



2024 Activity Plan



2024 Activity Plan

Comisión Nacional del Mercado de Valores (Spain's National Securities Market Commission, hereinafter "CNMV")

Edison, 4

28006 Madrid

Bolivia, 56

080018 Barcelona

Heros, 3

48009 Bilbao

© Comisión Nacional del Mercado de Valores

Reproduction of the contents of this publication is permitted provided the source is acknowledged.

The CNMV discloses its reports and publications online at www.cnmv.es.

ISSN (digital edition): 1989-8711

Layout: Cálamo y Cran

Table of contents

1	Introduction	7
2	Implementation of the 2023 Activity Plan	9
2.1	CNMV's operational improvements	10
2.2	Market supervision	10
2.3	Supervision of financial intermediaries	11
2.4	Relations with investors and other stakeholders	12
3	Economic and financial environment	15
4	Regulatory context	21
5	Strategic areas 2023-2024	27
6	Objectives for 2024	35
6.1	CNMV's operational improvements	35
6.2	Market supervision	36
6.3	Supervision of financial intermediaries	39
6.4	Relations with investors and other stakeholders	42
Annex 1	Summary table of objectives for 2024	47
Annex 2	CNMV Annual Regulatory Plan 2024	51
Annex 3	Implementation of the 2023 Activity Plan	55

1 Introduction

The National Securities Market Commission (CNMV) presents its **2024 Activity Plan**, which includes the strategic areas defined for 2023 and 2024. These areas are designed to be sufficiently flexible to address the new challenges and opportunities arising from continuously changing securities markets. After assessing the challenges of the economic and financial environment, as well as the regulatory framework for the following financial year, it was observed that, while the strategic areas in force remain valid, it is advisable to strengthen certain areas.

Furthermore, the Plan establishes 42 specific objectives that reflect the CNMV's action and supervision priorities for 2024. These objectives are selected following criteria of their being opportune or innovative with respect to the usual functions. Therefore, as in previous years, the Plan does not cover all the tasks that the CNMV carries out on a regular basis in the performance of its functions 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 2023 Activity Plan is also detailed. Lastly, the CNMV's Annual Regulatory Plan is included as an annex to this document.¹

1 It is included pursuant to 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 must 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.

2 Implementation of the 2023 Activity Plan

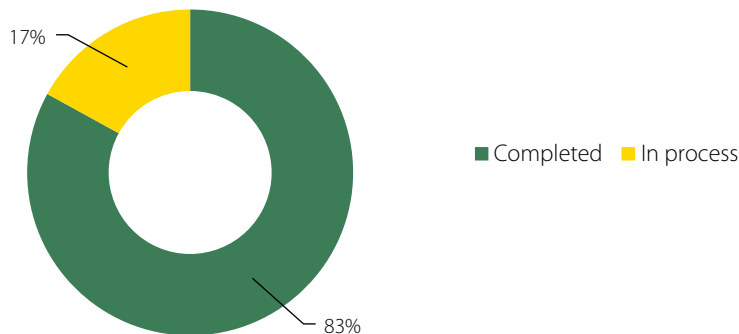
In its 2023 Activity Plan, the CNMV formulated 48 actions aimed at developing the strategic areas of the institution.

At the date of publication of the 2024 Activity Plan, **40 (83%) of the objectives had been completed.** Therefore, in 2023 a slightly lower degree of completion of the Activity Plan was achieved than in previous years: 91% in 2022 and 2021, and 86% in 2020. As detailed below, some objectives have not yet been completed because some activities had to be rescheduled due to the reallocation of resources to meet various unforeseeable needs, including those arising from the Spanish Presidency of the Council of the European Union (EU).

Two figures that summarise the degree of completion are shown below.

Degree of compliance with the 2023 Activity Plan

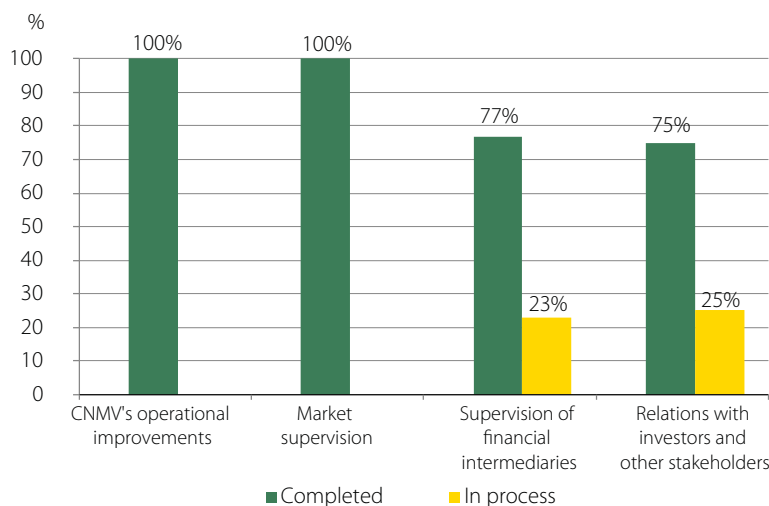
FIGURE 1



Source: CNMV.

Completion of 2023 objectives by area

FIGURE 2



Source: CNMV.

Below we summarise the most relevant objectives achieved in accordance with the different sections into which the Plan is divided. The detail of completion of each of the objectives envisaged in 2023 is set out in Annex 3.

2.1 CNMV's operational improvements

In 2023 the four objectives envisaged in this section were achieved, including, namely:

- The contracting, in January 2024, of the service for the identification and development of initiatives and economic assessment of the digital transformation process, and technical assistance in the preparation of the data inventory, which has represented a **significant step forward in the execution of the CNMV's Digital Transformation Strategic Plan**. Over the next few months, the CNMV will advance in two parallel processes. On the one hand, it will work to define and assess the necessary initiatives to drive the institution's digital transformation and, on the other, solutions for collecting data and generating a data inventory will be implemented.
- The **scope of the CNMV's Global Environmental Sustainability Plan had been broadened** to include a first component of the social perspective. Specifically, the CNMV's First Equality Plan has been approved and registered.

2.2 Market supervision

The 11 objectives included in the **market supervision** section have been fully completed, including, namely:

- **Implementation of the revision of the Technical guide on audit committees of public interest entities:**² the public consultation was initiated on 18 December 2023 and will be closed on 18 March 2024. The objective is to update the guidelines to adapt them to the regulatory changes that affect the entities' governing bodies. Among other matters, the new roles of the audit committees will be addressed in order to adapt them to the approval and transparency requirements of sustainability information. To this end, the CSRD Directive³ and its Draft Law to implement the Directive in Spain, in addition to the good practices document on the role of audit committees published by IOSCO in 2019 and supervisory experience were taken into account.

This guide inaugurates a new standard for technical guides published by the CNMV in terms of format and style aimed at improving clarity and increasing their usefulness to their recipients.

2 *Technical guide X/20XX on audit committees of public interest entities.*

3 Directive (EU) 2022/2464 of the European Parliament and of the Council, of 14 December, on the reporting of sustainability information by companies.

- The Annual report on the CNMV’s supervision of non-financial information for 2022 summarises the tasks of the review of the annual financial statements for 2022 of the selected issuers, carried out in 2023, including the first taxonomy analysis.

In October 2023, the CNMV published its *Report on disclosures of the EU Taxonomy. Financial year 2022*,⁴ which provided recommendations for 2023 to the sector. Consistently with the objective of **maintaining an ongoing dialogue with the industry regarding disclosures relating to the taxonomy information of listed entities**, actions were taken to disseminate the content of the report, inter alia, at the Consultative Committee.

- In the context of central counterparty (CCP) supervision, an **analysis of the concentration in the energy segment was performed**. Once completed, the conclusions were presented to the BME Clearing college of supervisors at its meeting in December 2023.
- Also, in September 2023 the CNMV authorised the **new clearing services for financial instruments referenced to crypto-assets**. The authorisation was granted after performing an extensive analysis specially focused on risk assessment and relates only to products aimed at institutional investors. Thus, BME Clearing became the first European CCP authorised to clear this type of products, following the comprehensive verification processes required by the European regulation (EMIR).
- In relation to the **implementation of the market infrastructure pilot regime based on distributed ledger technology (DLT)**, in 2023 draft documentation on various initiatives intended to form part of this pilot regime and which combine trading and settlement infrastructures was analysed and reviewed. Furthermore, informal processes in relation to other projects already admitted in the sandbox were initiated, so that when they complete their participation in the test environment, they will be at an advanced stage that, where appropriate, will enable them to request their authorisation as DLT infrastructures.

2.3 Supervision of financial intermediaries

In the area of **supervision of financial intermediaries**, 10 of the 13 envisaged objectives were achieved and significant progress has been made in the other three. The objectives achieved include, namely:

- In April 2023, the CNMV published its Technical guide 1/2023 on the reinforcement of transparency of collective investment schemes (CISs) with specific performance objective and of fixed-income CISs with a “buy and hold” strategy.⁵ This reinforces investor protection and their informed consent. In addition, investor warnings have been improved and criteria established for information provided on the APR (annual percentage rate).

4 https://www.cnmv.es/DocPortal/Publicaciones/OTROS/Informe_Taxonomia_2022.pdf

5 https://www.cnmv.es/docportal/docfaseconsulta/cnmv/gt_1_2023_transparencia.pdf

- **Compliance with regulations on sustainability preferences was verified.** Once the modifications to the ESMA guidelines on suitability and product governance became applicable, the CNMV verified the procedures applied by entities in matters of evaluation of sustainability preferences and the incorporation of sustainability aspects in product governance.
- Furthermore, in 2023 the CNMV **closely supervised the liquidity of portfolios held by CISs.** On a monthly basis, relevant investor actions were analysed and, on a half-yearly basis, comprehensive analyses of the liquidity levels of all assets held in portfolio by CISs were carried out.
- **The system for periodically monitoring and reporting daily contributions to Euribor by credit institutions under the supervision of the CNMV** was designed and implemented. Also, a report on the supervision of contributions made from April 2020 to May 2022 was prepared and the conclusions sent to the entities.

The three objectives in which progress has been made, but which have not yet been completed, are the following:

- **Evaluation of the degree of readiness for DORA of investment firms (IFs) and managers.** Given that the regulatory technical standards (RTS) have not yet been completed by the Joint Committee, the CNMV has deemed it convenient to wait to design a comprehensive and accurate form. However, a tool is being developed that will make it possible to obtain the information as a procedure in the electronic office of the CNMV. Additionally, a draft form has already been created and, when there are no prospects for further relevant changes in the RTSs, the new tool will be completed and implemented.
- **Analysis of best execution in trading of equity securities.** The analysis of the replies received to the requests for information made to a sample of 30 selected entities is currently under way.
- The CNMV is carrying out a **comparative analysis of the methodology and transparency of the Ibex 35 index** with other European and international stock market indices for the purpose of identifying areas for improvement that will be forwarded, as appropriate, to the index administrator. Compliance with environmental, social and governance (ESG) disclosure criteria is also being verified.

2.4 Relations with investors and other stakeholders

Finally, in the section on **relations with investors and other stakeholders**, 15 of the 20 planned initiatives have been completed and five are in progress.

The objectives achieved include, namely:

- Within the framework of the **disclosure and communication campaign for fraud prevention**, different resources for disclosing information on scams and fraud have been developed: guide, infographics, online course, quiz

competition, podcasts, etc. These materials have been distributed through the proprietary channels of the signatories of the Financial Fraud Action Plan (FFAP), with which their dissemination has been coordinated. Information and news on fraud prevention in written and online media in which CNMV executives have participated have also been promoted. Also, a proposal for a communication strategy has been put forward to the members of the FFAP.

- In the area of sustainable finance, in 2023 multiple initiatives were carried out, including, namely:
 - The active contribution that the CNMV has maintained in international groups. Specifically, through its participation in the Sustainability Task Force of the International Organization of Securities Commissions (IOSCO), led by the Chairperson of the CNMV, and in the European Securities and Markets Authority (ESMA), through its participation in the Sustainability Standing Committee (and in its greenwashing group).
 - The CNMV has contributed to the work carried out in the international arena in relation to the identification of practices related to greenwashing by completing the questionnaires sent by IOSCO and ESMA. The CNMV also published fact sheets on sustainable finance prepared by the European supervisory authorities (with questions and key tips to be considered by investors).
 - The CNMV carried out various training activities including, namely, the delivery in June 2023 of the course “Towards more sustainable finance: challenges and opportunities”, in collaboration with Universidad Internacional Menéndez Pelayo and with the sponsorship of Fundación Alfonso Martín Escudero.
 - Finally, the CNMV participated in awareness-raising activities on sustainable finance, including the “TAIEX-Environmental Implementation Review (EIR) Multicountry Workshop on Sustainable Finance” held in Brussels in November, in addition to the international campaign “Raise your SDG flag”.
- The **Joint ESAs Consumer Protection Day that the three European supervisory authorities organise annually**, in collaboration with the CNMV, was held in October 2023 at the Prado Museum (Madrid), during the Spanish Presidency of the Council of the European Union. Matters relating to greenwashing and the regulation of crypto-assets in the European Union were addressed and featured the participation of important personalities.
- Technical advice to the General Secretariat of the Treasury and International Financing (SGTFI) on the legislative proposals to be negotiated on the occasion of the Spanish Presidency of the Council of the European Union intensified in the second half of 2023. Specifically, CNMV employees worked on secondment at the SGTFI and experts of the institution were designated to collaborate in the most relevant cases. The CNMV also presided the working group of the European Council in charge of reviewing the European Benchmarks Regulation (EBR).

- The CNMV has designed a **training programme on the nature and risks of crypto-assets** aimed at Secondary School and university teachers and students, carrying out different activities throughout the year, inter alia, a training session on crypto-assets for teachers of the Union of Teaching Cooperatives (UECOE), and participating in the “Talent Tour”, organised by Fundación Princesa de Girona. Also, various podcasts on scams and “cryptos” were produced, which were published on the CNMV’s website.
- With the aim of **improving knowledge of the CNMV among society**, a programme has been developed to disseminate employment and career opportunities at the CNMV in undergraduate and postgraduate educational centres. To this end, the CNMV prepared audiovisual materials and participated in the employment days of several universities. Also, a brief introduction to the CNMV’s functions was included in the talks and presentations on financial education delivered in 2023.

The three objectives in which progress has been made, but which have not yet been completed, are the following:

- **Improvement of the system of warnings about unauthorised entities.** The CNMV promoted the creation of a working group on IOSCO to drive the creation of a common international database populated by the list of unauthorised entities detected by the authorities of each country. This group approved the action framework and technical specifications, and the project is being implemented at IOSCO.
- In July 2023, the CNMV made a request to IOSCO for the **signing of the Enhanced Multilateral Memorandum of Understanding (EMMoU)** and submitted all the necessary documentation. The CNMV is waiting for IOSCO to complete the internal verification process.
- With regard to **encouraging collaboration with magistrates and prosecutors** on a systematic and continuous basis, the organisation of encounters has been internally planned with the support of the State Attorney’s Office. A meeting will be organised as soon as possible to jointly determine areas for collaboration and ways of articulating said cooperation.
- A public contract has been awarded for the design and development of the CNMV’s **new communication strategy on social networks**. This project aims to improve the institution’s digital presence and identity, enhance brand visibility and increase engagement with potential and current digital audiences.
- The **improvement in current investor assistance channels** through the simplification of forms and procedures for attending to investors and the incorporation of explanatory videos and the possible incorporation of a bot are under study. This may require amending CNMV Circular 7/2013, of 25 September, which regulates the procedure for resolving claims and complaints against companies that provide investment services and attending to queries related to the securities market.

3 Economic and financial environment

2023 was marked by the global economic slowdown, partly caused by the sharp rise in interest rates in 2022 and the persistence of geopolitical risks at high levels. The continuation of the war between Russia and Ukraine that began in early 2022 was joined by an escalation of the Israeli-Palestinian conflict in October 2023. Similarly, the events related to the banking crisis observed in the United States and Switzerland last spring also contributed to this climate of uncertainty. Despite the foregoing, the corporate results published at year-end were somewhat encouraging, suggesting that global economic activity could be more resilient than expected at the start of the year.

The increase in inflation rates, which reached peaks of more than 10% in 2022 in most economies, was closely monitored by financial market participants. In 2023, **the rise in prices in the main economies slowed down and ended the year at rates close to 3% in many of them (2.9% on average in the euro area and 3.4% in the EU)**. These rates differ slightly from central bank objectives, but represent a significant slowdown and evidence the effectiveness of the monetary policy turnaround. The main concern at the moment is controlling the “second round” effects arising from the prolongation at relatively high levels of underlying rates and of other prices in the economy such as, for example, salaries.

The monetary policy of the main economic areas continued to tighten, with interest rate hikes throughout the year, except in the last quarter, when the monetary authorities seem to have ended the upward cycle in view of price developments and future expectations. In the United States, official interest rates increased by 100 basis points (b.p.) to 5.5%, while in the euro area they increased by 200 b.p. to 4.5%, with two 50 b.p. increases in February and March and another four 25 b.p. increases in the rest of the year. In the United Kingdom, the accumulated increase was 175 b.p., reaching 5.25%. The most recent market expectations on central banks’ decisions for 2024 rule out new rate hikes and predict the start of rate cuts in some cases, although there are different opinions on when this will take place.

In China and Japan there were two significant exceptions to this monetary policy trend. On the one hand, in 2023 in China interest rates fell twice, by 10 b.p. in both cases, falling from 3.65% to 3.45%, with the aim, among other expansive measures, of revitalising the Asian economy. On the other, in Japan interest rates remained negative (-0.1%) and unchanged since February 2016.

Global growth prospects indicate continued economic slowdown. The sharp increase in interest rates and the fact that inflation is still above the average of the years prior to the COVID period, together with the existence of different uncertainties, would explain this slowdown in activity. The latest International Monetary Fund⁶ (IMF) forecasts indicate that average global GDP growth was 3% in 2023 and

6 IMF (2023). *World Economic Outlook*. October.

will grow by 2.9% this year, with significant differences between advanced and emerging economics. The latter showed, in general, greater resilience and are undergoing a less pronounced deceleration. With regard to the euro area, forecasts indicate that growth was very weak in 2023 (0.7%; 3.3% in 2022) and will be somewhat higher in 2024 (1.2%).

In Spain, in accordance with Bank of Spain estimates, economic growth is expected to continue to slow down in 2024, from an estimated rate of 2.4% in 2023 to 1.6% (from 2.5% to 1.7%, according to the IMF). Despite this, the growth figures for Spain are more favourable than those for the euro area as a whole due to, among other factors, the lower exposure to the effects of the war in Ukraine and the good performance of the labour market and of sectors such as tourism and hospitality, or finance. After this year, growth forecasts point to figures of 1.9% in 2025 and 1.7% in 2026. Average inflation, which stood at 3.4% in 2023, would continue its downward trend, foreseeably standing at 3.3% in 2024 and 2% and 1.9% in the following two years, respectively.

Financial markets performed favourably despite this scenario of high inflation, restrictive monetary policy and uncertainty about economic developments. On the one hand, equity market share prices experienced a significant revaluation in 2023, which was more pronounced at the beginning and end of the year, since different types of uncertainties were more relevant in the middle part of the year. On the other, in fixed income markets, public and private debt yields also increased until October, when expectations about the end of the rate hike cycle became more intense and made it possible to reverse this trend.

In 2023, stock price growth was somewhat more even among European indices compared to US indices. Thus, the major European indices rallied between the 13.3% of the Euronext 100 and the 28% of the Italian Mib 30, while the FTSE 100 grew by 3.8%. Worth noting is the revaluation of 19.2% of the Eurostoxx 50, to over 4,500 points and, in Spain, the revaluation of 22.8% of the Ibex 35, which reached 10,100 points, exceeding pre-pandemic levels. In the United States, stock market indices rallied between 13.7% and 43.5% in 2023. Worth noting is the case of the Nasdaq, with a revaluation of 43.4%, due mainly to the progress of companies linked to recent developments such as artificial intelligence. The S&P 500 also reached an all-time high, growing by 24.23%, partly due to expectations about rate cuts by the Federal Reserve in 2024. In turn, the main Japanese stock market indices grew by more than 25%. So far in 2024,⁷ all indices, except the Japanese indices, fell slightly between 0.1% and 1.7%.

In the case of fixed income markets, yields on assets with different maturities performed in line with the decisions of central banks. Thus, yields on public debt assets followed an upward trend during most of 2023, as central banks increased official rates, a trend that changed in the last quarter due to expectations of a less restrictive tone of the monetary policy. In Spain, 10-year rates started the year at 3.5% and reached over 4% at the end of the third quarter. However, in the last two months they fell sharply, ending the year at 3%. An important trend observed both in Spain and in other benchmark economies is the significant flattening of rate curves due to the greater tightening of rates in the shorter terms. From the start of 2024, market expectations of possible rate cuts have been reduced in view of a

foreseeable moderate decline in activity in the main advanced economies. As a result, yields on public debt increased in the first two months of the year, partially curbing the sharp fall observed at the end of 2023. In Spain, 10-year bond yields have been above 3.2% since early February.

Yields on private debt performed similarly to those of public debt, although the increases were more significant and the decreases less pronounced. On average, promissory note issue rates showed little change almost until the third quarter and, in its final stretch, experienced very sharp rises of between 1 and 3.5 p.p. Yield on long-term private debt performed similarly to that of public debt, but with more moderate variations. Thus, in the case of 10-year private fixed income, average yield, which was close to 3.8% at the beginning of the year, increased to 4.9% at the end of the third quarter but ended the year at 4.2%.

The Spanish financial market stress indicator fell progressively during the year, with some fluctuations, recording levels close to the threshold that separates average risk from low risk (0.27) in the last quarter. A slight reduction in the level of correlation between financial segments in the second half of 2023 contributed to this decrease in the indicator. The market segments that recorded a higher stress level were the fixed income segments (both short and long term), due to the increases in interest rates and their variability.

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

The current economic and financial framework has associated risks and sources of uncertainty that may affect the CNMV's areas of interest and must be closely monitored. Some of these risks, such as that related to the high interest rates, are not new, but continue to be significant. Meanwhile, the perception of risk increased in other areas, particularly those related to technological progress and its application to the world of finance.

The maintenance of interest rates at high levels in comparison to those of recent years, despite the fall in the final stretch of 2023, entails different risks in several areas. Firstly, the risks of this scenario to households must be identified, particularly for those most indebted and for companies. Not only because of the prolonged financial effort associated to debt referenced to floating interest rates, but also because of the effect it can have on their savings and investment decisions. The impact of inflation on the actual performance of investment portfolios must also be considered, although this element is less relevant than in the previous year. Likewise, the fact that inflation may be higher than expected and economic growth lower than expected are also risks to be considered.

In relation to collective investment, an abrupt turnaround was observed in the preferences of Spanish investors in 2023, which mostly opted for fixed-income funds. The reactivation of the investment of these assets, fuelled by the attraction of higher yields, has even spread to the area of monetary funds, giving rise to a new fund of these characteristics in 2023, in contrast to the sluggishness of this vocation in recent years.⁸ Although recent data indicate that investments in Spanish

8 At 2023 year-end, monetary funds accounted for nearly 3% of total investment fund assets. Additionally, in January of this year another vehicle belonging to this category was registered.

fixed income investment funds have shifted somewhat more intensely to sovereign debt assets, the monitoring of the liquidity conditions of the portfolios of these funds will continue to be an essential aspect of the CNMV's actions.

Furthermore, **the analysis of fund portfolio duration**, which makes it possible to ascertain the sensitivity of said portfolio to increases in interest rates, reveal a decrease in this risk, which is contextually less relevant, since the increases in interest rates in 2023 were much smaller than in 2022. Finally, the current assessment of credit risk continues to be of little concern according to current data, since most of the debt assets of the fund portfolios are investment grade, although they must be closely monitored given the environment of slowing activity and rising cost of financing.

The significant increase and maintenance of interest rates at relatively high levels in comparison with the values of recent years is extendable to other, more indebted or more financially vulnerable agents or economies. For this reason, changes in balances and public debt in the most indebted areas must be monitored in order to ascertain their degree of resilience within this framework, the type of vulnerabilities most relevant to them and the possible consequences of this situation for the financial system as a whole, in general, and for the CNMV's supervision, in particular.

International geopolitical risks are another source of uncertainty to be monitored. Although financial markets were not severely impacted in 2023, these sources of uncertainty could cause shocks in raw materials markets or supply chains or entail loss of confidence of agents that could give rise to market turbulence. The management of the effects of these financial risks is especially relevant in the case of financial market infrastructures.

Challenges related to sustainable finance deserve special attention. The transition to a low-carbon economy is a long-term process that requires substantial levels of investment and in which capital markets play a key role.

Investor interest in acquiring CISs or fixed income financial instruments with ESG characteristics is reflected in Spain by the fact that assets of funds subject to Articles 8 and 9 of the CSDR Regulation account for nearly 35% of the total assets of the funds domiciled in the country, a percentage that has remained fairly stable since the end of 2022. Also, debt issues of Spanish issuers with ESG characteristics regularly reached around 10% of total fixed income issues.

The European Union is currently immersed in an ambitious legislative process, with multiple legislative pieces affecting different areas of finance, investors and entities that provide sustainable products or services. The most relevant challenges for securities regulators in terms of sustainability include, namely, promoting an appropriate assessment of assets with sustainable characteristics and adequately marketing the ESG characteristics of the products sold as such. It is especially important for investors with sustainability preferences to know and be able to compare the characteristics of these products to make the most appropriate decisions.

Risks arising from the application of technological developments continue to gain relevance. These developments, understood in a very broad sense, range from the area of crypto-assets and Fintech to cybersecurity and, more recently, the application of generative artificial intelligence to the world of finance. In general,

technological advances pose a major challenge for financial regulators and supervisors. An appropriate regulatory framework that accompanies the application of this technological development in the provision of financial services is required, in addition to changing the way in which the supervision and monitoring of the financial system and the assessment of the risks associated with these technological innovations is conducted.

Thus, for example, **in the area of crypto-assets**, the risks arise, *inter alia*, from the nature of these assets and their possible use in illegal activities within a non-existent or developing regulatory framework. At the same time, their presence in investors' portfolios and the growing interest of providers in their offering and services is undeniable (the infrastructure of the BME Clearing market was authorised last year to expand its clearing services to include bitcoin- and Ethereum-linked index futures in its offering). In addition to monitoring possible risks to the financial stability of these assets, the sector is currently at a key regulatory juncture in Europe, that of the implementation phase of the MiCA Regulation. In this case, it is essential that all market participants and authorities adequately prepare during this period prior to the full application of the Regulation.

Cybersecurity risks also stand out, particularly considering that cyberattacks appear to be growing significantly in the financial institutions sector. This risk is increased by the development of digitisation, the growing use of outsourcing and cloud-based solutions, and the growth of technology-intensive activities, such as artificial intelligence. This area, which may have important consequences – even systemic – is being regulated through the DORA Regulation, approved in December 2022 and enforceable in January 2025. The current preparatory and adaptation work carried out by entities and supervisors is key to minimising this risk.

Finally, it is worth reflecting on the challenges that the application of generative artificial intelligence may have on the world of finance. This technology has significant advantages in terms of speed and efficiency in decision-making or in the execution of some processes, and it has many applications. The most important risks identified in this area are related to the obtainment of erroneous and biased results, data protection and privacy, cybersecurity incidents, accountability for decisions made and the possible overconfidence that tools that may not have been sufficiently tested may generate in users. Thus, for example, there may be cases in which the risk assessment and investment decisions made by agents may tend to homogenise and align, increasing the known “herd behaviour”, interconnections and procyclicality of the system. Although these technologies are in a relatively early development phase, monitoring them will be essential in the medium term.

4 Regulatory context

Spain

In 2023, regulatory activity in the area of financial markets continued to be intense, although in Spain the dissolution of Parliament and the call for national elections halted the different initiatives under way. Some of these projects were resumed in the last stretch of the year and are expected to be approved in 2024.

Above all, worth noting is the approval in March 2023 of the review of the **Securities Markets and Investment Services Law**.⁹ The aim of this Law is to improve the competitiveness and attractiveness of Spanish securities markets, enhancing their corporate financing capacity, always with maximum guarantees for the investor.

Also worth noting is the subsequent approval of the **three Royal Decrees implementing** this Law, which complete the basic framework: i) the Royal Decree on the CNMV's supervisory powers,¹⁰ ii) the Royal Decree on investment firms,¹¹ and iii) the Royal Decree on financial instruments, admission to trading, registration of traded securities and market infrastructures.¹²

It should also be noted the approval of the **Royal Decree amending the Implementing Regulation of Law on Collective Investment Schemes**,¹³ with the aim of making improvements to the legal system of Spanish collective investment in order to drive their competitiveness and operation and to adapt Spanish legislation to certain aspects of European legislation.

At the end of 2023, a **Royal Decree for updating the Investment Guarantee Fund (FOGAIN)** and completing the reforms in the area of investment funds,¹⁴ which complements the new Securities Markets and Investment Services Law and all its implementing regulations, was published.

9 Law 6/2023, of 17 March, on Securities Markets and Investment Services.

10 Royal Decree 815/2023, of 8 November, implementing Law 6/2023, of 17 March, on Securities Markets and Investment Services, in relation to the official records of the CNMV, cooperation with other authorities and supervision of investment firms.

11 Royal Decree 813/2023, of 8 November, on the legal regime of investment firms and other entities that provide investment services.

12 Royal Decree 814/2023, of 8 November, on financial instruments, admission to trading, registration of marketable securities and market infrastructures.

13 Royal Decree 816/2023, of 8 November, amending the Implementing Regulation of Law 35/2003, of 4 November, on Collective Investment Schemes, approved by Royal Decree 1082/2012, of 13 July.

14 Royal Decree 1180/2023, of 27 November, amending Royal Decree 948/2001, of 3 August, on investor compensation systems, and the Implementing Regulation of Law 35/2003, of 4 November, on Collective Investment Schemes, approved by Royal Decree 1082/2012, of 13 July.

In addition to the approved regulations, worth noting are other regulatory projects that had been set aside due to the call for elections and that were resumed in the last months of the year.

Specifically, the **Draft Organic Law on equal representation of women and men in decision-making bodies**, which will facilitate the participation of women in the governing bodies of listed companies and other public interest entities. This project was approved by the Council of Ministers in December 2023 and is currently undergoing parliamentary processing.

Also, the **Draft Bill creating the independent administrative authority for the protection of financial customers** is relevant to the out-of-court settlement of conflicts between financial institutions and their customers, which has also been reactivated, to which end the second public audience process was initiated in December 2023.

Europe

Regulatory output continues to be very high. Among the legislative initiatives to be highlighted, in January 2023 the **Digital Operational Resilience Act of the financial sector (DORA)**¹⁵ entered into force, which will apply from January 2025. This regulation establishes unified security requirements for financial institution networks and information systems.

Furthermore, in June 2023 the **Markets in Crypto-Assets Regulation (MiCA)**¹⁶ was published, which will apply from December 2024. The provisions relative to asset-referenced tokens and electronic money tokens will be applied as of June 2024. This Regulation will serve as a harmonised framework in the European Union for the issuance and provision of crypto-asset-related services and will guarantee proper market operation and integrity, while ensuring investor protection and financial stability.

Besides, during the year significant progress was made on the initiatives envisaged in the **Capital Markets Union Action Plan**, many of which have been completed or are expected to be completed in the first months of 2024. Most of these initiatives were negotiated under Spain's Presidency of the Council of the European Union, which took place in the second half of 2023. During this period, the CNMV intensified its collaboration with the General Secretariat of the Treasury and International Financing, in the exercise of its advisory function to the government and, more specifically, to the Ministry of Economy, Trade and Enterprise.

15 Regulation (EU) 2022/2554 of the European Parliament and of the Council, of 14 December, on the operational resilience of 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.

16 Regulation (EU) 2023/1114 of the European Parliament and of the Council, of 31 May, on crypto-asset markets, and amending Regulations (EU) No. 1093/2010 and (EU) No. 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937.

- In March 2023, the **Regulation of European Long-Term Investment Funds (ELTIF)**¹⁷ was published in the *Official Journal of the European Union (OJEU)*, which is applicable since January 2024 and is aimed at increasing the attractiveness of these funds and facilitating access to them by small investors.
- In July 2023, co-legislators announced a provisional agreement on the reform of the Alternative Investment Fund Managers Directive (AIFMD) and the Directive on undertakings for collective investment in transferable securities (UCITS) with the aim of improving the availability of liquidity management tools to managers for addressing potential crises, harmonising rules relative to loan funds (debt funds) to facilitate the granting of loans to the real economy and new rules for delegating to third parties. Also, measures for sharing data and improving cooperation between authorities have been incorporated and new measures for identifying undue costs in funds adopted. They are expected to be definitively approved in the first quarter of 2024.
- Another regulatory proposal nearing completion of the legislative process, after having reached a political agreement in June 2023, is the review of the **Markets in Financial Instruments Directive and Regulation (MiFID/MiFIR)** which, among other changes, establishes the framework for a consolidated tape of European trade and post-trade data, thereby increasing market transparency, and the prohibition, with certain exceptions, of payment for order flow.
- At the end of 2023, the **Regulation establishing the European Single Access Point (ESAP)**¹⁸ was published in the *OJEU*, a platform managed by ESMA where any person can access financial and sustainability information published by companies pursuant to various European directives and regulations. Information will be incorporated into this platform in different phases between 2027 and 2030, and its implementation will be very important to the CNMV since, as a competent authority, it will be one of the bodies in charge of receiving certain information from entities for incorporation into the ESAP.
- Another relevant initiative is the so-called **Listing Act**. The negotiating mandate of this legislative package, which aims to make it easier and more affordable for companies to go public without compromising market integrity and investor protection, was agreed upon by the Council of the European Union in June 2023. On 1 February 2024, the European Parliament and the Council reached a provisional agreement on this case file.
- Significant progress was also made on the proposal for the **review of the European Market Infrastructure Regulation (EMIR)**, put forward by the European Commission in December 2022. The purpose of this review is to improve the EU's clearing services, making them more attractive and resilient,

17 Regulation (EU) 2023/606 of the European Parliament and of the Council, of 15 March, amending Regulation (EU) 2015/760 on the requirements relative to investment policies and operating conditions of European long-term investment funds and the scope of eligible investment assets, requirements in relation to portfolio composition and diversification and the borrowing of cash and other fund rules.

18 Regulation (EU) 2023/2859 of the European Parliament and of the Council, of 13 December, establishing a European single access point providing centralised access to publicly available information of relevance to financial services, capital markets and sustainability.

support the EU's strategic autonomy and preserve its financial stability. In December 2023, the Council adopted its mandate to initiate negotiations with the European Parliament. As a result of said negotiations, the European Council and the Parliament reached a provisional political agreement on 7 February 2024.

- Finally, as part of the initiatives for the Capital Markets Union, in May 2023 the European Commission published the **Retail Investment Strategy**, whose main aim is to increase the protection and training of retail investors, so they can make investment decisions aligned with their needs and preferences, thereby guaranteeing that they are treated fairly and adequately.

This legislative package contains various measures on disclosure of information, new requirements for advisors, classification of investors, receipt of inducements, value obtained by investors for their money (value for money) and improvement in financial education. The proposal was discussed by the Member States at the Council of the European Union's financial services working group. However, its complexity and the diversity of matters it encompasses make it necessary to continue the discussion in 2024.

As regards the **regulation on sustainable finance**, European legislative activity continued to be intense.

- In January 2023, the **Corporate Sustainability Information Reporting Directive (CSRD)**,¹⁹ which requires companies to publish detailed sustainability-related information, entered into force, which will reinforce transparency and facilitate the comparability of the information and transition towards a sustainable economy. This Directive must be transposed into Spanish law by 6 July 2024 and will be applied in several phases, the first of which will begin on 1 January 2024 (issuers that are large companies or parents of a large group and that exceed an average number of 500 employees).
- In July 2023, the European Commission adopted the first set of **European Sustainability Reporting Standards (ESRS)** for use by all companies subject to the CSRD Directive, bringing the EU's new corporate sustainability reporting system one step closer.
- Also, in June 2023 the European Commission launched a new package of measures to continue building the sustainable finance framework. This package intended to add new activities to the Taxonomy Regulation²⁰ and new standards were proposed for ESG rating providers.
 - Thus, on the one hand, in November 2023 the **Delegated Regulation**²¹ **defining the technical screening criteria for four environmental objectives of**

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

20 Regulation (EU) 2020/852 of the European Parliament and of the Council, of 18 June, on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (Taxonomy Regulation).

21 Commission Delegated Regulation (EU) 2023/2486, of 27 June, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for

the **Taxonomy Regulation** was published: i) the sustainable use and protection of water and marine resources, ii) the transition to a circular economy, iii) pollution prevention and control, and iv) the protection and restoration of biodiversity and ecosystems.

- Also, the **amendment of the Delegated Climate Regulation**²² broadens the technical screening criteria of the climate change mitigation objectives and adaptation thereto. Its purpose is to extend the scope of the eligible activities under the taxonomy to the transport and manufacturing industry sectors.
 - On the other hand, the **Proposal for a Regulation on environmental, social and governance (ESG) ratings** establishes new organisational requirements and rules for preventing conflicts of interest for providers offering services to investors and companies in the EU, which shall be authorised and supervised by ESMA. The European Council and the Parliament reached an agreement at the start of February 2024. It is not expected to enter into force before 18 months.
- In November 2023, the **Green Bond Regulation**²³ was published in the *OJEU*, which lays down the basis of a common framework relative to the use of the so-called “European green bond” or “EuGB” for bonds pursuing environmentally sustainable objectives, which will apply from December 2024.

As part of the EU sustainable finance framework, the Green Bond Regulation establishes a voluntary classification system with criteria for economic activities aligned with the achievement of net zero emissions by 2050, in addition to broader environmental objectives in line with the Taxonomy Regulation. Thus, all companies and entities that opt for using the standard to market a green bond must disclose information on the full allocation of its proceeds pursuant to taxonomy requirements (with a maximum flexibility margin of 15%) and how those investments are incorporated into companies’ transition plans.

- Finally, as regards the **Corporate Sustainability Due Diligence Directive**, the European Council and the Parliament reached a provisional agreement in December 2023. This Directive aims to improve the protection of the environment and human rights within the EU and beyond through obligations on

determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives, and amending Delegated Regulation (EU) 2021/2178 of the Commission on specific public disclosures for those economic activities.

- 22 Commission Delegated Regulation (EU) 2023/2485, of 27 June, amending Delegated Regulation (EU) 2021/2139 establishing additional technical screening criteria for determining the conditions under which certain economic activities qualify as contributing substantially to climate change mitigation or climate change adaptation and for determining whether those activities cause no significant harm to any of the other environmental objectives.
- 23 Regulation (EU) 2023/2631 of the European Parliament and of the Council, of 22 November, on European green bonds and the disclosure of optional information on bonds marketed as environmentally sustainable bonds and for sustainability-linked bonds.

large companies to identify and prevent, and put an end to or mitigate the adverse effects of their activities on human rights and the environment, with special attention to supply chains. The Directive makes it mandatory for companies to adopt and implement a transition plan, in line with the objective of the Paris Agreement to limit the increase in global temperature to 1.5°C.

Additionally, it should be noted that European elections will be held between 6 and 9 June 2024 in which Members of the European Parliament will be elected, which could affect the legislative projects under way.

5 Strategic areas 2023-2024

The CNMV has defined five strategic areas for the period 2023-2024 with the aim of addressing new challenges that may arise. Based on these strategic areas, the annual activity plans are prepared, which contain the specific objectives that make it possible to progress in their achievement.

Rigorous supervision of securities markets, with special attention to financial stability

Faced with the challenges of the environment, and especially in times of high uncertainty, one of the main strategic objectives of the CNMV is to reinforce the rigorous supervision of securities markets. By doing so, the CNMV seeks to guarantee their orderly operation and adequate price formation, thereby contributing to the integrity and stability of the financial system and supporting economic growth. Protecting financial stability, in turn, helps to make securities markets more robust and competitive and, ultimately, bolsters investor confidence.

The intensification of current geopolitical events may accentuate the turbulence in financial markets, making it necessary to continue to monitor the risks, such as those arising from the energy crisis facing the EU and paying special attention to potential new emerging risks in an environment of high interest rates and realignment of positions. In this context, the CNMV **will reinforce 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 mitigating measures. To this end, the use of different data-driven analytical tools that will help to build **systemic market risk indicators** will be analysed.

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

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 their continuity and contingency plans and the quality and sufficiency of the guarantees and collaterals required**. The segment relating to energy derivative contracts will continue to be monitored.

Similarly, considering the current environment, resources will be allocated to enhance the supervision of **investment service providers**, which enables the early

identification of those that may present difficulties, paying close attention 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 and risks associated with possible leverage, which may arise in a scenario such as the current one, with high uncertainty and rising 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 standpoint 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

Significant advances have been made in investor protection through regulatory developments and supervisory actions. However, the current changing environment and technological innovations create new challenges in this priority area for the CNMV.

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 regard and will continue to promote the necessary alliances and collaborations.

In a context of high interest rates and steep inflation, high stock market volatility 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 they need to manage their finances in a responsible and informed manner. Furthermore, this objective gains relevance in the face of the proliferation of online platforms that offer a wide variety of financial products, in many cases on a cross-border basis, and the increasingly widespread use of social networks as a high-impact information and advertising channel, aimed at all investors, but especially at young investors.

For this reason, and following the path marked years ago, **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 Economy, Trade and Enterprise. 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 highlight the aspect of **investor protection in their interaction with financial intermediaries** and will ensure that the design and marketing of investment products and services are carried out in customers' best interests, avoiding potential conflicts of interest and realistically explaining their characteristics, such as, for example, the ESG factors 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. 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.

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 CNMV will continue to warn about high-risk investments such as crypto-assets and, where appropriate, other intervention measures will be evaluated. Along the same lines, detection and warnings about financial boiler rooms and unlawful advertising that conveys 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 to the strategic debates at the national level and will try to position itself as an influential authority in international forums. This requires continuing to dedicate 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 and transition to a sustainable economy

The CNMV will redouble 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.

This transition requires significant participation from capital markets, which will be promoted through different initiatives both at the national and European level. An example of this includes actions aimed at expediting authorisation procedures for various types of entities or those intended at promoting the participation of issuing companies in the market, in addition to those aimed at channeling investment through professionalised management (promoting collective investment vehicles).

The European Union's Retail Investment Strategy package, as part of its Capital Markets Union action plan, also aims to promote the participation of retail investors in capital markets by remedying certain deficiencies detected in the current regulatory framework, in order to boost their confidence and ability to make financial decisions. Added to all this is the "Capital markets for a vibrant and sustainable Spanish economy and corporate sector" project being developed by the Organisation for Economic Co-operation and Development (OECD) at the request of the CNMV, with the financial support of the European Commission, and the monitoring and support of the Ministry of Economy, Trade and Enterprise, through the General Secretariat of the Treasury and International Financing. This project aims to put forward a series of proposals to stimulate access to Spanish capital markets, particularly equity markets, in order to enable the Spanish economy to address the future investment needs arising from the transition to a sustainable economic model.

As proof of the CNMV's commitment to the transition towards a more sustainable economic and financial model and, given its cross-cutting 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 which, in turn, is understandable and proportionate. Attention will be paid to the development of the collective investment sector and the implementation of the new regulation, identifying areas for improvement and maintaining an open and fluid dialogue with the main players. Also, **supervision of sustainability information by listed companies will be strengthened** and the dissemination and monitoring of future reports on sustainability derived from the new European framework will be encouraged.

One of the cross-cutting priorities will be to identify and monitor **possible greenwashing practices** in the various parts of the value chain, as well as to prevent them by providing the market with guidance and criteria and establishing clear expectations regarding supervision. The development and progress achieved in this budding market provide 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 the European level.

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

Innovation and new technologies are shaping capital markets with the development of new products and 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 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 within the sandbox regulatory framework (controlled testing space) and will help the sector to prepare for the new European regulations.

In 2023 various projects related to Regulation (EU) 2022/858 on a pilot regime for market infrastructures based on distributed ledger technology, which entered into force on 23 March 2023, were promoted in the sandbox. This interaction between the CNMV and the promoters facilitated the implementation of this Regulation, which clearly promotes this technology and seeks to improve the operation of financial markets in terms of efficiency, transparency and competitiveness.

Especially relevant will be the entry into application of the **MiCA Regulation** in December 2024, whose purpose is to regulate the issuance of crypto-assets and the entities that offer services related to them. This Regulation will force the establishment of a new supervisory framework for these products that must be applied with a **homogeneous supervisory approach at the European level**. Also, **the attention paid to risks arising outside the CNMV's powers should be intensified**, such as in the provision of cross-border services or services which are intentionally designed to circumvent supervision, which will require collaboration with other supervisors. While the complete regulatory framework is built, the CNMV will continue with its policy of issuing warnings and alerts about the control of advertising and the risks of these products, which will still not be regulated or supervised in 2024.

Internally, **the digital transformation of the CNMV will continue to be promoted**, strengthening the area of technology and cybersecurity for the purpose of improving the institution's supervisory capabilities. To this end, the CNMV will carry out a detailed task of identifying and developing initiatives and assessing the digital transformation process. In 2023, analysts specialising in data analysis were incorporated and, in 2024, with the advice of external experts, work will continue on the development of a data inventory and on the definition of a data governance and operating model. Finally, attention will be paid to **cybersecurity risks** and the adaptation to future European regulations contained in the **DORA Regulation**, which will apply from 17 January 2025, to the main players in the financial system and, therefore, to the entities and infrastructures under the CNMV's supervision. Furthermore, the CNMV intends to explore developments in **artificial intelligence** from a dual perspective. On the one hand, the CNMV will study its use in the area of finance and the challenges it poses to supervision and, in the context of the sandbox, will analyse use cases of the application of generative artificial intelligence in investment services. On the other hand, the CNMV will assess the possible uses of artificial intelligence to improve the institution's processes and procedures.

Supervisor that is 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 investor protection dimension, placing emphasis on new non-professional investors. The CNMV must be an open, approachable 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 the findings of the studies on the perception of the CNMV's

operations conducted in recent years, which have revealed that the institution enjoys a very good reputation and institutional image, but that public outreach and its impact capacity could be improved.

In order to reinforce this knowledge about the CNMV and the role it plays, **institutional communication must be strengthened** in different areas. On the one hand, increasing the visibility and knowledge of the CNMV's supervisory role. To this end, an effort will be made to clearly and simply inform the general public of 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 investor protection.

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

Similarly, **information for which the CNMV is the primary source** should be **made more accessible and useful** to the general public (both professionals and retail investors), because it is the institution that receives or prepares it, in addition to 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 events 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 securities markets.

These actions will be reinforced in the context of regulatory changes by holding meetings and conferences of interest, such as those held in 2023.

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

In short, the validity of **the strategic areas defined for the period 2023-2024** is confirmed, taking into account the economic-financial and regulatory environment forecast for 2024 and the development observed in 2023, although the action and supervision priorities will be reinforced in certain aspects:

- **Investor protection**, especially retail investors. In a scenario of inflation and interest rates above the average of the years prior to the change in cycle and the increase in contributions to fixed income funds and monetary funds by investors, the CNMV will focus on **ensuring that the risks associated with fixed income products and the impact of inflation on actual returns are clearly warned when marketing these products**. The CNMV will report the effects of rate changes or potential losses that could occur in the event of early redemptions before maturity.
- **In relation to sustainable finance**, it is deemed necessary to **intensify the level of supervision** in order to ensure the proper incorporation of sustainability in the financial sector and address any potential changes in investor preferences. Moreover, the reliability and comparability of the available information and related education must be strengthened to mitigate the risk of greenwashing.
- Finally, the deployment of regulations on the digital finance package poses additional challenges to the CNMV, which will be obliged to develop **new supervisory competencies** arising from the Markets in Crypto-Assets Regulation (MiCA) and the Digital Operational Resilience Regulation (DORA). In relation to these new Regulations, it will be important to **actively participate in the preparation of the necessary regulatory developments and in their homogeneous implementation** by supervisory authorities across the EU. It will also be crucial to ensure **interaction with the sector** that facilitates preparation for the effective application of these Regulations. Furthermore, **attention to risks arising from this type of assets** will be maintained, continuing with the policy of issuing warnings and alerts on the risks of these products and controlling their publicity.
- Similarly, the recent application of Regulation (EU) 2022/858 on a **pilot regime for market infrastructures based on distributed ledger technology (DLT)** will require the CNMV to pay special attention to ensuring that it is fully adopted by the sector and to the authorisation processes arising from this Regulation.

6 Objectives for 2024

6.1 CNMV's operational improvements

Staff-related measures

The CNMV plans to continue its efforts to prepare for the forthcoming entry into application of the DORA Regulation in 2025. In addition to the envisaged incorporations of new analysts, the CNMV will reinforce its employee training plans in 2024. In particular, **specialised training will be provided to staff who will be in charge of supervising the requirements established in the DORA Regulation** so they can acquire the necessary knowledge and skills, including workshops on technology risk supervisory practices.

Further training is also required in relation to the MiCA Regulation. This Regulation is complex due to its technological components and is based on new, rapidly changing business models and financial proposals. In 2023, general training was offered to all the CNMV's technical staff, due to which in 2024 **specific and intensive training in crypto-assets and the MiCA Regulation will be provided** to the analysts who will be responsible for supervising the different areas of this Regulation. To this end, a specific, long-term internal schedule will be organised with the aim of exploring these topics in depth for the future supervision of crypto-asset markets and service providers (CASP) by the CNMV.

In parallel, workshops will be organised with the sector to achieve practical training in the application of the MiCA Regulation, which will give the CNMV insight into the operation of CASPs, in addition to crypto-asset issuance processes and the different business models.

CNMV's operational improvements

TABLE 1

	Initiative
Staff-related measures	Specialised training of CNMV staff on cybersecurity and DORA
	Specific and intensive training of CNMV staff in crypto-assets and MiCA

6.2 Market supervision

Financial information

In line with the European common enforcement priorities for 2023 annual financial reports by ESMA and considering the current macroeconomic situation, in 2024 the CNMV will carry out an **assessment of fair value measurements and uncertainties associated with investment properties and financial instruments**. To this end, the methodologies and data used to measure the book value of the most significant assets of listed entities subject to substantive review will be analysed. The results will be published in the Annual report on the supervision of financial information for 2023.

Furthermore, **CNMV Circular 3/2018, on intermediate financial information of entities with securities admitted to trading in regulated markets²⁴ will be amended** with the aim of improving the compatibility of the current format with the European Single Electronic Format of the annual financial report. Thus, standardised models of financial statements that enable their analysis, the publication of statistics and more agile supervision of the financial information will be available. Additionally, insurance company models will be adapted to the changes arising from the entry into force of IFRS 17 (Insurance Contracts) and to the potential amendments made to Circular 4/2017, of 27 November, of the Bank of Spain.

The publication of the amendment to Circular 3/2018 will depend on the completion of the corresponding regulatory developments in the model for financial institutions, in particular, insurance companies.

Furthermore, in the fourth quarter of 2024 **a report will be published on the disclosures from credit institutions and insurance companies required by Article 8 of the Taxonomy Regulation**. It shall include information on the 2023 financial year relative to the characteristics and degree of eligibility and alignment with the taxonomy of the activities of financial institutions, based on the green asset ratio (or GAR).

DLT market infrastructure pilot regime

Projects related to the market infrastructure pilot regime based on distributed ledger technology (DLT) are under way in the sandbox, which has enabled promoters and the CNMV to collaborate in the preparation of the documentation and performance of specific tests. This preliminary work will be useful for carrying out formal processes for managing official applications for **authorisations of new DLT market infrastructures filed in 2024**.

²⁴ CNMV Circular 3/2018, of 28 June, on periodic information of issuers of securities admitted to trading in regulated markets relative to half-yearly financial reports, intermediate management statements and, as appropriate, quarterly financial reports.

The MiCA Regulation will be applicable in December 2024, after which crypto-asset service providers (CASP) can be authorised. The list of activities that can be carried out envisages the operation of a crypto-asset trading platform, such that, once authorised, the CNMV would exercise the functions relative to market abuse in the trading of crypto-assets subject to said Regulation. Therefore, in 2024 the CNMV will start **preparing for the implementation of the MiCA Regulation in market trading services.**

Furthermore, the procedure for **managing the receipt of documentation required for issuing crypto-assets pursuant to the MiCA Regulation** will be implemented. The application of this Regulation will mean that the CNMV will receive documents (crypto-asset white papers) containing the mandatory disclosures on issuances or admissions to trading of certain types of crypto-assets, together with a series of additional documents that must be reported and submitted to ESMA and to the competent authorities of the Member States where they will be offered or admitted to trading. The CNMV will develop a computer application for managing this documentation, both its internal receipt and management and its submission to the corresponding authorities.

Market supervision

In order to ensure compliance with DORA Regulation, which will be applicable in January 2025, the CNMV will verify the preparation of critical market infrastructures in accordance with the requirements established in this Regulation. Specifically, it will carry out a specific supervisory activity to assess the degree of preparation of these trading and post-trading infrastructures, and identify areas that require analysis.

As a result, a report will be prepared with the conclusions and possible recommendations detailing the degree of maturity in each of the five pillars of the DORA Regulation: ICT risk management, ICT incident management, operational resilience tests, information and intelligence on cyberthreats and third-party risk management.

In addition, another objective established for 2024 is to draft a **resolution of the CNMV on amendments to markets internal regulations** envisaged in articles 57 and 68 of the Securities Markets and Investment Services Law, to ensure that markets know beforehand what changes in internal regulations are considered of scant relevance and which, on the contrary, require prior consultation for the CNMV to determine the need for authorisation.

Central counterparty (CCP)

In the context of the assumption by the CNMV of new competencies in relation to the recovery and resolution of central counterparties (CCPs), **procedures will be defined for the recovery or resolution of these CCPs and a simulation exercise will be conducted** that will make it possible to test the CNMV's procedures and capabilities as supervisor and resolution authority. This exercise will make it possible to test operating and governance aspects and aspects inherent to the

execution of a resolution scheme, such as the declaration of “fail or likely to fail”, the assessment of public interest and the selection and implementation of the resolution tool, in addition to identifying areas for improvement.

Furthermore, **communication with the CCP members and market participants in relation to preparation for crisis management will be enhanced**, reinforcing the dissemination of the work carried out by the CNMV in the area of recovery and resolution, by the college of resolution authorities and the coordination mechanisms in situations of financial crisis. To this end, the following actions will be taken:

- Organisation of a conference-seminar on the progress in the implementation of the regulation and mechanisms for coordination between the relevant resolution authorities, including those of the CCP and clearing members.
- Creation of a specific section on the CNMV’s website for the dissemination of relevant information in this regard.

Supervision of benchmark indices

In 2024 the CNMV will participate in the ESMA’s Common Supervisory Action on the sustainability of benchmark indices so that, under the coordination of said body, the disclosure obligations of benchmark indices related to sustainability will be reviewed. This review will be focused on significant indices and ESG indices, and will be carried out in two phases: first, information will be requested from the index administrators and, second, the disclosure methodologies and obligations of the selected indices will be analysed.

Market supervision

TABLE 2

	Initiative
Financial information	Assessment of fair value measurements and uncertainties associated with investments properties and financial instruments
	Amendment to Circular 3/2018 on intermediate financial information of entities with securities admitted to trading in regulated markets
	Report on the disclosures required from credit institutions and insurance companies under Article 8 of the Taxonomy Regulation
DLT market infrastructure pilot regime	Authorisations of new DLT market infrastructures
Preparation of market infrastructures for MiCA implementation	Preparation for the implementation of MiCA in market trading services
	Management of documentation required for issuing crypto-assets pursuant to the MiCA Regulation
Market supervision	Verification of the preparation of critical market infrastructures in compliance with DORA
	CNMV resolution on amendments to markets internal regulations

	Initiative
Central counterparty (CCP)	Definition and simulation of CCP recovery or resolution procedures
	Increase in communication with CCP members and market participants in relation to preparation for crisis management
Supervision of benchmark indices	Participation in ESMA's Common Supervisory Action on the sustainability of benchmark indices

6.3 Supervision of financial intermediaries

Preparation of intermediaries for MiCA implementation

The CNMV will promote **interaction with the sector to anticipate its interest in providing crypto-asset services under MiCA**, in order to plan the entry into application of this Regulation. In this respect, a request for information will be sent to all the entities registered in the register of virtual-to-fiat currency exchange and electronic wallet custodian service providers, in addition to other entities potentially interested in providing crypto-asset-related services, including entities supervised by the CNMV, with the aim of determining their interest and the type of investment and custodian services they plan to offer.

Furthermore, guidelines for processing the corresponding requests will be sent in a timely manner in order to expedite the procedures to enable the fastest possible application, and a **manual on processes for the authorisation and registration of crypto-asset-related services** will be created with the aim of facilitating said authorisation process and providing applicants with a guide to documentation and information requirements.

Finally, **the information to be submitted to the CNMV on the crypto-asset-related activity** carried out by supervised entities and new service providers (CASP) via standardised data exchange files or, as appropriate, through a Circular will be defined.

Preparation of intermediaries for DORA implementation

Recommendations to the sector or guidelines to facilitate adaptation to the DORA Regulation and compliance therewith will be prepared based on the findings obtained by the questionnaire addressed to IFs and managers to assess the degree of preparation for this Regulation and in coordination with similar work carried out by other financial supervisors.

Furthermore, the **process for reporting and managing cybersecurity incidents** by entities pursuant to the DORA Regulation will also be implemented. With the application of the Regulation from 17 January 2025, financial institutions supervised by the CNMV will be obliged to report any serious incidents related to ICTs and may also voluntarily notify relevant major cyberthreats. Also, the Regulation establishes the CNMV's responsibility to distribute certain information to other authorities (ESMA, other Spanish CSIRTs²⁵ such as INCIBE, etc.).

Orderly trading in markets and financial stability

The CNMV will analyse the use of artificial intelligence in algorithmic trading. Specifically, it will supervise entities that use this type of trading with the aim of understanding the use of new artificial intelligence techniques in Spanish markets. This will also contribute to identify whether certain artificial intelligence techniques pose new risks or aggravate current risks to entities and to the system as a whole.

Boosting supervisory activity

In 2024 a work schedule for the supervisory review and evaluation process (SREP) will be prepared and SREP of IFs will commence. First, a supervision scheme will be defined for the SREP of Spanish IFs and the work schedule will be prepared in accordance with the content of the guidelines of the European Banking Authority (EBA) on common SREP procedures and methodologies²⁶ adopted by the CNMV. Second, the first SREP will be carried out on a Spanish IF.

Additionally, Circular 11/2008 on statements of confidential information of venture capital firms will be amended²⁷ to adapt them to the most recent legislative changes. This includes preparing statements of confidential information of European long-term investment funds (ELTIF) in such a manner as to enable their adequate supervision after the entry into force of Regulation (EU) 2023/606²⁸ in January 2024, which grants these vehicles greater flexibility and increases the opportunities of marketing these products to retail investors.

Furthermore, compliance with the CNMV Resolution on intervention measures in the marketing of financial contracts for differences (CFD)²⁹ to retail investors will be monitored, with the aim of ensuring effective compliance with the limitations established in said resolution and publishing supervisory criteria when deemed necessary.

Horizontal reviews

The CNMV will participate in ESMA's Common Supervisory Action on the assessment of sustainability preferences of customers of credit institutions and investment firms. The CNMV will analyse, inter alia, how entities gather information about their customers' sustainability preferences and how the appropriateness of

26 Under Directive (EU) 2019/2034 of the European Parliament and of the Council, of 17 November, on the prudential supervision of investment firms, and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU.

27 CNMV Circular 11/2008, of 30 December, on accounting standards, annual financial statements, and statements of confidential information of venture capital firms.

28 Regulation (EU) 2023/606 of the European Parliament and of the Council, of 15 March, amending Regulation (EU) 2015/760, on the requirements relative to investment policies and operating conditions of European long-term investment funds and the scope of eligible investment assets, requirements in relation to portfolio composition and diversification and the borrowing of cash and other fund rules.

29 CNMV Resolution, of 11 July 2023, on intervention measures for products related to financial contracts for differences and other leveraged products.

the investments is ensured. In addition to the applicable MiFID II Regulation, the guidelines published by ESMA in this regard will be used as a reference.

Additionally, continuing the line of work followed in 2023, **the commercial communications on sustainability issues that collective investment scheme management companies (CISMC) and closed-ended investment scheme management companies (SGEIC) publish on their websites will be analysed.** This analysis will encompass all management companies, not only those that manage sustainable funds, and will include web scraping techniques.

Finally, it should be noted that, since 2023, the CNMV has assumed certain anti-money laundering supervisory competencies, which are laid down in an agreement with the Commission for the Prevention of Money Laundering and Monetary Offences. In order to exercise such competencies, a specific unit has been created in the CNMV which, in 2024, will be in charge of **reviewing the obligation of assessing money laundering risk by obliged entities.** This action will be aimed at obliged entities with greater supervisory risk in this area, for the purpose of analysing compliance with the obligation of having an updated analysis of money laundering risks, given that it constitutes the basis for establishing an effective prevention system.

Once concluded, the main findings and recommendations will be transmitted to all obliged entities whose prudential supervision is carried out by the CNMV through an individual or public communication.

Supervision of financial intermediaries

TABLE 3

	Initiative
Preparation of intermediaries for MiCA implementation	Interaction with the sector to anticipate interest in the provision of crypto-asset-related services pursuant to MiCA
	Manual on processes for the authorisation and registration of crypto-asset investment service providers
	Definition of information on the crypto-asset activity of the supervised entities
Preparation of intermediaries for DORA implementation	Recommendations to the sector for compliance with DORA
	Communication and management of cybersecurity incidents
Orderly trading in markets and financial stability	Analysis of the use of artificial intelligence in algorithmic trading
Boosting supervisory activity	Preparation of the work schedule for the supervisory review and evaluation process (SREP) and start of the SREP of IFs
	Amendment to Circular 11/2008 on statements of confidential information of venture capital firms
	Monitoring of compliance with the CNMV Resolution on intervention measures in the marketing of CFDs to retail investors
Horizontal reviews	Participation in ESMA's Common Supervisory Action on the assessment of sustainability preferences
	Analysis of commercial communications on sustainability issues on the websites of CISMCs and SGEICs.
	Review of the obligation of assessing money laundering risk by obliged entities.

6.4 Relations with investors and other stakeholders

Fintech

In 2024 **the content of the CNMV's Fintech Portal will be reviewed**. Among other aspects, the Q&A document will be updated to include changes arising from the most recent regulatory developments.

Sustainable finance

The corporate governance regulation that affects supervised entities requires establishing appropriate mechanisms for stimulating diversity in governing bodies and in the recruitment and remuneration policies. In this connection, the CNMV will **analyse the presence of women in the governing bodies of supervised entities** including, inter alia, of CISMCS, IFs and market infrastructures.

Financial education

Fulfilling its commitment to contribute to improving financial culture in 2024, the CNMV, within the framework of the Financial Education Plan, will **adapt the school schedule to the joint framework of financial competencies of the EU and OECD and will promote the dissemination of said framework** as a national benchmark for what children and young people should know about finance.

The dissemination will be carried out through outreach actions such as videos, posts, etc., and through activities aimed at the educational community – Departments of Education, education associations and teachers' associations, among others.

Also, considering the findings of the Financial Competences Survey published in 2023 and in order to promote securities markets and publicise the CNMV, **specific outreach actions will be carried out on the main investment products**, including ESG products. Specifically, podcasts will be produced on fixed income, equity and investment funds, among other initiatives.

Furthermore, with the aim of **disseminating the main aspects of the MiCA Regulation that are of greatest interest to investors**, a practical guide and other training and information resources will be developed that will inform them of the implications of the entry into force of this Regulation.

Studies

Continuing the work of previous years, the CNMV will carry out various studies related to aspects of the securities market.

First, for the case of Spain, **new public risk indicators will be developed using EMIR information** and the methodology developed within ESMA in recent years (*EMIR Statistics and Risk Indicators Manual*). These indicators will show different aggregates over time by type of asset, contract and currency, inter alia, in addition to market concentration indicators and counterparty data.

Second, after seven years using the methodology, the **procedure for calculating the securities market stress indicator will be reviewed** in order to, inter alia, examine the convenience of incorporating new sectoral indicators. The ultimate objective is to reinforce the monitoring of dynamics related to financial stability.

Additionally, as a continuation of the publication of the interactive secondary market dashboards, which include a selection of relevant metrics of equity and fixed income markets, **these dashboards will be extended to derivatives markets and their participants**, with a selection of significant metrics that facilitate their monitoring and increase their transparency.

Finally, a **study on the evolution, current situation and prospects of so-called “private finance”** in Spain will be carried out. The study, which includes private equity and private debt, will analyse the main factors that have contributed to the evolution of these forms of investment and financing to companies worldwide, with emphasis on their evolution in Spain in comparison to their development in Europe and the rest of the world. It will also address the main challenges that private finance may pose to financial stability and market integrity, in particular, in relation to public markets and their participants.

Outreach actions of the services offered by the CNMV

On the occasion of the forthcoming notices of competitive examinations to fill the 76 posts allocated to the CNMV in the public employment offer for 2023, it was deemed relevant to carry out **actions to reinforce the talent attraction programme**, such as participating in employment forums held at universities, professional associations and training centres. Furthermore, knowledge and visibility of the CNMV will be promoted at universities, business schools and professional associations through meetings and conferences where its different areas of activity and strategic objectives will be explained.

Improvement in communication

The CNMV will pay close attention to the application of the principles of **clear, simple and understandable communication** to the documents it uses in its relations with investors and the general public. It will also change and improve their design and accessibility to facilitate their use by the recipients. As a result, the language and the documents will be easier to understand by the recipients, thereby improving their effectiveness and facilitating the public's right to understand, an objective promoted by multilateral organisations and public institutions around the world.

Priority will be given to documents, forms and communications aimed at retail investors, in addition to the relevant publications. Similarly, some designs and formats of documents and publications disseminated by the CNMV will also be renewed.

Financial Fraud Action Plan (FFAP)

Two actions are planned within the framework of the Financial Fraud Action Plan (FFAP), promoted by the CNMV. First, in view of the concerns about the increase and consequences of fraud for investors and the financial sector, a **survey on perception and impact of financial fraud will be conducted** with the aim of obtaining useful data on the phenomenon to develop more effective actions. In the course of the FFAP's work, the difficulty to unify and exploit fraud-related data from the different public and private institutions, each in their field of action, was observed. Neither is there a broad image of financial fraud methods and modalities or the modus operandi of fraudsters.

Second, a **single point of access to information on financial fraud will be designed and created**, which will include all the relevant information jointly provided by FFAP member entities. This single point of access to information will be online and accessible to all investors, in turn reinforcing the collaboration of the member entities.

Investors

Circular 1/2022 relative to the advertising of crypto-assets³⁰ will be reviewed with the aim of making the necessary adaptations arising from the supervisory experience of recent years and the entry into application of the MiCA Regulation, among other aspects.

Collaboration with other bodies

The CNMV will organise the **general assembly of the Association of National Numbering Agencies (ANNA)**, which will take place in June 2024 in Madrid. In addition, in this context workshops will be held on practical topics and matters of interest to the international financial system.

CNMV's anniversary

On the occasion of the CNMV's 35th anniversary, a **commemorative event will be organised** in which the most current trends in the area of securities markets and investor protection will be discussed.

CNMV regional offices

With the aim of achieving a closer approach to the sector, in 2023 rounds of individual meetings were initiated between the CNMV and supervised entities whose operational headquarters are located within the area of influence of the CNMV's regional offices (Barcelona and Bilbao). In Barcelona, given the large number of entities, a first phase was initiated with CISMCS and SGEICs. In 2024, the **second phase of the round of meetings with investment firms and crowdfunding services providers** will take place.

30 CNMV Circular 1/2022, of 10 January, on the advertising of crypto-assets presented as investment objects.

	Initiative
Fintech	Review of Fintech Portal contents
Sustainable finance	Analysis of the presence of women in the governing bodies of supervised entities
Financial education	Adaptation and dissemination of the joint EU-OECD financial competence framework
	Outreach actions on the main investment products
	Dissemination of the main aspects of MiCA of interest to investors
Studies	Development of new public risk indicators using EMIR information
	Review of the procedure for calculating the market stress indicator
	Extension of dashboards to derivatives markets and their participants
	Study on the evolution, current situation and prospects of private finance in Spain
Outreach actions of the services offered by the CNMV	Actions for reinforcing the talent attraction programme
Improvement in communication	Clear, simple and understandable communication
Financial Fraud Action Plan (FFAP)	Survey on the perception and impact of financial fraud
	Design and creation of a single point of access to financial fraud
Investors	Amendment to Circular 1/2022 relative to the advertising of crypto-assets
Collaboration with other bodies	Organisation of the ANNA's annual assembly
CNMV's anniversary	Event commemorating the CNMV's 35th anniversary
CNMV regional offices	Second phase of the round of individual meetings between the CNMV and supervised entities whose operational headquarters are located within the area of influence of the CNMV's Barcelona regional office

Annex 1 Summary table of objectives for 2024³¹

Summary table of 2024 objectives

TABLE 5

		Strategic area	Initiative
CNMV's operational improvements	Staff-related measures	Monitoring of the effects of financial and technological innovation	Specialised training of CNMV staff on cybersecurity and DORA
		Monitoring of the effects of financial and technological innovation	Specific and intensive training of CNMV staff in crypto-assets and MiCA
Market supervision	Financial information	Investor protection	Assessment of fair value measurements and uncertainties associated with investments properties and financial instruments
		Rigorous market supervision	
		Investor protection	Amendment to Circular 3/2018 on intermediate financial information of entities with securities admitted to trading in regulated markets
		Rigorous market supervision	
	Rigorous market supervision	Report on the disclosures required from credit institutions and insurance companies under Article 8 of the Taxonomy Regulation	
	Investor protection		
	Revitalising capital markets and transition to a sustainable economy		
	DLT market infrastructure pilot regime	Rigorous market supervision	Authorisations of new DLT market infrastructures
		Monitoring of the effects of financial and technological innovation	
	Preparation of market infrastructures for MiCA implementation	Rigorous market supervision	Preparation for the implementation of MiCA in market trading services
		Monitoring of the effects of financial and technological innovation	
		Investor protection	
	Market supervision	Rigorous market supervision	Verification of the preparation of critical market infrastructures in compliance with DORA
Monitoring of the effects of financial and technological innovation			
Rigorous market supervision		CNMV Resolution on amendments to markets internal regulations	
Central counterparty (CCP)	Rigorous market supervision	Definition and simulation of CCP recovery or resolution procedures	
	Rigorous market supervision	Increase in communication with CCP members and market participants in relation to preparation for crisis management	
Supervision of benchmark indices	Rigorous market supervision	Participation in ESMA's Common Supervisory Action on the sustainability of benchmark indices	
	Revitalising capital markets and transition to a sustainable economy		

31 The objectives related to this table do not include all the CNMV's activities.

		Strategic area	Initiative
Supervision of financial intermediaries	Preparation of intermediaries for MiCA implementation	Monitoring of the effects of financial and technological innovation	Interaction with the sector to anticipate interest in the provision of crypto-asset-related services pursuant to MiCA
		Revitalising capital markets and transition to a sustainable economy	Manual on processes for the authorisation and registration of crypto-asset investment service providers
		Investor protection	Definition of information on the crypto-asset activity of the supervised entities
	Preparation of intermediaries for DORA implementation	Rigorous market supervision	Recommendations to the sector for compliance with DORA
		Monitoring of the effects of financial and technological innovation	
	Orderly trading in markets and financial stability	Rigorous market supervision	Communication and management of cybersecurity incidents
		Monitoring of the effects of financial and technological innovation	Analysis of the use of artificial intelligence in algorithmic trading
	Boosting supervisory activity	Rigorous market supervision	Preparation of the work schedule for the supervisory review and evaluation process (SREP) and start of the SREP of IFs
		Revitalising capital markets and transition to a sustainable economy	Amendment to Circular 11/2008 on statements of confidential information of venture capital firms
		Investor protection	
	Horizontal reviews	Rigorous market supervision	Monitoring of compliance with the CNMV Resolution on intervention measures in the marketing of CFDs to retail investors
		Investor protection	Participation in ESMA's Common Supervisory Action on the assessment of sustainability preferences
		Revitalising capital markets and the transition to a sustainable economy	
Investor protection		Analysis of commercial communications on sustainability issues on the websites of CISMCS and SGEICs	
Rigorous market supervision		Review of the obligation of assessing money laundering risk by obliged entities	
Relations with investors and other stakeholders	Fintech	Supervisor that is more accessible and connected to society	Review of Fintech Portal contents
	Sustainable finance	Revitalising capital markets and transition to a sustainable economy	Analysis of the presence of women in the governing bodies of supervised entities
	Financial education	Supervisor that is more accessible and connected to society	Adaptation and dissemination of the joint EU-OECD financial competence framework
		Investor protection	
	Investor protection	Supervisor that is more accessible and connected to society	Outreach actions on the main investment products
Investor protection	Investor protection	Dissemination of the main aspects of MiCA of interest to investors	

Summary table of 2024 objectives (continuation)

TABLE 5

		Strategic area	Initiative
Relations with investors and other stakeholders	Studies	Supervisor that is more accessible and connected to society	Development of new public risk indicators using EMIR information
		Rigorous market supervision	Review of the procedure for calculating the market stress indicator
		Rigorous market supervision (financial stability) Supervisor that is more accessible and connected to society	Extension of dashboards to derivatives markets and their participants
		Revitalising capital markets and transition to a sustainable economy	Study on the evolution, current situation and prospects of private finance in Spain
	Outreach actions of the services offered by the CNMV	Supervisor that is more accessible and connected to society	Actions for reinforcing the talent attraction programme
	Improvement in communication	Supervisor that is more accessible and connected to society	Clear, simple and understandable communication
	Financial Fraud Action Plan (FFAP)	Investor protection	Survey on the perception and impact of financial fraud
		Investor protection	Design and creation of a single point of access to financial fraud
	Investors	Investor protection	Amendment to Circular 1/2022 relative to the advertising of crypto-assets
	Collaboration with other bodies	Supervisor that is more accessible and connected to society	Organisation of the ANNA's annual assembly
	CNMV's anniversary	Supervisor that is more accessible and connected to society	Event commemorating the CNMV's 35th anniversary
	CNMV regional offices	Supervisor that is more accessible and connected to society	Second phase of the round of individual meetings between the CNMV and supervised entities whose operational headquarters are located within the area of influence of the CNMV's Barcelona regional office

Annex 2 CNMV Annual Regulatory Plan 2024

Pursuant to Article 22 of Law 6/2023, of 17 March, of Securities Markets and Investment Services, the CNMV, in order to adequately exercise its powers, may establish the provisions required for the development and execution of the rules contained in the royal decrees approved by the government or in the orders of the relevant person of the Ministry of Economy, Trade and Enterprise, provided that that these enable it to do so.

The regulations issued by the CNMV, known as “circulars”, are prepared on the basis of the relevant technical and legal reports by the institution’s competent services. They are submitted to public consultation and hearings and the mandatory report of the Council of State is obtained, pursuant to Organic Law 3/1980, of 22 April, of the Council of State. They are approved by the CNMV’s Board of Directors and enter into force once published in the *BOE* (Official State Gazette).

Likewise, the CNMV has the capacity to draw up technical guides, directed at 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. Said guides are submitted to public consultation prior to their approval and publication and may include the criteria that the CNMV will follow in the exercise of its supervisory activities.

Furthermore, Law 39/2015, of 1 October, on the Common Administrative Procedure of Public Administrations, established for these the obligation to disclose an Annual Regulatory Plan containing all proposals that are legally binding or that will be submitted for approval the following year. This is intended to improve the ex-ante regulatory planning, promoting greater legal certainty and predictability of the system. This Annual Regulatory Plan will be published on the Transparency Portal.

All this information is set out in Article 38 of the CNMV’s Internal Regulations, approved by the CNMV’s Board Resolution of 19 December 2019.

In compliance with the foregoing, the CNMV has proceeded to draft its Annual Regulatory Plan for 2024 in order to provide stakeholders with prior knowledge of the provisions proposed to be issued or developed during the current financial year.

In 2024 the CNMV expects five circulars and one technical guide to be approved.

Circulars

- i) Circular amending CNMV Circular 3/2018, of 28 June, on periodic information of issuers of securities admitted to trading in regulated markets relative to half-yearly financial reports, intermediate management statements and, as appropriate, quarterly financial reports.

Objective: to improve the compatibility of the current format of the annual financial report with the European Single Electronic Format. Thus, standardised models of financial statements will be available that enable their analysis, the publication of statistics and more agile supervision of financial information.

Additionally, the insurance company model will be adapted to the changes arising from the entry into force of IFRS 17 (Insurance Contracts) and to eventual changes in Circular 4/2017, of 27 November, of the Bank of Spain. The publication of the Circular will depend on the completion of the corresponding regulatory developments in the financial institutions model, in particular, insurance companies.

- ii) Circular amending CNMV Circular 11/2008, of 30 December, on accounting standards, annual financial statements and statements of confidential information of venture capital firms.

Objective: to adapt the statements of confidential information to the most recent legislative changes. This includes preparing statements of confidential information of European long-term investment funds (ELTIF) such as to enable their supervision after the entry into force of Regulation (EU) 2023/606, amending Regulation (EU) 2015/760 on ELTIF, which increases the flexibility of the operating regime of these vehicles and increases the opportunities of marketing these products to retail investors.

- iii) Circular amending CNMV Circular 1/2022, of 10 January, on the advertising of crypto-assets presented as an investment object.

Objective: to make the necessary adaptations arising from the supervisory experience of recent years and the entry into force of the MiCA Regulation, among other aspects.

- iv) Circular amending the following circulars:
- CNMV Circular 1/2021, of 25 March, on accounting standards, annual accounts and financial statements of investment firms and their consolidated groups, collective investment scheme management companies and closed-end investment scheme management companies.
 - CNMV Circular 5/2009, of 25 November, regulating the Annual Auditor's Report on Customer Asset Protection.
 - CNMV Circular 1/2020, of 28 July, on the confidential information of entities that provide investment services.
 - CNMV Circular 1/2018, of 12 March, on warnings about financial instruments.

Objective: the entry into force of the MiCA Regulation requires amending these Circulars to receive information on the crypto-asset activity carried out by supervised entities.

- v) Circular replacing CNMV Circular 5/2008, of 5 November, on statistical reporting requirements for assets and liabilities of EU collective investment companies.

Objective: the new circular is motivated by the foreseeable approval in 2024 of a new regulation that will replace Regulation (EU) 1073/2013 of the European Central Bank, of 18 October, on statistics of investment fund assets and liabilities. For this reason, the financial statements will be modified to request further information from entities on their securities portfolio and a more detailed breakdown of the sectors and items on their balance sheet, in addition to the detail of the assets and liabilities on their balance sheet for each EU country, distinguishing between those belonging and not belonging to the Economic and Monetary Union (EMU).

Technical guides

- i) Updating of the Technical guide on audit committees.

Objective: to incorporate the changes made since its publication in June 2017 in the institutional, socio-economic and regulatory context, and specifically in relation to non-financial information in annual reports. After completing the public consultation in the first quarter of 2024 – including the comments of the Consultative Committee –, the responses will be analysed and the guide published.

Summary of the CNMV 2024 Annual Regulatory Plan

TABLE 6

Scope of the regulation	Project
Circular	<p data-bbox="794 286 1441 412">Circular amending CNMV Circular 3/2018, of 28 June, on periodic information of issuers of securities admitted to trading in regulated markets relative to half-yearly financial reports, intermediate management statements and, as appropriate, quarterly financial reports</p> <p data-bbox="794 427 1441 517">Circular amending CNMV Circular 11/2008, of 30 December, on accounting standards, annual financial statements, and statements of confidential information of venture capital firms</p> <p data-bbox="794 533 1441 591">Circular amending CNMV Circular 1/2022, of 10 January, on the advertising of crypto-assets presented as an investment object</p> <p data-bbox="794 607 1441 981">Circular amending four circulars:</p> <ul data-bbox="810 640 1441 981" style="list-style-type: none"> - CNMV Circular 1/2021, of 25 March, on accounting standards, annual accounts and financial statements of investment firms and their consolidated groups, collective investment scheme management companies and closed-end investment scheme management companies - CNMV Circular 5/2009, of 25 November, regulating the Annual Auditor's Report on Customer Asset Protection - CNMV Circular 1/2020, of 28 July, on the confidential information of entities that provide investment services - CNMV Circular 1/2018, of 12 March, on warnings about financial instruments <p data-bbox="794 996 1441 1093">Circular replacing CNMV Circular 5/2008, of 5 November, on statistical reporting requirements on assets and liabilities of EU collective investment companies</p>
Technical guide	Updating of the Technical guide on audit committees

Annex 3 Implementation of the 2023 Activity Plan

Summary of completion of the 2023 Activity Plan

TABLE 7

	Initiative	Status	Detail	
CNMV operational improvements	Digital transformation	Completed	Contracting of the service for the identification and development of initiatives and economic assessment of the digital transformation process, and technical assistance in the preparation of the data inventory.	
	Sanctioning activity	Completed	A critical and comparative analysis of the CNMV's sanctioning activity has been made to adapt it to the new economic and regulatory context and an internal report with the findings has been prepared.	
	Staff-related improvements	Expansion of the CNMV's Global Environmental Sustainability Plan	Completed	The scope of the CNMV's Global Environmental Sustainability Plan has been broadened to include a first component of the social perspective. Specifically, the CNMV's First Equality Plan has been approved and registered.
		Promotion of collaboration and exchange of personnel with other competent national authorities	Completed	In 2023 personnel was exchanged with the Italian Financial Market Supervisory Authority (CONSOB) and with ESMA. Agreements have also been reached with the French (AMF) and The Netherlands (AFM) authorities for other exchanges.
Market supervision	Financial information	Review of issuers' disclosures of the material assumptions and uncertainties to which they are exposed	Completed	Completion implies the review of the financial statements of the selected issuers, a process that was completed at 2023 year-end and the work carried out is detailed in the annual report on the supervision of the financial reporting of issuers of securities for 2022.
		Analysis of the adequate reflection of inflation and rise in interest rates in the discount rates applied in the impairment tests of non-financial assets	Completed	Completion implies the review of the financial statements of the selected issuers, a process that was completed at 2023 year-end. The work carried out is detailed in the annual report on the supervision of the financial reporting of issuers of securities for 2022.
		Monitoring of the publication of related party transactions of listed companies	Completed	The Annual Corporate Governance Report (IAGC) for 2022 of issuers of securities, published in September 2023, includes information on the review carried out on their related party transactions published in 2022 and 2023.
	Non-financial information	Monitoring and ongoing dialogue with the sector regarding disclosures relating to taxonomy information of listed entities	Completed	In October 2023, the CNMV published its <i>Report on disclosures of the EU Taxonomy. Financial year 2022</i> . Also, the work carried out is detailed in the annual report on the supervision of non-financial information for 2022.
		Public consultation on the updating of the Technical guide on audit committees	Completed	On 18 December 2023, the public consultation for the revision of the Technical guide on audit committees of public interest entities ³² was initiated, which will close on 18 March 2024. The objective is to update the guidelines to adapt them to the regulatory changes that affect the functions discharged by companies' governing bodies.

Summary of completion of the 2023 Activity Plan (continuation)

TABLE 7

	Initiative	Status	Detail
Market supervision	Primary markets	Supervision of the risks associated with inflation in the prospectuses	Completed Special emphasis has been made on the risks of inflation for the issuer and securities issued in the prospectuses for issues registered during the year.
	Central counterparty	CCP supervision: analysis of concentration in the energy segment of the CCP	Completed In 2023 the concentration in the energy segment of the central counterparty was analysed.
		New clearing services for financial instruments referenced to crypto-assets	Completed In September 2023, the CNMV authorised BME Clearing to expand its clearing services to include bitcoin- and Ethereum-linked index futures in its offering. The authorisation relates only to products aimed at institutional investors.
		Commencement of the CNMV's new competencies as CCP resolution authority	Completed In 2023 different actions were carried out implementing the CNMV's new competencies as CCP resolution authority. On the one hand, in December 2023 the College of Resolution Authorities was created and progress has been made in the definition of the CCP resolution plan with the identification of its critical functions. By way of complementary actions, worth noting is the organisation of an in-house seminar, the planning of the definition of a playbook, the adoption by the CNMV of three EBA guidelines relative to CCP resolution that implement Regulation (EU) 2021/23 and the CNMV's participation in the document <i>Financial Resources and Tools for Central Counterparty Resolution</i> , published for consultation by the FSB. An internal CCP resolution and IF preventive resolution procedure has also been established. The procedure is approved and published ³³ .
	Central securities depository	Monitoring the adaptation of the CSD and its participating entities to the repeal of the legal regime on the PTI	Completed The Securities Markets and Investment Services Law establishes the elimination of the information system called PTI within a maximum period of two years (which expires in April 2025). The CNMV is closely monitoring the milestones set by the central securities depository (CSD) and participating entities to comply with the elimination of the PTI within the established deadline. Also, due to delays in other projects relating to information technologies in T2S, close contact has been established with the CSD to find a solution that will enable them to meet the established deadlines with the greatest possible security for this type of highly critical processes.
Supervision of markets and settlement systems	Implementation of the DLT market infrastructure pilot regime	Completed In 2023 draft documentation on different initiatives that aim to form part of the market infrastructure pilot regime, based on distributed ledger technology (DLT), which combine trading infrastructures and settlement infrastructure, was analysed and reviewed.	

33 Procedures for the resolution of central counterparties and the preventive resolution of investment firms (P18).

Summary of completion of the 2023 Activity Plan (continuation)

TABLE 7

	Initiative	Status	Detail	
Supervision of financial intermediaries	Cybersecurity	In progress	Objective pending completion of the regulatory technical standards by the Joint Committee.	
	Driving competitiveness	Expediting venture capital vehicle authorisation procedures through the creation of web forms	Completed	Web forms have been developed that make it possible to expedite VCF and EICC authorisation procedures, which will shortly become available.
		Review of the authorisation procedures of CISMCS, SGEICs and IFs to expedite formalities	Completed	The authorisation procedures of CISMCS, SGEICs and IFs have been reviewed to identify aspects that can be expedited. To this end, the practices of other supervisors in this area were also analysed. As a result, an internal report has been prepared with the actions carried out, conclusions and proposals.
	Boosting supervisory activity	Preparation of the Technical guide on the reinforcement of transparency of CISs with specific performance objective and of fixed-income CISs with a “buy and hold” strategy	Completed	In April 2023, the CNMV published its Technical guide on the reinforcement of transparency of CISs with specific performance objective and of fixed-income CISs with a “buy and hold” strategy.
		Creation of the Money Laundering Prevention Unit	Completed	In February 2023, the Report on the activity of the Money Laundering Prevention Unit and planned actions for 2023 was presented. Two analysts were hired in September. Also, in June 2023 an agreement was signed with the Commission for the Prevention of Money Laundering and Monetary Offences.
	Horizontal reviews	Review of compliance with commercial communications and advertising obligations	Completed	In December 2023, ESMA was informed of the findings of the Common Supervisory Action (CSA) relative to compliance with the commercial communications and advertising of IFs and credit institutions, including aspects related to greenwashing. ESMA was also informed of the findings of the mystery shopping action on these matters in online channels, which also included the activity of entities operating in Spain under the freedom to provide services.
		Review of compliance with regulations on sustainability preferences	Completed	Compliance with the regulation on sustainability preferences was reviewed.
		Analysis of best execution in the trading of equity securities	In progress	In 2023 progress was made in this objective.
		Supervision of CIS liquidity	Completed	In 2023 the CNMV closely supervised the liquidity of CIS portfolios.
		Participation in the design and execution of ESMA’s Common Supervisory Action on sustainability in UCITS and AIF	Completed	The questionnaire has been completed by ESMA and the CNMV participated and completed the project phases within the established deadlines. Additionally, a second phase will commence in 2024.

Summary of completion of the 2023 Activity Plan (continuation)

TABLE 7

	Initiative	Status	Detail
Supervision of financial intermediaries	Horizontal reviews	Completed	Verification of compliance of PRIIP key investor information documents (KID) of CISs with the format and content established by European standards, particularly institutions with significant subscriptions.
	Supervision of benchmark indices	Completed	The system for periodically monitoring and reporting daily contributions to Euribor by credit institutions was designed and implemented under the supervision of the CNMV.
		In progress	Comparative analysis between the methodology and transparency of the Ibex 35 index Work is nearing completion and is expected to be completed in the coming months.
Relations with investors and other stakeholders	Fintech/crypto-assets	Completed	In 2023 general training was provided to all the CNMV's staff and preparatory actions were carried out for equipping analysts with the necessary knowledge, skills and tools. Additionally, meetings were held with sector entities to establish close interaction and facilitate the necessary adaptation to the MiCA Regulation.
	Financial Fraud Action Plan	In progress	Improvement of a warning system about unauthorised entities Progress has been made in this objective, although it is still in the process of being implemented internally at IOSCO.
		Completed	Fraud prevention dissemination and communication campaign Different resources have been created to raise awareness on scams and fraud.
	Sustainable finance	Completed	Complementary actions in the area of sustainable finance with special emphasis on greenwashing In the area of sustainable finance, in 2023 the CNMV actively contributed to the work carried out by international groups, specifically those related to greenwashing, and various training and awareness-raising activities were carried out.
		Completed	Foster dialogue in the area of sustainable finance With the aim of promoting dialogue in the area of sustainable finance between the CNMV and the industry, in May 2023 an event was held with Barcelona Centro Financiero which featured the participation of representatives of the financial sector, companies, audit firms and academic institutions. Also, meetings were held with auditors and European authorities to put forward and discuss proposals on sustainable finance.
	Studies	Completed	Study on the Alternative Fixed Income Market (MARF) In October 2023, the article "Alternative fixed income markets: the Spanish MARF market" was published in the <i>CNMV Bulletin</i> , which reviews the evolution of this type of markets in Europe and describes the situation and prospects in Spain in detail, from their creation to the present and future expectations in the context of the European Capital Markets Union.
		Completed	Deepen the understanding of the sector of foreign CISs in Spain The empirical phase of the research has been completed and the conclusions are being drawn up.
		Completed	Study of investor perception of the performance of investment service providers A preference survey was carried out among investors in relation to investment service providers with the aim of identifying their level of satisfaction and identifying areas of improvement. The study was conducted on a sample of 1,350 interviews, with a confidence level of 95% and an error margin of $\pm 2.67\%$ for the entire unsegmented sample.

Summary of completion of the 2023 Activity Plan (continuation)

TABLE 7

	Initiative	Status	Detail	
Relations with investors and other stakeholders	Research	Creation of an advisory committee of financial economists in the area of securities markets	Completed An advisory committee has been created and the first meeting was held on 7 February 2024.	
	Financial stability	Secondary market dashboards	Completed In January 2024 a secondary market dashboard was published, which includes a selection of relevant metrics of said markets, both equities and fixed income, using information received from them by the CNMV. This dashboard will enable interactive access to updated information, due to which it can be flexibly adapted to each user's needs.	
	International cooperation	Signing of IOSCO's Enhanced Multilateral Memorandum of Understanding (EMMoU)	In progress	Progress has been made in the objective, although its completion will be delayed.
		Celebration of the Joint ESAs Consumer Protection Day in Spain	Completed	The event took place in October 2023 in Madrid.
	Spanish Presidency of the Council of the EU	Technical advice to the SGTFI on legislative proposals to be negotiated on the occasion of the Spanish Presidency	Completed	In the second half of 2023, on the occasion of the Spanish Presidency of the Council of the EU, technical advice to the SGTFI on legislative proposals was intensified.
	Courses and seminars	Promotion of collaboration with magistrates and prosecutors	In progress	Progress has been made in the objective, although it was not possible to complete it in 2023.
	Financial education	Training programme on the nature and risks of crypto-assets	Completed	A training programme has been designed and training resources created.
	Outreach actions of the services offered by the CNMV	Improvement of knowledge of the CNMV among society	Completed	Actions aimed at improving knowledge of the CNMV among society were carried out.
		New communication strategy of the CNMV in social networks	In progress	Progress has been made in this objective, although it was not possible to complete it.
		Improvement of current investor assistance channels	In progress	It was not possible to complete this objective in 2023.
CNMV regional offices	Meetings at the CNMV's regional offices with issuers interested in financial markets	Completed	Barcelona: on 1 June 2023 a meeting was held at the Barcelona office with representatives of the main Catalanian issuers of securities, which included the participation of members of the CNMV's Primary Markets and Financial and Corporate Reporting departments. Bilbao: on 12 December 2023 a meeting was held by video conference which included the participation of the Primary Markets Department, representatives of the main Basque issuers of securities and the CNMV's Bilbao office.	

Summary of completion of the 2023 Activity Plan (continuation)

TABLE 7

		Initiative	Status	Detail
Relations with investors and other stakeholders	CNMV regional offices	Start of a round of individual meetings between the CNMV and supervised entities whose operational headquarters are located within the area of influence of the CNMV's regional offices (Barcelona and Bilbao)	Completed	As regards the Barcelona office, 17 meetings with CISMCS and 22 with SGEICs were held (including some self-managed VCFs). As regards the Bilbao office, meetings were held with nearly all the CISMCS, SGEICs and IFs in Euskadi (24 in total).

