



**Summary of the 2018 CNMV
Annual Report**
17 June 2019



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2018, the year to which this annual report refers and in which the CNMV celebrated its 30th anniversary, was a year of extremely intense activity for the institution in every aspect.

In the area of regulation and supervision, the year was mainly marked by two factors: application of the MiFID II/MiFIR regulatory package, whose complex transposition process was completed over the year, and the expected withdrawal of the United Kingdom from the European Union. Brexit generated a great deal of activity in the CNMV with regard to three aspects: actions relating to projects for relocating part of the activity performed by London-based entities to Spain; preparatory work coordinated by ESMA (the European Securities and Markets Authority), mainly with regard to a possible no-deal Brexit; and advice and support work for the Ministry of Economy and Business in relation to the matter.

With regard to market performance and the relative weight of Spain in those markets, 2018 was not a good year. The final stretch of the year was particularly negative with regard to equity, including the trading volumes of Spanish securities and the percentage of such trading taking place in Spain. This market performance contributed, for example, to the assets under management of Spanish investment funds falling, albeit slightly, for the first time since 2012 and the figures for IPOs and capital increases of listed companies being significantly lower than in previous years. The volume of fixed-income securities issued by Spanish companies outside Spain also continued to rise, in a market context characterised by low interest rates and the effect of the new rules resulting from MiFID II.

With regard to the financial intermediaries operating in the securities market and other entities registered with the CNMV, there was a general increase in the number of entities, with noteworthy positive growth in the venture capital sector and, with a lower level of activity and profit, broker-dealers and brokers. Following the takeover of most of those that were bank subsidiaries by their parent companies and consolidation of a certain number of independent entities with banking licences that are specialised in investment services, this report proposes a new focus on the sector that differentiates between the providers of investment services that form part of groups led by commercial banks and independent entities, which in theory would currently account for 30% of the activity (measured in terms of fee revenue from investment services).

This report also describes the intense supervision of market activity, which was also particularly affected by MiFID II/MiFIR, as were market infrastructures. In addition, it describes the CNMV's actions over the year in the area of market abuse and relating to takeover bids and other corporate operations.

It also reports on other aspects of the CNMV's activity: that relating to financial stability; the impact of new technologies on securities markets and the provision of investment services; investor complaints and reports, including those received through the new channel that allows anonymous whistleblowing; financial education; international activity in general (which was once again particularly focused on ESMA and IOSCO in 2018); research and statistics; and information systems.

This report also offers economic and financial information and other figures on the CNMV, including, for the first time, performance and activity indicators.

A broader reference, in the form of a summary, to the contents of this report is set out in the following points:

– **Macroeconomic and financial environment**

- The year was characterised by a **slowdown** in growth **worldwide**, although it remained at a significant level (3.6%). The slowdown took place in a context marked by several sources of uncertainty, including doubts relating to restrictions on world trade, tensions in some emerging economies, such as Turkey and Brazil, Brexit and the Italian public accounts.

Furthermore, the normalisation of the monetary policy stance continued in the United States (with four interest rate hikes in the year). In the euro area, the ECB ended the debt purchase programme, while the monetary policy in Japan remained unchanged.

The most significant event in financial markets was the turbulence in stock markets in the last part of 2018, which led to annual falls in the most important international indices, which exceeded 10% in most cases.

- There was also some slowdown in economic growth in **Spain**, but at a much lower rate than in the euro area. GDP grew by 2.6% (3% in 2017), 0.7 percentage points more than in the euro area. Growth of 2.1% is expected this year (0.8 percentage points higher than the euro area). The unemployment rate fell (to 15.3% of the active population), although it remains high, and the public deficit fell to below 3% of GDP. Spain was therefore able to exit the excessive deficit procedure that it had been under since 2009. Household wealth continued to improve, although their savings rate has fallen to historic lows (around 4% of disposable income, 12% in the euro area), while the banking sector continues to undergo difficulties in raising its profitability in an environment of such low interest rates.
- The CNMV performed a study entitled “**Savings and investment patterns of Spanish households**” whose main conclusions indicate that Spanish people save significantly less than the average of other Europeans and they allocate a much higher proportion of their investment to the real estate sector. They are also somewhat more conservative in their financial investments.
- It is significant that in 2018 a **macroprudential authority** (called AMCESFI) was set up in Spain following the recommendations of both the Financial Stability Board (FSB) and the European Systemic Risk

Board (ESRB). The CNMV forms part of this new authority through its president and vice-president, as well as at a technical level.

– **Markets and issuers**

- **Equity.** In 2018, there was a sharp fall in share prices (Ibex 35: -15%), in line with the falls in other European indices (the largest fall was recorded by the German index). Trading in Spanish securities remained stable (931 billion euros), but the shift continued between trading on Spanish markets, where it is falling, towards other trading venues, where it is rising. The market share of the latter stood at 37% in 2018.

Capital increases in Spain during the year amounted to 11.33 billion euros, almost 62% down on 2017. Of this amount, 7.39 billion (65% of the total) corresponded to capital increases raising funds (25.79 billion in 2017, a fall of 70%), while the rest were bonus issues.

2018 was a bad year in terms of IPOs. The amount of the public offerings of shares in IPOs was only 733.7 million euros (2.94 billion euros in 2017). Many companies cancelled or delayed their flotation plans due to the market situation. Some of those which were not executed in the end were at a very advanced stage and, in several cases, involved significant companies and volumes.

Six takeover bids were authorised with a potential amount of 23.84 billion euros, the highest figure of recent years. Particularly noteworthy in terms of volume was the voluntary bid by Hochtief AG for Abertis Infraestructuras, S.A. worth 18.18 billion euros. This bid competed with that made initially by Atlantia SpA, which had been authorised the previous year. The process concluded in 2018 with an agreement between the two bidders.

- **Fixed income.** Activity in the primary fixed-income market, in the aforementioned context of low interest rates, was marked by a 5% fall in net issues, mainly as a result of the drop in issues by public authorities and financial institutions (which continued to obtain financing from the Eurosystem).

The fall in private debt issues registered with the CNMV continued (101.3 billion euros, down 7.5%), as did the increase in those made abroad by Spanish issuers (89.36 billion euros, up 5.4%). The latter accounted for 47% of the total debt issues of Spanish issuers. With regard to issues registered with the CNMV, there was a fall in issues of most debt assets, except long-term bonds, given the significant volume of issues by the SAREB (29.75 billion euros in 2018 out of a total of 35.84 billion euros of bond issues). With regard to issues carried out abroad, there was a significant increase in commercial paper, which doubled in amount between 2017 and 2018 (rising from 23.65 billion euros to 50.93 billion). There was also a noteworthy sharp upturn in issues by subsidiaries of Spanish companies abroad (from 64.82 billion euros in 2017 to 90.18 billion in 2018).

Secondary market activity was conditioned by the entry into force of MiFID II/MiFIR, which introduced greater competition by allowing these assets to be traded on regulated markets, MTFs, OTFs and SIs. From the point of view of Spanish trading venues, there was a sharp decrease in trading of private debt on AIAF as a result of the change in the rules on channelling bilateral trades and the creation of two OTFs (CIMD and CAPI). Trading of public and private debt as a whole performed on Spanish trading venues accounts for a small amount of the total, according to the estimates made.

– **Financial institutions and investment services**

- **Collective investment.** In the field of investment funds, following 6 years of uninterrupted growth, in 2018 there was a slight contraction in assets managed (down 2.3% to 259.1 billion euros), which is mostly the result of the fall in the value of the investment portfolio (as a result of the turbulence at the end of the year). Although there were inflows of resources, they were lower than in previous years. A similar pattern was seen in SICAVs, where there was also a fall in the number of entities. In addition, the assets of foreign CIS marketed in Spain (whose information obligations were affected by entry into force of the new Circular) continued to grow and stood at over 180 billion euros.
- **Provision of investment services.** For the first time, the report includes an analysis of the provision of investment services beyond the type of entity (bank, investment firm, CIS management company, etc.), focusing on the business model of these entities and their link to traditional commercial banks. According to the analysis conducted, almost 70% of the revenue relating to the provision of investment services, including that for CIS management, was obtained by entities linked to commercial banking and the rest by entities specialised in the provision of these investment services.
- As a matter of special interest in this area, the report includes the conclusions of a study on “**Non-Bank Financial Intermediation (NBFi) in Spain**”, which describes the entities that can be considered to fall within this group, quantifies their assets and lists the main risks relating to their activity. Bearing in mind the classification of entities carried out by the FSB, the volume of assets of NBFi at the end of 2017 amounted to 319.08 billion euros (6.8% of the Spanish financial system). Of this figure, 82.5% corresponds to investment funds, 13.5% to securitisation vehicles and 3.3% to specialised lending institutions. The risk analysis performed revealed that the most significant risks relating to investment funds are credit risk and liquidity risk.

– **Issuers’ financial and corporate governance disclosures**

- A total of 297 **annual reports** corresponding to 2017 (from 155 securities issuers) were received, 6% down on the previous year. 98.3% of the audit reports contained an unqualified opinion (100% in Ibex 35 companies) and no company submitted a report with a disclaimer of opinion. In addition, 137 public limited companies and 25 fixed-income issuers filed an **Annual Corporate Governance Report (ACGR)**, with a level of compliance with the Good Governance Code of 84.6% (89.4% in Ibex companies).

The average board size was 9.8 members and the presence of women on boards rose from 16.6% to 18.9%.

- It should be noted, in this aspect, that the CNMV decided to publish, for the first time, information on the **presence of women on boards of directors and in senior management** that listed companies report in their ACGRs. The first report was published at the end of October 2018 and contains individualised information for each one of the listed companies, which are grouped into three categories: Ibex 35 companies, companies with a level of capitalisation of over 500 million euros and other companies. According to the information available, a total of 258 women sit on boards (18.9% of total) and 156 belong to senior management (14.8%). The aim of publishing this data is to contribute towards promoting the presence of women at the highest level of corporate governance, in line with the various provisions and recommendations established both in the recast text of the Capital Companies Act and in the Good Governance Code of Listed Companies.

– Market supervision

- In the area of trading and post-trading, in 2018 the CNMV completed the implementation of the new transaction reporting system under the new legislation (MiFID II), which extended the set of entities subject to the requirements and increased the level of detail in the transaction reporting. In this context, the CNMV received over **110 million registrations** (10% up) of reported transactions executed in financial instruments and over 285 million registrations relating to transactions in Spanish financial instruments from other European Union competent authorities. The number of transactions on trading venues under the CNMV's supervision fell by 12%, but their volume grew as a result of the incorporation of two new OTFs (CIMD and CAPI). In addition, in this area a total of 244 deficiency letters (171 in equity) were sent and 77 supervision reports were drawn up.
- The number of **suspicious transactions** reported (STORs: Suspicious Transaction and Order Reports) totalled 232 (a similar number to those received in 2017). As in previous years, the bulk of the STORs related to actual or attempted insider dealing (66%) and the others to possible market manipulation.
- **Equity.** There were a total of 8,691 communications of price sensitive information (-3.4%), over half of which were related to financial instruments. In addition, there were 16 temporary trading halts (18 in 2017), which corresponded to 13 issuers (15 in 2017). A temporary trading halt is an exceptional measure that the CNMV may adopt in severe cases of asymmetrical or insufficient information that does not allow proper price discovery. Other significant actions by the CNMV related to supervision of the liquidity contracts entered into by issuers with a financial intermediary that are regulated in Circular 1/2017. At year-end, 35 issuers held operating liquidity contracts.
- **Fixed income.** The CNMV's work supervising fixed-income markets has been extended with the incorporation of two new Spanish trading venues: CAPI OTF and CIMD OTF. In 2018, the CNMV also approved the

modifications to the regulations of the Fixed-Income Market (AIAF) and two MTFs – MARF (Alternative Fixed Income Market) and SENAF (Electronic System for Trading in Financial Assets) – with the aim of completing their adaptation to MiFID II/MiFIR.

- **Market Monitoring Unit (MMU).** The CNMV undertakes investigations that aim to detect both cases of the illegal performance, recommendation or disclosure of insider dealing and manipulation practices performed in securities markets. These investigations led to the opening of 7 disciplinary proceedings for market abuse against 11 legal or natural persons.
- With regard to the entry into force of **MiFID II and MiFIR**, it is important to describe the **implementation of the market regime** resulting from this legislation. There have been significant new developments from the point of view of trading venues and financial instruments relating to: trading of equity instruments, the trading of fixed-income and derivative instruments, the activities of data reporting services providers, the sale of market data, free access to 15-minute delayed market data and information on reference instruments and on transparency calculations.
- **Short positions.** As from 1 January 2019, the CNMV stopped publishing the aggregate information on short positions it had been disseminating up to that point on a fortnightly basis. These positions were the result of adding together those that exceeded the 0.20% of an issuer's capital plus the public positions of greater than 0.50% of the capital. The regulation establishes the obligation to notify the supervisor about net short positions whose percentage is equal to or greater than 0.20% of the issuer's capital, but it only provides that they should be made public when they are equal to or greater than 0.50% of the capital. Spain was the only country that voluntarily published aggregate and individualised information that included the former. The decision was also taken in order to avoid the impression that the Spanish market stood out for its short positions and taking into account the bias resulting from the aforementioned percentages, which only capture short positions that are of a large volume in absolute terms in the case of large companies.
- **Minimum trading price.** A special situation that the CNMV analysed and with regard to which it had to form criteria in 2018 was one that affected three shares which were persistently quoted at one euro cent as a result of the trading rules in force in stock markets, which prevented buying or selling at a lower price. On the one hand, this unduly restricted the liquidity of the affected shares and, on the other hand, generated artificial signals about their price. The CNMV supported BME's initiative to lower the minimum trading price to one ten-thousandth of a euro and disseminated a criterion against the initiative to carry out stock splits aimed at removing the effect of the reduction announced by some of the affected companies, which did not prosper. The modification introduced by BME solved the problem.

– **Supervision of entities**

- In the area of entities providing investment services, the CNMV sent out 865 deficiency letters (437 requesting information) as a result of its

supervisory work relating to investment firms and credit and savings institutions. Of the total, 659 originated from off-site supervision. With regard to the prudential supervision of investment firms, it should be noted that the sector had ample own funds in relative terms. However, the CNMV closely monitored entities in order to identify any net worth or solvency incidents. Particularly noteworthy was the work undertaken, with the technical support of the Bank of Spain, to review the internal models for determining the own-fund requirements of a large firm which, as a result of a likely Brexit, decided to transfer a significant part of its business in the United Kingdom to Spain.

- In the case of fund and SICAV supervision, the CNMV's work focused on preventative analyses to ensure that CIS management companies comply with their obligations, that conflicts of interest are appropriately resolved and that unit-holders and shareholders receive sufficient information. In this regard, the CNMV's two categories of supervision (off-site and on-site) continue to be complementary. Off-site supervision is based on an analysis of the financial statements submitted to the CNMV, particularly the list of individual positions of the portfolio assets and derivatives of all registered CIS. On-site supervision, on the other hand, focuses on other less standardised or specific aspects.
- In the field of supervision, the CNMV conducted several significant **horizontal reviews**:
 - Horizontal review of the level of adaptation of companies providing investment services to the new information requirements relating to **incentives and costs** established in MiFID II. The review was performed on a representative sample of 15 entities which accounted for 86% of the retail clients of credit institutions. The most significant deficiencies were identified in relation to adaptation to the new requirements on *ex ante* information regarding costs and associated charges.
 - Horizontal review of compliance with the obligations of the **PRIIPs** Regulation. This Regulation requires that a Key Information Document (KID) be prepared so as to be delivered to retail clients before selling or recommending certain products to them. The review, performed on a sample of 17 entities accounting for approximately 90% of the volume of PRIIPs subject to the CNMV's supervision, revealed that the KIDs analysed generally provided the expected information on the functioning, characteristics and objectives of the products in a concise form, as well as information on costs. However, the CNMV detected aspects for improvement with regard to the drafting of the documents in order to make them more understandable for retail investors, as well as incidents in the calculated indicators.
 - Prior review of the **marketing material** of investment funds. The review focused on the advertising used by investment fund management companies, covering the registration of new funds and the renewal of funds with a target return. The CNMV's actions covered the 126 new funds and renewals of structured funds registered

between 31 October 2017 and 30 November 2018, promoted by 41 management companies. The results of the review revealed that the so-called “commercial factsheets” are the main material used by financial institutions for the marketing of new investment funds. In addition, as a consequence of the incidents detected, various guidelines were passed on to the 18 management companies that have used marketing material with the aim, *inter alia*, of improving and clarifying the information provided, preventing confusion and ensuring consistency with the KID.

- The CNMV believes it important, as it has highlighted in recent years in its inspection work, for entities to adopt measures and undertake actions aimed at ensuring that the information that they obtain from retail clients to assess the **appropriateness and suitability of their transactions** is consistent, accurate and up-to-date. Although these evaluations have to be performed on a case-by-case basis, entities must also adopt measures to ensure that this information is reliable. In this regard, it is of interest to analyse whether there are *a priori* atypical situations that should only arise occasionally. To this end, different indications may be considered, such as whether overall data for clients with a high level of financial literacy are reasonable in the case of groups that do not have prior professional or investment experience.

– **Investor assistance**

- The number of registered **complaints** stood at 1,018, a rise of 2%. Of those processed with a final reasoned report (590), the complainant obtained a favourable report in 59.8% of the cases. The largest number of concluded complaints related to problems in subsequent information in the area of marketing, advisory services and portfolio management (230). In addition, a confidential channel for reporting possible infringements relating to rules on securities markets (whistleblowing channel) was launched on 8 January. A total of 704 communications were received, of which 525 were of an appropriate nature to be processed, through this channel. Of these, 316 contained sufficient factual evidence for them to be analysed.
- **Monitoring of Initial Coin Offerings (ICOs).** In 2018, special attention was paid to the phenomenon of cryptoassets. The philosophy of promoting innovation was followed, but with the associated risks very much taken into account. The CNMV published two statements on this matter in February 2018, one published jointly with the Bank of Spain, and a document with criteria on ICOs in September.

The CNMV performed a search for ICO projects that might be considered Spanish – as a result of the geographic location of their promoters, their nationality or because they were aimed at Spanish investors. This resulted in the opening of 73 preliminary investigations to discover the nature and situation of the projects and, particularly, the legal nature of the tokens issued and their level of marketing to investors resident in Spain. One of the basic conclusions is that the level of funds raised through these formulas remains very low in Spain.

- In the framework of the Financial Education Plan, the Bank of Spain and the CNMV cooperated in performing the **Survey of Financial Skills**, which measures the financial literacy and understanding of the Spanish population aged between 18 and 79, as well as the holding and use of different savings, debt and insurance vehicles. The Survey of Financial Skills forms part of an international project coordinated by the International Network on Financial Education, which, under the auspices of the OECD, measured the financial literacy, attitudes and behaviour of the population of a wide set of countries between 2015 and 2016. In general, the results of the survey lead to the conclusion that the financial literacy of the adult population in Spain is around the average of the countries studied, and the level rises with age, education level and income. In addition, the patterns seen with regard to the holding of financial assets reveal that investment and insurance literacy is not firmly rooted in Spain and it would therefore be appropriate to make further efforts to improve financial education, particularly in certain groups.
- **Disciplinary action**
- The CNMV initiated 21 **disciplinary proceedings** (16 in 2017), investigating a total of 39 alleged breaches (23 in 2017). In 2018, a total of 23 proceedings were concluded (16 in 2017) and 39 fines were imposed for a total amount of 9.08 million euros (in the previous year, 27 fines for 14 million euros).
 - With respect to the **proceedings** in which the CNMV was involved, 10 administrative appeals were filed (18 were ruled on) and 23 appeals were filed with the administrative courts (40 were ruled on).
 - Four **claims** were filed with the CNMV for alleged breaches of market abuse legislation, investor information obligations and accounting duties.
- **International activities**
- 2018 was a year of intense activity as a result of the **responsibilities** of the CNMV's senior management in ESMA, its promotion of IOSCO's work on sustainable finance and its recurring activities in various forums (ESMA, IOSCO, ESRB, FSB, etc.). Particularly noteworthy among the tasks performed by the CNMV were those aimed at addressing the consequences of Brexit in the work of both the institution and of the European bodies to which it belongs.
 - The **review of the European System of Financial Supervision** continued through the procedures of the European co-legislators (European Commission, Council and European Parliament) in 2018, although a final agreement was not reached in the year. The objectives of the different draft legislation making up the review package include those relating to the European Supervisory Authorities (ESAs), particularly those focused on promoting greater supervisory convergence, achieving greater independence of their decision-making bodies and the granting of new powers. While the position of the European Parliament is favourable to assigning more powers to the ESAs, the position of the Council is generally more reticent to granting new powers.

The **CNMV's position** in relation to this important reform, which was shared at all times with the Ministry of Economy and Business, is based on considering that greater integration of the supervisory system in Europe is compatible with local supervisory bodies having significant powers that will contribute towards maintaining a large number of financial markets and venues in Europe with a critical mass. This is essential in order to achieve a European capital market with greater penetration and less dependence on bank lending, one of the main objectives of the Capital Market Union.

- **ESMA's activity in 2018** was marked by the start of the application of two pieces of legislation that are fundamental pillars of European markets in financial instruments – MiFID II and MiFIR –, preparation for the withdrawal of the United Kingdom from the European Union (Brexit), particularly if this takes place with no deal, and its contribution to the European Commission's Capital Markets Union Action Plan. It is worth highlighting new responsibilities of the CNMV's senior management in ESMA, where, in addition to being a member of the Board of Supervisors (BoS), it is a member of the Management Board and chairperson (through its vice-president) of the Corporate Reporting Standing Committee (CRSC).

In the first year of application of MiFID II/MiFIR, ESMA devoted a significant part of its activity and resources to ensuring that their implementation was consistent and effective in all Member States. For the first time, ESMA used the **powers of intervention** granted to it by the new regulation in the area of investor protection. The measures adopted, which entailed the prohibition as from 2 July 2018 of the marketing, distribution or sale of binary options to retail clients and imposed restrictions as from 1 August 2018 on the marketing, distribution and sale of Contracts For Differences (CFDs), also when aimed at retail investors, remain in force after having been extended several times. Once these measures are no longer in force, national authorities, such as the CNMV, already plan similar measures which, unlike the European measures, may be indefinite.

- The **European Systemic Risk Board (ESRB)** continued its macroprudential work with the aim of identifying, preventing and, as the case may be, mitigating systemic risk in the European Union. The CNMV participates on its Advisory Technical Committee, in several expert groups and on the institution's General Board. The most important issues addressed in 2018 were: analysis of risks and vulnerabilities for financial stability, the possible formation of systemic risks associated with interconnectedness in derivatives markets, the risk relating to the activities and entities participating in non-bank financial intermediation, risks associated with the commercial real estate sector in the European Union and vulnerabilities associated with cybernetic risk.
- In the area of the governance and structure of the **International Organisation of Securities Commissions (IOSCO)**, it is important to note the establishment of a framework for determining the jurisdictions that supervise the most developed financial markets, which will be part of the IOSCO Board for four-year periods. With regard to the work performed by the institution, it is worth highlighting the new development of the implementation of information sharing networks in three areas of action:

the FinTech network, the sustainable finance network and a consultation and support framework relating to ICOs.

- The **Ibero-American Institute of Securities Markets (IIMV)**, in addition to holding the annual meeting of the Council of Authorities in Buenos Aires, organised eleven in-person training, cooperation and dissemination activities, in which officials from the supervisors of securities markets in Ibero-American countries participated. It also carried out two on-line courses on corporate governance and International Financial Reporting Standards (IFRS) and a website on the memorandum of understanding on FinTech (on the initiative of the CNMV).

– **CNMV Strategy**

- The annual report describes the **CNMV's strategy for 2019-2020**, based on three lines: supervision as a priority, promoting the competitiveness of the Spanish market and new technologies and their implications for financial markets.
- The report also covers the CNMV's most important actions with regard to **FinTech activity, advice given on draft legislation** and presentation of a set of **indicators to assess the CNMV's performance and activity** in 2018 (Key Performance Indicators), which was a commitment included in the 2018 Activities Plan. The next report will provide two-year data for comparison and will also enhance the list of indicators.
 - **Examples of performance indicators:**
 - Average time to authorise investment funds: 1.2 months.
 - Average time to authorise entities providing investment services: 8 months, an average of 3.8 months corresponding to the processing by the CNMV.
 - 97% of fixed-income issues for wholesale investors processed in the agreed period.
 - Investor complaints: average time to resolve complaints is 75 days.
 - Disciplinary proceedings: average processing time is 180 calendar days.
 - Average response time to requests for international cooperation: 40 days.
 - **Examples of activity indicators:**
 - **Collective investment schemes / venture capital undertakings:** 511 deficiency letters were sent for late filing of information and 610 relating to corrective measures or recommendations. A total of 218 actions were performed, of which 14 were inspections.

- **Infringements:** A total of 525 notifications of possible infringements were received (notifications that may be anonymous). Of these, 316 included factual evidence that may constitute possible infringements.
- **Institutional relations:** A total of 116 requests from the Ministry of Economy were processed (parliamentary initiatives and questions, internal approvals, etc.) and advice was given on 16 pieces of draft legislation in compliance with the function set out in Article 17.3 of the Securities Market Act.
- **International activity:** Attendance at 401 international meetings (212 ESMA) by 91 technicians.
- For the last two years, the CNMV has been working in coordination with the Ministry of Economy and Business and other national and European bodies on the possibility of the United Kingdom leaving the European Union (**Brexit**), even without a deal, with the aim of preserving financial stability and protecting investors and bearing in mind the need to promote the competitiveness of the Spanish market. Among the first measures aimed at the possible reorganisation of UK-based business, in 2017 the CNMV implemented a programme aimed at investment firms and CIS management companies under the name “Welcome Programme”. More recently, and as a result of the deep uncertainty surrounding the process of the United Kingdom leaving the European Union, at the start of March this year, Royal Decree-Law 5/2019, adopting contingency measures in the event of a no-deal Brexit, was published. These measures, which the CNMV actively helped to draw up, are temporary and aimed at facilitating the transition to a situation in which the United Kingdom has the status of third country.
- The CNMV supervised entities using models that are especially intense in the use of technological tools that make it possible to perform relatively complex analyses that usually require processing a large quantity of data. These activities, which fall under what is known as **SupTech**, include recurring analyses on the daily yields of CIS which aim to identify “atypical” variations in their net asset values. Identifying these variations allows the CNMV to detect incidents in the valuations that entities apply to the same asset. In addition, and also on a recurring basis using automated processes, the CNMV attempts to identify trading that might reveal situations of conflicts of interest and lead to the initiation of disciplinary proceedings.
- **CNMV’s organisation**
 - At the end of 2018, the CNMV had its largest **workforce** of the last 5 years (446 employees in 2018 compared with 422 in 2017).
 - Various **training actions** were carried out during the year (61 actions for a total of 8,857 hours). This training was given by external training centres, by CNMV staff and by ESMA (81% of the workforce participated in at least one of these actions). The language programme continued to be

implemented over the year (10,507 hours of training, 48% of the workforce), with the possibility of doing summer courses (1,300 hours, 8% of the staff).

- 86 employees participated in the **telework** programme.
- A new **works council** was set up, with which a collective bargaining agreement is currently being negotiated.
- With regard to **information systems**, the CNMV completed installation of the new storage subsystems, extension of the SAN storage network and the new systems of backup, auxiliary elements and connected services, in order to provide greater capacity, user-friendliness and processing speed. The corporate Wi-Fi network was also modernised and the functionalities of the international projects driven by ESMA (FIRDS project and transaction reporting) were developed, in addition to various internal applications.
- The electronic channel continued to take over from paper in the **registers of incoming and outgoing documents** (90% of documents received and 85% of documents sent).

– Finances

- The CNMV obtained total **revenue** of 65.3 million euros and incurred 44.3 million euros in **expenses**. Therefore, the surplus for the year amounted to 21 million euros.
- The **fees** collected grew by 2.9%, mainly as a result of the increase in fees for entity authorisation and registration and for supervision of foreign CIS.
- The government, at the proposal of the CNMV, decided that the **profit** obtained in 2017 (20.74 million euros) should be transferred to the Public Treasury.

– ANCV (Spanish National Securities Numbering Agency)

- 50,869 securities and financial instruments were assigned **codes**, almost 30% more than in 2017. This increase is the result of increased requests for ISINs by the industry as a result of the FIRDS reporting obligations for derivatives.

– Advisory Committee

- The number of **mandatory reports** by the Advisory Committee (10) remained practically stable compared with the previous year (11).
- The number of **voluntary consultations** in 2018 (13) rose on the previous year (9) due to the fact that the importance of the international activity remained stable and the CNMV aims to collect, through the Advisory Committee, the sector's opinion as frequently as possible (beyond that required by law).

