrations and deregistrations in 2021**

II.8

Institution	Controlling group
Broker-dealers and brokers	
Registrations	
Allianz Soluciones de Inversión, AV, S.A.	Allianz Group
Beka Values, AV, S.A.	Beka Group
Finaccess Value, AV, S.A.	Far Luca Group
Gestión Fondo Endowment, AV, S.A.	Independent
Oval Marketplace, AV, S.A.	Oval Marketplace Group
Rothschildco Wealth Management Spain, AV, S.A.	Rothschild Group
Tradition Financial Services España, SV, S.A.	Tradition Financial Services Group
Deregistrations	
Ahorro Corporación Financiera, SV, S.A.	Ahorro Corporación
Bestinver, SV, S.A.	Acciona Group
Credit Suisse Securities, SV, S.A.	Credit Suisse
Esfera Capital, AV, S.A.	Independent
Julius Baer, AV, S.A.	Julius Baer
Merrill Lynch Capital Markets España, SV, S.A.	Merrill Lynch
Morgan Stanley, SV, S.A.	Morgan Stanley
Privary, AV, S.A.	Independent
Quintet Investments, AV, S.A.	Quintet Private Bank
Talenta Gestión, AV, S.A.	Independent
UBS Securities España, SV, S.A.	UBS
Ahorro Corporación Financiera, SV, S.A.	Ahorro Corporación
Portfolio management companies	
Deregistrations	
Fin-Brok, SGC, S.A.	Independent
Financial advisory firms	
Registrations	
Asset Growth, EAF, S.L.	Independent
Coventina Partners, EAF, S.L.	Independent
Emeritus Quintana Pelayo	Independent
Fernando Primo de Rivera Oriol	Independent
GHI Global Advisory Partners, EAF, S.L.	Independent
If Capital Management, EAF, S.L.	Independent
MFO Global Investment Advisors, EAF, S.L.	Independent
Taylor Investing, EAF, S.L.	Independent
Thalesia Capital, EAF, S.L.	Independent
Deregistrations	
Ágora Asesores Financieros, EAF, S.L.	Independent
Alttaro Capital Advisors, EAF, S.L.	Independent
Amorós Arbaiza Inversiones, EAF, S.L.	Independent
Arcano Wealth Advisors, EAF, S.L.	Independent
Asset Growth XXI, EAF, S.L.	Independent

**Broker-dealers, brokers, portfolio management companies,
financial advisory firms and foreign investment firms with branches:
registrations and deregistrations in 2021 (continuation)**

II.8

Annexes
Statistical annexes II

Institution	Controlling group
Danel Capital, EAF, S.A.	Independent
Fortior Capital, EAF, S.L.	Independent
Inverconsulting Investment Advice, EAF, S.L.	Independent
Ana Ros Ruiz	Independent
Foreign investment firms with branches	
Registrations	
Cedrus Partners SAS, Sucursal en España	Cedrus Partners S.A.S.
Goldman Sachs International, Sucursal en España	Goldman Sachs International
Houlihan Lokey (Europe) GmbH, Sucursal en España	Houlihan Lokey (Europe) GmbH
Macquarie Capital France, Sucursal en España	Macquarie Capital France
Mirabaud Securities Limited, Sucursal en España	Mirabaud Securities Limited
Morgan Stanley Europe, Sucursal en España	Morgan Stanley Europe
Stonex Financial Europe, S. A., Sucursal en España	Stonex Financial Europe
Deregistrations	
Admiral Markets UK Ltd., Sucursal en España	Admiral Markets UK Ltd.
Aegon Asset Management Pan-Europe BV, Sucursal en España	Aegon Asset Management Pan-Europe BV
Afex Markets PLC, Sucursal en España	Afex Markets PLC
AK Jensen Limited, Sucursal en España	AK Jensen Limited
Ares Management Limited, Sucursal en España	Ares Management Limited
Blackrock Investment Management (UK) Limited, Sucursal en España	Blackrock Investment Management (UK)
Charme Capital Partners Limited, Sucursal en España	Charme Capital Partners Limited
Citigroup Global Markets Limited, Sucursal en España	Citigroup Global Markets Limited
CMC Markets UK PLC, Sucursal en España	CMC Markets UK PLC
Computershare Investor Services PLC, Sucursal en España	Computershare Investor Services PLC
Depaho Ltd., Sucursal en España	Depaho Ltd.
Dinosaur Merchant Bank Limited, Sucursal en España	Dinosaur Merchant Bank Limited
Equities First (London) Limited, Sucursal en España	Equities First (London) Limited
Evercore Partners International LLP, Sucursal en España	Evercore Partners International LLP
FCS Capital Markets Limited, Sucursal en España	FCS Capital Markets Limited
Goldman Sachs International, Sucursal en España	Goldman Sachs International
Houlihan Lokey Emea LLP, Sucursal en España	Houlihan Lokey Emea LLP
ICAP Energy Limited, Sucursal en España	ICAP Energy Limited
IG Markets Limited, Sucursal en España	IG Markets Limited
Jefferies International Limited, Sucursal en España	Jefferies International Limited
Macquarie Capital (Ireland) Designated Activity Company, Sucursal en España	Macquarie Capital (Ireland) Designated Activity Company
MFS International (UK) Limited, Sucursal en España	MFS International (UK) Limited
Mirabaud Securities Limited, Sucursal en España	Mirabaud Securities Limited
Moneycorp Financial Risk Management Limited, Sucursal en España	Moneycorp Financial Risk Management Limited
Morgan Stanley Investment Management (Ireland) Limited, Sucursal en España	Morgan Stanley Investment Management (Ireland) Limited

**Broker-dealers, brokers, portfolio management companies,
financial advisory firms and foreign investment firms with branches:
registrations and deregistrations in 2021 (continuation)**

II.8

Institution	Controlling group
Muzinich & Co. Limited, Sucursal en España	Muzinich & Co. Limited
Nomura International PLC, Sucursal en España	Nomura International PLC
Pairstech Capital Management LLP, Sucursal en España	Pairstech Capital Management LLP
Stifel Nicolaus Europe Limited, Sucursal en España	Stifel Nicolaus Europe Limited
TFS Derivatives Limited, Sucursal en España	TFS Derivatives Limited

Source: CNMV.

**Broker-dealers, brokers, portfolio management companies
and financial advisory firms. Changes of control in 2021**

II.9

Institution	Buyer
Acquisitions of control by financial institutions	
Activotrade Valores, AV, S.A.	Grupo Trade Capital Holding, Ltd.
GBS Finanzas Investcapital, AV, S. A.	Grupo Credit Andorra
Gestione de Finanzas, EAF, S.L.	Independent

Source: CNMV.

Spanish investment firms with community passport: host Member State¹

II.10

	2020	2021
Number of investment firms with cross-border activity		
Free provision of services	55	53
Branches	4	8
Breakdown by country of Spanish investment firms providing cross-border services^{2, 3}		
Free provision of services		
Germany	25	25
Austria	18	18
Belgium	23	21
Bulgaria	6	5
Cyprus	6	6
Croatia	4	3
Denmark	15	13
Slovakia	6	5
Slovenia	5	4
Estonia	5	5
Finland	13	11
France	26	25
Greece	15	13
Hungary	6	5
Ireland	19	19
Iceland	5	3

Spanish investment firms with community passport: host Member State¹
(continuation)

II.10

Annexes
Statistical annexes II

	2020	2021
Italy	24	25
Latvia	5	5
Liechtenstein	6	4
Lithuania	5	5
Luxembourg	32	33
Malta	11	9
Norway	12	10
Netherlands	22	21
Poland	7	8
Portugal	36	32
United Kingdom	23	0
Czech Republic	6	6
Romania	6	5
Sweden	18	17
Branches		
France	1	0
Italy	3	3
Luxembourg	0	1
Netherlands	1	0
Poland	0	1
Portugal	0	3
United Kingdom	1	0
Pro memoria: number of investment firms with cross-border activity outside EEA		
Free provision of services	7	9
Branches	1	1
Breakdown by country³		
Free provision of services		
Andorra	1	1
Canada	1	0
Chile	2	2
United States	2	1
Peru	1	1
United Kingdom	0	3
Switzerland	4	3
Branches		
Peru	1	1

Source: CNMV. (1) Does not include the cross-border activity of financial advisory firms. (2) Countries indicated in 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 one or more countries.

Spanish financial advisory firms with community passport: host Member State II.11

	2020	2021
Number of financial advisory firms with cross-border activity		
Free provision of services	27	26
Branches	1	1
Breakdown by country		
Free provision of services^{1, 2}		
Germany	5	5
Belgium	2	3
France	5	5
Ireland	2	2
Italy	3	3
Luxembourg	22	23
Malta	3	4
Netherlands	2	1
Portugal	3	3
Branches		
Portugal	1	1

Source: CNMV. (1) Countries indicated in 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 one or more countries.

Foreign credit institutions authorised to provide investment services in Spain: home Member State II.12

	2020	2021
Number of foreign credit institutions providing investment services in Spain		
EU credit institutions		
Free provision of services	430	359
Subsidiaries of EU credit institutions under the free provision of services regime	0	0
Branches	50	52
Non-EU credit institutions		
Free provision of services	2	2
Branches	3	3
Breakdown by home State		
Free provision of services	432	361
EU credit institutions	430	359
Germany	52	54
Austria	37	37
Belgium	9	9
Cyprus	4	4
Denmark	9	10
Slovakia	1	1
Finland	9	9
France	50	53
Greece	1	1

**Foreign credit institutions authorised to provide investment services
in Spain: home Member State (continuation)**

II.12

Annexes
Statistical annexes II

	2020	2021
Hungary	6	6
Ireland	27	27
Iceland	1	1
Italy	11	10
Latvia	2	2
Liechtenstein	8	7
Luxembourg	53	55
Malta	9	9
Norway	4	4
Netherlands	28	30
Poland	1	1
Portugal	16	18
United Kingdom	82	0
Czech Republic	1	1
Sweden	9	10
Non-EU credit institutions	2	2
Australia	1	1
Canada	1	1
Switzerland	0	0
Subsidiaries of EU credit institutions under the free provision of services regime	0	0
Branches	53	55
EU credit institutions	50	52
Germany	9	10
Austria	0	1
Belgium	2	2
France	9	10
Ireland	4	4
Italy	4	4
Luxembourg	8	9
Netherlands	8	7
Portugal	4	5
United Kingdom	2	0
Non-EU credit institutions	3	3
Argentina	1	1
United States	1	1
Switzerland	1	1

Source: Bank of Spain and CNMV.

Statistical annexes III: regulation and supervision

Number of shareholders of Ibex 35¹ companies with significant shareholdings

III.1

Entities	Shareholding				
	3-5%	5-10%	10-25%	25-50%	50-100%
Acciona	–	–	–	2	–
Acerinox	1	1	1	–	–
ACS	–	3	1	–	–
Aena	1	1	–	–	1
Almirall	–	1	–	–	1
Amadeus	6	1	–	–	–
BBVA	1	1	–	–	–
Banco de Sabadell	3	–	–	–	–
Banco Santander	–	1	–	–	–
Bankinter	2	1	1	–	–
CaixaBank	1	–	1	1	–
Cellnex	6	5	–	–	–
CIE Automotive	3	4	1	–	–
Enagás	6	–	–	–	–
Endesa	–	–	–	–	1
Ferrovial	3	2	1	–	–
Fluidra	3	1	2	–	–
Grifols	2	4	–	–	–
Iberdrola	1	2	–	–	–
IAG	–	–	–	1	–
Indra	7	1	1	–	–
Inditex	–	1	–	–	1
Inmobiliaria Colonial	2	2	2	–	–
Laboratorios Rovi	1	1	–	–	1
Mapfre	–	–	–	–	1
Meliá	–	2	–	1	–
Merlin	1	1	1	–	–
Naturgy	1	–	4	–	–
Pharma Mar	1	1	1	–	–
REE	2	–	1	–	–
Repsol	4	1	–	–	–
Siemens-Gamesa	1	–	–	–	1
Solaria	4	–	–	1	–
Telefónica	3	–	–	–	–
Total	66	38	18	4	7

Source: CNMV. (1) Composition of the Ibex 35 at the end of the year (not including Arcelor, for which Spain is not the home Member State).

Ref.	Resolutions
(1/21)	Resolution of the CNMV Board of 26 January 2021 Resolves the disciplinary proceedings initiated against a crowdfunding platform for the alleged commission of a very serious infringement typified in Article 92.1 d) of Law 5/2015 of 27 April on the promotion of business financing – carrying out activities for which it is not authorised – in combination with a very serious infraction typified in of Article 92.1 h) of the same Law – violating the principle of neutrality and the rules to minimise conflicts of interest. A fine of €130,000 was imposed.
(2/21)	Resolution of the CNMV Board of 26 January 2021 Resolution of the disciplinary proceedings brought against a legal person for the alleged commission of a very serious infringement of Article 282.3 of the Consolidated Text of the Securities Market Law (TRLMV), for failing to report significant shareholdings in a listed company. A fine of €60,000 was imposed.
(3/21)	Resolution of the CNMV Board of 25 March 2021 Resolution of the disciplinary proceedings brought against a natural person for the alleged commission of a serious infringement of Article 282.5 of the TRLMV, for practices constituting market manipulation. A fine of €15,000 was imposed.
(4/21)	Resolution of the CNMV Board of 25 March 2021 Resolution of the disciplinary proceedings brought against a natural person for the alleged commission of a very serious infringement of Article 282.6 of the TRLMV, for the use of insider information. A fine of €150,000 was imposed.
(5/21)	Resolution of the CNMV Board of 20 April 2021 Resolution of the disciplinary proceedings brought against a credit institution for the alleged commission of a very serious infringement of Article 284.1 of the TRLMV, for failing to apply measures to manage the conflict of interests existing in the repurchase of structured bonds from customers. A fine of €3 million was imposed.
(6/21)	Resolution of the CNMV Board of 29 April 2021 Resolves the disciplinary proceedings initiated against a listed company, its CEO and the directors who are members of its audit committee for the alleged commission of a very serious infringement of Article 282.2 of the TRLMV in supplying the CNMV with periodic financial information containing data that were inaccurate or untrue. The entity was sanctioned with a fine of €250,000 and each of the directors concerned was fined €15,000.
(7/21)	Resolution of the CNMV Board of 27 May 2021 Resolves the disciplinary proceedings initiated against a foreign company, the parent company of a foreign group of management companies, for the alleged commission of a very serious infringement of Article 286.1 of the TRLMV – breach of the obligation to notify and publish significant net short positions in a timely manner. A fine of €400,000 was imposed.
(8/21)	Resolution of the CNMV Board of 27 May 2021 Partially resolves, in relation to the members of the board of directors, the disciplinary proceedings initiated against a listed company and the members of its board of directors for the alleged commission of a very serious infringement of Article 282.2 of the TRLMV – for sending the annual financial report to the CNMV or publishing it in time. They were sanctioned with a fine of €20,000 each.
(9/21)	Resolution of the CNMV Board of 28 June 2021 Partially resolves, in relation to the members of the board of directors and one of the infractions, the disciplinary proceedings initiated against a CSMC and the members of its board of directors for the alleged commission of a very serious infraction of Article 80 o) of the CIS Act (LIIC) – due to the lack of adequate internal control procedures and mechanisms legally required. The director responsible for internal control was sanctioned with a fine of €15,000 and the remaining directors were each fined €10,000.
(10/21)	Resolution of the CNMV Board of 29 July 2021 Resolves the disciplinary proceedings initiated against an investment firm for the alleged commission of two very serious infractions of Articles 284.1 and 284.5 of the TRLMV – for breaches regarding conflicts of interest and of the obligation to inform customers about incentives, respectively. Total fines of €120,000 were imposed.
(11/21)	Resolution of the CNMV Board of 28 September 2021 Resolution of the disciplinary proceedings brought against a natural person for the alleged commission of a very serious infringement of Article 282.6 of the TRLMV, for the use of insider information. A fine of €15,000 was imposed.

Ref.	Resolutions
(12/21)	Resolution of the CNMV Board of 21 December 2021 Partially resolves, in relation to the company, the disciplinary proceedings initiated against a listed company and the members of its board of directors for the alleged commission of a very serious infringement of Article 282.2 of the TRLMV – for not sending the annual financial report to the CNMV or publishing it on time. A fine of €100,000 was imposed.
(13/21)	Resolution of the CNMV Board of 21 December 2021 Resolves the disciplinary proceedings initiated against two individuals for the alleged commission, by one of them, of two very serious infractions of Article 282.6 of the TRLMV – the use and communication of privileged information – and by the other, of a serious violation of Article 295.5 of the TRLMV – the use of privileged information. The first of them was fined a total amount of €110,000 and the second €10,000.
(14/21)	Resolution of the CNMV Board of 21 December 2021 Resolution of the disciplinary proceedings brought against a natural person for the alleged commission of a very serious infringement of Article 282.6 of the TRLMV – the use of inside information. A fine of €15,000 was imposed.

List of judicial rulings on contentious-administrative appeals against penalties in 2021

III.3

No.	Date	Court	Appeal No.	Resolution	Ruling appealed
1	18/03/2021	National High Court	565/2020	Ruling	Resolution MAETD 18/02/2020
Upholds the penalty imposed on a listed company in relation to a serious infringement of Article 295.15 of the TRLMV, by CNMV Board Resolution of 29 May 2019, upheld on appeal by Resolution of the Ministry of Economic Affairs and Digital Transformation on 18 February 2020.					
2	23/04/2021	National High Court	584/2020	Ruling	Resolution MAETD 26/02/2019
Upholds the penalty imposed on a broker-dealer, in relation to a serious infringement of Article 100 w) of the Securities Market Act, by CNMV Board Resolution of 20 February 2019, upheld on appeal by Resolution of the Ministry of Economic Affairs and Digital Transformation on 26 February 2020.					
3	05/05/2021	Supreme Court	807/2019	Court order	Ruling AN01/07/2020
Declares appeal in cassation number 4985/2020, lodged against the ruling of the National High Court of 1 July 2020, inadmissible due to its defective preparation.					
4	11/05/2021	National High Court	443/2018	Ruling	Resolution MEIC 21/03/2018
Upholds the penalty imposed on a credit institution, in relation to a serious infringement of Article 100 x) <i>bis</i> of the Securities Market Act, by CNMV Board Resolution of 25 October 2017, upheld on appeal by Resolution of the Ministry of Economy, Industry and Competitiveness on 21 March 2018.					
5	31/05/2021	National High Court	476/2017	Ruling	Resolution MEIC 19/04/2017
Upholds the penalty imposed on a natural person, in relation to a serious infringement of Article 100 w) of the Securities Market Act, by CNMV Board Resolution of 20 April 2016, upheld on appeal by Resolution of the Ministry of Economy, Industry and Competitiveness of 19 April 2017.					
6	24/06/2021	National High Court	686/2017	Ruling	Resolution MEIC 07/09/2017
Upholds the penalty imposed on a credit institution, in relation to a very serious infringement of Article 100 z) <i>bis</i> of the Securities Market Act, by CNMV Board Resolution of 27 July 2016, upheld on appeal by Resolution of the Ministry of Economy, Industry and Competitiveness on 7 September 2017.					
7	24/06/2021	National High Court	286/2018	Ruling	Resolution MEIC 19/01/2018
Upholds the penalties imposed on a broker-dealer in relation to two very serious infringements, one of Article 99 l) and the other of Article 99 q) of the Securities Market Act, by CNMV Board Resolution of 31 May 2017, upheld on appeal by Resolution of the Ministry of Economy, Industry and Competitiveness on 19 January 2018.					
8	07/07/2021	Supreme Court	787/2019	Ruling	Ruling AN18/06/2020
Dismisses appeal in cassation number 4982/2020 lodged against a ruling of the National High Court of 18 June 2020, upholding the penalties imposed on a foreign company in relation to a very serious infringement of Article 286.6 of the TRLMV, by Resolution of the Ministry of Economy and Business of 1 April 2019, confirming the CNMV Board Resolution, of 30 October 2018.					
9	21/07/2021	Supreme Court	565/2020	Court order	Ruling AN18/03/2021
Admits appeal in cassation number 3257/2021, filed against the ruling of the National High Court of 18 March 2021, considering the issue raised to be of interest for judicial review and formation of case law.					
10	06/10/2021	National High Court	589/2020	Ruling	Resolution MAETD 18/02/2020
Upholds the penalty imposed on a natural person, an executive director of a credit institution, in relation to a serious infringement of Article 296.1 of the TRLMV, by CNMV Board Resolution of 29 May 2019, upheld on appeal by the Ministry of Economic Affairs and Digital Transformation on 18 February 2020.					
11	06/10/2021	National High Court	699/2020	Ruling	Resolution MAETD 18/02/2020
Upholds the penalty imposed on a legal person, the director and member of the remuneration committee of a credit institution, in relation to a serious infringement of Article 296.1 of the TRLMV, by CNMV Board Resolution of 29 May 2019, upheld on appeal by the Ministry of Economic Affairs and Digital Transformation on 18 February 2020.					
12	04/11/2021	National High Court	1084/2020	Ruling	Resolution MAETD 12/06/2020
Upholds the penalty imposed on a listed company, its executive directors and directors who are members of its nominations and remuneration committee in relation to a serious infringement of Article 296.1 of the TRLMV, by CNMV Board Resolution of 20 September 2019, upheld on appeal by the Ministry of Economic Affairs and Digital Transformation on 12 June 2020.					

List of judicial rulings on contentious-administrative appeals against penalties in 2021 (continuation)

III.3

No.	Date	Court	Appeal No.	Resolution	Ruling appealed
13	25/11/2021	National High Court	2031/2019	Ruling	Resolution MAETD 18/02/2020
Upholds the penalty imposed on a credit institution in relation to a serious infringement of Article 296.1 of the TRLMV, by CNMV Board Resolution of 29 May 2019, upheld on appeal by Resolution of the Ministry of Economic Affairs and Digital Transformation on 18 February 2020.					
14	01/12/2021	Supreme Court	286/2018	Court order	Ruling AN24/06/2021
Admits appeal in cassation number 6291/2021, filed against the ruling of the National High Court of 24 June 2021, considering the issue raised to be of interest for judicial review and formation of case law.					

Legislative annexes

A Spanish legislation

A.1 Spanish National Securities Market Commission (CNMV)

- **CNMV Board Resolution, of 11 March 2021**, amending the Internal Regulations of the Commission, and CNMV Board Agreement of 11 March 2021 on the delegation of powers.

The CNMV's internal regulations establish that some matters may be delegated by the Board to the Executive Committee, the Chairperson and the Vice-Chairperson, or to the General Directors of the CNMV, which is usual practice in the public administration service. This is reflected in the Agreement for the delegation of powers of 11 March 2021.

- **CNMV Circular 1/2021, of 25 March**, on accounting standards, annual accounts and financial statements of investment firms and their consolidated groups, collective investment scheme management companies and management companies of closed-end undertakings.

The basic purpose of this Circular is to modify the accounting regime of certain entities subject to the supervision of the CNMV by making the general accounting framework established by law applicable to them by reference. This means the framework authorised by the First Final Provision of Law 16/2007 of 4 July on the reform and adaptation of commercial legislation in accounting matters for its international harmonisation based on the regulations of the European Union, which is given concrete expression in the General Accounting Plan approved by Royal Decree 1514/2007 of 16 November, the General Accounting Plan for Small and Medium Enterprises approved by Royal Decree 1515/2007 of 16 November and the Rules for the Formulation of Consolidated Annual Accounts approved by Royal Decree 1159/2010 of 17 September.

The entities to which this Circular is applicable are investment firms, the management companies of collective investment institutions and the management companies of closed-end entities, as well as the consolidatable groups of investment firms.

This global reference to the aforementioned standards is made without prejudice to the advisability of establishing in the future, where appropriate, accounting standards on specific aspects that are of interest in view of the activity of these entities, as well as setting the models of financial statements that entities must prepare.

This Circular repeals and replaces CNMV Circular 7/2008 of 26 November on accounting standards, annual accounts and confidential information state-

ments of investment firms, collective investment scheme management companies and management companies of venture capital firms.

- **Correction of errors in CNMV Circular 1/2021, of 25 March**, on accounting standards, annual accounts and financial statements of investment firms and their consolidated groups, collective investment scheme management companies and management companies of closed-end undertakings.
- **Resolution of the CNMV Board, of 29 July 2021**, amending the Commission's Internal Regulations.

With the aim of improving service and dialogue with supervised entities and issuers located in the Basque Country and taking into account their number and size, the CNMV has agreed to open a new branch in Bilbao. Therefore, the Sole Final Provision of the Internal Regulation has been amended.

- **CNMV Circular 2/2021, of 28 September**, on statistical reporting requirements for EU money market funds.

The European Central Bank requires the central banks of countries whose currencies were included in the euro to periodically submit certain statistical information, to allow it to correctly perform its functions. The information requested refers to monetary financial institutions, including certain collective investment schemes, which are supervised in Spain by the CNMV. With the entry into force of Regulation (EU) 2021/379 of the European Central Bank, of 22 January 2021, on the balance sheet items of credit institutions and of the monetary financial institutions sector, recasting Regulation (EU) No. 1071/2013 of the European Central Bank (repealed with effect from 26 June 2021) to include, among others, the amendments made by Regulation (EU) 2017/1131 of the European Parliament and of the Council, of 14 June 2017, on money market funds, it has been necessary to adjust the content of the EMU models to the reporting requirements established in the aforementioned Regulation (EU) 2021/379. Therefore, Circular 2/1998, currently in force, must be repealed and replaced by this new Circular.

- **CNMV Circular 3/2021, of 28 September**, amending Circular 4/2013 of 12 June establishing the templates for the annual reports on remuneration of directors of listed public limited companies and those on the board of directors and control committees of savings banks that issue securities admitted to trading on official securities markets and Circular 5/2013 of 12 June establishing the templates for the annual corporate governance reports of listed public limited companies and savings banks that issue securities admitted to trading on official securities markets.

This Circular shall enter into force on the day following its publication in the Official State Gazette (*BOE*), and will be applicable to annual reports on directors' remuneration and annual corporate governance reports that reporting entities are required to file for financial years ending on or after 31 December 2021.

- **CNMV Resolution, of 15 December 2021**, on the extension of the Agreement with the Ibero-American Securities Markets Institute Foundation (Fundación Instituto Iberoamericano de Mercados de Valores) for the financing of the foundation's activities and attainment of its objectives.

The Agreement between the CNMV and the Ibero-American Securities Markets Institute Foundation, signed on 31 January 2020, whereby the CNMV makes a grant to the Foundation to finance its activities and for the fulfilment of its purposes, has been extended for the year 2022.

A.2 Transposition of European regulations

- **Law 5/2021, of 12 April**, amending the recast text of the Spanish Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July, and other financial regulations, as regards the encouragement of long-term shareholder engagement in listed companies.

The main objective of this Law is to adapt the Spanish legal system to changes arising from the implementation of Directive (EU) 2017/828 of the European Parliament and of the Council, of 17 May 2017, amending Directive 2007/36/EC, as regards the encouragement of long-term shareholder engagement in listed companies. The Law also introduces significant changes and new developments in the Spanish legal system, in particular in matters of Company Law and Securities Markets Law.

The following stand out in particular among the new features introduced:

- The Law recognises the right of companies to identify not only the formal shareholders, but also the ultimate beneficiaries and expressly maintains the Spanish system currently in force for the registration of securities unchanged.
- Several practical aspects have been regulated to facilitate the transmission of information and the exercise of rights by ultimate beneficiaries.
- The Directive also addresses the issue of proxy advisors, who have come to play an important role in the general shareholders' meetings of listed companies in recent years. They will now be subject to certain transparency and information requirements and are expected to be governed by the CNMV's supervisory regime.
- Greater transparency is required from asset managers and institutional investors.
 - *Engagement policy of asset managers*: asset managers (collective investment scheme management companies and management companies of closed-end undertakings) and investment firms and credit institutions that provide the discretionary portfolio management services must: i) prepare and publish an engagement policy that describes how they integrate into their investment policies their engagement as shareholders of the listed companies in which they invest, and ii) report annually on how they have applied their engagement policies, how they have exercised their right to vote at the meetings of listed companies and whether they have contracted proxy advisors.
 - *Investment strategy of institutional investors*: collective investment scheme management companies and management companies of

closed-end undertakings that invest in listed shares on behalf of insurance companies or occupational pension plans or funds based on asset management agreements must inform the latter each year of the manner in which their investment strategy and implementation are in accordance with the management agreement and contribute to the medium- and long-term performance of the assets of these entities.

- Some fairly significant amendments are introduced in the annual report on directors' remuneration (IARC), the content of which becomes more detailed as a result of the transposition of the Directive.
- The regulation of related transactions is one of the most important issues covered by the Directive. The Corporate Enterprises Act already regulated them, but now certain innovations derived from the Directive are introduced, applicable to listed companies, to make this legal regime clearer and more systematic. The general regime applicable to all corporate enterprises (including listed companies) will be maintained, which is structured around the conflicts of interest and waiver system.

Therefore, a new Chapter VII *bis* has been included under Title XIV, specifically for listed companies, which deals entirely with the regime for related transactions. The main development is the adaptation of the definition of a "related transaction" to the definition set out in the International Financial Reporting Standards (IFRS) approved pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, of 19 July 2002.

Likewise, this Law establishes the obligation to publish the significant information related to those transactions that exceed certain quantitative thresholds, accompanied by a report prepared by the audit committee, no later than at the time of its execution.

- The Law introduces the concept of loyalty shares with additional voting rights into Spanish Company Law, by allowing listed companies to refer to them in their articles of incorporation. The company's articles of incorporation can thus grant additional voting rights to shares held by the same owner uninterruptedly for a minimum of two years.

Other regulatory improvements relating to corporate enterprises, specifically in the area of corporate governance are as follows:

- Section 1 of Article 225 of the Corporate Enterprises Act has been amended to reinforce the duty of diligence of administrators, in line with the requirements of good corporate governance.
- Section 1 of Article 529 *bis* of the Corporate Enterprises Act has been amended to establish that the directors of listed companies must necessarily be natural persons. This change is for reasons of transparency and good corporate governance.
- The information to be included in the annual corporate governance report (ACGR) has been expanded. In particular, details of the director/senior manager positions held by directors in other entities and information on their other remunerated activities must be provided.

- The Code of Commerce has been amended. The section of the non-financial information statement corresponding to information on social and labour issues has been developed to include details of the mechanisms and procedures used by the company promote the engagement of workers in the management of the company, in terms of information, consultation and participation.

Other regulatory improvements relating to capital markets.

- New regulations have been introduced with the aim of making the process of raising capital in the market simpler and more agile for listed companies and companies with shares admitted to trading in multilateral trading facilities. The following stand out:
- The minimum period for exercising the subscription right is reduced from 15 to 14 calendar days. With this, the companies that wish to do so will be able to shorten the period that elapses between the launch and the closing of the corresponding transactions and, therefore, reduce costs, such as underwriting costs, linked to market risk.
- For the exclusion of pre-emptive subscription rights in listed companies, the independent expert's report referred to in Article 308 is generally required whenever the board of directors raises a proposal to issue shares or convertible securities with the exclusion of pre-emptive subscription rights for an amount greater than 20% of the capital. This implies that for issues of less than 20% of the capital, a report from an independent expert other than the auditor appointed by the Companies Registry, whose scope and essence is less significant in capital increases of listed companies, is generally not required. The expert's report will only be necessary in two exceptional cases: i) when the market value is not sufficiently representative of the fair value and ii) when the corporate interest requires not only the exclusion of the pre-emptive subscription rights but also the issue of the new shares at a price that is lower than the fair value. The listed company may, however, voluntarily obtain said report.
- As regards the delegation to the directors of the power to increase capital with the exclusion of the pre-emptive subscription right, this exclusion is limited to a maximum of 20% of the capital (until now the general rule was 50%) and the notion of authorised capital is clearly distinguished from the mere attribution to the directors of the power to set the date and other conditions of the increase.
- In general, the delivery and transfer of the new shares is allowed once the deed of execution of the increase has been executed and before registration, without prejudice to the subsequent registration of the capital increase, which naturally continues to be mandatory. The need for the issue agreement to also state the possibility of incomplete subscription as a requirement for the increase has been eliminated for listed companies.
- Law 22/2015 of 20 July on accounts auditing has been amended to include the annual report on remuneration of directors in the information

the existence of which must be verified by the auditor when analysing the management reports of listed companies. The requirement to set up an audit committee has also been changed for public interest entities, when they are dependent entities in group structures.

- The Securities Market Act has been adapted to Regulation (EU) No. 2017/1129 of the European Parliament and of the Council, of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC. This regulation has been directly applicable since 21 July 2019 and the necessary adaptations have been made to ensure the legal certainty of its application in Spain.

One of the main developments is that, for initial public offerings, the amount after which it is mandatory to prepare and publish a prospectus has been increased to €8 million, except in the case of the credit institutions sector, where the threshold will remain at €5 million, due to the complexity of their activity and structure as issuers. Furthermore, the CNMV will have the power to require a prospectus when the issuance does not exceed the aforementioned thresholds and the complexity of the issuer or financial instrument in question so advises.

- Article 120 of the Spanish Securities Market Act has been repealed and removes the obligation for companies with shares listed on regulated markets to publish quarterly financial information.
- The Law also regulates the obligations of administrators to report significant stakes in accordance with the provisions of Regulation (EU) No. 596/2014 of the European Parliament and of the Council, of 16 April 2014 on market abuse, so that it is no longer a requirement to report these holdings under Article 125.5 of the recast text of the Securities Market Act. The aim is to avoid duplicating the obligation to publish information by administrators, with the damage to legal certainty and the increase in compliance costs that this would imply.
- The Seventh Additional Provision of the Securities Market Act has been amended to exempt entities that issue securities other than listed public limited companies from the obligation to draw up an ACGR.

This Organic Law entered into force 20 days after its publication in the Official State Gazette (*BOE*). However:

- The changes relating to the remuneration policy entered into force six months after their publication in said Gazette. Companies must submit their remuneration policies adapted to these changes for approval at the first general meeting held after that date.
- The additional mandatory content of the annual report on remuneration of directors will be applicable to reports corresponding to financial years ending on or after 1 December 2020.
- The new regime for related transactions applicable to listed companies will come into force two months after the entry into force of the Law.

- The requirement that directors of listed companies must be natural persons will be applicable to appointments, including reappointments, that take place from the month following publication in the *BOE*.
- **Royal Decree-Law 7/2021, of 27 April**, on the transposition of European Union directives in matters of competition, prevention of money laundering, credit institutions, telecommunications, tax measures, prevention and repair of environmental damage, displacement of workers in the provision of transnational services and consumer protection.

The content of this Law is broad and the reforms of the following legal texts stand out:

- **Recast text of the Securities Market Act.**

New wording of the Fourth Additional Provision, on “Marketing to retailers of financial debt instruments included in section a), point 2 of the Annex to this Law, which in turn are eligible liabilities for internal recapitalisation in accordance with Section 4 *bis* of Chapter VI of Law 11/2015, of 18 June, and of subordinated debt instruments that are not eligible for such internal recapitalisation”.

- **Recast text of the Corporate Enterprises Act (LSC).**

Sections 1 and 4 of Article 348 *bis* of the LSC and the Eleventh Additional Provision have been amended to include mixed financial holding companies in the list of financial entities to which Article 348 *bis* of the LSC does not apply.

Article 348 *bis* recognises the right of separation of shareholders in the event that no dividends are distributed. The European Banking Authority has established that the right of separation for shareholders linked to the failure to distribute a minimum dividend is incompatible with this requirement.

Therefore, the Eleventh Additional Provision of the Corporate Enterprises Act excludes investment firms, among other entities, from the application of this right of separation, in order to ensure compliance with prudential requirements in accordance with mandatory European Union standards.

- **Law 10/2010, of 28 April, on the prevention of money laundering and financing of terrorism.**

This Law introduces changes in internal regulations for the transposition of the fifth Directive on the prevention of the use of the financial system for money laundering or terrorist financing, which amends the previous directives implemented in this area, with the dual objective of perfecting the mechanisms for preventing terrorism and improving the transparency and availability of information on the beneficial owners of legal persons and other entities with no legal personality that take part in legal transactions.

The inclusion of new parties subject to the Law stands out, in particular, the preventive obligations for persons who provide virtual currency

exchange for legal tender services. Parties subject to the Law now also include providers of electronic wallet custody services, understood to be the natural or legal persons that provide safeguarding services for private cryptographic keys on behalf of their clients for the possession, storage and transfer of virtual currencies in a similar manner to the custody of funds or traditional financial assets.

In both cases, adherence to money laundering prevention regulations is accompanied, as required by Directive (EU) 2018/843 of the European Parliament and of the Council, of 30 May 2018, by an obligation to register these providers. The definition of virtual currency has been established as a digital representation of value, not issued or guaranteed by a central bank or public authority, which is not necessarily associated with a legally established currency, and does not have the legal status of currency or money, but that is accepted as a medium of exchange and can be transferred, stored or traded electronically.

This Law creates a new model for the identification of beneficial ownership based on the creation of a single register at the Ministry of Justice, which will obtain information directly, but which will also centralise the information contained in the existing registers and databases of the General Council of Notaries and the Companies Registry.

This register will ensure interconnection with the other registers in the European Union and will control access and ensure compliance with legal requirements, as well as the limitations imposed by the regulations.

The ownership of financial instruments file is an automated file that has been fully operational in Spain since 2016, but adjustments are being made to adapt its content to the new requirements of the Directive that is being transposed. Thus, the obligation to declare the rental of safe deposit boxes and payment accounts, including those managed by payment institutions and electronic money institutions, which have become parties subject to the Law, alongside credit institutions, which were already subject to this obligation, has now been included.

Changes have also been made to the access system for this information, recognising new authorities with powers to access, and modifying the framework and conditions to enable other authorities included in the standard to gain access.

Royal Decree-Law 7/2021 of 27 April on the transposition of European Union directives in matters of competition, prevention of money laundering, credit institutions, telecommunications, tax measures, prevention and repair of environmental damage, displacement of workers in the provision of transnational services and consumer protection contains the amendments deriving from the transposition of Directive (EU) 2019/1 of the European Parliament and of the Council, of 11 December 2018, to empower the competition authorities of the Member States to be more effective enforcers and to ensure the proper functioning of the internal market (the “ECN+” Directive).

Articles four to eight include the legal changes deriving from the transposition of those provisions of Directive (EU) 2019/878 (CRD5) of the European Parliament

and of the Council, of 20 May 2019 and Directive (EU) 2019/879 of the European Parliament and of the Council, of 20 May 2019 that require the force of law. Specifically, the following laws have been amended:

- Law 41/1999 of 12 November on payment systems and securities settlement.
- Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions.
- Law 11/2015 of 18 June on the recovery and resolution of credit institutions and investment firms.

This Royal Decree-Law entered into force the day following its publication in the Official State Gazette (*BOE*), with the exception of the regulations specified below:

- i) Article 6, section 36, which entered into force on 28 June 2021.
- ii) Article 6, paragraphs 24, 25 and 26, which will enter into force on 1 January 2022.
- iii) Article 10, which entered into force on 1 July 2021.
- iv) Article 16, which will enter into force on 1 January 2022, with the exception of Articles 126 and 126 *bis*, which will apply only to contracts entered into after that date.
- v) Article 3, sections 28 and 29, which will enter into force when the corresponding regulatory implementation has been approved.

- **Law 11/2021, of 9 July**, on measures to prevent and combat tax fraud, transposing Council Directive (EU) 2016/1164, of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market, amending various tax regulations and regulating gambling.

This Law amends various regulations, mainly tax regulations, with a dual purpose. First, to incorporate European Union Law into Spanish Law in the area of tax avoidance practices. Second, to make changes in the regulation to establish some parameters for tax justice and actions aimed at preventing and combating fraud by strengthening tax control.

Law 27/2014, of 27 November, on Corporate Tax is amended, in order to establish additional requirements for open-ended collective investment schemes (SICAVs) to apply the 1% tax rate. Up until now, the number of shareholders required to apply the 1% rate was usually 100, with no minimum investment required from each one. This led to very large percentages of SICAV shareholders being concentrated in one or more individuals, while the remaining shares were distributed among shareholders with economically insignificant stakes, undermining the “collective” nature of SICAVs, which justifies the reduced tax rate.

With the purpose of reinforcing this collective character, objective requirements are established that the partners must meet in order to be computed for

the purposes of applying the 1% tax rate, in such a way as to ensure that said partners have an economic interest in the company. This economic interest is quantified on the basis of a specific investment amount.

The amendment has been accompanied by a transitional regime for the dissolution and settlement of SICAVs, which is intended to enable shareholders to transfer their investments to other collective investment schemes (CISs) that meet the requirements for the continued application of the 1% Corporate Tax rate.

In addition, the treatment of investments in certain CISs, funds and exchange traded funds (ETFs) has been standardised, regardless of whether they are listed on Spanish or foreign markets. Thus, the treatment of CISs traded on Spanish stock markets is extended to CISs listed on foreign stock markets in terms of the non-application of the deferral regime (amendment of the recast text of the Law on Non-Resident Income Tax, approved by Royal Legislative Decree 5/2004 of 5 March).

Article 314 of the recast text of the Securities Market Act, approved by Royal Legislative Decree 4/2015 of 23 October, on the exemption from value added tax, transfer tax and stamp duty, has been amended to remove references to fair value in the valuation of real estate and replace it, in particular for the purposes of transfer tax and stamp duty, by the reference value.

Law 11/2009 of 26 October regulating listed public limited companies for investment in real estate assets (SOCIMI, sometimes referred to as “Spanish REITs”) has been amended to establish a special tax on the portion of non-distributed profits deriving from income that has not been taxed at the general Corporate Tax rate, or during the legal reinvestment period, and the disclosure obligations have been changed to reflect the new taxation regime (a new section 4 has been added to Article 9, so that the current section 4 is now section 5, and section 1 of Article 11 has been amended).

- **Royal Decree-Law 24/2021, of 2 November**, transposing European Union directives on covered bonds, cross-border distribution of collective investment undertakings, open data and re-use of public sector information, exercise of copyright and related rights applicable to certain online transmissions and retransmissions of television and radio programmes, temporary exemptions on certain importations and supplies, consumer and promotion of clean and energy-efficient road transport vehicles.

The Royal Decree-Law, the purpose of which is to transpose various EU directives of different kinds, is structured in seven books, made up of 91 articles, four additional provisions, four transitional provisions, one repealing provision, ten final provisions and one annex.

The First Book transposes Directive (EU) 2019/2162 of the European Parliament and of the Council, of 27 November 2019, on the issue of covered bonds and covered bond public supervision. Within the framework of the transposition of the Directive, the Royal Decree-Law seeks to simplify the legal regime of the mortgage market, integrating most of the aspects provided in Law 2/1981, of 25 March, regulating the mortgage market.

This First Book consists of eight titles covering three broad regulatory areas, namely the establishment of common principles, the specificities of the various kinds of covered bond and public intervention throughout their life. Title I regulates the scope of application, the terminology used throughout the text and the types of covered bonds, a denomination that is reserved, as is the type of issuing entity, generally limited to credit institutions. Title II for its part constitutes the core of the transversal regulations applying to all types of covered bonds. It addresses the regulations applicable to their issue, seeking maximum simplicity and replacing many of the rules applicable to other issues by a greater degree of permanent public control. In this way, issuers are obliged to isolate a group of perfectly identified and controlled assets – the cover pool – as assets whose purpose will be to serve as a full guarantee of the entity's obligations to bondholders throughout the life of the bonds, the guarantee remaining in force even in the event of liquidation or resolution of the issuing credit institution, as established in the first chapter. The importance of the cover pool justifies the detailed regulation in the second chapter of the assets eligible for the cover pool, as well as their recording, which must allow the issuing entity to have a clear and precise identification of the specific assets forming it at any given time.

The Royal Decree-Law also incorporates the possibility of automatically extending the maturity structure of the bond programme, when any of the circumstances provided for in the law occurs and this is expressly established in the issue.

One of the key issues to take into account is the valuation of the cover assets, which is addressed in the fourth chapter. In particular, each collateralised asset must be valued at the time the asset is incorporated into the cover pool, and the issuing entity must have valuation policies and procedures that must necessarily comply with the established regulatory requirements. The valuation of physical collateral assets must be continuously updated as a means of ensuring the permanent maintenance of the value of the cover pool.

An essential piece in the legislation is the particularly intense supervision regime to which covered bond issues are subject, based on two axes. The first of these derives from the issuer's obligation to designate a cover pool monitor. The second axis on which public intervention pivots is the continuous supervision carried out by the Bank of Spain, as the authority directly entrusted by law with the supervision of covered bond programmes. Its activity ranges from authorising the aforementioned cover pool monitor to authorising each bond programme.

Title VII of the First Book regulates the effects of the issuer's insolvency or resolution. In the case of insolvency, the cover pool is segregated from the entity's assets to form a separated pool of assets.

For its part, the Second Book of this Royal Decree-Law introduces the necessary measures for the transposition of Directive (EU) 2019/1160 of the European Parliament and of the Council, of 20 June 2019, amending Directives 2009/65/EC and 2011/61/EU with regard to cross-border distribution of collective investment undertakings.

- i) Firstly, measures are introduced to coordinate the conditions of fund managers operating in the internal market, such that fund managers wishing to market their financial products in other Member States must notify the competent authorities of the host Member State.
- ii) Secondly, measures are developed to facilitate the marketing of CIS to investors from other Member States, eliminating the requirement of local physical presence in the host Member State, since electronic or telephone means are usually used.
- iii) Thirdly, the conditions for the cessation of the marketing of CIS and AIFs in the host Member State are clarified. The aim is to balance the interests of managers and investors such that managers' flexibility in being able to stop marketing a fund does not entail a cost or a reduction in safeguards or protection for investors.
- iv) Fourthly, regulation of the pre-marketing of AIFs is introduced in order to harmonise conditions in all Member States. Until now there was no homogeneous definition of pre-marketing, the conditions under which it was allowed varied and there were some Member States in which the concept did not even exist.

Finally, the Tenth Final Provision establishes the entry into force of the Royal Decree-Law the day after its publication in the Official State Gazette (*BOE*), with the exception of certain specified regulations which will enter into force on 8 July 2022 and which include among others: the First Book, the first three additional provisions and the first and fourth final provisions.

- **Royal Decree 1041/2021, of 23 November**, amending Royal Decree 2606/1996 of 20 December on deposit guarantee funds of credit institutions; and Royal Decree 1012/2015 of 6 November developing 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 Royal Decree completes the transposition of Directive (EU) 2019/879 of the European Parliament and of the Council, of 20 May 2019, to Spanish Law, to which end the second Article amends Royal Decree 1012/2015 of 6 November developing 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. Specifically it amends certain provisions relating to the assets of the Deposit Guarantee Fund, the definition and scope of guaranteed deposits, the information to be provided by credit institutions and stress tests.

A.3 Other regulations

- **Royal Decree-Law 5/2021, of 12 March**, on extraordinary measures to support business solvency in response to the COVID-19 pandemic.

The Second Final Provision reinforces the legal framework for the protection of citizens and investors with regard to the advertising of new instruments and financial assets in the digital area.

Crypto-assets, understood to be digital representations of value or rights that can be transferred and stored electronically using distributed ledger technology or similar, are increasing in the financial system, and there is still no specific regulatory framework at the European level.

These technologies present some risks today. Firstly, they allow transactions to be made anonymously, which means they can more easily be used for illegal purposes. Secondly, proper custody of the customer codes associated with crypto-assets is crucial to provide services in relation to these assets and for customer protection. Thirdly, they are being offered with growing frequency as an object of investment, both to specialist investors and to the general public.

The CNMV and the Bank of Spain published a joint statement on 9 February 2021, building on another statement from 2018, in which they warn about the risks that these new type of assets pose for participants in the financial system and in particular for small investors. The statement highlights the complexity, volatility and potential lack of liquidity of these investments.

Therefore, to strengthen investor protection, a new Article 24o *bis* has been included in the Second Final Provision of Royal Legislative Decree 4/2015, of 23 October, approving the recast text of the Securities Market Act, to grant the CNMV powers to exercise administrative control over the advertising of crypto-assets and other assets and instruments that are not regulated in the Securities Market Act and that are offered as an investment proposal. The CNMV is also empowered to develop the objective and subjective scope, as well as the control mechanisms and procedures that will be applied, through a Circular.

- **Law 2/2021, of 29 March**, on urgent prevention, containment and coordination measures to address the health crisis caused by COVID-19.

The Fourth Final Provision amends Article 40 and repeals Article 42 of Royal Decree-Law 8/2020 of 17 March on extraordinary urgent measures to address the economic and social impact of COVID-19, in order to extend to 31 December 2020 the possibility that even when not provided for in the articles of association, meetings of governance and management bodies of associations, civil and commercial companies, the governance bodies of cooperative companies and foundation boards of trustees may be held by video conference or by conference call, and also that their resolutions may be adopted in writing and without holding a meeting if decided by the Chairperson or at the request of at least two of the members of the body.

The Fourth Final Provision also introduces a section three, to apply the following measures exceptionally during 2021 to the corporate enterprises referred to in Article 1 of Royal Legislative Decree 1/2010 of 2 July approving the recast text of the Corporate Enterprises Act:

- In the case of public limited companies, even when not provided for in the articles of association, the board of directors may establish attendance by telematic means and distance voting in the call for the general meeting under the terms provided in Articles 182 and 189 of Royal Legislative Decree 1/2010, of 2 July, and Article 521 of the same legal text in the case of listed public limited companies, in addition to holding the

meeting anywhere in Spain. The management body may establish in the call announcement that the meeting will be held exclusively using telematic means.

- Exceptionally, in 2021, even when not provided for in the articles of association, the board meetings or assemblies of associates or partners of all other Private Law legal entities (associations, civil companies and cooperatives) may be held by video conference or by conference call, provided that all the people who have the right to attend or those who represent them have the necessary means available to access the meeting online and that the secretary is able to identify them, which will be recorded in the meeting minutes and sent immediately to the corresponding email addresses.
 - Likewise, in 2021, meetings of foundation boards of trustees may be held by video conference or by conference call, provided that all the members of the body have the necessary means available to access the meeting and the secretary of the body is able to identify them, which will be recorded in the minutes.
 - Further, in 2021, meetings of management bodies of associations, civil and commercial companies and the governance bodies of cooperative companies may be held by video conference or by conference call, provided that all members of the body have the necessary means available to access the meeting and the secretary of the body is able to identify them, which will be recorded in the minutes.
- **Royal Decree 203/2021, of 30 March**, approving the regulation of the work and functioning of the public sector using electronic means.

Law 39/2015, of 1 October, on the common administrative procedure of public administrations and Law 40/2015, of 1 October, on the legal regime of the public sector establish the right of citizens to interact with public administrations using electronic means and include the elements that make up the legal framework for the electronic functioning of public administrations, introducing a model that goes beyond the concept behind Law 11/2007 of 22 June on the electronic access of citizens to public services and its partial regulatory implementation in the central government and associated or dependent public bodies through Royal Decree 1671/2009 of 6 November, according to which electronic processing is no more than a way of managing procedures.

The regulation that approves this Royal Decree pursues four main objectives: improve administrative efficiency, increase transparency and participation, guarantee easily usable digital services and improve legal certainty.

- i) It seeks to improve administrative efficiency to make a fully electronic and interconnected Administration effective. Thus, the use of electronic means established in Law 39/2015, of 1 October, and Law 40/2015, of 1 October, has been implemented and specified, to guarantee, on the one hand, that administrative procedures are processed by the government electronically, and, on the other, that citizens interact with the government using these means in the cases in which this is mandatory or in those in which they voluntarily decide to do so.

- ii) A second objective is to increase the transparency of administrative action and the participation of people in electronic Administration. Therefore, the functioning of the electronic General Access Point (eGAP) and the Citizen Folder in the State Public Sector has been developed.
- iii) The regulation seeks to guarantee digital services that are easy to use, so that the relationship between the interested party and the government is straightforward, intuitive and effective when using the electronic channel.
- iv) It is intended to improve legal certainty. The overlapping of different legal regimes has been eliminated. The regulation that was previously in force under Royal Decree 1671/2009, of 6 November, has been adapted and integrated into this regulation and subsequently definitively repealed and the regulation has been adapted to the new framework of Law 39/2015, of 1 October, and Law 40/2015, of 1 October.

The Royal Decree consists of a single article that approves the regulation of the work and functioning of the public sector by electronic means, two transitional provisions, a repealing provision and five final provisions.

Two of the five final provisions amend current regulations. These affect Royal Decree 4/2010, of 8 January, which regulates the national interoperability scheme in the area of eGovernment and Royal Decree 931/2017, of 27 October, which regulates the regulatory impact analysis report.

Article 29 of Royal Decree 4/2010 of 8 January establishes that the national interoperability scheme will be implemented and perfected over time in parallel with the progress of eGovernment services, technological developments and as the infrastructures that support it are consolidated. Certain aspects of its current wording have been amended (Articles 9, 11, 14, 16, 17 and 18), as well as the First Additional Provision and the Glossary Annex, while Article 19 and the Third and Fourth Additional Provisions have been deleted.

Royal Decree 931/2017, of 27 October, has been amended to include in the regulatory impact analysis report an analysis of the impact on expenses of eGovernment means and services as part of the budgetary impact of the projects and also to include in the “Other impacts” section the impact of the implementation or use of eGovernment means and services as a result of the application of the projected regulation on those subject to the rule and for the organisation and functioning of the Administration.

Royal Decree 1671/2009, of 6 November, which partially implements Law 11/2007, of 22 June, on the electronic access of citizens to public services has been repealed.

This Royal Decree entered into force on 2 April 2021.

- **Organic Law 5/2021, of 22 April**, repealing Article 315.3 of the Penal Code.

The concerted coercion with others to start or continue a strike has been decriminalised.

- **Royal Decree 366/2021, of 25 May**, which develops the procedure for the presentation and payment of self-assessments for the financial transactions tax and amends other tax regulations.

The purpose of this Royal Decree is to develop the procedure for the presentation and payment of self-assessments for the tax on financial transactions by taxpayers, in accordance with the provisions of Article 8 of Law 5/2020 of 15 October on the financial transactions tax, which introduced this tax in Spain, both in the cases in which these self-assessments are presented and paid through a central securities depository established in Spanish territory and in those in which they are presented and paid directly to the tax authorities by the taxpayers.

This is a new procedure in the Spanish tax system, by means of which the central securities depository will present a self-assessment on behalf of each taxpayer and pay the amount of the corresponding tax debt.

The First Additional Provision refers to the obligations to keep and make available to the Tax Authority the significant information for this tax which, pursuant to the provisions of Article 8.5 of Law 5/2020, are incumbent on the central securities depository and its participants.

The Second Additional Provision establishes that the Tax Authority will publish, for information purposes only, a list of companies whose shares are subject to tax, based on the list of companies provided by Sociedad de Bolsas.

In order to ensure that all parties involved in the process of presenting and paying the self-assessments have a reasonable period time to adapt their systems, the sole transitory provision establishes that the presentation and payment of the first self-assessments of the tax – corresponding to January, February, March and April 2021 – will be carried out in the period provided for the presentation and payment of the self-assessment corresponding to the month of May 2021.

With the exception of the First, Second and Third Final Provisions, this Royal Decree will enter into force the day after its publication in the Official State Gazette (*BOE*) and will be applicable retroactively from 16 January 2021.

- **Organic Law 7/2021, of 26 May**, on the protection of personal data processed for the purposes of prevention, detection, investigation and prosecution of criminal offences and the execution of criminal sanctions.

The purpose of this Organic Law is to establish the rules relating to the protection of natural persons with regard to the processing of personal data by the competent authorities, for the purpose of prevention, detection, investigation and prosecution of criminal offences or the enforcement of criminal sanctions, including protection and prevention in the face of threats to public safety.

The Fifteenth Additional Provision of Organic Law 3/2018 of 5 December on the protection of personal data and guarantee of digital rights, headed “Information requested by the CNMV (National Securities Market Commission)”, has been amended.

The exclusion of traffic data that operators were processing with the sole purpose of complying with the obligations set forth in Law 25/2007 of 18 October

on the conservation of data relating to electronic communications and public networks, has been eliminated.

– **Law 10/2021, of 9 July**, on remote working.

This Law will apply to employment relationships that correspond to the conditions described in Article 1.1 of the recast text of the Law on the Statute of Workers' Rights, approved by Royal Legislative Decree 2/2015, of 23 October, and are carried out remotely on a regular basis.

Remote working is considered to be on a regular basis when, within a reference period of three months, at least 30% of the working hours, or the equivalent proportional percentage according to the duration of the employment contract are worked remotely.

Notably, the Second Additional Provision of this Law, on “persons working for public administrations” establishes that its provisions will not apply to employees of the public administrations, which will be governed by its own specific regulations in this area.

The Ninth Final Provision, on the amendment of Law 39/2015, of 1 October, on the Common Administrative Procedure of Public Administrations, amending the Seventh Final Provision of Law 39/2015, of 1 October, is now worded as follows: “Seventh Final Provision. Entry into force. This Law will enter into force one year after its publication in the Official State Gazette (*BOE*). However, the provisions relating to the electronic register of powers of attorney, the register of authorised public sector employees, the general electronic access point of the Administration and single electronic file will take effect from 2 April 2021”.

– **Royal Decree-Law 27/2021, of 23 November**, extending certain economic measures to support the recovery.

The European Commission recently approved the sixth amendment to the State aid Temporary Framework, prolonging the validity of some of the support measures for companies. This has the dual objective of intensifying the process of economic recovery and ensuring operators' legal certainty by clarifying the regulatory framework, given that the validity of the measures was set to expire at the end of 2021. In this context, this Royal Decree-Law establishes a series of provisions whose validity will extend beyond December 2021, in order to provide a framework of legal certainty that grants economic stability and supports companies in this phase of the recovery. This will be achieved by extending the term for liquidity and solvency aid, excluding 2020 and 2021 losses as grounds for business dissolution, and extending the moratorium on the obligation to declare insolvency in the case of equity imbalances until such time as the new insolvency regime is approved, as well as establishing a clear framework during 2022 for FDI.

Article 4 of this Royal Decree-Law amends the Sole Transitional Provision of Royal Decree-Law 34/2020, of 17 November, such that the suspension of deregulation of certain FDI regulated in sections 2 and 5 of Article 7 *bis* of Law 19/2003 of 4 July now also applies, until 31 December 2022, to FDI by residents of other EU or EFTA states in companies listed in Spain, or in non-listed companies if the value of the investment exceeds €500 million. For these purposes, listed companies in Spain will be deemed to be those whose shares are, in

whole or in part, admitted to trading on an official Spanish secondary market and that have their registered office in Spain.

- **Royal Decree-Law 29/2021, of 21 December**, adopting urgent measures in the area of energy to promote electric mobility, self-consumption and the deployment of energy from renewable sources.

The purpose of this Royal Decree-Law is to facilitate the application and deployment of the lines of action included in the Strategic Project for the Recovery and Transformation of the Economy (PERTE) for Renewable Energies, Renewable Hydrogen and Storage, approved by the Council of Ministers on 14 December 2021.

The Sixth Final Provision of this Royal Decree-Law makes significant amendments to Royal Decree-Law 24/2021, of 2 November, transposing EU directives on, inter alia, covered bonds. In the first place, one of the requirements laid down by Article 34 of the First Book of RDL24/2021 is clarified. This is the requirement for the covered bond issue prospectus or the basic prospectus of the corresponding programme to be submitted, which now applies only if the issue is subject to these requirements in accordance with EU regulations on prospectuses. Secondly, the First and Second Transitional Provisions are amended to clarify that instruments issued before the publication of the Royal Decree-Law will be governed by Law 2/1981 and its implementing regulations. In any case, these issues and those made between the publication of the Royal Decree-Law and 8 July 2022 must conform fully to the First Book of said Royal Decree-Law by 8 July 2022. Lastly, the entry into force of the First Book of the Royal Decree-Law and other complementary provisions is coordinated with the Repealing Provision, avoiding legal vacuums at all times.

Other

- **Bank of Spain Circular 1/2021, of 28 January**, which amends Circular 1/2013, of 24 May, on the risk information centre, and Circular 5/2012, of 27 June, addressed to credit institutions and payment service providers, on transparency in banking and responsible lending.

The main objective of this Circular is to adapt Bank of Spain Circular 1/2013 of 24 May on the risk information centre and Circular 5/2012 of 27 June addressed to credit institutions and payment service providers on transparency in banking and responsible lending, to the changes introduced in the regulation of the risk information centre and the official benchmark rates by Order ETD/699/2020 of 24 July regulating revolving credit and amending Order ECO/697/2004 of 11 March on the risk information centre; Order EHA/1718/2010 of 11 June on the regulation and control of advertising for banking services and products, and Order EHA/2899/2011 of 28 October on transparency and protection of banking services customers.

- **Bank of Spain Circular 3/2021, of 13 May**, which amends the definition of benchmark interest rates based on the Euro Short Term Rate (€STR) in Circular 5/2012, of 27 June, addressed to credit institutions and payment service providers, on transparency of banking services and responsible lending.

The objective of the Circular is to adapt the definition of the index based on the €STR, for the purpose of its consideration as an official rate, contained in

Annex 8, section 6, of Bank of Spain Circular 5/2012 of 27 June addressed to credit institutions and payment service providers on transparency in banking services and responsible lending after the publication of the European Central Bank's Guidance (EU) 2021/565 of 17 March 2021 amending Guideline (EU) 2019/1265 on the euro short-term rate (€STR) (ECB/2021/10), which establishes the preparation and daily publication, from 15 April 2021, of composite average rates based on the €STR.

- **Resolution, of 29 November 2021**, of the Presidency of the FROB publishing the addenda extending and amending the Collaboration Agreement with the Bank of Spain in matters of recovery and resolution of credit institutions.
- **Bank of Spain Circular 5/2021, of 22 September**, amending Circular 2/2016 of 2 February to credit institutions, on supervision and solvency, which completes the adaptation of the Spanish legal system to Directive 2013/36/EU and Regulation (EU) No. 575/2013.

The Circular consists of a single rule, a final provision and an annex. The single rule brings into Circular 2/2016 the new macroprudential framework, according to the provisions of the Second Article of Royal Decree-Law 22/2018, which incorporated a series of amendments to Law 10/2014 of 26 June on the organisation, supervision and solvency of credit institutions, to include the new macroprudential tools in the legal system of this subsector of financial institutions.

- **Bank of Spain Circular 6/2021, of 22 December**, amending Circular 4/2017 of 27 November, to credit institutions, on public and reserved financial reporting standards and models of financial statements, and Circular 4/2019 of 26 November, to financial credit establishments on public and reserved financial reporting standards and models of financial statements.

The purpose is to update Circulars 4/2017 of 27 November and 4/2019 of 26 November, mainly with regard to the changes that have taken place in the IFRS adopted by the EU.

B European legislation

- **Regulation (EU) 2021/23 of the European Parliament and of the Council, of 16 December 2020**, on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No. 1095/2010, (EU) No. 648/2012, (EU) No. 600/2014, (EU) No. 806/2014 and (EU) 2015/2365 and Directives 2002/47/EC, 2004/25/CE, 2007/36/CE, 2014/59/EU and (EU) 2017/1132.

Published in the *OJEU* (L) No. 22, of 22 January 2021, pp. 1-102.

- **Commission Implementing Decision (EU) 2021/85, of 27 January 2021**, on the equivalence to the requirements of Regulation (EU) No. 648/2012 of the European Parliament and of the Council of the regulatory framework of the United States of America for central counterparties that are authorised and supervised by the U.S. Securities and Exchange Commission.

Published in the *OJEU* (L) No. 29, of 28 January 2021, pp. 27-33.

- **Regulation (EU) 2021/168 of the European Parliament and of the Council, of 10 February 2021**, amending Regulation (EU) 2016/1011 as regards the exemption of certain third-country spot foreign exchange benchmarks and the designation of replacements for certain benchmarks in cessation, and amending Regulation (EU) No. 648/2012.

Published in the *OJEU* (L) No. 49, of 12 February 2021, pp. 6-17.

- **Commission Delegated Regulation (EU) 2021/236, of 21 December 2020**, amending technical standards laid down in Delegated Regulation (EU) 2016/2251 as regards to the timing of when certain risk management procedures will start to apply for the purpose of the exchange of collateral.

Published in the *OJEU* (L) No. 56, of 17 February 2021, pp. 1-5.

- **Commission Delegated Regulation (EU) 2021/237, of 21 December 2020**, amending regulatory technical standards laid down in Delegated Regulations (EU) 2015/2205, (EU) 2016/592 and (EU) 2016/1178 as regards the date at which the clearing obligation takes effect for certain types of contracts.

Published in the *OJEU* (L) No. 56, of 17 February 2021, pp. 6-9.

- **Regulation (EU) 2021/241 of the European Parliament and of the Council, of 12 February 2021**, establishing the Recovery and Resilience Facility.

Published in the *OJEU* (L) No. 57, of 18 February 2021, pp. 17-75.

- **Commission Notice**. Technical guide on the application of the principle of “do no significant harm” under the Regulation on the Recovery and Resilience Facility.

Published in *OJEU* (C) No. 58, of 18 February 2021, pp. 1-30.

- **Directive (EU) 2021/338 of the European Parliament and of the Council, of 16 February 2021**, amending Directive 2014/65/EU as regards information requirements, product governance and position limits, and Directives 2013/36/EU and (EU) 2019/878 as regards their application to investment firms, to help the recovery from the COVID-19 crisis.

Published in the *OJEU* (L) No. 68, of 26 February 2021, pp. 14-28.

- **Commission Delegated Regulation (EU) 2021/424, of 17 December 2019**, amending Regulation (EU) No. 575/2013 of the European Parliament and of the Council with regard to the alternative standardised approach for market risk.

Published in the *OJEU* (L) No. 84, of 11 March 2021, pp. 1-15.

- **Commission Implementing Regulation (EU) 2021/437, of 3 March 2021**, amending Implementing Regulation (EU) No. 1011/2014 as regards changes to the model for transmission of financial data, to the model for the payment application including additional information concerning financial instruments and to the model for the accounts.

Published in the *OJEU* (L) No. 85, of 12 March 2021, pp. 107-146

- **Commission Implementing Regulation (EU) 2021/451, of 17 December 2020**, laying down implementing technical standards for the application of Regulation (EU) No. 575/2013 of the European Parliament and of the Council with regard to supervisory reporting of institutions and repealing Implementing Regulation (EU) No. 680/2014.

Published in the *OJEU* (L) No. 97, of 19 March 2021, pp. 1-1,955.

- **Commission Delegated Regulation (EU) 2021/539, of 11 February 2021**, amending Delegated Regulation (EU) No. 1222/2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards for the specification of the methodology for the identification of global systemically important institutions and for the definition of subcategories of global systemically important institutions.

Published in the *OJEU* (L) No. 108, of 29 March 2021, pp. 10-14.

- **Regulation (EU) 2021/523 of the European Parliament and of the Council, of 24 March 2021**, establishing the InvestEU Programme and amending Regulation (EU) 2015/1017.

Published in the *OJEU* (L) No. 107, of 26 March 2021, pp. 30-89.

- **Commission Delegated Regulation (EU) 2021/527, of 15 December 2020**, amending Commission Delegated Regulation (EU) 2017/565 as regards the thresholds for weekly position reporting.

Published in the *OJEU* (L) No. 106, of 26 March 2021, pp. 30-31.

- **Commission Delegated Regulation (EU) 2021/528, of 16 December 2020**, supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the minimum information content of the document to be published for a prospectus exemption in connection with a takeover by means of an exchange offer, a merger or a split.

Published in the *OJEU* (L) No. 106, of 26 March 2021, pp. 32-46.

- **Commission Delegated Regulation (EU) 2021/529, of 18 December 2020**, establishing regulatory technical standards amending Delegated Regulation (EU) 2017/583 as regards adjustment of liquidity thresholds and trade percentiles used to determine the size specific to the instrument applicable to certain non-equity instruments.

Published in the *OJEU* (L) No. 106, of 26 March 2021, pp. 47-48.

- **Regulation (EU) 2021/557 of the European Parliament and of the Council, of 31 March 2021**, amending Regulation (EU) 2017/2402 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation to help the recovery from the COVID-19 crisis.

Published in *OJEU* (C) No. 116, of 6 April 2021, pp. 1-24.

- **Regulation (EU) 2021/558 of the European Parliament and of the Council, of 31 March 2021**, amending Regulation (EU) No. 575/2013 as regards adjustments to the securitisation framework to support the economic recovery in response to the COVID-19 crisis.

Published in *OJEU* (C) No. 116, of 6 April 2021, pp. 25-32.

- **Commission Implementing Regulation (EU) 2021/637, of 15 March 2021**, laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No. 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No. 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295.

Published in *OJEU* (C) No. 136, of 21 April 2021, pp. 1-327.

- **Commission Implementing Regulation (EU) 2021/763, of 23 April 2021**, laying down implementing technical standards for the application of Regulation (EU) No. 575/2013 of the European Parliament and of the Council and Directive 2014/59/EU of the European Parliament and of the Council with regard to the supervisory reporting and public disclosure of the minimum requirement for own funds and eligible liabilities.

Published in *OJEU* (C) No. 168, of 12 May 2021, pp. 1-83.

- **Commission Delegated Regulation (EU) 2021/822, of 24 March 2021**, amending Delegated Regulations (EU) No. 1003/2013 and (EU) 2019/360 as regards the annual supervisory fees charged by the European Securities and Markets Authority to trade repositories for 2021.

Published in *OJEU* (C) No. 183, of 25 May 2021, pp. 1-4.

- **Commission Decision (EU) 2021/857, of 27 May 2021**, amending Decision (EU, Euratom) 2021/625 as regards the inclusion of certain investment firms in the eligibility criteria for membership of the Union's primary dealer network.

Published in *OJEU* No. 188, of 28 May 2021, pp. 103-105.

- **Commission Delegated Regulation (EU) 2021/931, of 1 March 2021**, supplementing Regulation (EU) No. 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards specifying the method for identifying derivative transactions with one or more than one material risk driver for the purposes of Article 277(5), the formula for calculating the supervisory delta of call and put options mapped to the interest rate risk category and the method for determining whether a transaction is a long or short position in the primary risk driver or in the most material risk driver in the given risk category for the purposes of Article 279a(3)(a) and (b) in the standardised approach for counterparty credit risk.

Published in *OJEU* (C) No. 204, of 10 June 2021, pp. 7-12.

- **Commission Regulation (EU) 2021/1080, of 28 June 2021**, amending Regulation (EC) No. 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards 16, 37 and 41 and International Financial Reporting Standards 1, 3 and 9.

Published in the *OJEU* (L) No. 234, of 2 July 2021, pp. 90-98.

- **Commission Delegated Regulation (EU) 2021/1415, of 5 May 2021**, supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council with regard to regulatory technical standards on the cooperation, exchange of information and notification obligations between competent authorities and ESMA, the EBA and EIOPA.

Published in the *OJEU* (L-I) No. 304, of 30 August 2021, pp. 1-13.

- **Commission Regulation (EU) 2021/1421, of 30 August 2021**, amending Regulation (EC) No. 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council as regards IFRS 16.

Published in *OJEU* (C) No. 305, of 31 August 2021, pp. 17-20.

- **Commission Delegated Regulation (EU) 2021/1456, of 2 June 2021**, supplementing Regulation (EU) No. 648/2012 of the European Parliament and of the Council by specifying the conditions under which the commercial terms for clearing services for OTC derivatives are to be considered to be fair, reasonable, non-discriminatory and transparent.

Published in the *OJEU* (L) No. 317, of 8 September 2021, pp. 1-6.

- **Commission Implementing Regulation (EU) 2021/1751, of 1 October 2021**, laying down implementing technical standards for the application of Directive 2014/59/EU of the European Parliament and of the Council with regard to uniform formats and templates for notifications of determination of the impracticability of including contractual recognition of write down and conversion powers.

Published in the *OJEU* (L) No. 349, of 4 October 2021, pp. 5-18.

- **Commission Implementing Decision (EU) 2021/1753, of 1 October 2021**, on the equivalence of the supervisory and regulatory requirements of certain third countries and territories for the purposes of the treatment of exposures in accordance with Regulation (EU) No. 575/2013 of the European Parliament and of the Council.

Published in the *OJEU* (L) No. 349, of 4 October 2021, pp. 31-45.

- **Commission Delegated Regulation (EU) 2021/1783, of 2 July 2021**, supplementing Regulation (EU) No. 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards containing a template document for cooperation arrangements with third countries.

Published in the *OJEU* (L) No. 359, of 11 October 2021, pp. 1-5.

- **Commission Delegated Regulation (EU) 2021/1833, of 14 July 2021**, supplementing Directive 2014/65/EU of the European Parliament and of the Council by specifying the criteria for establishing when an activity is to be considered to be ancillary to the main business at group level.

Published in the *OJEU* (L) No. 372, of 20 October 2021, pp. 1-10.

- **Commission Implementing Regulation (EU) 2021/1847, of 14 October 2021**, on the designation of a statutory replacement for certain settings of CHF LIBOR.

Published in the *OJEU* (L) No. 374, of 22 October 2021, pp. 1-5.

- **Commission Implementing Regulation (EU) 2021/1848, of 21 October 2021**, on the designation of a replacement for the benchmark euro overnight index average.

Published in the *OJEU* (L) No. 374, of 22 October 2021, pp. 6-9.

- **Commission Implementing Regulation (EU) 2021/2005, of 16 November 2021**, laying down implementing technical standards amending Implementing Regulation (EU) 2016/1799 as regards the mapping tables specifying the correspondence between the credit risk assessments of external credit assessment institutions and the credit quality steps set out in Regulation (EU) No. 575/2013 of the European Parliament and of the Council.

Published in the *OJEU* (L) No. 407, of 17 November 2021, pp. 10-17.

- **Commission Implementing Regulation (EU) 2021/2006, of 16 November 2021**, laying down implementing technical standards amending Implementing Regulation (EU) 2016/1800 as regards the allocation of credit assessments of external credit assessment institutions to an objective scale of credit quality steps in accordance with Directive 2009/138/EC of the European Parliament and of the Council.

Published in the *OJEU* (L) No. 407, of 17 November 2021, pp. 18-26.

- **Regulation (EU) 2021/2259 of the European Parliament and of the Council, of 15 December 2021**, amending Regulation (EU) No. 1286/2014 as regards the extension of the Transitional Provision for management companies, investment companies and persons advising on, or selling, units of undertakings for collective investment in transferable securities (UCITS) and non-UCITS.

Published in the *OJEU* (L) No. 455, of 20 December 2021, pp. 1-3.

- **Regulation (EU) 2021/2260 of the European Parliament and of the Council, of 15 December 2021**, amending Regulation (EU) 2015/848 on insolvency proceedings to replace its Annexes A and B.

Published in the *OJEU* (L) No. 455, of 20 December 2021, pp. 4-14.

- **Directive (EU) 2021/2261 of the European Parliament and of the Council, of 15 December 2021**, amending Directive 2009/65/EC as regards the use of key

information documents by management companies of undertakings for collective investment in transferable securities (UCITS).

Published in the *OJEU* (L) No. 455, of 20 December 2021, pp. 15-17.

- **Commission Delegated Regulation (EU) 2021/2268, of 6 September 2021**, amending the regulatory technical standards laid down in Commission Delegated Regulation (EU) 2017/653 as regards the underpinning methodology and presentation of performance scenarios, the presentation of costs and the methodology for the calculation of summary cost indicators, the presentation and content of information on past performance and the presentation of costs by packaged retail and insurance-based investment products (PRIIPs) offering a range of options for investment and alignment of the Transitional Provision for PRIIP manufacturers offering units of funds referred to in Article 32 of Regulation (EU) No. 1286/2014 of the European Parliament and of the Council as investment options underlying the expanded Transitional Provision laid down in that Article.

Published in the *OJEU* (L) No. 455, of 20 December 2021, pp. 1-55.

B.1 Guidelines, decisions and recommendations of ESMA/EBA

- **European Securities and Markets Authority Decision (EU) 2021/272, of 16 December 2020**, renewing the temporary requirement to natural or legal persons who have net short positions to lower the notification thresholds of net short positions in relation to the issued share capital of companies whose shares are admitted to trading on a regulated market to notify the competent authorities above a certain threshold in accordance with point (a) of Article 28(1) of Regulation (EU) No. 236/2012 of the European Parliament and of the Council.

Published in the *OJEU* (L) No. 61, of 22 February 2021, pp. 7-26.

- **Guidelines on disclosure requirements under the Prospectus Regulation** (4 March 2021) European Securities and Markets Authority (ESMA).
- **Guidelines. Reporting under Articles 4 and 12 of the SFTR** (29 March 2021) European Securities and Markets Authority (ESMA).
- **Guidelines on certain aspects of the MiFID II compliance function requirements** (6 April 2021) European Securities and Markets Authority (ESMA).
- **Guidelines on enforcement of financial information** (23 November 2020). European Securities and Markets Authority (ESMA).
- **Final Report. Guidelines on written agreements between members of CCP colleges** (21 January 2021). European Securities and Markets Authority (ESMA).
- **Final Guidelines on the MiFID II/MiFIR obligations on market data** (18 August 2021). European Securities and Markets Authority (ESMA).

Annex on CNMV Organisation

Composition of the CNMV Board at 31 May 2022

Chairperson	Mr Rodrigo Buenaventura Canino
Vice-Chairperson	Ms Montserrat Martínez Parera
Directors	Mr Juan Manuel Santos-Suárez Márquez
	Ms María Dolores Beato Blanco
	Ms Helena Viñes Fiestas
	Mr Carlos Cuerpo Caballero (General Secretary of the Treasury and International Financing)
	Ms Margarita Delgado Tejero (Deputy Governor of the Bank of Spain)
Secretary	Ms Patricia Muñoz González-Úbeda

Composition of the CNMV Executive Committee at 31 May 2022¹

Chairperson	Mr Rodrigo Buenaventura Canino
Vice-Chairperson	Ms Montserrat Martínez Parera
Directors	Mr Juan Manuel Santos-Suárez Márquez
	Ms María Dolores Beato Blanco
	Ms Helena Viñes Fiestas
Secretary	Ms Patricia Muñoz González-Úbeda

1 The creation, constitution and functions of the CNMV Executive Committee are regulated by Article 26 of the recast text of the Securities Market Act, approved by Spanish Royal Legislative Decree 4/2015, of 23 October, as written in Law 44/2002, of 22 November, on Measures to Reform the Financial System.

Composition of the CNMV Advisory Committee at 31 May 2022²

Chairperson	Ms Montserrat Martínez Parera
Secretary	Ms Patricia Muñoz González-Úbeda
Technical Secretary	Mr Víctor Rodríguez Quejido
Members	
Representatives of market infrastructures	
Representative	Ms Beatriz Alonso-Majagranzas Cenamor
Alternate	Ms María Calvo Pérez
Representative	Mr Domingo García Coto
Alternate	Mr Gonzalo Gómez Retuerto
Representative	Mr Ignacio Olivares Blanco
Alternate	Ms Aránzazu Ullivarri Royuela
Representatives of issuers	
Representative	Mr Manuel García Cobaleda
Alternate	Mr Juan Ignacio Pardo García
Representative	Mr Rafael Piqueras Bautista
Alternate	Mr Javier Rodríguez Vega
Representatives of investors	
Representative	Mr Ángel Martínez-Aldama Hervás
Alternate	Ms Virginia Arizmendi Ortega
Representative	Ms Elisa Ricón Holgueras
Alternate	Ms Carolina Fernández González
Representative	Mr Manuel Pardos Vicente
Alternate	Ms Karina Fábregas Márquez
Representative	Mr Fernando Herrero Sáez de Eguilaz
Alternate	Mr Víctor Cremades Erades
Representatives of credit institutions and insurance companies	
Representative	Mr Javier Rodríguez Pellitero
Alternate	Ms Patricia Rodríguez Fernández de Castro
Representative	Mr José María Méndez Álvarez-Cedrón
Alternate	Mr Antonio Jesús Romero Mora
Representative	Ms Cristina Freijanes Presmanes
Alternate	Ms Zorione Arregi Elkorobarrutia
Representative	Ms Pilar González de Frutos
Alternate	Ms María Aránzazu del Valle Schaan

Representatives of professional associations

Representative	Mr Valentín Pich Rosell
Alternate	Mr Ferrán Rodríguez Arias
Representative	Mr Luis Alfredo Jiménez Fernández
Alternate	Mr Javier Méndez Llera
Representative	Mr Fernando Vives Ruiz
Alternate	Mr Javier García de Enterría y Lorenzo-Velázquez

Representatives of the Investment Guarantee Fund

Representative	Mr Ignacio Santillán Fraile
Alternate	Mr José Ignacio García-Junceda Fernández

Representatives of the autonomous regions with an official secondary market

Basque Country

Representative	Mr Hernando Lacalle Edeso
Alternate	Ms Arantza Larrauri Aranguren

Catalonia

Representative	Mr Josep María Sánchez i Pascual
Alternate	Ms Alba Currià Reynal

Valencia

Representative	Ms María Dolores Furió Ortega
Alternate	Mr Nicolas Jannone Bellot

