



# CNMV Strategic Areas 2023-2024

## 2023 Activity Plan





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# 1 Introduction

The National Securities Market Commission (CNMV) has defined the strategic areas that will guide its action for 2023 and 2024, in accordance with the biennial approach adopted since 2017, and on the basis of its legal mission. This strategy is in turn influenced by the economic and financial environment, as this implies risks and consequences for financial supervision and regulation.

The Activity Plan for 2023, which is presented in this document, has been prepared taking into account these strategic areas and includes a specific list of objectives for this year. With this, it is intended to inform and facilitate transparency with the market, investors and supervised entities.

The specific objectives are detailed in the form of concrete actions with public significance, selected on the basis of their being opportune or innovative with respect to the usual functions. In any case, it is necessary to point out that these objectives do not cover all the tasks that the CNMV performs on a regular basis to develop the functions it has of authorisation, registration and supervision of entities, and of market supervision, trade repository and control of regulated information. Nor does the Plan include regular actions in sanctioning or in financial education matters, attention to queries and claims from investors, the international activity of the CNMV or the periodic publication of studies and statistics.

The degree of compliance with the 2022 Activity Plan is also detailed. Lastly, the CNMV's Annual Regulatory Plan is included as an annex to this document. The inclusion of this plan responds to the provision of Article 132 of Law 39/2015, of 1 October, on the Common Administrative Procedure of Public Administrations, from which Article 38 of the CNMV's Internal Regulation (IR) derives. This precept establishes that the CNMV will issue an annual regulatory plan containing the regulatory initiatives to be submitted for approval in the following year and that will be published on the CNMV's Transparency Portal.

## 1.1 Economic and financial environment

The year 2022 marked the end of the period of low interest rates, which had lasted practically since the global financial crisis of 2008. The increase in inflation rates that was observed throughout 2021, initially assessed as transitory, was prolonged and accentuated in 2022 as a result of the shock that Russia's invasion of Ukraine has meant in the energy and other raw materials markets. Inflation rates reached peaks of close to 10% in many economies, which were the highest levels in the last 40 years, although long-term inflation expectations have remained well anchored at all times. In this sense, in the last months of 2022 inflation began to moderate and it is expected that in 2023 the average inflation rates worldwide will be around 6% in 2023 and 4% in 2024.

**In this context, global economic activity is showing high resilience, despite the slowdown expected for 2023.** The latest International Monetary Fund (IMF) forecasts indicate that average global GDP growth was 3.4% in 2022 and will be 2.9% this year, an improvement of two tenths on the 2023 forecast, with significant differences between regions. In the case of the euro area, growth of 0.7% is expected for this year according to the IMF (0.9% according to the European Commission), figures that have also been revised upwards since the autumn update, which reduces the probability of the risk of recession. The economic recovery is expected to consolidate in 2024 with a growth rate of 1.6%.

For its part, the Spanish economy performed well in 2022 despite the uncertain international context, growing for the second consecutive year at 5.5%. **By 2023, economic growth is expected to slow down** to 1.3% according to the Bank of Spain, 2.1% according to official government forecasts, 1.4% according to the European Commission or 1.1% according to the IMF. The growth figures for Spain are significantly more favourable than those for the euro area as a whole (0.7%) due to, among other factors, the lower exposure to the effects of the war in Ukraine. All in all, the recovery of the pre-pandemic level of GDP will probably be delayed until late 2023. In 2024, the economy could advance by 2.9%. Average inflation, which in 2022 was 8.4% (5.8% in January 2023), is expected to be high, although with a downward trend, and persistent over time,<sup>1</sup> although also lower than the euro area average.

In this environment of high inflation, **the monetary policy of the main economic areas has undergone the most abrupt turn** since the 2004-2007 period with regard to variations in official interest rates, within a process of rate standardisation. In the United States, short-term interest rates have risen 425 basis points (bp), to the range of 4.25-4.50%; 250 bp in the euro area up to 2.50% and 325 bp in the United Kingdom, up to 3.50%. The sharp increase in interest rates in such a short space of time implies a significant tightening of the financing conditions of agents whose impact on economic activity will need to be monitored.

**At the beginning of 2022, the financial markets reflected the change of scenario with widespread falls in the prices of all types of assets, both equities and fixed income.**

**Quoted prices experienced notable falls in 2022 in all markets,** including in stock markets of emerging economies, which have been partly offset by positive developments in recent months thanks to the prospects for a moderation in the pace of monetary policy tightening. **Overall, in the last year, the Eurostoxx 50 fell by 11.7%, although since January it has accumulated a revaluation of 9.4%.<sup>2</sup>** In Spain, the Ibex 35 accumulated a loss of 5.6% in 2022, somewhat lower than that of other European benchmark indices, and has advanced 7.9% so far this year. This better relative performance of the Spanish index is in any case insufficient to eliminate the gap that opened up during the pandemic: currently the Ibex 35 is close to pre-pandemic levels compared to the Eurostoxx 50, which has recovered such levels. After these declines, the most relevant indicators that describe the possible over or undervaluation of stock prices<sup>3</sup> do not currently reveal over valuations that point to very significant downward corrections in the medium term, especially in the European markets, with some over valuation still being observed in the case of the US indices.

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1 4.9% in 2023 and 3.6% in 2024.

2 Data until 13 January.

3 Cycle-adjusted PER data.



Fixed income markets, for their part, have evolved in parallel with the rises in official interest rates, in some cases becoming more intensely stressed, with consequent falls in prices. Risk premiums have also tightened, particularly in the private sector and in Europe (compared to the United States), although they have not exceeded the recent 2020 highs associated with the COVID-19 crisis. In primary markets, uncertainty and the tightening of financing conditions have substantially reduced issuance, especially of shares, to the lowest levels for many years. In sovereign debt markets there has been a rapid increase in yields of long-term debt since mid-2022 in line with the evolution of official interest rates, returning to levels not observed since 2011,<sup>4</sup> although they remain far from the maximum levels observed during the financial crisis. The increases were higher than 2.3 percentage points in 2022, reaching levels close to 3.8% in the US and in the range of 2.6–4.7% in the euro area, where the period of negative interest rates came to an end.

Overall, Spanish financial markets were resilient and they continued to function normally throughout 2022. In this sense, although the level of stress in the Spanish financial markets showed a progressive increase during the year, and in its final stretch it reached the level of high risk, it has recently shown a decline.

In any case, it is worth noting the high degree of complexity of the current context. Growth and inflation forecasts are surrounded by great uncertainty, in a context in which it is difficult to estimate the persistence and intensity of inflationary pressures and to what extent the tightening of agent financing conditions will impact negatively on economic activity and will increase the risk of recession in some European economies. There is also uncertainty regarding the development of the war in Ukraine that keeps the geopolitical risk high. Finally, it is also worth mentioning the doubts about the revival of the Chinese economy and its effects on growth and asset prices.

### Implications for financial supervision and regulation of the economic and financial environment

The scenario described, highly complex and uncertain, may imply various risks for agents involved in securities markets, as much for investors and entities as for market infrastructures, and requires particular attention from the CNMV in its supervisory role.

On the one hand, investment preferences may undergo a significant readjustment in a context of high inflation, higher interest rates and price falls in the main markets. In homes, this context may have a double effect. On the one hand, the negative impact on real household income as a result of rallying inflation has a negative impact on the ability of households to save and reduces funds dedicated to investment. This effect varies depending on income level and it is foreseeable that it will have greater relevance in households with lower incomes, as well as in those that are more indebted, mainly in those households with loans at floating rates. In this sense, it should be noted that, although approximately 70% of the Spanish mortgage portfolio is referenced to a floating rate,<sup>5</sup> the impact of the interest rate

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4 2014 in the case of the Spanish 10-year bond.

5 Based on INE data. It corresponds to the average percentage of mortgages constituted according to a floating interest rate in the last 10 years.

rise will foreseeably be milder than it could have been in the previous decade, due to several factors. Prominent among which are the higher prevalence of fixed rate mortgages with regard to those which are most recent and the lower level of household indebtedness, which is at lows not seen for the last 20 years. In the case of higher incomes, the increase in interest rates favours the accumulation of savings and investment in certain types of financial assets.<sup>6</sup> In both cases (investment or financing decisions), analyses on the distribution of household income are especially relevant.

**In collective investment**, a total net subscription volume of approximately €17,000 million was observed in 2022, mainly concentrated in fixed-income funds, despite the drop in net asset value as a result of the loss in value of the portfolio. The economic context accentuates the **risks for investor protection** and the need for products to adequately incorporate the effects of inflation and the foreseeable increase in interest rates on yields. In fact, a scenario of lasting inflation can lead to the sale of financial instruments with negative real returns. Likewise, the increase in the attractiveness of financial products that offer an environmental or social value, in a context of positive development in the sector, may imply the risk that this value does not materialise or that it is difficult for the investor to identify, especially the retail investor. The risks of understanding the characteristics of products also increase with the development of new sectors or products, such as those linked to environmental sustainability given their relatively new nature and the still ongoing implementation of new regulations associated with such investments.

**Collective investment scheme management companies, for their part, must ensure adequate management of investment interest rate risk and credit risk, in addition to liquidity risk.** For the sector as a whole, the CNMV has estimated that the sensitivity of the fixed-income portfolio of Spanish investment funds to increases in interest rates (portfolio duration) remains relatively limited. Thus, in the face of an increase of 100 bp in rates, the loss in value of the portfolio would be 2.3% in the case of fixed-income funds and 3.2% in mixed funds. These percentages are below the average estimate for a sample of European debt funds, close to 4%. The credit risk assessment is also satisfactory, although it may deteriorate in the coming months, since more than 85% of the funds' fixed-income portfolio maintains investment grade quality.

There is no doubt, in any case, that the volatility of the markets and the deterioration of disposable income can also lead to an increase in demands for reimbursements, where liquidity risk management gains prominence, in addition to credit risk, in a context of foreseeable lower growth of investment funds and a potential change in pattern in the preferences of unit holders.

In addition to the effects of the economic situation, falls or less activity by investors in the markets may also have a **direct impact on the income and results of investment services companies**, which reduces their own resources.

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6 In recent years it has been observed that, at times of falling interest rates, households do not renew their term deposits when they mature, but rather accumulate a part in demand deposits and another part in investments in other types of assets, usually investment funds. In the event of interest rate rises, it is foreseeable that this trend will partially reverse, especially in those more conservative households, which could once again increase their investments in term deposits (considered risk-free) to the extent that financial institutions begin to offer attractive remunerations.

**In the case of issuing companies, the complex economic environment affects them in various ways. The tightening of financing conditions can be especially burdensome for the most indebted entities** and tends, in turn, to reduce or hinder the search for new financing. Capital markets must be an alternative source of financing in the event of a certain restriction of bank credit. This is relevant at a time when companies need large volumes of resources to finance the transition to a sustainable economy and deepen the digital transformation. On the one hand, it is possible that the search for financing could encourage activity in the primary equity market, which would be very positive for the Spanish capital market. On the other, the difficulties in finding financing in the markets (particularly through fixed-income issues) may encourage the marketing or issuance of products that are not suitable for certain investor profiles.

Additionally, the higher cost of debt service and the economic context may **weigh down the valuation of companies in the most affected sectors, in a context of high uncertainty about future economic developments**. In these circumstances, ensuring reliable financial information becomes more relevant, given the risk that companies delay the recognition of losses or try to convey a more favourable image of their results or of their economic-financial situation in general. There is a risk of attempting to present a situation that is better than it is in reality in both financial information and in terms of the sustainability of listed or issuing entities.

**The use of other means of financing, such as private financing (private equity and private debt)** seems to have acquired a more significant role in recent years, as in most of the countries around us. However, with the sector's poorer transparency it is difficult to estimate the effects of the change in the economic environment on this market, where significant pockets of liquidity persist. In this area, valuation and information risks are accentuated, which may ultimately increase the risk for the investor. Additionally, a more stressed yield curve and one in positive territory may slow down the flow of private funds.

**The increase in prices and the high volatility of energy markets during 2022 focused attention on the soundness of market infrastructures**, and of central counterparties in particular. In order to ensure the proper functioning of such centres, there were extraordinary increases in margin calls or guarantees to be deposited by members, which significantly affected non-financial companies that operated in the derivatives markets with exposure to contracts in these products. Close monitoring of the markets reveals that European clearing houses have satisfactorily managed risks, although in some European countries government guarantee systems have been adopted in order to solve possible liquidity difficulties of non-financial companies at specific moments of tension in the markets. The maintenance of high volatility in raw material prices means that risk persists in the dynamics of these markets and in their intermediaries.

**Lastly, increased volatility and uncertainty can lead to sudden movements in securities markets and increase the risk of financial instability**. An example are movements that are amplified by highly leveraged investment strategies, such as the one observed in the United Kingdom in pension funds with certain investment strategies (liability driven investment). The data the CNMV handles on leverage in the Spanish market shows very low average leverage. Likewise, the monitoring of funds and stress tests carried out on them do not indicate that this is a significant risk, which does not mean that the evolution of such should not be carefully followed.

The combination and interaction of all the economic factors mentioned in the previous points make up an environment for the sensitive global financial system, where the high level of indebtedness of the main economies, both public and private, and the strategies followed during a long period of zero interest rates, may amplify the risk of financial instability from a systemic point of view. We must also not forget the appearance of new risks, such as cybersecurity, or the development of unregulated investment areas, such as that related to crypto-assets, which, given the high degree of interconnection of the system in relation to some of these areas, can intensify the effects.

## 1.2 Regulatory context

Spanish and European regulatory activity in the area of securities markets was intense during 2022, although several of the initiatives could not be concluded and will continue to be processed throughout 2023.

At the national level, in 2022, the **Law for the creation and growth of companies**<sup>7</sup> was approved. Among other issues, this Law introduces a new legal regime for crowdfunding platforms derived from new European regulations, as well as a set of reforms aimed at promoting and improving collective investment and venture capital in Spain.

Among the initiatives underway, the **Securities Markets and Investment Services Bill**, which was approved by the Congress of Deputies last December. Once it passes through the Senate, said project is expected to be definitively approved in 2023, as are its royal decrees of development (Royal Decree on the CMNV's supervisory powers, Royal Decree on investment services companies and Royal Decree on financial instruments, admission to trading, registration of traded securities and market infrastructures).

In addition to the above, approval is expected of the Royal Decree for the development of the law on collective investment institutions and of the Law on venture capital.

Finally, another relevant initiative is the **Bill for the creation of the Independent Administrative Authority for the Defence of Financial Clients** for the out of court resolution of conflicts between financial entities and their clients. This project was approved by the Council of Ministers in November 2022 and sent to the Cortes for its parliamentary processing, which will continue during 2023.

At the European level, in 2022, the approval took place of **Regulation on a pilot scheme for market infrastructures based on distributed ledger technology**,<sup>8</sup> with the aim of guaranteeing that European regulation is adapted to favour innovation and digitisation in financial services. At the end of the year, the publication also took place of **Regulation on the Digital Operational Resilience of the Financial Sector**<sup>9</sup> (DORA).

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7 Law 18/2022, of 28 September, on the creation and growth of companies.

8 Regulation (EU) 2022/858 of the European Parliament and of the Council, of 30 May 2022, on a pilot regime for market infrastructures based on distributed ledger technology, and amending Regulations (EU) No. 600/2014 and (EU) No. 909/2014 and Directive 2014/65/EU.

9 Regulation (EU) 2022/2554 of the European Parliament and of the Council, of 14 December 2022, on digital operational resilience for the financial sector and amending Regulations (EC) No. 1060/2009, (EU), No. 648/2012, (EU) No. 600/2014, (EU) No. 909/2014 and (EU) 2016/1011.

As for the **Regulation on Markets in Crypto-assets (MiCA)**, its publication is expected to take place during the second quarter of 2023.

On the other hand, European legislative activity related to sustainable finance remains high. In particular, the approval took place of the new **Directive on the reporting of sustainability by companies**<sup>10</sup> (**Corporate Sustainability Reporting Directive, CSRD**). This new Directive modernises and reinforces the rules on social and environmental information that companies must publish, also expanding the number of companies obliged to report on these aspects. These companies will have to report in accordance with the **European Sustainability Reporting Standards (ESRS)**, whose drafts have been developed by EFRAG.<sup>11</sup> The European Commission is expected to adopt the first set of standards in mid-2023 on the basis of the drafts published by EFRAG last November.

In December 2022, the European Council also adopted its negotiating position on the **Corporate Sustainability Due Diligence Directive**, thus marking the start of negotiations with the European Parliament. This Directive aims to improve the protection of the environment and human rights in the EU and beyond through obligations on companies to identify and prevent, and put an end to or mitigate the adverse effects of their activities.

As for the **Regulation on European green bonds**, it was not possible to conclude the negotiations between the Council, the Parliament and the Commission in 2022, so they must continue throughout this year.

In the first half of 2023 it is expected the publication by the European Commission of the Delegated Act which will include the technical selection criteria for the other four environmental objectives of the **Taxonomy Regulation**: i) sustainable use and protection of water and marine resources, ii) transition to a circular economy, iii) prevention and control of pollution and iv) protection and recovery of biodiversity and ecosystems.

During 2022, progress was also made in the processing of the legislative package of the **Capital Markets Union** that the European Commission launched at the end of 2021 and that included four initiatives: the creation of a **Single European Access Point (ESAP)** to free public information on EU companies and investment products, the **revision of the European Long-Term Investment Funds Regulation (ELTIF)**, the **revision of the Alternative Investment Fund Managers Directive (AIFMD)** and the **revision of the Regulation on Markets in Financial Instruments (MiFIR)**. These four proposals have been the focus of a good part of the work at European level and the Council has already adopted its position on all of them, which are in different stages of negotiation with the European Parliament and whose final approval is expected to take place over the course of 2023.

Another of the initiatives of the Capital Markets Union (CMU) Action Plan in progress is the one related to the **Listing Act**, which aims to make public capital markets more attractive for EU companies and facilitate access to capital for SMEs, and which was published by the European Commission at the end of 2022.

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10 Directive (EU) 2022/2464 of the European Parliament and of the Council, of 14 December 2022, amending Regulation (EU) No. 537/2014, Directive 2004/109/CE, Directive 2006/43/CE and Directive 2013/34/EU, as regards corporate sustainability reporting.

11 European Financial Reporting Advisory Group.

In addition to the above, in December the European Commission published a **derivatives clearing initiative**, which modifies the current framework that applies to central counterparties in the European Union and to market participants that use their services, in order to make the EU a more attractive clearing centre.

Regarding the announced package of measures to **reform the regime for the protection of retail investors and increase their participation** in the capital markets (Retail Investment Strategy), the European Commission is expected to publish its proposal during the first quarter of 2023.

Another legislative proposal announced by the European Commission that is expected to see the light of day in the first months of the year is the **open finance framework**, to allow data sharing and access by third parties in the financial sector. Likewise, the European Commission launched in the first half of 2022 a call for data for an **impact assessment on environmental, social and governance ratings and sustainability risks in credit ratings**, which could lead to the presentation of a legislative proposal this year.

The work necessary to develop or complete some of these European legislative initiatives will take place for a good part of the year, so it will be up to Spain, which will assume **the Presidency of the Council of the European Union in the second semester**, to promote the work of the Council regarding such initiatives. In the context of said Presidency, which will undoubtedly entail a significant effort and workload, the CNMV, in the exercise of its advisory function to the Government and the Ministry of Economic Affairs and Digital Transformation, will intensify its collaboration in regulatory matters with the General Secretariat of the Treasury and International Financing.

## 2 Implementation of the 2022 Activity Plan

In its 2022 Activity Plan, the CNMV formulated 47 actions aimed at developing the strategic areas of the institution.

Up to the date of publication of the 2023 Activity Plan, **43 (91%) of the objectives had been attained**. Therefore, in 2022, a similar degree of follow-up of the Activity Plan to that of previous years was achieved: 91% in 2021, 86% in 2020 and 84% in 2019.

The follow-up of the objectives set in the 2022 Plan is detailed below according to its different sections: i) the CNMV's operational improvements, ii) market supervision, iii) supervision of financial intermediaries and iv) relations with investors and other stakeholders.

### 2.1 CNMV's operational improvements

With regard to the section on the CNMV's **operational improvements**, 4 of the 6 planned objectives (67%) were fully met during 2022 and significant progress was made in the other 2, which will be completed in the coming months.

Regarding each of the objectives completed:

- There has been an **upgrade of the Fintech Portal**, which has been restructured to incorporate format and content changes. The questions and answers document has been updated and completed, and new content related to the Circular on the advertising of crypto-assets for investment purposes has been added.
- The **policy on internal control over financial reporting (ICFR)** of the CNMV has been updated in order to ensure the reliability of this reporting and assess the risks associated with it, as well as to facilitate its periodic review. In addition to the above, and included as part of said policy, an Operating Group for Internal Control of Financial Reporting has been created.
- The CNMV has continued to reinforce **the education and training of its staff** in order to improve their knowledge and skills in all areas related to the markets and, especially, in three areas that are considered strategic for the institution. Specifically, various training actions have been carried out in the **field of innovation and technology** (blockchain and distributed ledger technologies, bitcoin, custody of crypto-assets, decentralised finance, etc.), **in sustainable finance** (regulations on sustainable finance, asset management and sustainable investment strategies, European taxonomy, ESG factors<sup>12</sup> in the commercialisation of financial products and disclosure of information on sustainability), **and in risk management**.

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12 Environmental, social and corporate governance.

- Finally, in its commitment to sustainability, during 2022 the CNMV began the **implementation and development of its global environmental sustainability plan** as an organisation, although this process is expected to take several years.

The objectives in this section, where progress has been made, but which have not been completed, are the following:

- A call is underway for the **selection of five data analysts**, which are expected to be incorporated in the coming months.
- A **new standard for technical guides** is being developed so that future guides published by the CNMV are more uniform in format, structure and style to improve clarity and legal certainty.

## 2.2 Market supervision

In relation to the 6 objectives included in the section on **market supervision**, 100% of them have been completed:

- In February 2023, **the Code of good practices for institutional investors** was published, after being submitted to public consultation and analysing the comments received. In addition, the appropriate modifications have been made on the CNMV website to publicise those entities that decide to adhere to this new code in the future.
- A **follow-up** has been carried out **on the computation of the profitability of electric power generating facilities** in those entities whose financial reporting has been subject to substantive review and that are materially affected by the application of the specific remuneration regime provided for in Royal Decree 413/2014, of 6 June.<sup>13</sup> The public report on the supervision of the financial reporting of issuers of securities for the year 2022 will report on the conclusions obtained.
- In the entities that have been subject to a substantive review of their 2021 annual reporting, an **analysis has taken place of the consistency between the reporting included in the financial statements and that included in the statement of non-financial information, regarding the effects and risks deriving from climate change**. The results of the analysis will be published in the annual supervision report, detailing the review carried out, the results identified and proposals for possible improvements to be applied in the following years.
- The CNMV has carried out the **supervision of compliance with guidelines issued by the European Securities and Markets Authority (ESMA) on the obligations to provide market data**, which came into force on 1 January 2022. The actions carried out have been collected in an internal report whose conclusions have been contrasted through the contacts maintained by the CNMV with several European associations of market data users who have carried out

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<sup>13</sup> Royal Decree 413/2014, of 6 June, regulating the activity of electricity production from renewable energy sources, cogeneration and waste.



a similar exercise regarding compliance with the guidelines by the main European markets, including the Spanish market.

- The publishing of **Circular 4/2022, of 22 December, of the National Securities Market Commission, on the accounting standards, annual accounts and interim financial statements of the Spanish market infrastructures**,<sup>14</sup> replaces Circular 9/2008.<sup>15</sup>
- Throughout the year the CNMV has been working on the **adaptation to the new regime for primary markets**, which will foreseeably be included in the new Securities Market and Investment Services Act and in its royal decrees of development, in relation to verification by the regulated markets (instead of by the CNMV) of the admissions to trading of fixed income securities. In particular, with a view to its implementation, the necessary actions have been carried out to adapt the internal procedures and documents, as well as the computer applications, and also the necessary changes have been identified in order to be incorporated into the question and answer document relating to prospectuses.

### 2.3 Supervision of financial intermediaries

In the area of the supervision of financial intermediaries, 100% of the 10 objectives included in the 2022 Activity Plan were met.

- August 2022 saw the publication of **CNMV Circular 3/2022, of 21 July, on the prospectuses of collective investment institutions and the registration of the key investor information document**.<sup>16</sup>
- **Investment Firm (IF) supervision procedures were adapted and the structure of the risk map was reviewed**, which constitutes the basic tool for planning the supervision of these entities, to take into account the guidelines of the European Banking Authority (EBA) on the supervisory review and evaluation procedure (SREP), applicable to investment firms, based on the new solvency regulations.
- After **modifications introduced in the tax regime of open-ended collective investment companies (SICAV)**, throughout 2022 the CNMV carried out a follow-up of the decisions adopted by their boards of directors and guidelines have been transferred to the sector, both in relation to the information that should be provided and with respect to other operational aspects derived from the new regime.

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14 CNMV Circular 4/2022, of 22 December, on the accounting standards, annual accounts and interim financial statements of the infrastructures of the Spanish stock market.

15 CNMV Circular 9/2008, of 10 December, on accounting standards, public and confidential information statements, the annual accounts of entities managing official secondary markets, excluding the Bank of Spain, of entities managing multilateral trading facilities, of the Spanish Payment Systems Company, of central counterparties, of the Spanish Stock Exchanges Company, of the companies that own all the shares of the bodies that supervise official secondary markets and multilateral trading facilities, and of other securities clearing and settlement systems of markets created under the provisions set out in the Spanish Securities Market Act (*Ley del Mercado de Valores*).

16 CNMV Circular 3/2022, of 21 July, on the prospectuses of collective investment schemes and the registration of the key investor information document.

- As for the **analysis of new intervention measures in contracts for differences (CFD) trading**, the development of a **report** was carried out **with possible initiatives to impose additional restrictions** to advertising in the marketing, distribution or sale to retail investors of these products. This report has been submitted for public consultation until 31 January 2023 and continuity will be given during the current year.
- The three **horizontal reviews** planned for 2022 were duly completed:
  - A **review of compliance with the obligations to inform clients about the costs of the investment services and products** provided or sold after provision of the investment service.
  - A **review of the policies and procedures of fund managers for the valuation of unlisted assets and other assets that may be relatively illiquid** (among others, high-yield fixed-income securities and emerging market assets). The robustness of the valuation models and methodologies applied has also been verified, as has the use of external valuers, and the information provided to investors.
  - **Monitoring of the implementation of ESG regulations** in investment funds has been carried out and an internal report has been prepared with the results of the analysis.
- After the publication on 8 November 2022 of the regulatory technical standards of European Regulation 2020/1503<sup>17</sup> on crowdfunding in which the requirements and modalities of the authorisation request as a provider of participative financing services are specified, **authorisation manuals for crowdfunding service providers** (harmonised and non-harmonised) were developed, which include model forms for reporting subsequent actions.
- In addition, following the line started in 2021, **web forms have been designed to streamline procedures for authorising the registration of CIS management company (CISMC) directors and managers** and, although they were not initially planned, also the directors and managers of closed-ended investment scheme management company (SGEIC). However, it has been considered convenient to postpone the development of the web forms for the files related to the CISM delegation of functions and the annual communication of shareholder structure until 2023, once the tool is tested and fully operational.
- The CNMV has designed and executed a first **systematised supervision plan to examine compliance by members domiciled in Spain of the Spanish regulated markets with the MiFID II requirements** developed by Commission Delegated Regulation (EU) 2017/589<sup>18</sup> **on algorithmic trading**. Once this

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17 Regulation (EU) 2020/1503 of the European Parliament and of the Council, of 7 October 2020, on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937.

18 Commission Delegated Regulation (EU) 2017/589, of 19 July 2016, supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the organisational requirements of investment firms engaged in algorithmic trading.

action had been completed, an internal report was prepared with the main conclusions and proposed recommendations for entities.

## 2.4 Relations with investors and other stakeholders

Finally, in the section on the **relations with investors and other stakeholders**, 23 initiatives of the 25 included (92%) were completed.

- On 29 April 2022, nineteen public institutions and private entities signed the general protocol of the **Financial Fraud Action Plan (FFAP)**. The Plan, promoted by the CNMV, aims to promote and improve the prevention and fight against offers of potentially fraudulent financial products and services given the detected increase in these practices, which cause serious damage to investors and the entire regulated financial sector.
- Within the framework of the FFAP protocol, the CNMV signed two **bilateral agreements with the General Directorate of Police and with the Secretary of State for Security** (General Directorate of the Civil Guard) for the prosecution of financial fraud by unauthorised persons or entities. In addition, several more agreements are expected to be signed in the near future at the regional level. However, it has recently been agreed to prioritise from now on the constitution of specific working groups with the different signatory parties instead of signing bilateral agreements. Four working groups have been set up, all of them coordinated by the CNMV, and the first meetings have begun.
- The CNMV has made available to the signatories of FFAP an **interactive database for consultation of unauthorised entities** or (financial) boiler rooms that are detected at the CNMV or at other foreign supervisors, with the aim of improving the effectiveness of the fight against possible fraud and accelerating measures to reduce its impact.
- Likewise, the CNMV **has pushed for agreements with the main search engines and social networks to eliminate advertising by unregulated entities and possible financial fraud** and to limit and reduce their presence in search results and profiles. Google has begun to apply measures in Spain to reduce advertising for potential financial fraud on its platforms, such as its search engine or YouTube. The CNMV will continue to encourage other social media companies to apply tools and procedures on their platforms that hinder or eliminate the publication and propagation of fraud.
- Besides, **training or information resources on scams and fraud have been prepared** (a guide and an online course). In addition, materials have been disseminated to advise investors on how to invest safely.
- Within the context of the work carried out by the Spanish Macroprudential Authority Financial Stability Council (AMCESFI), the CNMV has prepared two reports and they will be published on the CNMV website in the coming weeks.
  - The first report is titled “**Issuers of Spanish securities and their relationship with climate change**”, and its objective is to quantify the degree of alignment with the climate goals of the Paris Agreement and with the regulations of the European Union and to evaluate the risk derived from climate change on the financial system. In addition, an evaluation was made on the

extent to which the challenges deriving from climate change have been incorporated into the area of corporate governance, the risks and opportunities identified and specific emission reduction goals set.

- The second document contains the results of the **quantification of climate risk on Spanish investment funds**.
- The study “**Instruments for resolution of central counterparties. Efficacy and possible systemic repercussion**” was published in the fourth quarter of the *CNMV Bulletin*.<sup>19</sup>
- **Various initiatives with the aim of bringing the stock market closer to unlisted companies** have been carried out, such as the establishment of a specific communication channel to deal with queries from companies interested in listing on the markets and the holding of information sessions at the CNMV offices (Barcelona, Bilbao and Madrid), in which the steps, requirements and advantages of going public have been explained.
- Regarding the **renovation of the institutional website**, the design and architecture have been updated. In particular, improvements have been introduced in navigability and accessibility, as well as new formats and functionalities that improve the user experience. Additionally, work will continue to improve search procedures.
- Regarding the objective of carrying out a study of the most relevant particularities and magnitudes of foreign CISs marketed in Spain in the 2018-2021 period, given that it is a project that has different angles, it started with a **comparative analysis of profitability and costs between Spanish CISs and foreign CISs marketed in Spain**, published in the *CNMV Bulletin* corresponding to the third quarter of 2022,<sup>20</sup> and it is expected to continue in 2023 in order to analyse the differential factors of the evolution of equity stakes in said vehicles.
- A study was published in the *CNMV Bulletin*, fourth-quarter 2022, **on the permanence and rotation practices of board members in Spanish listed companies and their alignment with corporate governance codes and institutional investor requirements**.
- **The content and presentation of the Annual Report** has been reviewed to make it significantly more concise in order to improve the visibility of the CNMV’s actions and facilitate their dissemination and understanding.
- In the tax area, an **analysis of proposals of the White Paper on Tax Reform** impacting on the securities markets was carried out and the conclusions and valuation were published in the *CNMV Bulletin* corresponding to the third quarter of 2022.
- **The publication of statistics on primary markets and the placement of commercial paper** has been renewed. The designed series and published tables have been reviewed in order to update them. Likewise, a more visual graphical output has been designed to provide a quick overview of the situation and evolution of the primary market.

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19 [https://www.cnmv.es/DocPortal/Publicaciones/Boletin/Boletin\\_4T\\_22.pdf](https://www.cnmv.es/DocPortal/Publicaciones/Boletin/Boletin_4T_22.pdf)

20 [https://www.cnmv.es/DocPortal/Publicaciones/Boletin/BT\\_III\\_ENen.pdf](https://www.cnmv.es/DocPortal/Publicaciones/Boletin/BT_III_ENen.pdf)

- Furthermore, **an analysis of the possible effects of the Financial Transaction Tax**, which entered into force on 16 January 2021, on the trading of the securities affected and other significant market indicators has been carried out. The results of this analysis will soon be published.
- In April 2022, the CNMV organised a **USD Libor Transition Informative Session**, with the aim of facilitating the exchange of knowledge and raising awareness in the Ibero-American context about the disappearance of USD Libor and the transition to alternative rates, such as the Secured Overnight Financing Rate (SOFR).
- In June 2022, **the CNMV organised a conference on recovery and resolution of central counterparties (CCP)** to raise the awareness of the financial industry about the new regulation, as well as promote debates on the implications it has for the sector, the competent authorities and the academics.
- In addition, various activities were carried out to **disseminate recent developments in the area of sustainable finance**. On the one hand, in October, the “Towards more sustainable finances” conference was held. On the other hand, various meetings have been held with the asset management sector. Likewise, in order to achieve greater interaction with the sector, the Advisory Committee has been asked for its opinion on various initiatives related to sustainable finance and information is also provided on the main developments in this area.
- The **information campaign for investors on ESG products** has included several initiatives. On the one hand, training and information resources have been prepared that, in different formats, explain how to acquire a sustainable financial product, how to assess sustainability preferences and how a financial institution should act to adjust the advisory or portfolio management service to customer sustainability preferences. Additionally, different resources have been made for the CNMV and *Finanzas para Todos* (Finance for All) social networks, with the aim of making investors aware of the information contained in these resources.
- Throughout 2022 **supervision was carried out of compliance with CNMV Circular 1/2022 of 10 January on the advertising of crypto-assets for investment purposes**, the aim of which is to develop the rules, principles and criteria to which the advertising of crypto-assets must be subject. As a consequence of this supervision, and in accordance with the provisions of the regulation, the CNMV has reviewed numerous prior notification requests and sent multiple requirements. The main conclusions of this work will be included the *Annual Report*.
- Through the CNMV office in Bilbao, the **implementation of the financial education programme in the Basque Country** has been promoted, fostering contacts with the Basque Government, the University of Deusto and the University of the Basque Country, among other institutions. In addition, conferences on crypto-assets and financial education have been delivered.
- In June 2022, the **Fintech conference** took place at the CNMV regional office in Barcelona with the participation of numerous experts in the sector, it addressed the regulation and promotion of innovation in the securities markets.

In relation to the objective of carrying out an **empirical analysis on how sustainable finance regulation has impacted benchmark indices**, substantial progress has been made, and its publication is expected in the *CNMV Bulletin* of the first quarter of 2023.

Finally, the objective of this section which could not be completed is related to the **incorporation of new search systems for the early detection of unauthorised entities**. After contacting providers that furnish different search services, it was not possible to arrive at a better system than the one currently in use internally at the CNMV. However, in trying to search for better results, tests are still being carried out with various providers.

### 3 Strategic areas 2023-2024

In the current context, the CNMV's strategy must necessarily comprise **a large degree of flexibility and adaptability**, enabling it to adapt to the evolution of financial markets and the possible impact on its risk profile. In this sense, it is necessary to anticipate the future, so that the CNMV, in line with financial market trends, fulfils its legally assigned functions of ensuring the transparency of the securities markets and proper price formation as well as investor protection.

All this, within the scope of the CNMV's entrusted functions within a progressively complex framework and with the institution's increasing attribution of powers.

The CNMV has defined five strategic areas for the 2023-2024 period in order to face the new challenges that arise. On the basis of these strategic areas, the annual activity plans are prepared for the year 2023 and, subsequently, for the year 2024, which contain in more detail the objectives to advance in the achievement of these areas.

#### **Rigorous supervision of securities markets with special attention to financial stability**

Faced with the challenges of the environment, and especially in moments of high uncertainty, one of the main strategic objectives of the CNMV is to reinforce the rigorous supervision of the securities markets. With this, the CNMV wants to guarantee their orderly operation and adequate price formation, in such a way that it contributes to the integrity and stability of the financial system and supports economic growth. Protecting financial stability likewise helps to make securities markets more robust and competitive and, ultimately, bolsters investor confidence.

Current geopolitical events may accentuate the turbulence in financial markets. This requires paying special attention to new emerging risks, such as those derived from the energy crisis facing the European Union (EU). In this context, the CNMV **will strengthen its processes for identifying and analysing risks in the securities markets**, particularly those that pose a threat to the stability of the financial system, and will adopt the corresponding measures aimed at mitigating them. For this purpose, the use will be considered of various analytical tools based on data processing that help build **systemic risk indicators** in markets.

Likewise, the CNMV will continue **actively collaborating with other organisations** both at a national and European level, for example, the Macroprudential Authority Financial Stability Council (AMCESFI) or European Systemic Risk Board (ESRB) and with international organisations, such as the Financial Stability Board (FSB). With this, it will contribute to the analysis of climate risks, as well as to possible reforms, and to regulatory and supervisory tools that can be adopted in terms of financial stability, such as those derived from the anti-crisis and price protection mechanisms established in the European Union.

Additionally, the CNMV will ensure the **resilience and robustness of market infrastructures and investment service providers**, in order to maximise their ability to cope with stress situations, cyberattacks and other operational risks, focusing supervision on the **effectiveness of its continuity and contingency plans and the quality and sufficiency of the guarantees and collaterals required**. The segment relating to energy derivative contracts will be monitored.

Similarly, considering the current environment, resources will be allocated to enhance the supervision of **investment service providers**, which enables early identification of those that could possibly present difficulties, with special attention given to the possible contagion effects on the rest of the sector. In this sense, supervision of the solvency regulations of these entities will be strengthened.

In the area of **collective investment**, a possible threat to financial stability are potential liquidity imbalances, the sensitivity of the fund portfolio to market conditions, as well as the risks associated with possible leverage, which may arise in a scenario such as the current one, with high uncertainty and with foreseeable increases in interest rates, so it will be necessary to focus efforts on **identifying and monitoring these potential risks**. Although in Spain these elements do not present worrying characteristics, given that the leverage of Spanish funds is low and there are hardly any monetary funds, none of them of constant value, it is still relevant from the point of view of investor protection.

Finally, through its participation in international working groups and its advisory work, the CNMV will continue to promote the **regulatory framework so that it is robust, proportionate and competitive**, seeking to combine the development of Spanish markets with investor protection.

### **Strengthening the protection framework for retail investors in the face of new challenges**

Investor protection is always one of the CNMV's priorities. In recent years there have been significant advances in this area thanks to regulatory developments and supervisory actions, but the current changing environment and technological innovations create new challenges in this matter.

The CNMV's strategy for the coming years will focus on protecting the interests of the most vulnerable investors, equipping them to avoid falling into fraudulent schemes and combating inappropriate practices such as greenwashing. This means that, in addition to preserving confidence in the markets through rigorous supervision, the institution intends to play a relevant role in improving financial education as a fundamental measure of investor self-protection, and also against financial fraud. The CNMV aspires to be a benchmark in this matter and will continue to promote the alliances and collaborations necessary for this.

In a context of rising interest rates and high inflation, high volatility in stock markets and general uncertainty, it is foreseeable that investors will try to readjust their investment expectations, so it is vitally important to reinforce the basic knowledge and tools necessary to manage their finances in a responsible and informed manner. Likewise, this objective gains relevance in the face of the proliferation of online platforms that offer a wide variety of financial products and the increasingly widespread use of social networks as a high-impact information and advertising channel, aimed at all investors, but especially at young people.



For this reason, and following the path marked out for years, **the CNMV will continue to drive and promote financial education** within the framework of the 2022-2025 Financial Education Plan, which is developed jointly with the Bank of Spain and the Ministry of Economic Affairs and Digital Transformation. Specifically, adaptation of the investor protection framework will be encouraged in view of the expansion of the use of digital media in finance to prevent the lack of basic digital skills from leading to situations of financial exclusion and to reduce the risk that the ease of operating in the digital environment leads to hasty financial decision-making.

Likewise, the CNMV, as in recent years, **will transfer this philosophy of investor protection to financial intermediaries** and will ensure that the design and marketing of investment products and services are carried out in the best interest of the client, avoiding potential conflicts of interest and realistically explaining their characteristics, such as the ESG factors (environmental, social and corporate governance) incorporated into the products. To this end, the policy of thematic horizontal reviews will continue both to verify that entities comply with their obligations and to identify practices that may affect investor protection and to intervene before they take root. The focus will be on products and services that promote ESG characteristics or sustainable investment objectives, and on those which are the most complex and have a long-term impact, as well as on the marketing of fixed-income products, since it is necessary to promote proper understanding by investors of the effects that the current environment of rising interest rates may have on these investments.

As a complement, the CNMV will maintain its purpose of **protecting investors against financial fraud and improper practices**, intensifying the actions planned within the framework of the **Financial Fraud Action Plan (FFAP)**. In addition to exercising its supervisory and sanctioning functions in the event of non-compliance, attention paid to investors will be strengthened in terms of claims and queries and will focus on ensuring that financial clients, mainly the most vulnerable groups, have access to investments that fit their risk appetite and that they have adequate information for decision making. Likewise, the work of warning about high-risk investments such as crypto-assets will continue and, where appropriate, other intervention measures will be evaluated. Along the same lines, detection and warnings about unauthorised entities (financial boiler rooms) and advertising that is not in accordance with the law, which results in unclear or misleading messages, will be intensified, and attention will be paid to the information disseminated through social networks and the internet that may lead to investment recommendations.

Finally, the CNMV will continue to contribute proactively to the drafting of new financial legislation and strategic debates at the national level and will try to position itself as an influential authority in international forums. This requires the continuing dedication of qualified resources to participation in international forums and working groups, increasing their presence and quality of contributions, as well as promoting institutional relations and cooperation with other organisations.

### **Revitalising capital markets to support growth and the transition to a sustainable economy**

The CNMV will concentrate its efforts on **revitalising the use of capital markets** by companies, mainly innovative SMEs with capacity for growth, so that the Spanish economy successfully faces its transformation towards a more sustainable economy.

For this transition, significant participation from the capital markets is necessary, participation that is intended to be promoted through different initiatives both at national and European level. An example of this will be the objectives aimed at streamlining authorisation procedures for various types of entities or those aimed at promoting the participation of issuing companies in the market.

The proposed European Union Strategy for retail investors is framed along these lines, which aims to promote their participation in the capital markets within its CMU Action Plan.

The next presidency of the European Union that Spain will assume in the second half of 2023 will help to achieve these objectives. The CNMV will provide the Spanish Government with technical support and will contribute to initiatives led by the European Union to improve capital markets.

As a sign of the CNMV's commitment to the transition towards a more sustainable economic and financial model and, given its transversal nature, the integration of ESG factors will be reinforced in all its areas of action. In this context, **in order to facilitate the flow of investments towards sustainable activities**, emphasis will be placed on the disclosure of standardised and comparable information to investors that, in turn, is understandable and proportionate. Attention will be paid to the development of the collective investment sector and the implementation of the new regulations, identifying areas for improvement and maintaining an open and fluid dialogue with the main players. Besides, **supervision of non-financial information will be strengthened, especially in terms of sustainability**, on the part of listed companies and the dissemination and monitoring of future reports on sustainability derived from the new European framework will be encouraged.

One of the transversal priorities will be monitoring and identification of **possible greenwashing practices** in the different parts of the value chain, as well as its prevention through providing the market with guidance and criteria and the establishment of clear expectations regarding supervision. Despite these risks, which must be minimised, the CNMV considers the development and progress achieved in this market to be positive, as it provides companies and other economic actors with access to the capital, they need to finance the transformation of their activities and the transition to net zero emissions.

In this area, the training and knowledge of CNMV staff will also be strengthened by carrying out training actions and participating in initiatives developed at a European level.

Likewise, with the same objective of financing growth and boosting the capital markets, actions will be promoted aimed at channelling investment through professionalised management (promoting collective investment vehicles).

### **Monitoring the effects of financial and technological innovation on the securities markets**

Innovation and new technologies are shaping the capital markets with the development of new products, business models and the emergence of new operators. This dynamic imposes additional demands on the CNMV as an organisation in the performance of its mission, such as **assessing the impact of this innovation on the stock markets, supporting development opportunities and mitigating potential risks**.

The CNMV is committed to promoting technological advances in the securities markets and will continue to collaborate with the financial sector in its digital transformation. In its jurisdiction, it will continue to work together with the promoters of projects presented at the sandbox regulatory framework (controlled testing space) and will help the sector to prepare for the new European regulations.

The application of Regulation (EU) 2022/858 on a pilot regime for market infrastructures based on distributed ledger technology<sup>21</sup> from March 2023 will give a clear boost to this technology, which offers an opportunity to improve in terms of efficiency, transparency and competitiveness.

On the other hand, it will allow the CNMV to gain experience on the opportunities and risks generated by the technologies that support crypto-assets that are considered financial instruments.

Especially relevant will be the entry into application of the **MiCA Regulation**,<sup>22</sup> scheduled for 2024, whose purpose is to regulate the issuance of crypto-assets and the entities that offer services related to them. This standard will force the establishment of a new supervisory framework for these products that must be applied with a **homogeneous supervisory approach at European level**. Also, it should **intensify the attention placed on risks that arise outside the CNMV's powers** such as in the provision of cross-border services or services which are intentionally designed to circumvent supervision that will require collaboration with other supervisors. While the complete regulatory framework is constructed, the CNMV will continue with its policy of issuing warnings and alerts about the risks of these products and the control of their advertising, which will continue to be unregulated or supervised in 2023.

Furthermore, internally **the digital transformation of the CNMV will be promoted** implementing a data strategy that serves as the basis for improving its supervisory capacities, increasing its efficiency and effectiveness. And the area of technology and cybersecurity will be strengthened.

Finally, attention will be paid to the **cybersecurity risks** and the adaptation to future European regulations contained in the Regulation on digital operational resilience (**DORA**) which will be applicable in January 2025 to the main players in the financial system and, therefore, to the entities and infrastructures that are under the supervision of the CNMV.

### A supervisor more accessible and connected to society

The objective is to move towards greater openness and transparency with the public in order to better connect with society, especially from the dimension of investor protection, emphasising new non-professional investors. The CNMV must be an open, close and collaborative institution, whose actions are known and valued to the extent that they contribute to the well-being of Spanish society. This is in line with

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21 Regulation (EU) 2022/858 of the European Parliament and of the Council, of 30 May 2022, on a pilot regime for market infrastructures based on distributed ledger technology, and amending Regulations (EU) No. 600/2014 and (EU) No. 909/2014 and Directive 2014/65/EU.

22 Proposal for a Regulation of the European Parliament and of the Council on crypto-asset markets.

the results of the perception studies on the operation of the CNMV carried out in the last two years, which have revealed that the body enjoys a very good reputation and institutional image, but that the link and capacity it has to impact with the public in general could be improved.

In order to reinforce this knowledge about the CNMV and the role it plays, it is necessary **to strengthen institutional communication** in various fields. On the one hand, increasing the visibility and knowledge about the supervisory role of the CNMV on the part of society. To this end, an effort will be made to clearly and simply communicate to the general public the functions it performs, its objectives and actions, and the services it provides, so that its market monitoring and surveillance activity is perceived to a greater extent as a mechanism for the protection of investors.

In addition, **proactive, understandable and close communication will be promoted** with the different stakeholders, which allows the impact and dissemination of messages to be improved, for which new communication channels will be used, such as social networks, adapting the formats and contents according to the various recipients.

Similarly, **information for which the CNMV is the primary source, should be made more accessible and useful** for the general public (both professionals and retail investors), because it is the body that receives or prepares it. The same is true for the resources and tools available on the CNMV website, particularly those related to financial education.

On the other hand, **constructive dialogue and fluid communication with the different stakeholders will be encouraged**, increasing interaction with participants through reunions and work meetings. In this regard, a more active role for CNMV staff will also be promoted with respect to their presence and participation in symposia and conferences. An area of special interest will be the **collaboration with economists and academics in the financial sector** that favours the exchange of knowledge, promotes research in the field of securities markets and facilitates the dissemination of the publications and studies carried out. In addition, interaction will be intensified in areas of recent and novel development, such as sustainable finance or technology applied to stock markets.

These actions will be reinforced in the context of regulatory changes and the future Spanish presidency of the European Union, by holding meetings and conferences of interest.

Additionally, **the CNMV will strengthen its social commitment** evaluating its global sustainability plan and assessing the development of additional actions that reinforce social values and those which promote diversity in the institution.

## 4 2023 Activity Plan

### 4.1 CNMV's operational improvements

#### Digital transformation

In 2020, the CNMV began the design and implementation of a Digital Transformation Strategic Plan, with a long-term time horizon, aimed at digitising its internal processes, improving technological capabilities, and at the intensive use of data in authorisation and supervision procedures.

During this year, the CNMV **will make significant progress in the execution of its Digital Transformation Strategic Plan**. To this end, it will carry out the required actions to provide itself with the necessary resources, including the possible recruitment of staff, with the aim of advancing with regards the definition and implementation of the initiatives that make up the Plan and consolidating itself as a modern supervisor capable of adapting and exploiting the advantages offered by the new technologies.

#### Sanctions regime

There will be a **critical and comparative analysis of the sanctioning activity of the CNMV**, in view of the realities of a new economic and regulatory context. In particular, it is considered relevant to examine a series of aspects. Among them, are the use of certain provisions referred to in the sanctioning regime (disqualification, prompt payment, redress for damages), the degree of transparency regarding the publication of the imposed sanctions and the results of each of the phases of the sanctioning procedure. All of this in order to adapt to the new regulatory reality and to a particularly globalised economic and financial environment, where, above all, investor protection and confidence must be strengthened, in line with European practices.

#### Staff related measures

In response to the CNMV's commitment to sustainability, in 2022, it began with the implementation of its Global Environmental Sustainability Plan.

In addition to completing this implementation, an **extension of this CNMV Global Environmental Sustainability Plan** will be carried out to incorporate the social component. Thus, among other aspects, a diagnosis of the situation will be made to serve as a starting point for the development and promotion of initiatives that reinforce effective equality in the CNMV.

Besides, **collaboration and exchange of personnel with other national competent authorities will be encouraged**. To do this, a plan will be established of short

professional stays of approximately 2 or 3 weeks with other national competent authorities (“secondments”), mainly from the European Union, with which there is an interest in sharing supervisory experiences. The purpose of this plan is to broaden the knowledge base on supervisory practices of other bodies in the area in order to improve the efficiency of the processes developed at the CNMV and provide staff with valuable professional experience.

### Improvements in the CNMV’s operations

TABLE 1

	Initiative
Digital transformation	Significant progress in the execution of the CNMV’s Digital Transformation Strategic Plan
Sanctions regime	Critical and comparative analysis of the sanctioning activity of the CNMV
Staff related measures	Extension of the CNMV’s global environmental sustainability plan Promotion of collaboration and exchange of personnel with other national competent authorities

## 4.2 Market supervision

### Financial reporting

In 2023, the CNMV will carry out a **review of disclosures made by issuers on the material assumptions and uncertainties to which they are exposed**. In particular, special attention will be paid to reviewing these disclosures considering the macro-economic scenario of inflation and rising interest rates, so that information users can assess the risk that financial statements should be adjusted in future periods, including the criterion of on-going concern.

Likewise, emphasis will be placed on the presentation of sensitivity analyses and that these take into account reasonable fluctuations in interest rates, including a range of variation consistent with their current evolution.

On the other hand, an analysis will be made of the portrayal of inflation and interest rate rises in the discounted rates applied in impairment tests for non-financial assets to see if it is adequate, this will include goodwill. In the event that the entities have carried out the test before the end of the year and a subsequent significant rise in interest rates has occurred within that period, it will be reviewed whether this could represent an indication of material impairment that would have implied the need to perform a new test.

The CNMV will publish the actions carried out and, where appropriate, possible measures adopted, in relation to the two previous objectives in a specific section of the report on the supervision of financial reports for the financial year 2022.

In relation to the new regulatory framework over the system for publishing related transactions,<sup>23</sup> **monitoring will be carried out of the publication of operations**

23 In accordance with Chapter VII bis of Title XIV of the recast text of the Spanish Corporate Enterprises Act introduced by Law 5/2021, of 12 April, amending the recast text of the Spanish Corporate Enterprises

with related parties of listed companies during 2022, to assess compliance with legal requirements. In the CNMV's annual publication on the corporate governance reports of securities issuing entities (IAGC) for 2022, the actions carried out will be reported as will, where appropriate, the measures adopted.

### Non-financial reporting

The CNMV will carry out **monitoring and ongoing dialogue with industry regarding disclosures relating to taxonomy information<sup>24</sup> of listed entities.**

In particular, these disclosures will be specifically monitored in relation to both eligible and aligned activities. Since it is the first year of application, a continuous dialogue will be maintained with issuers in order to channel any doubts that may arise, facilitating consistent criteria for the Spanish market.

Depending on the results obtained, the publication of a specific document at the end of 2023 will be considered, reporting the actions carried out, incidents detected and including recommendations or possible areas for improvement. In any case, in the Annual Report on the supervision of yearly non-financial reports related to the financial year 2022, a specific section will be included addressing this matter, and the review carried out will be indicated, as well as the results obtained and possible areas for improvement for the following years.

Finally, there will be a **public consultation on the update of the Technical guide on audit committees** which was published in June 2017. Since that date, there have been very significant changes in the institutional, socio-economic and regulatory context, and specifically in terms of non-financial information in annual accounts that must be considered.

In this sense, issuers are subject to new sustainability reporting requirements and said report must be subject to review by the auditor or another independent expert, with whom it is important that there is fluid dialogue and monitoring on the part of the audit committee.

### Primary markets

Consistent with what is established by the European Securities and Markets Authority (ESMA) in its documents on strategic priorities and its work programme for the year 2023, in which inflation and its impact have significant relevance from the supervisory point of view as a consequence of the current macroeconomic situation, the CNMV will **supervise the risks associated with inflation in the prospectuses.** To this end, emphasis will be on the prospectuses' risk section, that the latter adequately reflects the impact and risks that inflation can imply both for the issuer and for the financial instruments issued.

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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.

24 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 – Taxonomy Regulation.

Compliance with this objective will be ongoing throughout 2023 and will be reflected in the risk section of prospectuses on public offering and admission to trading that are processed during the year.

### Central counterparty entity

Given the high volatility in the energy derivatives markets and the consequent increase in guarantees required from clearing members of said segment, as part of the **supervision of the central counterparty entity (CCP), an analysis of concentration will be carried out in the energy segment.** The review will include the sufficiency of guarantees (add-ons) as much as the concentration of trading in a limited number of clearing members and/or clients.

Likewise, the CNMV will supervise the **new clearing services for financial instruments referenced to crypto-assets.** In particular, specific resources will be dedicated to the review of the clearing requests for derivative instruments with underlying crypto-assets, which are analysed by the CNMV in accordance with Article 15 of the European Market Infrastructure Regulation (EMIR) on the clearing authorisation for new products. This implies the participation of the CCP and ESMA college of supervisors in the risk assessment procedure involved in the new instrument to be cleared.

On the other hand, during 2023 the CNMV will have to **implement the new powers of the CNMV as CCP resolution authority** in accordance with Regulation (EU) 2021/23.<sup>25</sup> The most immediate of which, beyond the institution's issues of internal organisation, and which must be carried out in 2023, are:

- Creation of the College of resolution authorities and, therefore, review of the composition of the previous crisis management group created in 2018.
- Advance in the preparation of the CCP resolution plan. Particularly, in 2023 the resolvability analysis will focus on the identification of critical functions, based on the CCP's business lines, and on the preliminary characterisation of possible resolution strategies.

In addition, complementary actions will be carried out, which may include holding an internal seminar, planning the development of a playbook, carrying out a resolution drill or digitising the processes for obtaining information, drawing up and managing the CCP's resolution plans.

### Central securities depository

Pursuant to the Securities Markets and Investment Services Bill, the repeal of the information system called PTI will enter into force after a transitory period. Accordingly, in 2023, **the adaptation of the central securities depository (CSD) and its participating entities to the repeal of the legal regime governing the PTI will be**

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25 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/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132.



**monitored.** To this end, the CNMV will monitor that the affected entities adapt their procedures and systems related to settlement.

### Supervision of markets and settlement systems

During this year the CNMV will work on the **implementation of the DLT infrastructure pilot regime**<sup>26</sup> which will become applicable in March 2023. In particular, requests for authorisation from markets/settlement systems with distributed ledger technology (DLT) which are expected to be received will be analysed.

#### Market supervision

TABLE 2

	Initiative
<b>Financial reporting</b>	Review of issuers' disclosures of material assumptions and uncertainties to which they are exposed
	Analysis of the adequate reflection of inflation and the rise in interest rates in the discount rates applied in the impairment tests of non-financial assets
	Monitoring of the publication of operations with related parties of listed companies
<b>Non-financial reporting</b>	Monitoring and ongoing dialogue with the industry regarding disclosures relating to taxonomy information of listed entities
	Public consultation on the update of the Technical guide on audit committees
<b>Primary markets</b>	Supervision in the prospectuses of the risks associated with inflation
<b>Central counterparty entity</b>	Supervision of the CCP: analysis of concentration in the energy segment
	New clearing services for financial instruments referenced to crypto-assets
	Implementation of new powers of the CNMV as CCP resolution authority
<b>Central securities depository</b>	Monitoring of the adaptation of the CSD and its participating entities to the repeal of the legal regime governing the PTI
<b>Supervision of markets and settlement systems</b>	Implementation of the DLT infrastructure pilot regime

### 4.3 Supervision of financial intermediaries

#### Cybersecurity

In December 2022, the Digital Operational Resilience Regulation (DORA) was published,<sup>27</sup> as part of the digital finance package.

In 2023, the CNMV will carry out an **evaluation on the degree of readiness for DORA of IFs and managers**, with a view to planning the entry into application of this Regulation, which is to take place in January 2025. To this end, a

26 Regulation (EU) 2022/858 of the European Parliament and the Council, of 30 May 2022, on a pilot regime for market infrastructures based on distributed ledger technology and amending Regulations (EU) No. 600/2014 and (EU) No. 909/2014 and Directive 2014/65/EU.

27 Regulation (EU) 2022/2554 of the European Parliament and of the Council, of 14 December 2022, on the digital operational resilience of the financial sector and by which amendment takes place of Regulations (EC) No. 1060/2009, (EU) No. 648/2012, (EU) No. 600/2014, (EU) No. 909/2014 and (EU) 2016/1011.

questionnaire will be prepared for IFs and managers regarding the cybersecurity aspects included in this standard for its completion and subsequent analysis of the results obtained.

### Boosting competitiveness

Following on the line started in 2021, the CNMV will continue with the **streamlining of authorisation procedures for venture capital vehicles (venture capital entities and closed-ended collective investment companies)** by enabling online forms. Additionally, new forms will continue to be designed to apply to other processes. Likewise, the files related to CISMV will be completed with the incorporation of this type of forms for the annual communication of shareholder structure.

These forms will include filters to ensure that the information and documentation is presented correctly. In the case of investment vehicle registration, additional fields will be included that allow for subsequent processing of the information, such as that relating to the investment strategy, expected assets, type of investors, sustainability or marketing.

On the other hand, **reviews will be made of CISMV, SGEIC and IF authorisation procedures to expedite procedures** with the aim of identifying possible improvements in the practice or criteria followed by the CNMV. Or, where appropriate, regulatory proposals will be made allowing a reduction in processing times for authorisations of these entities, as well as for cases of non-opposition to changes in their shareholding structure. To this end, the practice of other supervisors in this area will be analysed, as well as the possibility of simplifying current procedures, applying the principle of proportionality to a greater extent or carrying out a risk-based review.

### Boosting supervisory activity

In 2023, a **Technical guide on the reinforcement of CIS's transparency** with specific performance objective and of fixed-income CISs with a "buy and hold" strategy will be drawn up, which will replace Technical guide 1/2017, on strengthening the transparency of investment funds specifically aimed at long-term profitability, to collect the criteria which have been applied and which are considered adequate to reinforce the protection of the investor and their informed consent with regard to these CISs.

Likewise, the CNMV will **create a Money Laundering Prevention Unit**, providing it with the means and procedures for its role. In the first half of 2023, the CNMV will sign an agreement with the Commission for the Prevention of Money Laundering and Monetary Offences by which it will exercise certain powers in addition to those it has been carrying out up to now in the field of money laundering. Among the first tasks, a risk map of entities will be drawn up as a tool for the selection of supervisory actions to be carried out during the year.

### Horizontal reviews

During 2023, the CNMV will carry out various horizontal reviews of compliance with some specific standards or criteria, referring to all entities or a significant sample of them.

First, there will be a **review of compliance with commercial communications and advertising obligations**. Specifically, a joint review will be carried out by a large group of national authorities, under the coordination of ESMA, in order to verify that the commercial communications and advertising of IFs and credit institutions meet the established information requirements, and that they also include aspects related to greenwashing. In a complementary way, a mystery shopping action will be carried out on such issues limited to online channels but including the activity of entities that operate in Spain under the freedom to provide services.

Additionally, **compliance with the regulations on sustainability preferences will be reviewed**. Without prejudice to the supervisory actions that may be necessary, in the second half of the year, once the modifications to the ESMA guidelines on suitability and product governance become applicable, verification will take place of the procedures applied by entities in matters of evaluation of sustainability preferences and the incorporation of sustainability aspects in product governance.

Similarly, an **analysis will be carried out on the best execution in the trading of equity securities**. In the first semester of the year, a plan will be made of the work to be carried out that is considered of supervisory interest regarding the fulfilment of obligations on the best execution of trades in equity securities and, in the second semester, we will carry out a horizontal review of the fulfilment of these obligations by entities.

On the other hand, the **CIS liquidity will be closely supervised**. Despite the good conditions for liquidity of Spanish funds, the CNMV must focus its attention on the risks of eventual episodes that could favour redemption demands in some CISs, which could in turn coincide with the liquidity of some assets being negatively affected.

With this objective, close supervision of the liquidity of CIS portfolios will continue to be carried out on a monthly basis and, in particular, of those institutions that experience significant redemptions. Additionally, on a semi-annual basis, exhaustive analyses of the liquidity levels of all assets held in portfolio by CISs will be carried out. It should be remembered that in the event of liquidity problems, there are liquidity management instruments that can be activated such as, among others, valuation at bid prices, swing pricing or the activation of notice periods. In the case of detecting a deterioration in market evolution, the periodicity of the analyses described would be reduced.

Additionally, the CNMV will **participate in the design and implementation of the Common Supervisory Action of ESMA on sustainability in UCITS and AIF**.

Specifically, it will investigate how managers of collective investment institutions in transferable securities (UCITS) and alternative investment funds (AIF) comply with the European Disclosure Regulation (SFDR)<sup>28</sup> and Delegated Regulation 2022/1288,<sup>29</sup>

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28 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.

29 Delegated Regulation (EU) 2022/1288 of the Commission, of 6 April 2022, which completes Regulation (EU) 2019/2088 of the European Parliament and of the Council regarding the regulatory technical standards that specify the details regarding the content and presentation to be complied with by information relating to the 'do not cause significant harm' principle, specifying the content, methods and presentation for information relating to sustainability indicators and adverse sustainability events, as well as the

as well as with the modifications of levels 2 of UCITS and AIFMD in relation to the integration of sustainability risks. It will also take into consideration the Supervisory Briefing of ESMA of May 2022 on sustainability. It is expected to approve the methodology for the first semester of 2023, and to carry out the field work from the third quarter of 2023 to the third quarter of 2024. The approval of the final report is estimated for the end of 2024.

Finally, **supervision of the Key information document (KID) of the packaged retail and insurance-based investment products (PRIIP) for CISs** will be carried out. On 1 January 2023, CNMV Circular 3/2022, of 21 July, on CIS prospectuses and the registration of the document with key investor information (KID) entered into force. The key investor information document is regulated in 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 insured-based investment products (PRIIPs) and, after successive extensions, it is applied for the first time on 1 January 2023, both for UCITS and for those non-UCITS to which the UCITS KIID rules were also applicable. Since said document will not be subject to ex-ante verification, it will be supervised ex post to make sure that corresponding KIDs from financial vehicles subject to obligations comply with the format and content established in the European standards.

### Supervision of benchmark indices

In 2023 **monitoring of contributions to Euribor** will be implemented. In particular, a systematic action of monitoring the activity of contribution to the calculation of Euribor carried out by credit institutions under the supervision of the CNMV in this area will be implemented<sup>30</sup> and the monitoring tool will be digitised, which includes an alarm system and graphing, for safe and efficient management of information, incident detection and reporting.

Additionally, in the context of CNMV supervision on the adequacy of methodology and the transparency of the reference indices, a **comparative analysis** will be undertaken **of the methodology and transparency of the Ibex 35 index**. The comparison will be made with other stock market indices at a European and world level regarding the calculation methodology, the inclusion and exclusion of securities and the degree of transparency applied by the index administrator. In the event that the analysis leads to the identification of areas for improvement, they will be transferred to the administrator. In addition, compliance with ESG disclosure criteria will be reviewed.

In addition, to improve general knowledge of the Ibex 35, the Spanish stock market representative index, and the usefulness of indices in general for investors, an informative publication will be prepared, such as an infographic or a quick guide, in a written and an audiovisual medium.

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content and presentation of information relating to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports.

30 Supervision of the Euribor administrator corresponds to ESMA, but the supervision of entity contributions that provide information for the calculation of the index corresponds to the national authorities.

## Supervision of financial intermediaries

TABLE 3

	Initiative
Cybersecurity	Evaluation of the degree of readiness of IF and managers for DORA
Boosting competitiveness	Streamlining of authorisation procedures for venture capital vehicles through enabling online forms
	Review of CISMIC, SGEIC and IF authorisation procedures to expedite procedures
Boosting supervisory activity	Preparation of the Technical guide on the reinforcement of CIS's transparency with specific performance objective and of fixed income CISs with a "buy and hold" strategy
	Creation of the Money Laundering Prevention Unit
Horizontal reviews	Review of compliance with commercial communications and advertising obligations
	Review of compliance with the regulations on sustainability preferences
	Analysis of best execution in the trading of equity securities
	CIS liquidity supervision
	Participation in the design and implementation of the ESMA Joint Supervisory Action on sustainability in UCITS and AIF
	Supervision of KIDs of PRIIP for CISs
Supervision of benchmark indices	Monitoring of Euribor contributions
	Comparative analysis of the methodology and transparency of the Ibex 35 index

#### 4.4 Relations with investors and other stakeholders

##### Fintech crypto-assets

The MiCA Regulation should be applied throughout 2024, being necessary to previously provide the necessary resources and training. During 2023, the necessary additional human resources will be requested within the framework of the public employment offer to be able to start the appropriate public calls and a **training plan for the implementation of the MiCA Regulation** for CNMV staff. Specifically, internal training and preparatory actions will be carried out with the aim of providing technicians who must participate in the implementation of the new regulations with knowledge, skills and tools. Additionally, meetings will be held with entities also in order to try to facilitate the necessary adaptation to this new Regulation.

##### Financial Fraud Action Plan (FFAP)

Within the framework of the Financial Fraud Action Plan (FFAP) promoted by the CNMV, two actions will be carried out.

Firstly, during 2023 the CNMV will seek to **improve the system of warnings about unauthorised entities**. To this end, it will promote the creation of a common database at the international level that draws on the list of unauthorised entities (known as financial boiler rooms) detected by each country's authorities. This database will be available for consultation online and the data will be as complete and exportable as possible. It will be useful as much for the supervisory authorities for the purpose

of their respective functions, as for the main search engines and social networks, as they can access it before publishing an advert or message. This project requires the collaboration of international institutions.

Second, there will be a **disclosure and communication campaign for fraud prevention** with the participation of the collaborating entities of PAFF, in particular, the State Security Forces and Bodies, among others.

### Sustainable finance

In 2023 actions complementary to supervisory activities will take place in the field of sustainable finance, with an emphasis on the risk of greenwashing:

- Special contribution by international groups dedicated to the analysis and understanding of this matter, both at ESMA and at the International Organisation of Securities Commissions (IOSCO).
- Identification of possible practices related to ecological laundering or greenwashing throughout the value chain in order to contribute to work in the international arena.
- Monitoring and analysis of claims related to sustainability.
- Oriented towards supervised institutions and the promotion of dialogue.
- Training activities for investors, such as the preparation of educational resources for a proper understanding of products with ESG characteristics, and the carrying out of specific training activities and courses for investors and the sector.

On the other hand, as a continuation of the objective contemplated in the 2022 Activity Plan, **dialogue will be promoted in the area of sustainable finance**, with the dual purpose of facilitating disclosure in the area of sustainable finance – fundamentally in matters related to sustainability preferences, taxonomy and classification of funds as Article 8 or 9<sup>31</sup> of the European Disclosure Regulation – and that the CNMV is able to actively listen to the concerns and difficulties that the industry faces when implementing the regulations. In the same way, an effort will be made to transfer to these entities the position of the CNMV on the most relevant aspects.

In particular, meetings are planned:

- With interest groups such as investors, auditors, consultants, rating agencies and representative associations of the sector, among others.
- With associations or institutions in Barcelona and Bilbao, where the CNMV has regional offices so that they can convey specific concerns.

These encounters will also have an informative nature and will serve to publicise new developments in the area of sustainable finance.

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31 That is, products in which ESG characteristics are promoted (Article 8) or products that have an ESG objective (Article 9).

Following the work of previous years, the CNMV will carry out various studies referring to different aspects of the securities market.

In line with initiatives aimed at revitalising capital markets to promote growth, a **study** will be carried out **on the Alternative Fixed Income Market (MARF)**, to continue and complete the line of work begun with the study on the expanding SME market, BME Growth (formerly MAB). The work will describe the most important characteristics of this market, it will relate them to markets of this type in other jurisdictions, it will give an account of the characteristics of the issues and issuers that are part of said market and, if applicable, it will indicate possible future developments.

On the other hand, it **will deepen understanding about the foreign CIS sector in Spain**. To this end, some of the possible determinants of its evolution will be analysed and, in particular, in relation to the participation in Spanish investment vehicles. Among other aspects, a detailed analysis of the investment portfolio of these institutions will be carried out.

Additionally, a **study** will be carried out **on the perception of performance of investment service providers by investors** through a survey to learn about their behaviour and preferences regarding these services.

## Research

In 2023 the CNMV **will create an advisory committee of financial economists in the field of securities markets**. The objective is to foster constructive dialogue and fluid communication with economists and academics in the financial area, in order to analyse recent trends and debates in the securities markets, paying attention to the identification of emerging areas, new risks and other areas of special supervisory and regulatory interest. These include areas of recent and innovative development, such as sustainable finance or technology applied to securities markets.

This advisory committee, made up of experts of recognised prestige in their respective fields, may also propose topics for analysis or research, will facilitate the dissemination of the publications and studies carried out, and will promote additional ways of collaboration.

## Financial stability

In 2023 a **secondary markets dashboard** will be published. This dashboard will include a selection of relevant metrics from secondary markets, both equities and fixed income, using the information received by the CNMV from these markets, which allows monitoring of the most recent trends and reinforces the processes of identification and analysis of risks in the securities markets. The dashboard will allow access to information in an interactive and updated way, so it can be flexibly adapted to the needs of each user.

## International cooperation

In 2023, the **signing of the corresponding sections of the IOSCO Enhanced Multilateral Memorandum of Understanding (EMMoU)** will take place. This EMMoU on consultation, cooperation and exchange of information aims to enhance cross-border cooperation and assistance between securities regulators in order to respond to new risks and challenges posed by globalisation and technological advances. The changes that the new Securities Markets and Investment Services Act will foreseeably introduce will allow the CNMV strengthened powers and sufficient competencies to sign the corresponding sections of the IOSCO EMMoU.

Additionally, in collaboration with ESMA, **the Joint ESAs<sup>32</sup> Consumer Protection Day will be held in Spain**, which is expected to take place in the second part of the year.

## Spanish EU Council Presidency

In the second half of 2023, Spain will assume the presidency of the Council of the European Union. During this period, the CNMV will intensify the **technical advice given to the General Secretariat of the Treasury and International Financing (SGTFI) in the EU legislative proposals that are negotiated during the Spanish presidency**.

Likewise, the holding of meetings of the governing bodies of ESMA in Spain will be coordinated.

## Courses and seminars

In 2023 **collaboration with magistrates and prosecutors will be encouraged** on a systematic and ongoing basis through encounters, meetings and courses with magistrates of the National Court and the Supreme Court, with prosecutors and State lawyers before these jurisdictions who are specialised in financial matters and the securities market. This cooperation is highly relevant, not only for fostering institutional collaboration, but also for promoting the update of knowledge and technical excellence in a highly changing regulatory environment. This will result in a strengthening of investor protection and confidence in the Spanish securities markets.

## Financial education

The CNMV will launch a **training programme on the nature and risks of crypto-assets** with the aim of raising awareness and training certain groups interested in this type of product. In particular, the programme will be made up of various educational materials that include, among others, the concept of crypto-assets, defining their nature, their characteristics, operation and associated risks. Said programme will be aimed at students from schools and universities, as well as Secondary Education teachers who wish to acquire this training for later delivery in the classroom.

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32 Joint ESAs (European supervisory authorities) include the European Securities and Markets Authority (ESMA), the European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA).



For the preparation of materials, the work being promoted by the Ministry of Economic Affairs and Digital Transformation in the Financial Education Plan on crypto-assets will be taken into account.

### Dissemination actions of services offered by the CNMV

In accordance with the strategic line of promoting a supervisor that is more accessible and connected to society, in 2023 various actions will be carried out to disseminate the services offered by the CNMV with the aim of advancing towards greater openness and transparency with regards the public.

On the one hand, initiatives will be carried out aimed at **improving knowledge of the CNMV among society** with measures of institutional dissemination regarding the services offered by the CNMV to investors, entities and society in general, through educational resources, videos and campaigns in the media and on social networks.

Likewise, and in order to reinforce the CNMV's presence, a **new CNMV communication strategy** will be promoted **on social networks**. Thus, current profiles will be renewed and new channels of communication with investors will be created.

On the other hand, **current investor assistance channels will be improved**, through the simplification of forms and procedures for attending to investors and the incorporation of explanatory videos. In addition, the incorporation of a bot (computer programme that automatically performs repetitive tasks over the Internet) will be explored to quickly answer the most straightforward or standard queries or questions of investors.

### CNMV regional offices

**Meetings in regional offices** will be carried out **with issuers interested in financial markets**. In the context of the activity of the CNMV regional offices, and depending on the demand that arises, CNMV experts in matters related to primary markets will hold meetings with issuers, both about fixed income and equities, in the offices of Barcelona and Bilbao in order to resolve, in person, the questions and doubts that arise in their access to capital markets that fall under this area.

In addition, with the aim making a closer approach to the sector, the CNMV will initiate a round of individualised meetings with the supervised entities whose operational headquarters are in the area of influence of the regional offices (Barcelona and Bilbao). Meetings will be organised with the sector to find out the particular effects of the different initiatives of the CNMV in the daily activity of the entities. Likewise, in this context, proposals or queries will be received from the supervised entities which will, in turn, be channelled to the corresponding CNMV departments involved in attending or responding to them.

In Barcelona, given the larger number of entities, the first phase of this initiative will take place in 2023, comprising meetings with CISMVs and SGEICs. In a second phase, to be held in 2024, meetings will be held with IFs and crowdfunding platforms (CP).

**Relations with investors and other stakeholders**

TABLE 4

	<b>Initiative</b>
<b>Fintech crypto-assets</b>	Training plan for the implementation of the MiCA Regulation
<b>Financial Fraud Action Plan</b>	Improvement of the system of warnings about unauthorised entities Disclosure and communication campaign for fraud prevention
<b>Sustainable finance</b>	Complementary actions in the field of sustainable finance emphasising the risk of greenwashing Promote dialogue in the area of sustainable finance
<b>Studies</b>	A study on the Alternative Fixed Income Market (MARF) Deepen understanding about the foreign CIS sector in Spain Perception study on the performance of investment service providers by investors
<b>Research</b>	Creation of an advisory committee of financial economists in the field of securities markets
<b>Financial stability</b>	Secondary markets dashboard
<b>International cooperation</b>	Signing of the IOSCO Enhanced Memorandum of Understanding (EMMoU) Holding the Joint ESAs Consumer Protection Day in Spain
<b>Spanish EU Council Presidency</b>	Technical advice to the SGTFI on the legislative proposals to be negotiated on the occasion of the Spanish presidency
<b>Courses and seminars</b>	Fostering collaboration with magistrates and prosecutors
<b>Financial education</b>	Training programme on the nature and risks of crypto-assets
<b>Dissemination actions of services offered by the CNMV</b>	Improving knowledge of the CNMV among society New CNMV communication strategy on social networks Improvement of current investor assistance channels
<b>CNMV regional offices</b>	Meetings in CNMV regional offices with issuers interested in financial markets Beginning of a round of individualised meetings of the CNMV with the supervised entities whose operational headquarters are located in the area of influence of the regional offices (Barcelona and Bilbao)

## Annex 1 Summary table of objectives for 2023<sup>33</sup>

Summary table of objectives for 2023

TABLE 5

		Strategic line	Initiative
<b>CNMV's operational improvements</b>	<b>Digital transformation</b>	Monitor the effects of financial and technological innovation	Significant progress in the execution of the CNMV's Digital Transformation Strategic Plan
	<b>Sanctions regime</b>	Rigorous market supervision Investor protection	Critical and comparative analysis of the sanctioning activity of the CNMV
	<b>Staff related measures</b>	A supervisor that is more accessible and connected to society	Extension of the CNMV's global environmental sustainability plan
		A supervisor that is more accessible and connected to society	Promotion of collaboration and exchange of personnel with other national competent authorities
<b>Market supervision</b>	<b>Financial reporting</b>	Investor protection Rigorous market supervision	Review of issuers' disclosures of material assumptions and uncertainties to which they are exposed
		Investor protection Rigorous market supervision	Analysis of the adequate reflection of inflation and the rise in interest rates in the discount rates applied in the impairment tests of non-financial assets
		Investor protection Rigorous market supervision	Monitoring of the publication of operations with related parties of listed companies
	<b>Non-financial reporting</b>	Rigorous market supervision Investor protection Revitalise capital markets and transition to a sustainable economy	Monitoring and ongoing dialogue with the industry regarding disclosures relating to taxonomy information of listed entities
		Investor protection Monitor the effects of financial and technological innovation	Public consultation on the update of the Technical guide on audit committees
		<b>Primary markets</b>	Investor protection Rigorous market supervision
	<b>Central counterparty entity</b>	Rigorous market supervision	Supervision of the CCP: analysis of concentration in the energy segment
		Rigorous market supervision Monitor the effects of financial and technological innovation	New clearing services for financial instruments referenced to crypto-assets
		Rigorous market supervision	Implementation of new powers of the CNMV as CCP resolution authority
	<b>Central securities depository</b>	Rigorous market supervision	Monitoring of the adaptation of the CSD and its participating entities to the repeal of the legal regime governing the PTI
	<b>Supervision of markets and settlement systems</b>	Monitor the effects of financial and technological innovation Rigorous market supervision	Implementation of the DLT infrastructure pilot regime

33 The objectives listed in this table do not include all the activities of the CNMV.

Summary table of objectives for 2023 (continuation)

TABLE 5

		Strategic line	Initiative
Supervision of financial intermediaries	Cybersecurity	Monitor the effects of financial and technological innovation	Evaluation of the degree of readiness of IF and managers for DORA
	Boosting competitiveness	Revitalise capital markets and transition to a sustainable economy	Streamlining of authorisation procedures for venture capital vehicles through enabling online forms
		Revitalise capital markets and transition to a sustainable economy	Review of CISMIC, SGEIC and IF authorisation procedures to expedite procedures
	Boosting supervisory activity	Investor protection	Preparation of the Technical guide on the reinforcement of CIS's transparency with specific performance objective and of fixed income CISs with a "buy and hold" strategy
		Investor protection	Creation of the Money Laundering Prevention Unit
	Horizontal reviews	Investor protection	Review of compliance with commercial communications and advertising obligations
		Revitalise capital markets and transition to a sustainable economy	
		Revitalise capital markets and transition to a sustainable economy	Review of compliance with the regulations on sustainability preferences
		Investor protection	
		Rigorous market supervision	Analysis of best execution in the trading of equity securities
		Investor protection	
		Rigorous market supervision	CIS liquidity supervision
	Supervision of benchmark indices	Revitalise capital markets and transition to a sustainable economy	Participation in the design and implementation of the ESMA Joint Supervisory Action on sustainability in UCITS and AIF
		Rigorous market supervision	Supervision of KIDs of PRIIP for CISs
Investor protection			
Relations with investors and other stakeholders	Fintech crypto-assets	Rigorous market supervision	Monitoring of Euribor contributions
		Investor protection	
	Financial Fraud Action Plan	Revitalise capital markets and transition to a sustainable economy	Comparative analysis of the methodology and transparency of the Ibex 35 index
		Investor protection	
	Sustainable finance	Monitor the effects of financial and technological innovation	Training plan for the implementation of the MiCA Regulation
		Investor protection	Improvement of the system of warnings about unauthorised entities
	Sustainable finance	Investor protection	Disclosure and communication campaign for fraud prevention
		Revitalise capital markets and transition to a sustainable economy	Complementary actions in the field of sustainable finance emphasising the risk of greenwashing
	Sustainable finance	Revitalise capital markets and transition to a sustainable economy	Promote dialogue in the area of sustainable finance
		Investor protection	
	Studies	Revitalise capital markets and transition to a sustainable economy	A study on the Alternative Fixed Income Market (MARF)
		Revitalise capital markets and transition to a sustainable economy	Deepen understanding about the foreign CIS sector in Spain
		A supervisor that is more accessible and connected to society	Perception study on the performance of investment service providers by investors
	Research	Revitalise capital markets and transition to a sustainable economy	Creation of an advisory committee of financial economists in the field of securities markets
	A supervisor that is more accessible and connected to society		

		<b>Strategic line</b>	<b>Initiative</b>
<b>Relations with investors and other stakeholders</b>	<b>Financial stability</b>	Rigorous market supervision (financial stability)	Secondary markets dashboard
	<b>International cooperation</b>	Rigorous market supervision	Signing of the IOSCO Enhanced Memorandum of Understanding (EMMoU)
		A supervisor that is more accessible and connected to society	Holding of the Joint ESAs Consumer Protection Day in Spain
	<b>Spanish EU Council Presidency</b>	Rigorous market supervision	Technical advice to the SGTFI on the legislative proposals to be negotiated on the occasion of the Spanish presidency
	<b>Courses and seminars</b>	A supervisor that is more accessible and connected to society	Fostering collaboration with magistrates and prosecutors
	<b>Financial education</b>	Monitor the effects of financial and technological innovation Investor protection	Training programme on the nature and risks of crypto-assets
	<b>Dissemination actions of services offered by the CNMV</b>	A supervisor that is more accessible and connected to society	Improving knowledge of the CNMV among society
		A supervisor that is more accessible and connected to society	New CNMV communication strategy on social networks
		A supervisor that is more accessible and connected to society	Improvement of current investor assistance channels
	<b>CNMV regional offices</b>	Revitalise capital markets and transition to a sustainable economy	Meetings in the CNMV regional offices with issuers interested in financial markets
A supervisor that is more accessible and connected to society		Beginning of a round of individualised meetings of the CNMV with the supervised entities whose operational headquarters are located in the area of influence of the regional offices (Barcelona and Bilbao)	



## Annex 2 CNMV Annual Regulatory Plan 2023

In accordance with the provisions of Article 21 of the Recast Text of the Spanish Securities Market Act, the CNMV, in order to adequately exercise its powers, may establish the rules required for the development and execution of the norms contained in the royal decrees approved by the government or in the orders of the Ministry of the Economy and Competitiveness and Digital Transformation, provided that these enable it to do so.

The regulations issued by the CNMV, known as “circulars”, are prepared on the basis of the appropriate technical and legal reports by the institution’s competent services, submitted to public consultation and approved by its Board. These circulars enter into force once they have been published in the *BOE* (Official State Gazette).

Likewise, the CNMV has the capacity to draw up technical guides, directed at the supervised entities and groups, indicating the criteria, practices, methodologies and procedures that it considers appropriate to comply with the regulations that are applicable to them. These guides are submitted to public consultation before they are approved and published, and may include the criteria that the CNMV will follow in the exercise of its supervisory activities.

Law 39/2015 of 1 October on the Common Administrative Procedure of Public Administrations established the administrations’ obligation to disclose an annual regulatory plan containing all proposals for laws and secondary legislation that will be submitted for approval the following year. This is intended to improve ex ante regulatory planning, promoting greater legal certainty and the predictability of the system. The Annual Regulatory Plan will be published on the Transparency Portal.

All this information is included in Article 38 of the CNMV’s Internal Regulations, approved by the CNMV board resolution of 19 December 2019.

In compliance with the above, the CNMV has proceeded to prepare its Annual Regulatory Plan for 2023 in order to provide stakeholders with prior knowledge of the provisions proposed or issued during the current tax year.

In 2023, the CNMV plans to approve a technical guide and to start processing another. No circulars are expected to be approved.

## Technical guides

- Technical guide on the reinforcement of CIS’s transparency with specific performance objective and of fixed-income CISs with a “buy and hold” strategy, replacing Technical guide 1/2017, on the reinforcement of transparency of investment funds with the specific objective of long-term profitability.

**Objective:** to collect the criteria that the CNMV has been applying and that are considered adequate to reinforce the protection of the investor and their informed consent with regard to CISs with a specific objective of profitability and CISs with a “buy and hold” strategy.

- Initiation of procedures for the update of the Technical guide on audit committees, although the conclusion of which is not foreseen in the 2023 financial year.

**Objective:** the current Technical guide on audit committees was published in June 2017. Since that date very meaningful changes have taken place in the institutional, social economic and regulatory context, and specifically in terms of non-financial information in annual accounts. Therefore, in 2023, a public consultation will take place to update the Guide in consideration of these changes.

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### Summary of the CNMV 2023 Annual Regulatory Plan

TABLE 6

Status of the regulation	Draft
Technical guide	Technical guide on the reinforcement of CIS’s transparency with specific performance objective and of fixed-income CISs with a “buy and hold” strategy
	Update of the Technical guide on audit committees





