CNMV
Comisión
Nacional
del Mercado
de Valores

Annual Report
on securities markets and their activity
2023

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

ISSN (digital edition): 1889-5166
Layout: Cálamo y Cran

Abbreviations

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

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

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

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PHOTOGRAPHY (2024). MEMBERS OF THE BOARD (from left to right):

1. Patricia Muñoz González-Úbeda, Secretary.
2. Mariano Bacigalupo Saggese, Director.
3. Paula Conthe Calvo, Director (General Secretary of the Treasury and International Finance).
4. Montserrat Martínez Parera, Vice-chairperson.
5. Rodrigo Buenaventura Canino, Chairperson.
6. Margarita Delgado Tejero, Director (Deputy Governor of the Bank of Spain).
7. Helena Viñes Fiestas, Director.
8. María Dolores Beato Blanco, Director.
9. Juan Rodríguez de la Rúa, Deputy Secretary.

Paula Conthe Calvo was appointed as the Secretary General of the Treasury and International Finance through Royal Decree 73/2024, of 16 January 2024. Her predecessor, Carlos Cuerpo Caballero, was relieved of his duties as Secretary General of the Treasury and International Finance by Royal Decree 1239/2023, of 29 December, by which he was appointed Minister of Economy, Trade and Enterprise.

PHOTOGRAPHY (2023). MEMBERS OF THE ADVISORY COMMITTEE (from left to right):

In the background:

1. Ángel Martínez-Aldama Hervás (Representative of the investors).
2. Fernando Vives Ruiz (Renowned professional).
3. Beatriz Alonso-Majagranzas Cenamor (Representative of market infrastructures).
4. Antonio Jesús Romero Mora (Representative of credit institutions and insurance companies).
5. Alfredo Jiménez Fernández (Representative of professional groups).
6. Domingo García Coto (Representative of market infrastructures).
7. Pilar González de Frutos (Representative of credit institutions and insurance companies).
8. Ferrán Rodríguez Arias (Representative of professional groups).
9. Víctor Cremades Erades (Representative of the investors).

In the foreground:

10. Begoña López García, Member of the Technical Secretariat.
11. Víctor Rodríguez Quejido, Technical Secretary.
12. Cristina Freijanes Presmanes (Representative of credit institutions and insurance companies).
13. Ignacio Olivares Blanco (Representative of market infrastructures).
14. Patricia Rodríguez Fernández de Castro (Representative of the credit institutions and insurance companies).
15. Josep María Sánchez i Pascual (Representative of Catalonia).
16. Montserrat Martínez Parera, Chairperson.
17. Nicolás Jannone Bellot (Representative of the Regional Community of Valencia).
18. Elisa Ricón Holgueras (Representative of the investors).
19. Patricia Muñoz González-Úbeda, Secretary.
20. Rafael Piqueras Bautista (Representative of the issuers).
21. Ignacio Santillán Fraile (Representative of the Investment Guarantee Fund).

I Securities markets and their agents

I.1 Economic and financial environment

It is crucial to analyse the economic and financial environment to understand how savings and investment flows by market participants develop. Similarly, the economic context significantly influences key areas under the CNMV's supervision, including financial markets and their infrastructures, as well as non-bank financial intermediaries. In 2023, there was a global economic slowdown, although it was less severe than initially anticipated. High inflation rates, tighter monetary policy, and persistent geopolitical risks –such as the ongoing Russian invasion of Ukraine and the conflict between Israel and Palestine –defined the economic landscape. Moreover, the banking crises in the United States and Switzerland led to periods of uncertainty during the spring months.

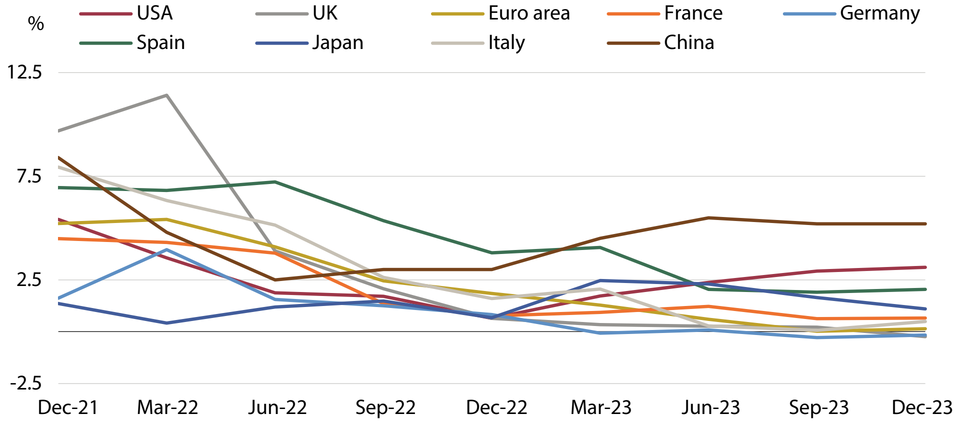
I.1.1 Economic environment: slowdown in economies and high geopolitical risk worldwide

The year 2023 saw a slowdown in most major economies, within a context of high, albeit declining, inflation and restrictive monetary policy measures implemented by most central banks since the previous year. This was further compounded by elevated levels of uncertainty due to ongoing geopolitical risks, potential medium-term negative consequences of interest rate hikes, and shifting expectations regarding the timing of the end or reduction of these rates.

According to the International Monetary Fund (IMF), global growth slowed from 3.5% in 2022 to 3.2% in 2023, with variations across different economies. Advanced economies experienced a more pronounced deceleration, growing by 1.6% compared to 2.6% in 2022. In contrast, emerging economies saw slightly higher aggregate growth than the previous year, with a rate of 4.3% in 2023 compared to 4.1% in 2022, although performance varied among these economies, with growth in Asian and Eastern European economies and a slowdown in Latin American economies.

Within the advanced economies, divergent patterns emerged between the United States and European economies. The US economy grew by 2.5% in 2023, surpassing the previous year›s rate of 1.9%. In contrast, growth in the euro area slowed to 0.5%, which is significantly lower than the 2022 figure of 3.4%. The UK economy also saw a growth rate of 0.5% compared to 4.3% in 2022. GDP growth rates within the euro area varied, with Germany experiencing a contraction of 0.1%, while Spain saw an increase of 2.5%.

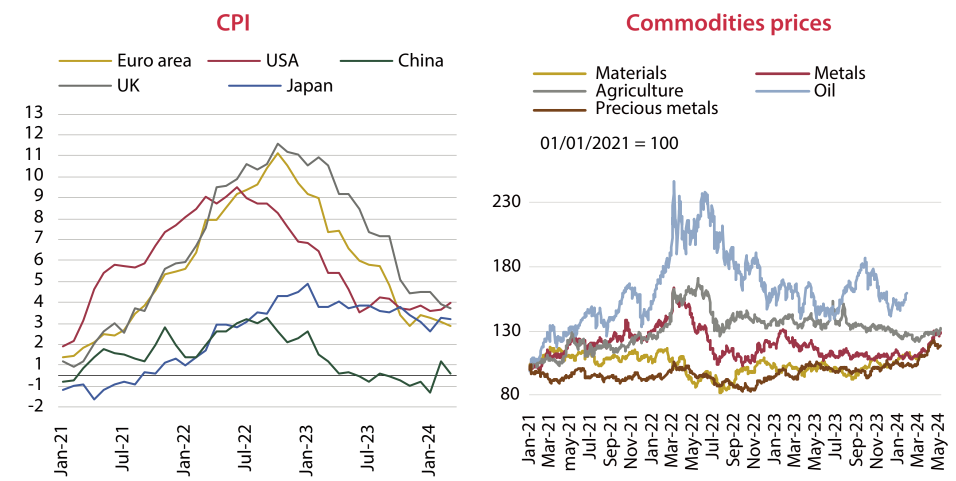
GDP: annual changes[1] FIGURE I.1.1.1



Source: Refinitiv Datastream. (1) Year-on-year GDP rates are shown for each quarter, except for China, for which cumulative year-to-date growth rates are shown in year-on-year terms.

Inflation rates, which had exceeded 10% in most economies during 2022, gradually declined throughout 2023, albeit with some fluctuations, reaching around 3% in many cases. Although these rates are still somewhat above the targets set by most central banks, there has been notable progress in curbing price increases. Nevertheless, anchoring expectations about future price growth remains a priority. As a result, attention is increasingly shifting towards controlling what are referred to as "second-round effects", due to the persistence of relatively high core inflation rates or potential increases in wages and profit margins.

Price indices FIGURE I.1.1.2



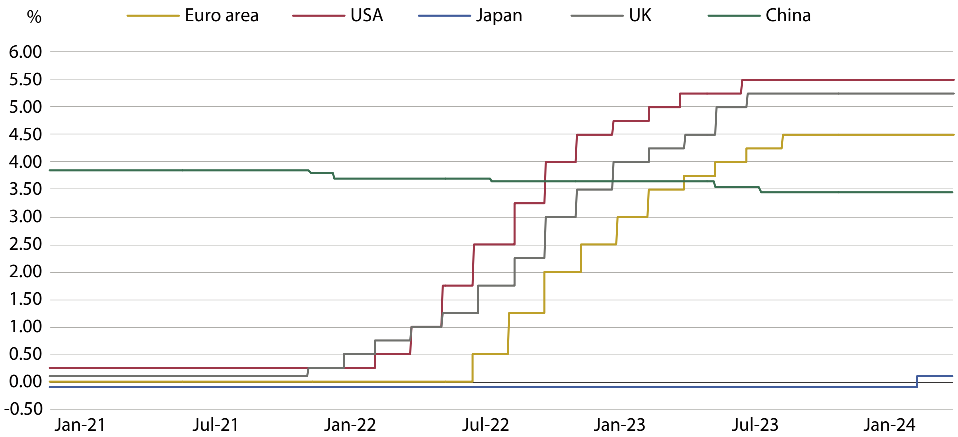
Source: Refinitiv Datastream. Data until 7 May.

The monetary policy stance continued to tighten in 2023 across many economies through ongoing gradual increases in interest rates, which generally concluded in the third quarter of the year (see Exhibit 1). During this period of rate hikes, the Federal Reserve raised policy rates by 100 basis points (bp), from 4.5% at the beginning of the year to 5.5% by year-end, in four 25 bp increments. In the United Kingdom, the cumulative rate increase was 175 bp, achieved through five hikes, reaching 5.25%.

In the euro area, the European Central Bank (ECB) raised rates six times in 2023: two increases of 50 bp in February and March, and another four of 25 bp throughout the rest of the year. Thus, at the end of the year, the rate on the main refinancing operations stood at 4.5%, the marginal lending facility rate at 4.75%, and the deposit facility rate at 4%.

Japan continued to be an exception to the prevailing monetary policy trend in other economies, as did China. The Bank of Japan (BoJ) maintained negative interest rates in 2023 at -0.1%, unchanged since February 2016. In China, there were two interest rate cuts of 10 bp each, bringing the rate down to 3.45%.

Key policy rates FIGURE I.1.1.3



Source: Refinitiv Datastream. Data until 7 May.

The Spanish economy slowed in 2023, but much less than in the euro area, thanks to reduced exposure to the effects of the armed conflict in Ukraine and strong performance in the tourism and financial sectors. Growth was somewhat less balanced compared to the previous year, with domestic demand contributing 1.8 percentage points (pp), compared to 0.8 pp from the external sector. Within domestic demand, private consumption growth slowed again, from 4.8% in 2022 to 1.8% in 2023. Additionally, there was a notable sharp slowdown in gross fixed capital formation, which grew by only 0.8% compared to 2.3% in 2022. In terms of external trade, exports continued to grow, but at a much slower pace than in previous years (2.3% in 2023 compared to 15.2% in 2022). Imports increased very slightly, by 0.3%, compared to 7.0% in the previous year. On the supply side, the services sector continued to grow in terms of gross value added, although at a slower rate than the previous year (from 8.0% to 3.2%). Notably, the financial and insurance sectors saw significant growth, with an increase of 6.3% compared to 2.9% in 2022. Meanwhile, the industrial sector also slowed down, from 2.6% to 1.8%.

Labour market data indicate that the pace of job creation in 2023 slowed but remained robust. The number of employed persons (full-time equivalents) increased by 621,900 over the year, which is 3.2% higher than in 2022 (the previous year's increase was 3.7%). This growth in employment resulted in a 1.12 percentage point reduction in the unemployment rate, ending the year at 11.76% of the active population.

Key variables of the Spanish economy (growth rates) TABLE I.1.1.1

%

	2019	2020	2021	2022	2023
GDP	2.0	-11.2	6.4	5.8	2.5
Private consumption	0.9	-12.4	7.2	4.8	1.8
Public consumption	1.9	3.6	3.4	-0.2	3.8
Gross fixed capital formation, of which:	4.5	-9.0	2.8	2.4	0.8
Construction	7.2	-9.2	0.4	2.6	2.3
Capital goods and others[1]	2.0	-12.6	4.4	1.9	-1.8
Exports	2.2	-20.1	13.5	15.2	2.3
Imports	1.3	-15.0	14.9	7.0	0.3
Foreign sector (contribution to growth, pp)	0.4	-2.2	-0.2	2.9	0.8
Employment[2]	3.3	-6.5	7.1	3.7	3.2
Unemployment rate (% of active population)	14.1	15.5	14.9	13.0	12.2
Consumer price index	0.7	-0.3	3.1	8.4	3.5
Current account balance (% GDP)	2.1	0.6	0.8	0.6	2.6
Public administration balance (% GDP)	-3.1	-10.1	-6.7	-4.7	-3.6

Source: Refinitiv Datastream. Annual change unless otherwise stated. (1) This includes "Machinery, capital goods, weapons systems and biological resources". (2) Full-time equivalent (FTE) jobs.

The inflation rate declined, with some fluctuations, in the first half of 2023, dropping from 5.7% to 1.9%, and then increased slightly to 3.1% by the end of the year. This trend represents a significant deceleration in the inflationary surge, largely attributable to the drop in energy prices, which fell by an average of 16.3% over the year. The core inflation rate remained high for much of the year, exceeding 6%, but gradually decreased from 7% at the end of 2022 to 3.8% in 2023. The harmonised index of consumer prices showed a narrowing of the negative gap between Spain and the euro area (-3.7 pp in December 2022) throughout 2023. By October, this gap had turned positive (0.6 pp), and by the end of the year, it stood at 0.4 pp. This shift was almost entirely attributed to the energy inflation differential between the two regions, which was significantly negative from September 2022 to September 2023, before evening out by the end of the year.

The margins of listed non-financial corporations declined in aggregate terms in 2023. Aggregate profit for the 2023 year amounted to €29.296 billion, which is 6.4% lower than in 2022. However, performance varied significantly across and within sectors (see Table I.1.1.2). There were notable increases in the profits of industrial companies (11.3%) and in the trade and services sector (13.8%). In contrast, other sectors underperformed: the energy sector saw a 14.4% drop in profits, and the construction and real estate sector experienced an even steeper decline of 45.7%, driven by tighter financing conditions. An individual analysis of the companies' profit and loss accounts shows that these trends were also inconsistent within each of the sectors analysed. Corporate debt levels stood at €250.668 billion, 4.7% lower than in 2022. These changes are part of the broader deleveraging process within the Spanish economy, which is also evident in other sectors. For listed companies, the reduction in debt levels was accompanied by an increase in equity, resulting in a significant decrease in the leverage ratio, from 0.96 in 2022 to 0.89 in 2023.

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

TABLE I.1.1.2

Millions of euros

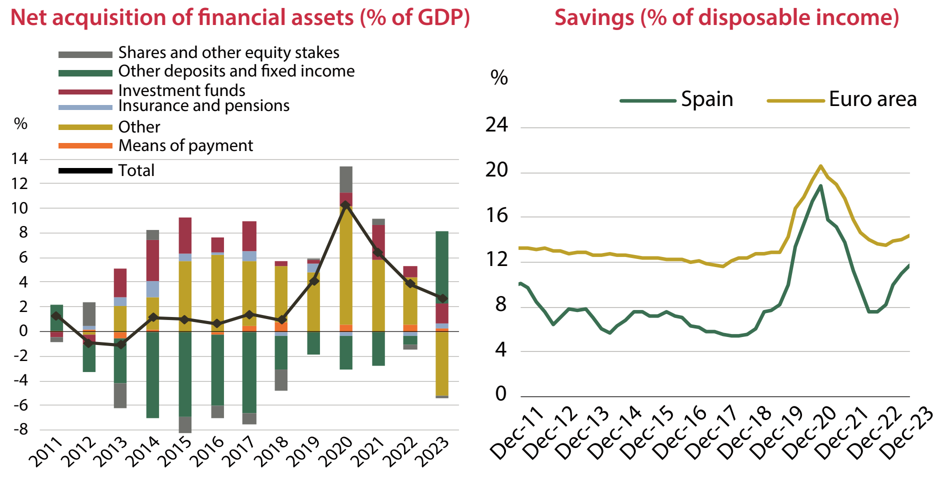
	Operating income		Profit before tax		(Consolidated) profit for the year	
	2022	2023	2022	2023	2022	2023
Energy	23,649.4	21,259.1	22,246.6	17,958.7	15,931.0	13,640.9
Manufacturing	10,312.2	11,318.2	9,284.0	10,115.6	7,129.3	7,937.1
Trading and services	9,925.7	12,222.6	7,023.2	6,708.9	5,460.4	6,214.3
Construction and real estate	4,901.2	3,755.0	3,239.8	2,216.7	2,770.4	1,503.5
Aggregate total	**48,788.5**	**48,554.8**	**41,793.6**	**36,999.8**	**31,291.1**	**29,295.8**

Source: CNMV.

In 2023, households altered their savings and investment patterns, favouring time deposits and fixed-income securities in response to rising interest rates. Over the year, the saving rate steadily increased from below 8% of their gross disposable income to 11.7% by year-end, driven by income growth and a deceleration in consumption. Although the household saving rate remains lower than that of the euro area (14%), the gap has significantly narrowed. In terms of investment decisions, net asset purchases declined from 3.9% of GDP in 2022 to 2.7% in 2023. Amid rising interest rates, there was substantial disinvestment in means of payment (over 5% of GDP) and a corresponding investment in time deposits and fixed-income securities (5.9% of GDP). Investment funds also saw notable inflows, receiving resources equivalent to 1.7% of GDP, an increase of 0.8 pp compared to the previous year.

Households

FIGURE I.1.1.4



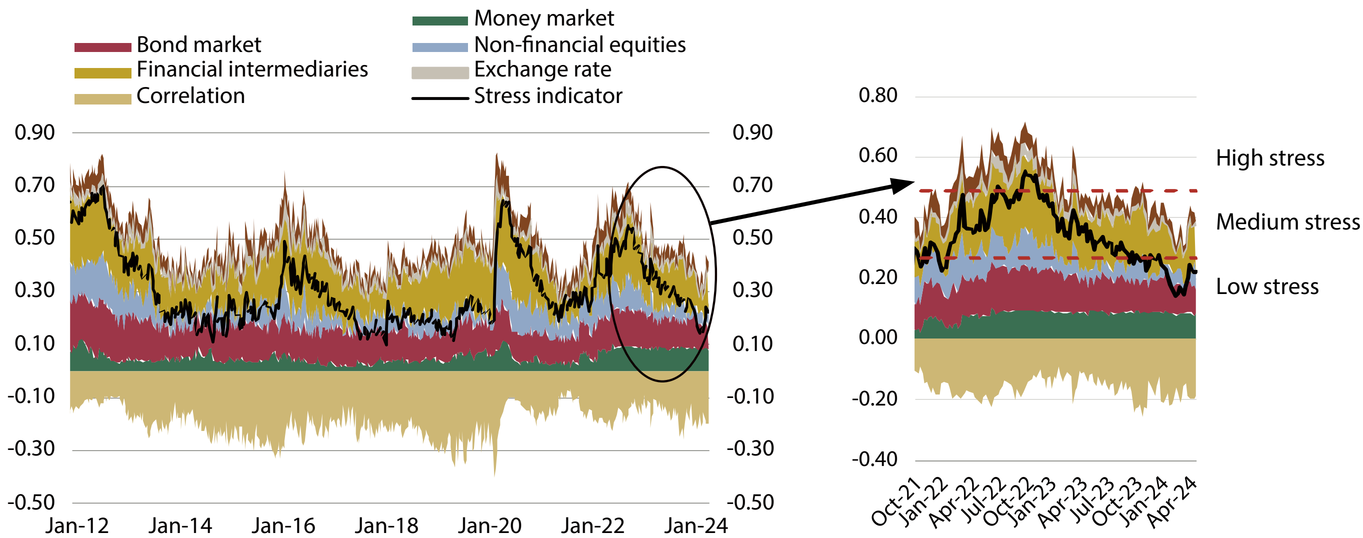
Source: Refinitiv Datastream and Bank of Spain.

I.1.2 Financial environment: market revaluations and reduced financial stress

Financial markets continued to be influenced by the tightening of monetary policy amidst high inflation, shifting expectations regarding the future of this policy, and growth prospects for economic activity, along with other sources of uncertainty. Despite these factors, equity market prices saw significant gains, particularly at the beginning and the end of the year, in an environment of decreasing volatility and trading volumes, and satisfactory liquidity levels. In the fixed income sector, both government and corporate bond yields increased for most of the year. However, this trend reversed from October onwards, as markets began to factor in the possibility that the period of rising interest rates might be over, and started to anticipate earlier and more substantial rate cuts in 2024.

Despite existing uncertainties, financial market stress did not increase. According to the designated indicator, the stress level followed a downward trend over the year, decreasing from 0.44 (medium risk) to 0.27 by year-end, which is the threshold between medium and low risk. However, this decline was not uniform. In March, the banking crisis in the United States and Switzerland caused a temporary spike in market stress levels. After this episode, the indicator value resumed its downward trajectory, with much less pronounced fluctuations for the rest of the year. The most stressed segments were those related to fixed income, such as the bond and money markets (both at 0.59 at the end of the year), primarily due to volatility spikes driven by monetary policy and its expectations. The other significantly stressed sector was financial intermediaries (0.49). In 2024, the downward trend from the previous year continued, with some fluctuations, reaching a level of 0.22 by early May.

Spanish financial markets stress indicator FIGURE I.1.2.1



Source: CNMV. Data until 7 May

As previously mentioned, the major stock market indices experienced significant revaluations in 2023. Among the main European indices, growth ranged from 13.3% for the Euronext 100 to 28% for Italy's Mib 30. The exception was the UK's FTSE 100, which rose by only 3.8%. The Ibex 35 performed strongly in the European context, appreciating by 22.8%, second only to the Italian index. The increase in European indices was much more uniform than in the United States, where growth varied from 13.7% for the Dow Jones to 43.4% for the Nasdaq, the latter driven by the revaluation of companies focused on artificial intelligence. In the case of the main Japanese indices, the Nikkei 225 rose by 28.2%, while the Topix increased by 25%. The trading patterns differed across jurisdictions, with declines in US and European markets and increases in Japanese markets.

So far in 2024,[1] most major indices have continued on the growth trajectory established in 2023. The main European indices have seen increases ranging from 7.1% for the Cac 40 to 12.8% for the FTSE Mib 30, with the Ibex 35 up by 9.7%. In the United States, the Dow Jones has risen by 3.2% and the Nasdaq by 8.8%. Japanese indices have been particularly notable, with even greater growth: 16.1% for both the Nikkei 225 and the Topix, driven by the Bank of Japan's expansionary monetary policy and the depreciation of the yen.

Performance of the main stock market indices[1] TABLE I.1.2.1

%

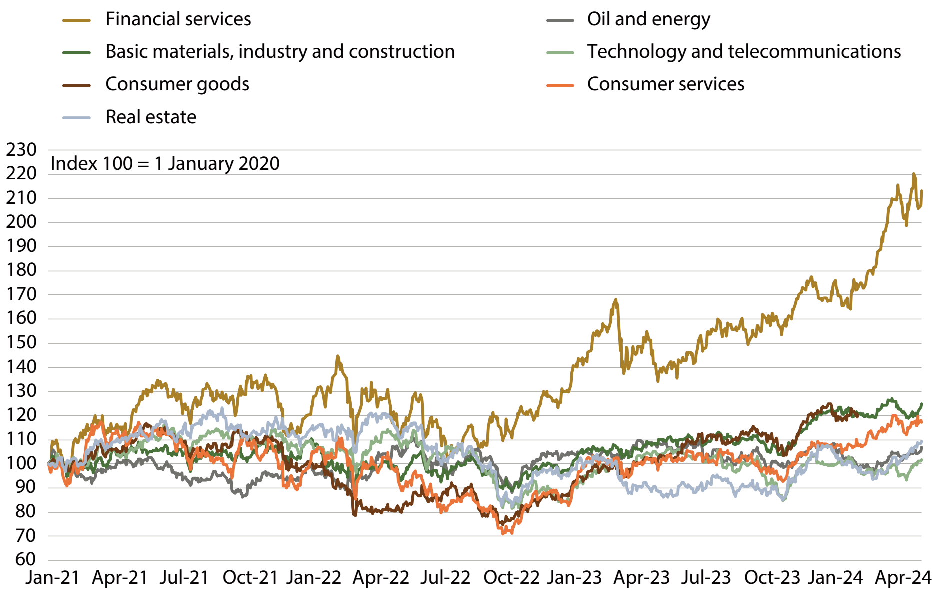
	2020	2021	2022	2023	Mar-23	Jun-23	Sep-23	Dec-23
World								
MSCI World	**14.1**	**20.1**	**-19.5**	**21.8**	**7.3**	**6.3**	**-3.8**	**11.1**
Euro area								
Eurostoxx 50	-5.1	21.0	-11.7	19.2	13.7	1.9	-5.1	8.3
Euronext 100	-3.6	23.4	-9.6	13.3	10.4	1.0	-3.6	5.4
Dax 30	3.5	15.8	-12.3	20.3	12.2	3.3	-4.7	8.9
Cac 40	-7.1	28.9	-9.5	16.5	13.1	1.1	-3.6	5.7
Mib 30	-5.4	23.0	-13.3	28.0	14.4	4.1	0.0	7.5
Ibex 35	-15.5	7.9	-5.6	22.8	12.2	3.9	-1.7	7.1
United Kingdom								
FTSE 100	-14.3	14.3	0.9	3.8	2.4	-1.3	1.0	1.6
United States								
Dow Jones	7.2	18.7	-8.8	13.7	0.4	3.4	-2.6	12.5
S&P 500	16.3	26.9	-19.4	24.2	7.0	8.3	-3.6	11.2
Nasdaq-Comp	43.6	21.4	-33.1	43.4	16.8	12.8	-4.1	13.6
Japan								
Nikkei 225	16.0	4.9	-9.4	28.2	7.5	18.4	-4.0	5.0
Topix	4.8	10.4	-5.1	25.1	5.9	14.2	1.5	1.9

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

1 7 May 2024.

In the Madrid Stock Exchange General Index (IGBM), all sectors posted significant gains in 2023, with the increases being concentrated, as mentioned earlier, in the first and fourth quarters. Over the year, the consumer goods and services sectors saw particularly notable increases of 44.3% and 30.4%, respectively. This was driven by the strong performance of the textiles, clothing, and footwear sector, as well as the leisure, tourism, and hospitality sectors. Also significant was the rise in the financial services sector, which grew by 29.3%, spurred by the positive impact of higher interest rates on bank profits. The basic materials, industry, and construction sectors also saw substantial gains, increasing by 25.5%.

Sector performance on the Madrid Stock Exchange FIGURE I.1.2.2



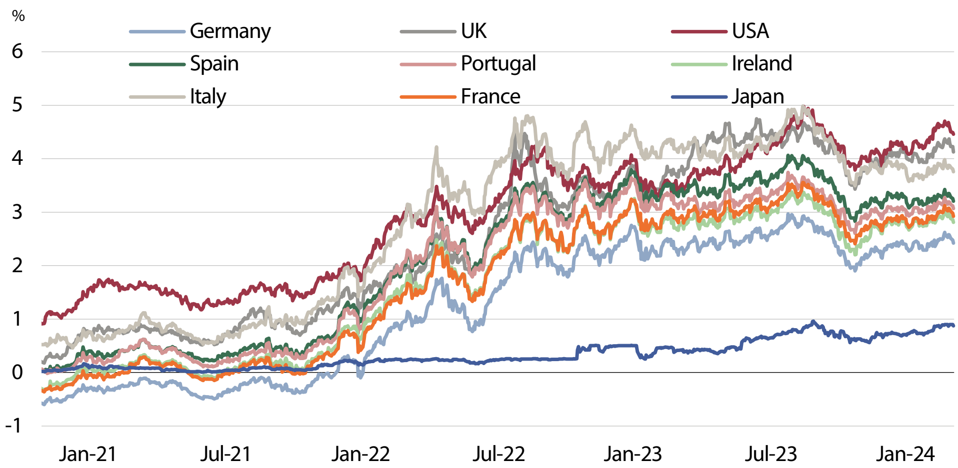
Source: Refinitiv Datastream. Data until 7 May.

In the fixed income markets, the performance of asset yields at different maturities continued to be shaped by central bank decisions. Sovereign bond yields generally followed an upward trajectory for most of the year. However, this trend reversed in the last quarter due to expectations of an end to the rate hike cycle and the anticipation of earlier and more pronounced rate cuts. Overall, yields on shorter-term assets tended to tighten more sharply, resulting in a flattening of the yield curve to varying extents across different economies. In the United States, the 3-month yield increased from 3.6% to 5.4% by year-end. For longer maturities, yields rose for much of the year but experienced a decline towards the end, resulting in only a modest cumulative change (the 10-year sovereign bond yield rose from 3.8% to 3.9%). In the euro area, the trend was similar: 3-month yields increased from 1.2% to 3.9%.[2] However, sharp declines in long-term yields in the final weeks of the year led to an overall annual decrease of between 50 and 100 bp, depending on the country.

2 3-month €STR rate.

So far in 2024, yields on fixed income assets in both the United States and Europe at various maturities have resumed an upward trend, driven by shifting expectations about the timing of the monetary policy reversal. The US 10-year sovereign bond yield has increased by 59 bp to 4.5%. In the main European economies, the rise has varied from 5 bp in Italy to 59 bp in the United Kingdom. For Spanish sovereign bonds, the yield has increased by 20 bp to 3.2%.

10-year government bond yields FIGURE I.1.2.3

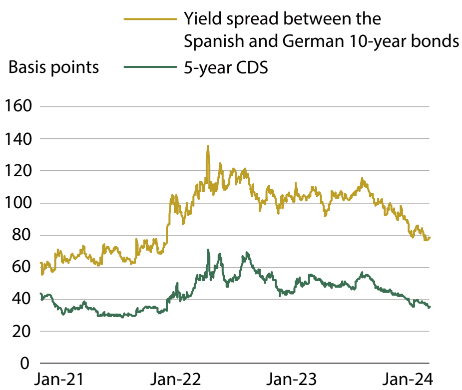


Source: Refinitiv Datastream. Data until 7 May.

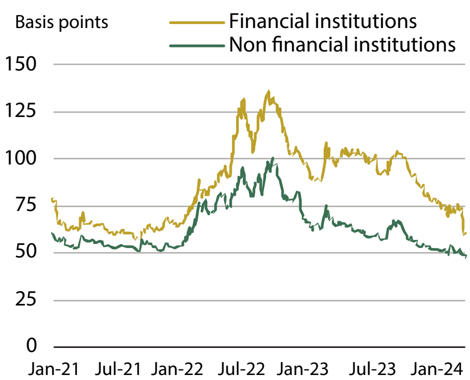
Spanish public and private sector risk premiums exhibited a downward trend throughout the year, despite some fluctuations. The most significant spike occurred in March, driven by uncertainty from the banking crises in the United States and Switzerland. However, the prevailing downward trend resumed thereafter and continued for the rest of the year. Sovereign risk premiums across European countries also moved downward, albeit with varying intensities. Noteworthy declines were seen in Greece and Italy, with decreases of 98 and 45 bp respectively. In contrast, the decline in France was almost negligible. The declines in sovereign credit risk premiums in Portugal, Ireland, and Spain were more moderate, at 28, 22, and 12 bp respectively. In Spain, the premium ended the year at 97 bp.

Spanish debt asset risk premiums FIGURE I.1.2.4

Public debt risk premium



Private debt risk premium (5-year CDS)



Source: Refinitiv Datastream. Data until 7 May.

I.1.3 Outlook and uncertainties

The forecasts published by the IMF in April 2024 depict a scenario of "steady but slow global recovery", with significant differences across countries and regions. Global growth, which stood at 3.2% in 2023, is expected to remain at similar levels in both 2024 and 2025. This performance is largely driven by the increased resilience of the US economy and some emerging economies. However, these forecasts are lower than the average growth rate from 2000 to 2019, which was 3.8%. For advanced economies, growth is projected to see a slight increase, from 1.6% in 2023 to 1.7% in 2024, and further to 1.8% in 2025. Emerging economies are expected to grow by 4.2% in both 2024 and 2025, which is 0.1 pp below the growth rate in 2023. The Spanish economy is projected to slow from 2.5% growth in 2023 to 1.9% in 2024, before rising above 2% again in 2025. These growth rates are still higher than those forecast for the euro area, which are 0.8% and 1.5% respectively.

The uncertainty surrounding this growth scenario remains high. The most significant risks to the economic and financial outlook are as follows:

— **Uncertain and unrealised negative consequences stemming from the cumulative increase in interest rates during 2022 and 2023.** This increase implies a tightening of financing conditions for agents, which may be particularly relevant for those currently needing financing, those more heavily indebted (with debts linked to variable interest rates), or those who are generally more financially vulnerable. There is also the negative impact of inflation on the real income growth of economic agents. Risks related to the depreciation of fixed income assets have diminished somewhat compared to a few months ago.

— **Sustained geopolitical risks remain significant.** The ongoing war between Russia and Ukraine has been compounded by the conflict between Israel and Hamas. Although these conflicts did not cause major disruptions in financial markets last year, they continue to be significant sources of uncertainty with risks of escalation and expansion. Additionally, uncertainty surrounding the outcomes of upcoming electoral processes in various countries, particularly the United States, adds to the geopolitical risks.

— **Risk of asset depreciation or adjustment of expectations in financial markets.** There appears to be a certain disconnect between high levels of uncertainty (and the erosion of economic expectations) and the behaviour of financial markets, particularly in regions such as the United States. These markets generally exhibit revaluations, low volatility, and minimal changes in risk premiums. In this environment, negative shocks of various kinds could lead to a broad reassessment of asset prices and risk premiums, potentially causing market turbulence.

— **Risks related to technological advancements.** The growing use of technological advancements in finance encompasses many facets, from cyber risks to the adoption and utilisation of crypto-assets, and more recently, issues related to generative artificial intelligence. Any of these could potentially destabilise the financial system and the economy as a whole.

The Spanish economy is expected to continue growing this year and next, outpacing the average growth forecast for the euro area. However, it is important to bear in mind that this growth is not without its risks and uncertainties. Most of these are common to other economies and have been discussed previously. Some risks, such as the potential consequences of rising interest rates and their persistence over time, could be particularly significant for Spain, given the prevalence of variable interest rate loans in our economy and the debt levels of certain sectors. Additional sources of uncertainty stem from the high degree of parliamentary fragmentation – a phenomenon occurring in many jurisdictions at present – and its implications for the adoption of important or necessary measures.

The effects of monetary policy tightening on the cost of financing

EXHIBIT 1

As mentioned earlier in this chapter, the persistence of relatively high inflation rates throughout much of 2023 led the major central banks to continue tightening their monetary policy.[1]

In this context, interest rate increases were gradually passed on to the debt payments faced by governments, companies, and households. For households, this notably meant an increase in the cost of floating-rate mortgages. In both public and corporate debt markets, the trend observed throughout much of 2022 – rising yields on fixed-income assets and, consequently, higher financing costs for governments and companies – became even more pronounced. The cost of debt increased across most maturities on the yield curve, with a more pronounced rise in the short-term segments, pushing rates to their highest levels in the past decade. The rise in financing costs was more pronounced for corporate debt than for public debt and had a greater impact on companies with lower credit ratings, although these companies performed relatively better than others in 2023.

Table E1.1 illustrates the evolution of Spanish public and private debt yields in the secondary market throughout 2023. It shows that the rise in official interest rates gradually passed through to the yields demanded on both government and corporate debt, though the impact was uneven and more significant for corporate debt yields. The data shows that, between December 2021 and 2023, the required yield on government bonds increased by approximately 270–325 basis points (bp), and by up to 360-400 bp for corporate bonds. However, when examining 2023 alone, the data indicates that the yields demanded by investors on government bonds rose by only 5-20 bp, and even decreased at some maturities, reflecting the anticipated shift in monetary policy. In contrast, the required yields on corporate debt increased again by around 90-120 bp.

Medium- and long-term fixed income yields[1]

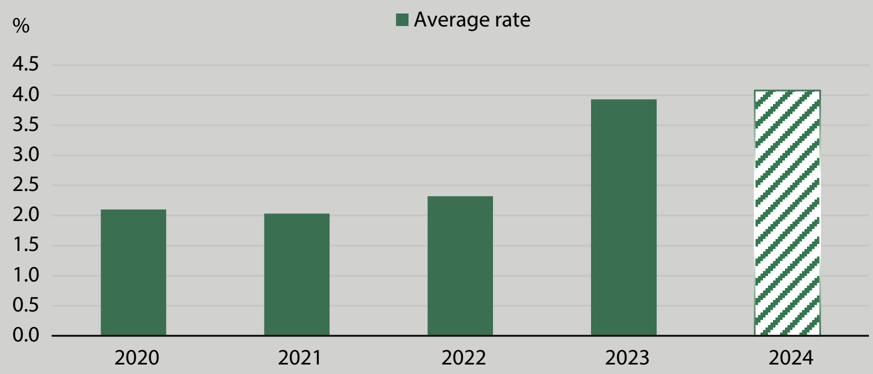
TABLE E1.1

	Dec-20	Dec-21	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Public sector fixed income							
3 years	-0.53	-0.48	2.54	3.05	3.17	3.44	2.75
5 years	-0.42	-0.20	2.71	3.12	3.11	3.37	2.76
10 years	0.05	0.39	3.18	3.45	3.37	3.76	3.08
Corporate bonds							
3 years	-0.19	0.12	3.07	3.81	4.32	4.38	3.95
5 years	-0.13	0.13	2.93	3.73	4.17	4.27	4.16
10 years	0.41	0.56	3.11	4.43	4.51	4.74	4.16

Source: Refinitiv Datastream, Refinitiv Eikon and CNMV. (1) Monthly average of daily data.

The situation can also be examined by looking at the changes in average interest rates (i.e., costs) of bank credit taken out by non-financial companies. As shown in Figure E1.1, which depicts the average interest rate on the outstanding credit balance for non-financial companies, the average cost of corporate debt in Spain has nearly doubled over the past two financial years, reflecting the impact of rising interest rates. However, it was not until 2023 that this sharp increase in financing costs became evident. This situation has significantly raised the financial costs for companies and increased financial pressure on them. If this trend continues over time, especially in the context of potential economic slowdown, it could lead to financial difficulties for companies with weaker balance sheets and those in more vulnerable sectors.

Changes in the average interest rate on the stock of bank credit to non-financial companies[1] FIGURE E1.1

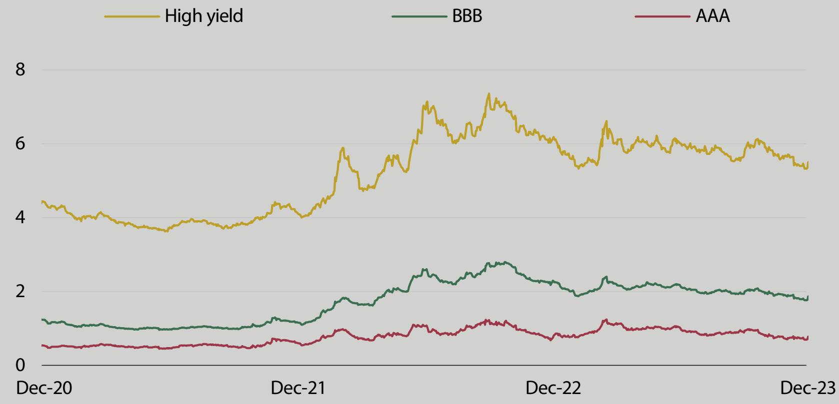


Source: Bank of Spain (2023). *Informe de la situación financiera de los hogares y las empresas* (H2). (1) The data correspond to weighted annual averages of monthly interest rates. The projection for 2024 is an average of the expected trend with and without debt renewal.

As noted above, the increase in financing costs since 2021 has had a greater impact on companies with lower credit ratings. However, these companies performed relatively better than others throughout 2023. The data shows that, in the euro area, the rise in risk premiums – and consequently the increase in funding costs – between December 2021 and 2023 was approximately 10 bp, 60 bp, and 115-120 bp higher than the cost of public debt for AAA, BBB, and high yield rated private debt, respectively. However, in 2023, risk premiums remained largely unchanged for AAA-rated debt and decreased by about 40 bp and 70 bp for BBB and high yield rated debt, respectively. This reflects a reduction in the premium demanded by investors based on the risk assumed (see Figure E1.2).

Looking ahead to the near future, the prospect of a shift in monetary policy could mean that funding costs will see little significant change in 2024 and may even improve slightly by the end of the year if market expectations regarding future interest rate movements are realised.

Private debt risk premiums in the euro area[1] FIGURE E1.2



Source: Refinitiv Datastream and own calculations. (1) Spread vs. German 10-year government debt.

1 The ECB raised rates by 50 bp in February and March, as well as by 25 bp in May, June, August and September. The Federal Reserve has applied 11 consecutive rate hikes since March 2022. The Bank of England raised rates by 50 bp in February and June, as well as by 25 bp in March, May and August, accumulating 14 consecutive increases since December 2021.

I.2 Markets and issuers

In 2023, as in recent years, corporate financing through financial markets was predominantly achieved through debt issuance. This method is commonly used by large companies and is increasingly adopted by smaller firms. Equity asset prices saw significant increases in most markets, causing some European and US markets to close the year near their all-time highs. Fixed income asset prices benefited from lower inflationary pressures and expectations of the first interest rate cuts, anticipated for the first half of 2024.

I.2.1 Equity markets

Overview

Significant price increases in major international markets amid low volatility. Nearly all equity markets concluded 2023 with substantial gains, spanning both US and European markets. In Europe, with the exception of the UK's FTSE 100 index, which rose by only 3.8%, all major indices posted significant increases. These ranged from a 16.5% rise in the French Cac 40 to a 28% gain in the Italian FTSE Mib. The Spanish Ibex 35 was among them, advancing by 22.8% and ending the year at its highest level since 2018. In the United States, gains varied from 13.7% for the broad-based Dow Jones index to 43.4% for the tech-focused Nasdaq. Unlike 2022, when the biggest declines were seen in technology companies and the largest gains in commodities firms, 2023 was marked by a strong recovery in the technology sector, driven by developments and advancements in artificial intelligence. In contrast, the performance of oil and commodities companies was less pronounced. Volatility remained low throughout the year, with a temporary spike earlier in the year due to concerns in the financial sector, following issues in some banks in the United States and Europe.

The significance of global equity market capitalisation relative to the size of their economies increased in most cases (except in China and the United Kingdom), as stock price appreciation outpaced nominal GDP growth. Conversely, the relative importance of trading declined in all markets except Japan. This was due to a notable drop in trading activity in most markets, which was not supported by low volatility levels or higher interest rates. The decline in this indicator is especially significant for the Spanish and European markets, as their values were already well below those observed in other key international markets in both the Americas and Asia (see Table I.2.1.1).

Market capitalisation and trading on national regulated markets as a percentage of nominal GDP TABLE I.2.1.1

%

	Capitalisation[1]		Trading volume		Rotation	
	2022	2023	2022	2023	2022	2023
United States[2]	158.3	179.0	225.0	183.0	1.4	1.0
Canada	135.4	141.5	111.8	85.8	0.8	0.6
China[3]	89.2	81.9	197.5	177.1	2.2	2.2
Japan	127.3	148.4	138.6	153.8	1.1	1.0
B. London	99.9	93.1	46.8	34.5	0.5	0.4
Euronext[4]	104.0	107.8	49.5	40.3	0.5	0.4
Germany	45.6	47.9	37.2	25.0	0.8	0.5
Italy[5]	32.8	36.5	29.7	27.7	0.9	0.8
Spain	44.1	47.0	26.5	19.8	0.6	0.4

Source: World Federation of Exchanges; London Stock Exchange Group; Borsa Italiana, Eurostat; Governments of the United States, Canada, China, United Kingdom and Japan; CNMV. (1) In local currency, the market capitalisation figures correspond to the last working session of the year. (2) The numerator is the combined total of the NYSE, Euronext US and Nasdaq. (3) Includes data from the Hong Kong, Shanghai and Shenzhen stock markets, as well as the GDP of the People's Republic of China and Hong Kong. (4) The denominator is the sum of the nominal GDP of France, the Netherlands, Belgium, Portugal, Ireland and Norway. (5) Although Borsa Italiana was integrated into Euronext in 2021, the ratios of capitalisation and trading to GDP corresponding to the Italian market are provided separately.

Listed companies and capitalisation

Initial public offerings (IPOs) of European companies grew for the second consecutive year in 2023,[1] but the volume of funds raised remained low across all markets, with the Spanish market being particularly subdued.[2] This situation hampers corporate financing and may hinder economic growth, as well as the necessary funding for the country's digitalisation process and transition to a low-carbon economy.[3] Competition from other forms of financing such as debt issuance or private equity – amid a context of higher interest rates– together with transparency obligations, the risk of losing management control, and market uncertainties in recent years, among other factors, have discouraged many companies from going public or have delayed their plans to access the stock markets. This is because the expected valuations for companies interested in going public have not been met.

1 Noteworthy among these are the British technology company ARM Holdings and the German fashion company Birkenstock, both of which listed on US stock markets.

2 In the Spanish market, there were no new listings on the continuous market, and the companies that did list did so on the BME Growth alternative market.

3 A dynamic stock market promotes the development of strong alternative financing mechanisms to traditional bank financing.

In this context, the number of companies listed on Spanish stock exchanges (excluding multilateral trading facilities or MTFs) stood at 128 at the end of 2023, two fewer than in 2022, marking the lowest number in the past 25 years.[4, 5] Similarly, the number of companies listed on MTFs, BME MTF Equity[6] and Latibex, stood at 653 and 18 respectively at the end of the year. The former saw an increase in the number of listed growth companies, while the number of listed variable capital investment companies (SICAVs) continued to decline due to changes in their tax regime. The additions to the market (Ferrovial and MediaForEurope) were due to the delisting of two domestic companies, Ferrovial and Mediaset, which were subsequently re-admitted as foreign companies following mergers. Additionally, Gamesa was delisted following a takeover bid, and Mobiliaria Monesa was excluded by the Government of Catalonia.

Number of companies listed on the Spanish stock markets[1] TABLE I.2.1.2

		Continuous market			
	All markets	Total	Domestic	Foreign	Open outcry
Listed at 31/12/22	130	121	115	6	9
Listed at 31/12/23	128	120	112	8	8
New listings in 2023	**2**	**2**	**0**	**2**	**0**
New listings	2	2	0	2	0
Listings due to merger	0	0	0	0	0
Change of market	0	0	0	0	0
Delistings in 2023	**4**	**3**	**3**	**0**	**1**
Delistings	1	0	0	0	1
Delistings due to merger	3	3	3	0	0
Change of market	0	0	0	0	0
Net change in 2023	**-2**	**-1**	**-3**	**2**	**-1**

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

The capitalisation of Spanish stock markets rose by 17.2% in 2023, driven by market appreciation, reaching approximately €686.80 billion, slightly above the €666.90 billion recorded in 2019, the year before the pandemic. Except for 2017,[7] this is the highest value in the past decade and, as previously mentioned, is due to the significant revaluation of company share prices[8] achieved during the year.

4 The number of listed companies at the end of 2000 stood at 155 (continuous market), rising to 164 by the end of 2010, before falling to 138 by the end of 2020.

5 At the time of publishing this report, a certain recovery in this activity can be observed, with the listing of the company Puig on BME in May and the addition of several companies in the BME Growth segment.

6 Of the 653 companies registered with BME MTF Equity at the end of 2023, 455 were variable capital investment companies (SICAVs). At the end of 2022, the number of such registered companies was 1,173. For more detailed information on the companies in this MTF and their development over time, see Table I.2.1.12.

7 Capitalisation in 2017 was €701.03 billion.

8 The most representative indices of the Spanish stock markets, the Ibex 35 and the IGBM, rose by 22.8% and 21.6%, respectively.

Capitalisation[1] of equity on Spanish stock markets

TABLE I.2.1.3

Amounts in millions of euros

	2020	2021	2022	2023	% change 23/22
All markets	**579,163.7**	**638,177.7**	**585,976.2**	**686,821.0**	**17.2**
Continuous market	578,110.1	636,858.4	584,748.3	685,454.5	17.2
Domestic	576,622.7	634,591.2	583,297.7	667,097.1	14.4
Foreign[2]	1,487.4	2,267.2	1,450.6	18,357.4	1,165.5
Open outcry[3]	1,053.6	1,319.3	1,227.9	1,366.5	11.3
Madrid	30.9	23.1	32.8	33.2	1.0
Barcelona	955.9	1,258.7	1,201.5	1,234.0	2.7
Bilbao	20.6	19.2	14.7	14.7	-
Valencia	76.0	76.0	0.0	0.0	-

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

The share prices of the sectors represented on the Spanish stock market showed positive performance in most cases, with significant advances in the consumer goods and services sectors, as well as in the financial sector. This was largely due to the strong overall corporate earnings and, in particular, the good performance of net interest income in the financial sector. As previously mentioned, the largest percentage gains were seen in the consumer goods (44.3%) and consumer services (30.4%) sectors, as well as in the banking sector (30.7%). These were followed by the basic materials and industrial sector (25.5%) and the technology and telecommunications sector (17.8%). On the downside, the biggest declines were in the oil (-9.4%) and renewable energy (-4.8%) sectors, along with the chemical industry (-18.5%) and trade (-7.2%).

In terms of market capitalisation, the textile sector experienced the highest growth in 2023, thanks to the strong performance of Inditex, followed by the banking sector. The banking sector marked its third consecutive year of significant growth, partly due to the positive performance of its net interest income. As a result, financial sector capitalisation grew by 22.9%, while non-financial companies saw a smaller increase of 15.5% overall (see Table I.2.1.4 and Annexes I.5 and I.7). Sector-wise, market capitalisation returned to its pre-pandemic structure. The main recovery in capitalisation was observed in traditional industries such as banking, textiles, and energy, along with construction, infrastructure, and oil companies. Conversely, companies in the renewable energy, technology, and pharmaceutical sectors saw their relative importance decline.

Number of listed companies and capitalisation by sector[1]

TABLE I.2.1.4

Amounts in millions of euros

Sector	2022	2023	2022	2023	% change 23/22
Petroleum	1	1	21,568.1	17,853.5	-17.2
Energy	12	12	141,068.2	147,773.0	4.8
Mining and basic metals	8	8	6,140.2	6,832.4	11.3
Cement and construction mat.	2	2	3,627.5	4,322.1	19.2
Chemicals and pharmaceutical	7	7	13,035.1	16,633.1	27.6
Textile and paper	7	7	78,956.7	124,454.9	57.6
Metal-mechanical	14	14	5,881.0	7,335.0	24.7
Food	10	10	6,473.5	6,751.8	4.3
Construction	8	8	41,590.0	44,106.5	6.1
Real estate companies and SOCIMIs (Spanish REITs)	16	16	11,634.2	13,189.4	13.4
Transport and communication	5	5	69,034.1	82,322.1	19.2
Other non-financial	25	23	49,330.8	46,126.2	-6.5
Total non-financial sector	**115**	**114**	**448,339.5**	**517,700.3**	**15.5**
Banks	8	8	124,364.9	155,281.6	24.9
Insurance	3	3	10,243.2	10,617.8	3.7
Portfolio companies	4	4	3,028.5	3,221.3	6.4
Total financial sector	**15**	**14**	**137,636.7**	**169,120.8**	**22.9**
Total	**130**	**128**	**585,976.2**	**686,821.0**	**17.2**

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

The declines in capitalisation were primarily concentrated in the oil sector and, to a lesser extent, among a group of small and mid-cap companies from various industries. The oil sector was negatively affected by falling oil prices during the year, while small and mid-cap companies struggled with weaker financial structures, higher financing costs, the economic slowdown, and particularly subdued consumer spending. Among these, companies in the commerce and media sectors experienced notably poorer performance. Additionally, for the second consecutive year, small-cap companies underperformed relative to large companies. This situation contrasts sharply with that of 2021 and prior years, when the opposite trend was observed.

Market concentration was slightly higher than in 2022. The number of stocks needed to account for more than half of the market capitalisation decreased to six, one fewer than in the past four years. Although the list of the largest stocks remained similar to previous years,[9] the capitalisation of the top three[10] increased to nearly 38% of the total market capitalisation.[11] The number of stocks needed to account for 75% of the total market capitalisation decreased to 13, which is two fewer than in 2022. The number of Spanish stocks included in the European index

9 In the ranking of the ten largest companies by market value, the top companies maintained their positions, while changes occurred among the smaller companies. Repsol and Telefónica dropped out of this list, replaced by Aena and Ferrovial.

10 In terms of market capitalisation, the largest stocks continue to be Inditex, Iberdrola, and Banco Santander, in that order.

11 In 2022 the percentage was 33.2%.

remains at four (Banco Santander, BBVA, Iberdrola, and Inditex), underscoring once again the dominance of large banks and major companies from traditional sectors in the Spanish markets. This contrasts with other European markets, which feature a more diverse representation of large companies from various sectors.

Admissions to trading, issues and IPOs

The use of the stock market as a financing avenue for Spanish companies declined significantly for the second consecutive year, a trend not seen with the same intensity in other European markets. The number of capital increases fell to 39,[12] which is 16 fewer than in 2022, and the funds raised dropped to €3.79 billion, nearly 40% less than the previous year, marking the lowest amount in the past decade (see Annexes I.1 and I.2 for more details). Furthermore, only 13.5% of the registered capital increases[13] were fund-raising operations (compared to 41% the previous year), with the remaining 86.5% being bonus issues.

The amount raised from fund-raising capital increases totalled just €512 million, the lowest in the last 15 years. All capital increases were small in size and barely injected any capital into the companies, mostly comprising capital increases intended to remunerate employees of non-financial companies from various sectors with shares. Traditional fund-raising operations with pre-emptive rights, usually undertaken by financial institutions or large companies, remained minimal and accounted for barely a third of the total effective volume raised. Only one transaction of this type was conducted by Técnicas Reunidas, amounting to €150 million.

Capital increases and IPOs[1] TABLE I.2.1.5

Amounts in millions of euros

	2020	2021	2022	2023	% change 23/22
Capital increases with fund-raising	**8,903.1**	**12,227.7**	**2,520.3**	**512.2**	**-79.7**
With preemptive rights	6,837.1	7,060.4	254.2	181.1	-28.8
Without preemptive rights (IPOs)[2]	150.1	100.0	200.0	0.0	100.0
Of which, increases	0.0	0.0	0.0	0.0	-
Accelerated book builds	750.0	0.0	251.7	2.9	-98.8
Capital increases through non-monetary considerations[3]	2,330.0	3,525.3	1,381.2	5.2	-99.6
Capital increases by conversion	162.4	109.5	81.6	51.5	-36.8
Other	770.3	1,432.6	351.6	271.4	-22.8
Bonus issues	**6,194.9**	**5,478.1**	**3,591.5**	**3,281.0**	**-8.6**
Of which, scrip dividend	6,193.1	5,451.8	3,590.0	3,279.5	-8.6
Total capital increases	**15,098.2**	**17,705.8**	**6,111.8**	**3,793.3**	**-37.9**
Initial public offerings (IPOs)	**0.0**	**2,200.2**	**0.0**	**0.0**	**-**
Of which, increases	0.0	0.0	0.0	0.0	-

Source: CNMV. (1) Does not include data from MTF, ETF or Latibex. (2) IPOs (for subscription of shares). (3) Capital increases through non-monetary contributions have been accounted for at their market value.

12 These capital increases involved a total of 20 companies listed on the Spanish stock exchanges, seven fewer than in 2021.

13 The total amount of these capital increases was €512 million, barely one-fifth of the €2,520 million recorded in 2022. The volume of capital increases with actual fund-raising was the lowest in recent years.

The 15 bonus issues were almost entirely scrip dividend transactions, both in number and amount. Despite a minimal change in the number of operations (just one less), their volume continued to decline by €310 million (see Table I.2.1.5). This decline is attributed to the improved economic conditions, reduced leverage, and strengthened company balance sheets, which led more companies to opt for traditional cash payments to remunerate shareholders instead of issuing dividends in the form of shares, which keeps resources on the companies' balance sheets.

Trading

Trading in Spanish equities listed on the stock exchanges fell notably in 2023, decreasing by 14.6% to €630.53 billion, the lowest level since 2004 and a third less than the trading volume in 2018. Despite a slight recovery in 2022, trading in Spanish securities has been on a downward trend in recent years, a trend that intensified in 2023 due to higher interest rates and lower levels of volatility.[14]

The decline in trading of Spanish securities affected both the market operated by BME, which fell by 17.6%, and, to a lesser extent, competing venues, which recorded an 11.9% drop. The amount traded on BME reached €289.84 billion,[15] while that on competing venues stood at €340.49 billion.[16] Consequently, BME's share of Spanish securities trading fell to a new historic low of 46.3%[17] of the total.[18] These figures suggest that the offshoring of trading continues, albeit with less intensity. This process, which began later in Spain compared to neighbouring markets, has reached a similar level to other European benchmark markets over the past year.[19]

In terms of the distribution of trading among BME's competing venues, Cboe Equities once again stood out due to its high trading volume, despite losing some market share. Operating from Amsterdam[20] with a single order book, Cboe Equities recorded trading volumes exceeding €247 billion in 2023. This represents 72.6% of the market share among alternative trading venues and 39.2%[21] of the total trading volume in Spanish equities listed on the official Spanish markets. Although these proportions are slightly lower than in 2022, Cboe remains the principal competitor

14 The year 2023 was characterised by a significant drop in volatility, which fell to 13.13% from 18.37% in 2022. This discouraged algorithmic and high-frequency trading (HFT).

15 The lowest trading volume since 1999.

16 These figures include trading subject to market rules or MTF (both lit and dark) and are sourced from CNMV and Bloomberg.

17 Alternative information sources, particularly those provided by BME using Liquidmetrix data, indicate a BME market share in securities trading of around 67.46% in 2023 (up from 66.9% in 2022). The discrepancy is mainly due to the trading volume on external trading venues, which is considerably lower in the data from Liquidmetrix, as it only considers on-exchange, on-book trading.

18 This market share percentage has progressively declined, with some fluctuations, since 2014, when it stood at 85%. In 2022, 2021, and 2020, this figure was 48%, 53.5%, and 53.9%, respectively.

19 Trading on the benchmark market in 2023 reached levels similar to those of BME on Euronext Paris and exceeded those of Deutsche Börse and Euronext Milan. In contrast, both the London Stock Exchange and Euronext Amsterdam had lower trading levels compared to the Spanish market.

20 Cboe Equities has been operating from Amsterdam since January 2021 due to Brexit.

21 In 2022, trading represented 77% of the market share of BME's competing trading venues and 40.3% of total trading.

to BME.[22] Among the other competitors, Turquoise's relative presence steadily declined, reducing its share of trading both in absolute volume and as a percentage among competitors, down to 4.7%.[23] Turquoise was overtaken by other platforms such as Equiduct and Aquis, whose relative shares increased to 5.3% and 6.6%, respectively.

Total trading in Spanish equities admitted to trading on Spanish stock markets[1]

TABLE I.2.1.6

Amounts in millions of euros

	2019	2020	2021	2022	2023	% change 23/22
Total	**806,217.3**	**780,697.4**	**689,755.1**	**738,572.6**	**630,529.5**	**-14.6**
Admitted to SIBE electronic platform	**805,826.6**	**780,341.0**	**689,597.7**	**738,353.3**	**630,334.7**	**-14.6**
BME	460,267.4	418,512.6	368,608.5	351,801.8	289,842.5	-17.6
Cboe Equities Europe[2]	256,772.5	275,682.4	209,463.7	294,530.2	247,337.2	-16.0
Turquoise	30,550.6	23,242.2	22,624.6	19,251.4	15,886.0	-17.5
Equiduct			5,963.9	7,104.6	18,135.8	155.3
Aquis			23,546.0	25,275.5	22,390.5	-11.4
Other[3]	58,236.1	62,903.8	59,389.0	40,389.8	36,742.6	-9.0
Open outcry	**6.2**	**2.5**	**7.5**	**8.3**	**2.3**	**-71.7**
Second market	**0.1**	**0.0**	**0.0**	**0.0**	**0.0**	**-**
ETF[4]	**384.3**	**353.9**	**151.9**	**211.0**	**192.5**	**-8.8**

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

Trading in Spanish equities through systematic internalisers also recovered in 2023, stabilising at around 6.5% of total trading.[24] This represents an increase of 1 percentage point (pp) compared to 2022 and is similar to the level in 2021. This trend indicates a partial reversal in achieving one of the goals of the MiFID II regulation, which aimed to shift some trading from discretionary rules to trading venues that follow non-discretionary rules.

Trading on regulated markets operated by BME

Equity trading in the markets operated by BME remained concentrated in the Spanish Stock Exchange Interconnection System (SIBE) (see Table I.2.1.7). Trading in the traditional open-outcry markets of the stock exchanges was negligible, while trading on the two MTFs (BME MTF and Latibex) together accounted for barely 1% of the volume traded on the SIBE. The volume traded on the SIBE decreased by

22 Trading in Cboe Equities Europe accounts for 85.3% of BME's trading volume, up from 84.6% in 2022.
23 In 2022, 2021, and 2020, this figure was 5%, 7.1%, and 6.4% respectively.
24 "Total trading" is defined as the sum of trading subject to non-discretionary market rules and that carried out through systematic internalisers.

16.9% in 2023, reaching €297.53[25] billion (including foreign listed shares), while the number of trades fell by 26.6% to 28.5 million.[26] Consequently, the average effective amount per transaction increased again to €10,557, a rise of 13.4%. This increase, now observed for the third consecutive year, aligns with the growing participation of retail investors in the market, as they have shown several years of growth in the median size of their transactions.[27]

Trading in equities on markets operated by BME TABLE I.2.1.7

Amounts in millions of euros

	2020	2021	2022	2023	% change 23/22
Total	**429,338.7**	**378,144.4**	**362,116.5**	**300,474.0**	**-17.0**
Official markets	**425,340.0**	**374,536.3**	**358,185.8**	**297,536.9**	**-16.9**
SIBE	**425,337.5**	**374,528.8**	**358,177.5**	**297,534.5**	**-16.9**
of which ETFs	2,551.1	1,556.0	1,604.8	1,297.3	-19.2
Open outcry	**2.5**	**7.5**	**8.2**	**2.3**	**-71.7**
Madrid	0.1	0.1	0.6	0.0	-94.9
Bilbao	0.0	0.0	0.0	0.0	-
Barcelona	2.4	7.4	7.6	2.3	-69.9
Valencia	0.0	0.0	0.0	0.0	-
Second market	**0.0**	**0.0**	**0.0**	**0.0**	**-**
BME MTF Equity	**3,919.2**	**3,559.2**	**3,837.3**	**2,871.5**	**-25.2**
Latibex	**79.4**	**48.9**	**93.4**	**65.7**	**-29.7**

Source: CNMV.

All types of trading on the continuous market experienced declines in 2023, with the most significant drop – in terms of volume – seen in put-throughs, which fell by more than 20%. Additionally, trading and liquidity became even more concentrated in a small number of securities, with just 9 securities accounting for two-thirds of the market. In 2023, six and 13 securities were required to account for 50% and 75%[28] of the total amount traded on the SIBE, respectively – one and two fewer than were needed in 2022. Trading remained concentrated in larger companies, while the biggest among the mid-sized companies increased their market share at the expense of the smaller ones. The number of companies required to account for 90% of market trading stood at 26, down from 32 in 2022).[29] The most traded securities were again the same[30] as the previous year: Banco Santander, Iberdrola, BBVA, Inditex, and Repsol. All these are components of the Spanish Ibex 35 and the European Eurostoxx 50 indices, except for Repsol in the latter case (see Annexes I.6 and I.8).

25 This figure includes trading carried out by ETFs, which amounted to €1.30 billion and is the lowest volume seen since 1999.

26 The number of transactions reached 38.9 and 45 million in 2022 and 2021, respectively.

27 The CNMV publishes information on the behaviour of retail investors in the market on its website in the form of a dashboard or scorecard. CNMV - Dashboards

28 The 6 most traded stocks made up 54.8% of the market, increasing to 75.9% when the top 13 stocks were considered.

29 In 2021, 28 stocks accounted for 90% of market trading.

30 However, their rankings among the most traded stocks shifted. In 2022, the most traded stocks were: Banco Santander, Iberdrola, BBVA, Repsol, and Inditex.

Trading in BME by type of trade in the continuous market[1] TABLE I.2.1.8

Amounts in millions of euros

	2019	2020	2021	2022	2023	% change 23/22
Regular trading	450,575.7	405,120.5	355,841.2	342,364.3	290,398.7	-15.2
Orders	258,242.2	278,516.1	237,430.5	247,439.8	209,181.0	-15.5
Put-throughs	38,888.0	42,666.5	40,006.0	35,058.8	27,822.5	-20.6
Block trades	153,445.5	83,938.0	78,404.7	59,865.7	53,395.3	-10.8
Off-hours	3,098.1	4,174.3	4,889.5	3,873.0	2,291.9	-40.8
Other types	10,071.5	13,491.6	12,241.7	10,335.4	3,546.6	-65.7

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

Short positions

The aggregate short selling position – according to information received by the CNMV – declined for the second consecutive year, ending 2023 at 0.46% of the total market capitalisation of continuous market securities, the lowest level in the past five years. At the end of the year, four stocks had short positions exceeding 5% (the same stocks as in 2022), and there were net short positions greater than 2% of individual market capitalisation in nine stocks (down from 10 stocks at the end of 2022). Similar to 2022, the largest individual short positions were in companies from the energy, renewable energy, and construction sectors. There were also significant, though smaller, short positions in the tourism, telecommunications, and banking sectors.

Short positions TABLE I.2.1.9

	% short positions / capitalisation[1]	No. companies with short positions > 2%[2]	No. companies with short positions > 5%[2]
2019	0.66	14	1
2020	0.73	17	3
2021	0.75	9	3
2022	0.62	10	4
2023	0.46	9	4

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

Takeover bids

In 2023, only one takeover bid was authorised, amounting to a potential €400 million, which is 94% less than the previous year. This was a partial mandatory takeover bid launched by FCC for its own shares as part of a capital reduction. Mandatory takeover bids for capital reduction through the acquisition of own shares are required by Article 338 of the Capital Companies Act and Article 12 of Royal Decree 1066/2007 when the purpose is to reduce capital by amortising the shares. This type of takeover bid is unique to Spanish law, and its primary objective is not to acquire control (since the bidder and the target are the same company), nor to exclude the issuer from trading, which are the main purposes of takeover bids under Spanish law.

Since this was a mandatory takeover bid, it was determined that the price should comply with the rules on equitable pricing/fair price. In addition, since the takeover bid aimed to acquire treasury shares for redemption, Article 340 of the Spanish Corporate Enterprises Act and Article 38.2 of the Royal Decree on Takeover Bids were applicable. These articles stipulate a pro-rata allocation based on a proportionality rule if the shares included in the acceptance declarations exceed the maximum number of shares targeted by the bid. Further details on the authorised takeover bid from the previous year can be found in Annex I.9.

The offer was limited to a maximum of 7.01% of FCC's share capital and did not include the company's treasury stock, which was immobilised. Additionally, FCC's controlling shareholder, along with other related shareholders holding 77.82% of the capital, committed not to accept the offer with their shares. As a result, considering these commitments not to accept the offer and the immobilisation of treasury stock, only shares representing 22.17% of the capital could participate in the offer.

As a result of the offer, FCC acquired shares representing 4.50% of its capital for redemption, which was completed on 19 December. Since the number of shares accepted fell below the maximum limit of 7.01%, no pro-rata allocation was necessary. The operation did not require prior authorisation of the external investment by the Council of Ministers,[31] as the company was already controlled by a single shareholder, and the operation did not alter this control. Moreover, as the offer was partial and made by the company itself, not extending to all of FCC's shares, there were no compulsory purchases.

Takeover bids

TABLE I.2.1.10

Amounts in millions of euros

	2019	2020	2021	2022	2023
Authorised[1]					
Number	7	2	5	4	1
Potential amount	1,571	5,807	7,863	6,752	400
Potential amount plus agreements prior to acquisition[2]	1,589	5,807	7,863	6,752	400
Completed[3]					
Number	7	2	5	4	1
Amount	840	5,210	5,213	5,270	257
Amount plus agreements prior to acquisition[2]	858	5,210	5,213	5,270	257

Source: CNMV. In cases where the consideration has been adjusted for dividends, all amounts are calculated on the basis of this adjusted consideration. (1) Authorised during the year. (2) Potential amount of takeover bids plus cash volume of acquisitions agreed prior to each bid. (3) All bids authorised during the year, even if completed in the following year, except where the bid was unsuccessful or was withdrawn. Does not include the amounts for squeeze-outs.

31 Article 7 bis of Law 19/2003, of 4 July, on the legal regime for capital movements and economic transactions abroad.

During the year 2023, the exemption from a public delisting bid for Siemens Gamesa, under the terms of Articles 65.2 of the Spanish Securities Markets and Investment Services Act (LMVSI) and 11.d) of the Royal Decree on Takeover Bids, was applicable. For this delisting exemption, which requires compliance with the requirements established in the aforementioned provisions, consideration was given to the previous takeover bid made by its controlling shareholder, Siemens Energy. This bid was authorised by the CNMV on 7 November 2022, with the price justified by a valuation report in accordance with sections 5 and 6 of Article 10 of the Royal Decree on Takeover Bids, and included the bidder's stated intention to delist the company. It was also noted that, as a result of the previous bid, the bidder increased its stake in Siemens Gamesa from 67.07% to 92.72%, and subsequently facilitated the sale of shares to other shareholders through a purchase order at the same price as the previous bid for more than one month in the six-month period following the settlement of the takeover bid.

At the end of 2023, there were four takeover bids in progress involving three companies, with a potential total value of €2.27 billion. Of these, two bids were competing for 100% of the share capital of Applus, another aimed at 100% of Opdenergy, and the fourth was a partial takeover bid for 15% of Prosegur.

Multilateral trading systems

Latibex

The market value of Latin American shares[32] traded on Latibex and listed in euros increased by 33.9% in 2023, reaching €305.9 million. This figure represents less than 0.1% of the capitalisation of companies traded in the Latin American region and a very small percentage of the total number of shares of these companies listed in their home markets. Almost the entire balance recorded in Iberclear, as well as the majority of the trading volume, was once again attributed to Brazilian companies, with the remaining companies accounting for negligible amounts. Trading on Latibex, which was already at very low levels, decreased by 29.7% to just over €65 million.

Companies listed on Latibex by country TABLE I.2.1.11

Amounts in millions of euros

	No. of companies		Traded securities at market price[1]			Trading volume		
Country	2022	2023	2022	2023	% change 23/22	2022	2023	% change 23/22
Argentina	1	1	1.2	0.8	-31.8	0.2	0.2	-18.6
Brazil	11	10	225.4	303.3	34.6	86.4	62.7	-27.5
Colombia	1	1	0.0	0.0	-	0.0	0.0	-
Mexico	5	5	1.3	1.4	11.7	6.4	2.8	-56.8
Peru	1	1	0.7	0.4	0.4	0.3	0.1	-76.4
Total	**19**	**18**	**228.5**	**305.9**	**33.9**	**93.4**	**65.7**	**-29.7**

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

32 The FTSE Latibex All-Share and FTSE Latibex Top indices posted gains of 10.4% and 12.5%, respectively, compared with gains of 10.7% and 7.8% in 2022.

BME MTF Equity

BME MTF Equity is structured in three segments: BME Growth, BME CIS and BME venture capital firms. BME Growth is intended for SMEs in expansion and has the category of "growth market".[33]

BME Growth had a total of 63 growth companies and 75 listed real estate investment trusts (SOCIMIs) admitted to trading at the end of 2023, with an aggregate capitalisation of nearly €18.90 billion. Listed growth companies increased both in number (up by seven to 63) and in value (up 47.6% to €8.82 billion),[34] reaching their all-time highs, while their trading volume grew by 6.7% to €726 million. The companies joining the market were mainly from the renewable energy and technology sectors, although those from the hotel and catering, as well as investment services sectors, also entered the market. In contrast, the number of SOCIMIs (Spanish REITs) declined by four,[35] falling to 75 companies. Their market value decreased by almost a third to €10 billion, although trading volume increased by 13.4% to over €120 million.

The number of open-ended collective investment schemes (SICAVs) more than halved, with 718 companies deregistering, reducing the total from 1,173 to 455. This sharp decline was due to the impact of a significant tax change that came into force. Consequently, their capitalisation fell by 17.4% to just over €14.30 billion. This continues the downward trend from 2021, when the number of SICAVs stood at 2,283 and their capitalisation at €29.14 billion.

Companies listed on BME MTF Equity, by segment

TABLE I.2.1.12

Amounts in millions of euros

	No. of companies		Capitalisation[1]			Trading volume		
	2022	2023	2022	2023	% change 23/22	2022	2023	% change 23/22
BME Growth								
Growth companies	56	63	5,975.3	8,822.1	47.6	681.2	726.7	6.7
SOCIMI (Spanish REITs)	79	75	14,710.6	10,054.0	-31.7	106.4	120.6	13.4
BME CISs								
SICAVs	1,173	455	17,385.1	14,352.9	-17.4	2,897.1	1,760.3	-39.2
BME hedge funds with legal personality-venture capital firms								
Hedge funds and venture capital firms	38	60	999.4	1,405.1	40.6	152.5	263.8	73.0
Total	**1,346**	**653**	**39,070.4**	**34,634.1**	**-11.4**	**3,837.3**	**2,871.5**	**-25.2**

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

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

34 The indices of this market, Ibex Growth Market 15 and Ibex Growth Market All-Share, fell by 24.2% and 11%, respectively, in 2023. These declines followed decreases of 2.1% and 0.9% in 2022.

35 Although three companies joined the market, several were delisted to be listed on other MTFs, such as the Portfolio Stock Exchange, or on international markets like Euronext Growth.

Portfolio Stock Exchange

In 2023, the MTF Portfolio Stock Exchange[36] began to operate, trading both equities and fixed income securities. In its first year of operation, five companies, all SOCIMIs, were admitted to trading. By the end of the year, their total capitalisation amounted to €589.6 million, with transactions reaching €0.36 million.

Exchange traded funds (ETFs) on the Spanish stock market

ETF activity reached its lowest level since their introduction in 2006. Trading in ETFs totalled €1.30 billion, with assets amounting to €516 million, spread across five funds, the same as in 2022. This form of investment, which is highly dynamic in most international markets, is significantly constrained in Spain by several factors. These include the distribution strategy of entities, international competition, and the taxation applied to ETFs, which is less favourable than that of unlisted investment funds.

I.2.2 Fixed income

Overview

Debt markets in Spain in 2023 were significantly influenced by the European Central Bank's (ECB) tighter monetary policy aimed at reducing the high levels of inflation in the euro area. This policy led to six interest rate hikes throughout the year, the last of which was in September. Consequently, the interest rates on main refinancing operations rose from 2.5% to 4.5% over the year,[37] reaching their highest level since 2001. These increases were reflected in other fixed income assets with varying intensity, depending on their maturity and other factors such as credit risk. Regarding purchase programmes, in July, the ECB completed the reinvestment of the maturities of bonds purchased under the Asset Purchase Programme (APP) and announced progress on the Pandemic Emergency Purchase Programme (PEPP).[38]

General government net issuance amounted to €83.41 billion in 2023, a 6.5% increase from the previous year. Despite this rise, the ratio of total general government debt to GDP decreased to 109.9% in the third quarter of 2023, 3.2 pp lower than at the end of 2022. This decline is explained by the higher relative increase in nominal GDP, amidst significant price increases.

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36 The CNMV Board authorised the SMN Portfolio Stock Exchange on 30 June.

37 The marginal lending rate and the deposit facility rate increased to 4.75% and 4%, respectively.

38 For the second half of 2024, a reduction of €7.50 billion per month in reinvestments from maturing bonds under the PEPP purchase programme is anticipated, with reinvestments set to conclude by the end of the year.

Spanish private debt issuers slightly reduced their issuance activity compared to 2022 in gross terms. This reduction originated from the non-financial sector, whose issuance fell by 28.9% during the year to €43.23 billion. In contrast, the financial sector issued €177.24 billion, an increase of 7.8% compared to 2022. Additionally, in the financial sector, the amount of maturities was lower than the volume issued by the entities, resulting in an increase of €34.11 billion in the outstanding amount. At the European level, a slightly different pattern emerged for non-financial companies, which saw a 7.2% increase in issuance during the year. In the financial sector, the trends were quite similar, with both gross and net issuance rising.

Issues and outstanding balances: breakdown by issuer

TABLE I.2.2.1

Nominal amounts in millions of euros

	Amount[1]			*Pro memoria*: euro area		
	2022	2023	% change 23/22	2022	2023	% change 23/22
Gross issues[2]	**494,656**	**511,968**	**3.5**	**9,080,817**	**9,572,205**	**5.4**
General government	269,414	291,501	8.2	3,057,939	3,081,044	0.8
Financial institutions	164,440	177,241	7.8	5,281,344	5,696,127	7.9
Non-financial companies	60,802	43,226	-28,9	741,534	795,034	7.2
Net issues[2]	**45,205**	**112,841**	**149,6**	**817,475**	**1,236,040**	**51.2**
General government	78,289	83,405	6.5	404,457	532,187	31.6
Financial institutions	-26,622	34,106	-	390,502	676,287	73.2
Non-financial companies	-6,462	-4,669	27.7	22,516	27,566	22.4
Outstanding balances[3, 4]	**2,028,894**	**2,138,715**	**5.4**	**20,733,444**	**21,868,999**	**5.5**
General government	1,323,353	1,406,719	6.3	10,699,167	11,226,949	4.9
Financial institutions	571,561	603,798	5.6	8,395,372	8,981,257	7.0
Non-financial companies	133,980	128,198	-4.3	1,638,905	1,660,793	1.3

Source: Bank of Spain, CNMV and ECB. Data on the general government debt in this table are not directly comparable with the data drawn up according to the Excessive Deficit Protocol, mainly because the latter methodology includes all liabilities held by the public administrations in cash and deposits, debt securities and loans; it also excludes portfolio securities held by general government and includes currency swaps. Data from the Management Company for Assets arising from Bank Restructuring (SAREB) are included in the public administration sector in accordance with the reclassification established by Eurostat. (1) Includes issues made by Spanish companies in Spain and abroad. 2. For currency issues made by the public administration service, the equivalent value in euros is considered, applying the average exchange rate of the month published by the ECB. For currency issues of financial institutions and non-financial companies, the value in euros is obtained by applying the exchange rate of the last day of the month published by the ECB. (3) and (4) Outstanding balances cannot be adjusted with net issues because currency issues are converted to euros applying a different time criteria for the exchange rate.

Public sector debt

Yields on government bonds rose sharply until October, before declining towards the end of the year. The annual performance varied between short-term and long-term assets: yields on 3-, 6-, and 12-month assets closed the year at 3.56%, 3.57%, and 3.28% (December average) respectively, representing increases of 208, 141, and 81 basis points (bp). Meanwhile, the yield on the 10-year sovereign bond averaged 3.1% in December, which was 10 bp lower than the previous year. Consequently, there was a significant flattening of the yield curve.

The Spanish government increased its debt issuance in 2023, both in gross terms (up 8.2% to €291.50 billion) and net terms (up 6.5% to €83.40 billion). State issuance, which represents 98.37% of total government debt issuance, rose by 7.7%, with similar increases observed in both short-term and long-term issuance. The Autonomous Communities also increased their issuance compared to 2022 but remained well below the levels recorded in previous years.

Gross issues by the public administration service

TABLE I.2.2.2

Nominal amounts in millions of euros

	2020	2021	2022	2023	% change 23/22
Status	**296,965**	**274,615**	**266,370**	**286,755**	**7.7**
Short-term	105,132	101,603	82,859	89,840	8.4
Long-term	191,833	173,011	183,511	196,915	7.3
Autonomous regions	**6,394**	**7,768**	**3,044**	**4,746**	**55.9**
Short-term	878	501	208	821	294.4
Long-term	5,516	7,267	2,836	3,924	38.4
Local authorities	**0**	**0**	**0**		**-**
Short-term	0	0	0		-
Long-term	0	0	0		-
Total public administration service	**303,359**	**282,383**	**269,414**	**291,501**	**8.2**

Source: Bank of Spain and CNMV.

In 2023, trading activity in Spanish public debt reversed the downward trend of recent years, at least for medium- and long-term debt, likely driven by the notable increase in yields. The volume of Spanish government bonds traded in 2023 was just under €2 trillion, equivalent to 1.42 times the outstanding stock of debt. This volume includes transactions executed on both Spanish and foreign trading venues, as well as bilateral over-the-counter (OTC) trades, and was 1.9% higher than the previous year's figure. Within this trading, short-term debt (Treasury bills) saw a 10.3% decline compared to the previous year. The conclusion of part of the ECB's debt purchase programmes led to a reduction in the amount of Spanish government debt on the ECB's balance sheet. Consequently, the value of Spanish government debt on the ECB's balance sheet decreased to 38.5% of the outstanding long-term government debt, down from 42.1% in 2022.

Public debt. Total trading by instrument and transaction[1] TABLE I.2.2.3

Amounts in millions of euros

	2020	2021	2022	2023	% change 23/22
Treasury bills	**318,676**	**269,011**	**264,815**	**237,645**	**-10.3**
Spot	316,459	268,854	262,061	233,411	-10.9
Term	2,217	157	2,754	4,234	53.7
Non-stripped government bonds	**2,771,733**	**1,784,689**	**1,682,251**	**1,743,956**	**3.7**
Spot	2,696,745	1,720,971	1,628,076	1,709,089	5.0
Term	74,987	63,717	54,175	34,867	-35.6
Stripped government principal and coupons	**7,267**	**5,333**	**11,484**	**13,983**	**21.8**
Spot	7,258	5,320	9,342	10,092	8.0
Term	9	13	2,142	3,891	81.6
Total	**3,097,676**	**2,059,033**	**1,958,550**	**1,995,584**	**1.9**

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

The trading volume of Spanish government bonds executed through Spanish trading venues increased by 10.3% in 2023, reaching €506 billion. However, this increase in trading volume was not uniformly distributed across all Spanish trading venues. Trading in Spanish debt on the regulated AIAF market, via the SEND platform, rose by 59.6% compared to the previous period, reaching €10.14 billion, thus breaking the downward trend of recent years. Despite this growth, the volumes remained significantly below the €111.45 billion traded in 2020. SENAF, on the other hand, experienced even greater growth, with a 74% increase, bringing its trading volume to €174.70 billion, close to the levels seen in 2021. These figures confirm SENAF as one of the leading markets for Spanish public debt at the national level, with a market share of 34.5% of the total traded on Spanish venues.

Spanish organised trading facilities (OTFs) also saw growth in the volume of domestic public debt transactions executed through their platforms, with the exception of CIMD OTF. CIMD OTF recorded a 39.6% decrease compared to 2022, continuing the downward trend of recent years. Despite this decline, trading on this platform still accounts for more than 40% of the total Spanish government debt trading recorded on these OTFs. The newest platform, Tradition España OTF (TEUR), experienced a significant increase in trading, up 128%, boosting its market share from 6.4% to 16%. Finally, CAPI OTF saw a 23.3% increase in trading, reversing the declines of the previous two years and capturing 43% of the total trading volume.

Spanish venues traded a total of €652.40 billion in government bonds issued abroad in 2023, marking a 24% increase compared to 2022. This growth was seen across all trading venues, except for CAPI OTF. Additionally, TEUR remains the leading Spanish trading venue for these assets, holding an 81% market share.

Trading in public debt[1] in Spanish trading venues

TABLE I.2.2.4

Nominal amounts in millions of euros

Venue	Place of debt issue	2020	2021	2022	2023	% change 23/22
AIAF	Total	140,339	47,545	18,676	22,866	22.4
	Spain	111,454	27,184	6,354	10,141	59.6
	Abroad	28,885	20,361	12,322	12,725	3.3
MTFs						
SENAF		120,706	174,959	100,432	174,703	73.9
Dowgate	Total	1,075	7,512	7,840	20,367	159.8
	Spain	73	192	384	363	-5.3
	Abroad	1,002	7,319	7,457	20,004	168.3
OTFs[2]						
CAPI	Total	180,150	164,328	155,046	176,377	13.8
	Spain	170,940	123,243	112,777	139,044	23.3
	Abroad	9,210	41,085	42,270	37,322	-11.7
CIMD	Total	370,596	301,613	259,946	187,630	-29.0
	Spain	293,736	245,069	216,545	130,700	-39.6
	Abroad	76,860	56,544	43,402	53,931	24.3
TEUR	Total	-	7,312	443,133	579,982	30.9
	Spain	-	34	22,638	51,618	128.0
	Abroad	-	7,278	420,495	528,364	25.7
TOTAL	**Spain**	**696,909**	**570,681**	**459,128**	**506,570**	**10.3**
	Abroad	**115,957**	**132,587**	**525,945**	**652,356**	**24.0**

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

Private debt

Yields on corporate fixed income assets in 2023 followed a similar pattern to government bonds, influenced by the ECB's decisions. As with government bonds, yields tightened more significantly in the shorter tranches. Additionally, the risk premiums for Spanish private sector issuers, based on the average price of 5-year credit default swaps (CDS), peaked in March at 108 bp for financial institutions and 77 bp for non-financial institutions. By the end of the year, the average risk premium for financial institutions had decreased to 84.8 bp (down from 104 at the end of 2022), while for non-financial institutions it fell to 52.4 bp (down from 82 at the end of 2022).

The total amount of private sector fixed income issues stood at €217.24 billion in 2023, 3.6% less than in 2022, with decreases in the volume recorded domestically and increases abroad. When distinguishing by maturity, it's notable that the total amount of short-term issues was similar to that of long-term issues. Short-term issues totalled €108.16 billion, 7.8% less than in 2022, while long-term issues amounted to €109.08 billion, 1.1% **more than in 2022.**

Private fixed income issuance in Spain amounted to €86.42 billion in 2023, 23% lower than in 2022. This decline is primarily due to the sharp fall in commercial paper and mortgage covered bonds, whose volume dropped by almost 35%. The amount of long-term issues registered with the CNMV stood at €45.45 billion, 23% down from 2022. This decrease affected nearly all types of issued assets, except for non-convertible bonds and debentures, which doubled in amount but still accounted for only 8% of long-term debt issuance. Meanwhile, fixed income issues admitted to trading on the MARF alternative market totalled €15.3 billion, an **increase** of 10.9% **compared to 2022.**

Gross private fixed income issues registered in Spain

TABLE I.2.2.5

Nominal amounts in millions of euros

CNMV	2020	2021	2022	2023	% change 23/22
Long-term[1]	**80,753**	**59,534**	**59,074**	**45,446**	**-23.1**
Non-convertible bonds and debentures	5,545	3,080	1,739	3,620	108.2
Subordinated debt	500	750	500	500	0.0
Convertible bonds	0	1,210	1,800	1,130	-37.2
Covered bonds	22,960	28,920	31,350	20,550	-34.4
Territorial bonds	9,150	5,500	3,540	750	-78.8
Backed securities	35,081	18,376	20,645	14,666	-29.0
Preference shares	1,750	1,625	0	1,350	-
Other issues	6,266	823	0	3,380	-
Short-term[2]	**22,301**	**20,157**	**39,525**	**25,706**	**-35.0**
Commercial paper	22,301	20,157	39,525	25,706	-35.0
Asset securitisation	0	0	0	0	
Total	**103,054**	**79,691**	**98,598**	**71,151**	**-27.8**
Admitted to the MARF	**9,651**	**13,968**	**13,772**	**15,273**	**10.9**
TOTAL (CNMV and MARF)	**112,704**	**93,659**	**112,370**	**86,424**	**-23.1**

Source: CNMV. (1) This heading only considers the issues of private sector entities and excludes for all years of the table the issues made by SAREB (Spain's "bad bank"), which, according to Eurostat's criteria, must now be considered a public administration service. In 2023, the amount of debt issues of this company registered with the CNMV stood at €8.50 billion. (2) The figures for commercial paper issues correspond to the amounts placed.

As previously indicated, in 2023, Spanish issuers increasingly sought financing abroad, reaching a total volume of €130.81 billion, 15.9% more than in 2022. This increase is mainly due to a 29.4% **rise in bond and debenture issues, although short-term asset issues also saw growth.**

For subsidiaries of Spanish companies issuing abroad, primarily in Latin American countries like Mexico, Colombia, and Brazil, there was a 6.7% decline in 2023, totalling €77.28 billion. This reduction occurred among both financial institutions (down 6.8%) and non-financial institutions (down 6.5%).

Gross private fixed income issued by Spanish issuers abroad

TABLE I.2.2.6

Nominal amounts in millions of euros

	2020	2021	2022	2023	% change 23/22
Long-term	**46,282**	**64,089**	**48,037**	**63,133**	**29.4**
Preference shares	1,850	3,820	0	2,744	-
Subordinated bonds	0	1,350	0	1,368	-
Bonds and debentures	44,432	58,920	48,037	58,027	29.4
Backed securities	0	0	0	994	-
Short-term	**45,714**	**63,104**	**64,834**	**67,679**	**4.4**
Commercial paper	45,714	63,104	64,834	67,679	4.4
Asset securitisation	0	0	0	0	-
Total	**91,996**	**127,194**	**112,871**	**130,811**	**15.9**
***Pro memoria*: gross issues of subsidiaries of Spanish companies in rest of the world**					
Financial institutions	42,120	40,597	58,750	54,756	-6.8
Non-financial companies	28,928	30,381	24,093	22,519	-6.5
Total	**71,048**	**70,978**	**82,843**	**77,275**	**-6.7**

Source: Bank of Spain.

The MARF continued to grow in importance in the commercial paper market, with new issues totalling €14.77 billion in 2023, a 13.6% increase from 2022. In contrast, longer-term issues were much less dynamic, amounting to €498.3 million in 2023, compared with €769.5 million in 2022. These figures confirm that the MARF is now predominantly a short-term market, with short-term issues accounting for 96.7% of the total (see Table I.2.2.7). Overall, the market saw a 10.9% increase, reaching a total of €15.27 billion. The number of issuers also continued to rise, reaching 102 by the end of the year (up from 94 in 2022).

Admission to the MARF[1]

TABLE I.2.2.7

Nominal amounts in millions of euros

	2020	2021	2022	2023	% change 23/22
Non-convertible bonds and debentures	461.8	486.5	119.0	205.3	72.5
Backed securities	249.2	3,002.5	527.5	58.0	-89.0
Covered bonds	350.0	0.0	100.0	100.0	0.0
Preference shares	0.0	0.0	22.0	135.0	513.6
Commercial paper	8,589.5	10,479.0	13,003.6	14,774.2	13.6
Total	**9,650.5**	**13,968.0**	**13,772.1**	**15,272.5**	**10.9**
Number of issuers	**64**	**87**	**94**	**102**	**8**

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

The volume of debt issuance with ESG (environmental, social, and governance) characteristics by Spanish private sector issuers stood at €12.90 billion in 2023, 17.3% less than in 2022. When including issuance by general government, the total ESG debt issuance rose to €16.80 billion, a decrease of 21.6% compared to 2022. In the private sector, 80% of issuance was green, 12% was social, 4% was sustainable, and the remaining 5% was sustainability-linked. Financial institutions accounted for 39% of the issuance, with the remaining 61% coming from the corporate sector. This marks a notable shift from the previous period, as in 2022 financial institutions accounted for 63% of private sector ESG issuance. Among non-financial companies, the energy and utilities sectors were the most prominent in terms of issuance. Notably, more than 85% of ESG issuance continued to take place in foreign markets, including Luxembourg, the United Kingdom, Ireland, and Germany.

In 2023, private fixed income trading saw a nearly 50% year-on-year increase, reaching volumes close to those recorded in 2020. This growth can be attributed to the performance of multilateral trading facilities (MTFs and OTFs), systematic internalisers (SIs), and bilateral OTC trading. Bilateral OTC trading stood out as the most significant segment in this area, both in terms of its growth rate (65%) and its share of the total volume, accounting for 48.3%, up from 43.8% in 2022.

The three leading MTFs – Bloomberg Trading Facility, MarketAxess NL, and Tradeweb EU – collectively traded a volume of 118.16 billion in 2023, marking a 37.3% increase compared to 2022. Among them, Bloomberg Trading Facility maintained its position as the MTF with the highest turnover, with a volume of 90.19 billion, largely through its Dutch subsidiary. Finally, Table I.2.2.8 highlights the systematic internalisers with the largest trading volumes, with BNP Paribas S.A. at the forefront, handling a volume of 11.21 billion. The two Spanish internalisers, Banco Santander and BBVA, significantly increased their activity in 2023, with volumes rising from 2.18 billion and 3.53 billion, respectively, to 7.71 billion and 7.52 billion. Finally, the table also includes, under the heading "Other trading systems", the 102 million traded through AIAF (compared to 107 million in 2022), 130 million through CAPI OTF (177 million in 2022), and 23 million through TEUR OTF.

Total trading of private fixed income instruments issued by Spanish companies[1] TABLE I.2.2.8

Millions of euros

	2020	2021	2022	2023	% change 23/22
Bilateral trading (OTC)	157,323	99,899	119,288	196,785	65.0
Bloomberg Trading Facility Limited (MTF)	81,937	4,104	5,726	9,423	64.6
Bloomberg Trading Facility B.V. (MTF)	16,352	63,652	61,324	80,769	31.7
Marketaxess,[2] NL, B.V.(MTF)	13,426	8,485	10,194	15,243	49.5
Tradeweb[2] EU B.V. (MTF)	13,412	6,619	8,812	12,723	44.4
BNP Paribas S.A. - Systematic Internaliser	-	3,270.8	12,358	11,209	-9.3
Banco Santander, S.A. – Systematic Internaliser (SI)	11,196	9,124	2,175	7,708	254.3
BBVA, S.A. - Systematic Internaliser (SI)	10,822	4,205	3,532	7,522	113.0
Other trading systems[3]	112,084	47,317	49,004	66,038	34.8
Total	**416,553**	**246,675**	**272,412**	**407,420**	**49.6**

Source: CNMV. (1) Data estimated from information contained in Transaction Reporting. Includes private fixed income assets issued by Spanish companies both in Spain and abroad. (2) Figures for 2020 include the volume traded through the London subsidiary, while in 2021, 2022 and 2023 the volume reflected is that traded through the Dutch subsidiary (B.V.). (3) This heading includes the sum of the volume traded in other trading systems other than those identified whether they are regulated markets (including AIAF in Spain, trading on which was €102 million), other multilateral trading facilities (including MARF), organised trading facilities (including CAPI OTF, CIMD OTF and TEUR OTF registered in Spain) and other systematic internalisers.

The MARF alternative market celebrates its first decade

EXHIBIT 2

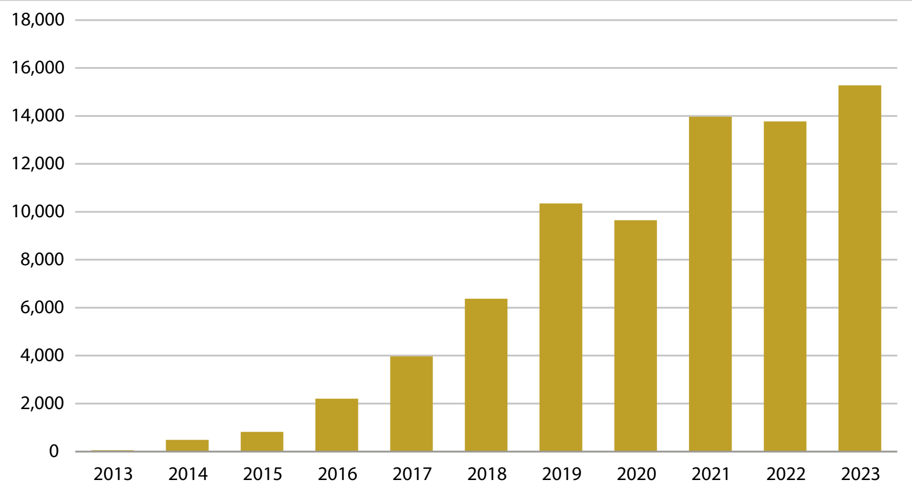
The European business landscape – and even more so the Spanish one – is predominantly composed of small and medium-sized enterprises (SMEs).[1] This composition influences their access to financing through capital markets, making them largely reliant on bank credit.[2] In response to this, alternative equity markets were initially developed and later expanded to include debt markets. The main aim was to provide companies with access to a broad investor base, enabling them to secure financing and resources for their projects. The first dedicated fixed income market in Europe was established by the Oslo Stock Exchange in 2005 with the creation of the Oslo ABM. Following this, the Stuttgart and Italian stock exchanges launched their own markets, BondM Market and Extramot Pro, respectively, in response to the sharp decline in the availability of credit in Europe after the financial crisis. In Spain, the Mercado Alternativo Bursátil (MAB), now known as BME Growth, was established in 2008. This was followed in 2013 by the creation of the Mercado Alternativo de Renta Fija (MARF).[3] This Exhibit outlines the main features and the development of the latter.[4]

The MARF began its activity in October 2013, during the financial crisis, and has since experienced sustained growth. Over these 10 years, it has accounted for more than 135 issuers and debt issues totalling over €76.80 billion, with €15.16 billion issued in 2023 alone. This volume represented nearly 8% of the total fixed income issues by Spanish issuers. The issues are mainly concentrated in commercial paper, and to a lesser extent, bonds. However, they include all types of debt assets, from asset-backed securities to project bonds, green bonds, and even equity securities. The market is thus open to companies of any legal form, origin,[5] and sector, although there is a predominance of issuances by industrial companies, consumer goods and services sectors, and renewable energy sectors. The market targets qualified investors, both domestic and international, who seek to diversify their portfolios with fixed income securities from typically unlisted companies across a wide range of business sectors with promising prospects.

Adopting the structure of a multilateral trading facility (MTF), the market benefits from more flexible regulations,[6] simpler procedures, and lower costs compared to regulated markets. It is run and managed by BME and has been included by the European Central Bank (ECB) as an eligible MTF for its monetary policy operations since 2020.

The market had a relatively slow start[7] during the credit crisis, with more than half of its issues focused on medium-term debt. However, from 2016 onwards, it began to show greater dynamism. This was driven by the recovery of the Spanish economy, the need for many companies to find new sources of financing, and the growing interest of investors in new companies and sectors against a backdrop of very low interest rates. The introduction of numerous commercial paper issues from this point onwards, which have continued to grow, accelerated the market's expansion. By 2019, just six years after its launch, the market had surpassed the €10 billion annual threshold in registered issues. In 2020, it experienced a slight decline due to the effects of the COVID-19 pandemic but continued to play a significant role in channelling funds to the business sector, thanks to the intervention of the Official Credit Institute (ICO)[8] as guarantor for numerous market issues. Following this, it continued to grow in both volume and number of issuers, surpassing the €15 billion per year threshold in 2023. This growth has now solidified its position as a key source of financing for numerous companies (see Figure E2.1).

Volume issued in the MARF (2013–2023) FIGURE E2.1

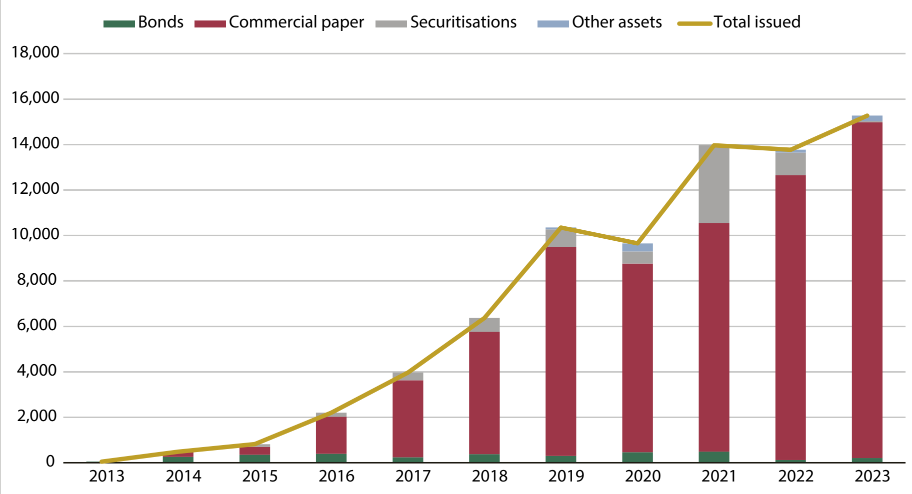


Source: CNMV. Annual data in millions of euros.

As noted above, the market supports a variety of asset classes, but the most common are commercial paper and, to a lesser extent, various securitisations. In its early years, the largest amounts issued were medium- and long-term bonds due to the difficulties many issuers faced in obtaining financing for those maturities. However, it soon established itself as a source of short-term financing through the issuance of commercial paper to cover companies' liquidity needs and fund their working capital. As a result, commercial paper issues have accounted for more than 90% of the total issued in recent years. Additionally, the issuance of securitisations has grown to represent nearly 10% of the total admitted to the market, driven by the requirement for these assets to be listed on a regulated market or MTF to be accepted as collateral in the ECB's financing operations. Medium- and long-term bonds have also been losing significance, now accounting for less than 2% of the total issued. Although this category includes a minimal amount (less than 1% of the total), the market has seen issues of covered bonds and even preference securities (see Figure E2.2).

The market's more than 135 issuers include companies of various sizes. Among them are large firms like El Corte Inglés, Barceló, and Sacyr; medium-sized companies such as Pikolin and Grenergy Renovables; and even smaller enterprises like La Sirena and Cecotec. There is also a wide variety of sectors represented among issuers, which contrasts with the traditional debt markets, where financial institutions and large companies in the energy, utilities, and construction sectors dominate.

Volume of issues registered in the MARF by type (2013–2023) FIGURE E2.2



Source: CNMV. Annual data in millions of euros.

Despite being a young market, the MARF has experienced continuous and sustained growth since its inception. A decade later, it is now considered a well-established financing alternative for various types of companies. Over the years, MARF has proven its effectiveness as a financing tool, especially for medium and large enterprises, while offering an attractive risk/return profile for many investors. For SMEs, its impact has been more significant among medium-sized companies, with minimal participation from smaller firms. The main advantages of MARF lie in the ease, speed, and simplification of the issuance process. However, the market also faces challenges related to the inherent risks of the assets traded, such as credit and liquidity risks, which are particularly relevant in alternative markets.

The medium- and long-term outlook for the development of the MARF is positive, considering the size of the Spanish economy and the large number of medium-sized companies that are not yet active in the market. However, there are certain factors that may limit its expansion. These factors include the costs associated with issuing on the market, which are still perceived as relatively high, competition from other alternative financing sources outside of traditional bank financing (such as private financing or private equity), and the absence of a liquid secondary market.

1 In the European Union, more than 99.5% of companies are SMEs, employing around 66% of the workforce and generating nearly 57% of GDP. In Spain, SMEs account for almost 99.5% of companies, produce over 62% of GDP, and employ more than 6 out of 10 workers.

2 The financing these companies usually secure is often limited in amount, has short- to medium-term maturities, and frequently requires personal guarantees.

3 This market was created at the initiative of the Ministry of Economy to facilitate financing for Spanish SMEs, following the example of similar markets in other European countries. It was established within the framework of the Memorandum of Understanding (MoU) associated with the programme to support the Spanish financial sector, which underscored the need to promote non-bank financial intermediation.

4 For further details, see the article by González Redondo, J. (2023). "Alternative fixed income markets: the Spanish MARF market". *CNMV Bulletin*, October, pp. 81–119. Available at: https://www.cnmv.es/DocPortal/Publicaciones/Boletin/BT_II_2023_ENen.pdf

5 Most of the issuers are Spanish, but companies from Portugal, Germany, the Netherlands, and the United Kingdom have also turned to the market for financing.
6 The MARF is governed by its Market Regulation of 30 May 2018, alongside its circulars and operational instructions, which outline the rules for market participants, as well as for other interested entities and individuals.
7 The first debt issuance in this market was carried out by the construction company Copasa, which issued €50 million in 7-year bonds in December 2013.
8 Due to the challenges many companies faced in securing market financing during the pandemic, the ICO set up a guarantee programme for commercial paper issued in the MARF, with a cap of up to €4 billion.

I.2.3 Derivatives markets

Overview

Aggregate trading in derivatives contracts on international markets reached its sixth consecutive record high, totalling 137.38 billion contracts, a 67.2% increase and more than twice the volume recorded just two years ago. This surge was primarily driven by substantial growth in equity derivatives, though all categories of derivatives, both financial and commodity-based, saw significant increases. The only decline was noted in currency derivatives, which fell by 9.2%. As in 2022, growth was concentrated in options, with the number of contracts nearly doubling to 108.19 billion (a 98.4% increase), while the number of futures contracts traded remained almost unchanged at 29.19 billion.

The increase in trading volume by number of contracts was particularly notable in the Asia-Pacific region, where the volume traded doubled (up 104.3%), with India once again leading the way.[39] In North America, trading volume increased by 6.2%, and in Europe, there was little change.[40] In terms of trading volume, the Asia-Pacific region accounts for more than 75% of the market with 103.43 billion contracts, while North America's share has decreased to 13% (it accounted for one fifth of the world market in 2022) with 17.85 billion contracts. In Europe, trading reached 4.93 billion contracts[41] predominantly concentrated in the Eurex and ICE Futures Europe markets, largely due to their size.

Trading in the European financial derivatives markets TABLE I.2.3.1

Thousands of contracts

	2021	2022	2023	% change 23/22
Eurex	1,703,293	1,955,730	1,916,977	-2.0
ICE Futures Europe	1,114,374	1,071,137	1,187,841	10.9
Euronext	164,051	151,563	132,621	-12.5
Nasdaq Exchange Nordic Markets	65,882	74,681	65,732	-12.0
MEFF	31,010	31,036	28,832	-7.1

Source: Eurex, Futures Industry Association, MEFF and CNMV.

39 The Indian derivatives market, represented by the National Stock Exchange of India, grew by 122.5% in 2023, reaching nearly 85 billion contracts.
40 The European market saw a modest increase of 1.5% in 2023 after two consecutive years of declines.
41 This accounts for a mere 3.6% of the global market by number of contracts, down from 5.7% in 2022 and 8.7% in 2021.

MEFF Exchange

The number of financial derivative contracts traded on MEFF fell by 7.1% compared to 2022, reaching the lowest volume of the last decade and less than half the levels recorded ten years ago. This decline in trading is attributable to both reduced activity and lower volatility in the underlying reference market,[42] as well as competition from other trading venues. The activity for all index-linked contracts decreased by 16.6%, while contracts on individual stocks saw a decline of just 5%. Additionally, contracts with sovereign debt as the underlying asset continued to show no activity.[43] In the case of derivatives on the Ibex 35, futures contracts remained the main focus of trading activity. Option trading on this index saw a substantial drop of nearly 60%, but these options hold much less significance.[44] For equity derivatives, which saw a 5% decline, the increase in the number of equity futures contracts traded (up 9.4%) partly offset the decrease in the volume of equity options contracts (down 14.6%).

Trading on MEFF Exchange[1]

TABLE I.2.3.2

Number of contracts

	2020	2021	2022	2023	% change 23/22
Contracts on Ibex 35	**6,395,357**	**5,547,599**	**5,693,086**	**4,748,769**	**-16.6**
Futures on Ibex 35[2]	6,151,704	5,398,675	5,558,674	4,692,906	-15.6
Plus	5,905,782	5,260,568	5,445,516	4,615,051	-15.3
Mini[2]	154,351	92,657	93,450	61,215	-34.5
Micro	-	-	-	-	-
Dividend impact	91,571	45,450	19,708	16,440	-15.6
Sector	0	0	0	0	-
Options on Ibex 35[2]	243,653	148,924	134,412	55,843	-58.5
Contracts on shares	**30,313,892**	**25,434,719**	**25,333,109**	**24,077,788**	**-5.0**
Futures on shares	10,968,411	11,346,047	10,313,726	11,279,153	9.4
Futures on dividends	130,055	2,100	12,550	1,050	-91.6
Futures on dividends plus	7,752	20,800	13,510	20,301	50.9
Options on shares	19,207,674	14,065,772	14,993,323	12,810,767	-14.6
Contracts on currencies	**21,793**	**27,813**	**9,410**	**5,630**	**-40.2**
Futures on currencies	21,793	27,813	9,410	5,630	-40.2
Total	**36,731,042**	**31,010,131**	**31,035,605**	**28,832,167**	**-7.1**

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

42 Implied volatility decreased by around 6 pp, averaging 15.14% daily, according to data from MEFF Exchange trading.
43 Trading activity in all contracts based on Spanish sovereign debt is concentrated on Eurex.
44 Options contracts on the Ibex 35 represent only 1.4% of all contracts based on this underlying index.

Trading remained concentrated in a very small number of underlying assets, which largely coincide with the most traded securities on the continuous market. For stock futures, trading in just two underlying stocks (Banco de Santander and, to a lesser extent, Telefónica) accounted for nearly 97%[45] of the market. In the case of options, the five most traded underlyings (Iberdrola, Banco Santander, Telefónica, Repsol, and BBVA) slightly reduced their concentration, making up just over 87%[46] of total trading.

MEFF Exchange had a total of 84 market members at the end of 2023, two fewer than in 2022. The financial derivatives segment had the largest number of members (51), while the energy and foreign exchange derivatives segments had 42 and four members (47),[47] respectively.

Number of members of MEFF Exchange

TABLE I.2.3.3

Segment	Traders	Proprietary traders	Total entities	Change 23/22
Financial derivatives	41	10	51	-2
Energy	8	34	42	1
Forex	4	0	4	-1
Total entities[1]	**53**	**42**	**84**	**-2**
Change 2023/22	-2	0	-2	-

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

MEFF Power

In 2023, the downward trend in activity observed in MEFF Power[48] since 2020 became more pronounced. The volume of underlying energy traded totalled 4.8 TWh, less than half of that in 2022 (-55.5%) and 82.1% lower than the figure recorded in 2021 (26.6 Twh). This decline in activity affected contracts of all durations, from daily to annual, and is largely attributed to the growing influence of competing markets for electricity derivatives and regulatory intervention in electricity prices.[49]

The open positions in the energy segment also continued their downward trend, which began in July 2021 when it stood at 11.3 Twh. By the end of 2023, this position had fallen to 5.8 TWh, the lowest monthly close since January 2019, representing a 22.2% decrease from the close of 2022 (7.5 TWh) and almost half of what it was in mid-2021.

45 In 2022, cumulative trading in terms of the number of contracts for the same two underlyings accounted for around 94% of the total.

46 In 2022, cumulative trading for the same underlyings accounted for almost 91% of the total.

47 Entities may participate in more than one segment.

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

49 Through what is referred to as "the Iberian exception", which involved a substantial modification of the result of electricity derivatives and caused these contracts to lose part of their functionality.

Finally, **the effective value of transactions in MEFF Power also declined year-on-year, but to a greater extent, as the decrease in transactions was accompanied by a drop in prices.** Trading volume fell by 71.9% to €491 million, largely due to the fall in average prices of registered contracts, which fell by 36.8% to €102.9/MWh.

Organised trading facilities (OTFs)

The volumes of derivatives traded on OTFs[50] increased significantly in 2023, thanks to the rise in the number of these types of trading venues established in Spain. This growth in trading continues the trend observed in 2022 and, much like that year, is largely driven by the operations of the new OTF, Tradition España OTF. The number of transactions in financial derivatives and foreign exchange doubled to 8,676,[51] while the total effective volume traded grew to €2.97 trillion, more than 2.3 times the nominal amount of €1.25 trillion recorded in 2022. The activity in interest rate contracts also saw a considerable increase, with the nominal amount growing by 215% compared to the previous year. This made interest rate contracts once again the most traded derivative instrument in these types of trading venues, accounting for 71% of the total nominal volume.

Trading on organised trading facilities (OTFs)

TABLE I.2.3.4

Financial derivatives segment	Number of trades	Cash amount (millions of euros)
Financial derivatives[1]	6,729	2,111,614
FX derivatives[2]	1,947	860,190
Total	**8,676**	**2,971,805**
Energy derivatives segment	**74**	**577**

Source: CNMV. (1) Trades on swaps, basis swaps, futures on interest rate indices and overnight indexed swaps. (2) Trades on foreign exchange futures.

OTF activity in the energy derivatives segment[52] increased significantly in 2023, driven by the operations of Tradition España OTF. The number of trades rose from 42 to 74, while the volume of underlying energy traded nearly increased tenfold to 3,721 Gwh. Despite this growth, the decline in energy prices meant that the effective amount traded increased by a smaller proportion, reaching €577 million, which is still more than six times the €90.3 million traded in 2022.

50 An OTF (organised trading facility) is a type of trading venue introduced by the MiFID II Directive, where only fixed income instruments and derivatives can be traded. Unlike regulated markets and MTFs (Multilateral Trading Facilities), trading on an OTF can be conducted through discretionary rules. In Spain, the CNMV has authorised three OTFs of this type: CAPI OTF (managed by CM Capital Markets Brokerage, AV, S.A.), CIMD OTF (managed by CIMD, SV, S.A., part of Grupo CIMD Corretaje e Información Monetaria y de Divisas, S.A.), and Tradition España OTF (managed by Tradition Financial Services España, SV, S.A.). All three OTFs trade financial and foreign exchange derivatives, while CIMD OTF also trades energy derivatives.

51 In 2022, the number of trades rose to 4,326, up from 1,961 in 2021.

52 Where swaps are traded with financial settlement against the daily average of the spot market price of Spanish base load electricity (SPEL) and Italian (ITEL) (base and peak load).

Warrants and certificates market

Warrants issuance activity declined in 2023 in terms of both the number of issues registered with the CNMV and the amount of premiums, following the notable recovery seen in the previous year. Despite this decline, both figures (6,480 issues and €4.48 billion in premiums) remained well above their 5-year averages. Premiums saw significant declines in contracts with equities and commodities as underlyings, while contracts with indices as underlyings experienced an increase. Additionally, the number of warrant issuers remained unchanged at two.[53]

Warrant issues filed with the CNMV

TABLE I.2.3.5

Amounts in thousands of euros

	Number		Premium amount					
	Issuers	Issues	Total	Shares	Indices[1]	Currencies	Commodities	Other
2019	6	5,496	1,837,678	901,350	809,259	42,694	84,375	-
2020	5	3,081	1,167,724	445,662	673,963	24,797	23,302	-
2021	3	4,581	2,142,675	792,780	1,258,604	4,210	87,081	-
2022	2	7,383	5,232,962	1,595,873	3,014,199	18,200	493,600	111,090
2023	2	6,480	4,482,748	752,438	3,547,405	14,918	124,568	512

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

The decline in written warrant premiums was accompanied by a decrease in trading volume. This drop in trading is largely attributed to the fall in market volatility and the reduction in the supply of available underlyings. The reduction in trading was most pronounced in stock market underlyings (indices and equities). However, there was a notable normalisation towards much lower values in the trading of commodity warrants, which had surged in 2022 due to the high volatility of these underlyings.

Trading in warrants on the continuous market

TABLE I.2.3.6

Premiums traded, in thousands of euros

	Number of issues[1]	Premiums traded by type of underlying				
		Indices[2]	Shares	Currencies[3]	Commodities	Total
2019	3,627	186,620	100,818	543	3,182	291,163
2020	3,328	161,714	147,125	2,067	8,795	319,700
2021	3,003	143,403	141,487	497	3,779	289,167
2022	3,958	436,788	112,391	1,341	49,099	599,619
2023	3.980	293,513	71,735	5,169	7,435	377,852

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

53 The issuers of warrants were Société Générale and BNP Paribas.

I.2.4 Clearing, settlement and registration

Iberclear (Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal) provides initial registration services (notary service), the provision and maintenance of securities accounts at a higher level of holding (central maintenance service), and manages the ARCO securities settlement system (settlement service), along with other related ancillary services.

Iberclear is the most active among the central securities depositories (CSDs) authorised to provide services for securities issued under Spanish law. According to the latest available data from ESMA (European Securities and Markets Authority) for 2023, 89% of the total value of issues by Spanish entities were initially registered with Iberclear, which also settled 60% of the total value of transactions involving them. The remaining activity was concentrated in the central depositories of the Clearstream and Euroclear groups.

As of 31 December 2023, Iberclear had 65 participants, one more than the previous year. This figure includes CSDs linked as investors in Iberclear and central counterparties.

Registration activity

At the end of 2023, the number of issues registered with Iberclear stood at 7,092, representing a 15.9% decrease compared to 2022. These issues totalled a nominal amount of €1,910.92 billion, marking a 2.5% increase. The figures for both the number of issues and the nominal amount registered remained stable for both public and corporate debt. Conversely, the number of issues for other types of securities declined by almost 20% during the year, with their nominal amount decreasing by more than 26%. The primary cause of this decline was a 67.8% reduction in the number of issues of SICAVs, alongside an almost 60% reduction in the nominal amount for these securities.

Iberclear ARCO. Registration activity TABLE I.2.4.1

Amounts in millions of euros

Securities registered	2022	2023	% change 23/22
Number of issues	**8,431**	**7,092**	**-15.9**
Government bonds	547	542	-0.9
Corporate debt	1,917	1,773	-7.5
Other securities	5,967	4,777	-19.9
Nominal balance registered	**1,864,703**	**1,910,915**	**2.5**
Government bonds	1,323,830	1,409,123	6.4
Corporate debt	430,973	421,354	-2.2
Other securities	109,901	80,439	-26.8

Source: Iberclear and CNMV.

Settlement activity

Overall settlement activity experienced slight declines compared to 2022, both in the number of transactions (-4.4%) and in cash terms (-1.4%). By source of transactions and without differentiating between asset types, the settlement of transactions from central counterparties (CCPs) saw a 5% reduction in transaction volume and a 0.5% decrease in cash terms. Similarly, bilateral and platform trading fell by 4.1% in transaction volume and by 2% in cash terms.

By asset type, there was a significant increase in the total number of corporate debt transactions (28.2%) and in their cash value (22.6%). This increase was concentrated in bilateral and platform operations. Sovereign debt also saw an increase in transaction volume (21.7%), although there was a slight decrease in the amount settled for this type of security (-1.7%). This volume increase is attributed to the rise in the number of bilateral and platform transactions for government bonds. In contrast, the number of settled transactions in equities decreased by 10.6% compared to 2022, with the majority of this decrease concentrated in bilateral and platform transactions.

Iberclear. Transactions settled ARCO

TABLE I.2.4.2

Amounts in millions of euros

	2022		2023	
	No. of transactions	Amount	No. of transactions	Amount
Transactions from CCPs	**2,362,202**	**9,729,989**	**2,245,233**	**9,676,956**
Sovereign debt	517,423	9,138,894	526,901	9,048,869
Corporate debt	-	-	13	1
Equities	1,844,779	591,096	1,718,319	628,087
Bilateral and platform trades	**6,524,863**	**14,519,835**	**6,254,146**	**14,228,816**
Sovereign debt	1,105,289	13,305,902	1,448,466	13,024,032
Corporate debt	72,150	174,438	92,515	213,789
Equities	5,347,424	1,039,495	4,713,165	990,995
Total	**8,887,064**	**24,249,824**	**8,499,379**	**23,905,772**

Source: Iberclear and CNMV.

Settlement efficiency ratios continued to improve steadily in 2023 and, across all instrument categories, reached 95.8% in terms of the number of transactions and 97.1% in terms of cash (up 1.6% and 1.2%, respectively, compared with the previous year). By type of security, the most notable progress was seen in cash equities, with a 3.7% increase in efficiency to 94%, and a 1.9% improvement in the number of transactions, reaching an efficiency of 95.5%. For sovereign debt, the efficiency ratios improved by 1.1% in cash terms and by 0.3% in terms of the number of transactions, resulting in efficiency figures of 97.4% and 96.8%, respectively. Finally, the performance of corporate debt was mixed: there was a 0.9% improvement in the number of transactions (achieving an efficiency of 94.5%), but a 1.8% decline in cash terms, bringing the efficiency down to 94.7%.

Failed trades (from clearing transactions) that were resolved through repurchase or cash compensation continued to represent a small percentage of those instructed by CCPs. These accounted for less than 0.02% in terms of the number of clearing transactions and less than 0.01% in cash terms of the total figures for 2023. Within these thresholds, there was an increase in the number of trades from 128 to 316 per year, but a decrease of more than 65% in the cash associated with them.

Iberclear. ARCO settlement incidents TABLE I.2.4.3

Amounts in millions of euros

	2022		2023	
	No. of transactions	Amount	No. of transactions	Amount
Sovereign debt	56,982	833,397	63,056	584,396
Corporate debt	4,671	6,030	5,112	11,244
Equities	457,024	158,527	288,253	96,710
Total failed trades	**518,677**	**997,954**	**356,421**	**692,349**
Buy-ins and settlement in cash	128	3	316	1

Source: Iberclear and CNMV.

In February 2022, coinciding with the entry into force of the settlement discipline regime regulated by the CSDR,[54] there was an improvement in Iberclear's settlement ratio trend, similar to that observed in TARGET2- Securities (T2S) – a single pan-European settlement platform – albeit to a lesser degree. From that point onwards, the spreads between the Spanish CSD and the T2S average began to narrow. Consequently, in 2023, Iberclear's efficiency ratios, both in terms of transaction volumes and effective amounts, were in line with the T2S average and comparable CSDs. In ARCO's case, the improvement in equity statistics was particularly significant in bilateral transactions.

The main element of this regime is the daily penalty imposed on the counterparty responsible for the failure to settle matched instructions. Iberclear highlighted in 2023 the positive impact of this regulation on equities (with no clear conclusions for fixed income) and emphasised the need to reform the current regime to avoid unintended negative consequences. According to data provided by Iberclear, 701,138 penalties were imposed in 2023 (the sum of the daily number of penalised settlement instructions) amounting to just over €62 million, in compliance with the aforementioned regulation.

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

BME Clearing

The number of BME Clearing members decreased in 2023 to 184. As shown in Table I.2.4.4, which details the distribution of active members in BME Clearing by segment and type of member, there was an increase in the repo segment. In contrast, there were decreases in the financial derivatives and equities segments. The energy and IRS segments maintained the same number of members as the previous year.

Number of members of BME Clearing by segment TABLE I.2.4.4

	Clearing			Non-clearing				
Segment	General	Individual	Special indiv.	Non-clearing	Ordinary	Proprietary	Total entities	Change 23/22
BME Clearing Derivados	8	22	-	10	-	8	48	-3
FX sub-segment	-	5	-	-	-	-	5	-1
BME Clearing Energía	5	2	-	-	-	43	50	-
BME Clearing Repo	1	24	-	-	-	-	25	1
BME Clearing Swap	-	9	-	-	-	-	9	-
BME Clearing Renta Variable	8	12	2	6	19	-	47	-1
Total entities	22	74	2	16	19	51	184	-4
Change 2023	1	-2	-	-	-2	-1	-4	-

Source: BME Clearing and CNMV.

BME Clearing Derivados

In BME Clearing Derivados, where trades in financial derivatives on the MEFF are cleared, three entities deregistered in 2023. This brought the total number of members to 48 at the end of the year. In the specific area of FX-Rolling contracts clearing activity, which is a sub-segment within financial derivatives, there were five members.

BME Clearing Energía

In addition to clearing electricity contracts traded on the MEFF Exchange, BME Clearing Energía has provided clearing services for natural gas (NG) and liquefied natural gas (LNG) contracts since 24 May 2018. This service is offered for OTC futures, spot transactions, and lending or deposit transactions. As shown in Table I.2.4.5, trading activity in gas contracts saw a decrease in cash traded (-54.8%), but the number of trades increased to 504 (from 338 in 2022). Additionally, the volume recorded in electricity products decreased in both actual volume (-71.9%) and number of transactions. This activity also led to a significant reduction in the open position of both products, which stood at 7 TWh at the end of the year compared to 13 TWh[55] in 2022, representing a decrease of 46.1%.

55 The all-time high was 34.92 TWh at year-end 2020.

Activity in BME Clearing Energía

TABLE I.2.4.5

Nominal volume in millions of euros

	2022			2023		
	Electricity	Gas	Total	Electricity	Gas	Total
Cash volume	1,748	206	**1,954**	491	93	**584**
Number of transactions	1,910	338	**2,248**	1,203	504	**1,707**
TWh	11	2	**13**	5	2	**7**

Source: CNMV and BME Clearing.

BME Clearing Renta Variable

The equity segment – the central counterparty service for transactions in securities traded on the stock exchange[56] – recorded a cash volume of €602.48 billion in 2022, 15.3% less than in 2022 (see Table I.2.4.6)

Activity in BME Clearing Renta Variable

TABLE I.2.4.6

	2022	2023
Cash volume (millions of euros)	711,055	602,480
Number of transactions	77,825,700	57,106,494

Source: CNMV and BME Clearing.

BME Clearing Repo

The repo fixed income segment provides a central counterparty service for Spanish public debt repos, thus eliminating counterparty risk for participating entities. In 2023, the registered cash volume fell 53% to €46.78 billion.

Activity in BME Clearing Repo

TABLE I.2.4.7

	2022	2023
Cash volume (millions of euros)	99,513	46,778
Number of transactions	1,142	524

Source: CNMV and BME Clearing.

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

BME Clearing Swap

This segment maintained the participation of 9 clearing members at the end of the year, the same as in 2022. All of them were individual clearing members. In 2023, there were seven transactions with a total notional amount of €43.63 million (compared to only one transaction in 2022 with a notional amount of €10.12 million).

I.3 Financial institutions and investment services

Overall, developments in the activity of the main products and entities related to the provision of investment services were positive in 2023. In the area of collective investment, there was a significant increase in assets, driven by both investments made by participants (especially in fixed income investment funds) and the revaluation of assets in the portfolios of these institutions. It was also a good year for investment service providers, with a significant increase in aggregate profits thanks to the strong performance of fees received for order processing and execution, for the distribution of CISs, and for financial advice. Banks continued to be the most prominent entities in this area of activity, and there was a further increase in the number of broker-dealers and investment firms, most of which are independent. In the area of venture capital, there was also a significant number of new entities established, reaching record highs (even though investment volumes decreased in 2023). Another notable development was the creation of a European Long-Term Investment Fund (ELTIF), aimed at financing SMEs and channelling retail savings towards the business sector and financing the real economy within the European Union. The number of products with sustainable features increased in 2023, but less markedly than in previous years.

I.3.1 Collective investment

After the decline experienced in 2022, 2023 proved to be a positive year for the collective investment industry, thanks to both strong market performance and new investment inflows. The assets of domestic vehicles increased by 12.4% overall, surpassing €370 billion. Investment funds saw a rise of 13.4%, with inflows amounting to €18 billion. As in 2022, the preferred fund category for investors was fixed income, with net subscriptions totalling approximately €28.50 billion. The number of participants in collective investment schemes (CISs) grew from 4,645,719 at the end of 2022 to 5,187,315 by the end of 2023.[1] These investments were held across 16,120,265 participant accounts (down slightly from 16,251,230 in 2022). Foreign CISs distributed in Spain, after experiencing a significant contraction in 2022, saw a 25% increase in investment volume in 2023. This growth boosted their relative importance to 40.2% of the total assets of CIS distributed in Spain.

1 It should be noted that the figure typically referred to as "unitholders" corresponds to the accounts that investors hold in different collective investment schemes and does not necessarily equate to the number of investors. Each investor may hold multiple accounts, each representing their interests in one or more fund managers.

The implementation of Law 11/2021[2] **on measures to prevent and combat tax fraud continued to significantly impact open-ended collective investment companies (SICAVs).** In 2023, a substantial number of SICAVs were dissolved, specifically 641 (following nearly 1,200 in 2022), bringing the total number of entities down to just 450 by the end of the year. Despite this, the reduction in assets was limited to 9.8% because the schemes with the largest assets remained operational.

Investment funds[3]

The assets of Spanish investment funds (IFs), which had decreased in 2022, saw a significant rise in 2023, reaching €353.26 billion in December, an increase of 13.4% compared to the previous year. This growth was driven both by the revaluation of the investment portfolios, which yielded an annual return of 7.55%, and by net subscriptions from investors. These net subscriptions totalled €18 billion for the year, with positive inflows in all four quarters, although the amounts decreased over the course of the year.

As in the previous two years, the category of funds that recorded the highest asset growth in 2023 was fixed income funds, due to their attractiveness following rising interest rates. This category reached a volume of over €131 billion, an increase of €33.30 billion from 2022, largely due to substantial net subscriptions, which exceeded €28.50 billion for the year. Passive management funds and international equity funds also saw notable asset growth, albeit by a much smaller margin (for more details, see Annex II.1). In contrast, the largest declines in assets were observed in global funds and mixed fixed income funds, primarily due to investor redemptions.

These movements led to an increase in the relative weight of more conservative categories (fixed income funds and guaranteed funds) by nearly 6 percentage points (pp), surpassing 41% of total IF assets. Conversely, the relative importance of the riskier categories (equity funds and global funds) decreased from 37.4% in 2022 to 33.2% in 2023 (see Figure I.3.1.1), despite being the categories with the highest overall returns. This trend, which began in 2022, indicates that the polarisation observed in previous years[4] is easing in the current context of rising interest rates, making fixed income assets more attractive.

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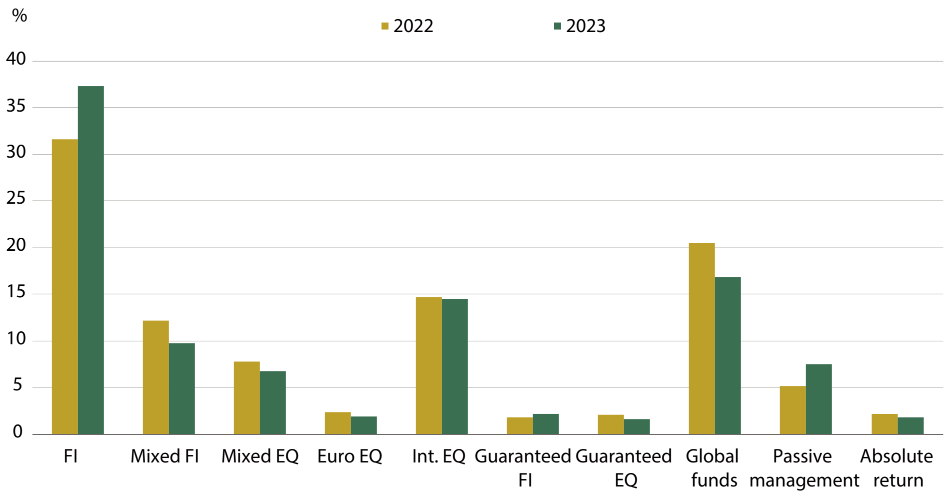
2 Law 11/2021, enacted on 9 July, focuses on measures to prevent and combat tax fraud, incorporating Council Directive (EU), 2016/1164 of 12 July 2016. This directive establishes rules against tax avoidance practices that directly impact the functioning of the internal market and amends various tax regulations, including those related to gambling. The legislation mandates that SICAVs must have a minimum investment of €2,500 from at least 100 shareholders to maintain a 1% tax rate on their profits.

3 Throughout this chapter, references to "investment funds" exclude hedge funds and funds of hedge funds.

4 In a low interest rate environment, a portion of the investments was directed towards riskier funds in search of higher returns, while other, more risk-averse investments opted for more conservative options.

Investment funds: breakdown of assets FIGURE I.3.1.1



Source: CNMV.

The aggregate return of IFs for the year was 7.55%, with a slight negative value recorded only in the third quarter. Every category of funds achieved a positive overall return for the year, all exceeding 3%, which corresponds to the performance of guaranteed fixed income funds (see Annex II.4). Notably, equity funds experienced significant portfolio revaluation, with euro equity funds achieving an 18.6% return and international equity funds delivering a 16.6% return.

The distribution of investment funds' aggregate assets remained heavily skewed towards foreign portfolios, which accounted for nearly €256 billion[5] (72.4% of total assets), despite a relative increase in domestic portfolio assets by 4 pp. Investment in domestic assets amounted to nearly €80 billion, with more than €60 billion in fixed income assets following a 44.8% increase over the year (see Table I.3.1.1). Movements in the foreign portfolio mirrored those in the domestic portfolio: direct investment in fixed income assets increased, reaching over €133 billion, a 20.9% rise compared to 2022.

5 It must be taken into account that the foreign portfolio includes all securities that have been acquired in non-domestic markets, regardless of the home market of the issuer, a factor that is especially relevant in the case of debt assets, as there is a growing tendency among Spanish issuers to carry out their issuances in foreign markets.

Breakdown of investment fund assets[1] TABLE I.3.1.1

Amounts in millions of euros

	2022	%	2023	%	% change 23/22
Assets	**311,466**	**100.00**	**353,260**	**100.00**	**13.4**
Portfolio investment	**291,188**	**93.49**	**335,352**	**94.93**	**15.2**
Domestic portfolio	58,740	18.86	79,510	22.51	35.4
Debt securities	42,044	13.50	60,888	17.24	44.8
Equity instruments	6,113	1.96	6,586	1.86	7.7
Collective investment schemes	9,928	3.19	10,152	2.87	2.3
Deposits in credit institutions	432	0.14	1,686	0.48	290.3
Derivatives	159	0.05	134	0.04	-15.7
Other	64	0.02	62	0.02	-3.1
Foreign portfolio	232,444	74.63	255,835	72.42	10.1
Debt securities	110,174	35.37	133,146	37.69	20.9
Equity instruments	41,321	13.27	46,093	13.05	11.5
Collective investment schemes	80,593	25.88	76,255	21.59	-5.4
Deposits in credit institutions	0	0.00	197	0.06	-
Derivatives	356	0.11	143	0.04	-59.8
Other	0	0.00	0	0.00	-
Doubtful, delinquent or disputed investments	4	0.00	7	0.00	75.0
Cash	**18,515**	**5.94**	**16,467**	**4.66**	**-11.1**
Net balance (Debtors – Creditors)	**1,763**	**0.57**	**1,442**	**0.41**	**-18.2**

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

Management companies slightly increased their fund offerings for the second consecutive year. During the year, there was a net increase of 12 vehicles, with 108 new registrations and 96 deregistrations, bringing the total number of investment funds registered with the CNMV to 1,496 by year-end (see Table I.3.1.2). Most of the deregistrations (87) were due to mergers with other CISs, including three foreign vehicles. The increase in total assets outpaced the rise in the number of funds, resulting in an average asset per fund increase from €209.9 million in 2022 to €236.1 million in 2023.

By the end of the year,[6] 338 CISs[7] had adopted Articles 8 and 9 of the European Sustainable Finance Disclosure Regulation, an increase of 43 from the end of 2022. These figures indicate that sustainable investment vehicles continue to grow, although at a slower pace than in previous years. Of the total CISs, 320 (315 investment funds and 5 SICAVs) were covered under Article 8, and 18 (16 investment funds and 2 hedge funds) under Article 9. The assets of these institutions represented 33.5% of the total assets of these vehicles at the end of 2023 (compared to 34% in 2022), while the number of unitholders accounted for 47.1%, a figure similar to that of 2022.

6 Regulation (EU) 2019/2088 of the European Parliament and of the Council, of 27 November 2019 on sustainability-related disclosures in the financial services sector (the SFDR). The aforementioned articles indicate the pre-contractual information requirements that must be met by financial products that promote environmental or social characteristics (Article 8) and financial products that target sustainable investments (Article 9).

7 Corresponding to a total of 354 sub-funds.

Registrations and deregistrations of entities in 2023

TABLE I.3.1.2

Type of entity	Entities registered at 31/12/22	Registrations	Deregistrations	Entities registered at 31/12/23
Total financial CISs	**2,675**	**140**	**738**	**2,077**
Investment funds	1,484	108	96	1,496
Investment companies	1,091	0	641	450
Funds of hedge funds	8	0	1	7
Hedge funds	92	32	0	124
Total real estate CISs	**4**	**0**	**1**	**3**
Real estate investment funds	2	0	0	2
Real estate investment companies	2	0	1	1
Total foreign CISs distributed in Spain	**1,095**	**61**	**41**	**1,115**
Foreign funds	426	32	16	442
Foreign firms	669	29	25	673
CISMC	**123**	**4**	**10**	**117**
Depositories	**34**	**0**	**2**	**32**

Source: CNMV.

In line with the high level of subscriptions recorded throughout the year, the number of unitholder investors in investment funds increased from 4,595,351 at the end of 2022 to 5,141,365 by the end of 2023. These investors' holdings were represented by 16,020,641 unitholder accounts at the end of 2023, compared to 16,119,040 at the end of 2022.

Open-ended collective investment companies (SICAVs)

The number of SICAVs registered with the CNMV fell by 641 in 2023, indicating that Law 11/2021, of 9 July, which aims to prevent and combat tax fraud, continued to significantly impact the sector. Since this law came into effect in January 2022, requiring a minimum investment of €2,500 per investor, 1,831 SICAVs have been deregistered, representing 80% of the total, reducing the count from 2,280 to 450 by the end of December 2023. Correspondingly, the number of shareholder investors also decreased, from 75,213 at the end of 2021, to 49,368 in 2022, and further to 46,020 in 2023. These investments were held in 99,624 accounts by the end of 2023, down from 131,790 at the end of 2022.

The sector's contraction throughout 2023 was also reflected, albeit more moderately, in its assets, which decreased by 9.8% to €14.31 billion (compared to €28.50 billion in 2021). As in 2022, both the average assets per SICAV and the average assets per shareholder increased substantially during the year: the former rose to €31.8 million per SICAV (more than double that of 2022), while the latter approached €144,000 per shareholder (€119,000 in 2022). Virtually all SICAVs were listed on the BME MTF Equity (formerly MAB) multilateral trading facility (MTF).

The distribution of assets in these vehicles also clearly favoured investment in foreign assets, similar to the trend observed with IFs, with an increased relative weight. The foreign portfolio grew from 61.5% of total assets in 2022 to 78.8% in 2023, amounting to approximately €11.20 billion. Within this category, the most significant increase was in direct investment in equities, which rose by nearly €0.80 billion to reach €4.40 billion (see Table I.3.1.3). Conversely, the cash holdings of these entities saw a substantial reduction of more than 70%, falling to €869 million.

Breakdown of investment company assets[1]

TABLE I.3.1.3

Amounts in millions of euros

	2022	%	2023	%	% change 23/22
Assets	**15,864**	**100.0**	**14,311**	**100.0**	**-9.8**
Portfolio investment	**12,350**	**77.8**	**13,503**	**94.4**	**9.3**
Domestic portfolio	2,584	16.3	2,231	15.6	-13.7
Debt securities	774	4.9	858	6.0	10.9
Equity instruments	820	5.2	870	6.1	6.1
Collective investment schemes	950	6.0	457	3.2	-51.9
Deposits in credit institutions	1	0.0	14	0.1	1,300.0
Derivatives	0	0.0	0	0.0	0.0
Other	39	0.2	32	0.2	-17.9
Foreign portfolio	9,764	61.5	11,271	78.8	15.4
Debt securities	1,807	11.4	2,370	16.6	31.2
Equity instruments	3,605	22.7	4,397	30.7	22.0
Collective investment schemes	4,326	27.3	4,478	31.3	3.5
Deposits in credit institutions	0	0.0	10	0.1	100.0
Derivatives	8	0.1	-1	0.0	-
Other	17	0.1	17	0.1	0.0
Doubtful, delinquent or disputed investments	3	0.0	1	0.0	-66.7
Intangible assets	**0**	**0.0**	**0**	**0.0**	**0.0**
Net fixed assets	**0**	**0.0**	**0**	**0.0**	**0.0**
Cash	**2,963**	**18.7**	**869**	**6.1**	**-70.7**
Net balance (Debtors – Creditors)	**551**	**3.5**	**-61**	**-0.4**	**-111.1**
***Pro memoria:* number of shareholders**	**133,480**		**99,624**		**-25.4**

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

Hedge funds

In 2023, the growth observed in the hedge fund segment in recent years continued, with assets increasing by 25.5% to €5.82 billion. Despite this growth, hedge funds in Spain still represent a very small portion of collective investment compared to other European countries, accounting for around 1.5% of total assets. Hedge funds that invest directly in financial assets experienced the largest asset increase, growing by 29.0% to €5.02 billion. Meanwhile, funds of hedge fund (vehicles that invest in other hedge funds) saw a 7.2% rise, ending the year at nearly €795 million. There was also a significant increase in the number of vehicles registered with the CNMV, which rose from 100 at the end of 2022 to 131 a year later (for more details, see Table I.3.1.2).

The total number of unitholders and shareholders in these vehicles increased by 10.3% to 15,624. This growth, attributed to the registration of new vehicles throughout the year, was seen only in the case of hedge funds, which rose by 17.3% to 10,341. Conversely, the number of unitholders in the funds of hedge funds fell from 5,347 to 5,283. The annual return on the investment portfolio was higher for hedge funds than for funds of hedge funds, with the former achieving an 8.0% return compared to just 0.4% for the latter.

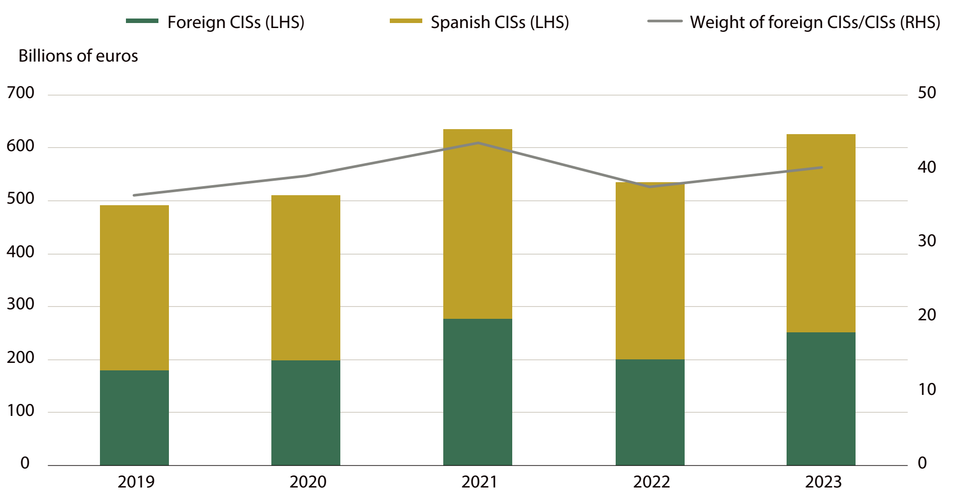
Foreign CISs distributed in Spain

The investment volume of foreign CISs distributed in Spain, which had declined significantly in 2022, experienced robust growth in 2023. By the end of December, the assets of these vehicles had surged to €251.31 billion, a 25.0% increase compared to the end of 2022 (see Figure I.3.1.2). This rise increased the proportion of foreign CISs in the total number of CISs distributed in Spain to 40.2%.

The number of foreign CISs registered with the CNMV also grew during the year, with 20 new entities added, bringing the year-end total to 1,115 such vehicles. Of these, 442 were structured as funds and 673 as companies (for more details, see Table I.3.1.2). The majority of the new vehicles originated from France, Germany, and Luxembourg, with those registered in Luxembourg accounting for nearly half of the total (see Statistical Annex II.5 for further details).

Assets of foreign CISs distributed in Spain

FIGURE I.3.1.2



Source: CNMV.

Collective investment scheme management companies (CISMCs)

Despite the number of collective investment scheme management companies (CISMCs) registered with the CNMV decreasing by six in 2023 compared to 2022, the volume of assets under management increased by 12.4%, reaching €373.70 billion.[8] This growth was directly attributed to the increase in assets within the CIS segment, which, as previously mentioned, was driven by both new investments and the revaluation of portfolio assets. Of the total assets, 94.2% were allocated to domestic investment funds, which is 0.5 pp higher than the previous year, and 4.0% to SICAVs (compared to 4.6% in 2022), following the sector's contraction. The management of foreign CISs, which is not included in the aforementioned figure, rose by 9.0% in 2023, reaching €25.4 million.

Additionally, the sector remained highly concentrated, with the three largest managers holding a combined share of 49.6% of total assets at the end of 2023, a slightly lower percentage than in 2022.

Income statements of CISMCs

TABLE I.3.1.4

Amounts in thousands of euros

	2022	2023	Change
Interest income	**1,481**	**16,231**	**995.9**
Net fees	1,733,220	1,848,476	6.6
Fees received	3,361,107	3,543,647	5.4
CIS management fees	2,832,082	2,971,856	4.9
Subscriptions and redemption fees	8,068	8,954	11.0
Other	520,958	562,837	8.0
Fees paid	1,627,887	1,695,171	4.1
Gains/(losses) from financial investments, net	-1,581	6,833	-532.2
Return on equity instruments	17,500	12,641	-27.8
Net exchange differences	33	-217	-
Other operating income and expense, net	6,157	14,546	136.3
Gross margin	**1,756,810**	**1,898,510**	**8.1**
Operating costs	664,380	720,205	8.4
Personnel	366,762	402,119	9.6
General expenses	297,618	318,086	6.9
Depreciation, amortisation and other provisions, net	56,085	54,241	-3.3
Impairment losses on financial assets	3,586	2,686	
Net operating profit	**1,032,759**	**1,121,378**	**8.6**
Other gains and losses	1,271	-1,220	-
Profit before tax	**1,034,030**	**1,120,158**	**8.3**
Tax on income	-292,314	-315,408	-7.9
Profit from continuing activities	**741,716**	**804,750**	**8.5**
Profit from discontinued operations	6	-50	
Net profit for the year	**741,722**	**804,700**	**8.5**

Source: CNMV.

8 This figure corresponds to the information obtained from the reserved statements that Spanish CISs submit to the CNMV.

Aggregate pre-tax profits for CISMCs increased by 8.6% in 2023, reaching €1.21 billion. This rise in profits was driven by the growth in assets under management, which in turn led to a 5.4% increase in fee income (see Table I.3.1.4). Within this context, management fees from CISs, which constitute 84% of total fee income, grew by 4.9%, despite a notable reduction in the average management fee, which fell from 0.85% in 2022 to 0.80% in 2023. An analysis of the individual income statements reveals that the number of loss-making entities at the end of the year was 19, seven down from 26 the previous year, although the total volume of losses was significantly higher than in 2022[9] (see Table I.3.1.5).

Profit before tax, number of loss-making entities and amount of losses TABLE I.3.1.5

Amounts in thousands of euros

	Profit before tax	No. of loss-making entities	Amount of losses
2018	1,115,425	26	12,323
2019	969,287	21	7,839
2020	908,970	29	9,285
2021	1,218,084	14	5,675
2022	1,034,036	26	9,556
2023	1,120,109	19	20,230

Source: CNMV.

Depositories

In 2023, the number of depositories listed on the CNMV register decreased by two, resulting in a total of 32 depository institutions by the end of the year. Of these, fewer than half were operational, specifically 15, which is one less than at the end of 2022. A significant 76% of custody (up from 73% the previous year) was concentrated in just three institutions. Vehicles belonging to banking groups continued to dominate the sector, with 96.2% of total CIS assets being deposited with these groups by the end of 2023, a slight increase from 2022. Among the assets deposited with banks, 29.7% were held by branches of foreign financial institutions, down from 31.9% in 2022. The vast majority of this amount (over 98%) was held by just two institutions based in France.

Furthermore, 74.2% of the assets were deposited with entities outside the group managing the assets, reflecting the trend towards professionalisation in recent years.[10]

I.3.2 Provision of investment services

Investment services in Spain are offered by various types of institutions: credit institutions, investment firms, CIS management companies (CISMCs), and national financial advisory firms. Investment firms include broker-dealers,

9 More than 60% of these losses corresponded to a single entity registered in July 2023.
10 This figure was approximately 15% in 2007.

brokers, portfolio management companies, and financial advisory firms. The category of national financial advisory firms was established following the publication of Law 6/2023, of 17 March, concerning securities markets and investment services (see Exhibit 9 in Chapter II.3). These firms can provide financial investment advice, but unlike financial advisory firms, they are not classified as investment firms by law and do not have access to the EU passport.[11] Credit institutions are by far the primary providers of investment services in Spain and account for the majority of fee income across different types of services. Broker-dealers and brokers also continue to hold a relatively significant position. Portfolio management companies, financial advisory firms, CISMCs, and national financial advisory firms offer a more limited range of investment services compared to broker-dealers and brokers.

Credit institutions

The number of domestic credit institutions (banks, savings banks, and credit cooperatives) registered with the CNMV and authorised to provide investment services stood at 108 at the end of 2023, the same as at the close of 2022.[12] The total number of foreign credit institutions authorised to provide investment services in Spain rose to 566 by the end of the year, an increase of 108 compared to the previous year. This growth was largely driven by a rise in the number of credit institutions from Finland that registered under the freedom to provide services framework. Among these foreign institutions, 514 operated under the freedom to provide services, while 52 operated through branches. Nearly all of them were from other EU Member States (560 institutions; see Statistical Annex II.12).

The aggregate amount of fees and commissions received by credit institutions for providing securities services and distributing CISs decreased by 5.9% in 2023, amounting to €6.01 billion. Table I.3.2.1 details the income of credit institutions from investment services and the distribution of investment funds and other non-bank financial products. Credit institutions earned €2.98 billion in fees and commissions from the provision of investment services, a slight decrease of 0.4% compared to 2022. Income from various investment services showed mixed results. Notably, fees from order processing and execution dropped significantly by 15.8%, as did fees from the placement and underwriting of securities, which fell by 0.6%. Fees for discretionary portfolio management increased by 14.8%, and fees for investment advice rose by 4.0%.

Meanwhile, fees for ancillary services related to the provision of investment services amounted to €1.24 billion, representing a decrease of 15.5% compared to 2022. This decline was primarily driven by a drop in fees for the preparation of financial reports and analyses.

11 Moreover, agents of national financial advisory firms are limited to promoting and distributing the investment and ancillary advisory services that their firm is authorised to provide. In contrast, agents of financial advisory firms can also offer investment advice on behalf of the firm to which they are affiliated.

12 In 2023, out of the 108 registered credit institutions, 98 were actively providing investment services.

Income of credit institutions from the provision of securities services and distribution of non-bank financial products[1]

TABLE I.3.2.1

Amounts in millions of euros

	2020	2021	2022	2023	% of total CIs fees[1]
For investment services	**2,166**	**2,888**	**2,992**	**2,979**	**17.5**
Placement and underwriting	354	531	401	398	2.3
Processing and execution of orders	642	786	969	816	4.8
Discretionary portfolio management	527	725	720	827	4.9
Investment advice	644	846	902	938	5.5
For ancillary services	**1,055**	**1,240**	**1,469**	**1,248**	**7.3**
Administration and custody	651	744	750	731	4.3
Financial reports and research	234	280	535	349	2.0
Other ancillary services	169	216	184	168	1.1
For distribution of non-bank financial products	**4,009**	**4,778**	**4,936**	**4,843**	**28.4**
Collective investment schemes	1,581	2,018	1,923	1,779	10.4
Pension funds	972	1,134	1,213	1,233	7.2
Insurance	1,377	1,604	1,793	1,824	10.7
Other	80	23	7	7	0.0
Total	**7,231**	**8,906**	**9,397**	**9,071**	**53.2**
Pro memoria:					
For securities services and distribution of CIS	**4,802**	**6,146**	**6,384**	**6,007**	**36.7**
Total fee and commission revenue	**14,595**	**16,261**	**17,039**	**16,355**	**100.0**

Source: CNMV and Bank of Spain. (1) Data corresponding to institutions registered with the CNMV to provide investment services.

Unlike in recent years, income from the distribution of non-banking products decreased by 1.9% in 2023. This decline was primarily driven by a 7.5% drop in the distribution of CISs. However, the performance of other categories improved compared to 2022: income from pension fund distribution increased by 1.7%, from insurance distribution by 10.7%, and from "Other", by 6.5%, although the latter remains very small in absolute terms. Overall, the combined share of income from securities services and CIS distribution in the total fees received by these institutions rose from 35.1% in 2022 to 36.7% in 2023. This increase occurred in a context where total fees and commissions received by credit institutions decreased by 4.0%. In recent years, the low-interest-rate environment pressured credit institutions' income, prompting some changes in their business models. However, in the last financial year, the rise in interest rates moderated the shift of customers from bank accounts to funds managed by the same banking groups, reflecting the interests of both customers and the institutions themselves.

A comparison of the fees charged by credit institutions and investment firms clearly shows the dominant role of the former in providing investment services. As Table I.3.2.2 illustrates, the majority of these services are delivered by credit institutions. This is largely because many investment firms, particularly broker-dealers, whose principal or sole shareholder was a credit institution, have disappeared. The credit institutions have taken over the activities previously carried out by these firms. As a result, credit institutions now comfortably surpass broker-dealers in the processing and execution of securities orders – a segment where investment firms had held a majority share of fees for many years. In recent years, credit institutions have progressively increased their market share in this segment, surpassing 70%.

Fees received for investment services. 2023

TABLE I.3.2.2

Amounts in millions of euros

	Investment services firms[1]	Credit institutions (CIs)	Total	% of CIs /total
Total investment services	**707**	**4,758**	**5,465**	**87.1**
Placement and underwriting	8	398	406	98.0
Processing and execution of orders	311	816	1,127	72.4
Portfolio management	50	827	877	94.2
Investment advice	119	938	1,057	88.7
CIS distribution	219	1,779	1,998	89.0
Total ancillary services	**313**	**1,247**	**1,560**	**79.9**
Administration and custody	33	731	764	95.7
Other ancillary services	280	516	796	64.8

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

Credit institutions also have a significantly larger share compared to investment firms when it comes to ancillary services related to investment services, although this share is smaller than in the main investment services segment. Notably, under the category of "Other ancillary services", investment services firms received 35.2% of the total income in this market segment.

Investment services firms

Broker-dealers and brokers

Authorisation and registration

By the end of 2023, a total of 99 companies and broker-dealers were registered with the CNMV, an increase of four compared to the end of 2022. This figure aligns with the sector's positive trend in recent years, where net growth has been driven by the establishment of independent brokers associated with non-bank entities with foreign capital. This development underscores the sector's transformation, which has long been dominated by entities belonging to large national banks.

As shown in Table I.3.2.3, 2023 saw ten new registrations and six deregistrations. Of the new registrations, three were broker-dealers and three were independent companies. The remaining four comprised an agency linked to a national insurer, a company linked to an international insurer, and two companies that emerged from the conversion of two brokers. There were five brokers, and one broker-dealer that converted into a joint stock company, among the entities that deregistered. The brokers that ceased operations did so for various reasons: one had its authorisation revoked, two were absorbed (one by a national credit institution and the other by a CIS management company), and the remaining two converted into broker-dealers, as noted above (see Statistical Annex II.8).

In 2023, there were four changes of control among brokers and broker-dealers (see Statistical Annex II.9). These changes affected two broker-dealers, which remained independent, and two brokers: one was acquired by a domestic credit institution, while the other was taken over by a foreign financial group. The number of representatives working for IFs increased significantly, rising from 2,468 at the end of 2022 to 2,639 by the end of 2023.

Most broker-dealers and brokers that use the EU passport to operate in other EU countries do so under the freedom to provide services regime. Specifically, by the end of 2023, 59 entities were operating under this regime (four more than the previous year, see Statistical Annex II.10), while an additional five entities maintained branches in other countries, the same number as at the end of 2022. The list of countries in which these entities operated under the branch regime remained unchanged from the previous year.

In 2023, a total of 74 entities authorised in other Member States notified the CNMV of their intention to start providing investment services in Spain (see Table I.3.2.3). There were 169 notifications of entities ceasing this activity. Most of these notifications, both for new registrations and deregistrations, pertained to entities operating under the freedom to provide services regime. The number of such entities decreased from 916 to 817 by the end of 2023. Within this regime, deregistrations mainly involved institutions based in the Netherlands and Norway. Meanwhile, the number of foreign institutions with branches in Spain increased from 43 to 47.

Registrations and deregistrations of entities

TABLE I.3.2.3

Type of entity	Entities at 31/12/22	Registrations	Deregistrations	Entities at 31/12/23
Spanish firms	**95**	**10**	**6**	**99**
Broker-dealers	34	6	1	39
Brokers	61	4	5	60
Foreign entities	**959**	**74**	**169**	**864**
Branches	43	8	4	47
Free provision of services	916	66	165	817
Pro memoria:				
Representatives	2,468	767	387	2,639

Source: CNMV.

Results

Broker-dealers and brokers achieved a combined pre-tax profit of €128.4 million in 2023, representing a 17.5% increase compared to the previous year. This rise in profits was attributed to a 40.3% increase in broker results and a 14.0% increase in the results of broker-dealers.

A total of 39 entities ended 2023 with losses, one fewer than in 2022. Moreover, the total value of these losses was lower. This was primarily because the losses of the largest institutions – investment firms – decreased by 28.1%. Additionally, brokers' losses also contributed, decreasing by 17.0% (see Tables I.3.2.5 and I.3.2.7).

Broker-dealers saw their income rise compared to the previous year (see Table I.3.2.4). This increase was driven by all categories except financial investment income and net exchange differences. Notably, net fee income grew by 11.2%. There was also a significant surge in income from other operating income and expense, which jumped by 370.0%.

Among the income from services rendered to third parties, fees for order processing and execution remained the most significant, with an 11.3% increase in 2023. This growth was largely due to the activity of a broker-dealer specialising in the brokerage of financial products and over-the-counter commodities instruments. This entity's revenues accounted for 42.8% of the total broker-dealer revenues in this category in 2023.

Income statement of broker-dealers[1] TABLE I.3.2.4

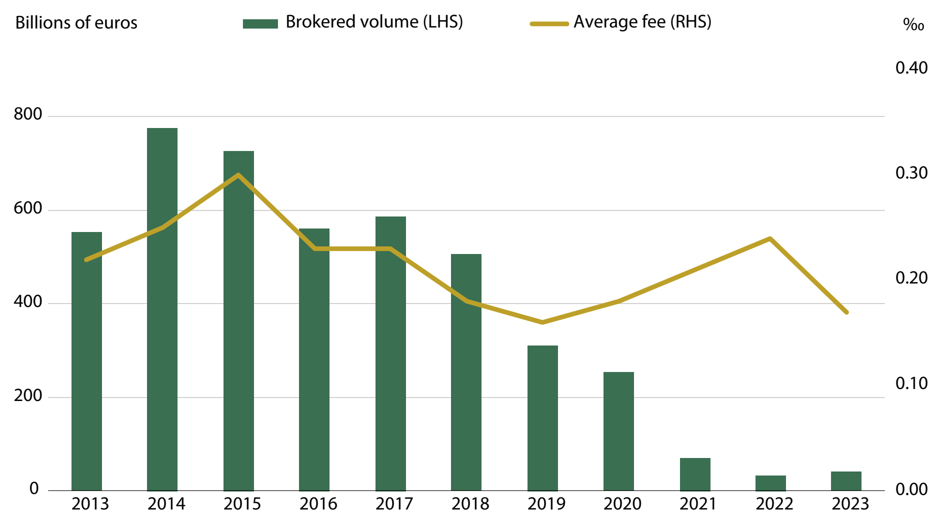
Amounts in thousands of euros

	2022	2023	% change 23/22
Interest margin	**66,519**	**80,476**	**2.0**
Net fees	**191,789**	**213,216**	**11.2**
Fees received	293,594	315,902	7.6
Processing and execution of orders	105,849	117,833	11.3
Issue placement and underwriting	7,881	7,047	-10.6
Deposit and book-entry of securities	32,979	32,507	-1.4
CIS distribution	63,402	67,896	7.1
Portfolio management	14,096	17,588	24.8
Investment advice	7,937	11,624	46.5
Other	61,450	61,407	-0,1
Fees paid	101,805	102,686	0.9
Gains/(losses) on financial investments	**57,558**	**41,037**	**-28.7**
Net exchange differences	-273	-1,006	-268.5
Other operating income and expense	1,645	7,732	370.0
Gross margin	**317,238**	**341,455**	**7.6**
Operating costs	218,470	234,099	7.2
Personnel	143,614	151,269	5.3
General expenses	74,856	82,830	10.7
Depreciation, amortisation and other charges	7,893	4,474	-43.3
Impairment losses on financial assets	836	596	-28.7
Net operating profit	**90,039**	**102,285**	**13.6**
Other gains and losses	5,057	6,136	21.3
Profit before tax	**95,096**	**108,421**	**14.0**
Tax on income	12,940	13,368	3.3
Profit from continuing activities	**82,156**	**95,053**	**15.7**
Profit from discontinued operations	**0**	**0**	-
Net profit for the year	**82,156**	**95,053**	**15.7**

Source: CNMV. (1) Includes the information of all the entities that were registered in the records of the CNMV at any time during the year, not only at the end of the year.

Order handling and execution revenues have seen a decline in the significance of domestic market intermediation in recent years, reducing it to a marginal activity. Traditionally, for IFs, these fees originated from intermediation in domestic equity markets. However, in recent years, intermediation has shifted away from domestic markets to international equity and derivatives markets. Specifically, broker-dealer fees from domestic equity markets dropped from 47.5% of their order handling and execution fees in 2018 to just 5.8% in 2023. This decline is attributed to a significant reduction in volumes brokered in these markets over the past few years and, more recently, a decrease in the average fee charged to investors trading in these markets (see Figure I.3.2.1).

Broker-dealers that are members of the stock exchange: brokered volume and average fees on equities in regulated Spanish markets FIGURE I.3.2.1



Source: CNMV.

Income from other fees grew significantly in 2023, except for securities placement and underwriting fees, and deposit and book-entry fees, which saw a moderate decline. Notable increases were observed in fees from portfolio management (24.8%), investment advice (24.8%), and the distribution of CIS (7.1%). Meanwhile, fees for the placement and underwriting of securities and for the deposit and book-entry of securities decreased moderately, by 10.6% and 1.4%, respectively. Despite increased activity, particularly in intermediation, the fees paid rose by only 0.9%. Consequently, these fees accounted for 32.5% of the fees received, 2.1 pp less than in 2022.

In 2023, income from financial investments decreased by 28.7%, amounting to €41.0 million. The data indicate that the proprietary trading activity of these institutions is relatively low compared to that of IFs in neighbouring countries. There was a significant increase in income from other operating products and charges, which rose by 360.0% to €7.7 million. The rise in income from the provision of investment services to third parties led to a 7.6% increase in the gross margin of all companies, reaching €341.4 million.

The operating expenses of broker-dealers increased in line with higher sector activity and inflation in 2023. Both components of this category saw increases: personnel costs rose by 5.3% and general expenses by 10.7%. Meanwhile, depreciation, amortisation charges, and other provisions fell by 43.3%. Despite higher expenses, the increase in the gross margin allowed operating income to grow by 13.6%, from €90.0 million in 2022 to €102.3 million in 2023. This pushed the profit before tax up by 14.0% to €108.4 million. Additionally, the increase in the amount associated with "Other gains and losses", which rose by 21.3%, also contributed to this growth.

The trend in the aggregate income statement in recent years highlights the changing business model of a substantial number of broker-dealers. Their traditional core business of securities market brokerage has become increasingly less important, while distribution, third-party management, and "Other" activities have taken on greater significance in their income statements.

As has been the case in recent years, a small number of companies generated most of the profits in this sub-sector. However, in the last year, the sector's concentration decreased. In 2022, two companies accounted for 67.7% of the total profits of the profitable companies and 76.7% of the aggregate result. These percentages fell in 2023 to 56.5% and 61.4%, respectively.

Twelve broker-dealers recorded a pre-tax loss, the same number as at the end of 2022 (see Table I.3.2.5). Seven of these had already reported losses in the 2022 financial year. Of these twelve companies, eleven were independent entities and one was part of a credit institution. The cumulative amount of losses in 2023 was €10.0 million, down from €14.0 million at the end of 2022.

Profit before tax, number of loss-making broker-dealers and amount of losses before tax TABLE I.3.2.5

Amounts in thousands of euros

	Profit/(loss) before tax (total)[1]	No. of loss-making firms	Amount of losses before tax
Broker-dealers			
2020	128,729	14	22,505
2021	110,720	14	18,163
2022	95,096	12	13,956
2023	108,421	12	10,002

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

All brokers receive income mainly from the provision of services to third parties because they cannot carry out proprietary trading. While some of the brokers obtain the bulk of their income from the processing and execution of orders, most of them tend to specialise in certain services, such as distributing CISs or portfolio management. Independent entities predominate in this subsector.

The aggregate pre-tax profit of brokers increased significantly in 2023, rising by 40.3% to €20.0 million. This increase in profit was driven by both higher income and controlled operating expenses (see Table I.3.2.6).

Net fees rose by 3.6% compared to the previous year. In gross terms (fees received), notable increases were seen in income from the distribution of CISs, which grew by 7.8% to €101.7 million; portfolio management, which increased by 14.2%; and other services ("Other"), which rose by 35.9%. Income from investment advice also grew moderately, by 1.1%. In contrast, there were declines in fees received from other items. Income from order processing and execution fell by 7.1%. Income from the placement and underwriting of issues, as well as from the deposit and book-entry of securities, also decreased, though these amounts are relatively insignificant in the total income statements of the brokers. In line with the trend in fee income, fees paid to third parties by broker-dealers increased significantly, by 42.5%. However, it should be noted that for this type of institution, the fees they pay account for only 18.1% of their fee income. The growth in net fee income led to a 5.3% increase in the aggregate gross margin, reaching €179.9 million.

Income statement of brokers[1]

TABLE I.3.2.6

Amounts in thousands of euros

	2022	2023	% change 23/22
Interest margin	**960**	**2,086**	**117.3**
Net fees	**170,724**	**176,882**	**3.6**
Fees received	198,293	216,159	9.0
Processing and execution of orders	18,030	16,754	-7.1
Issue placement and underwriting	1,187	829	-30.2
Deposit and book-entry of securities	286	281	-1.8
CIS distribution	94,339	101,698	7.8
Portfolio management	23,388	26,700	14.2
Investment advice	37,547	37,940	1.1
Other	23,516	31,957	35.9
Fees paid	27,569	39,277	42.5
Gains/(losses) on financial investments	**-1,479**	**1,771**	**-**
Net exchange differences	527	-380	-
Other operating income and expense	61	-479	-
Gross margin	**170,793**	**179,880**	**5.3**
Operating costs	**156,604**	**157,978**	**0.9**
Personnel	100,855	102,064	1.2
General expenses	55,749	55,914	0.3
Depreciation, amortisation and other charges	**4,184**	**4,824**	**15.3**
Impairment losses on financial assets	**-13**	**87**	**-**
Net operating profit	**10,018**	**16,991**	**69.6**
Other gains and losses	4,244	3,015	-29.0
Profit before tax	**14,263**	**20,006**	**40.3**
Tax on income	3,899	3,633	-6.8
Profit from continuing activities	**10,364**	**16,373**	**58.0**
Profit from discontinued operations	**0**	**0**	**-**
Net profit for the year	**10,364**	**16,373**	**58.0**

Source: CNMV. (1) Includes the information of all the entities that were registered in the records of the CNMV at any time during the year, not only at the end of the year.

Operating expenses remained stable, increasing by just 0.9%. This trend is due to both general expenses, which rose by 1.2%, and personnel costs, which increased by 0.3%. The combination of higher revenues and controlled costs resulted in a net operating profit of €17.0 million, a rise of 69.6%. Consistent with previous years, the "Other gains and losses" item made a significant contribution to the pre-tax result, amounting to €3.0 million in 2023.

Finally, there was a reduction in both the number of loss-making institutions, from 28 to 27, and the total amount of losses, which decreased from €13.5 million in 2022 to €11.2 million in 2023. It is important to note that 21 of the 27 loss-making brokers at the end of 2023 had also incurred losses the previous year (see Table I.3.2.7)

Profit before tax, number of loss-making brokers and amount of losses before tax

TABLE I.3.2.7

Amounts in thousands of euros

	Profit before tax[1]	No. of loss-making firms	Amount of losses before tax
Brokers			
2020	7,756	24	20,242
2021	30,001	19	10,702
2022	14,263	28	13,537
2023	20,006	27	11,183

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

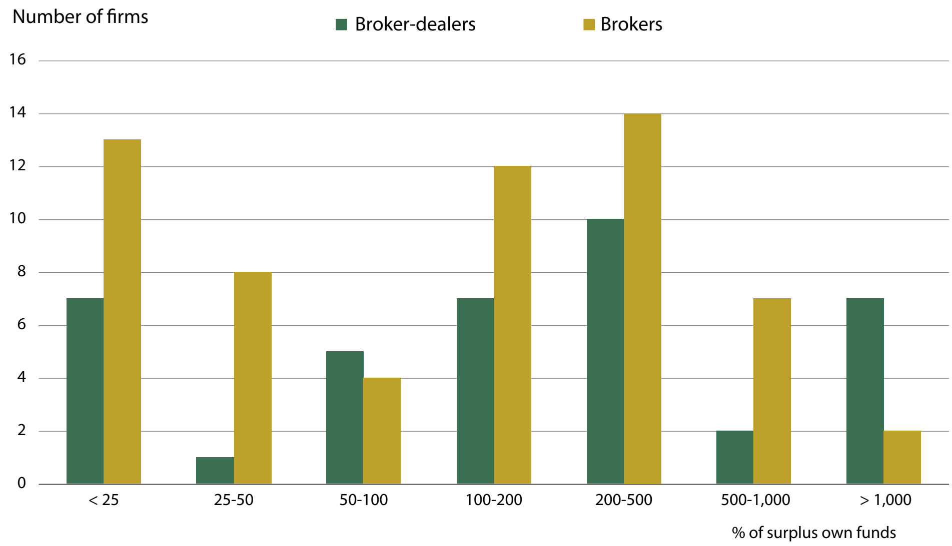
Solvency

The sector maintained high solvency levels in relative terms throughout 2023, with an equity margin 9.5 times higher than the required regulatory capital. This marked a significant increase from the previous year's figure of 5.9 times, largely due to the equity of a newly established broker-dealer. At the end of the year, this company's equity was more than 1,000 times the regulatory requirements. Without this entity's contribution, the equity margin was 3.5 times, consistent with the level recorded in 2022. However, in absolute terms, this margin is not very significant due to the relatively small amounts involved.

As is typically the case, the solvency margin was generally higher for broker-dealers than for brokers. For broker-dealers, the aggregate solvency margin was around 13.0 (4.1 without the previously mentioned institution), whereas for brokers, it was 2.3. Regarding the distribution of this ratio, Figure I.3.2.2 shows that at the end of 2023, most broker-dealers had surplus equity over minimum requirements of more than 100%. Meanwhile, brokers continued to display greater variation. Four companies ended the year with a capital deficit.

Surplus equity over minimum requirements for broker-dealers and brokers

FIGURE I.3.2.2



Source: CNMV.

Financial advisory firms

Financial advisory firms offer their clients the sole reserved activity of investment advice for financial investments. Since the entry into force of MiFID II,[13] these entities have been able to offer independent or non-independent advice. In 2023, a new category of financial advisory firms was established: national financial advisory firms. This new category was created following the publication of Law 6/2023, of 17 March, on securities markets and investment services (see Exhibit 9 in Chapter II.3). These entities were not active during 2023 but are expected to begin operations in 2024.

At the end of 2023, the number of financial advisory firms registered with the CNMV remained at 143, the same as in 2022, with 12 new registrations and 12 deregistrations. Total assets under advice amounted to €15.87 billion, 15.1% less than in 2022. Of this, €11.32 billion was linked to independent advice. Retail clients accounted for the majority of advisory contracts (95.9% of a total of 11,054), representing 52.2% of the total assets under advice (see Table I.3.2.8). As in the previous year, the assets advised for retail clients exceeded those of non-retail clients.

The combined profit of these institutions increased significantly from €2.5 million in 2022 to €4.7 million in 2023. This increase was not due to higher fee income, but rather to a significant decrease in expenses. In fact, fee income decreased from €57.0 million in 2022 to €52.1 million in 2023. Within this income, fees charged directly to customers remained stable, going from €43.4 million to €43.3 million. In contrast, income from rebates declined from €12.0 million to €8.3 million.

13 Directive 2014/65 EU of the European Parliament and of the Council, of 15 May 2014, on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

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

TABLE I.3.2.8

Amounts in thousands of euros

	2022	2023	% change 23/22
Number of contracts			
Retail clients	10,295	10,603	3.0
Non-retail clients	455	451	-0.9
Total	**10,750**	**11,054**	**2.8**
Assets under advisory services (thousands of euros)			
Retail clients	10,136,837	8,290,899	-18.2
Non-retail clients	8,545,983	7,574,320	-11.4
Total	**18,682,820**	**15,865,219**	**-15.1**

Source: CNMV.

Other considerations on the provision of investment services in Spain

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

One part of this analysis consists of identifying the companies that have the legal form of a bank, but whose business model is mostly based on providing investment services. For this purpose, the ratio of income received for the provision of investment services to the entity's total income can be taken as a reference, identifying as banks specialised in investment services any entity with a ratio of over 65%.[14] It is estimated that the amount of income for providing investment services corresponding to these entities in Spain as a whole was €1.42 billion in 2023. However, taking into account of the volume of fees that these entities pay as rebates to third parties, which in some cases are of a significant amount due to their specific business model, the volume of income would fall to just under €896 million (around 14.9% of total fees received by credit institutions in this business)

14 The main entities by volume of income received include Allfunds, Cecabank, Banco Inversis and Caceis Bank.

In the case of non-bank financial entities (broker-dealers, brokers and CIS management companies), those belonging to a commercial banking group and which, therefore, would fall within the scope of the provision of investment services of this type of entity, have been identified. In the field of brokers and broker-dealers, these entities currently hold little relevance. This is because credit institutions have been absorbing their broker-dealers and brokers in recent years, as part of the reorganisation of the Spanish financial sector. At the end of 2023, there were four broker-dealers belonging to Spanish credit institutions whose main business was commercial banking. These accounted for 55% of the total assets of broker-dealers in 2023 and around 17% of the income received by this type of entity. In the area of CIS management companies, firms linked to commercial banks hold greater relevance as they account for 69% of fees net of rebates from CIS management activities and 72% of the total fees received by management companies as a whole.

Taking into account all these considerations, it is estimated that in 2022 67% of the business related to the provision of investment services in Spain (including the management of CISs and measured by fees received) corresponded to traditional commercial banks or entities belonging to their groups. The remainder corresponded to financial entities specialising in the provision of investment services that are not linked to commercial banking. This percentage, which is 3% higher than that registered in 2022 and similar to the figure for 2020, interrupts the downward trend observed since 2017. The deregistration of a Swiss credit institution specialising in stock market brokerage could partly explain the increase in the market share of commercial banks in the provision of investment services in 2023.

I.3.3 Venture capital firms and crowdfunding platforms

Venture capital firms and other closed-ended collective investment companies

Registration activity in the field of closed-ended collective investment increased significantly in 2023, reaching a new high for both management companies and investment vehicles. Registrations rose again compared to last year (see Table I.3.3.1), with management companies growing by 26% and investment vehicles by almost 100% over the past three years. Consequently, the number of registered management companies for closed-ended investment companies (SGEICs), venture capital companies (SCRs), and European venture capital funds (EuVECAs) reached an all-time high since the CNMV register was created.

However, **investment activity experienced a significant slowdown last year**. According to figures from the Spaincap Activity Report, an association of venture capital and private equity entities in Spain, the sector ended 2023 with an investment volume of €6.11 billion across 781 transactions, a decrease of 34% compared to 2022.

Among new closed-ended investment vehicles, there is considerable diversity in their legal nature and investment objectives. While most reported having a multi-sector strategy, in 2023, vehicles focused on the technology and industrial sectors (32) and renewable energy and the environment (19) were predominant. By type of vehicle, venture capital companies once again accounted for the largest number of new registrations, with an increase of 37% compared to the previous year, followed by EuVECAs, which saw a 59% increase compared to 2022.[15] This strong growth is attributed to the greater flexibility offered by EuVECAs, as they are not subject to ratios or minimum assets at the time of incorporation and can be distributed to non-professional investors.

During this period, a European long-term investment fund (ELTIF) was authorised and registered. This vehicle, registered as a result of the inclusion of an ELTIF register in Law 22/2014, of 12 November, is aimed at financing SMEs and intends to channel retail savings into the business sector.

Regarding sustainability disclosures in the financial services sector, 2023 saw an increase in the number of vehicles declaring the promotion of environmental or social characteristics or targeting sustainable investments, as provided for in Regulation (EU) 2019/2088 of the European Parliament and Council, of 27 November 2019. Specifically, as of 31 December, there were 77 vehicles promoting environmental and social characteristics under Article 8 of the aforementioned Regulation and 63 targeting sustainable investments under Article 9 of the same Regulation.

Finally, the Instituto de Crédito Oficial (ICO) has played a key role in the venture capital sector through several initiatives:

— Firstly, the 16th call for investment by Fond-ICO Global, FCR, launched in December 2023. This is the largest call in terms of volume and aims to invest up to €900 million from the Recovery Plan Agenda in innovative projects that promote business growth and transformation. The goal is to select up to 12 funds, supporting both early-stage companies and those with a high degree of development.

— Secondly, through its InvestEU programme, the ICO will channel resources into venture capital funds that invest in sustainable infrastructure projects. This initiative aims to mobilise a minimum of €300 million, alongside contributions from private investors, to drive the green and digital transition.

— Third, the ICO, through its Fond-ICO Next Tech, FCR fund and in collaboration with the Ministry of Economic Affairs and Digital Transformation, aims to promote the development of innovative high-impact digital projects and investment in growth companies within the framework of the Spain Digital 2026 strategy. To achieve this, the government has doubled the investment in this fund during this period, with the goal of mobilising up to €8 billion of public-private capital.

15 Since 2020, the number of EuVECAs has increased fourfold.

Registrations and deregistrations in 2023

TABLE I.3.3.1

Type of entity	Entities registered at 31/12/22	Registrations	Deregistrations	Entities registered at 31/12/23
Venture capital companies	310	117	4	423
Venture capital funds	319	49	17	351
SME venture capital companies	25	2	2	25
SME venture capital funds	14	4	2	16
European venture capital funds (EuVECAs)	85	50	0	135
European social entrepreneurship funds (EUSEFs)	8	3	0	11
Total venture capital firms	**761**	**225**	**25**	**961**
Closed-ended collective investment companies	38	5	1	42
Closed-ended collective investment funds	56	9	2	63
Total closed-ended collective investment firms	**94**	**14**	**3**	**105**
Total venture capital firms + closed-ended collective investment firms	**855**	**239**	**28**	**1,066**
Closed-ended investment scheme management companies	**135**	**19**	**4**	**150**

Source: CNMV.

Providers of crowdfunding services

After the deadline for adapting to the new European regulations,[16] the CNMV deregistered the old registry of crowdfunding platforms and all the companies listed in it. Those crowdfunding platforms that did not complete the adaptation process by 10 November 2023 had their activities limited until the process was completed. In 2023, 16 crowdfunding platforms completed the adaptation process (seven of them after 10 November), becoming providers of crowdfunding services (PSFP). Additionally, one new PSFP was authorised and registered. The new register of crowdfunding service providers now includes 21 entities: 20 converted from PFP to PSFP (four of which adapted in 2022) and one newly created (as mentioned above).

Before the end of the transitional period, on 25 October 2023, the CNMV sent a communication to those crowdfunding platforms that had not started or completed the adaptation process, warning them that from 10 November 2023, they could not continue providing participatory financing services until the process was complete. This restriction included a prohibition on attracting new investors or promoters, limiting their activities to managing already completed projects. By the end of 2023, four crowdfunding platforms had still not completed the adaptation process, which consequently limited their activities.

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

Number of non-harmonised crowdfunding platforms and registered crowdfunding service providers

TABLE I.3.3.2

Type of platform	Securities	Loans	Mixed	Total
Non-harmonised crowdfunding platforms[1]	0	0	0	0
Crowdfunding services providers	5	4	12	21
Total accumulated amount	**5**	**4**	**12**	**21**

Source: CNMV. (1) The Spanish regulator created this figure for crowdfunding platforms that were outside the scope of the European regulation, which are consumer and project platforms with a high volume (between €5 and €8 million). At the end of 2023, there were no non-harmonised crowdfunding platforms.

II CNMV actions in the securities markets

II.1 Issuers' transparency obligations

The annual financial report and the half-yearly interim financial statements[1] submitted by issuers of securities traded on a regulated market in Spain, or domiciled in the European Union with Spain as the home Member State, are considered regulated periodic information under the supervision of the CNMV. This supervision aims to strengthen the trust in the reliability of the financial information published by issuers. Additionally, issuers are required to disclose non-financial information, particularly focusing on sustainability and corporate governance.

II.1.1 Financial reporting

Annual financial reporting[2]

The CNMV received 258 annual reports for 2022, corresponding to 133 issuers (down from 136 in 2021), excluding reports from securitisation funds and banking asset funds and considering both separate and consolidated reports.

In 2023, all institutions submitted their 2022 reports in the Single European Electronic Format (ESEF). A significant update for financial years starting on or after 1 January 2022 is the mandatory block labelling of the notes to the financial statements for institutions preparing consolidated financial reports.

The percentage of issuers with audit reports expressing a favourable opinion in 2022 remained very high, compensating for the slight decline seen in 2021. In 2023, reports for 2022 with qualifications were received from one entity (both individual and consolidated accounts), compared to four in 2021. No entity received a negative opinion in the last three financial years.

1 Articles 99 and 100 of Law 6/2023, of 17 March, on Securities Markets and Investment Services (LMVSI).

2 The annual financial information is available at www.cnmv.es, in the section of search by entities for queries to official records, under the heading "Annual financial reports", where the official registries of the annual financial reports of companies that issue securities may be consulted.

Summary of issuers' annual financial reports received by the CNMV

TABLE II.1.1.1

Excludes securitisation funds and bank asset funds

	Financial year 2020		Financial year 2021		Financial year 2022	
	Number	%	Number	%	Number	%
Reports received by the CNMV	**281**	**100.0**	**264**	**100.0**	**258**	**100.0**
Separate accounts	145	51.6	136	51.5	132	51.2
Consolidated accounts	136	48.4	128	48.5	126	48.8
Special reports under Article 14 of Royal Decree 1362/2007	4	-	8	-	2	-
Audit opinion						
Unqualified opinion	277	98.6	256	97.0	256	99.2
Qualified opinion	4	1.4	8	3.0	2	0.8
Disclaimer of opinion or adverse opinion	0	0.0	0	0.0	0	0.0
Types of qualifications						
Audits with exceptions	0	0.0	2	0.8	0	0.0
Audits with scope limitations	4	1.4	8	3.0	2	0.8
Effects of exceptions						
Effects on profit/(loss)						
Audits with positive effects	0	0.0	0	0.0	0	0.0
Audits with negative effects	0	0.0	2	0.8	0	0.0
Effects on equity						
Audits with positive effects	0	0.0	0	0.0	0	0.0
Audits with negative effects	0	0.0	2	0.8	0	0.0
Nature of emphasis of matter paragraphs						
Related to business continuity	27	9.6	13	4.9	15	5.8
Related to asset recovery	2	0.7	1	0.4	1	0.4
Related to COVID-19	10	3.6	1	0.4	0	0.0
Other	10	3.6	3	1.1	5	1.9

Source: CNMV.

The CNMV is authorised to ensure that regulated periodic financial information is prepared in accordance with applicable regulations. To exercise this function, the CNMV is empowered, as described in Article 234 of the recast text of the Securities Market Act, to require listed entities to publish additional information, completing the disclosures provided by the issuer or indicating the corrections identified, accompanied where applicable by commitments to restate or reformulate the periodic financial information. In this process, the CNMVaddresses issuers, requesting information in writing to obtain clarification or data on specific matters. These requests for information are made through written or verbal means, either by telephone or during meetings, to gather additional details. Information requests serve as a tool to investigate potential non-compliance, but not every request necessarily relates to a breach of accounting standards. As a result, some responses from entities do not lead to any corrective action by the CNMV.

The CNMV's supervisory work on annual financial reports involves two levels of review: a formal and a substantive level. In line with the supervisory guidelines of the European Securities and Markets Authority (ESMA),[3] substantive reviews can be either full or partial, with partial reviews focusing on specific issues within

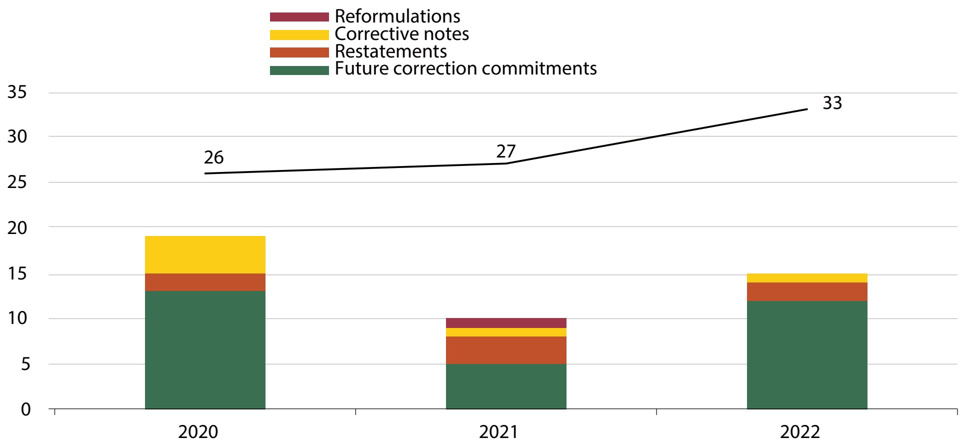
3 ESMA – *Guidelines on enforcement of financial information*. https://www.esma.europa.eu/sites/default/files/library/esma32-50-218_guidelines_on_enforcement_of_financial_information_en.pdf

the financial information.[4] All of the reports received are subject to a formal review of compliance with certain legal requirements. This type of review also entails other issues deriving from specific changes in applicable regulations.

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

Figure II.1.1.1 shows the main reasons why requests were sent to listed entities, excluding asset securitisation funds (ASFs) and bank asset funds (BAFs), in relation to the annual financial statements for the years 2020 to 2022. In most cases, the accounting policy adopted was satisfactorily explained in the issuer's reply to the CNMV's request. In others, the adjustment that would result from having applied a method more in keeping with the regulations in force, or the lack of a certain disclosure of information, would not have had a material effect on the fair presentation of the financial statements considered as a whole. However, in situations in which the method used by the entity was not consistent with the standard and the adjustment was material, the CNMV requested the reformulation or restatement of the issuer's financial statements. Similarly, in the event of material errors regarding one or more specific matters included in the financial information published by the entities, a corrective note or a future correction commitment was issued.

Supervisory actions relating to annual financial statements[1] (excluding securitisation funds and bank asset funds) FIGURE II.1.1.1



Source: CNMV. (1) Requests for information include those sent to issuers subject to formal and substantive review, excluding those relating to the NFIS, APMs or delays in sending financial information.

To facilitate the dissemination of financial information, each year the CNMV publishes on its website its *Report on the CNMV's review of annual financial reports and main enforcement priorities for the following financial year*.[5] This report

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

5 This report (https://cnmv.es/portal/publicaciones/publicacionesgn.aspx?id=20&lang=en) provides much more detailed information on the actions of the CNMV summarised in this chapter.

describes the most important incidents detected in the review of the annual financial statements and the main enforcement actions.

Half-yearly periodic reporting

For half-yearly financial reporting, any form of audit or review by the auditor[6] is entirely voluntary. However, 59.1% of issuers (compared to 57.6% in the same period of the previous year) had their interim financial reports for the first half of 2023[7] reviewed by auditors. This percentage increases to 97.0% when considering only Ibex 35 companies (up from 91.2% in the same period of the previous year).

In cases where a full audit was performed (six instances), the auditor provided reasonable assurance on the interim financial statements. For limited reviews (69 entities), the assurance provided was moderate. It should be noted that no opinions issued by the auditors contained qualifications.

International activities related to financial reporting

In October 2023, ESMA published its common enforcement priorities for annual financial reports for 2023,[8] differentiating between financial information and non-financial information. ESMA, together with the national supervisors of the European Union, pays particular attention to these areas when monitoring and assessing the application of the relevant requirements, as well as reviewing such matters as may be important for the various issuers examined. ESMA's common enforcement priorities for financial information refer to: i) climate change and climate-related matters, and ii) the macroeconomic environment. The CNMV has also decided to include additional priorities, as detailed in the *Report on the CNMV's review of annual financial reports and main enforcement priorities for the following financial year* for 2022.[9] These priorities include a more detailed analysis of the assessment of fair value determinations and the uncertainties associated with investment properties and financial instruments.

The CNMV actively collaborated in the preparation of various ESMA reports and comment letters on ongoing IFRS projects. Notably, the report on the supervisory activities of the 2022 annual reports was published on 29 March 2023.[10] This report offers an overview of the supervisory work on financial and non-financial reporting, as well as the related remedial actions at the end of 2022 in the European Economic Area.

In October 2023, a report on climate-related disclosures in financial statements was published,[11] aiming to assist issuers in improving the disclosures regarding the

6 Article 100 of Law 6/2023, of 17 March, on Securities Markets and Investment Services.

7 In the case of companies whose financial year does not correspond to the calendar year, the financial information for the first half-year presented in 2022 was used.

8 https://www.esma.europa.eu/sites/default/files/2023-10/ESMA32-193237008-1793_2023_ECEP_Statement.pdf

9 https://www.cnmv.es/portal/publicaciones/publicacionesgn.aspx?id=20&lang=en

10 https://www.esma.europa.eu/sites/default/files/2023-03/ESMA32-63-1385_2022_Corporate_Reporting_Enforcement_and_Regulatory_Activities_Report.pdf

11 https://www.esma.europa.eu/sites/default/files/2023-10/ESMA32-1283113657-1041_Report_-_Disclosures_of_Climate_Related_Matters_in_the_Financial_Statements.pdf

accounting impact of climate-related issues in financial statements. This report focuses on disclosures provided by European non-financial institutions in their annual financial statements for the financial year 2022.

II.1.2 Information on sustainability and corporate governance

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

The NFIS, which includes sustainability information, is part of the management report and, consequently, the annual report that issuers of securities on regulated markets must prepare and publish. This report falls under the supervisory jurisdiction of the CNMV.

In the **2022 NFISs**, **non-financial issuers** were required to provide indicators related to economic activities **aligned** with the taxonomy for climate change mitigation and adaptation objectives. Additionally, the Delegated Regulation (EU) 2022/1214 (**Supplementary Delegated Act**) on nuclear energy and gas, which considers both as transitional activities contributing to climate change mitigation under certain conditions, requires the completion of the templates included in Annex XII.

In **2023**, **significant regulatory publications** regarding sustainability disclosures required from issuers of securities have been issued, including:

On 5 January 2023, the new Corporate Sustainability Reporting Directive **(EU) 2022/2464 (CSRD)** came into force, replacing the NFRD Directive. Member States must transpose this directive by 6 July 2024. The CSRD expands both the number of entities required to report sustainability information and the content of these reports, which will follow the European sustainability reporting standards (NEIS or ESRS)[12] and mandates that sustainability information be submitted in electronic format.

The type of each company will determine when they must start reporting under the CSRD. The first to comply, in 2025 for the 2024 financial year, will be large public interest companies with more than 500 employees.

In October 2023, the first set of **ESRS standards** was approved, consisting of 12 general standards applicable to all reporting entities, regardless of their business nature. Two of these are overarching standards relevant to all sustainability issues, while the remaining ten are specific thematic standards. Of these ten, five focus on environmental issues, four on social issues, and one on governance.

In January 2024, the European Financial Reporting Advisory Group (EFRAG) published two draft standards for listed SMEs and one voluntary standard for unlisted SMEs. Work on sectoral standards is ongoing.

Other relevant sustainability standards for issuers under the CNMV's supervision include those published by the International Sustainability Standards Board (ISSB) in June 2023. Issuers may need to apply these standards if they issue securities in countries that incorporate them into their legislation or if they choose to adopt them voluntarily in response to requests from investors or society.

12 European Sustainability Reporting Standards.

In May, joint guidance from EFRAG and ISSB on the interoperability of sustainability disclosures was published. This guidance focuses on climate change and includes a detailed table outlining common requirements.

In June 2023, **two Delegated Regulations** were issued concerning the **taxonomy**. One expanded the technical screening criteria and the scope of the eligible activities of climate change mitigation and climate change adaptation objectives. The other developed the technical screening criteria for the remaining four environmental objectives.[13]

The number of issuers required to prepare NFIS in 2022 differs from those required to provide information on the taxonomy. This is due to the different thresholds that determine each obligation: 250 workers for the NFIS[14] and 500 workers for the taxonomy).[15]

Thus, of the 126 issuers that submitted consolidated financial statements for the 2022 financial year, 102[16] included the NFIS in the consolidated management report (81% of the total). Of these, 89 included taxonomy information.[17]

NFIS received by the CNMV TABLE II.1.2.1

	2020	2021	2022
Consolidated NFIS	96	102	102
Taxonomy-related information	n/a	89	89
Separate annual reports received	145	136	132
Consolidated annual reports received	136	128	126

Source: CNMV.

In 2022, no verifications were qualified, whereas in 2021, only one issuer received a qualification[18] (none in 2020). The number of issuers with qualifications was particularly high in the 2018 NFIS, with a total of 13 issuers, as it was the first year that the NFIS review became mandatory and due to the short period between the publication and the entry into force of Law 11/2018. Improvements in issuers' internal systems and processes have allowed them to obtain more information and provide greater detail in subsequent reports.

13 These objectives include the sustainable use and protection of water and marine resources, the transition to a circular economy, the prevention and control of pollution, and the protection and restoration of biodiversity and ecosystems.
14 The threshold set by Law 11/2018, which mandated the preparation of NFISs for issuers with an average of more than 500 employees during the financial year, was reduced to 250 employees three years after its entry into force (i.e., from the 2021 financial year), except for SMEs in accordance with Directive 2013/34/EU.
15 The Taxonomy Regulation stipulates that issuers with more than 500 employees are required to disclose this type of information.
16 Excluding two entities that availed themselves of the exemption option provided in Law 11/2018 as these companies and their subsidiaries are included in the consolidated management report of another company which is not subject to the NFIS obligation.
17 This figure does not include an entity that has submitted its NFIS and has more than 500 employees but does not report any taxonomy-relevant information as this is provided by its parent company in Germany. Five entities with an average of fewer than 500 employees are also not considered in the 2022 financial year and voluntarily submitted certain information on the taxonomy, as this information is not complete in all respects.
18 Amrest Holdings, SE.

The CNMV has powers to verify that the NFIS has been prepared in accordance with the applicable regulations. To exercise this function, the CNMV is empowered to require listed entities to publish additional information, supplementing the disclosures provided by the issuer or including the identified corrections, accompanied by commitments to restate or reformulate the non-financial information where necessary.

The CNMV's enforcement work on the NFIS follows a similar approach to its work on financial disclosures, with two levels of review performed: formal and substantive. In line with the principles set out in the ESMA guidelines on enforcement of financial information,[19] the substantive reviews may be full or partial, with the partial reviews only covering certain specific aspects of the non-financial information.[20]

As a result of the review of the 2022 NFISs, the CNMV undertook various actions. Specifically, one issuer included a **corrective note** regarding the disclosures related to the Taxonomy Regulation in its response to the CNMV's request, which was published on the CNMV's website. For 13 issuers, the enforcement actions led to a **commitment to future corrections** of the non-financial information. Additionally, two issuers included in their future correction commitments an **agreement to restate** the 2022 figures in the 2023 NFIS.

In all these cases, issuers committed to either amending the methodology or expanding the disclosures in the 2023 NFIS.

The CNMV outlines the most significant issues identified in the review of the 2022 NFISs and the main enforcement actions in its *Report on the CNMV's review of non-financial information and main enforcement priorities for the following financial year,*[21] published on its website as an independent report[22] for the third consecutive year.

Disclosures relating to Article 8 of the Taxonomy Regulation — EXHIBIT 3

In the **2022 NFIS, non-financial institutions** were required, for the first time, to detail not only the eligibility but also the alignment of their economic activities with climate change mitigation and adaptation objectives.

Given the importance and newness of this requirement, the CNMV decided to specifically monitor the disclosures related to taxonomy information. Based on the work carried out, the CNMV published the document *Informe sobre los degloses relativos a la Taxonomía Europea* [*Report on the disclosures related to the European taxonomy*] (in Spanish)[1] in October 2023, which analyses both the quantitative and qualitative presentation of the information provided by issuers in the 2022 NFIS.

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19 ESMA – *Guidelines on enforcement of financial information* (28/10/2014). (https://www.esma.europa.eu/sites/default/files/library/esma32-50-218_guidelines_on_enforcement_of_financial_information_en.pdf).

20 In general, the priorities defined by ESMA and the CNMV.

21 This report provides much more detailed information on the actions of the CNMV summarised in this chapter.

22 In previous years, this information was included as a specific section within the *Report on the CNMV's review of annual financial reports and main enforcement priorities for the following year.*

The review highlighted areas for improvement, leading the CNMV to recommend that issuers consider the following aspects in their future disclosures:

The use of the **templates** set out in the **Delegated Act on Disclosure** is **mandatory**, regardless of the level of eligibility and alignment of activities. These templates must be completed in accordance with the regulations, without adaptations or modifications.

Except for specific and duly justified cases of **non-materiality** concerning the OpEx indicator, the Taxonomy Regulation does not allow for the omission of information on any other indicator.

However, the Commission Communication C/2023/305,[2] published in October 2023, notes that: "Where the relevant undertakings are not able to ascertain compliance of Taxonomy-eligible activities that are not material for their business with the technical screening criteria due to a lack of data or evidence, they should report those activities as not Taxonomy-aligned without any further assessment".

Disclosures should be expanded to provide a better understanding of: i) the nature of the eligible and aligned activities performed by the entity, ii) how compliance with the technical screening criteria, no significant harm principle, and minimum safeguards has been assessed, and iii) the concepts included in both the numerator and denominator of the taxonomic indicators.

It is mandatory to assess and report on the eligibility and alignment of each environmental objective, **avoiding double counting** when calculating indicators.

For activities contributing to the **adaptation objective**, it should be noted that when an economic activity becomes climate change resilient, the turnover generated by that activity should not be considered, unless it is an enabling activity. Only investments made in capex and opex should be counted, provided that an assessment of climate vulnerabilities and risks has been conducted and a spending plan is in place to implement adaptation solutions that reduce the most significant physical climate risks of the activity.

If an issuer chooses to provide additional **voluntary disclosures**, these should not form part of, contradict, or be more prominent than the mandatory disclosures. It is essential to justify the reasons for including such additional disclosures.

In these cases, it is necessary to provide details on the basis for these disclosures, the methods used for their preparation, and a clear explanation of how they differ from the mandatory disclosure.

If the disclosed **information** on eligibility or alignment is not directly **comparable** with that of the previous year or has been restated, this should be indicated in the NFIS, along with an explanation of the reasons.

The CNMV emphasises that during these initial years of implementing the regulation, it is understandable that doubts may arise regarding its application. Therefore, it is particularly important to ensure greater transparency in the disclosures provided, especially for activities subject to interpretation.

The CNMV emphasises that during these initial years of implementing the regulation, it is understandable that doubts may arise regarding its application. Therefore, it is particularly important to ensure greater transparency in the disclosures provided, especially for activities subject to interpretation.

The following table summarises the reporting obligations of financial and non-financial institutions that must provide information in accordance with the European taxonomy in the coming years:

Reporting obligations of institutions TABLE E3.1

	Environmental objectives	2023	2024	2025
Non-financial institutions	Climate (mitigation and adaptation)	Eligibility and alignment	Eligibility and alignment	Eligibility and alignment
	Environmental + amendments to climate objectives	Eligibility		
Financial institutions	Climate (mitigation and adaptation)	Eligibility and alignment	Eligibility and alignment	Eligibility and alignment
	Environmental + new activities climate objectives	Eligibility	Eligibility	

1 https://www.cnmv.es/portal/publicaciones/otrosdoc.aspx?lang=en
2 https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:C_202300305

International activities related to non-financial information

In line with practices in recent years, the common enforcement priorities for non-financial reporting published by ESMA for 2024 in October 2023 have been extended by the CNMV. ESMA's priorities included issues such as: i) disclosures related to Article 8 of the Taxonomy Regulation, ii) disclosure of climate-related targets, measures, and progress, and iii) reporting of Scope 3 greenhouse gas emissions.

The additional priorities included by the CNMV are detailed in the *Report on the CNMV's review of non-financial information for 2022 and main enforcement priorities for the following financial year.*[23]

The CSRD requires the European Commission to seek opinions from ESMA and other European public bodies on the draft ESRS prepared by EFRAG before their adoption as delegated acts. ESMA submitted its opinion on the draft ESRS on 26 January 2023, concluding that they broadly meet the objective of enhancing investor protection and do not undermine financial stability.

23 https://www.cnmv.es/portal/publicaciones/publicacionesgn.aspx?id=61&lang=en

To draw conclusions in the first year that non-financial institutions have disclosed not only the eligibility but also the alignment of their economic activities with climate change mitigation and adaptation objectives, ESMA, in collaboration with supervisors, conducted a limited information gathering exercise on disclosures related to Article 8 of the Taxonomy Regulation. The results were published in October 2023.[24]

At the international level, the Board of the International Organisation of Securities Commissions (IOSCO) agreed in April 2020 to establish a working group on sustainability (Sustainable Finance Task Force, STF), currently led by the Chairperson of the CNMV.

This group focuses on three main areas of work, one of which is related to sustainability disclosures issued by companies. In 2023, one of the group's tasks was to analyse the standards for the preparation of sustainability information issued by the International Sustainability Standards Board (ISSB).[25] This analysis concluded on 25 July 2023, with IOSCO announcing its endorsement of these standards as suitable for use in the capital markets.

Additionally, the group will review the standards on assurance and auditing being developed internationally by the International Auditing and Assurance Standards Board (IAASB)[26] and the International Ethics Standards Board for Professional Accountants (IESBA).[27]

In August 2023, the IAASB submitted the proposed international sustainability assurance standard ISSA 5000 (General Requirements for Sustainability Assurance Engagements) for public consultation, which will run until December. This standard aims to increase confidence in sustainability reporting and addresses both reasonable assurance engagements and limited assurance engagements. It is applicable to sustainability information prepared under multiple frameworks, including ESRS and ISSB. The proposed ISSA 5000 can be used by both auditors and other verifiers of sustainability information, subject to certain requirements.

On 1 December 2023, IOSCO issued a statement[28] welcoming the proposed standard and reiterating its support for the IAASB's work. IOSCO analysed the ISSA 5000 proposal, considering input from various stakeholders and how the IAASB addressed key issues highlighted in its March 2023[29] report on promoting an effective global framework for sustainability reporting assurance. As a result, IOSCO has encouraged the IAASB to take into account certain observations and priority issues.

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24 ESMA32-992851010-1098_-_Summary_of_findings_Results_of_a_fact-finding_exercise_on_corporate_reporting_practices_under_the_Taxonomy_Regulation.pdf (europa.eu)

25 The ISSB published two standards; the first standard addresses general information requirements on sustainability (IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information) and the second, climate-related disclosures (IFRS S2 – Climate-related Disclosures).

26 International Auditing and Assurance Standards Board.

27 International Ethics Standards Board for Accountants.

28 IOSCOPD748.pdf

29 IOSCOPD729.pdf

Information on significant shareholders and treasury stock

CNMV Circular 2/2022, of 26 May, approving the models for notification of significant holdings, issuer transactions with treasury stock and market makers entered into force on 7 August 2022.

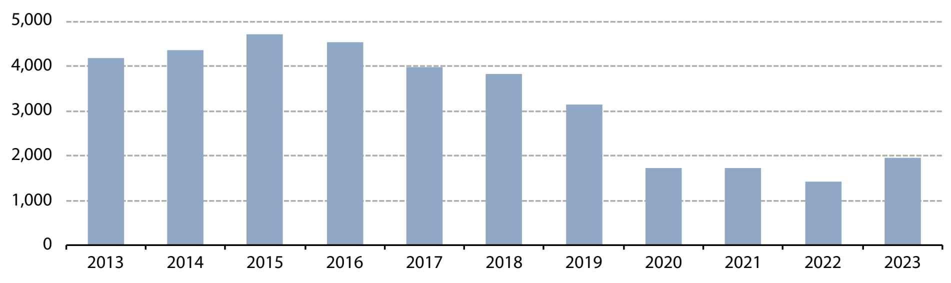
The changes in this new model 1 affect sections 6 to 9 and are designed to ensure that shareholders declare any additional voting rights corresponding to the shares with loyalty voting rights allocated to them.

Additionally, a new section 11 was included to ensure that shareholders report any dual-voting rights. Accordingly, significant shareholders must indicate the number of additional voting rights that have been attributed to them, which correspond to shares with dual-voting rights. Likewise, the number of shares that are pending recognition of the dual-voting rights and the number of additional voting rights that will correspond to said shares, once the loyalty period established in bylaws has expired must be disclosed. In addition, the date, or dates, on which the allocation of these loyalty voting rights will take place must be reported.

In 2023, a total of four companies incorporated double voting rights for loyalty in their articles of association. Additionally, two of these companies received the first two notifications from significant shareholders, informing them of their participation and incorporating the additional voting rights for loyalty once assigned, after the loyalty period had elapsed.

Of the 2,059 notifications received in 2023, 2,040 were submitted through the electronic portal, with 97.3% being automatically published without incident. A total of 1,965 notifications were validated, representing an increase of 38.6% compared to 2022. Regarding the distribution of registered notifications, 92% were from significant shareholders (up from 85% in 2022), while the remaining 8% were treasury stock notifications (down from 15% in 2022).

Number of notifications registered annually (2013–2023) FIGURE II.1.2.1



Source: CNMV.

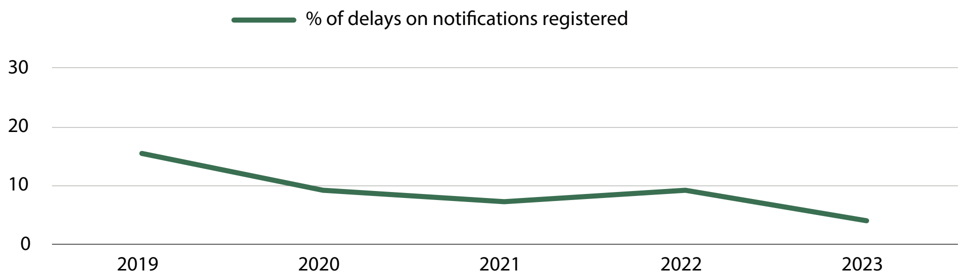
Notifications cancelled and rectified

The remainder were cancelled or replaced, where appropriate, by new communications. The number of erroneous cancelled notifications fell by 22.0% compared to 2022. 77% of the cancelled notifications were presented by significant shareholders, while the remaining 23% corresponded to companies' declarations of transactions with their own shares.

Notifications submitted late

79 notifications (131 in 2022) were received after the deadline established by the regulations, equating to 4% of the total (9.2% in 2022) (see Figure II.1.2.2). 71% of the late notifications concerned significant shareholders. The proportion of notifications filed in 2023 with a delay of fewer than seven days was 30.4% (46.6% in 2022). Delays exceeding 90 days accounted for 17.7% of the cases (22.1% in 2022).

Notifications submitted late FIGURE II.1.2.2



Source: CNMV.

Notifications by significant shareholders

The average annual number of notifications per significant shareholder stood at 8.6 (4.6 in 2022). The 1,798 notifications received in 2023 (1,209 in 2022) concerned significant shareholdings in 93 listed companies (the same number as in 2022) and were submitted by 210 separate shareholders (262 in 2022). Table II.1.2.2 shows a breakdown of notifications received, grouped by intervals of voting rights and by market capitalisation of the companies involved.

Number of notifications on significant shareholders' voting rights TABLE II.1.2.2

	Total notifications	Less than 5%	Between 5% and 15%	Between 16% and 30%	Between 31% and 50%	More than 50%
Ibex 35	411	246	161	2	-	2
More than €500 million	1,180	516	635	11	1	17
Less than €500 million	207	80	73	15	10	29
Total	**1,798**	**842**	**869**	**28**	**11**	**48**
% of total	**100**	**47**	**48**	**2**	**1**	**2**

Source: CNMV.

Treasury stock notifications

In 2023, the CNMV validated a total of 167 notifications of treasury stock transactions (209 in 2022) which affected 49 issuers (59 in 2022). Table II.1.2.3 shows a breakdown of notifications received in the last year, grouped by market capitalisation and percentage of final holdings of treasury stock.

Number of treasury stock notifications by final percentage declared TABLE II.1.2.3

	Total notifications	Less than 1%	Between 1% and 2%	Between 2% and 3%	Between 3% and 4%	Between 4% and 5%	More than 5%
Ibex 35	88	35	24	6	12	3	8
More than €500 million	44	7	17	10	7	1	2
Less than €500 million	35	26	1	2	1	2	3
Total	**167**	**68**	**42**	**18**	**20**	**6**	**13**

Source: CNMV.

Shareholders' agreements and concerted actions

During 2023, the CNMV received notifications of a total of five shareholder agreements (three in 2022) that affected four listed companies (two in 2022).

Throughout 2023, four notifications on concerted actions were registered, compared to a single notification registered in 2022.

Corporate governance report

Based on companies' Annual Corporate Governance Report (ACGR), the CNMV prepares and publishes on its website an annual report[30] in which it analyses, in aggregate terms, issuers' main corporate governance practices and disseminates a wide range of statistical data for each individual entity.[31] This chapter includes a summary of the most significant characteristics arising from the analysis of the ACGR referring to the 2022 financial year, published in 2023, by the 121 listed companies (also 121 in 2021).

Application of the "comply or explain" principle

The level of compliance with the new Good Governance Code was high. On average, listed companies declared that they complied fully with 86.8% of the code's recommendations (86.4% in 2021) and partially complied with 7%. This increase is due to the fact that companies have largely adapted to the new practices included in the Good Governance Code following its partial review in 2020. Ibex 35 companies stated that they complied fully with 92.7% of the Good Governance Code and partially complied with an additional 4.3% of the recommendations applicable to them.

30 Corporate governance reports of listed companies.
31 Previous reports can be consulted at the following link: https://www.cnmv.es/portal/publicaciones/publicacionesgn.aspx?id=21&lang=en

Board of Directors and members

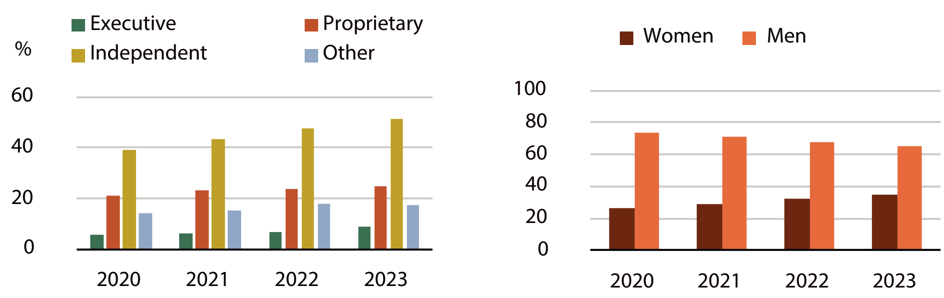
The total number of Board members of listed companies amounted to 1,207 in 2021 (1,226 in 2020). The percentage corresponding to Ibex 35 companies was 35.3% (34.3% in 2021). The average Board size stood at 10 members (10.2 in 2020), rising to 12.5 Board members in Ibex 35 companies (12.4 in 2021).

Percentage of women on Boards

The percentage of women on Boards has increased since 2013 by 22.5 percentage points, to stand at 34.5% in 2023 (31.9% in 2022) and 40.07% in the Ibex 35 (37.6% in 2022). The CNMV publishes an annual document on the presence of women on the Boards of Directors and in senior management of listed companies.[32]

Figure II.1.2.3 shows how the number of female directors on Boards has changed, by category of director. The left-hand panel shows the percentage of female directors in each of the four categories out of the total number of directors, male and female, in that category. The right-hand panel shows the percentage of men and womn on the Board, without differentiating among categories.

Female directors as a percentage of the total number of directors FIGURE II.1.2.3



Source: ACGR of companies and CNMV.

Audit committees of public-interest entities

In the substantive review of the composition and functions of the **audit committees of listed companies**, special attention was again paid to the provision of additional services by the auditor or audit firm, as in the previous year. Specific additional information on these or similar aspects was requested from seven companies. Requests were also sent to eight other companies for various issues. The most common requests were for further details on the key actions carried out by the committee during the year, information related to the legal composition of the committee, and the non-rotation of the chairperson every four years.

Additionally, in the 2023 financial year, 12 other public-interest entities, aside from listed companies, were required to provide information on compliance with the obligations stemming from the third additional provision of Law 22/2015 of 20 July on Accounts Auditing. They were also asked to submit certain additional documentation when the auditor or audit firm had provided additional services.

32 https://www.cnmv.es/portal/publicaciones/consejeras_directivas.aspx?lang=en

Related party transactions

Following the publication of the CNMV document entitled ***Preguntas y respuestas sobre el régimen de comunicación de operaciones vinculadas*** *reguladas en el Capítulo VII bis del Título XIV de la Ley de Sociedades de Capital* [*Questions and Answers on the Regime for Reporting Related Party Transactions regulated in Chapter VII bis of Title XIV of the Spanish Corporate Enterprises Act*] (in Spanish), and in accordance with the powers and functions attributed to the CNMV in the additional provision of the aforementioned Act, all notifications of related party transactions made by listed companies during the 2023 financial year have been reviewed. As a result, five entities have been required to disclose these transactions.

Remuneration

Lastly, for the last ten years the CNMV has published on its website an *Annual Report on the Remuneration of Directors of Listed Companies*[33] (ARRD), which describes in aggregate terms the main features of the remuneration policies and practices applied to directors, obtained from the information included in the ARRD published by each listed company.

According to the ARRDs published by listed companies for 2022, the average remuneration for that year per Board and per director stood at €4.1 million and €383,000 respectively. The average remuneration per Board decreased by 4.4% with respect to the previous year and the average remuneration per director by 7.9%.

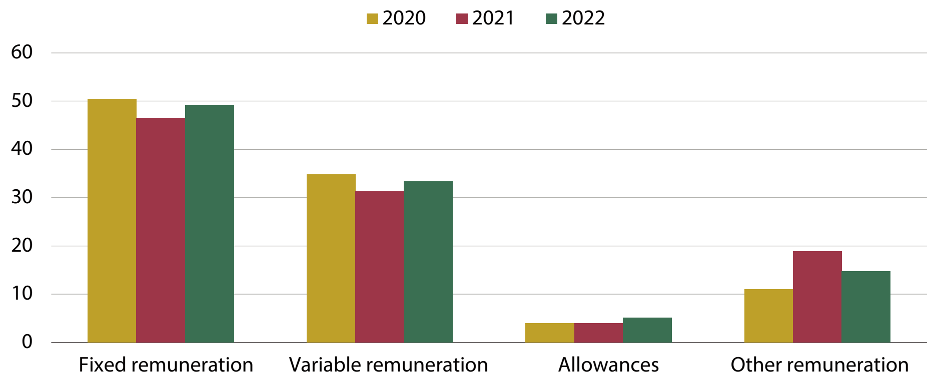
One of the reasons for these decreases is that less extraordinary remuneration was accrued in 2022 compared to 2021. Excluding the extraordinary remuneration from both years, the average remuneration of the boards of directors would have decreased by approximately 2.6%.

The average remuneration of executive directors was €1.7 million, and that of non-executive directors was €153,000, 4.3% and 8.4% lower than the previous year, respectively. The latter decrease is partly explained by the extraordinary remuneration in 2021, which did not recur in 2022.

Fixed remuneration was the most significant component of accrued remuneration in 2022, representing 49% of the total (see Figure II.1.2.4). Variable remuneration, including the gross profit from shares or financial instruments consolidated during the year, made up 32%, per diems constituted 5%, and the remaining 14% was accounted for by other remuneration concepts, including indemnities and savings schemes consolidated during the year.

33 https://www.cnmv.es/portal/publicaciones/publicacionesgn.aspx?id=46&lang=en

Remuneration by item FIGURE II.1.2.4



Source: ACGR of the companies and CNMV.

International corporate governance activities

The most significant international activity in 2023 related to corporate governance at the European level was participation in the Corporate Governance Task Force of ESMA. This involved collaborating on the report regarding the application of EU Directive 2017/828 on the promotion of long-term shareholder engagement, which serves as the basis for one of the mandatory reports that the European Commission must publish under this Directive.

Beyond Europe, we presented the Code of Best Practices for Institutional Investors, Asset Managers, and Proxy Advisors to the International Corporate Governance Network and also participated in the review of the principles to be published in September 2024.

Updating of the Technical Guide on audit committees EXHIBIT 4

Introduction

In June 2017, the CNMV approved the *Technical Guide on Audit Committees*, aiming to assist the effective functioning of these committees in public interest entities, with a particular emphasis on listed companies.

Over six years have passed since the Guide's approval, during which there have been significant changes in the institutional, socio-economic, and regulatory context, particularly regarding sustainability information in annual reports.

These changes impact the responsibilities of corporate governing bodies, especially the evolving roles of audit committees. These committees must expand and enhance their supervisory and control mechanisms to meet the additional requirements for the approval and transparency of sustainability information.

Among other responsibilities, the CSRD Directive[1] on sustainability and its draft implementation law in Spain assign audit committees the duty to report to the general meeting of shareholders on the results of the verification of sustainability information. Additionally, they are required to explain how the verification has contributed to the integrity of this information and what role the committee played in this process.

In 2019, IOSCO approved a good practice document on the role of audit committees in promoting high-quality audits,[2] which includes useful recommendations that have been incorporated into the Guide.

Furthermore, Law 5/2021 introduced specific regulations for transactions that listed companies carry out with related parties. In this context, audit committees play a crucial role in ensuring that shareholders and other investors can properly assess and evaluate the terms and risks of these transactions.

On 15 November 2021, the CNMV published the document entitled *Preguntas y respuestas sobre el régimen de comunicación de operaciones vinculadas reguladas en el Capítulo VII bis del Título XIV de la Ley de Sociedades de Capital* [*Questions and Answers on the Regime for Reporting Related-Party Transactions, regulated in Chapter VII bis of Title XIV of the Spanish Corporate Enterprises Act*] (in Spanish). This document provides clarification on the relevant information for certain related-party transactions based on their type and circumstances.

This Guide also introduces a new standard for CNMV technical guides in terms of format and style. It employs less prescriptive language, uses tables of definitions, and clearly identifies recommended practices to enhance its usefulness for recipients.

Revision process

Six years after the Guide's approval, the CNMV's Activity Plan for 2023 included the objective of initiating the procedures for its update and incorporating additional criteria regarding sustainability information and control and risk management systems.

To this end, on 18 December 2023, the proposed revision of *Technical Guide 3/2017 on audit committees of public interest entities was submitted for public consultation*. The deadline for comments from interested parties is 18 March 2024.

The key updates in the proposed revision are:

Change of terminology

The terminology has been updated to align with the CSRD. The term "sustainability reporting" is now used to refer to environmental, social, and governance (ESG) information, while "non-financial information" remains as a more general term. This general term includes management information, corporate governance details, directors' remuneration, and information on risk management and control systems, broadly encompassing sustainability information as well. The reference to corporate social responsibility has been replaced with the broader and more precise term "sustainability".

Similarly, the term "non-financial risks" is now used broadly to include sustainability-related risks and other additional risks, such as legal, reputational, tax, competition, consumer preference, and cybersecurity risks.

Clarifying the roles of the audit committee and a possible sustainability committee

The roles of the audit committee and potential sustainability committees are clarified, highlighting the importance of adequate coordination between them, similar to how this is managed with the risk committee in the Guide itself and in the Good Governance Code of Listed Companies.

Independent verification service provider

The practices recommended by the Guide in relation to the auditor are extended, with necessary clarifications and adaptations, to the verifier of sustainability information.

Knowledge

The Technical Guide considers it desirable that the members of the audit committee, as a whole, possess the necessary knowledge of accounting, auditing, finance, internal control, risk management, and business issues. Additionally, it is now recommended that they also have knowledge related to sustainability.

Training

Sustainability-related topics are included in the regular training plan recommended for members of the audit committee.

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1 Directive (EU) 2022/2464 of the European Parliament and of the Council, of 14 December 2022, on corporate sustainability reporting (CSRD).

2 IOSCO (2019). *IOSCO Report on Good Practices for Audit Committees in Supporting Audit Quality*, January.

II.2 Market supervision

The CNMV's market supervision activities encompass various tasks, including the following: detecting market abuse and ensuring correct price formation; supervising the obligations imposed on short sales; overseeing MiFID requirements for market infrastructures; actions related to benchmark indices; supervision in the areas of clearing, settlement, and registration; the codification of financial instruments; and conducting investigations to identify practices that undermine market integrity.

The supervisory agenda in 2023 was influenced by the macroeconomic environment, legislative reforms, and initiatives from securities market participants. Key supervisory priorities for the CNMV included managing operational risk (with a focus on cybersecurity), overseeing the delegation of critical services, ensuring the publication of insider information by issuers, and supervising data quality, particularly concerning EMIR and MiFIR.

In the regulatory domain, the CNMV played a significant role throughout 2023 in revising Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (MiFID II) and Regulation (EU) No. 600/2014 (MiFIR). Notably, in the second half of 2023, the CNMV participated in the technical working groups under the Presidency of the Council of the European Union, which completed the full texts of MiFID and MiFIR.

Several key points can be highlighted in this legislative revision:

i) Modification of the transparency regime for non-equity instruments: the pre-trade transparency requirements for voice and RFQ systems are eliminated. For post-trade transparency, a series of deferrals are introduced based on transaction categories that combine the size of the transaction and the liquidity of the instrument.

ii) New scope for the OTC derivatives rule: the focus is shifted to more standardised derivatives and certain credit derivatives.

iii) Establishment of a legislative framework for a single consolidated tape provider (CTP) in the European Union for each type of instrument (bonds, equities, and derivatives) for a period of five years.

iv) Replacement of the double volume cap (DVC) regime: A new mechanism is introduced to limit the volume traded under waivers to 7% of the total volume traded in the EU.

v) Modification of the systematic internalisers (SIs) regime, which involves replacing the quantitative assessment criteria for qualifying as an SI with a qualitative assessment. Additionally, the obligations for SIs concerning non-equity instruments are removed, aligning their transparency obligations with those for OTC transactions.

vi) A new role of designated publication entity is created, allowing an investment firm to make a transaction public through an authorised publication agent without needing to qualify as an SI.

An important legislative reform in this area was the harmonisation of the EU securities settlement discipline regime (CSDR and RTS 2018/1229).[1] In December 2023, amendments to this regime, known as CSDR REFIT,[2] were published. These amendments, which came into effect on 1 February 2022, aim to simplify requirements in certain areas and to emphasise the need to reduce costs, as well as the regulatory and administrative burden. This is intended to ensure that the objectives of the CSDR are achieved in a more proportionate, efficient, and effective manner. These regulatory proposals have involved collaborative efforts by the CNMV through the working groups of the European Securities and Markets Authority (ESMA).

In the area of trade settlement, the work of the settlement reform group, established at the behest of the CNMV with its participation and led by Iberclear, continued throughout 2023. Similarly, the Central Securities Depository (CSD) Group, which includes the CSD and the affected entities, also progressed in their efforts. Agreement was reached on the necessary post-trading reforms due to the removal of the legal obligation for CSDs incorporated in Spain to maintain an information system for the supervision of trading, clearing, settlement, and registration of tradable securities (post trade interface, PTI). This obligation was repealed by Law 6/2023, of 17 March, on Securities Markets and Investment Services, which allows a two-year period for CSDs, market infrastructures, and participating entities to adapt to the elimination of the PTI. Throughout 2023, the necessary functional, regulatory, and technical modifications, as well as their testing processes, were designed and implemented to accommodate this change. Over the coming months, the CNMV will continue to monitor the necessary work to adapt the systems and procedures of Iberclear and the participating entities to the elimination of the PTI. This will result in full harmonisation with the settlement practices of neighbouring markets.

The integration between the BME and SIX groups continues to be of great significance for the Spanish financial sector. In 2023, the CNMV continued to monitor the projects on which the new infrastructure group is working, especially in the post-trading sector. This will continue in the future, when significant actions are expected to start materialising. In this work, the CNMV is benefiting from the effective and continuous cooperation of FINMA, the Swiss financial supervisor.

1 Commission Delegated Regulation (EU) 2018/1229, of 25 May 2018, supplementing Regulation (EU) No. 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline.

2 Regulation (EU) 2023/2845 of the European Parliament and of the Council, of 13 December 2023, amending Regulation (EU) No. 909/2014 concerning settlement discipline, cross-border provision of services, supervisory cooperation, provision of banking-type ancillary services, and requirements for third-country central securities depositories, and amending Regulation (EU) No. 236/2012.

Summary of market activity and supervision

Number of trades and volume traded

TABLE II.2.1.1

	Number of trades (in thousands)			Nominal/cash amount (in millions of euros)		
Markets	**2022**	**2023**	**% change 23/22**	**2022**	**2023**	**% change 23/22**
Equities	38,400	28,101	-26.8	362,122	301,249	-16.8
Fixed income	53	65	23.8	983,714	1,156,179	17.5
Regulated market	7	11	52.6	18,783	22,968	22.3
MTF	14	21	55.8	108,510	186,322	72.1
OTF	32	33	3.4	856,609	946,786	10.5
Derivatives	4,164	3,294	26.4	1,736,262		
Total markets	**42,617**	**31,525**	**- 21.3**	**3,082,098**	**6,045,071**	**97.5**
Settlement	8,887	8,499	-4.4	24,249,824	23,905,772	-1.4
Clearing	81,900	60,326	-26.3	1,287,233	1,095,830	-14.9
Total	**133,404**	**100,350**	**-24.8**	**28,619,155**	**31,046,673**	**8.5**

Source: CNMV.

The Securities Market Act empowers the CNMV to require market participants under its supervision to provide necessary information in the course of its investigations or to carry out or cease certain behaviours. In 2023, the CNMV sent 126 requests for information relating to its supervision of market activities (215 in 2022).

II.2.1 Tools for detecting market abuse

One of the main aims of secondary market supervision is the detection and prevention of potential market abuse. To this end, the CNMV uses various sources of information, particularly the daily reporting of transactions in financial instruments. The information contained in this reporting feeds into an electronic alarm system designed to detect potential cases of market abuse. Another important source of information is the reporting by entities of suspicious transactions.

Daily reporting of transactions (MiFIR)

One of the main sources of information used by the CNMV to detect indications of market abuse is the daily reporting of transactions in financial instruments executed by investment firms, credit institutions and, in certain circumstances, the markets.

Throughout 2023, the CNMV continued to support entities in managing incidents and responding to frequent queries, ensuring timely and accurate compliance with reporting obligations. As a result of general quality assessments, the CNMV has contacted obligated entities individually to correct specific errors. It has also reviewed transaction reports from other entities on a case-by-case basis, leading to seven requirements that addressed both deficiencies in report content quality and the failure to report transactions.

In 2023, the CNMV received over 102 million reports (down by 50% compared with 2022), including corrected documents. On average, 183 entities had reporting obligations to the CNMV. Additionally, reports were received from some markets concerning their members or participants not subject to the MiFID Directive. This decrease in the number of reports is due to both a general decrease in trading activity and the cessation of operations by one of the obligated entities. This situation also impacted the CNMV's forwarding of reports to the competent authorities of other Member States. A total of 84 million reports were sent, significantly fewer than the 208 million in 2022, though it should be noted that the same report may be sent to multiple competent authorities. Furthermore, just over 195 million reports were received from competent authorities in other EU Member States, a 30% decrease compared to the previous year.

Financial instruments reference data system (FIRDS)

After six years of reporting to ESMA's financial instruments reference data system (FIRDS), Spanish trading venues and systematic internalisers regularly and correctly submit the reference data for the financial instruments traded on their systems. The FIRDS is an essential supervisory tool for the detection and investigation of conduct that is likely to constitute market abuse, as it is the database used to validate the communication of transactions executed in accordance with Article 26 of the MiFIR Regulation.

Furthermore, the information submitted to the FIRDS can be compared with the information sent to ESMA's FITRS transparency system. The CNMV monitors the reference data for financial instruments (FIRDS) traded through Spanish trading venues or systemic internalisers, with the information provided by ESMA, with particular emphasis on the key data (LEI of the issuer, CFI, maturity date, etc.) for the more accurate and complete preparation of the periodic transparency calculations (FITRS) by ESMA.

By the end of 2023, the FIRDS included six regulated markets, six multilateral trading facilities (with the MTF Portfolio Stock Exchange becoming active in April), three organised trading facilities, and six Spanish systematic internalisers. The number of different MIC (4-digit SWIFT) codes reported was 24, while the number of active instruments in the ESMA database for which the CNMV was the competent authority totalled 171,159.

Reporting of suspicious transactions

The number of suspicious transaction and order reports (STOR) slightly decreased in 2023 compared to 2022. This decline was observed in STORs related to equity instruments and derivatives, as well as those received from financial institutions and other regulators.

A total of 244 suspicious transactions were reported. As usual, the majority of these reports concerned the potential use or attempted use of inside information. Additionally, six communications were received regarding issues other than market abuse. There was a slight increase in the number of reports related to fixed income.

A total of 158 STORs were received from financial institutions, while only six came from the markets, a slight decrease from the previous year.

STORs reported on Spanish instruments by other regulators accounted for just over 32% of the total received. Meanwhile, just over 24% of the communications were sent from the CNMV to other regulators.

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

Publication by issuers of inside information

In order to maintain the integrity of the market and correct price formation, the CNMV continuously monitors compliance with the publication of inside information by issuers. It is for issuers to decide whether information is inside information and therefore whether it must be published as soon as possible. On the other hand, if the conditions exist that justify a delay in publication, the issuer must actively monitor the fulfilment of these conditions so as to be able to react quickly if the confidentiality of the information is breached.

In 2023 the total number of disclosures of inside information and other significant information stood at 4,976 (4.1% less than in 2022).

Disclosures of inside and significant information TABLE II.2.2.1

	2022		2023	
Type	Inside information	Significant information	Inside information	Significant information
Financial instruments	**114**	**3,384**	**89**	**3,188**
Public offerings (for sale or subscription)	3	5	2	11
Block trades	13		7	
Trading suspensions and resumptions	24	20	11	17
Credit ratings	6	33	3	26
Securitisation funds	2	1,991	6	1,856
Other financial instruments	66	1,335	60	1,278
Business and financial position	**280**	**1,460**	**215**	**1,469**
Earnings information	117		114	
Insolvency proceedings	13		9	
Other business and financial position	150	1,460	92	1,469
Corporate transactions	**68**	**123**	**53**	**97**
Other corporate transactions	68	123	53	97
Corporate governance and official notices	**22**	**221**	**18**	**222**
Other corporate governance	22	221	18	222
Total	**484**	**5,188**	**375**	**4,976**

Source: CNMV.

Temporary suspensions of trading

In 2023, the number of trading suspensions and affected issuers was lower than the previous year.

Temporary suspensions of trading

TABLE II.2.2.2

	2022	2023
Number of issuers suspended	9	5
Number of suspensions	12	5
Due to need to disclose price-sensitive information	10	3
Due to expiry of acceptance period for delisting bids	2	1
Other	0	1

Source: CNMV.

Market soundings

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

The Market Abuse Regulation and its implementing standards define what is understood by market sounding and indicate the obligations that must be met so that disclosure of inside information made in the course of a market sounding is deemed to have been made in the normal exercise of a person's employment, profession or functions and does not therefore constitute the unlawful disclosure of inside information.

These obligations affect the requirements for both the market participant who reports the information as part of a market sounding exercise and the party who receives it. The requirements refer to aspects such as the assessment of the nature of the inside information transmitted or the need to prepare and keep records of that information, and to keep records of the potential investors the market participant disclosing the information is in contact with.

The CNMV carries out various supervisory actions for accelerated bookbuilds to assess their suitability for the procedure provided for market soundings, in accordance with Article 11 of the Market Abuse Regulation and its implementing regulations.

During 2023, a total of three accelerated bookbuilds of large blocks of shares were conducted, involving two issuing companies. In comparison, six bookbuilds were carried out in 2022 and eleven in 2021.

In two of the transactions, shares held by a significant shareholder were placed, and in one case, the shares were the result of a capital increase. The placement percentages averaged approximately 11.6% of the share capital following the capital increase. For shareholder placements, the amounts ranged from approximately 2.9% to 7% of the share capital.

It should be noted that, in one instance, the size of the placement was increased from the initially planned amount and was communicated during the subsequent session when the placement process was announced.

The price discounts ranged from approximately 2.4% to 5.7%.

All accelerated bookbuilds were announced after market hours, with their completion communicated before the start of the next trading session.

The placements executed throughout the year aimed either to reduce or sell a significant shareholder's block of shares or to raise funds to ensure financial flexibility for pursuing and executing business growth opportunities.

Transactions in own shares: buyback programmes

The purchase of own shares under a buyback programme or an accepted market practice (such as liquidity contracts) mitigates the potential risks of market abuse that issuers might face when trading their own shares outside these two safe harbour provisions. In 2023, there has been a notable increase in the number of issuers using such buyback programmes.

In 2023, there were 67 active programmes from 48 different issuers, 15 of whom implemented multiple programmes during this period. These figures represent a 17% increase compared to the number of active programmes in the previous year. The total maximum investment announced by issuers at the start of these programmes amounted to €13.96 billion, with an average of €208.4 million per programme. This reflects a 26.8% increase in the maximum announced investment compared to the previous year. Regarding the maximum number of shares to be acquired as announced by issuers, the average programme size was 3.41% of the capital, which is 18.1% higher than the previous year. For programmes initiated in 2023, based on the announcements made at their inception, the maximum announced investment totalled €10.64 billion; the average announced investment per programme was €236.3 million, with the average announced size as a percentage of capital being 3.45%.

Of the 60 programmes approved to fulfil a single objective as set out in the Market Abuse Regulation, 30 were aimed at the retirement of own shares, 28 at meeting obligations under the company's incentive plans, and two at fulfilling obligations under debt instruments convertible into shares. Among the seven buyback programmes executed for multiple purposes covered by the regulations, three were conducted for the retirement of own shares and the delivery of shares to executives within the framework of the issuer's remuneration systems, one to meet obligations related to incentive plans and convertible debt instruments, and the remaining three to fulfil all three objectives outlined in the regulation.

Issuers' increased awareness of the risks associated with trading their own shares outside the safe harbour provisions in buyback programmes has led to a significant rise in the number of such programmes under the applicable delegated regulations among BME Growth issuers. Of the total number of programmes in force during the year, eight issuers with shares traded on BME Growth executed 15 buyback programmes in 2023.

Treasury stock transactions: liquidity contracts

The CNMV continuously supervises compliance with the regulatory conditions for the application of the two safe harbours for treasury share transactions and provides assistance on the interpretation of both systems to issuers and financial intermediaries executing transactions on their own account. At year-end, 47 issuers had liquidity contracts in place, compared to 42 issuers using this accepted market practice at the end of the previous year.

Changes in the composition of the Ibex 35

The CNMV's supervision of changes in the composition of the Ibex 35 index focuses on ensuring that these changes comply with the technical rules governing the index and on detecting any trading distortions that might attempt to influence whether a share remains in, enters, or exits the index. In the two regular reviews conducted in June and December, the Ibex 35 Technical Advisory Committee decided not to make any changes to the composition of the index.

Transactions made by managers and related parties

The following table refers to the obligation of managers and related persons to notify transactions they carry out on the securities issued by the company in which they provide services.

Number of notifications received by the CNMV TABLE II.2.2.3

	2022	2023	% change 23/22
NOD procedure. Reporting of transactions made by managers and related parties	2,273	2,441	7.4
Other electronic notifications			
NNA procedure. Reporting of algorithmic trading activities	25	9	-64.0
NAI procedure. Reporting of systematic internaliser activity	11	12	9.1

Source: CNMV.

Fixed-income markets

Supervisory actions and market news

This year, supervisory activity in the fixed income markets has increased significantly due to the rise in sovereign debt trading across various Spanish markets.

In 2023, issues traded on the Alternative Fixed Income Market (MARF) reached €15.35 billion, representing an increase of 11.6%.

The CNMV's analysis and monitoring of the transparency tests conducted by ESMA on the quantitative and benchmark data of EU trading venues show that the compliance levels of the 10 Spanish fixed income trading venues remain above 97%. The swift response and commitment of these venues to resolve incidents and achieve full compliance with the tests are noteworthy.

Credit ratings

The CNMV continued to actively cooperate with ESMA on the implementing regulations for credit rating agencies as well as disciplinary procedures, in addition to authorisations and rejections of new agencies in Europe.

Of particular note this year was the approval and publication of amendments to the guidelines on the scope of application of the Credit Rating Agencies Regulation (CRAR). These guidelines provide clarification on private credit ratings, which are issued in response to an individual request, provided solely to the person who commissioned them, and are not intended for public disclosure or distribution via subscription.

In line with the tasks carried out in 2022, ESMA sent a letter to the European Commission assessing the conclusions regarding the integration of environmental, social, and governance (ESG) factors in the rating methodologies of credit rating agencies. Based on its assessment, ESMA identified two main issues that need to be addressed: i) incorporating ESG factors more systematically into the agencies' credit methodologies, and ii) ensuring greater transparency for investors about this integration. To achieve these objectives, ESMA proposes a review of the current CRAR level 2 measures related to methodologies and CRAR level 1 measures concerning the disclosure of CRA methodologies.

Ongoing legislative reforms

As mentioned in the introduction, the reform of MiFID and MiFIR will have a significant impact on the fixed income market, as this will be the first class of instruments to undergo changes. The regulations outline a phased process for the creation of consolidated tape providers (CTPs) for each class of instruments, with bonds being the first. The same will apply to the transparency regime, as the mandates to ESMA to develop regulatory technical standards (RTS) have a shorter timeframe for fixed income instruments.

Derivative markets

The CNMV continued to undertake various supervisory activities in the derivatives markets. Some of these actions, aimed at preventing and detecting market abuse practices and continuously monitoring the functioning and operations of these markets, are discussed below.

Detection of market abuse practices

The CNMV continued to conduct thorough analyses of suspicious transaction reports, automatic alerts, and other information related to the trading of financial derivatives. Efforts to detect market abuse practices, such as the use of insider information, were intensified during situations that could significantly impact the price of securities, such as the announcement of a takeover bid. The CNMV is also developing suptech tools to enhance the detection and monitoring of suspicious transactions.

Regulated markets

Trading on the MEFF Exchange was continuously monitored. Activities included daily reviews of volumes, prices, volatility, open positions, strategies traded, roll-overs of positions, and more. These reviews became even more thorough during expiration weeks, when accounts with the highest concentration of positions in the nearest expiration were also monitored, as well as the evolution of the Ibex 35 during the period for calculating the settlement price at the maturity of the futures contract.

For MEFF Power, the evolution of prices for various delivery dates and contracted volumes continued to be monitored, while for the FX-Rolling segment, trading levels in each of the available currency pairs were reviewed daily.

Supervisory activities for warrants included not only analysing their trading on the stock exchanges but also focusing on admissions, settlements, cancellations, barrier breaches, and other relevant events. Additionally, the review of issuers' communications of material information and the monitoring of the performance of specialists responsible for providing liquidity were maintained.

Organised trading facilities (OTFs)

Various supervisory activities were also conducted on the OTFs trading derivatives in Spain. Daily monitoring of derivatives trading at CAPI OTF, CIMD, and Tradition España OTF allowed for the tracking of their volumes and types of derivatives, as well as the rapid identification of any incidents that may have occurred in these markets.

Position limits and ancillary activities in commodity derivatives

The enactment of Law 6/2023 on Securities Markets and Investment Services, of 17 March, marked a significant shift in the regulation of position limits and the application of the ancillary activity exemption in commodity derivatives. This change arose from the transposition of amendments introduced by Directive (EU) 2021/338 to the MiFID Directive, set against the backdrop of recovery from the COVID-19 crisis.

Consequently, the scope of maximum position limits in commodity derivatives has been drastically narrowed. These limits now apply only to derivatives contracts with agricultural underlyings and to "critical or significant" contracts, defined as those with an open position volume exceeding 300,000 lots. Moreover, positions in commodity indices and positions held in securitised derivatives with commodities as the underlying asset have been excluded from these limits. Additionally, the opportunities for exemption from position limits have been broadened. Exemptions now include positions arising from liquidity provision activities on trading venues for these instruments, as well as positions held by a financial institution that is part of a predominantly commercial group, provided these positions are for risk hedging purposes related to the commercial activities of that group.

Furthermore, regarding the ancillary activity exemption – which permits entities to trade on their own account in commodity derivatives or emission allowances, or derivatives thereof, and to provide investment services in such financial instruments without having to be established as investment firms, provided certain criteria are met – the requirement for annual notification to the CNMV has been abolished. However, the obligation remains to inform the CNMV, upon its request, of the reasons why they consider their trading in commodity derivatives to be ancillary to their main activity.

II.2.3 Short selling

Another significant part of the CNMV's supervisory work concerns compliance with the obligations imposed by Regulation (EU) No. 236/2012 of the European Parliament and of the Council, of 14 March 2012, on short selling and certain aspects of credit default swaps. These obligations, which are applicable to holders of net short positions, refer to disclosure obligations to the competent authority and to publication obligations when the respective thresholds are exceeded.

Transparency regime

In 2022, the notification threshold change was amended. On 31 January 2022, Commission Delegated Regulation (EU) 2022/27, of 27 September, amending Regulation (EU) 236/2012 on short selling, came into force, permanently establishing the threshold for notification at 0.1% of the share capital (previously 0.2%). The publication threshold, 0.5% of the share capital, was not changed.

In this context, during 2023, 6,760 notifications of net short positions in shares were received (2% less than in 2022 but 46% more than in 2021 due to a change in the threshold), corresponding to notifications from 194 entities (205 in 2022). The vast majority of holders of these short positions continue to be hedge funds domiciled in the United States and the United Kingdom, consistent with previous years. At year-end, net short positions were held on 60 issuers, and 76 issuers were affected by these positions at some point during the year (85 in 2022).

II.2.4 Supervision of trading infrastructures

In addition to the recurring and continuous activities related to monitoring compliance with regulations, particularly MiFID, imposed on markets, several thematic reviews were undertaken in 2023.

Among these initiatives was a joint supervision with FINMA, the supervisor of the SIX Group which includes BME, focusing on the management of outsourced activities by its market infrastructures. Governance aspects of Spanish trading infrastructures were also reviewed.

Moreover, with the DORA Regulation set to apply to, among other entities, market infrastructures from 2025 onwards, monitoring of the implementation efforts needed to ensure full compliance with this new regulation commenced following its publication in 2023. The CNMV intends to continue this exercise throughout 2024. Similarly, over the past year, ongoing actions concerning various aspects of the cyber-resilience of Spanish market infrastructures were closely monitored.

BME conducted a thorough review of its trading fee structure in the equity markets, resulting in significant changes that came into effect on 1 July 2023. The CNMV oversaw this review process to ensure that the new fee framework complied with the relevant regulatory requirements.

II.2.5 Benchmark indices

Supervision of index administrators, contributors and users

The supervision of benchmarks is a competence that has been entrusted to the CNMV since 2016. The task includes the supervision of administrators, as well as their authorisation and registration, the supervision of the entities that contribute to the calculation of crucial indices and of users of the benchmarks.[3]

In 2023, the CNMV registered one new index administrator. This new administrator is Banco Bilbao Vizcaya Argentaria, S.A. (BBVA), which was filed in ESMA's register as an administrator of non-significant indices. Thus, there are now four Spanish administrators registered with ESMA.

Benchmark administrators authorised by or registered with the CNMV TABLE II.2.5.1

Administrator	Date of authorisation or registration	Type
Analistas Financieros Internacionales, S.A. (AFI)	18/7/2019	Non-significant benchmark administrator
Sociedad de Bolsas, S.A.	14/11/2019	Non-significant benchmark administrator
Servicios Financieros Experimentales (SERFIEX) S.A.	15/11/2022	Non-significant benchmark administrator
Banco Bilbao Vizcaya Argentaria, S.A. (BBVA)	7/11/2023	Non-significant benchmark administrator

Source: CNMV.

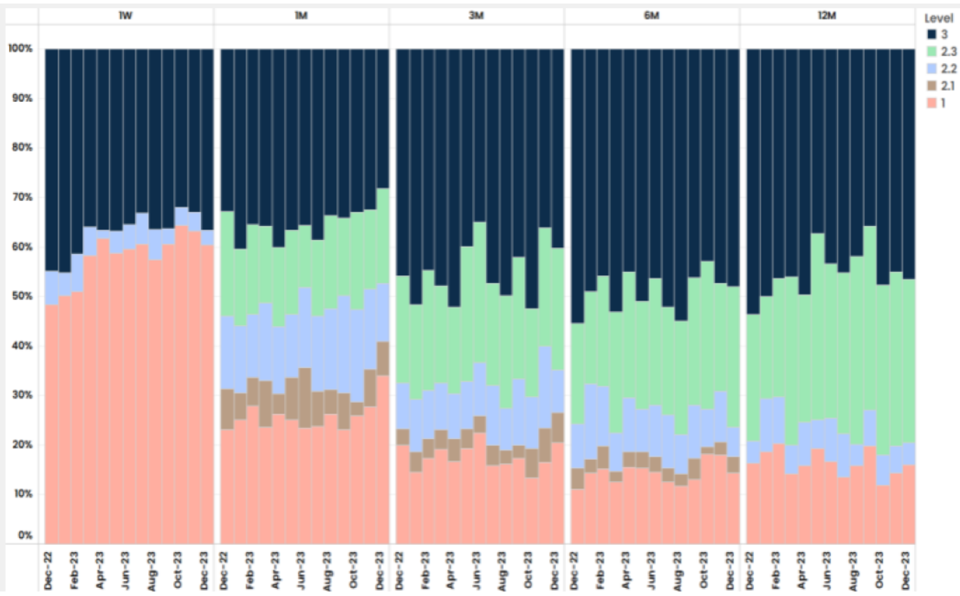
3 The Bank of Spain is responsible for the supervision of the entities that contribute to the calculation of indices prepared by the Bank of Spain, as well as for the use of benchmarks in financial loan contracts.

In 2023, the procedures and tools supporting benchmark monitoring activities were strengthened. The necessary tools were implemented to allow continuous monitoring of the contributions made by Spanish institutions to Euribor. Additionally, the tasks related to the supervision of benchmark indices were integrated into the *Supervision and inspection procedures for persons and firms operating in the securities markets (P01)*.[4]

The supervision of Euribor contributors in 2023 focused on reviewing the contributions of the Spanish entities that are part of the Euribor panel. This process covered the period from April 2020 to the end of 2023. The main objective was to verify the proper functioning of the index, the appropriateness of contributions according to the methodologies approved by each contributing institution, and their reasonableness, particularly in a context of rising Euribor. These activities were documented in half-yearly reports, which also included the monitoring and resolution of any identified issues.

Throughout 2023, the reduction in system liquidity, resulting from the ECB's restrictive monetary policy, led to an increase in the contributions of Euribor panel members based on actual transactions (level 1 of the Euribor methodology). This increase occurred as entities replaced ECB funding with bank funding. This rise in transaction-based contributions can be seen in the accompanying figure, where an increase in the pink area representing these contributions is noticeable across all maturities.

Composition by contribution levels[5] of the Euribor calculation FIGURE II.2.5.1



Source: EMMI. *Euribor Transparency Indicators Report*. January to December 2023.

4 CNMV. *Supervision and inspection procedures for persons and firms operating in the securities markets (P01).*

5 The description of each of the contribution levels can be consulted in the index methodology published by EMMI, its administrator.

International activities

The CNMV is a member of the ESMA Supervisory Policy Committee (ESPC), a key group responsible for coordinating the supervision of benchmark index administrators within the European Union. This group develops and reviews technical regulations and supervisory standards to ensure the integrity and transparency of indices used in EU financial markets.

In the area of sustainability, the ESPC has initiated a common supervisory action (CSA) with national authorities concerning ESG disclosure requirements by EU index administrators. The CSA will be carried out during 2024, with the results to be presented in 2025.

Greenwashing practices also pose a challenge and are a priority in the supervision of benchmarks. ESMA's report on the supervisory response to greenwashing, prepared following a request from the European Commission, has included several contributions from the CNMV. The report highlights the need to improve consistency between the Benchmarks Regulation and the latest legislation on sustainable finance, particularly the Sustainable Finance Disclosure Regulation. It also proposes the implementation of a reliable label for benchmarks that track ESG factors. These conclusions, among others, are reflected in the work *Climate and sustainability benchmarks and their contribution to compliance with Sustainable Development Goals (second part),*[6] published by the CNMV in May 2023.

The CNMV participated in four meetings of the Euribor college during 2023, which focused on issues related to the supervision of the index. During these sessions, the CNMV reported on its supervisory activities for Spanish contributors. Key topics discussed included the results of the internal and external audits that Euribor contributors must undergo, as well as the development of a new Euribor methodology. This new methodology will enable EMMI, as the index administrator, to centrally calculate level 3, which is currently based on banks' internal models. The aim of this change is to reduce risks and costs and to expand the number of banks on the panel. Implementation of this updated methodology will commence over the course of 2024.

The discontinuation of the USD Libor publication and the conclusion of the mandate of the Working Group on Risk-Free Benchmarks in the euro area mark the end of the benchmark reform process. This process was initiated in 2013 by the Financial Stability Board,[7] and the CNMV has kept the market informed about the various milestones of this reform. In 2023, two communications were issued to the industry regarding the status of the Libor index.[8]

6 Gómez Yubero, M.J., Gullón Ojesto, B. and Palomero Aguilar, M. (2023*).Climate and sustainability benchmarks and their contribution to compliance with Sustainable Development Goals (second part).* CNMV.

7 FSB (2014). *Reforming Major Interest Rate Benchmarks.* 22 July.

8 CNMV. "Information about the situation of Libor". April 2023 and July 2023.

Completion of the mandate of the Working Group on Risk-Free Benchmarks in the euro area

EXHIBIT 5

The reform of benchmark indices began in 2013 with the Financial Stability Board (FSB) recommendations on interest rate benchmarks. In 2018, the Working Group on Risk-Free Benchmarks for the euro area was established, comprising the European Central Bank (ECB), the Financial Services and Markets Authority (FSMA), the European Commission, the European Securities and Markets Authority (ESMA), and private sector representatives. Initially, the ECB hosted the Group's secretariat, which was taken over by ESMA in May 2021.

In that same month, the Group recommended adopting the Euro Short Term Rate (€STR) as the risk-free benchmark for the euro area, replacing Eonia and serving as the basis for fallback rates in Euribor-linked contracts. The Group's mandate was then extended to promote the use of the €STR, evaluate alternatives to Euribor, and address the challenges associated with the discontinuation of LIBOR.

The Group recommended a contingency framework based on both forward-looking and backward-looking indices. Index administrators were invited to propose forward-looking indices, leading to the publication of the Euro Forward Looking Term Rate (EFTERM) by EMMI in June 2022, and the Refinitiv Term €STR by Refinitiv in September 2022. These indices help reduce reliance on traditional benchmarks in financial contracts.

At its meeting on 13 November 2023, the Group concluded its mandate and ceased its activities in its current form. However, ESMA will continue to monitor developments in EU benchmark indices and will reconvene the Group if necessary in the future.

During the Spanish presidency of the European Union, a proposal to amend Regulation (EU) 2016/1011 of the European Parliament and the Council, of 8 June 2016, on benchmarks was published. This proposal addresses the scope of application, the use of benchmarks produced by third-country administrators within the Union, and certain reporting requirements. A representative of the CNMV chaired the EU Council working group, which successfully reached an agreement to begin negotiations with the European Parliament and the European Commission.

Proposal to amend the Benchmark Regulation

EXHIBIT 6

In October 2023, the European Commission presented a proposal to amend Regulation (EU) 2016/1011 on benchmarks.[1] The objective of this proposal is to simplify the current framework and to encourage third-country index administrators to offer benchmarks in the European Union. The amendment aims to narrow the scope of the regulation to benchmarks with the greatest systemic importance and to enhance transparency while reducing regulatory burdens for both benchmark administrators and users.

The proposal distinguishes between significant benchmarks mandated by law and those designated as significant, setting a threshold of €50 billion for the former. It also seeks to streamline the authorisation and registration processes for administrators managing only non-significant benchmarks, thus alleviating the burden for both administrators and supervisors.

For third-country administrators, the proposal aims to maintain access to and the provision of non-significant benchmarks by easing the requirements. It is also proposed to enhance transparency and reduce burdens for benchmark users by removing restrictions on the use of third-country benchmarks and streamlining compliance requirements.

The European Council adopted its **stance on the proposal**[2] in December 2023, highlighting differences concerning the inclusion of commodity benchmarks, the use of indices with environmental, social, and governance (ESG) criteria, and the transition of administrators to the new rules. Meanwhile, the European Parliament is **working on its own proposals,**[3] which may include revising the threshold for determining the significance of a benchmark, removing qualitative criteria, incorporating exchange rate indices, and enhancing the powers of the European Securities and Markets Authority (ESMA).

In summary, the proposed amendment to the Benchmarks Regulation seeks to improve proportionality and transparency while reducing regulatory burdens for both administrators and users of benchmarks within the European Union. Both the Council and the European Parliament are actively involved in reviewing and amending the proposal.

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1 https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1011

2 https://www.consilium.europa.eu/en/press/press-releases/2023/12/20/benchmarks-council-agrees-its-negotiating-mandate/

3 https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2023/0379(COD)&l=en

II.2.6 Clearing, settlement and registration

Central securities depository

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

A large part of the supervisory activity performed during the year focused on reviewing the application of EU regulations. In particular, the annual evaluation of the systems, strategies, processes, and mechanisms applied by CSDs under Article 22 of the Central Securities Depositories Regulation (CSDR) was conducted. This assessment verified the effective implementation of recommendations made to Iberclear as a result of the previous supervision plan, as well as aspects arising from the integration of BME into the SIX Group.

The CNMV also continued to monitor the system's efficiency levels. The CNMV maintained its oversight of participating entities and transactions that significantly impacted inefficiency figures. It promptly urged entities to take measures, or to instruct their clients to do so, to ensure the effective settlement of significant transactions affecting inefficiency on specific settlement days. Since the CSDR settlement discipline regime came into force in February 2022, the CNMV has been receiving and analysing monthly and annual efficiency data submitted by Iberclear.

Throughout 2023, the CNMV collaborated on the regulatory development of CSDR Refit.

Central counterparty

As it does every year, the CNMV continuously verified BME Clearing's compliance with European regulatory requirements. In particular, the CNMV monitored compliance with Regulation (EU) No. 648/2012 of the European Parliament and of the Council, of 4 July 2012, concerning over-the-counter derivatives, central counterparties, and trade repositories (EMIR). The CNMV also tracked the implementation status of various recommendations it had issued in recent years. This verification process confirmed the central counterparty's (CCP) commitment and progress in continuously improving its risk management processes, aligning with industry best practices and ESMA guidelines.

Additionally, in 2023, the CNMV conducted an in-depth analysis of outsourcing arrangements, in coordination with FINMA, the Swiss financial market supervisory authority, due to BME Clearing's integration within the Swiss SIX Group. **The thematic reviews also included an evaluation of BME Clearing's concentration risk management framework.** In the context of this review, the CNMV assessed the methods employed by the CCP to monitor these risks, based on effective indicators within a risk appetite framework. This assessment considered factors such as participant concentration, open positions, posted collateral, accepted collateral, and adjustments for large positions, among other aspects.

During the year, the CNMV completed several supervisory activities initiated at the end of the previous year. These included **on-site visits to review default management processes** through fire drills, and the **formal authorisation of certain changes to the collateral calculation model**, which required a collective decision and ESMA's approval. Additionally, the CNMV finalised the formal approval process of a **new investment policy**, which outlines the CCP's options for investing its own funds and the cash deposited as collateral by clearing members. In connection with this, an extension of the eligible collateral was also authorised to include new European sovereign debt.

During this period, the CNMV also approved the **Recovery Plan**, following a thorough risk assessment conducted in accordance with Regulation (EU) No. 2021/23 of the European Parliament and of the Council, of 16 December 2020, which establishes a framework for the recovery and resolution of central counterparties (CCPRR). This approval received a favourable opinion from the College of Supervisors. Of particular relevance among the authorisations granted to BME Clearing was the inclusion of **crypto-asset-linked products** in its clearing activities. This authorisation resulted from a rigorous analysis by the CNMV, coordinated with ESMA and the College of Supervisors, with special emphasis on the risk management models associated with these new products. Further information on this issue is provided in Exhibit 7.

Authorisation for BME Clearing to clear cryptocurrency futures and cryptocurrency-linked exchange-traded products for professional investors

EXHIBIT 7

In 2023, the CNMV authorised BME Clearing to expand its clearing services to include index futures linked to the performance of cryptocurrencies, specifically bitcoin and Ethereum, as well as exchange-traded products (ETPs) tied to this new type of underlying asset. According to the BME Group's forecasts, these futures would be traded on multilateral trading facilities (MTFs), settled in US dollars, and cleared in a new segment dedicated to digital asset derivatives. The ETPs, on the other hand, would be listed on the Spanish stock exchange, denominated in euros, and cleared within the equity segment.

This authorisation was granted after more than a year and a half of analysis, with particular emphasis on ensuring that the risk management model was sufficiently prudent, given the unique and innovative nature of the products. The CNMV's analysis and conclusions were shared and agreed upon with the European authorities that comprise BME Clearing's College of Supervisors, ESMA's CCP Supervisory Committee, and ESMA's Board of Supervisors.

As a result, BME Clearing's initiative would join the existing range of similar products offered by several CCPs in Europe and the United States. However, it would be the first to have undergone the rigorous formal authorisation process preferred by the CNMV, as outlined in the EMIR Regulation for the extension of clearing services. This process involves the collective opinion of European authorities and stringent assessment and validation procedures.

The products will be aimed at institutional investors who can demonstrate appropriate risk management mechanisms that are proportionate to the risks involved with these products. On 7 September 2023, the CNMV issued a press release reiterating its stance that crypto-assets are not recommended for retail investors due to their high volatility and associated uncertainties, among other risks. This position aligns with details communicated in various public statements and announcements.

Other obligations under EMIR

In 2022, the CNMV continued its work of supervising compliance by Spanish entities with the reporting obligations deriving from EMIR, participating in exercises coordinated by ESMA to assess the quality of the information reported at European level and carrying out specific analyses. As part of EMIR compliance, the CNMV also analyses the exemption requests provided in the Regulation with respect to certain intragroup transactions: centralised clearing, collateral exchanges or reporting to trade repositories.

II.2.7 Market oversight actions

A key role of the CNMV in its market supervision function is to conduct thorough investigations into situations where conduct may be contrary to market integrity.

As a result of these investigations, in 2023, the CNMV decided to initiate sanctioning proceedings against a total of 25 individuals or legal entities for various actions, which can be summarised as follows:

— **Communication and use of inside information:** individuals who, in the course of their work or profession, gain access to privileged information and use it to acquire shares or other financial instruments. Occasionally, they also communicate this information or recommend it to third parties, who then use it to carry out transactions during the periods preceding the publication of the inside information.

— **Engaging in market manipulation practices by the issuer and its principal shareholders,** who purchase shares to achieve a dominant position, thereby manipulating price formation to reach or maintain share prices around a specific level.

— **Failing to report clients' transactions as suspicious by a market member**, due to an inadequate assessment of the facts related to the client's transactions.

— **Breaching obligations to immediately and publicly disclose inside information and to compile insider lists** by an issuer, resulting in delayed communication of the privileged information and failure to create the corresponding insider list.

— **Engaging in practices of financial assistance for the acquisition of an issuer's shares,** by providing financing to two shareholders for the purchase of shares during the initial public offering process.

II.2.8 Spanish National Numbering Agency

The CNMV is responsible for numbering financial instruments through the Spanish National Numbering Agency (ANCV). Its main function is to assign and manage international securities identification numbers (ISIN)[9] and the classification of financial instruments (CFI),[10] facilitating their dissemination and use among users. It also assigns the financial instrument short name (FISN).[11] In Spain, the ISIN code is used as the primary identifier in securities trading, clearing and settlement. In its role as ANCV, the CNMV is a founder and full member of the Association of National Numbering Agencies (ANNA), which at year-end 2023 had a total of 101 full member countries and 20 associates.

As part of its international activity, the ANCV participates in various international working groups and management bodies, such as WG2: ISIN Quality and Guidelines, which belongs to ANNA. This group comprises representatives from several national agencies and is responsible for drawing up common rules and criteria for ISIN allocation worldwide, as well as for CFI and FISN codes.

9 International Securities Identification Number: ISO 6166 standard.
10 Classification of Financial Instruments: ISO 10962 standard.
11 Financial Instrument Short Name: ISO 18774 standard.

The ANCV also contributes to the preparation and review of the ISO standards through its Technical Subcommittee 8 (SC8).[12]

Numbers assigned to issues by the ANCV in 2022 and 2023

TABLE II.2.8.1

	2022	2023	% change 23/22
Equities	**901**	**885**	**-1.78**
Shares	141	131	-7.09
Shares and holdings of CISs and venture capital companies	760	754	-0.79
Fixed income	**1,376**	**1,547**	**12.43**
Public sector fixed income	44	74	68.18
Treasury bills	12	12	0.00
Total bonds and commercial paper	32	62	93.75
Corporate bonds	1,332	1,437	10.59
Long-term bonds	7	9	28.57
Medium-term bonds	10	14	40.00
Securitisation bonds	65	51	-21.54
Commercial paper	1,129	1,254	11.07
Securitised commercial paper	51	87	70.59
Covered bonds	27	25	-7.41
Structured products	41	27	-34.15
Additional Tier 1 financial instruments	2	6	200.00
Subscription/assignment rights	**26**	**23**	**-11.54**
Warrants and certificates	**0**	**0**	**0.00**
Options	**82,073**	**71,539**	**-12.83**
Futures	**2,215**	**2,121**	**-4.24**
Electricity swaps	**1,650**	**1,641**	**-0.55**
Total	**88,241**	**77,756**	**-11.88**

Source: CNMV.

At the end of the year, the number of securities and other active financial instruments with ISIN code in the ANCV database amounted to 80,696.

Enquiries addressed by the ANCV

TABLE II.2.8.2

	2022	2023	% change 23/22
Enquiries about Spanish codes	**296**	**321**	**8.44**
Enquiries about foreign codes	10	7	- 30.00
All enquiries	**306**	**328**	**7.19**

Source: CNMV.

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

II.3 Supervision of entities

In supervising entities, the CNMV carries out many and varied actions, both remotely and on-site, using a wide variety of tools. The CNMV adopts a risk-based supervisory approach, taking into account information regularly received from the entities under supervision, as well as data from various other sources, such as investor complaints and queries, reports of infringements, market information, and information from other supervisory bodies.

II.3.1 Investment firms

As a result of these supervisory actions, the CNMV sent out a total of 777 deficiency letters to supervised entities in 2023. Of these, 647 originated from remote supervision and 130 from on-site supervision. A small percentage of supervisory actions conclude with the proposal of reasoned reports that give rise to disciplinary proceedings. For further information, see Chapter II.7.

Supervision of credit institutions: deficiency letters sent out by the CNMV in 2023 TABLE II.3.1.1

Type of deficiency letter	On-site	Remote	Total
For late filing of information	1	192	193
Requests for information	61	187	248
Corrective measures or recommendations	29	164	193
Other notifications	39	104	143
Total	**130**	**647**	**777**

Source: CNMV.

Rules of conduct and organisational requirements

In 2023, the CNMV took part in a joint supervisory exercise and a mystery shopping initiative coordinated by the European Securities and Markets Authority (ESMA), focusing on the obligations related to marketing communications, including advertising. Exhibit 8 provides details of the action carried out in the 2022 financial year and the conclusions obtained.

Advertising communications

EXHIBIT 8

In 2023, the CNMV conducted a review to assess entities' compliance with the obligations for marketing communications as part of two initiatives organised by the European Securities and Markets Authority (ESMA). The first initiative was a coordinated supervisory action (CSA) to examine the policies and procedures of entities, as well as a sample of specific marketing communications submitted by the entities or obtained directly from their websites and other online channels. Eleven entities were selected for this review, including both credit institutions and investment firms. The second initiative was an online mystery shopping exercise carried out by CNMV internal staff, where specific marketing communications accessible online through different channels or obtained via fictitious profiles were reviewed. This exercise included the same entities as the CSA, along with four additional entities (two EU branches and two entities operating under the freedom to provide services). In total, over 90 advertisements were reviewed.[1]

The main conclusions of these actions are as follows:

— No significant issues have been identified in the policies and procedures established by the entities. However, in some cases, there have been requests to strengthen certain aspects, such as internal controls (both ex ante and ex post) and the involvement of the compliance function, ensuring its participation and ability to influence novel or particularly significant communications before their publication.

— Some entities have agreements with third parties (such as finfluencers or financial information platforms) to promote their products or services. These arrangements have also been reviewed, and in some instances, weaknesses were observed in the controls over the activities of these third parties and the advertising they disseminated.

— It was generally observed that the tone and language of the communications reviewed were appropriate. However, some communications were found to be unbalanced, and various issues were identified for not meeting certain regulatory requirements, including:

  • Advertising not clearly identified as such on third-party websites where the promotional nature was not evident.

  • Inappropriate wording or insufficient information on risks, leading to an unbalanced message. Risk warnings were considered to be insufficiently visible when they required some element to be displayed or were placed at the bottom of the page in a smaller, less legible font. Requests were made to add risk warnings in specific formats, such as videos and posts, or in particular sections where these warnings were previously absent. In general, entities have been reminded to ensure that any advertising message is sufficiently balanced and clearly indicates the relevant risks, in a manner consistent with those mentioned in the legal information when referring to potential benefits.

- Unverified comparisons and claims of leadership without citing the source and basis of the comparison have also been noted. Entities have been reminded that superlative or diminutive adjectives, or expressions indicating preference, advantage, or leadership of the advertiser or the product or service, should be grounded in objective and verifiable data.

- Partial disclosure of costs, which could mislead investors, was another issue identified. For instance, mentioning only specific fees, such as the management fee for investment funds, without clarifying that there are additional costs the customer will incur and where to find this information. Similarly, in communications regarding discretionary portfolio management services, only the service fee was mentioned, without warning that the customer must also cover the costs of the underlying investments.

- Additionally, some information was found to be outdated or inconsistent with legal documents. In some instances, entities were using outdated data and providing links to out-of-date key investor information documents (KIDs). There were also discrepancies between the cost data included in marketing communications and the current legal documentation.

- Information on historical returns. Some institutions provide cumulative data without including annual changes, as required by regulations. Additionally, there have been cases where historical performance is highlighted prominently in communications without an adequately visible warning that this information is not a reliable indicator of future performance.

  In communications related to portfolio management services, some instances were found where simulated historical data for periods before the launch of the service were shown to clients, which is not appropriate. Furthermore, the effect of costs is sometimes not disclosed.

- Information on future outcomes. The most significant issue identified in this area is the failure to present different scenarios, both positive and negative, or to include the necessary warnings that the forecasts shown are not reliable indicators of future results. Additionally, in some cases, raw data were presented without revealing the impact of costs.

  In discretionary portfolio management, it has been frequently observed that performance simulators, often in the form of graphs, are used. Although these simulators include various scenarios, they tend to suggest a continuous growth expectation, with minimal visibility of potential losses and insufficient explanation of the methodology employed. The design elements, such as the variables displayed, the colours, and the scale used, sometimes contribute to establishing an expectation that may mislead investors.

— These actions also aimed to gather information on references to sustainability in advertising and to take an initial look at the phenomenon of greenwashing, in order to observe current practices and assess areas of concern. The primary concerns include messages that suggest sustainable investments will perform better than other types of investments without sufficient justification, and those that imply a significant impact on overall sustainability without the necessary support. Furthermore, vague explanations and a lack of concrete data are frequently observed in the initial layers of marketing communications.

Finally, and beyond the scope of ESMA's planned activities, it should be noted that special attention has been given to advertising related to contracts for difference (CFDs) following the implementation of the CNMV Resolution, of July 2023, on CFDs and other leveraged products. This Resolution prohibits advertising communications aimed at retail clients or the general public, including the offer of free training on these products. In relation to this matter, there have been a few instances where free training courses were offered or advertising elements were included, which subsequently had to be withdrawn.

1 This process at ESMA is still ongoing. The assessment of information provided by various national authorities and the decision on what actions to take are still pending.

Additionally, in relation to the use of collaborators or notable individuals (influencers or finfluencers), efforts were made to differentiate between mere advertising activity and customer acquisition, the latter being an activity that requires a specific licence.

In line with the 2023 Activity Plan, a horizontal review was conducted in the second half of the year to examine at an early stage the procedures used by institutions to assess clients' sustainability preferences as part of their investment objectives and to incorporate sustainability aspects into product governance, with a reference date of 30 June 2023. This review was carried out on a representative sample of institutions providing portfolio management or advisory services, including both credit institutions and investment firms.

When it comes to customers' sustainability preferences, it is evident that most institutions have made efforts to adapt their systems to gather this information. The level of detail in the questions varies significantly between institutions, and in some cases, not all aspects required by the standard are addressed. It has been observed that several institutions have collected information for only a small percentage of their clients. Therefore, they will need to make an additional effort, as per ESMA's guidelines on the matter, which state that institutions should have this information available before 2 August 2023.

Notably, in line with the data collected in ESMA's call for evidence on these new obligations, a low percentage of clients have indicated that they have sustainability preferences. When institutions lack information about a client's preferences, they generally consider the client to be neutral. Similarly, if a client responds that they have no sustainability preferences, both sustainable and non-sustainable products may be deemed suitable for them.

Institutions are not recommending products that do not align with the client's sustainability preferences unless the client has chosen to adjust their initial preferences. Generally, institutions report that clients are informed about the availability of products with sustainable characteristics after they have expressed their initial sustainability preferences.

Institutions are in the process of adapting to new obligations related to integrating sustainability objectives into their product approval processes, particularly in identifying the target market.

A coordinated supervisory action by ESMA on these issues is planned for 2024-2025. This action will likely result in criteria related to these new obligations, so these matters will be revisited in the near future. Institutions have been advised to stay alert for the publication of potential European-level criteria.

The CNMV also undertook other specific actions related to compliance with the rules of conduct, most notably the following:

i) **In the first half of 2023, a horizontal review was completed on the incentives received (and paid) for the distribution of instruments other than collective investment schemes (CISs)**. The aim was, among other things, to identify whether any of the incentives were linked to payment for order flow (PFOF) practices. No such practices were identified. The service for which the reviewed institutions receive the highest amount of incentives (excluding those linked to CISs) is the placement and underwriting of issues among their clients. However, divergences were observed in recognising the income received by the institutions as incentives. The incentives collected for the order reception and transmission (RTO) service were reviewed, and while no PFOF practices were detected among the entities, some failed to recognise certain amounts as incentives. These amounts were either received from third parties in the context of give-up agreements or derivatives transactions, or from certain trading venues for equity brokerage under maker-taker fee schedules. The CNMV plans to incorporate some of the issues identified during this review into the document *Questions and answers on the implementation of the MiFID II Directive*. This aims to clarify the CNMV's interpretative criteria for the sector, ensuring the proper application of obligations related to incentives.

ii) **Throughout 2023, the CNMV has continued to focus particularly on the information about costs that must be provided to customers.** Various actions in this area have revealed instances of incorrect cost information in customer transactions involving different fixed income instruments. Specifically, issues were identified in transactions involving the sale of structured bonds before maturity, purchases of non-complex fixed income in the secondary market, and placements of commercial paper and structured deposits where the implicit costs of the transactions were not disclosed.

New legal regime for national financial advisory firms

EXHIBIT 9

Law 6/2023, of 17 March, on Securities Markets and Investment Services (LMVSI), established a new category termed national financial advisory firm (EAFN). With operational limitations, this classification enables these entities to maintain the prudential regime that was in place before Regulation (EU) 2033/2019 of the European Parliament and Council, of 27 November 2019, on prudential requirements for investment firms, came into effect.

As this new category falls solely under a national regime and is not subject to the provisions of Directive 2014/65/EU on markets in financial instruments (MiFID II), it does not benefit from passporting rights. Therefore, authorisation granted in Spain does not permit operations across the European Economic Area. Additionally, EAFNs may only offer the investment service specified in Article 125.1.g) (investment advice) and the ancillary services outlined in Article 126.c) (advice to firms on capital structure, industrial strategy, and related matters, as well as advice and other services related to mergers and acquisitions) and Article 126.e) (preparation of investment reports and financial analyses or other forms of general recommendations on transactions in financial instruments) of the LMVSI. This is in connection with the financial instruments mentioned in Articles 2.1.a) and 2.1.c) of the LMVSI (transferable securities and shares or units in collective investment schemes).

The LMVSI also sets out different regimes for EAFNs depending on whether they are natural persons or legal entities. National financial advisory firms that are natural persons are not permitted to have agents conduct business on their behalf, nor can they provide ancillary services.

After the nine-month period established by the LMVSI,[1] the CNMV automatically deregistered natural person financial advisory firms from the EAF register and subsequently included them in the EAFN register. Legal entity EAFs, on the other hand, can either remain in the current EAF register, provided they comply with the prudential requirements set out in European regulations, or choose to join the EAFN register.

Finally, the LMVSI requires both EAFs and EAFNs to join the Investment Guarantee Fund (FOGAIN).

1 Fifth transitional provision of the LMVSI (Transitional regime of national financial advisory firms in relation to the EAFN register).

Supervision and monitoring of the activity carried out by entities under the freedom to provide services regime

In 2019, the CNMV indefinitely adopted product intervention measures related to CFDs marketed to retail investors, similar to those introduced by ESMA in 2018. This decision was based on the complexity and high risk of these products, which generally make them unsuitable for retail customers.

In Spain, these products are mainly distributed by European entities operating under the freedom to provide services regime, meaning they do not have a physical presence in the country. To a lesser extent, the distribution is also carried out by European entities with a physical presence (either established agents or branches) or entities authorised in Spain.

Throughout 2023, the CNMV continued to take various actions concerning these products, primarily driven by the monitoring of activities conducted by European entities under the freedom to provide services regime. As the host country supervisor, the CNMV does not possess direct supervisory powers over these entities but collaborates with the supervisor of the home country to identify and address any misconduct. This collaboration is crucial to ensuring minimum guarantees of protection and information for customers investing in these entities without a physical presence in Spain.

After a significant period had passed since the implementation of restrictive measures on CFD trading, the CNMV observed a persistent trend of extensive advertising for these products aimed at the general public. Additionally, substantial client losses were confirmed, as reported on the websites of CFD providers. Consequently, the CNMV approved the Resolution of 11 July 2023, introducing product intervention measures related to financial contracts for differences and other leveraged products.

Resolution on CFDs and other leveraged instruments

EXHIBIT 10

The various restrictive measures relating to contracts for differences (CFDs) implemented since 2018, which remain in force, have not adequately reduced or eliminated the inappropriate commercial practices identified by the CNMV in Spain. Nor have they curtailed the aggressive advertising of these products, which is widely disseminated and aimed at the general public through the Internet and social media platforms. In 2022, information from entities reporting to the CNMV, due to their establishment in Spain, indicated that CFDs continued to be the primary derivative product marketed to retail customers. This is despite the general unsuitability of such products for this type of investor. Furthermore, data from the websites of companies operating with these products in Spain, both with and without a physical presence, revealed that a high percentage of retail customers – exceeding 70% in most cases – continued to incur losses.

— Countries such as Belgium and France had already implemented more restrictive regimes than those outlined in the European Securities and Markets Authority (ESMA) measures of 2018 and the CNMV measures of 2019. These regimes included measures applicable to other instruments that posed similar risks, in addition to CFDs, and focused on their remote distribution and advertising. Meanwhile, Germany and the Netherlands adopted restrictive measures applicable to other derivative products.

— Given this context, and without prejudice to other coordinated measures that may be established at the European level, the CNMV decided to enhance investor protection against certain commercial and advertising practices in the offering of CFDs. Further, the CNMV introduced new collateral requirements to address the issue of excessive leverage practices in other instruments, such as futures and certain options.

— After a period of public consultation and alignment with European authorities, and having met the requirement to notify ESMA and other competent authorities, the CNMV approved the Resolution of 11 July 2023, on product intervention measures related to CFDs and other leveraged products. This Resolution was published in the Spanish Official Gazette (*BOE*) on 14 July and came into force 20 days after publication.

— The measures comply with the requirements laid out in Article 42 of Regulation (EU) No. 600/2014, including the assessment of the criteria and factors specified in Article 21 of Delegated Regulation (EU) No. 567/2017. In particular, they address significant concerns regarding investor protection, the lack of sufficient alternative legal responses to tackle the issue, the proportionality of the measures, and their non-discriminatory effect.

— The Resolution comprises two parts: the first addressing CFDs and the second concerning other leveraged instruments, along with a final section on the date of application. In both cases, the scope generally covers services provided within Spain by institutions, regardless of whether they are based in Spain or operating from abroad. However, if the service involves products with an underlying cryptoasset that is not classified as a financial instrument under MiFID regulations, the resolution also applies to the activities of domestic entities operating in other EU Member States.

— Part One establishes a ban on advertising communications about CFDs directed at retail clients or the general public, regardless of the form of transmission. However, non-promotional information provided to clients on their own initiative is excluded, as is the necessary legal contractual and pre-contractual information to inform about the characteristics and risks of the product and service.

— It also prohibits the sponsorship of events and organisations, as well as brand advertising, including the use of public figures by entities marketing CFDs, unless it can be shown that such sponsorship or brand advertising is not intended to promote these products or services. This is especially relevant in cases where this activity constitutes a very small part of the entity's overall operations. As stipulated in the Final Provision of the Resolution, sponsorship contracts in place before the Resolution's publication may continue to be valid but not for more than 12 months from that date. Certain remuneration policies for the commercial network are also prohibited, such as linking remuneration to the number of customers attracted, the income they generate for the institution, or the losses they incur. Additionally, other sales techniques such as the use of call centres, webinars, or demo accounts that promote the distribution of these products among retail investors when provided free of charge or at a nominal price are banned. Customer training is allowed if the customers have verified knowledge and experience.

— Part Two imposes limitations on leverage and position closure for other leveraged products, such as futures and options, where the maximum risk or potential loss exceeds the initial investment. Specifically, it establishes a minimum initial margin, defined as the lower of the amount required by the CNMV Resolution on CFDs adopted on 27 June 2019, or the amount required by the trading venue. Furthermore, the Resolution mandates the liquidation of necessary instruments when the value of the client's position is reduced to half the collateral provided. This aims to limit the generation of losses, ensuring that such losses do not materialise too quickly by preventing liquidation before this threshold is reached.

Prudential requirements

Solvency rules for investment firms (Regulation (EU) 2019/2033 and Directive (EU) 2019/2034)

In June 2021, investment firms began applying these new European solvency rules, representing a significant shift from the previous regime.[1] In 2023, the process of transposing the Directive and adapting Spanish regulations was completed with the approval of Law 6/2023 on Securities Markets and Investment Services, and Royal Decrees 813/2023, on the legal framework for investment services firms and other entities providing investment services, and 815/2023, concerning the official registers of the National Securities Market Commission, cooperation with other authorities, and the supervision of investment services firms.

In 2023, the approval and publication of second-level European prudential regulations and guidelines from the European Banking Authority (EBA) continued. A key development was the approval of the guidelines relating to the Supervisory Review and Evaluation Process[2] (SREP), which have been adopted by the CNMV. The drafting of the regulations to implement the Directive and Regulation has not yet concluded, so in 2024, the CNMV will continue collaborating with the EBA in their development through various specialised working groups.

Throughout 2023, prudential supervision of institutions was carried out based on the regular information these institutions submitted to the CNMV. Additionally, internal procedures for transmitting this information to the EBA and, where necessary, to the Bank of Spain, continued to be implemented.

1 Directive 2013/36/EU and Regulation (EU) 575/2013, as it is mainly aimed at credit institutions.

2 Throughout 2023, prudential supervision of institutions was carried out based on the regular information these institutions submitted to the CNMV.

Critical review of authorisation procedures for service providers (IF-CISMC-Closed-ended investment scheme management company) EXHIBIT 11

The 2023 Activity Plan included, within the supervision of financial intermediaries, under the "Boosting Competitiveness" initiative, the following objective: "reviews will be made of CISMC, SGEIC and IF authorisation procedures to expedite procedures with the aim of identifying possible improvements in the practice or criteria followed by the CNMV. Or, where appropriate, regulatory proposals will be made allowing a reduction in processing times for authorisations of these entities, as well as for cases of non-opposition to changes in their shareholding structure. To this end, the practice of other supervisors in this area will be analysed, as well as the possibility of simplifying current procedures, applying the principle of proportionality to a greater extent or carrying out a risk-based review".

In pursuit of this objective, the CNMV has undertaken various initiatives, including gathering information on the timeframes and characteristics of the authorisation procedures from other national competent authorities (NCAs) within the European Union, as well as other sources that could serve as benchmarks.

Despite efforts to gather this information, there are few sources available (with the CNMV being among the most transparent NCAs regarding time limits), and the information is generally not uniform, making comparisons difficult. It is challenging to determine how each NCA calculates deadlines, the number of personnel involved in the authorisation process, or the extent of review conducted on the documentation provided.

Based on the available information, the time taken to process authorisations for institutions (8.39 months in 2023) is not worse than that of our European counterparts. In fact, although information is limited, it appears that the CNMV is among the NCAs with the shortest processing times. This is particularly notable given the high level of activity by the CNMV in authorising and registering institutions.

As part of this initiative, various measures have been adopted to expedite the processing of these files wherever possible. Regular meetings will be held with interested parties (such as law firms and consultancy firms that typically handle these files) to gather suggestions for improvement and to address any recurring issues observed by the CNMV.

II.3.2 Management entities, investment vehicles and depositories

The supervision of management companies and the collective investment vehicles they manage has primarily involved preventive reviews. These reviews aim to ensure that the management companies of these vehicles adequately comply with their obligations, appropriately manage conflicts of interest, and provide unitholders and shareholders with sufficient information about their investments. Outlined below are the main checks conducted during 2023 in the areas of collective investment schemes (CISs) and venture capital firms (VCFs), with the results summarised in the following table:

Supervision of CISs/VCFs: deficiency letters sent out by the CNMV in 2023 TABLE II.3.2.1

Type of deficiency letter	Remote	On site	Total
For late filing of information	507	0	507
Requests for information	90	34	124
Corrective measures or recommendations	387	42	429
Other notifications	18	33	51
Total	**1,002**	**109**	**1,111**

Source: CNMV.

ESMA, the European Union's financial markets regulator and supervisor, revised its Union Strategic Supervisory Priorities (USSP) at the end of 2022, shifting the focus from the costs and performance of retail investment products to sustainability (ESG) disclosures. This new emphasis on ESG disclosures aligns with the significant role that sustainable finance plays within ESMA's overall strategy. The growing demand for sustainable financial products underscores the need to enhance the transparency and clarity of ESG disclosures across all key segments of the sustainable finance value chain, particularly within collective management. This effort aims to prevent greenwashing – misleading practices concerning the communication of the sustainable characteristics of financial products.

The practical implementation of these new USSPs has materialised in the form of ESMA's common supervisory action (CSA) in collaboration with national competent authorities (NCAs) on sustainability-related disclosures and the integration of sustainability risks, which began in mid-2023.

The objective of this CSA is to evaluate the compliance of asset managers with the relevant provisions of the Sustainable Finance Disclosure Regulation (SFDR), the Taxonomy Regulation, the implementing rules, and the rules set out in the UCITS Directive and AIFMD regarding the integration of sustainability risks. Based on the common methodology developed by ESMA, NCAs will share knowledge and experience to promote convergence in the supervision of sustainability-related disclosures.

The main objectives of the CSA will be:

— To assess whether fund managers adhere to applicable rules and standards in practice.

— To gather more information on the risks of greenwashing within collective management.

— To identify relevant supervisory and regulatory interventions to tackle the issue.

Throughout 2023, the CNMV and other NCAs have focused on monitoring how asset managers handle the risks associated with inaccurate and misleading sustainability disclosures. In 2024, the CSA will continue to prioritise convergence in sustainability-related disclosures and the integration of sustainability risks.

Additionally, there has been ongoing close monitoring of liquidity in the portfolios of CIS and hedge funds. This has involved: i) monthly monitoring of investor movements, ii) tracking specific market indicators, and iii) conducting two comprehensive analyses of the liquidity levels of all assets held in the institutions' portfolios, aiming to identify new institutions that may face significant liquidity issues.

Technical Guide 1/2023 on enhancing the transparency of CISs with specific performance objectives and fixed income CISs with a buy-and-hold strategy EXHIBIT 12

In April 2023, the CNMV approved the publication *Guía técnica 1/2013 sobre refuerzo de la transparencia de IIC con objetivo concreto de rentabilidad y de IIC de renta fija con estrategia de comprar y mantener [Technical Guide 1/2023 on enhancing the transparency of collective investment schemes (CIS) with specific performance objectives and fixed income CIS with a buy-and-hold strategy]* (in Spanish). This initiative was part of the 2023 Activity Plan.

The new Technical Guide updates the criteria previously outlined in *Technical Guide 1/2017 to the strengthening of the transparency of investment funds with a specific long-term target return,* which was applicable only to funds with a term exceeding three years.

Technical Guide 1/2023 supersedes Technical Guide 1/2017, extending its warnings to fixed income collective investment schemes (CISs) with a buy-and-hold strategy. It also complements or modifies some of the contents of Technical Guide 1/2017, drawing on registration and supervisory experience, with the aim of strengthening investor protection and ensuring informed consent.

To this end, the new Technical Guide:

— Establishes criteria for informing investors about the estimated return (expressed as APR) that can reasonably be expected by the end of the strategy's time horizon, specifically for fixed income CISs with a buy-and-hold strategy.

— Reinforces the warning regarding liquidity costs included in Technical Guide 1/2017, making it applicable to funds that offer investors fewer than 12 liquidity windows per year (i.e. opportunities to redeem without fees) instead of the four annual windows mentioned in Technical Guide 1/2017. Extends the warning regarding the risk of losses if interest rates rise to all CISs with a specific performance objective, not just those with a term longer than three years as previously, and also to fixed income CIS with a buy-and-hold strategy.

— The guide establishes criteria for the warnings to be provided to investors regarding the risks associated with not valuing certain transactions of CISs with a specific return objective during the marketing period, as well as the impact of inflation on the nominal return of investments in these CISs and fixed income investments with a buy-and-hold strategy.

Notably, for the first time in its process of drafting circulars and technical guides, the CNMV commissioned a market study among retail investors (consumer testing). The goal was to assess how well investors understood the warnings and to identify any necessary adjustments to the wording to improve clarity. As a result, several changes were made to the final wording of the warnings to ensure they are more easily understood by the end investor.

Since 1 January 2023, the content of key investor information documents (KIDs) must comply with PRIIPs regulations, and the requirement for prior verification by the CNMV has been removed. To ensure compliance with PRIIPs standards, supervisory actions have been undertaken using automated systems to extract and review the content of the KIDs.

Lastly, due to the increasing number of retail investors in venture capital firms (VCF) and other closed-ended vehicles, off-site supervisory activities have been intensified. These activities focus on direct distribution/marketing by managers, adherence to rules of conduct, and the detection of asset transactions or investor movements that could lead to conflicts of interest (see Exhibit 13).

Strengthening supervisory action in the area of venture capital firms and other closed-ended vehicles

EXHIBIT 13

Due to the increasing presence of retail investors in venture capital firms (VCFs) and other closed-ended vehicles, supervisory actions have been stepped up in the area of **distribution** by fund managers. Special focus has been placed on detecting asset transactions or investor movements that could lead to **conflicts of interest**, including the following:

— **Transfer of previously acquired assets:** Instances have been identified where assets previously acquired by fund managers (or related persons or entities) are transferred to the vehicle at the time of its registration, prior to the entry of investors and without the approval of the supervisory committees (or other committees involving the most significant investors). Additionally, the distribution of these VCFs has been conducted without informing potential investors, prior to subscription, of the intention to acquire these assets or providing them with detailed information about them.

— **Portfolio transfers between VCFs:** Instances have also been identified where assets are bought and sold between vehicles managed by the same entity. These transactions are challenging to justify as being in the exclusive interest of both parties and are difficult to prove as being conducted under market conditions, given the absence of a representative market for these illiquid investments.

— **Investments prior to final closing of investor attraction:** Situations have been observed where, due to lengthy distribution periods, fund managers make investments before the final closing of the vehicles. This results in later investors joining existing investments and sharing in their potential returns along with earlier investors. The entry of new investors after the investment period has begun raises conflicts of interest between early and later investors, as the true value of the assets can be difficult to ascertain.

A notable issue involves co-investor vehicles, which follow the same investment policy and co-invest in parallel on a pro-rata basis according to their respective commitments. These vehicles are not always marketed simultaneously, and subsequent vehicles might be created. In such cases, the previous investments of the co-investor group are transferred at cost or investment prices.

The entities have been informed that these situations should be avoided and that, if they do occur, the following measures must be taken: i) such situations must be exceptional and subject to enhanced conflict of interest prevention procedures. These procedures should demonstrate the exclusive benefit for all involved vehicles and ensure that transaction prices reflect those that would be agreed upon by informed and independent parties; ii) additionally, there must be full transparency to investors regarding these transactions; iii) finally, they must be approved, where appropriate, by supervisory committees or equivalent bodies in which investors are represented.

Other actions

The CNMV updated the Questions and Answers (Q&A) document on the regulation of CISs, VCFs, and other closed-ended collective investment vehicles in mid-2023, originally published on its website in September 2009. This document outlines the interpretative criteria deemed appropriate for various issues raised by the industry regarding CIS and VCF regulations. It is periodically updated to include new issues as they arise or to amend existing ones when necessary. Since its initial publication, the document has been updated several times. The 2023 update introduced 11 new Q&As. Among the notable additions is the requirement for warnings in the prospectuses of funds with a specific performance objective or a buy-and-hold strategy, particularly when a substantial part of the fixed income portfolio returns is absorbed by the fund's management fee. The update also covers issues aimed at informing the industry about situations identified in the supervisory area that may lead to conflicts of interest in VCFs (see Exhibit 14).

Regulatory changes in asset management

EXHIBIT 14

Throughout 2023, significant regulatory amendments have been made to the Collective Investment Schemes Act (LIIC) and its Implementing Regulation (RIIC), as well as the Venture Capital Act (LCR). At the international level, amendments have also been approved for the Long-Term Investment Fund Regulation (ELTIF Regulation), the Alternative Investment Fund Managers Directive (AIFMD), and the UCITS Directive. These changes are at an advanced stage, with final approval expected in 2024. The main developments from these amendments are outlined below:

LIIC/LCR: The Securities Markets and Investment Services Act 6/2023 introduced several changes to the LIIC. One of the most notable changes is the amendment designed to guarantee the separation of fund ownership in the event of the depository's insolvency by establishing the preferential application of sector-specific regulations in such cases. Furthermore, electronic communication to unitholders has been introduced as the default method. The requirement to submit the Internal Code of Conduct (ICC) to the CNMV during the authorisation of fund managers has been abolished. Moreover, in the event of the replacement of a fund manager or depository due to bankruptcy, revocation, or suspension, the affected investment companies must convene general meetings of shareholders within a specified period to ratify the management company/depository/substitute or to appoint a new entity.

Additionally, the regulatory amendment allows for fund units to be represented using systems based on distributed ledger technology (DLT). Moreover, in the half-yearly report to investors, information on assets can be provided in aggregate form or by categories up to a maximum of 30% of the assets, without the need for a detailed breakdown.

Regarding the LCR, VCF-SMEs are exempt from complying with Chapter II (conditions for carrying on business) of Title II, even when marketed to retail investors, aligning their regime with that of EUVECA or European venture capital funds. Furthermore, management companies of closed-ended investment schemes are required to establish an independent and autonomous internal channel for employees to report any infringements (whistleblowing).

RIIC: Regarding the amendments to the RIIC, one of the most significant changes concerns the obligation for all managers to integrate sustainability risk, stemming from the transposition of level II of UCITS and AIFMD. Equally important is the change to the distribution regime for hedge funds, aimed at making them more accessible to retail investors, similar to the existing regime for VCFs. Retail investors can now invest in any type of hedge fund with a minimum investment of €10,000, provided the investment is made with financial advice. Also, if the investor's financial assets do not exceed €500,000, the investment must not represent more than 10% of their total assets. The performance management fee has been aligned with the guidelines of the European Securities and Markets Authority (ESMA), establishing a performance reference period of at least the last five years of the fund. The fund manager may only charge the performance fee if a positive return has been achieved during this period. Moreover, the obligation to exercise the voting rights of shares in the portfolio, which previously existed under certain circumstances for Spanish issuers, has been eliminated. Other noteworthy changes include the following: i) the default method for transmitting information to unitholders will now be electronic; ii) expressions of interest to appoint a new manager or depositary to replace one that is insolvent, revoked, or suspended are now regulated; iii) the mandatory liquidity ratio of 1% has been removed; iv) in hedge funds, pro-rata redemptions will be made when the necessary liquidity is available, rather than necessarily at the next redemption date, with the same modification applied to funds of hedge funds; v) the threshold for applying partial suspension of the net asset value has been reduced from 5% to 1%, as well as for the creation of side pockets; and vi) the delivery of the PRIIPS KIDs in ETFs is now mandatory.

ELTIF: Regarding European legislation, the amendment to the ELTIF Regulation will come into effect on 10 January 2024. This amendment aims to provide greater flexibility in the eligible assets regime and diversification rules, and to permit the creation of open-ended ELTIFs where redemptions can occur during the fund's life. However, the specific requirements for this will be detailed in a level II regulation. Notably, the rules for marketing ELTIFs to retail investors have been relaxed. Now, only a suitability assessment in line with the MiFID Directive is required. The minimum investment requirement of €10,000 for investors with portfolios of less than €500,000 has been removed, as has the restriction that such investors should not invest more than 10% of their assets in ELTIFs.

AIFMD/UCITS REVIEW: On 10 November 2023, the European Council published the compromise text of the Directive that will amend both the AIFMD and the UCITS Directive. The most significant amendments affecting both directives are as follows: a harmonised regime of liquidity management tools (such as suspensions or side pockets) has been established, and the delegation regime for managers has been improved. Managers will now need to inform the authority about the basic aspects of delegations both at the time of authorisation and periodically. The technical and human resources requirements for alternative investment fund (AIF) managers have been clarified and specified, requiring at least two full-time staff domiciled in the European Union. AIFs are also allowed to appoint depositories in other Member States, provided that it is demonstrated that such services are unavailable in the fund's home state, among other requirements. The reporting regime to AIF authorities has been amended, and a new reporting regime for UCITS has been established (with specific models to be set out in Level II). Finally, regulations have been introduced for loan-originating AIFs to establish a series of requirements that must be met.

II.3.3 Crowdfunding platforms

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

In addition to monitoring the financial situation of certain supervised crowdfunding platforms, efforts have been made to amend the reporting templates for the situation and activities of these platforms. This is to align their content with the information that must be submitted annually to ESMA, as stipulated in Article 16 of Regulation (EU) 2020/1503 of the European Parliament and of the Council, of 7 October 2020, concerning European providers of crowdfunding services for businesses.

With the European Regulation now in effect, the supervision of crowdfunding service providers (CSP) will continue to rely primarily on the analysis of their audited financial statements and the information on their activities and financial situation that these platforms submit annually to the CNMV.

II.3.4 Collaboration in the prevention of money laundering

In July 2023, an agreement was signed with the Commission for the Prevention of Money Laundering and Monetary Offences to coordinate their respective supervisory and inspection activities. In September, the Money Laundering Prevention Unit was fully staffed and began its work in this area, initiating the first two inspections, which are among the most significant efforts in preventing money laundering.

Other collaborations with the competent authorities in 2023 included planning meetings for European supervisory colleges, assisting with information requests, and completing questionnaires sent by various organisations.

II.3.5 Investment Guarantee Fund (FOGAIN)

At the end of 2023, the number of entities participating in FOGAIN amounted to 189. Table II.3.5.1 shows the changes and distribution by type of entity in the last five years:

Changes in number of entities belonging to FOGAIN TABLE II.3.5.1

Type of entity	2019	2020	2021	2022	2023
Broker-dealers/brokers	94	95	91	96	99
Portfolio management companies	1	1	0	0	0
CIS management companies	81	80	80	85	85
Closed-ended investment scheme management companies	2	3	3	3	3
Branches	-	-	2	2	2
Total	**178**	**179**	**176**	**186**	**189**

Source: CNMV.

At the end of 2023, FOGAIN's assets stood at €131.1 million. In line with the security and liquidity criteria required by regulations, during this financial year the Fund continued to invest its assets in public debt, with a significant portion of its assets held in cash at the Bank of Spain.

At the end of 2023, Royal Decree 1180/2023, of 27 December, was published, amending Royal Decree 948/2001 of 3 August on investor compensation schemes. This regulation introduced changes to the system of contributions to FOGAIN by its affiliated entities, as well as to the criteria for reducing and suspending contributions. Additionally, the Royal Decree establishes the system for the inclusion of financial advisory firms (EAF) and national financial advisory firms (EAFN) in FOGAIN, in accordance with the provisions of the Securities Markets and Investment Services Act 6/2023, of 17 March.

New regime for contributions to FOGAIN EXHIBIT 15

In 2023, the process of amending the FOGAIN contribution scheme for investment firms (IFs) was completed with the approval of Royal Decree 1180/2023, of 27 December, which, among other things, amends Royal Decree 948/2001, of 3 August, on investor compensation schemes.

Royal Decree 1180/2023 establishes the FOGAIN membership scheme for IFs, including financial advisory firms (EAF) and national financial advisory firms (EAFN), and modifies the contribution scheme provided in Royal Decree 948/2001. The aim is to ensure a fairer distribution of the annual contributions made by affiliated entities. This new approach aims to better align each entity's contribution to FOGAIN with the potential risk it poses to the system as a whole. As a result, the annual contribution of member institutions is now determined by a combination of a fixed amount and a variable amount. The fixed amount will be calculated based on the programme of activities registered with the CNMV, as follows:

— Portfolio management: €2,700.

— Proprietary trading: €2,700.

— Receipt and transmission of client orders (including the placement of financial instruments without firm commitment): €1,000.

— Investment advice: €800.

— Investment services firms €2,700.

— Ancillary custody and administration service on behalf of clients: €2,700.

The variable amount will be calculated as 2‰ of the cash, with a limit of €100,000 per covered customer, and 0.08‰ of the effective value of the securities and financial instruments deposited or managed, corresponding to customers covered by the guarantee.

A formula is also introduced to determine the volume of FOGAIN assets at which the contributions from affiliated entities will be progressively reduced. Additionally, an adjustment is made to the formula used to calculate the asset level that would trigger the suspension of the variable portion of the contributions.

Furthermore, this Royal Decree removes professional clients from FOGAIN coverage.

According to estimates, the new regime will result in a significant decrease in contributions compared to the previous system.

II.4 Resolution of entities

In cases of financial non-viability, intervention by the resolution authority may be necessary to ensure the continuity of essential functions and maintain financial stability. The CNMV is tasked with preventive resolution responsibilities for investment firms and, starting in 2022, also serves as the resolution authority for central counterparties.

II.4.1 Preventive resolution of investment firms

As the preventive resolution authority for investment firms (IFs), the CNMV is responsible for developing and approving individual or consolidated resolution plans for each IF or group under its oversight. These plans outline the strategies and measures to be implemented if an institution becomes non-viable. Before approval, the CNMV must obtain reports from the executive resolution authority, the FROB, and the competent supervisor. Resolution plans are essential for planning and responding to potential financial crises.

Since the CNMV assumed preventive resolution responsibilities for investment firms, it has approved a total of 57 resolution plans, including both initial plans and updates. These plans pertain to the 38 institutions registered with the CNMV as of 31 December 2023 that fall within the scope of the resolution regulations. The CNMV is responsible for drawing up resolution plans for these institutions in accordance with the relevant regulations.

In its role of preventive resolution for investment firms, the CNMV must also report on the recovery plans prepared by the institutions. In 2023, six recovery plans were reviewed, and it was concluded in all cases that the proposed measures did not negatively impact the resolvability of the institutions.

IF resolution plans approved until the end of 2023 TABLE II.4.1.1

	No. initial plans	First update	Second update	Third update
Plans approved in 2023				
Individual	3			1
Group	1	1	5	1
Total	**4**	**1**	**5**	**2**
Accumulated until the end of 2023				
Individual	8	5	4	1
Group	17	15	6	1
Total	**25**	**20**	**10**	**2**

Source: CNMV.

The recommended strategy in the event of non-viability is ordinary liquidation proceedings. In all analysed cases, it was determined that this strategy does not compromise the resolution objectives, given the size, activities, and interconnections of the institutions. Additionally, it was verified that these entities meet the criteria for simplified obligations and no significant obstacles to their resolvability were identified. For institutions that engage in custody activities and hold customer cash on a temporary basis, it was confirmed that they have formalised agreements with third parties to ensure the transfer of these positions in case of difficulties, as required by regulation.

For entities with an insolvency liquidation strategy, the minimum requirement for own funds and eligible liabilities (MREL) set by the CNMV for each institution only covers the amount needed to absorb losses, matching the regulatory capital requirement imposed by its supervisor. While the CNMV has the authority to mandate a higher MREL to cover all expected losses, it has not found it necessary to do so thus far.

In the 2023 planning cycle, resolution plans have been enhanced to improve the credibility assessment of ordinary liquidation proceedings. This includes not only the individual analysis of an institution's non-viability under normal conditions but also an analysis under a systemic crisis scenario. This approach involves simulating an adverse macroeconomic situation that could lead to the failure of an investment firm. The aim is to evaluate how such a scenario would impact other institutions in the sector and the financial system as a whole, and to determine the credibility of the ordinary liquidation process in such a context.

The CNMV has completed the first stage of automating its resolution plans. In the next phase, the plan is to digitize additional tools to enhance the efficiency of the resolution planning process.

Collaboration between the CNMV and the Spanish Executive Resolution Authority (FROB) takes place through a joint committee, established under an agreement between the two institutions. In 2023, this committee met twice, where it was confirmed that both entities coordinated effectively. The CNMV played an active role in reviewing the FROB's document on the *Mechanics of Internal Recapitalisation*[1] and in developing operational documents related to bail-in and sale tools for significant institutions.

Internal procedures and the transparency of the preventive resolution functions for IFs have been enhanced. At the end of 2023, the procedure for the preventive resolution of IFs[2] (P18) (P18) was approved and published on the CNMV's website. Additionally, a new section has been added to the website,[3] providing relevant information about this function.

In 2023, the CNMV adopted two guidelines from the European Banking Authority (EBA) related to resolution:

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1 https://www.frob.es/wp-content/uploads/2023/12/Mecanica-Recapitalizacion-interna-en-Espana.pdf

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

3 https://www.cnmv.es/portal/resoluciones/esi.aspx?lang=en

— The EBA Guidelines amending the guidelines on enhancing resolvability for institutions and resolution authorities (EBA/GL/2023/05), which include a new section on resolvability testing.

— The EBA Guidelines on transferability, intended to complement the resolvability assessment for transfer strategies (EBA/GL/2022/11), which specify the measures that institutions and resolution authorities should take to improve resolvability of entities, groups or resolution groups when a transfer tool is the chosen resolution strategy.

International activities

In exercising its powers to resolve IFs, the CNMV participates in various international forums and working groups. At the European level, it is a member of the EBA's Resolution Committee (ResCo), which held four meetings in 2023. Key activities in which the CNMV was involved include analysing lessons learned from past resolution cases, conducting resolution simulations, and drafting guidelines to enhance resolvability.

In 2023, the CNMV played an active role in several subgroups established by EBA-ResCo, such as the Subgroup on Resolution Planning and Preparation (SGRPP) and the Subgroup on Resolution Execution (SGRE). The SGRE, which convened six times, focused on carrying out mock resolution exercises and revising the regulations concerning independent assessors for resolution processes. Meanwhile, the SGRPP, which met four times, concentrated on monitoring the minimum requirement for own funds and eligible liabilities (MREL) and improving resolution plans based on the outcomes of various resolution cases.

In 2023, the CNMV also submitted its feedback on the legislative proposal put forward by the European Commission to adjust and enhance the European Union's current framework for bank crisis management and deposit insurance (CMDI). The aim of this adjustment is to reinforce the resolution framework for small and medium-sized institutions.

II.4.2 Resolution of central counterparties (CCPs)

Law 6/2023 finalises the designation of the CNMV as the resolution authority for central counterparties (CCPs), a role confirmed by the Ministry of Economy in 2022. This Law grants the CNMV the necessary powers in this domain and establishes the corresponding sanctioning regime within the Spanish legal framework.

At the end of 2023, the CNMV established the BME Clearing Resolution College, in accordance with the European Regulation on the recovery and resolution of CCPs. The primary aim of this college is to facilitate cooperation between supervisory and resolution authorities, especially during the preparatory stages of resolution. The college includes all relevant authorities, pertinent members of the European System of Central Banks, the central banks that issue the Union currencies in which the cleared financial instruments are denominated, the relevant ministry, the European Securities and Markets Authority (ESMA), and the European Banking Authority (EBA), with ESMA and EBA having non-voting rights. The BME Clearing Resolution College is composed of ten voting members and two non-voting members.

Throughout 2023, the CNMV continued to advance the development of the resolution plan, focusing particularly on identifying the CCP's essential functions. These functions are defined as activities, services, or operations performed for third parties external to the CCP, whose discontinuation could disrupt services vital to the real economy or financial stability. To identify these functions, the CNMV evaluates factors such as the CCP's size, market share, internal and external connections, complexity, and cross-border activities. Special attention is given to the substitutability of these activities, services, or operations.

The CNMV has notified ESMA of its compliance with the following guidelines:

— Guidelines on the circumstances under which a central counterparty (CCP) is considered non-viable or likely to become non-viable.[4]

— Guidelines on the methodology to be used by the resolution authority to assess the valuation of contracts prior to termination.[5]

— Guidelines on the written arrangements and procedures for the operation of central counterparty resolution colleges.

Internal procedures and transparency in CCP resolution functions have been enhanced. The procedure on the resolution of CCPs (P18) was published on the CNMV's website at the end of 2023. An internal service instruction has also been established to regulate cooperation and information exchange between the supervisory and resolution functions assigned to the CNMV, as well as to manage potential conflicts of interest that may arise between the two functions.

A new section[6] has been added to the CNMV website, which provides information on applicable regulations and other relevant documents, as well as on relevant activities carried out by the CNMV. This aims to promote greater general awareness of the new resolution functions attributed to the institution.

The process of contracting independent valuers has begun, and there are plans to develop action manuals and conduct a test exercise to verify their suitability and applicability.

International activities

In 2023, ESMA established the Central Counterparty Resolution Committee (ESMA-CCP ResCo), of which the CNMV is a member. This committee is responsible for preparing regulatory decisions related to the resolution of CCPs, promoting the development and coordination of resolution plans, and devising methods for resolving non-viable CCPs within the European Union.

4 https://www.esma.europa.eu/sites/default/files/2023-06/ESMA91-372-2070_Guidelines_FoLTF_Art.22_6__CCPRRR.pdf

5 https://www.esma.europa.eu/sites/default/files/2023-06/ESMA91-372-206_Guidelines_on_Valuation_prior_to_Termination.pdf

6 https://www.cnmv.es/portal/resoluciones/ecc.aspx?lang=en

Since 2022, the CNMV has co-chaired the FSB's Cross-Border Crisis Management Group for Financial Market Infrastructures (FSB-fmiCBCM). This group is tasked with developing international standards, monitoring the progress of crisis management groups for systemic CCPs across multiple jurisdictions, and assessing the advancement of relevant authorities in resolution planning, in line with the expectations set out in the FSB's resolution policy. The group held its first in-person meeting since COVID at the CNMV headquarters on 25 May 2023.

One of the main areas of work within the FSB concerns the review of the financial resources available for CCP resolution. To gather input from industry and academia on this issue, a consultative report was published in 2023. This report proposes a set of resources and tools that should be available to the resolution authority in the event of a CCP resolution, establishing a new global standard, and addresses ways to promote their implementation. A meeting was also held with academics and industry representatives to gather preliminary feedback on the approach proposed in the report.

The CNMV has played a significant role in its preparation by co-chairing the FSB-fmiCBCM and being part of the drafting group. The CNMV also participates in the FSB Resolution Steering Group (FSB-ReSG), which will approve the final version of the document for submission to the FSB plenary. The aim is to secure final approval and publication in the course of 2024.

In 2024, technical notes on the findings and recommendations from the Financial Sector Assessment Program (FSAP) review conducted by the International Monetary Fund in 2023 will be published. This review covered various areas, including the role of the Spanish authorities in market infrastructure crisis preparedness and CCP resolution procedures, ensuring alignment with the FSB's international standards and principles.

II.5 Monitoring and actions relating to financial stability

The main actions of the CNMV in the area of financial stability focus on the development of exercises and analyses for identifying and monitoring systemic risks, as well as its contribution, as the supervisory authority for stock markets, to national and international committees on the subject, notably the Spanish Macroprudential Authority Financial Stability Council (AMCESFI) and the European Systemic Risk Board (ESRB). In recent years, the work carried out within the International Organisation of Securities Commissions (IOSCO) and the Financial Stability Board (FSB) has been particularly important in improving risk identification and mitigation in the area of investment funds. It is also worth noting the specific efforts related to systemic market infrastructures, as well as the work in the field of entity resolution, which are addressed in other chapters of this report.

II.5.1 Analysis of financial stability and systemic risk

The CNMV's analyses of systemic risk and financial stability evolve each year with new work items, drawing on a variety of indicators that differ in nature and update frequency. In the financial markets, the most relevant indicators are calculated daily or weekly and typically relate to assessing stress levels in the financial system or conventional financial risks, such as market, liquidity, credit, or contagion risks. For supervised institutions, the most detailed analyses are carried out on investment funds, as these entities are the most significant in quantitative terms for non-bank financial intermediation (NBFI) in Spain. The risk assessment of these institutions focuses not only on evaluating potential liquidity mismatches and leverage-related vulnerabilities but also on the credit and interest rate risks of their portfolios, both of which have become increasingly important over the past two years.

In 2023, financial stability analyses continued to focus on the potential consequences of higher interest rates. However, other significant risks, such as those related to the development of financial technology, were also examined. The CNMV also regularly conducted stress tests to evaluate the ability of funds to manage a substantial increase in redemptions. The scope of these stress tests was expanded to include adverse climate change scenarios. The results of these analyses are typically published in two types of regular reports: the *Financial Stability Note* and the *Non-Banking Financial Intermediation in Spain* monitor, or alternatively, as working papers. This chapter also specifically references the study of leverage in alternative investment funds (AIFs), highlighting its importance in the risk analysis of investment funds and its mandatory nature under European regulations.

In addition to the work carried out in 2023, attention should be drawn to the opinion published in 2024 by four major European market authorities (Spain, Austria, France, and Italy) regarding the European Commission's public consultation on the macroprudential treatment of risk in asset management. These authorities jointly shared their opinion on the priorities in this area. They recognise the importance of discussions on risks in the NBFI sector but emphasise its high diversity and the need to clearly define which risks are being targeted. Their opinion also noted that capital requirements and liquidity buffers may not be the most effective solutions for mitigating these risks in terms of financial stability.

These authorities have identified five priorities, with the first three focused on the short and medium term, and the last two on the long term. The priorities are as follows: i) ensuring the broad availability and increased use of liquidity management tools (LMTs) across all types of open-ended investment funds (OEFs), ii) banning amortised cost accounting for money market funds, iii) conducting system-wide stress testing to better understand the vulnerabilities of each asset management group and their interconnections, iv) implementing a truly consolidated supervisory approach for large cross-border asset management groups, and v) creating an integrated data centre shared by market supervisors and central banks.

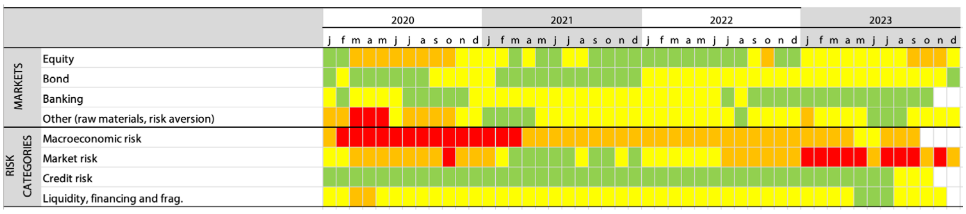
Financial Stability Note

***The Financial Stability Note*,[1] published every six months, describes recent developments in market stress indicators, heat maps (see Figure II.5.1.1), and the most significant sources and categories of financial risk.** In 2023, there was a gradual fall in the level of stress in Spanish financial markets, only briefly interrupted by the banking system crisis in the United States and Switzerland during the spring months. As discussed in Chapter I.1, the system's stress level ended the year at a low-risk level due to increases in asset prices (generally speaking), strong liquidity indicators, contained risk premiums, and low levels of volatility. The only segments showing slightly higher stress levels were those related to fixed income, which are more closely tied to developments in monetary policy.

The sources of uncertainty described in the Note remained varied and of differing significance. Risks associated with maintaining interest rates at relatively high levels compared to recent years (though not to historical averages) continued to be a major focus of the Note. However, risks related to potential losses in the value of fixed income portfolios became less pronounced. The Note also highlighted other significant risks, such as those stemming from geopolitical factors, the macroeconomic environment, and various emerging technological challenges. These include issues related to crypto-assets, cyber risks, and the development of generative artificial intelligence. Starting from the end of 2023, the Note's appendix of indicators includes two new sections: one on crypto-assets and the other on sustainable finance.

1 CNMV - *Financial Stability Note*.

Heat map: summary by markets and risk categories FIGURE II.5.1.1



Source: CNMV. For more detail on the construction of these maps, see the article by Cambón, M.I. (2015). "Identification of vulnerabilities in the Spanish financial system: an application of heat maps". *CNMV Bulletin, Quarter I*, pp. 109–121.

Non-bank financial intermediation

Non-bank financial intermediation (NBFI) is a term that is sometimes used broadly to refer to all financial institutions or activities carried out outside the banking sector. Therefore, risk analysis must be tailored to the diverse nature of the entities and products involved. This category may include investment funds, pension funds, insurance companies, money market funds, structured finance vehicles, securitisations, alternative investment vehicles,[2] and central counterparty clearing houses. These entities are subject to varying levels of regulation and supervision, and the risks they face can differ significantly. Consequently, their analysis must be customised for each specific type of entity.

The CNMV's annual publication entitled *Non-Banking Financial Intermediation*[3] *in Spain* analyses trends and assesses the risks of what is referred to as the narrow measure of NBFI. This measure is calculated according to the criteria established by the FSB, which considers only those institutions whose activities fall within one of the five economic functions defined by the FSB.[4] The volume of NBFI assets in Spain stood at €300 billion at the end of 2022, an 8.6% decrease from 2021. This figure represents around 6% of the total financial system, a percentage that has remained relatively stable since 2014 and is lower than that of other advanced economies (around 14%). The most prominent entities in this NBFI measure continue to be collective investment schemes (93%) and, to a much lesser extent, securitisation vehicles (3.8%).[5]

2 Such as, for example, venture capital, closed-ended collective investment companies or hedge funds.

3 CNMV - Non-bank financial intermediation monitor.

4 See FSB (2013). *Strengthening Oversight and Regulation of Shadow Banking. Policy Framework for Strengthening Oversight and Regulation of Shadow Banking Entities.*

5 The remaining entities in the narrow NBFI measure are financial credit institutions (2.4%), mutual guarantee companies (0.5%), and broker-dealers (0.3%).

Level of NBFI involvement in financial risks (2022)

FIGURE II.5.1.2

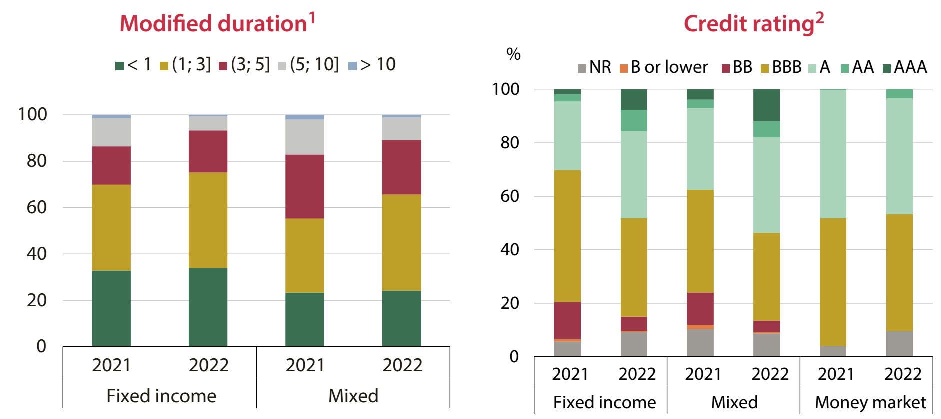
	Investment funds			Finance companies	Broker-dealers	SPVs
	Monetary	Fixed income	Mixed			
Credit risk	●	●	◐	●	●	●
Maturity transformation	○	◐	○	○	○	◐
Asset liquidity	◐	◐	◐	●	●	●
Leverage	○	○	○	◐	◐	●
Interconnectedness with the banking system	○	○	○	○	○	●
Relative importance (%)	1.1	20.2	31.7	11.0	0.9	30.6

Source: CNMV. The colour gradation from low to high intensity is related to the level of involvement in the risk.

Overall, the analysis of risks associated with NBFI in the securities markets continued to show no significant vulnerabilities at the national level. For investment funds, which constitute a significant portion of the NBFI sector, more detailed analyses are conducted, in addition to the usual risk indicators, to assess credit risk (based on the credit ratings of portfolio assets), liquidity risk (through analysis of the portfolios of the collective investment schemes in which the funds invest), and interest rate risk (estimated by the modified duration of the fixed income portfolio). Furthermore, the leverage of investment funds is assessed through the use of derivatives, which remained very low, with no evidence of widespread or intensive use of these instruments.

Analysis of fixed-income portfolio of investment funds

FIGURE II.5.1.3



Source: CNMV. (1) Money funds are not included as their entire fixed income portfolio has a duration of less than 1 year. (2) Distribution of the fixed income portfolio of the three categories of NBFI funds (fixed income, mixed and monetary) based on the credit ratings of their assets in the portfolio. NR: no rating.

The analysis of the use and availability of macroprudential tools for NBFI entities is highly relevant. For investment fund managers, alongside regulatory measures that structurally limit the risks faced by these institutions, particular attention should be given to tools related to the liquidity management of these vehicles (see Exhibit 16 for more details on the tools available in Spain). A detailed analysis of Spanish funds shows a high availability of such tools in their contractual documents. According to the latest data, 84% of investment funds (by assets) included the option to require advance notice[6] in their prospectuses, and 41% had provisions for using a swing pricing mechanism, either in the prospectus or through a relevant fact communication.

The stress tests conducted on investment funds – one of the tools used by supervisors to assess the resilience of their supervised entities in very adverse scenarios – continue to show high resilience to potential mass redemptions. These tests aim to evaluate the risk known as liquidity mismatch in investment funds, one of the most significant risks for these institutions from a financial stability perspective. This risk involves a potential mismatch between a fund's redemption profile and the liquidity of its portfolio. To address this, a semi-annual exercise is conducted using a methodology initially developed by the European Securities and Markets Authority (ESMA) (STRESI framework [ESMA, 2019][7]) and later extended by the CNMV (see Ojea's paper, 2020).[8] The latest results from the exercise conducted in June 2023 reveal that even under the most severe scenario (up to 19 times more demanding than the worst week of the COVID-19 crisis), only 8 funds,[9] representing 0.24% of the total assets in the sample, could face difficulties in meeting such redemptions.

Macroprudential tools in the field of open-ended investment funds[1]

EXHIBIT 16

The investment fund sector is one of the most significant sub-sectors of non-bank financial intermediation (NBFI), both in Spain and globally. Recent events, such as the substantial redemptions experienced by some funds during the early stages of the COVID-19 crisis or the challenges faced by funds employing LDI (liability-driven investment) strategies in the United Kingdom in 2022, have underscored the potential of these institutions to generate instability within the financial system. Leading international bodies (FSB and IOSCO) and European authorities (ESRB and ESMA) are currently analysing the potential financial stability risks posed by investment fund operations and the most effective tools to mitigate these risks. This Exhibit outlines the tools available in Spain to reduce or mitigate the transmission of risks from the investment fund sector to the broader financial system.

Investment fund activity primarily involves two types of risk: liquidity risk and leverage risk. Liquidity mismatch risk arises when there is a discrepancy between the time period in which investors receive liquidity from their redemptions and the time the fund manager requires to liquidate the necessary investments to fulfil these redemption payments. This mismatch is particularly pronounced in funds that offer investors daily redemptions while holding a significant portion of their portfolio in illiquid assets.

6 In all cases, there were notices of up to 10 days when redemptions exceeded 300,000 euros.

7 ESMA (2019). *Stress simulation for Investment funds.* ESMA Economic Report.

8 Ojea, J. (2020). "Quantifying uncertainty in adverse liquidity scenarios for investment funds". *CNMV Bulletin.* Quarter II, pp. 23–44.

9 Of which, four belonged to the category of high-yield fixed income and four to the category of "Others".

The risk of liquidity mismatch is closely linked to asset valuation practices. In situations of financial stress, if the valuation of a fund's assets does not quickly adjust to market conditions, including potential illiquidity costs, investors who redeem their shares first may do so under more favourable conditions. This scenario, known as the "first-mover advantage", can create inequitable situations among investors and could trigger massive redemption spirals, exacerbate asset sales, and destabilise the financial system.

Leverage allows a fund to increase its exposure to a portfolio of assets beyond the value of its own capital. This leverage can be achieved through financial borrowing or by trading in financial derivative instruments. Excessive use of leverage can magnify existing risks, such as liquidity or market risk, to levels that may become unmanageable. The use of derivatives is particularly significant because it can lead to substantial liquidity requirements for funds in certain situations, such as margin calls, and it can also increase counterparty risk and create greater interconnections with other market participants.

The regulation of Spanish investment funds includes several measures and tools that can be considered macro-prudential. Most of these measures were originally established to protect investors. However, when applied to all open-ended investment funds, they can also have a stabilising effect on the financial system as a whole. Macro-prudential tools can be classified into two types: i) structural measures established by regulations that limit the risks Spanish investment funds can undertake, and ii) liquidity management tools permitted by our regulatory framework that investment fund management companies can use.

i) Structural measures outlined in Spain's collective investment scheme (CISs) regulations.

99% of open CISs domiciled in Spain, in terms of assets, are harmonised. This means they are either subject to the precepts of the UCITS Directive or are quasi-UCITS,[2] which imposes limitations on the risks they can individually assume. The main requirements in this regard are:

– **Eligible assets.** Funds must invest primarily in listed assets and are subject to limits on investments in unlisted assets, along with risk diversification rules.

– **Liquidity management.** Managers must have adequate internal procedures to continuously monitor the level of liquidity risk of the CISs under their management and ensure these are sufficient to meet their obligations.

– **Limits on leverage.** Direct borrowing is limited to 10% of the fund's assets and is only permitted temporarily to meet transient liquidity needs. Leverage through derivatives is capped at 100%.

ii) Liquidity management tools available in Spain.[3]

These tools can be categorised into three groups: anti-dilutive tools, tools that provide flexibility to meet redemptions, and tools that restrict or limit redemptions.

– **Anti-dilutive tools.**

These tools aim to pass on the transaction costs incurred by the fund at the time of selling (or purchasing) assets to the investors who are redeeming (or subscribing). When applied to redemptions, these measures help prevent the first-mover advantage described earlier. Three such tools can be applied in Spain: **swing pricing, valuation at bid or ask prices, and applying a discount in favour of the fund** during redemptions or subscriptions. The first of these tools, swing pricing, is probably the most widely used internationally during periods of market turbulence. It adjusts the net asset value upwards for subscriptions or downwards for redemptions by applying a factor that incorporates the transaction costs the fund will incur. The second tool, valuation at bid or ask prices, allows funds to switch from valuing at mid-market prices to bid or ask prices under certain conditions, and was extensively used by Spanish fund managers during the pandemic.

– **Tools that provide the fund with flexibility to meet redemptions.**

This group has two main tools: **notice periods**, whereby unitholders are required to give advance notice of their intention to redeem; and **extension of the redemption settlement period** (this can be extended up to a maximum of five business days). In both cases, the manager gains more time to conduct an orderly sale of assets and fulfil redemption requests.

– **Tools that limit or restrict redemptions.**

These include: i) maximum redemption limits, ii) side pockets or special purpose sub-funds, iii) partial redemption suspensions, iv) full redemption suspensions, and v) in-kind redemptions.

Maximum redemption limits (gates) set a cap on the amount that can be redeemed on each redemption date. They can be applied in real estate and hedge funds. **Side pockets** (or special purpose compartments) are created to segregate the illiquid assets of an investment fund, with the intention of liquidating them in the future. The liquid assets remain in the original fund, which continues to operate as usual. **Partial redemption suspensions** occur when trading is suspended in the markets where some of the fund's assets are listed (for example, during the early stages of the Russian invasion of Ukraine). In such cases, the fund continues to process subscriptions and partial redemptions for the unaffected portion, with the remaining redemptions becoming effective once trading resumes. The **suspension of redemptions** is a tool that can only be activated in exceptional circumstances and allows the manager to temporarily halt both subscriptions and redemptions. Finally, using a tool known as **redemptions in kind**, redemptions are made by distributing assets from the fund's portfolio as payment.

The CNMV's role in macroprudential policy is twofold: firstly, it ensures that investment funds comply with regulatory limits and that their management companies implement appropriate risk management policies, including the proper use of liquidity management tools. Secondly, in exceptional situations and to ensure financial stability, the CNMV may activate or urge fund managers to activate some of these tools. The CNMV has direct authority over three of these measures: i) increasing investment in highly liquid assets, ii) requiring prior notice for redemptions with no time limit or minimum amount, and iii) temporarily suspending redemptions.

An important element in the formulation of an effective macroprudential policy is the regulator's availability of data. In this regard, the CNMV stands out internationally among regulators for having extensive information on the activities of investment funds.[4] This allows it to ensure compliance with regulatory limits and to monitor the risks assumed by the funds. Furthermore, this wealth of information enables Spain to adhere to the recommendations and guidelines of international organisations, as evidenced by recent assessment processes[5] conducted by IOSCO and the FSB. The CNMV is committed to proactively and continuously adapting the Spanish regulatory framework to incorporate any necessary changes or improvements. This ensures alignment with new guidelines resulting from ongoing international work on investment funds and their impact on financial stability.

1 This exhibit presents a summary of the article by Cambón, M.I. and Pedrón, G. (2023). "Herramientas macroprudenciales en el ámbito de los fondos de inversión abiertos". Bank of Spain, *Revista de Estabilidad Financiera*, No. 45 (autumn).

2 The term quasi-UCITS (an unofficial term) generally refers to those funds which, under Article 72 of the CIS Act Implementing Regulation, are granted a certain degree of additional flexibility compared to harmonised CIS or UCITS.

3 The provisions allowing their use are found in Law 35/2003, of 4 November, on Collective Investment Schemes, in the implementing regulations (Royal Decree 1082/2012), and in CNMV Technical Guide 1/2022 on the management and control of the liquidity of collective investment schemes.

4 See FSB (2022). *Assessment of the Effectiveness of the FSB's 2017 Recommendations on Liquidity Mismatch in Open-Ended Funds,* which points to the data reporting model to the regulator in Spain (CNMV) as an example of a good practice.

5 See footnote 3 and *Thematic Review on Liquidity Risk Management Recommendations*.

Leverage of alternative investment funds (AIFs)

AIFs have greater flexibility than UCITS for leveraging (both directly and indirectly) and are thus more prone to posing financial stability risks. For several years now, the degree of leverage in these institutions has been analysed from the perspective of generating or propagating systemic risk, as required by European regulation and outlined in Article 25 of the Alternative Investment Fund Managers Directive (AIFMD).[10]

10 See this same chapter of the *2022 Annual Report*, which summarises the guidelines prepared by ESMA for the harmonised application of this article, establishing common criteria and indicators to be observed by the different national authorities when carrying out this analysis.

AIFs in Spain comprise four categories of CIS: quasi-UCITS,[11] hedge funds (and funds of hedge funds), real estate CISs, and venture capital firms and closed-ended collective investment schemes (VCFs and CCISs). In the analyses conducted to date by the CNMV, following ESMA's criteria, no AIF, or group of AIFs, has been identified as likely to generate systemic risk.

Preliminary analysis of the leverage of AIFs in 2023,[12] using data available at the time of writing, reveals that the average leverage of these institutions remains very low and is of little significance from a financial stability perspective. Based on the ratio of assets under management to[13] equity and the average liquidity percentage,[14] the average leverage levels for each group of AIFs were estimated. These range from 12.7% for VCFs and closed-ended CISs to 48.4% for real estate CISs. In these two types of AIF, leverage is primarily generated through financial borrowing. In other entities, such as investment funds and quasi-UCITS SICAVs, with an average leverage level of 21.4%, leverage is mainly obtained through derivatives. Finally, hedge funds and funds of hedge funds, despite having a much more flexible regime, maintain very moderate leverage levels averaging 12.9%. However, it is important to note that these institutions invest a significant portion of their assets (around 50%) in other investment funds. The indirect leverage assumed through these investments is not currently captured in the European reporting framework, which means the estimated leverage for these institutions is likely understated.

Average gross leverage of AIFs registered in the CNMV (December 2023)

TABLE II.5.1.1

AIF type[1]	Assets (millions of euros)	Average gross leverage[2] (%)
Venture capital firms and closed-ended collective investment schemes	33,743	12.7
Quasi-UCITS	26,652	21.4
Hedge funds and funds of hedge funds	5,594	12.9
Real estate CISs	1,054	48.4
Total	**67.043**	

Source: CNMV. (1) The table does not include AIFs registered in other Member States of the European Union which are managed by Spanish managers. Total assets amount to €2.40 billion. (2) Indirect leverage, i.e. investment in other leveraged CISs, is not considered in the calculations as it is not reported in the European reporting model.

11 These include investment funds and open-ended collective investment companies (SICAVs) that meet practically all UCITS requirements and are eligible for one or more of the exemptions referred to in Article 72 of the Implementing Regulation of the Collective Investment Schemes Act 35/2005, of 4 November (CISR).

12 Reported according to the information model established in the AIFMD Regulation, not verified by the CNMV.

13 The implementing regulation of the AIF Directive defines the "assets under management" as the sum of the portfolio of assets and the equivalent cash position through derivatives, in gross terms, i.e. with no offsetting of long and short positions.

14 Assets under management do not include liquidity and therefore percentage of liquidity as a part of equity was be added.

II.5.2 Actions in relation to the AMCESFI

The CNMV participates in the AMCESFI through its Board and Technical Committee for Financial Stability (CTEF), in accordance with Royal Decree 102/2019, of 1 March, which creates the Macroprudential Authority Financial Stability Board. The CNMV is also involved in working subgroups created to analyse specific issues in depth, such as interconnections within the financial system, crypto-assets, and risks arising from climate change. In 2023, the AMCESFI Board and Technical Committee returned to a regular schedule of meetings, without the need to increase their frequency as had been necessary in previous years (for example, during the pandemic or following Russia's invasion of Ukraine). Aside from the regular risk analysis topics, a specific study was conducted in 2023 on the banking crisis in the US and Switzerland that occurred between March and May.

The CNMV played an active role in the two publications issued by the macroprudential authority in 2023: the Annual Report and the Biennial Report on Climate Change Risks to the Financial System. In the first report, the CNMV contributed significantly to the assessment of the securities markets and the NBFI, as well as the interconnections between subsectors of the financial system. The second report, released in September, complies with the mandate set out in Law 7/2021, of 20 May, on climate change and energy transition. This Law requires the three national financial system supervisors, coordinated by the AMCESFI, to assess the risk climate change poses to the Spanish financial system and to jointly prepare a biennial report on this issue. In this area of work, the CNMV made two key contributions: i) the first focused on securities issuers, including an analysis of how well these issuers align with the climate goals of the Paris Agreement and addressing aspects related to governance, strategy, risk management, and emission reduction targets and metrics in the context of climate change; ii) the second focused on investment funds, estimating the impact on these institutions under a scenario of a late and disorderly transition. The full versions of these two analyses were published as CNMV working papers.

II.5.3 Actions in relation to the ESRB, IOSCO and the FSB

European Systemic Risk Board (ESRB)

During 2023, the ESRB continued its macro-prudential oversight of the EU financial system. In its securities market-related activities, the ESRB focused on issues related to climate change, crypto-assets and decentralised finance, and cyber security events. For decentralised finance, the ESRB concluded that the turmoil in crypto markets had a limited impact on systemic risk formation, mainly because of the reduced link between these markets and the traditional financial system. The ESRB also urged authorities to improve the cyber resilience of the financial system, conduct cybersecurity stress tests, and develop tools to ensure appropriate responses to cybersecurity incidents.

The CNMV participated in the meetings of the Technical Advisory Committee (TAC) and those held jointly with the Financial Stability Committee (FSC). In addition to the previously mentioned initiatives, these committees worked on the overall assessment of risks to financial stability in the European Union and specifically analysed the impact of rising interest rates on various sub-sectors of the financial system. They also designed a liquidity stress test for the financial system as a whole.

Beyond its contributions to the Technical Advisory Committee, the CNMV was directly involved in the joint ECB/ESRB project on climate change and in an expert group on non-bank financial intermediation. The task force on climate change published a report proposing a macro-prudential framework for monitoring risks arising from global warming and developing concrete measures to address climate risks. The financial impact of deteriorating natural conditions was also examined, leading to the conclusion that global methodologies must be developed to adequately assess the risks associated with ecosystem degradation.

In the area of non-bank financial intermediation, a new edition of the *Non-bank Financial Intermediation Risk in Spain* monitor was prepared.[15] This report identified three key risks and vulnerabilities: i) the potential impact of the economic slowdown and worsening financial conditions on credit risk; ii) the risks arising from excessive leverage and its amplifying effect on financial contagion and systemic risk; and iii) the adverse impact of declining liquidity for intermediaries involved in maturity transformation. Furthermore, discussions were held on how European investment fund regulations could be revised to mitigate systemic risk in vehicles with significant exposure to corporate debt and real estate assets.

Finally, at the start of 2023, the ESRB published a recommendation on vulnerabilities in the commercial real estate sector within the European Economic Area.[16] Recommendation ESRB/2022/9, aimed at a broad array of supervisory and macro-prudential authorities, calls for enhanced oversight of the risks associated with financial institutions' exposures to the commercial real estate sector, and where necessary, the implementation of appropriate macro-prudential measures. It also emphasises the importance of ensuring that financial institutions adequately identify, monitor, and manage the risks arising from these exposures.

IOSCO

The CNMV's most significant work in the area of financial stability within the International Organisation of Securities Commissions (IOSCO) is carried out by three groups: the Committee on Emerging Risks (CER), the Core Expert Group (CEG), and the Financial Stability Engagement Group (FSEG).

In the first of these groups, which consists of experts in economic and market analysis from IOSCO's member authorities, the objectives and priorities outlined in the 2022 biennial Risk Outlook were reviewed throughout 2023. The aim was to determine whether any corrections or adjustments to the priorities presented to the organisation's Board were necessary. One of the procedural innovations introduced was the use of plenary meetings with key figures in the financial industry, including rating agencies, multinational organisations such as the International Monetary Fund (IMF), and institutional investors.

Work in the area of private finance remained a central focus for the group, culminating in the publication of a report at the end of the year. The report analysed the challenges that this type of investment, as well as the associated

15 https://www.esrb.europa.eu/pub/pdf/reports/nbfi_monitor/esrb.nbfi202306~58b19c8627.en.pdf
16 https://www.esrb.europa.eu/pub/pdf/recommendations/esrb.recommendation221201.cre~65c7b70017.en.pdf

fundraising and management practices, may pose to the mandate and objectives of IOSCO member organisations. It was determined that, although this does not yet seem to pose a significant risk to financial stability, a concerted effort is needed to identify areas where the available information should be strengthened to enable the adoption of measures aimed at minimising risks to the rest of the financial sector. The IOSCO Board tasked the CER with conducting a stocktake of the information and data available in the jurisdictions of its members as a first step in this direction.

Another key area of focus for the CER was the commercial real estate (CRE) sector. Drawing on evidence of the significant impact that rapid and abrupt interest rate increases and the structural shift in demand for office and retail space have had on the sector in several countries, the committee began analysing CRE valuations and the emerging high refinancing risks. These risks could potentially lead to substantial losses for lenders and holders of related assets, such as commercial mortgage-backed securities (CMBS). While no significant systemic risk related to this activity has been identified so far, the authorities remain vigilant due to the considerable interconnections between this sector, the real economy, and the financial sector. The CER is expected to present its preliminary findings in the first half of 2024.

In the FSEG,[17] the CNMV participated in regular meetings held by the group to share information and coordinate the work on financial stability carried out by various IOSCO committees in collaboration with the FSB. As part of this collaboration, work continued in 2023 on initiatives aimed at mitigating liquidity risk in open-ended investment funds (OEFs). This included a review of the FSB's 2017 Recommendations, particularly those focused on reducing liquidity mismatches between the assets in which the funds invest and the terms of their redemptions. Further details on this work are provided in the following section on the FSB.

Concurrently, a task force established within IOSCO's Core Expert Group, which included participation from the CNMV, developed a guide on the use of anti-dilutive liquidity management tools. This guide outlines the key elements to consider in the design and implementation of these tools, which aim to pass on the transaction costs from the purchase or sale of securities associated with subscriptions or redemptions to the investors involved. In crisis situations and during periods of high redemption rates, these tools allow liquidity costs to be imposed on investors who redeem their shares, thereby protecting those who remain in the fund and preventing massive redemption spirals. As a result, the use of these tools is seen as particularly important for maintaining financial stability. IOSCO's guide aims to promote the broader and more consistent use of these tools among fund managers and across different jurisdictions.

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17 The FSEG is a group of the IOSCO Board to address aspects of financial stability and reduce systemic risk through collaboration with the FSB and other international organisations, among other channels. Its creation was agreed on at the IOSCO Board meeting in February 2020, under the direction of the CFTC and the French AMF.

Financial Stability Board (FSB)

The FSB promotes international financial stability by coordinating the work of national financial authorities and standard-setting bodies. The actions carried out by the FSB aim to establish a level playing field through the implementation of its policies by member jurisdictions and their national authorities. **The CNMV participates in the work carried out by the FSB and is a member (through its Chairperson) of one of its permanent committees, the Standing Committee on Standards Implementation (SCSI).**

Also, the CNMV co-chairs the fmiCBCM sub-group, which monitors the progress of crisis management groups for systemic central counterparties (CCPs) operating in multiple jurisdictions, and is involved in the FSB Resolution Steering Group (FSB-ReSG). The FSB-ReSG is tasked with developing international standards, monitoring the progress of systemic CCP crisis management groups across various jurisdictions, and assessing the advancements made by relevant authorities in resolution planning, in line with the expectations outlined in the FSB's resolution policy (see Chapter II.4, "Resolution"). The CNMV also participates in the Non-bank Monitoring Expert Group (NMEG), where it makes significant contributions not only in terms of statistics but also in analysing the concept of Non-bank Financial Intermediaries (NBFIs) and the associated risks.

During 2023 the CNMV participated in the task force that reviewed the 2017 FSB Recommendations on liquidity mismatch risk in open-ended investment funds. This work, led by the Supervisory and Regulatory Committee (SRC), was carried out in parallel with IOSCO's efforts on anti-dilutive liquidity management tools (mentioned earlier).

The aim of this review is to enhance the liquidity management practices of open-ended funds, focusing on two key aspects: first, by categorising funds into three groups based on the percentage of investments in highly liquid, less liquid, and illiquid assets. The frequency of redemptions and the application of liquidity management tools would be aligned with these categories. Second, by encouraging the use of liquidity management tools, particularly anti-dilutive tools.

Two lines of work remain to complete the effective implementation of the 2017 recommendations: the first involves developing regulatory reporting to provide authorities with data to monitor the liquidity risk of investment funds, as envisaged in the European Union's reform of the AIFMD and the UCITS Directive; the second involves conducting stress tests required of the authorities to evaluate the resilience of investment funds against crisis scenarios and their interconnections with the financial system. At the end of 2023, work began on the first task. To this end, a task force was established to launch a pilot programme aimed at cross-checking the available data and identifying any gaps. The CNMV is a member of this task force.

II.6 Investor assistance

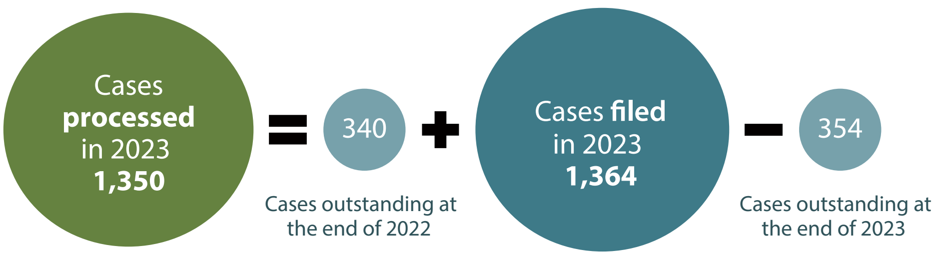
One of the CNMV's essential functions is to protect investors in the securities markets. The activities described in this chapter include direct support to retail investors, offering them information or a means to lodge complaints about the potentially deficient operations of investment firms in their dealings with clients. This chapter provides only a brief summary of these activities, as the CNMV publishes an annual report on complaints and queries,[1] which contains more detailed and comprehensive information on this service.

The CNMV also focuses on assisting small investors by warning them about fraudulent practices in the securities markets carried out by unauthorized individuals and entities, commonly known as "boiler rooms". Moreover, the CNMV aims to alert investors to activities that, while similar to regulated securities market activities, fall outside its jurisdiction.

Another form of investor protection is through overseeing the advertising related to the sale, platforms, or markets of crypto-assets, ensuring that it is not misleading for retail investors, who might find these types of products complex to understand.

II.6.1 Claims and complaints

The number of cases filed by investors requesting the opening of a claim was similar to the previous year, although there has been an increase compared to pre-2022 levels. Specifically, there were 1,364 cases in 2023 and 1,371 in 2022, compared to 1,254 in 2021, 1,242 in 2020, 1,077 in 2019, and 1,018 in 2018. Below is the data on the processing of these cases:

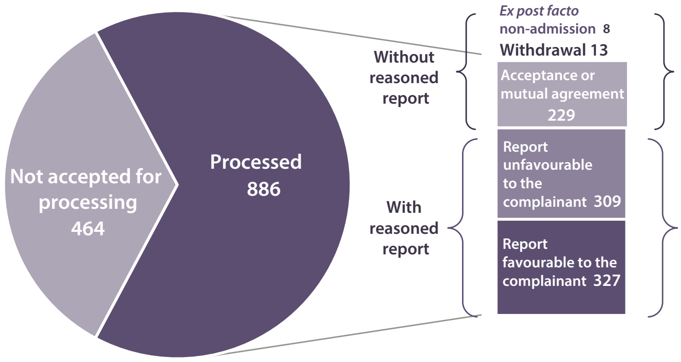


The Claims and Complaints Service closed 1,350 cases. Compared to the previous year, there was a 6.7% increase in the number of cases rejected, a 2% increase in those closed without a reasoned final report, and an 18.2% increase in those closed with a reasoned final report. The following figure illustrates how these 1,350 cases were resolved.

1 https://www.cnmv.es/portal/publicaciones/publicacionesgn.aspx?id=23&lang=en

Claims and complaints concluded, by type of resolution FIGURE II.6.1.1

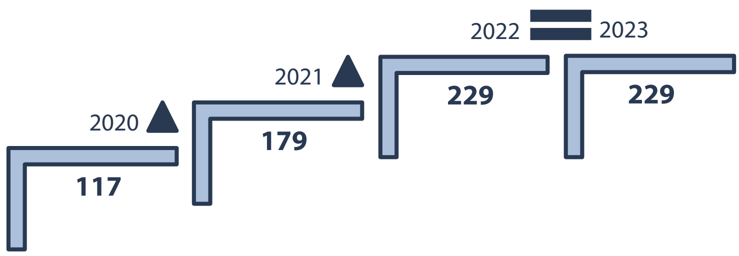
Number of claims and complaints



Source: CNMV.

Institutions settled or reached an agreement with the claimant in over a quarter of the complaints processed (25.8%), continuing a trend that has been rising in recent years. In these instances, the institutions meet the claimant's demands during the processing of the case, which therefore concludes without a reasoned report on the merits of the complaint. The figure below illustrates the number of acceptances and mutual agreements reached in recent years.

Number of acceptances or mutual agreements



Claimants received a favourable report on their claims in 36.9% of the complaints handled in 2023. It is common for institutions to accept the conclusions of these reports or to rectify the situation. In recent years, institutions have reported accepting the criteria of the report or correcting the claimant's situation in around 80% of complaints concluded with a favourable report for the claimant.

In 34.9% of the complaints processed, the report was unfavourable to the claimant, as the facts complained of were in accordance with the regulations on transparency and customer protection or good financial practices and standards.

In terms of the causes of complaints, the most common were those related to fees charged by institutions (19.3%), pre-purchase information provided by institutions (18.7%), incidents in purchase and sale orders (18.4%), and post-purchase information provided by institutions (17.4%). Complaints concerning shares or units of collective investment schemes (CISs) made up 67.6% of the total, while those concerning other types of securities accounted for the remaining 32.4%. The table below provides a breakdown of the causes of the 886 complaints resolved in 2023. It can be observed that the causes are varied and show a different distribution depending on whether they relate to CISs or other securities. The number of causes is higher than the number of claims resolved, as a single file may have multiple causes of complaint.

Reasons for claims and complaints concluded in 2023

TABLE II.6.1.1

	Securities	CIS	Total
Fees	119	101	220
Prior information	27	186	213
Purchase/sale orders	84	126	210
Post-contractual information	79	119	198
Appropriateness/suitability	14	127	141
Ownership/wills	30	54	84
Transfers	12	57	69
CSD operations	5	1	6
Total	**370**	**771**	**1,141**

Source: CNMV.

Claims and complaints processed, by type of resolution

TABLE II.6.1.2

Number of claims and complaints

	2021		2022		2023		% change 23/22
	Number	%	Number	%	Number	%	
Registered with the CNMV's Claims and Complaints Service	**1,254**	**-**	**1,371**	**-**	**1,364**	**-**	**-0.5**
Not accepted for processing	**484**	**-**	**435**	**-**	**464**	**-**	**6.7**
Processed without a final reasoned report	**199**	**23.4**	**245**	**31.3**	**250**	**28.2**	**2.0**
Acceptance or mutual agreement	179	21	229	29.2	229	25.8	0.0
Withdrawal	15	1.8	10	1.3	13	1.5	30.0
Ex post facto non-admission	5	0.6	6	0.8	8	0.9	33.3
Processed with a final reasoned report	**652**	**76.6**	**538**	**68.7**	**636**	**71.8**	**18.2**
Report favourable to the complainant	356	41.8	271	34.6	327	36.9	20.7
Report unfavourable to the complainant	296	34.8	267	34.1	309	34.9	15.7
Total processed	**851**	**100.0**	**783**	**100.0**	**886**	**100.0**	**13.2**
Being processed at the end of the year	**187**	**-**	**340**	**-**	**354**	**-**	**4.1**

Source: CNMV.

Reasons for claims and complaints concluded in 2023 TABLE II.6.1.3

Investment service/ reason	Reason	Securities	CISs	Total
Marketing/execution Advice	Appropriateness/suitability	12	126	**138**
	Prior information	23	183	**206**
	Purchase/sale orders	81	114	**195**
	Fees	110	96	**206**
	Transfers	11	54	**65**
	Post-contractual information	68	111	**179**
	Ownership	11	11	**22**
Mortis causa acquisition	Appropriateness/suitability	2	1	**3**
	Prior information	4	3	**7**
	Purchase/sale orders	3	12	**15**
	Fees	9	5	**14**
	Transfers	1	3	**4**
	Post-contractual information	11	8	**19**
	Ownership	19	43	**62**
CSD operations		5	1	**6**
Total		**370**	**771**	**1,141[1]**

Source: CNMV. (1) There is very often more than one reason stated in the same claim or complaint file..

II.6.2 Enquiries

The CNMV's Investors Department responds to enquiries on matters of general interest relating to the rights of users of financial services and the legal routes for exercising such rights.

In addition to responding to enquiries as defined in Order ECC/2502/2012, of 16 November – which regulates the procedure for submitting complaints to the Bank of Spain, the CNMV, and the Directorate General for Insurance and Pension Funds –, the CNMV assists investors in searching for information available on its website (www.cnmv.es).

The **enquiry channels** include telephone, online form submission – either received directly by the CNMV or forwarded by the Bank of Spain – and paper correspondence. The paper option is provided to accommodate vulnerable individuals, such as those who are elderly or have difficulty accessing the CNMV's electronic channels, allowing them to submit their claims, complaints, or inquiries by post.

In 2023, the number of enquiries handled increased to 10,033. Table II.6.2.1 provides details on the channels used for submitting enquiries. The average response time was 23 calendar days, excluding telephone enquiries, which are addressed on the same day.

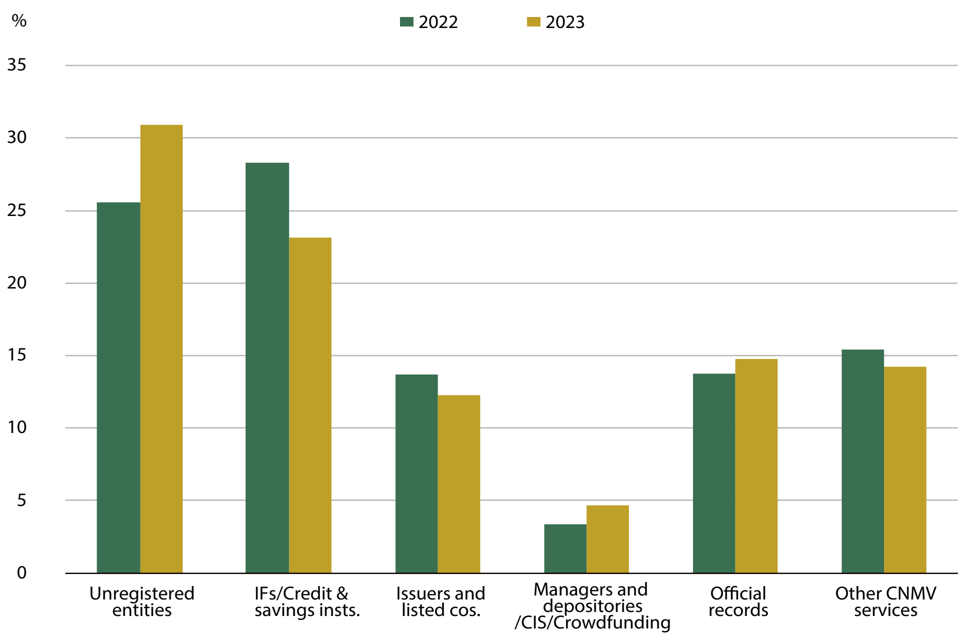
Number of enquiries by channel TABLE II.6.2.1

	2021		2022		2023		% change 23/22
	No.	% of total	No.	% of total	No.	% of total	
Telephone	8,667	83.2	7,947	82.5	8,203	81.8	3.2
Letter	314	3.0	235	2.4	241	2.4	2.6
Form	1,440	13.8	1,448	15.0	1,589	15.8	9.7
Total	**10,421**	**100.0**	**9,630**	**100.0**	**10,033**	**100.0**	**4.2**

Source: CNMV.

The enquiries received in writing through the electronic form or the general registry had various subjects. The most frequent enquiries and complaints pertained to the subjects illustrated in the chart below, which also shows a comparison with the previous year and the percentage distribution by the nature of the enquiry:

Most recurrent subjects of enquiry FIGURE II.6.2.1



Source: CNMV.

In addition to these common topics, investors also made enquiries about issues related to market conditions or specific events in 2023. These included:

— Enquiries about the restrictions and limitations set out in the **CNMV Resolution, of 11 July 2023, on product intervention measures concerning Contracts for Difference (CFDs) and other leveraged products**, which restricts the advertising of CFDs and limits trading in other leveraged financial instruments.

— Enquiries about **investing in Spanish Government bonds**, primarily regarding the fees associated with these investments or the possibility of holding debt balances in direct accounts with the Bank of Spain.

— Enquiries about the **criteria for an investor to be classified as a professional**.

— Enquiries about the need to **exchange currency when transferring investments between CISs denominated in the same foreign currency**.

— Enquiries and complaints revealed instances of financial fraud or alleged crimes involving the use of celebrities' images on social media. The CNMV warned investors about **false advertisements that promise large returns on stock market or cryptocurrency investments**, often using confusing language and misleading promises. Enquiries were also received about companies fraudulently **using the identity and corporate image of the CNMV and other duly registered financial institutions to make false job offers to investors**.

— Enquiries about the registration of **crowdfunding platforms (PFP)** arose following the **new regulatory regime** in Spain, established under Law 18/2022, of 28 September, on the creation and growth of companies. This Law aligns national legislation with Regulation (EU) 2020/1503 of the European Parliament and of the Council, of 7 October 2020, concerning European providers of crowdfunding services for businesses.

— Enquiries about **cryptocurrency exchanges or trading platforms** for other crypto-assets.

— Enquiries regarding the information provided to investors during the processing of **takeover bids submitted to the CNMV**.

— **Enquiries and complaints concerning the cross-border merger by absorption of Mediaset España Comunicación, S.A. (as the absorbed company) by MFE MediaForEurope, N.V. (as the absorbing company).**

— Enquiries about a **change of registered office to a foreign country for an issuing company whose shares are currently traded on an authorised trading venue in Spain**.

— Enquiries regarding the **suspension of trading of Innovative Solutions Ecosystem, S.A.** on the Stock Exchange Interconnection System, as well as the suspension of trading of **Energía, Innovación y Desarrollo Fotovoltaico, S.A. (EiDF)**, listed on the BME Growth segment of BME MTF Equity.

II.6.3 Warnings about unauthorised firms

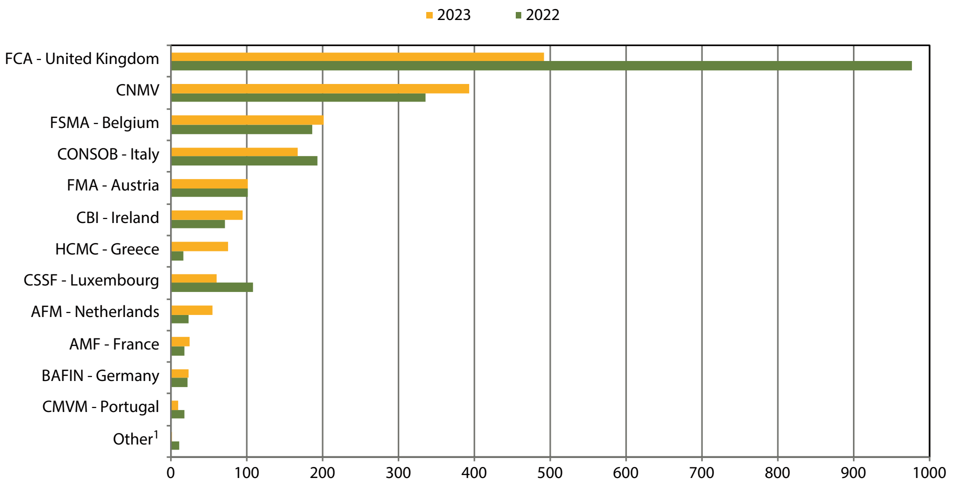
Through its website, the CNMV publishes warnings to investors about entities that, upon detection, are found to be possibly providing investment services without the necessary administrative authorisation. These warnings also cover entities that, without the required authorisation, engage in activities reserved for CISs or crowdfunding platforms as stipulated by regulations. These entities are identified either by the CNMV itself or by other supervisory bodies.[2]

2 Since February 2018, the CNMV has had the capability to report possible infringements in the securities markets confidentially, allowing these reports to be submitted anonymously.

In 2023, as a result of the efforts to identify, investigate, and monitor entities operating in financial markets without the proper authorisation from the CNMV, **a total of 1,702 warnings were issued**.

Figure II.6.3.1 provides a comparative table showing the number of warnings issued by other European authorities.

Number of warnings about unauthorised firms from EU Member States and the United Kingdom FIGURE II.6.3.1



Source: CNMV. (1) Two supervisory bodies in 2022 and one in 2023 with fewer than nine warnings in 2023.

The following warnings were posted on the CNMV's website in 2023:

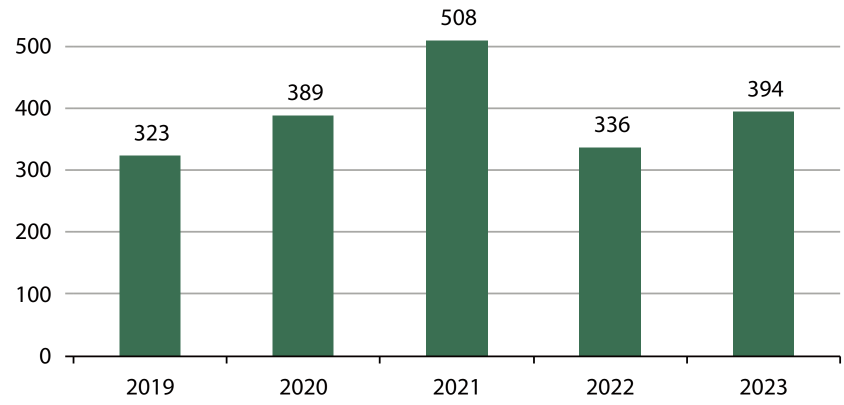
— The CNMV published 394 warnings alerting investors about entities not authorised to operate in the securities markets, in accordance with the Securities Market Act.[3] This represents an increase of 17.3% compared to those issued in 2022.

— There were 1,308 communications (1,747 in 2022) from supervisory bodies in EU Member States and the United Kingdom. Of these, 1,275 (25.3% fewer than in 2022) related to unauthorised entities or "boiler rooms". An additional 33 communications (19.5% fewer than in 2022) were categorised under "Other warnings", concerning alerts about certain irregular conduct or activities.[4]

3 Articles 18 and 129 of the LMSVI.

4 Since 2010, the IOSCO website has featured an alert service for non-qualified entities, including warnings issued by IOSCO members. Given that not all warnings by IOSCO members are communicated to the CNMV, visiting the IOSCO website is recommended for more comprehensive information.

Number of warnings issued by the CNMV on unregistered entities FIGURE II.6.3.2



Source: CNMV.

Unauthorised entities continue to offer seemingly sophisticated products and services, which often do not correspond to any real service but are merely empty promises designed to raise funds from the public without providing any return.

In 2023, these entities further adapted their products, such as CFDs and other financial derivatives, to the crypto-asset environment. They also increased the promotion of automated algorithmic trading services, purportedly based on artificial intelligence (AI) systems. This represents a continued abuse of trendy terminology to capture the interest – and funds – of investors.

In 2023, there was an increase in advertising campaigns where the identities of high-profile professionals (such as journalists, actors, or singers) were impersonated to encourage investment in crypto-assets and other instruments, often through alleged AI systems. To add credibility to these fraudulent testimonials, they are often framed as supposed interviews conducted by reputable media outlets.

Impersonation of well-known professionals has also been used by companies aiming to collect personal data from potential investors – such as phone numbers and email addresses – for later sale to unauthorised entities. These campaigns typically use biased advertising language that highlights purported returns without disclosing the inherent risks of the investment. Such practices would not be acceptable for authorised entities.

As in the previous year, fraudulent use of characteristics of entities duly registered with regulators was observed, such as domain names, company names, and even official registration numbers. These tactics are used to mislead investors into believing that the fraudulent entities are legally authorised and trustworthy. These fraudulent websites have been identified and flagged in the CNMV's published warnings on its website with the term "clone", indicating that they have no connection whatsoever with the duly authorised entities whose identities they are impersonating. In 2023, the number of "clones" warned against amounted to 113, which is a 29.8% decrease compared to 2022.

The CNMV, in its effort to foster collaboration among various national supervisory bodies and combat financial fraud both nationally and internationally, has sponsored and promoted a task force within the framework of the International

Organisation of Securities Commissions (IOSCO) to modernise and streamline the IOSCO warning portal, enhancing its assistance to investors.

Meetings and work are currently ongoing, including the preparation of reports and documentation, to implement this project as soon as possible.

II.6.4 Warnings about other entities

In 2023, **25 entities** were added to the "Other entities" list in the "Warnings to the public" section of the CNMV's website (compared to 24 in 2022). This section provides information on entities that are not authorised or registered with the CNMV for any purpose and may be engaging in activities such as fundraising or offering services that could be mistaken for regulated and supervised financial services.

This list helps investors identify entities that fall outside the scope of CNMV supervision. Inclusion in this list, which depends to a large extent on the cooperation of the authorities of other countries, **does not mean that the CNMV has made any judgement about whether the activity of these entities complies with current regulations**. The list is compiled from various sources, including internet and social media searches and analysis.

Additionally, the list features 75 entities offering crypto-asset exchange services, in a separate section from the "Other entities" list. Footnotes refer to those crypto-asset exchanges that have already been included in the Bank of Spain's register of virtual currency exchange and electronic wallet custody service providers.

II.6.5 Whistleblowing

The CNMV has established a **dedicated channel for reporting potential infringements**. This allows anyone who is aware of possible or actual violations related to the rules governing the regulation and discipline of the securities markets, and wishes to report them **confidentially**, to contact the CNMV.

Reports can be submitted through the following **channels**: i) using the form[5] available on the CNMV's website in the "Reporting infringements" section; ii) by email at (comunicaciondeinfracciones@cnmv.es); iii) by telephone at 900 373 363; iv) by writing to the Reporting Infringements Department;[6] v) in person at the CNMV's offices in Madrid.

These reports must include **factual elements** that reasonably suggest at least a well-founded suspicion of an infringement.

In 2023, a total of 862 reports were received, marking a 14% increase from 2022. However, 28% of these reports were improperly submitted through this channel,

5 The system on the CNMV's website also allows for anonymous reporting and enables the reporter to maintain a confidential and anonymous line of contact with the CNMV, if desired.

6 Investors Department - CNMV. Edison, 4. 28006 Madrid / Bolivia, 56 (4th floor). 08018 Barcelona.

either because they were enquiries or complaints, or because the issues raised fell outside the CNMV's jurisdiction.

Of the remaining reports, 70% concerned unauthorised entities (also known as "boiler rooms"). Of these, 42% were initially classified as whistleblowing due to their content, which requires the application of specific identity protection measures associated with this reporting channel. These reports resulted in the publication of 95 new warnings on the CNMV's website.

The remaining 30% of the reports fell within the CNMV's supervisory remit. However, 88% of these cases lacked the factual elements necessary to reasonably derive a well-founded suspicion of infringement or dealt with issues that fell under the jurisdiction of supervisory bodies in other countries (such as entities providing services in Spain without a permanent establishment or securities not traded on Spanish markets).

Thus, only 2% of the total communications received led to supervisory actions by the CNMV, apart from those related to unauthorised entities. In 2023, a disciplinary proceeding was initiated as a result of reports submitted through this channel.

II.6.6 Investor education

Financial education plan

In 2023, the CNMV continued to prioritise the promotion of the national financial education strategy, focusing its efforts on initiatives aimed at particularly disadvantaged segments of the population, the Financial Education Programme for schools, and the development of its network of collaborators.

Various training sessions were held in collaboration with the Red Cross for vulnerable groups and people deprived of their liberty. These sessions took place at Red Cross facilities and in prisons in the three Basque provinces and Navarre.

The school programme was implemented in more than 400 educational centres in 2023, involving around 450 teachers and approximately 12,500 students. Additionally, training sessions were conducted for both teachers and students, with a particular emphasis on crypto-assets and the basics of personal finance.

In 2023, the network of collaborators expanded to 57 entities, with the addition of CUNEF, the International Centre on Ageing (CENIE), the Deposit Guarantee Fund (FGD), and the Bosch Gimpera Foundation (Observatory of European Complementary Social Welfare Systems).

On 2 October 2023, the ninth edition of Financial Education Day was held in Seville, focusing on inclusive finance under the slogan Inclusive finance, finance for all.

International forums on financial education

The CNMV played a very active role in various international financial education forums, promoting and sharing experiences with other regulators.

It participated in all meetings and technical sessions of the Financial Education Network (**INFE**) of the Organisation for Economic Co-operation and Development (OECD), which is the principal global forum for financial education and of which the CNMV is a member. The CNMV also actively collaborated in the work carried out.

The CNMV took part in **Global Money Week (GMW)**, an OECD initiative aimed at making young people aware, from an early age, of the importance of managing their finances. Under the slogan "Plan your money, plant your future", more than 110 financial education initiatives were developed.

The CNMV is also a member of **IOSCO's Retail Investor Committee (C8)**, which focuses on improving financial literacy among investors. Along with Israel's ISA and France's AMF, the CNMV is co-leading efforts related to finfluencers. The final report, expected to be published by the end of 2024, will identify the risks and opportunities associated with finfluencers and their impact on retail investors. It will also include a set of best practices and investor education tools to help warn and protect investors against potential fraud and unsuitable recommendations.

In 2023, the CNMV also participated in the **SGFE sub-group of the JC SC CPFI**. Their work provided the foundation for two factsheets: one detailing the implications of inflation for investors and the effects of inflation and rising interest rates on various financial instruments, and another offering key tips for investing in products with sustainable features.

CNMV training activities

In addition to the educational activities performed as part of the Financial Education Plan, the CNMV carried out training activities and published educational resources specifically aimed at investors.

Publications and resources for investors

In 2023, nine podcasts on scams and fraud were published, covering the main types of fraud in a brief and engaging manner. These podcasts discuss various types of fraud, including: the servicing of funded trading accounts, pharming, phishing, smishing and vishing, crypto-asset fraud, IT technician scams, financial fraud on social networks, Ponzi schemes, recovery room fraud, and impersonation of authorised entities.

Additionally, two podcasts focused on crypto-assets and sustainable finance were released, along with an online course on scams and fraud.

Conferences, training seminars and interventions in the media

In 2023, the CNMV made numerous media appearances and gave several talks at forums on financial education, investor protection, and its own functions. Highlights include participating in the Talent Tour organised by the Princess of Girona Foundation, appearing on the La 2 programme *La aventura del saber (The*

Adventure of Knowledge), and conducting training sessions at Antonio de Nebrija, Carlos III, and ICADE universities, among others.

The CNMV also participated once again in the 6th International Financial Education Congress, held in Malaga by the Edufinet Project, which this year focused on financial education and sustainability.

CNMV Volunteer Programme

Since 2016, the CNMV has promoted and managed the Financial Education Volunteer Programme with the aim of benefiting from the knowledge, competencies, aptitudes and skills of the institution's professionals, carrying out work to disseminate financial education and simultaneously contribute to one of the CNMV's objectives – investor protection.

Within the framework of this programme, in which around 125 professionals are currently involved – approximately a quarter of the staff – numerous activities such as talks, seminars, workshops, and more are directed at a wide range of audiences.

In 2023, these activities primarily targeted vulnerable groups, children, and young university students. Among the activities for vulnerable groups, the CNMV has been collaborating with Cáritas since November 2021. This collaboration involves giving a monthly talk on basic finance to their target groups, reaching around 400 people. For children, the CNMV has participated in the Community of Madrid's programme, *4.º ESO + empresa*, since 2018 and has conducted talks in various schools. For university students, the CNMV collaborates with institutions such as Deusto, Alfonso X El Sabio, and EAE Business School, among others, to organise sessions on the securities markets for their students.

The Action Plan against Financial Fraud

In April 2021, the CNMV launched the initiative known as the Action Plan against Financial Fraud (PAFF), establishing a collaborative effort between the public and private sectors to address financial fraud. Due to the pandemic and the prevailing economic conditions, characterised by low interest rates, there was a widespread and desperate search for profitability across both Spain and much of Europe. This situation created the perfect environment for the rise of fraudulent activities targeting investors.

Detecting, warning, reporting, and prosecuting financial fraud is not the responsibility of a single entity. Rather, the effectiveness of these efforts is maximised when all institutions with relevant responsibilities collaborate. As a result, the PAFF initially brought together 19 signatory institutions (now 22) by establishing a protocol for sharing information and determining joint prevention measures. The aim was to detect fraud more effectively, limit its spread, and empower citizens to avoid becoming victims of these scams.

Under this protocol, which has recently been joined by three new entities – ASNEF, UNACC, and UNESPA – the CNMV provided the signatories with access to an interactive and continuously updated database. This database lists entities that have been warned for offering investment services without the proper administrative authorisation. Furthermore, in 2023, a series of task forces was established within the PAFF monitoring committee. Their aim was to devise specific measures and identify opportunities for collaboration across four complementary areas: i) information that can be shared among the signatory entities, ii) communication and the development of campaigns to raise awareness and prevent fraud, iii) the analysis of establishing a single point of information for financial fraud, and iv) the development of metrics and statistics to facilitate the study of fraud.

II.7 Disciplinary action

The CNMV has disciplinary powers in relation to infringements of the rules of order and discipline of the stock market. These powers extend to the securities markets and the activity of all natural and legal persons involved in trading on them. These rules give it the power to initiate and draw up the corresponding disciplinary proceedings for very serious, serious and minor infringements, and to impose the appropriate penalties.

The imposition of penalties, as a necessary part of the regulation and supervision of the securities market, has as a corollary in the Spanish legal system the possibility of having sanctioning resolutions reviewed – through administrative means, which up until the Securities Markets and Investment Services Act 6/2023, of 17 March, corresponded to the Ministry of Economic Affairs and Digital Transformation, following an appeal – and by the contentious-administrative jurisdiction in court,[1] all without prejudice to the actions carried out by the CNMV before said bodies in defence of the general interests entrusted to it. Within these functions, the CNMV collaborates in the defence of contested penalty rulings, as well as with respect to the rest of the resolutions issued by the CNMV within the framework of its powers. Furthermore, it provides whatever collaboration is required by the competent judicial authorities or the public prosecutor's office in matters related to the securities market.

In 2023, a critical and comparative analysis of the CNMV's disciplinary actions was conducted to align them with the new economic and regulatory context. This analysis included several key aspects: the legal increase in penalty amounts and the introduction of new non-monetary penalties (such as restitution of damages or disqualification) and their potential impact on disciplinary practices; the significance of recognising liability or making voluntary payments as mechanisms for early termination of disciplinary procedures; the level of transparency regarding the publication of imposed penalties; the handling of legal exceptions to the publication of penalties; and the duration for which personal data of the penalised individuals must remain in the CNMV's penalty register.

1 Until the beginning of 2023, penalty rulings could be appealed against before the Ministry of Economic Affairs and Digital Transformation, which is no longer possible following the reform of the Securities Market Act, as explained in Section II.7.2. Notwithstanding the above, in certain exceptional cases, the right of appeal to the Ministry is still maintained today, for example in the case of penalties imposed in the field of collective investment schemes (CIS) in accordance with Article 94.1 in conjunction with Article 10.5 of Law 35/2003, of 4 November, on Collective Investment Schemes.

II.7.1 Disciplinary proceedings

In 2022, the CNMV Executive Committee initiated[2] 17 new disciplinary proceedings involving a total of 32 alleged infringements (see Tables II.7.1.1. and II.7.1.2)

Disciplinary proceedings were opened in relation to: 19 infringements for market abuse (five for market manipulation, ten for the use of inside information and four for other breaches), three infringements for the breach of rules of conduct in relation to clients or investors, four for breaches of the general rules on investment firms (IFs), four for breaches of investment product advertising and two for breaches of the Corporate Enterprises Act.

The initial agreements for these proceedings included proposed fines for a total amount of €12,750,000.

Disciplinary action in 2023, in terms of the number of proceedings filed, increased in relation to the previous year (17 proceedings filed, compared to 14 in the previous year).

Proceedings initiated and concluded TABLE II.7.1.1

	2022	2023
Number of proceedings initiated	14	17
Number of proceedings concluded	19	12
Of which:		
initiated in 2021	9	-
initiated in 2022	10	4
initiated in 2023	-	8

Source: CNMV.

In the course of the year, the CNMV implemented 17 disciplinary rulings[3] which concluded 12 proceedings, of which four were initiated in 2022 and eight in 2023. In nine of these proceedings, some or all of the alleged offenders availed themselves of early termination as provided in Article 85 of Law 39/2015, of 1 October, on the Common Administrative Procedure of Public Administrations, which allows termination of the proceedings by means of voluntary acknowledgement of liability by the alleged offender or voluntary payment, with application of reductions to the monetary fines provided for in the Law. The time for processing each case was seven months.

Table II.7.1.2 shows the nature of the breaches addressed in the disciplinary proceedings concluded in 2023 and statistical Annex III.2 shows a summary of the disciplinary decisions adopted by the CNMV. Of the disciplinary decisions adopted

2 In accordance with Article 279.1.a) of the Law 6/2023, of 17 March, of Securities Markets and Investment Services, the initiation and investigation of disciplinary proceedings corresponds to the CNMV.

3 In accordance with Article 270.1.a) of the Law 6/2023, of 17 March, on Securities Markets and Investment Services, the imposition of penalties for very serious, serious and minor infringements corresponds to the CNMV.

by the Board of the CNMV, it is worth highlighting, due to their number, those relating to infringements in the area of market abuse, which amounted to six (four for the use of inside information and two for other breaches in this area). These accounted for 37.5% of the infringements that were awarded a penalty.

Number of infringements of each type addressed in disciplinary proceedings TABLE II.7.1.2

		Initiated		Concluded	
		2022	2023	2022	2023
Very serious breaches		**7**	**23**	**16**	**14**
I.	Breach of disclosure requirements by issuers	-	-	2	-
II.	Breach of reserved activities	-	-	2	-
III.	Breach of rules of conduct	3	3	3	2
IV.	Breach of general investment firm regulations	-	4	2	3
V.	Breach of general crowdfunding platform regulations	2	-	-	2
VI.	Breach of general CIS regulations	-	-	2	-
VII.	Market manipulation	-	5	-	-
VIII.	Inside information	2	10	5	6
IX.	Other market abuse breaches	-	1	-	1
Serious breaches		16	8	18	8
I.	Breach of rules of conduct	-	-	2	-
II.	Breach of general investment firm regulations	2	-	1	1
III.	Breach of general CIS regulations	1	-	-	1
IV.	Inside information	1	-	3	-
V.	Market manipulation	10	1	10	-
VI.	Other market abuse breaches	2	3	2	2
VII.	Breaches of investment product advertising	-	4	-	4
Minor breaches		-	**2**	-	**2**
Breaches of the Law on Spanish Corporate Enterprises		-	2	-	2

Source: CNMV.

In 2023, the CNMV issued 17 disciplinary decisions, resulting in a total of 43 fines amounting to €1,926,000, one penalty of suspension from office for a period of four months, and one penalty for restitution of profits totalling €471,403 (see Table II.7.1.3). Furthermore, in 2023, once they had become legally binding,[4] the public penalties register included various disciplinary decisions relating to serious or very serious infringements. These included fines totalling €1,926,000, a penalty of removal from office with a general disqualification for a period of three years, and the aforementioned four-month suspension from office. These decisions can be reviewed on the CNMV's website. At the close of the year, fines for the amount of €560,000 and the penalty for restitution of profits referred to above were pending legal confirmation and inclusion in the register of penalties.

4 In accordance with Article 334 of Law 6/2023, of 17 March, on Securities Markets and Investment Services, the CNMV will make public on its official website, through the corresponding register, and without undue delay, any decision by which a penalty is imposed, after the persons penalised have been notified.

Penalties imposed TABLE II. 7.1.3

		2022			2023		
		No.	Amount[1]	Period[2]	No.	Amount[1]	Period[2]
I.	Fine	45	6,837	-	43	1,926	-
II.	Removal/general disqualification	1	-	36	-	-	-
III.	Suspension of service	-	-	-	1	-	4
IV.	Restitution of profits	-	-	-	1	471.4	-

Source: CNMV. (1) Thousands of euros. (2) Months.

II.7.2 Litigation department: judicial review of disciplinary proceedings and other actions

On 7 April 2023, the new Law on Securities Markets and Investment Services came into force, eliminating the previous right to appeal disciplinary decisions to the Ministry of Economic Affairs and Digital Transformation.[5] From that date onwards, the CNMV's penalty decisions are subject to direct review by the contentious-administrative courts.[6]

In 2023, **three administrative appeals** were filed against disciplinary decisions: two appeals for reconsideration, which were rejected by the CNMV within the same year, and one appeal to the Ministry of Economic Affairs and Digital Transformation, which was still pending resolution as of 31 December 2023. Moreover, the Ministry dismissed nine appeals filed in 2022 against disciplinary decisions.

In terms of court rulings, in 2023, 12 contentious-administrative appeals were filed, seven of them against disciplinary rulings. The other five appeals were against the authorisation of a takeover bid, the decision to delist the shares of the target company, the revocation of a broker's licence, the withdrawal of the bid and the exclusion of a company from a procurement procedure, and finally, against two decisions rejecting appeals related to two capital increases of a listed company.

With regard to the 24 court decisions issued in 2023, a total of 13 referred to disciplinary proceedings. Specifically, the National High Court issued five judgments rejecting the appealed disciplinary decisions in their entirety and one judgment partially upholding an appeal, annulling one of the five penalties imposed. However, the CNMV and the sanctioned appellants have both filed appeals in cassation against this latter judgment. The Supreme Court ruled on seven appeals in cassation, all of which upheld the penalties imposed on the appellants (see Table 7.2.1 and Annex III.3).

5 Currently, the Ministry of Economy, Trade and Industry.

6 However, an appeal for reconsideration may be lodged in accordance with the general provisions of Law 39/2015, of 1 October, on the Common Administrative Procedure for Public Administrations. Additionally, as mentioned earlier, in certain exceptional cases, appeals to the Ministry are still possible. For instance, this applies to penalties imposed in the field of CISs in accordance with Article 94.1 in relation to Article 10.5 of Law 35/2003, of 4 November, on Collective Investment Schemes.

Out of the 11 decisions issued by the courts in appeals against non-disciplinary decisions, only one – relating to a personnel-related claim upheld by the National High Court – was unfavourable to the CNMV. The National High Court also issued nine other rulings, six of which were related to a takeover bid: four rulings on appeals against the takeover bid authorisation (two dismissing the appeal and two rejecting it) and two rulings rejecting the appeals against the delisting of the shares of the target company. Similarly, two appeals were dismissed that had been filed against resolutions by the Ministry of Economic Affairs and Digital Transformation. One of these resolutions rejected a claim of state liability, while the other declined to admit a separate claim. Additionally, an appeal related to a procurement proceeding was also dismissed. Lastly, the Supreme Court declined to admit the appeal against a judgment by the National High Court that had rejected an appeal against the authorisation of a takeover bid.

Additionally, CNMV experts provided assistance, in the exercise of their functions, to judges and courts, the public prosecutor's office, and other public agencies. The number of requests for collaboration received in 2023 (79) decreased with regard to the total processed in the previous year (94). Although cooperation with civil courts (22) stood out, the largest number of requests (48) came from the criminal courts. These requests referred mainly to the following areas: information on whether entities are authorised to provide investment services, investigation actions and disciplinary rulings issued in the proceedings processed by the CNMV, notices of attachment (which are the competency of the governing bodies), identification of the securities owned by natural persons or entities (an issue corresponding to the depository entities of said securities), assets securitisations, and, generally, the production of evidence or requests for data or documents in procedures of various kinds brought before different courts or in investigative actions carried out by the public prosecutor's office.

Cases in which the CNMV participated in 2023 TABLE II.7.2.1

	Presented	Resolved
Administrative appeals	**3**	**11**
Appeals to a higher court	1	9
Motions to set aside the decision	2	2
Appeals to the courts against administrative decisions/ cassation/writ of protection	**12**	**24**
		Requests for assistance received
Assistance to courts		**79**

Source: CNMV.

II.7.3 Complaints

During the year 2023, no document that has been formally classified as an administrative complaint was submitted to the CNMV.

II.8 International cooperation and activity

II.8.1 Collaboration and exchange of information with foreign authorities

The rigorous supervision of securities markets and the protection of investors in an increasingly complex and global environment require cooperation and information exchange with other supervisory bodies. This is mandated by the Spanish Law on Securities Markets and Investment Services (LMVSI), European regulations, and the memorandums or collaboration agreements signed by the CNMV. **In 2023, requests for international collaboration fell by 15%, primarily due to a reduction in requests sent by the CNMV to authorities in other markets, as it now has other means of accessing the necessary information. There is also a decreasing trend in the number of suspicious transactions reported, both by the CNMV and by other regulators, on equity, fixed income or derivative instruments.**

Collaboration actions TABLE II.8.1.1

	2023		2022		2021		2020		2019	
	Actions	% change	Actions	% change	Actions	% change	Actions	% change	Actions	% change
Sent	114	-23	148	-30	211	9	193	-3	199	114
Received	182	-9	201	10	182	-8	198	-22	253	60
Total	**296**	**-15**	**349**	**-11**	**393**	**1**	**391**	**-13**	**452**	**80**

Of the requests received, 28% (51) pertained to fit and proper assessments, 25% (46) to investigative and supervisory actions, and 47% (85) to suspicious transaction reports. Of the latter two categories, 66% involved insider trading and the remaining 34% concerned market manipulation. The foreign regulators submitting the highest number of requests were the UK's FCA (22%), Germany's BaFin (14%), and France's AMF (11%).

The CNMV's requests fell by 23%, primarily due to a decrease in information requests for investigative and cross-border supervisory actions that can be executed by other means, which dropped from 53 to 36 in 2023 (-32%), and a reduction in suspicious transaction reports, which went from 78 to 57 (-27%). Of these, 88% (50 reports) were related to potential insider trading and 12% to market manipulation. The foreign regulators to which the CNMV sent the highest number of requests were Germany's BaFin (29%), France's AMF (10%), and the Netherlands' AFM (9%).

In addition, **in 2023 the CNMV received 53 requests for advice and technical assistance from regulators worldwide, primarily from Latin America.** In February 2023, CNMV specialists met with a delegation from Poland's integrated financial systems supervisor (KNF) at the Madrid headquarters. During the meeting, they exchanged knowledge and experiences on supervisory practices, crypto-assets, crowdfunding, assessment of sustainability criteria, and financial reporting.

Cooperation agreements

In March 2023, the Law 6/2023, of 17 March, on Securities Markets and Investment Services was enacted. Among other reforms, it introduced changes that grant the CNMV broader supervisory powers and greater latitude for international cooperation. These legislative amendments allow the CNMV to meet the requirements to become a partial signatory to the Enhanced Multilateral Memorandum of Understanding (Enhanced MMoU) of the International Organization of Securities Commissions (IOSCO). This agreement, established in 2016, was designed to keep pace with technological innovation and developments in securities markets and has since been signed by 23 securities regulators worldwide, either fully or partially. The CNMV has already submitted its application to become a signatory in a partial capacity, which would enable it to leverage more effective international cooperation tools for market supervision, including access to audits of any entity, whether regulated or not, the taking of statements, and collaboration with other authorities to facilitate the tracing and freezing of assets.

II.8.2 Participation of the CNMV in the European Securities and Markets Authority (ESMA) activities: strategy and governance, supervisory convergence and horizontal issues

ESMA's activities in 2023 are aligned with its multi-year strategy for the period 2023–2028, which was published in 2022. According to this document, **the priorities driving ESMA's work over these five years are to promote stable and efficient markets, strengthen the supervision of European Union (EU) securities markets, and enhance investor protection.** ESMA will also allocate a significant portion of its resources to three overarching themes: sustainable finance, technological innovation, and the appropriate use of data.

This year, ESMA's work has been significantly influenced by geopolitical instability, particularly the impact of Russia's invasion of Ukraine on the volatility of certain energy derivatives markets, such as gas, in autumn 2022. Furthermore, macroeconomic instability, including high inflation and stricter monetary policies, as well as turmoil in the US banking sector, which brought global banking under scrutiny, have marked ESMA's activities.

ESMA's most significant activities in 2023 included the following:

Fostering stable and effective markets

In relation to the priority of *fostering stable and effective markets*, a number of initiatives in the energy derivatives markets were particularly notable this year, following the impact of the war in Ukraine on these markets.

The first major initiative was **a report submitted to the European Commission (EC) in March,** which assessed the impact of the market correction mechanism on gas prices in the financial markets, as mandated by Regulation (EU) 2022/2576.[1] The report **concluded that, up to that point, no measurable changes had been identified in the trading of gas derivatives within the EU.**

The second key initiative was **a report published in June on the effectiveness of the temporary intraday volatility management mechanism** imposed on energy derivatives trading venues by Regulation (EU) 2022/2576. The report noted that the existing rules on volatility management mechanisms, as outlined in the Markets in Financial Instruments Directive (MiFID II),[2] were sufficient to address the issue.

Additionally, **ESMA signed a cooperation agreement with the Agency for the Cooperation of Energy Regulators (ACER) in the field of wholesale energy markets.** The European co-legislators have placed ACER and ESMA on an equal footing in protecting against the manipulation of wholesale energy markets through amendments to Regulation 1227/2011 (known as REMIT) and Regulation 2019/942, which establishes ACER, published on 18 March 2024.

In March, ESMA sent a letter to the co-legislators concerning the proposed amendments to the Market Abuse Regulation[3] on the listing of persons with access to inside information, within the framework of the regulatory package known as the Listing Act, published by the EC in December 2022. While ESMA agrees with most of the proposals in this package, it disagrees with the exclusion from the list of those individuals working for the issuer who have irregular access to inside information. In ESMA's view, this exclusion would limit the ability of National Competent Authorities (NCAs) to quickly identify insiders who do not have permanent access.

Other relevant documents published this year in the markets domain included an opinion on the scope of trading venues,[4] a report on outages of trading systems[5] due to technical failures or power supply issues, and a supervisory briefing on volatility management mechanisms.[6]

Another key priority for ESMA has been to *enhance the supervision of financial markets.*

In 2023, as it does each year, ESMA published two reports on trends, risks, and vulnerabilities, monitoring market developments and identifying risks with the potential to impact financial system stability.[7]

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1 Council Regulation (EU) 2022/2578, of 22 December 2022, establishing a market correction mechanism to protect Union citizens and the economy against excessively high prices.

2 Directive 2014/65 EU of the European Parliament and of the Council, of 15 May 2014, on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

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

4 This document specifies when trading venues are considered multilateral systems and are therefore required to apply for authorisation.

5 This document explains how NCAs should ensure that trading venues have appropriate communication protocols in place to prevent incidents from impacting the price of closing auctions.

6 This document aims to promote the alignment of supervisory practices concerning the methodology for calibrating volatility management mechanisms.

7 ESMA also published several market reports on topics including prospectuses, money market funds, derivatives, and credit ratings. The authority released various articles on risk analysis, covering issues

Furthermore, ESMA worked on the fifth stress testing exercise for EU central counterparties (CCPs) and Tier 2 entities from non-EU countries (LCH Ltd and ICE Clear Europe Ltd). This exercise encompassed issues related to credit, liquidity, concentration, and climate risks.

Strengthening supervision of financial markets

Another key priority for ESMA has been to *strengthen the supervision of financial markets.* A central aspect of this effort involves promoting a robust common supervisory culture, which is achieved by developing principles that guide both ESMA and NCAs in their supervisory roles.

In 2023, one of ESMA's objectives has been to reinforce a supervisory model focused on prioritising identified risks and delivering tangible results. Among the tools used by ESMA to identify major risks at the European level is the "heatmap," which serves as a foundation for setting priorities in supervisory convergence. Aligned with the risks highlighted in this heatmap, ESMA announced in November 2022 the launch of a new strategic supervisory priority for 2023, focusing on reporting obligations related to environmental, social, and governance (ESG) factors.

Under this new supervisory priority, a noteworthy initiative is the common supervisory action launched in July 2023 in the asset management sector, where NCAs will assess the degree to which managers comply with their sustainability reporting obligations and how they integrate sustainability risks into their activities.

In November 2023, ESMA announced the conclusion of its strategic oversight priority on data quality, replacing it with a new emphasis on digital resilience and cybersecurity. However, concrete initiatives under this new priority will not be implemented until 2025. In the communication announcing this change, ESMA emphasised that EU supervisors will continue to focus on the quality of data that supervised entities must provide. This is particularly important since one of the objectives of ESMA's data strategy is to base supervision on data-driven insights. The communication also highlighted progress in data quality, including the establishment of specific methodologies for data quality improvement and frameworks for data sharing.

In 2023, ESMA also undertook a joint supervisory action focused on marketing communications under MiFID II, with the results expected to be released in 2024. This initiative has particularly focused on two key areas: targeting the appropriate audience for complex investment products and advertising through apps, social media, and websites.

In the asset management sector, a notable development was the publication in May of the final report on the joint supervisory action concerning the implementation of asset valuation rules within UCITS and alternative investment funds. The report

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such as the securitisation market, gas derivatives markets in the EU, natural gas futures prices, stress testing of EU money market funds, decentralised finance, smart contracts, ESG nomenclature in the EU fund industry, climate-related shocks in the fund sector, and the financial impact of greenwashing, among others.

identified several areas requiring improvement due to observed deficiencies, including: i) valuation policies and procedures; ii) valuations during stressed market conditions; iii) the independence of the valuation function, especially when third parties are involved; and iv) mechanisms for the early detection of valuation errors and the provision of compensation to investors, where applicable.

Furthermore, one of ESMA's key objectives is to ensure the consistent application of the single rulebook across the EU. To achieve this, it utilises various tools, including peer reviews. In 2023, ESMA published the outcomes of two assessments: one on the national supervision of central securities depositories that provide cross-border services or participate in interoperable links, and the other on the due diligence of clearing members participating in central counterparties (CCPs). Additionally, ESMA released two follow-up reports to previous assessments: one on certain aspects of the compliance function under MiFID and the other on guidelines pertaining to exchange-traded funds and other UCITS-related matters.

Other notable work in 2023 on supervisory convergence included two supervisory briefings: one on copy trading[8] and another on advice under MiFID II.[9]

Regarding its *direct supervisory activities*, in 2023 ESMA has focused on establishing robust foundations for supervising the new mandates assumed from 2022 onwards. These include the supervision of critical benchmark administrators within the EU, benchmark administrators from third countries recognised in the EU, and certain data reporting service providers. This is in addition to maintaining rigorous oversight of credit rating agencies, trade repositories, and securitisation repositories. Notably, one of its most significant decisions this year was the fine imposed on Standard & Poor's for publishing credit ratings before the issuers had issued and advertised the securities.

ESMA is responsible for recognising third-country CCPs and supervising those classified as systemically important. In this context, following the EC's decision to include the United Arab Emirates and South Africa on the list of non-EU countries with deficiencies in their national anti-money laundering regimes, ESMA decided to deregister four CCPs.[10] Also, ESMA is also tasked with the recognition of central securities depositories from third countries.

Enhancing investor protection

As part of its third priority, which is *enhancing the protection of investors*, ESMA has focused on the MiFID area by issuing various statements aimed at safeguarding retail investors from potential risks associated with the following issues: i) fractions of shares (which effectively function as derivatives and thus are complex products); ii) instances where investment firms offer both regulated

8 This document provides guidance to NCAs on when a service is considered an investment service and must therefore comply with MiFID II. This includes requirements such as reporting obligations, product governance, assessments of suitability and appropriateness, incentives and remuneration, and the qualifications of traders involved in copy trading.

9 The document also addresses various aspects of financial advice, including the definition of personal recommendations and the implications of publishing advice on social media.

10 Specifically, the CCPs deregistered were as follows: Dubai Commodities Clearing Corporation, Dubai Clear LLC, Nasdaq Dubai Ltd and JSE Clear.

and unregulated products and services; and iii) securities lending, particularly regarding the explicit consent of investors and the return of proceeds from these transactions to them.

Besides its annual report on the costs and returns of UCITS, retail-focused alternative investment funds, and structured products, in May, ESMA published the results of a joint supervisory action and a mystery shopping exercise. These initiatives examined the level of compliance with the obligations to provide information on costs and charges under MiFID II. Alongside these results, ESMA published a statement highlighting significant differences between Member States concerning the format and content of ex post information provided by institutions. This includes details on incentives – sometimes even indicating their absence – and the lack of information on implicit costs or the cumulative impact of costs on investment profitability. Regarding the ex ante information provided by institutions, ESMA noted in its statement that the main deficiencies identified pertain to the quality of the information and the timing of its provision.

ESMA published an **update to the guidelines on product governance**, aiming to incorporate or modify several key aspects: i) sustainability preferences; ii) the identification of the target market by product categories rather than individual products; iii) the determination of compatible distribution strategies when a distributor believes that a more complex product can be sold through non-advised sales; and iv) the periodic review of products, with particular emphasis on the principle of proportionality.

In December, ESMA also launched a consultation on digitalisation, addressing issues such as tiered or layered information in apps, gamification, and the responsibility of institutions for information shared about them on social media and by influencers.

In the area of asset management, ESMA sent an opinion to the EC in May, proposing amendments to the regulations on UCITS and alternative investment fund managers to achieve greater harmonisation regarding the concept of undue costs. Specifically, ESMA suggested that the Commission consider the supervisory expectations outlined in its 2020 supervisory briefing on cost supervision.

Sustainable finance

In the *area of sustainable finance*, three significant initiatives undertaken or completed by ESMA in 2023 stand out.

The first was an opinion submitted to the EC on the proposal from the European Financial Reporting Advisory Group (EFRAG) concerning the first set of sustainability reporting standards to be adopted by companies under Directive (EU) 2022/2464.[11]

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

The second was a progress report on the concept of greenwashing in financial markets. The European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA) also released progress reports focused on greenwashing within their respective sectors. The three European supervisory authorities collaborated on several cross-cutting issues, including developing a shared understanding ("high-level understanding") of what constitutes greenwashing, whether intentional or unintentional. The final reports from ESMA, EBA, and EIOPA on this topic are expected to be published in 2024.

The third initiative involved a revision of the guidelines on the naming of funds that use terms related to sustainability or ESG factors. In a statement published in December, ESMA announced that the amendment would be postponed until the adoption of the revised UCITS and Alternative Investment Fund Managers Directive. This revision will give ESMA a specific mandate to develop guidelines clarifying the circumstances under which fund names may be considered misleading. Generally, ESMA believes that such names should only be used if the funds materially pursue these objectives or characteristics. Once the update is implemented, ESMA will require funds using sustainability-related terms in their names to meet the following criteria: i) at least 80% of their investments must align with these objectives or characteristics; ii) they must adhere to the exclusions required for benchmarks aligned with the Paris Agreement;[12] and iii) they must make substantial investments in sustainable assets, as defined in Article 2.17 of the Regulation on sustainability-related disclosures in financial services.[13] Additionally, ESMA will permit the use of transition-related terms in fund names, provided certain conditions are met.[14]

Furthermore, under the Prospectus Regulation, ESMA issued a statement in July outlining the sustainability-related disclosure requirements that must be included in these documents.

Digital finance

In the *area of digital finance*, ESMA has been focused in 2023 on the preparatory work needed for the upcoming implementation of two significant new Regulations: one on Markets in Crypto-assets[15] (MiCA) and another on the Operational Resilience of the Digital Financial Sector[16] (DORA).

12 These exclusions refer to those outlined in Article 12.1.a)-g) of Commission Delegated Regulation (EU) 2020/1818, which include companies involved in controversial activities such as arms, tobacco, or fossil fuels.

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

14 An 80% threshold must be met, along with adherence to exclusions for climate transition indices.

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

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

Regarding MiCA, in 2023, ESMA launched a public consultation on two sets of technical standards related to crypto-asset service providers and the services they offer.[17]

ESMA also worked on achieving the highest possible level of convergence during the transitional period outlined by the regulation,[18] as various crypto-asset service frameworks will coexist within the EU. Specifically, ESMA has been encouraging the exchange of experiences among NCAs, monitoring the measures each of them adopts, and consulting with the EC on the interpretation of certain MiCA provisions. In October, ESMA issued a statement urging market participants and NCAs to prepare for the transition.

Regarding DORA, the Joint Committee of the ESAs, with ESMA's involvement, launched a consultation on two sets of technical standards related to the risks arising from the use of information and communication technology (ICT) by financial sector entities when providing services, particularly when the ICT services are provided by third parties.[19]

In September, the Joint Committee issued technical advice, at the request of the EC, on two Delegated Acts to be adopted by the Commission. This advice focused on the criteria for determining when third-party ICT service providers are considered essential or critical, as well as the fees that will be imposed on them for their supervision by the ESAs.

In March, ESMA also launched its pilot scheme for decentralised ledger technology (DLT) registration. This initiative aims to facilitate the development of new market infrastructures that use DLT for the trading and settlement of crypto-asset transactions, which may be classified as financial instruments, while providing greater flexibility in the regulatory requirements for this environment to support these innovations.

17 The first package addressed the following topics: i) notification by certain financial institutions of their intention to provide crypto-asset services and the associated forms; ii) authorisation processes for crypto-asset service providers and application procedures; iii) handling of out-of-court complaints against crypto-asset service providers; iv) management of conflicts of interest; and v) significant shareholdings in crypto-asset service providers. The second package focused on: i) methodologies and presentation of sustainability indicators related to major adverse climate and environmental impacts; ii) measures to ensure the continuity of services provided by crypto-asset service providers; iii) publication of data related to pre- and post-trade transparency; iv) content and format of trade repositories; v) registers of crypto-asset service providers; vi) classification of white papers and templates; and vii) technical requirements for the proper disclosure of inside information.

18 Article 143 of MiCA specifically allows entities or companies providing crypto-asset services within EU jurisdictions before 30 December 2024 to continue their operations during the transitional period, which lasts until 1 July 2026. This article also outlines the option for a simplified authorisation process for entities that have been authorised at the national level before 30 December 2024.

19 The first document, published in June, addressed several key issues: i) the ICT risk management framework, including a simplified version; ii) criteria for classifying ICT incidents; iii) forms for information registration; and iv) policies to be applied to essential ICT services provided by third-party providers. The second document, published in December, focused on: i) ICT incident reporting forms; ii) the outsourcing of critical or important functions; iii) harmonised supervision; and iv) threat-based penetration testing. This second package included consultations on two proposed guidelines: one on costs and losses in major incidents and the other on cooperation between the ESAs and NCAs.

Effective use of data

The third overarching theme that has shaped ESMA's activity in 2023 is data. One of the main challenges on its agenda is to improve the quality, accessibility, and use of data, so they can effectively support supervision and be genuinely useful in identifying risks that affect the Union's financial system or may do so in the future.

Consequently, in June, ESMA published a document outlining its data strategy for the next five years, aligning with the strategy published by the EC in 2021 regarding data supervision in EU financial services. In this document, ESMA articulates its ambition to become a true European data hub. To achieve this, the authority aims to facilitate the most effective use of the data it receives, both at the European and national levels, including data obtained through the application of new technologies. A prime example of this effort is ESMA's initiative to integrate new datasets – sourced from big data technologies – into its data platform, with the intention of sharing these datasets with NCAs. Additionally, ESMA plans to work on reducing the compliance costs associated with the reporting obligations of regulated entities and to make more data publicly accessible.

Recognising the importance of this issue, ESMA has established a new Data Intelligence and Technology Department within its organisational structure.

International activities

Finally, it is important to highlight ESMA's participation in international bodies such as IOSCO and the Financial Stability Board (FSB) on financial stability issues, as well as the European Systemic Risk Board. ESMA is also involved in matters concerning crypto-assets and decentralised finance. Furthermore, ESMA plays a significant role in the IOSCO task force on sustainability, particularly co-chairing the work stream on carbon markets.

II.8.3 IOSCO: priorities, news, participation of the CNMV

The CNMV has actively contributed to IOSCO's work throughout 2023, as it does every year. Since December 2022, the Chairperson of the CNMV has been leading the Task Force on Sustainable Finance, which aims, among other objectives, to enhance the disclosure of sustainability information by issuers and asset managers. This commitment has led to increased involvement from both the Chairperson and the CNMV's sustainability team in the task force's activities, achieving significant milestones in 2023. The CNMV participates in the meetings of the IOSCO Board, the Financial Stability Engagement Group (FSEG), and all relevant permanent committees, as well as various task forces, including the one on sustainability mentioned earlier. These task forces cover areas such as non-bank financial intermediation, crypto-assets, accounting and auditing, and retail investor protection.

In 2023, IOSCO groups resumed in-person meetings, with seven of these held in Madrid, including the IOSCO Board meeting. The IOSCO Board is the highest decision-making body, responsible for governance and the issuance of standards, and is composed of 35 securities market regulators. The meeting held in Madrid in

October covered discussions on sustainable finance, crypto-assets and digital assets, financial stability, and initiatives for retail investor protection.

IOSCO's work plan for 2023 and 2024 focuses on the following areas:

— Strengthening financial resilience.

— Supporting market efficiency.

— Protecting investors.

— Addressing emerging risks related to sustainability and fintech.

— Promoting regulatory cooperation and efficiency.

These five areas are largely aligned with the CNMV's strategic priorities for 2023–2024.

IOSCO has been particularly active in efforts to enhance investor protection. **In 2023, a Retail Investor Coordination Group was established, which, in collaboration with IOSCO's standing committees, is working to raise awareness of the risks associated with fraudulent behaviour and online services**, including those related to so-called "finfluencers" and new financial intermediaries known as neobrokers.

Financial resilience has been a central focus of IOSCO's work this year. Following the development of the Risk Outlook 2023, **the IOSCO Board identified private finance as a new priority.** The Board highlighted the challenges posed by unprecedented growth in this area, its increasing role in financing the real economy, and the interconnectedness of private finance with regulated markets amid inflationary pressures, concerns about a possible recession, and monetary tightening. In September, IOSCO published its final report, *FR10/23 Thematic Analysis: Emerging Risks in Private Finance*. The report underscores the opacity of these markets, valuation issues, and the difficulties in assessing the risk and scale of these activities, given the limited availability of high-quality information in most jurisdictions.

Another key area of work for IOSCO and the FSB is the non-bank financial intermediation sector. In December, the final report of IOSCO,[20] *Anti-dilution Liquidity Management Tools – Guidance for Effective Implementation of the Recommendations for Liquidity Risk Management for Collective Investment Schemes (FR15/23)*, was published. Its objective is to support greater use of these tools in order to mitigate the dilution of investor holdings and the incentive towards first-mover advantage, derived from the structural liquidity mismatch in open-ended investment funds. At the same time, the FSB published *Revised Policy Recommendations to Address Structural Vulnerabilities from Liquidity Mis match in Open-Ended Funds*[21] with a review of its 2017 recommendations to address the liquidity mismatch in the aforementioned funds. IOSCO has also carried out joint

20 https://www.iosco.org/library/pubdocs/pdf/IOSCOPD756.pdf
21 https://www.fsb.org/2023/12/revised-policy-recommendations-to-address-structural-vulnerabilities-from-liquidity-mismatch-in-open-ended-funds/

work with the FSB, with the Committee on Payments and Market Infrastructures (CPMI) and with the Basel Committee on Banking Supervision (BCBS). Together with the FSB, IOSCO has examined the vulnerabilities in short-term funding markets and the resilience of money market funds, with particular attention to the commercial paper and certificates of deposit markets. In collaboration with the CPMI, IOSCO has also analysed the resources and tools available to clearing houses in the event of non-default losses. Lastly, IOSCO, working alongside the CPMI and the BCBS, has reviewed the collateral requirements for counterparty risk in both centrally cleared and decentralised markets. This work aims to increase transparency, improve processes, and enhance the ability of these markets to respond to stress.

A key part of IOSCO's efforts to support market efficiency is the *Consultation Report – Market Outages (CR07/2023)*, published in December, which **outlines best practices for improving the resilience of trading platforms during market disruptions.**[22] The report recommends that trading venues implement continuity plans and establish a communication strategy for market disruptions and re-openings that is accessible to all market participants simultaneously. Furthermore, the risks associated with the increasing use of post-trade risk mitigation services by entities are currently under analysis, with a report on this topic expected to be published in 2024.

In the area of investor protection, the ***Retail Market Conduct Task Force Final Report (FR05/23)***[23] **was published in March. This report identifies the risks associated with digitalisation, the use of social media, and new behaviours of retail investors, and it presents measures for regulators to identify, prevent, and put an end to fraudulent practices.** In December, the IOSCO Board issued a statement warning investors about the increasing risks of online fraud, particularly in areas such as crypto-assets. It also called on regulators to act in a coordinated manner at both national and international levels to combat fraud, promote investor education campaigns, and implement regulatory changes to enhance their supervisory powers. Finally, the statement invited other relevant parties – such as search engine providers, social media platforms, and other intermediaries or facilitators – to cooperate with regulators and law enforcement agencies in the fight against fraudulent practices.

Regarding new risks in the area of sustainability, **IOSCO endorsed the standards of the International Sustainability Standards Board (ISSB) on sustainability-related financial disclosures in July**. Future work will focus on analysing how the standards are implemented in different jurisdictions, developing the necessary oversight capabilities, and proposing guidelines for their adoption.

Regarding the risks of technological innovation in markets, IOSCO has continued to advance its roadmap, outlined in 2022, on work related to crypto-assets, digital assets, and decentralised finance. In December, IOSCO published the reports[24, 25] *Policy Recommendations for Crypto and Digital Asset Markets (FR11/23)* and *Final Report with Policy Recommendations for Decentralized Finance (DeFi) (FR14/23)*,

22 https://www.iosco.org/library/pubdocs/pdf/IOSCOPD751.pdf
23 https://iosco.org/library/pubdocs/pdf/IOSCOPD730.pdf
24 https://www.iosco.org/library/pubdocs/pdf/IOSCOPD747.pdf
25 https://www.iosco.org/library/pubdocs/pdf/IOSCOPD754.pdf

providing recommendations to identify, assess, and respond to the risks these activities pose to market integrity and investor protection. Following the adoption of these recommendations, IOSCO is now focusing on monitoring their implementation and addressing the technical assistance and capacity building needs of its members. In the coming years, efforts will be directed towards promoting, supporting, monitoring, and evaluating the implementation of the recommendations, while also analysing emerging trends in these markets.

In December, the report[26] *Supervisory Practices to Address Greenwashing (FR12/23)* was published, which analyses regulatory and supervisory initiatives aimed at tackling the risks associated with greenwashing.

Since 2012, IOSCO has been assessing the implementation of its principles to promote international cooperation and enhance the efficiency of regulatory and supervisory frameworks. This evaluation aims to provide recommendations to address any identified gaps. In February, the document[27] *IOSCO Standards Implementation Monitoring (ISIM) for Principles (1-5) Relating to the Regulator (FR03/23)* was released. It assessed the attributes that regulators should possess, with a particular focus on independence and accountability, as well as the need for sufficient powers and resources. The study concluded that the principles are broadly applied across all markets, while also identifying areas for improvement. Regarding the CNMV, the report highlighted that the Spanish regulator has limited operational independence. Although the CNMV is fully funded by the financial sector, it must obtain government authorisation to hire new employees or increase the salaries of existing staff. This limitation could hinder the CNMV's ability to fulfil new supervisory responsibilities and retain or attract qualified personnel. Future assessment work will focus on reviewing principles 6 and 7, which concern systemic risk and the regulatory perimeter.

II.8.4 Financial Stability Board (FSB)

The FSB's areas of work that are most relevant to the CNMV in 2023, and which will continue into 2024, concern non-bank financial intermediation (NBFI). The growing significance of NBFI for real economy financing necessitates ongoing assessment of vulnerabilities in this sector.

In coordination with standard-setting bodies (SSBs), the FSB has been focusing on, and will continue to focus on, two key areas in the coming year:

— Addressing mismatches between liquidity and daily redemptions in open-ended funds.

— Enhancing the monitoring of financial stability risks arising from leverage in NBFI-related activities.

In 2023, the FSB, in coordination with SSBs, has continued to specifically monitor the implications of digital innovation for financial stability, focusing particularly on crypto-asset markets, asset tokenisation, and artificial intelligence.

26 https://www.iosco.org/library/pubdocs/pdf/IOSCOPD750.pdf
27 https://www.iosco.org/library/pubdocs/pdf/IOSCOPD727.pdf

Throughout 2023, the FSB began overseeing its members' implementation of the new global regulatory and supervisory framework for crypto-assets and stablecoin arrangements, while also promoting its adoption in other jurisdictions.

Furthermore, the FSB has developed a potential format for global communication and the exchange of cybersecurity-related information.

In 2023, the FSB has continued to assess the financial stability risks stemming from climate change and has started to investigate the importance of transition plans for financial stability. Noteworthy is the progress made in implementing international reporting standards in coordination with entities such as the ISSB and IOSCO.

Other significant FSB work in 2023 has focused on enhancing cross-border payments in terms of cost, speed, access, and transparency, as well as reviewing and analysing the banking turbulence of March 2023.

The CNMV, represented by its Chairperson, is a member of one of the FSB's standing committees, the Standing Committee on Standards Implementation (SCSI). This committee oversees, among other tasks, the conduct of country peer reviews. The SCSI will conduct a peer review of Brazil, which started in 2023 and will conclude in 2024, focusing on the supervision of investment fund regulation, with the CNMV taking the lead.

Additionally, the CNMV has co-chaired a sub-group on the resolution of central counterparties and is a member of the annual monitoring and evaluation group focused on NBFI-related activities. CNMV staff also regularly participate in various FSB working groups and subgroups.

II.8.5 Instituto Iberoamericano del Mercado de Valores (Ibero-American Securities Market Institute) (IIMV)

In 2023, the CNMV's support for the activities of the Ibero-American Securities Market Institute Foundation, as Chairperson of its Board of Trustees and main contributor, has focused on sustainability, technological innovation, and operational resilience, among other areas. These priorities were agreed upon by the Institute's Board of Authorities at its meeting on 3 November 2022 and confirmed by the IIMV Board of Trustees at its meeting on 12 December of the same year.

Considering the changes in work practices brought about by COVID-19 and aiming to reduce the carbon footprint, the IIMV has continued to conduct a significant portion of its activities virtually, maintaining a ratio of approximately two-thirds virtual meetings to one-third in-person meetings. This approach has aimed not only to lower the direct carbon footprint of the IIMV but also that of all its members. Specifically, during the 2023 financial year, the IIMV organised 11 activities, of which seven were virtual and four were in-person, with CNMV speakers participating in all of them.

At its meeting in November 2022, the Board of Authorities – the highest decision-making body of the IIMV regarding the business plan – decided that the Institute would continue, in 2023, to train the technical staff of IIMV member supervisory

bodies in fundamental areas of regulatory oversight. These areas include International Financial Reporting Standards (IFRS), corporate governance, investor protection, and the supervision and inspection of capital markets and institutions. The Board also promoted training activities on sustainability and fintech.

The events held in 2023, categorised by type of activity, were as follows:

— Seven virtual training and cooperation activities: online courses on IFRS, sustainability reporting, corporate governance, and investor protection; a colloquium on regulatory innovation to foster fintech projects; a workshop on warnings and supervision of unregistered entities; and a webinar on operational resilience.

— Three face-to-face training activities covering supervision and inspection of markets and entities, fintech, and regulatory trends.

— One face-to-face meeting of the Board of Authorities to determine the 2024 work plan.

In 2023, 632 officials from securities superintendencies and commissions attended IIMV activities. The most well-attended activities were those on fintech and operational resilience, with a combined total of over 300 participants. Attendance at the more specialised training sessions – online courses with a duration of approximately five weeks – averaged 30 staff members.

To reach a larger number of participants in the Ibero-American capital markets, the IIMV carried out three dissemination activities during 2023. For the first time, the IIMV has carried out a widespread dissemination of the regulatory agenda and action plans of its members. The other two dissemination activities included: i) the publication of a quarterly magazine (March, July, and November), which has over 1,600 subscribers, and ii) the release of 12 newsletters on regulatory and supervisory developments by IIMV members. These newsletters facilitate the exchange of experiences among members (https://www.iimv.org/boletines/) and often lead to bilateral meetings between supervisory authorities to gain a more detailed understanding of new regulatory provisions.

Finally, the IIMV organised two additional activities that were not initially planned by the Board of Authorities but were requested by its members during the year. The first was cooperation in the public workshops held in conjunction with the Board of Authorities meeting in San José, Costa Rica on 13 July, which was attended by 150 participants. The second was collaboration in the conference organised by Guatemala's RMVM supervisory authority: "Experiences in Securities Markets on Cooperation and Information Exchange, Collective Investment Schemes (CISs) and Securitisation". This event took place in Guatemala City on 16 November and was attended by 150 people from both the public and private sectors.

II.8.6 The Iberian Electricity Market (MIBEL)

The Iberian Electricity Market (MIBEL) was established by the international agreement signed by the Kingdom of Spain and the Portuguese Republic on 1 October 2004 in Santiago de Compostela, and amended in January 2008 in Braga.

The agreement established, among other things, the MIBEL Regulatory Council (CR MIBEL), which is composed of both energy and financial regulators from Spain and Portugal: the National Commission on Markets and Competition (CNMC), the National Securities Market Commission (CNMV), the Energy Services Regulatory Authority (ERSE), and the Portuguese Securities Market Commission (CMVM), respectively.

The presidency of the CR MIBEL rotates annually, and in 2023, it was assumed by the CNMC.

Among the activities carried out by the MIBEL Regulatory Council (RC) in 2023, the following stand out, organised by thematic area:

— Initiative related to the liquidity of the MIBEL forward market:

  - Analysis of the profile of the agents operating in the MIBEL forward market. This study is expected to be completed in 2024.

— Initiatives related to the monitoring of measures adopted in response to high energy prices:

  - Monitoring of the actions and measures implemented at the European level, which have impacted MIBEL, in response to the volatility and rising prices of energy commodities.

  - Monitoring of the cooperation between ESMA and ACER in the supervision of the wholesale energy market.

— Other initiatives:

  - Completion of the review and update of the study on long-term bilateral energy purchase agreements, known as corporate power purchase agreements (PPAs).

  - Monitoring the development of the MIBEL spot and forward markets, the management of the interconnection between Spain and Portugal, and the Iberian Mechanism.

  - Meetings with MIBEL stakeholders to gather their perspectives on: i) the impact of various regulatory measures approved to mitigate the effects of volatility and high energy prices on MIBEL; ii) changes in financial regulations, particularly regarding the collateral requirements accepted by central counterparties for clearing energy derivatives; iii) the impact of the European proposal to reform the electricity market design; and iv) the current status and future outlook of the CO_2 emissions trading scheme.

II.9 Sustainable finance

In 2023, the CNMV continued its efforts to promote the development of sustainable finance, thereby contributing to the transition towards a more sustainable and inclusive economy. This work aligns with the CNMV's strategic priorities and objectives for the 2023–2024 period, which include a key strategic focus on revitalising capital markets to support growth and the transition to a sustainable economy.

II.9.1 Context and regulatory developments

In 2023, significant progress was made in the regulatory framework for sustainable finance. Three key legislative initiatives, part of the European Commission's Sustainable Finance Action Plan, stand out:

— **The Delegated Regulation on Sustainability Reporting by Companies (CSRD),**[1] which came into force in January 2023, requires companies to disclose detailed information on sustainability issues. This will enhance transparency, improve the comparability of information, and support the transition to a sustainable economy. This Regulation must be transposed into national law by 6 July 2024, with a phased implementation. The first phase applies to financial years beginning on or after 1 January 2024, targeting issuers that are large companies or parent companies of large groups with an average of more than 500 employees.

  In July 2023, the European Commission formally adopted the first set of **European Sustainability Reporting Standards (ESRS)**[2] for use by all companies subject to the CSRD Directive.

— **The European Green Bond Regulation was published in the *Official Journal of the European Union (OJEU)* in November 2023,**[3] establishing a common framework of rules for the use of the term "European Green Bond" or "EuGB" for bonds aimed at achieving environmentally sustainable objectives. This Regulation will come into effect in December 2024.

1 Commission Delegated Regulation (EU) 2022/1288, of 6 April 2022, supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports.

2 Commission Delegated Regulation (EU) 2023/2772, of 31 July 2023, supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards.

3 Regulation (EU) 2023/2631 of the European Parliament and of the Council, of 22 November 2023, on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and sustainability-linked bonds.

This Regulation introduces a voluntary standard based on the criteria set out in the European Taxonomy, which defines environmentally sustainable economic activities – specifically, those that make a significant contribution to achieving net-zero emissions by 2050 and other European environmental goals. As a result, any company or entity that chooses to adopt this standard when issuing a green bond will be required to disclose information on how the revenues align with the European Taxonomy and how these investments are integrated into the company's transition plans.

— **The Council and the European Parliament reached a provisional agreement[4] in December 2023 on the Directive on Corporate Sustainability Due Diligence.** This Directive is designed to enhance the protection of the environment and human rights both within the European Union and beyond. It establishes obligations for large companies to identify, prevent, and address or mitigate the adverse impacts of their activities on human rights and the environment.

Significant developments also occurred in other approved initiatives that affect, among others, market participants and securities issuers:

— **Delegated Regulation 2023/363, which amends and corrects the technical standards set out in Delegated Regulation (EU) 2022/1288 (SFDR RTS)[5]** regarding pre-contractual and periodic disclosures on investments in fossil gas and nuclear energy, was published in the *OJEU* in February 2023.

— In June 2023, the European Commission introduced a new package of measures to further develop the sustainable finance framework, including Commission Recommendation (EU) 2023/1425 on facilitating financing for the transition to a sustainable economy. The package included amendments to the Climate Delegated Act and the Delegated Regulation that define the technical criteria for four environmental objectives under the EU Taxonomy Regulation for sustainable activities (Regulation 2020/852): i) sustainable use and protection of water and marine resources, ii) transition to a circular economy, iii) prevention and control of pollution, and iv) protection and restoration of biodiversity and ecosystems.

— In addition, the **Delegated Regulation amending the Climate Delegated Regulation[6]** expands the technical criteria for selecting climate change mitigation and adaptation targets. Its purpose is to broaden the scope of

4 "Corporate sustainability due diligence: Council and Parliament strike deal to protect environment and human rights".

5 Commission Delegated Regulation (EU) 2023/363, of 31 October 202,2 mending and correcting the regulatory technical standards laid down in Delegated Regulation (EU) 2022/1288 as regards the content and presentation of information in relation to disclosures in pre-contractual documents and periodic reports for financial products investing in environmentally sustainable economic activities.

6 Commission Delegated Regulation (EU) 2023/2486, of 27 June 2023, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to 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 Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.

eligible activities under the taxonomy, for example, by including more activities in sectors such as transport and manufacturing.

— The **proposal for a Regulation on environmental, social, and governance (ESG) ratings** introduces new organisational requirements, transparency measures, and rules for preventing conflicts of interest for providers offering services to investors and companies in the EU. These providers will need to be authorised and supervised by the European Securities and Markets Authority (ESMA), with the goal of increasing investor confidence in sustainable products. The Council adopted its mandate in December 2023, with a provisional agreement reached between the Council and the European Parliament in February 2024.

The work undertaken by ESMA during the 2023 financial year, in which the CNMV participated, was also significant:

— In April 2023, the European Supervisory Authorities (ESAs) published a **document consisting of eight questions and answers related to the SFDR Regulation**. This document clarifies various aspects, including the application of definitions and specific cases concerning the promotion (Article 8) and objectives (Article 9) of financial products aimed at reducing carbon emissions. It also addresses issues related to principal adverse impacts and the frequency of periodic disclosures in portfolio management services.

— In March 2023, **ESMA updated its guidelines on product governance to include sustainability factors when defining the target market**. This document summarises and analyses the responses to the Consultation Paper and explains how these responses, along with advice from the Securities and Markets Stakeholder Group, have been incorporated.

— In May 2023, ESMA published the **Greenwashing Progress Report** in response to a request from the European Commission. This report documents the risks associated with greenwashing and the supervision of sustainable finance policies. It examines the various dimensions of greenwashing risk and evaluates the sustainable investment value chain (SIVC) to identify the most vulnerable areas. Furthermore, it establishes the foundation for efficient prevention, monitoring, and mitigation strategies.

The International Organisation of Securities Commissions (IOSCO), through its Sustainable Finance Task Force (STF), chaired by CNMV Chairperson Rodrigo Buenaventura, has engaged in significant activities during this period:

— In March 2023, the STF published an initial report outlining what **an assurance framework for sustainability reporting should include.** The report emphasised that the framework should be finalised by the end of 2024, with the intention of using it to assure the end-2024 accounts in 2025 and ensuring it is professionally independent.

Since then, the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA) have published their drafts.

— On 25 July 2023, the STF publicly **endorsed the sustainability standards issued by the ISSB following a comprehensive review.** IOSCO also called on its 130 member jurisdictions to consider how to incorporate these new standards into their respective regulatory frameworks to ensure consistency and comparability of sustainability reporting worldwide.[7]

— In 2022, the STF's working group on carbon markets published a consultation document on the establishment of regulated carbon markets, which was finalised in June 2023. Following this, **it released its key considerations for the effective operation of regulated carbon markets.**

  At the end of 2023, during COP28, IOSCO issued a consultation document proposing **best practices for the voluntary carbon market,** with the aim of publishing its final report before the fourth quarter of 2024.

— In 2024, the STF plans to **continue its work on transition plans** and establish a new task force called **Green Finance and Innovation.**

  Transition plans are considered significant as they provide material information to investors and financial markets and offer insight into the type of business model a company aims to adopt.

II.9.2 CNMV actions

In 2023, the CNMV undertook various initiatives related to sustainability in the capital markets.

Actions to facilitate the role of the stock markets in the transition towards a more sustainable and inclusive economy

In the area of investment services, the Code of Good Investor Practices was published on 22 February 2023.[8] Although this **Code is voluntary, the CNMV considers it important that entities choosing to adhere** to it commit to implementing all its principles. As this is a new initiative in the Spanish market, a transitional period of three years from its approval has been established to allow for full compliance with all the principles.

The implementation of this Code is expected to encourage closer dialogue and greater alignment between shareholders and companies, helping to prevent inappropriate pressures. This should lead companies to adopt a more long-term, return-focused approach, contributing to the sustainability of both the entities receiving the investment and society and the economy as a whole.

7 Earlier, on 26 June, the International Sustainability Standards Board (ISSB) approved its two International Financial Reporting Standards (IFRS), which cover the general requirements for sustainability-related financial reporting (S1) and climate-related communications (S2).

8 https://www.cnmv.es/docportal/Buenas-practicas/CBPinversores_EN.pdf

On 4 May, the CNMV issued a communiqué on the results of the first phase of implementing the sustainability regulation in collective investment schemes.[9] The results for Article 8 funds – those that promote environmental, social, or a combination of environmental and social characteristics (provided that the investee companies adhere to good governance practices) – indicated that their ESG characteristics need to be more precise, as a generic description makes it impossible to measure the achievement of these characteristics.

On the other hand, the analysis of Article 9 funds – those that pursue explicit sustainability objectives and aim to generate a concrete and detailed impact – showed that they need to be more closely aligned with climate, transition, and environmental objectives, as well as social objectives.

The UN SDGs were identified as an investment selection criterion for 86% of the Spanish funds registered under Article 9. However, only 25% of these funds specified which particular SDGs they aimed to positively impact. The remaining funds referred generally to all 17 SDGs without specifying particular targets.

In October, the CNMV informed ESMA that it would comply with the Guidelines on product governance requirements under MiFID II.[10] These governance criteria are designed to ensure that the creation and distribution of financial products are conducted solely for the benefit of clients.

The guidelines require producers and distributors to explain and document their decisions related to product governance systems, including the identification of the target market and distribution strategies.

The CNMV has also undertaken several supervisory activities aimed at ensuring the effective implementation of the sustainable finance regulatory framework.

First, the CNMV published its inaugural *Report on European Taxonomy Disclosures. Financial year 2022.*[11] This document, which draws on data provided by issuing companies, outlines the extent to which the economic activities of Spanish issuers of securities listed on EU regulated markets are eligible and aligned with the climate change taxonomy.

The report also includes general recommendations to help improve the quality of published information, as up until the 2022 financial year, only two environmental objectives related to climate change – mitigation and adaptation – were required to be reported.

The requirement to provide information on taxonomy is also reflected in the non-financial information statements (NFIS). Under the taxonomy regulation, companies are required to disclose the percentage of their revenue (turnover), investment (capex), and operating expenses (opex) that are related to activities

9 https://www.cnmv.es/webservices/verdocumento/ver?t=%7bbe599feb-4358-4371-8991-9306acf24ab0%7d
10 https://www.cnmv.es/webservices/verdocumento/ver?t=%7b619ef2ba-9e43-4c1f-bf49-5e877977b2b9%7d
11 https://www.cnmv.es/DocPortal/Publicaciones/OTROS/Informe_Taxonomia_2022.pdf

deemed eligible and aligned. These indicators offer insight into the proportion of such activities relative to the company's overall operations.

Throughout 2023, the CNMV actively contributed to the regulatory development of sustainable finance by playing an increasingly significant role in national and international discussions.

In October, to mark the tenth anniversary of the initiative, the three European supervisory authorities (EBA, EIOPA, and ESMA), along with the CNMV, joined forces to organise the tenth edition of the Joint ESAs Consumer Protection Day 2023 in Madrid, during Spain's Presidency of the European Union. The roundtable discussions focused on consumer protection topics such as greenwashing, the regulation of cryptoassets in the EU, and cross-selling.

In December, the CNMV participated in several sessions related to sustainable finance at COP28[12] in Dubai. As part of these activities, the CNMV collaborated with IOSCO to organise a dedicated event at the Spanish pavilion titled "How to Improve the Integrity of VCMs: IOSCO Good Practices", with the opening address delivered by CNMV and STF Chairperson Rodrigo Buenaventura.

Other actions

Other actions carried out by the CNMV in 2023 to promote the dissemination of information on sustainable finance are also noteworthy.

The CNMV organised the course "Towards More Sustainable Finance: Challenges and Opportunities". This course, held in collaboration with Universidad Internacional Menéndez Pelayo (UIMP), took place on 26, 27, and 28 June at the Palacio de la Magdalena, the UIMP's headquarters in Santander. The course provided a comprehensive overview of the current state of sustainable finance, the role of various agents involved in financial markets, particularly securities markets, and the main initiatives and challenges.

It also offered a practical perspective on their implementation and development. The CNMV also contributed to the preparation of the ICO Foundation's *Cuaderno Número 3 de finanzas sostenibles y economía [Sustainable Finance and Economics Notebook Number 3]* (in Spanish), which addresses, among other topics, the key milestones in the development of sustainable investment regulations over the past five years.

Finally, as part of its commitment to sustainability, the CNMV continued in 2023 to study, implement, and develop its environmental sustainability plan as an organisation, a process expected to span several years.

12 The COP or Conference of the Parties is the meeting of the signatory countries of the United Nations Framework Convention on Climate Change (UNFCCC). At this meeting, political decisions are taken at the international level to combat climate change or reduce greenhouse gas emissions.

II.10 Digital finance and cybersecurity

Promoting the application of technological innovations in financial services provision is one of the CNMV's priorities to ensure the integrity of securities markets and investor protection. This must be accompanied by the prevention of associated risks.

During the year, there have been significant regulatory developments, which are explained later and have influenced the CNMV's main lines of action, as described below.

II.10.1 Laws and regulations

Spanish regulations

Law 6/2023, of 17 March, on Securities Markets and Investment Services (LMVSI) recognises systems based on distributed ledger technology as a valid form of representation of transferable securities and establishes their legal framework. The Law includes an obligation to designate an entity responsible for the administration and registration (ERIR) for each securities issue that opts for this form of representation, assigning it various functions and responsibilities.

The express legal recognition of these systems as a valid third form of representation not only provides legal certainty for issues of transferable securities made using this technology but also facilitates the establishment of market infrastructures based on it in Spain. This is in accordance with **Regulation (EU) 2022/858** of the European Parliament and of the Council, of 30 May 2022, on a pilot scheme for market infrastructures based on distributed ledger technology, and amending Regulations (EU) No. 600/2014 and (EU) No. 909/2014, and Directive 2014/65/EU. This Regulation has been applicable since 23 March 2023 and establishes the legal framework for this type of infrastructure within the European Union.

The LMVSI has been implemented in this area through two Royal Decrees: **Royal Decree 814/2023,** of 8 November, on financial instruments, admission to trading, registration of transferable securities, and market infrastructures, and **Royal Decree 815/2023,** of 8 November, implementing the Securities Markets and Investment Services Act 6/2023 of 17 March, on the official registers of the Comisión Nacional del Mercado de Valores (CNMV), cooperation with other authorities, and the supervision of investment firms.

Article 5.2 of the first Royal Decree mandates that entities responsible for the administration and registration have a **contingency plan** in place to manage any incidents affecting the registry. Article 2.b) of the second Royal Decree establishes an **official register of the entities responsible for the administration and registration**, applicable to each issue of securities represented using distributed ledger technology systems.

EU regulations

In 2023, two particularly significant regulatory initiatives emerged.

On 31 May, the European Parliament and the Council adopted Regulation (EU) 2023/1114 on crypto-asset markets, and amending Regulations (EU) No. 1093/2010 and (EU) No. 1095/2010, as well as Directives 2013/36/EU and (EU) 2019/1937 (hereinafter referred to as the **MiCA Regulation**).

The MiCA Regulation establishes the regulatory framework for the issuance, offering, and admission to trading of crypto-assets that do not qualify as financial instruments, as well as the legal regime for crypto-asset service providers and rules to prevent market abuse.

The Regulation categorises crypto-assets within its scope into three types: those that are asset-backed, those that are referenced to an official currency, and those that do not fall into the previous two categories. Crypto-assets considered to be financial instruments under the MiFiD II Directive, as well as those deemed unique and not fungible with other crypto-assets, are excluded from its scope. The CNMV has been designated as the competent supervisory authority for crypto-asset service providers, as well as for the offering and admission to trading of these products, except for asset-linked crypto-assets and e-money crypto-assets, which fall under the jurisdiction of the Bank of Spain.[1] The Regulation also includes provisions on market abuse practices, such as insider trading and price manipulation, and grants the designated supervisory authorities sufficient powers to enforce these regulations.

The Regulation will come into effect 18 months after its publication in the *Official Journal of the European Union* (from **30 December 2024**), except for issues, offers, and requests for trading of crypto-assets referenced to an official currency or other assets, for which it will apply 12 months after publication (from **30 June 2024**). For crypto-asset service providers operating in compliance with applicable law as of the regulation's effective date (30 December 2024), a transitional period of up to 18 additional months (until **30 June 2026**) has been established, allowing these entities to continue providing services without being authorised under the regulation.

However, the MiCA Regulation grants **EU Member States** the option to waive or shorten this transitional period if they deem their national law as of 30 December 2024 to be less stringent than the MiCA Regulation. The Spanish government has announced its intention to reduce this transitional period from 18 to **12 months**. As a result, entities domiciled in Spain that are providing crypto-asset services as of 30 December 2024 will likely have until **30 December 2025** to obtain authorisation as crypto-asset service providers under the MiCA Regulation and may continue operating without authorisation until that date.

On 8 December, a final political agreement was reached on the **European Union's Artificial Intelligence Regulation**, taking a major step towards creating a comprehensive regulatory framework for the use of artificial intelligence systems in EU Member States, with a focus on security, transparency, and accountability. The final text of the regulation is still pending approval by the European Parliament and the Council, which is expected in the first quarter of 2024.

1 Article 251.h) 2 of the Seventh Final Provision of Law 6/2023, of 17 March, on Securities Markets and Investment Services.

MiCA – Crypto-assets-International

Digital Finance Standing Committee (DFSC)

The CNMV has been actively involved in the Digital Finance Standing Committee (DFSC), which was established to support the European Securities and Markets Authority (ESMA) in its work on digital innovation across various thematic areas. The DFSC focuses on developing approved regulations and promoting convergence in digital finance, particularly in relation to legislative proposals such as MiCA, DORA, the DLT pilot regime, as well as areas like artificial intelligence and cybersecurity.

Specifically, the following documents have been submitted for public consultation in relation to MiCA:

— Consultation on client-initiated services (reverse solicitation) and the classification of crypto-assets as financial instruments under MiCA (from 29/01/2024 to 29/04/2024)

— Second package of draft technical standards for implementing Regulation 2023/1114 on crypto-asset markets (MiCA) (from 05/10/2023 to 14/12/2023)

— First package of draft implementing technical standards for Regulation 2023/1114 on crypto-asset markets (MiCA) (from 12/07/2023 to 20/09/2023)

Additionally, IOSCO's efforts on crypto-assets and decentralised finance should be highlighted.

In 2023, the CNMV continued its participation in IOSCO's Fintech Task Force and DeFi working group. Following the public consultation period, the *Final Report with Policy Recommendations for Decentralized Finance (DeFi)* was published on 19 December. This document, alongside the report on *Policy Recommendations for Crypto and Digital Asset Markets*, aims to promote greater consistency in how IOSCO members regulate and supervise products, services, and activities in crypto-asset markets. This is particularly important given the cross-border nature of these activities, the risks of regulatory arbitrage, and the significant potential harm to retail investors.

II.10.2 Fintech Portal

This innovation hub, established in 2016, offers regulatory guidance to projects whose business models might involve activities related to the securities markets. It serves as an informal space where innovators from small companies (start-ups) and innovation departments from established financial sector entities can come together. This point of contact enables the CNMV to stay informed about new services and products based on emerging technologies that may be introduced, as well as the current state of innovation in the financial sector. Additionally, the portal provides regulatory guidance to the promoters of such projects.

Since the launch of the Fintech Portal, a total of 834 enquiries have been received. The number of enquiries received in 2023 is shown below, broken down according to the type of associated project (vertical) and compared with those received during 2022.

Enquiries received on the Fintech Portal TABLE II.10.2.1

Verticals	2022	2023
Crowdfunding platforms	5	10
Crypto-assets and blockchain	97	82
Token sales	55	31
Exchanges	8	7
Other	34	44
Robo advice and management	7	9
Customer relations	2	0
Technology provider	5	0
Other	19	22
Total	**135**	**123**

Source: CNMV.

In 2023, the enquiries focused primarily on the **application and interpretation of new regulations, including the new Spanish Law on Securities Markets and Investment Services (LMVSI) and the Regulation on a pilot scheme for market infrastructures based on distributed ledger technologies (DLT).**

European Facilitators of Innovation Forum (EFIF)

The European Facilitators of Innovation Forum (EFIF) provides a platform for supervisors to regularly share experiences in their roles as innovation facilitators, exchange technological expertise, and develop common positions on the regulatory treatment of innovative products, services, and business models.

In 2023, EFIF's work focused on the development of the following documents:

— An update of the joint European Supervisory Authorities (ESAs) report, initially produced in 2019, on innovation enablers (innovation hubs and sandboxes).

— A report on the taxonomy of financial innovation. This report presents a classification of financial innovation along three dimensions: sector, services, and enabling activities and technology. The aim is to standardise the classification of financial innovations and enhance the understanding of market trends.

— A cross-sectoral inventory of BigTech subsidiaries providing financial services within the European Union. It was identified that BigTech companies have subsidiaries offering financial services in the EU's payments, e-money, and insurance sectors, and in limited cases, within the banking sector. No BigTech subsidiaries have been reported as providing financial services in the securities and markets sector.

II.10.3 Sandbox

The regulatory sandbox is a mechanism that allows the controlled and limited performance of tests, under the supervision of the competent authorities (CNMV, Bank of Spain and the General Directorate of Insurance and Pension Funds), to analyse the feasibility of new business models or the use of new technologies in the provision of financial services. It was launched in 2021 in accordance with the provisions of Law 7/2020, of 13 November, for the digital transformation of the financial system.

This rule provides for two annual calls (cohorts) (March and September) to allow promoters to request access to the sandbox. In 2023, the fifth and sixth cohorts were launched.

— **The fifth cohort was published on 20 January.** The period for submitting applications began on 1 March and ended on 12 April 2023. The CNMV received six applications in which it was the competent authority.

  On 26 June, a list was published containing the seven projects presented to the sandbox that had received a favourable evaluation, of which three had the CNMV as the competent authority. The projects are as follows:

  - Bit2Me security tokens exchange (STX): Platform for issuing and trading transferable securities registered using DLT technology, aimed at start-ups.

  - TOKN1: Platform for the issuance and trading of transferable securities registered using DLT technology, aimed at e-sports projects.

  - Quantum Markets: The promoter aims to test a platform using neuro-quantum technologies for the issuance and trading of transferable securities.

— **The sixth cohort was published on 28 July.** The period for submitting applications began on 1 September and ended on 13 October. The CNMV received four applications in which it was the competent authority and one in which it appeared as a secondary authority.

  On January 16, 2024, the list was published with the three projects submitted to the sandbox that have received a favourable evaluation, with the CNMV being the competent authority in two of them. In the other, it is a secondary authority, the main one being the General Directorate of Insurance and Pension Funds. The projects in which the CNMV is the competent authority are as follows:

  - DIDIT: Technological solution for the generation and verification of digital identity by incorporating user identification data into a wallet.

  - GPTadvisor: Using generative artificial intelligence to be used in the different phases of the provision of investment services.

During 2023, the testing of the project of the second call were completed. In this project, which involves the creation of an investment vehicle for investment in decentralised finance (DeFi) protocols, the aim was to test a blockchain-based solution enabling investment in various stablecoins to achieve passive returns through lending protocols in the DeFi space. This was conducted using a regulated investment vehicle, specifically a hedge fund managed by Imantia Capital, SGIIC, S.A. Although crypto-assets and stablecoins are not considered eligible securities for investment in this type of fund, their use was permitted within the sandbox for testing purposes.

The custody of private keys for the crypto-assets was managed by a specialised custodian, Onyze Digital Assets, S.L. It was possible to test the processes of subscription, conversion, and redemption of crypto-assets using DeFi protocols, coordinated with traditional settlement methods. Additionally, it was verified that the supervisor could access transaction data by monitoring the public blockchain network.

The tests allowed the CNMV to grasp the regulatory, operational, and technological implications of managing an investment fund that includes crypto-assets, despite current regulations not permitting this. Performed in a collaborative and mutually educational setting, the tests enabled the promoter and the CNMV to conduct a real-life exercise that would not have been possible outside the sandbox. This process has offered valuable insights into the potential use of decentralised financial services through regulated vehicles.

The **European Blockchain Regulatory Sandbox** (EBS) is an initiative by the European Commission, implemented by an external consultancy, to support innovative use cases employing distributed ledger technology.

This initiative creates a regulatory dialogue environment between competent authorities and developers, aimed at enhancing the legal certainty of innovative technological solutions across various sectors such as energy, education, healthcare, mobility, finance, insurance, and logistics. The environment is confidential and involves regulators from different countries, promoting best practices for the European blockchain community.

The EBS will operate from 2023 to 2026, with three annual cohorts each incorporating 20 projects. It is open to use cases using any blockchain infrastructure. The CNMV has agreed to participate in 2024 in the work on two of the accepted projects.

II.10.4 Advertising of crypto-assets

Given the increased presence and visibility of crypto-assets and the challenges that this situation posed in the field of investor protection, on 17 February 2022, CNMV Circular 1/2022, of 10 January, regulating the advertising of crypto-assets for investment purposes, entered into force (“the Circular”).

During 2023, 118 cases were investigated that could potentially fall within the scope of the Circular, compared to 116 cases the previous year. Of these actions, 69 were initiated through the submission of communications about mass advertising campaigns to the CNMV (mostly via the submission of the prior notification form),[2] while the remainder were advertising pieces or campaigns detected by the CNMV (through active searches, complaints to the CNMV's Infringement Communication channel, etc.). **A single entity submitted almost two-thirds (62%) of all prior notifications** of campaigns received by the CNMV.

Of the 118 investigations carried out by the CNMV, 93 cases were archived: 83 after the CNMV confirmed that the advertising campaigns complied with the Circular following the correction of deviations identified after sending the relevant requests to the interested entities, and 10 because they were deemed outside the scope of the Circular.

As a result of the supervision of crypto-asset advertising, the first penalty proceedings for this reason were initiated in 2023.[3]

These 118 actions involved the review of a total of 641 advertising items, including websites, and the issuance of 114 information requests.

Throughout 2023, 15 enquiries were submitted to the dedicated mailbox set up to address questions related to crypto-asset advertising.

Following the enquiries, new criteria have been added to the existing guidelines for the proper application of the Circular. Key updates include:

— The organisation of events (such as fairs or conferences) that promote or highlight cryptocurrencies as an investment must comply with the rules of the Circular.

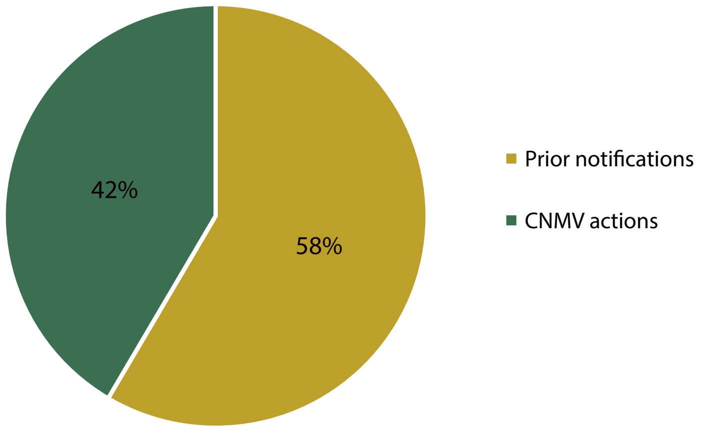
— The requirement to submit a prior notification form if a campaign reaches more than 100,000 people remains in effect, whether the campaign is aimed at the general public or only at existing customers of the entity.

— Rule 2 clarifies that an advertising campaign is considered a mass campaign when it targets more than 100,000 people, using any advertising medium. No specific time frame is given for this calculation, so it refers to the total number of recipients over the entire duration of the advertising campaign.

2 https://sede.cnmv.gob.es/ov/Documentos/FormularioCriptoactivos.pdf

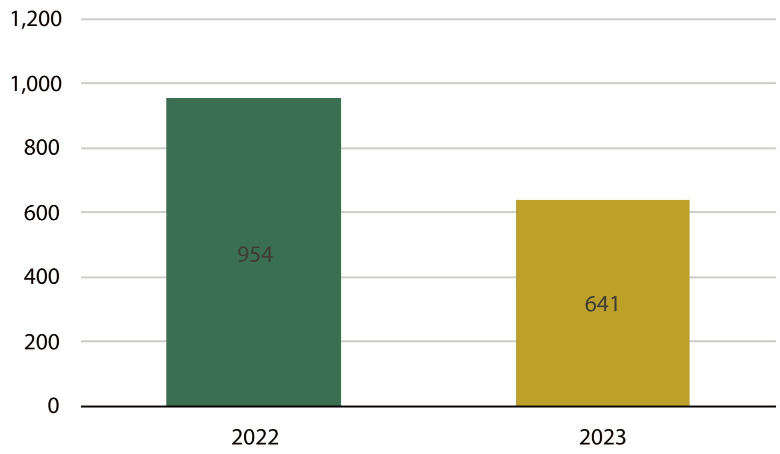
3 https://www.cnmv.es/webservices/verdocumento/ver?t=%7B9bbf6399-894a-459c-95a9-786b3a6bb724%7D

Origin of the CNMV's actions in the field of advertising of crypto-assets. 2023 FIGURE II.10.4.1



Source: CNMV.

Number of advertising items received by the CNMV (2022–2023) FIGURE II.10.4.1



Source: CNMV.

During 2024, the CNMV plans to revise Circular 1/2022, with the aim of making the necessary adaptations derived from the supervisory experience of recent years and the entry into application of the MiCA Regulation, among other aspects.

II.10.5 Cybersecurity

The Digital Operational Resilience Act (Regulation), known as DORA, was approved in December 2022 and will come into force on 17 January 2025. In 2023, the CNMV participated in the development of level 2 and 3 regulations through the JC SC DOR[4] task force, which includes competent authorities from the three ESAs.

4 Joint Committee Sub-Committee on Digital Operational Resilience.

Additionally, two new task forces related to DORA were formed in 2023:

— The IT Taskforce, with CNMV participation, serves as a forum to discuss issues concerning the implementation of necessary systems for the designation and monitoring of critical ICT service providers and the solution for sharing severe resilience incidents.

— The HLGO,[5] a high-level group, focuses on developing effective cooperation mechanisms between competent authorities, addressing operational aspects in human resources, organisation, budget, and legal regime, as well as the functioning of joint examiner teams.[6]

CNMV staff have received general training on the DORA Regulation, and the institution has begun preparing its processes for implementation. Specifically, a dedicated section has been added to the web portal,[7] an enquiries mailbox has been created, a system for receiving incident notifications has been designed, and the recruitment process for specialised staff with technical expertise in cybersecurity has commenced.

The CNMV has continued to participate, alongside the Bank of Spain and the General Directorate of Insurance and Pension Funds, in the TIBER-ES framework.[8] This initiative aims to enhance the technological resilience of financial institutions. The DORA Regulation will require major financial institutions to conduct advanced penetration tests, similar to TIBER-ES, on a regular basis.

Additionally, the CNMV has contributed to the drafting of the *Code of Good Governance in Cybersecurity*.[9] This code provides general recommendations on operational resilience for the governing bodies of companies, organised into principles that can be adopted by any organisation seeking to ensure robust cybersecurity governance.

5 High Level Group Oversight.
6 Teams in charge of supervising critical ICT service providers.
7 https://www.cnmv.es/Portal/Ciberseguridad.aspx
8 Threat Intelligence Based Ethical Red-Teaming.
9 https://bit.ly/3XP46NT

III CNMV Advisory Committee

The Advisory Committee is the body which provides advice to the CNMV Board. Its functions and composition are provided for in Articles 31 and 32 of theSecurities Markets and Investment Services Act and its implementing legislation – Royal Decree 303/2012, of 3 February, regulating the CNMV Advisory Committee.

Commencement of the procedure for the renewal of the Advisory Committee

Royal Decree 303/2012, of 3 February, which regulates the CNMV's Advisory Committee, establishes in article 2, section 4, that the term of office for members is four years. This term runs from 1 April of the initial year until 31 March of the concluding year.

As the Advisory Committee was last renewed in 2020, the current term of office for the members will end on 31 March 2024. Therefore, at its meeting on 20 December 2023, the CNMV Board adopted a resolution to initiate the procedure for the renewal of the Advisory Committee members and to appoint a committee responsible for the supervision and control of this process. This resolution was published in the Official State Gazette (*BOE*) on 8 January 2024, marking the beginning of the candidacy submission period, which ended on 29 January.

Once the nominations and candidacies were received in accordance with the regulations, a draw was held on 28 February to elect the members and alternate members representing the issuers included in the Ibex 35.

On 6 March, the provisional list of all appointed candidates was published in the Official State Gazette (*BOE*), with the sole exception of the candidate to be appointed by the CNMV Board from among persons of recognised prestige, based on their special technical qualifications, experience, and professional reputation in the CNMV's area of competence.

Finally, at its meeting on 22 March 2024, the CNMV Board agreed on the appointment of the members of the Advisory Committee, effective from 1 April 2024. With its new composition, the Committee reflects the emergence of new participants in the securities market, increases its representativeness, and adheres to the principle of balanced gender representation.

The updated composition of the Committee can be found on the CNMV website[1].

1 https://www.cnmv.es/portal/quees/comite-consultivo.aspx?lang=en

Actions by the Advisory Committee in 2023

In 2023, the Advisory Committee met a total of eight times and reported on ten issues, one of which was mandatory and the rest voluntary. The number of issues addressed in 2023 was lower than in 2022, primarily due to the reduced volume of mandatory reports. This decrease was mainly because regulatory activity was affected for much of the year by the general elections and the months when the government was acting in a caretaker capacity. It is anticipated that the projects put on hold due to this process will be reactivated during 2024.

In 2023, the Committee drafted its mandatory report on the proposed Technical Guide to enhance the transparency of collective investment schemes (CISs) with a specific return objective and fixed income CISs with a buy-and-hold strategy.

At the national level, its non-mandatory contributions to the Draft Bill of the Organic Law on equal representation of women and men in decision-making bodies and the Draft Bill regulating the framework for corporate information on environmental, social, and governance issues are noteworthy. Internationally, the Advisory Committee contributed to several consultations from international bodies, including those of the European Commission on the Retail Investment Strategy and the review of the Sustainable Finance Disclosure Regulation.

Additionally, the Committee occasionally discusses other issues that are notable due to being new developments or because particular importance is attached to them. In 2023, the Committee members were presented with the *Report on European Taxonomy Disclosures*, which the CNMV published for the first time in October of that year, and in 2024, a debate took place on the Capital Markets Union and its next steps.

Types of issues referred to the Advisory Committee

TABLE III.1

	No. of issues		
	2021	**2022**	**2023**
Mandatory reports on regulations	13	6	1
Voluntary consultations (IOSCO, ESMA and others)	12	10	9
Total	**25**	**16**	**10**

Source: CNMV.

Table III.2 provides a breakdown of the issues addressed.

Actions of the CNMV Advisory Committee in 2023

TABLE III.2

Mandatory reports on regulations: 1

— Public consultation on the Technical Guide on enhancing the transparency of CISs with specific performance objectives and fixed income CISs with a buy-and-hold strategy (meeting of 27 March).
https://www.cnmv.es/DocPortal/AlDia/CNMV_ConsultivoGT_IIC.pdf

Voluntary consultations (IOSCO, ESMA and others): 9

Spanish National Securities Market Commission (CNMV)

— 2023 Activity Plan (meeting of 30 January).

— Public consultation on additional intervention measures in the marketing of CFDs (meeting of 30 January).
https://www.cnmv.es/DocPortal/AlDia/CNMV_medidasCFD.pdf

— Presentation of the report on the taxonomy of companies (meeting of 30 October).

— 2024 Activity Plan (meeting of 18 December).

Ministry of Economic Affairs and Digital Transformation (currently, Ministry of Economy, Trade and Business)

— Draft Bill regulating the framework for corporate information on environmental, social and governance issues (meeting of May 22).
https://www.cnmv.es/DocPortal/AlDia/MAETD_InfoCorporativaSostenibilidad.pdf

Ministry of the Presidency

— Draft bill of the Organic Law on equal representation of women and men in decision-making bodies (meeting of March 27).
https://www.cnmv.es/DocPortal/AlDia/MinPresidencia_APLeyParidad.pdf

European Securities and Markets Authority (ESMA)

— Consultation on guidelines for the use of ESG or sustainability-related terms in funds' names (meeting of 13 February).
https://www.cnmv.es/DocPortal/AlDia/ESMA_denominacion_fondos.pdf

European Commission (EC)

— Retail Investment Package (meeting of 3 July).
https://www.cnmv.es/DocPortal/AlDia/CE_RIS.pdf

— Targeted consultation on the implementation of the Sustainable Finance Disclosures Regulation (meetings of 30 October and 1 December).
https://www.cnmv.es/DocPortal/AlDia/ConsultaSFDR.pdf

Source: CNMV.

IV CNMV: organisational, financial and institutional aspects

IV.1 Strategic lines of the CNMV 2023–2024, annual objectives and performance

This chapter reports on the CNMV's Activity Plan, a document that includes its strategy for 2023 and 2024 and a series of specific objectives to be carried out in 2023, selected on the basis of their being opportune or innovative with respect to the organisation's usual functions. Lastly, a series of performance and activity indicators of the CNMV are included.

IV.1.1 Strategic lines 2023–2024

The strategic lines defined in the 2023 Activity Plan remain valid. Specifically, for the period 2023–2024, the following five strategic lines have been outlined:

— Rigorous supervision of securities markets with a focus on financial stability.

— Strengthening the framework for retail investor protection in response to new challenges.

— Revitalising capital markets to support growth and the transition to a sustainable economy.

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

— Becoming a more accessible and socially connected supervisory body.

The validity of **these strategic lines for the period 2023–2024** is confirmed, taking into account the anticipated economic, financial, and regulatory environment for 2024 and the developments observed during 2023. However, certain priorities for action and supervision will be strengthened:

— **Protection of investors**, especially retail investors. In the context of inflation and interest rates being higher than the average of the years prior to the economic cycle change, and with increased investor contributions to fixed income and money market funds, the emphasis will be on **ensuring that the distribution of fixed income products clearly highlights the associated risks and the impact of inflation on real returns.** Attention will also be given to ensuring that the effects of interest rate changes and potential losses from early redemptions before maturity are properly disclosed.

— In the **area of sustainable finance**, it is deemed necessary to **intensify supervision** to ensure the proper incorporation of sustainability within the financial sector and to address potential shifts in investor preferences. Additionally, it is crucial to enhance the trustworthiness and comparability of the available information and to educate stakeholders in order to mitigate the risk of greenwashing.

— Finally, the implementation of the digital finance package regulations introduces new challenges for the CNMV, which will need to develop **new supervisory capabilities** arising from the Regulation on Markets in Crypto-assets (MiCA) and the Digital Operational Resilience Act (DORA) In connection with these new regulations, it will be crucial to **actively contribute to the development of the necessary regulatory frameworks** and to ensure their **consistent implementation** by supervisory authorities throughout the European Union. It will also be important to **engage with the industry** to facilitate preparation for the effective implementation of these standards. Furthermore, continued **attention will be given to the risks associated with these types of assets**, maintaining the policy of issuing warnings and alerts about their risks and monitoring their advertising.

— Similarly, the recent implementation of Regulation (EU) 2022/858, which introduces a **pilot scheme for market infrastructures based on decentralised ledger technology (DLT)**, will require the CNMV to focus on its full adoption by the sector and on the authorisation processes derived from this regulation.

IV.1.2 Fulfilment of the objectives of the 2023 Activity Plan

In its 2023 Activity Plan, the CNMV outlined 48 actions aimed at advancing the institution's strategic objectives.

Of these, 40 (83%) have been completed. Thus, in 2023, the achievement rate of the Activity Plan was slightly lower than in previous years: 91% in 2022 and 2021, and 86% in 2020. Some objectives remain incomplete due to the need to reschedule certain activities, primarily because resources were reallocated to address various needs, including those related to the Spanish Presidency of the Council of the European Union.

Below is a summary of the most significant objectives achieved according to the different sections of the Plan.

In 2023, the four objectives under the section on **improvements in the functioning of the CNMV** were met. Notably, significant progress was made in implementing the Strategic Digital Transformation Plan. Additionally, the scope of the CNMV's Global Environmental Sustainability Plan was expanded to include an initial component of the social perspective, and the CNMV's First Equality Plan was approved and registered.

In the area of **market supervision**, 100% of the objectives were met, totalling 10. In this context, the revision of the *Technical Guide for Audit Commissions of Public Interest Entities* was initiated, and the *Report on Disclosures Related to the European Taxonomy for 2022* was published in October 2003. This report offered some recommendations to the industry for 2023. The Annual Report on Non-Financial Reporting Supervision for the financial year 2022 also includes the first analysis of the taxonomy.

In the area of central counterparty (CCP) supervision, an analysis of concentration in the energy segment was conducted.

Additionally, the CNMV authorised new clearing services for financial instruments linked to crypto-assets, exclusively for institutional clients. Regarding the implementation of the pilot regime for DLT-based market infrastructures, various initiatives aiming to be part of this pilot regime, combining both trading and settlement infrastructures, were analysed during 2023.

With regard to the **supervision of financial intermediaries**, 10 of the 13 objectives have been met, with significant progress made on the remaining three. The CNMV published *Guía técnica 1/2023 sobre refuerzo de la transparencia de IIC con objetivo concreto de rentabilidad y de IIC de renta fija con estrategia de comprar y mantener* [*Technical Guide 1/2023 to enhance the transparency of Collective Investment Schemes (CIS) with a specific return objective and those with a buy-and-hold strategy for fixed income*] (in Spanish), as well as reviewed compliance with sustainability preference regulations. Additionally, close supervision of the liquidity of CIS portfolios has been conducted, and the system for monitoring and periodic reporting of daily contributions to Euribor by credit institutions under CNMV supervision has been designed and implemented.

In the section on **relations with investors and other stakeholders**, 15 of the 20 planned initiatives have been completed, with five still in progress. Among these initiatives, various resources have been developed to disseminate information on fraud and scams, which have been distributed through the channels of the signatories of the Action Plan against Financial Fraud (PAFF). In terms of sustainable finance, the CNMV has made active contributions to international groups such as the Sustainability Task Force at IOSCO and the Sustainability Standing Committee at ESMA, and has also been involved in identifying practices related to greenwashing. Additionally, various training and awareness-raising activities on sustainable finance have been carried out.

Other initiatives have included: i) the annual Joint ESAs Consumer Protection Day held in October 2023, ii) intensified technical assistance to the General Secretariat of the Treasury and International Finance (SGTFI) regarding legislative proposals to be negotiated during the Spanish Presidency of the Council of the European Union, and iii) the development of a training programme on the nature and risks of crypto-assets for secondary school teachers and students, as well as university educators. Additionally, a programme to promote employment and career opportunities at the CNMV was introduced in undergraduate and postgraduate educational centres.

IV.1.3 Key Performance Indicators (KPIs) of the CNMV

In 2018, in accordance with its Activity Plan for that year, the CNMV began to develop a number of key performance indicators (KPIs), to which activity indicators were added.

Since then, the CNMV has published an update of these indicators in its Annual Report. The publication of these indicators aims to increase transparency around the activities carried out by the CNMV, to provide a means of assessing its performance and to serve as a basis for improving the efficiency of its processes.

The main indicators that reflect the activity of the CNMV in 2023 are listed below, together with the 2022 data presented for comparative purposes:

Performance indicators

TABLE IV.1.3.1

Areas	Indicator 2022	Indicator 2023
Authorisation and registration of investment funds	**152 proceedings**	**119 proceedings**
Total average time[1]	1.1 months[2]	1.2 months
Authorisation of service providers (CIS management companies, closed-ended investment scheme management companies, investment funds and crowdfunding platforms)	**54 proceedings**	**4 proceedings**
Average time from last documentation[3]	1.0 months[4]	0.8 months
Total average time from initial application[5]	7.3 months	8.4 months
Corresponding:		
To the sponsor	2.9 months	3.2 months
To the CNMV	2.3 months	3.4 months
To reporting procedures of other authorities	2.1 months	1.8 months
Fixed income issues for wholesale investors	**92 proceedings**	**63 proceedings[7]**
Percentage processed in the agreed period[6]	98.91	100
Claims and complaints made by investors	**1,371**	**1,364**
Percentage of claims and complaints concluded in the year with regard to those filed that year and outstanding from the previous year	78.2	79.2
Average time to resolve complaints	66 days	78 days
Investor enquiries	**9,630**	**10,033**
Average time for responding to enquiries	21 days	23 days
Disciplinary proceedings		
Average time to process disciplinary proceedings	149 calendar days	211 calendar days
Average time for processing requests for cooperation with the courts:		
Submission to competent General Directorate	5 calendar days	6 calendar days
Final submission to the court	20 calendar days	18 calendar days
Requests for international cooperation		
Average response time	40 days	39 days
Excluding suspicious transaction reports	73 days	69 days
Average response time received	82 days	78 days
Average response time sent	61 days	54 days
Suspicious transaction reports	11 days	6 days
Average processing time received	2 days	3 days
Average processing time sent	23 days	11 days

Source: CNMV. (1) The maximum legal period is two months following receipt of the application or from the time when the required documentation is completed. (2) The figure shown is the total period from the initial application, although it is common in the vast majority of cases for it to be necessary to provide additional documentation to that initially provided. (3) Depending on the type of entity, the maximum legal period is three or six months from the request or from the time when the required documentation is completed. (4) The figure shown is the period elapsed from the time when the documentation is completed to the date the proceedings are resolved. (5) The breakdown reflects the time periods taken by the promoter to complete the documentation required by the CNMV for its analysis and for obtaining the mandatory reports (from other supervisors or SEPBLAC). (6) Essentially includes three stages: three days from receipt of the application in order to submit the first comments, two days for sending comments relating to the modifications resulting from the first comments, where appropriate, and three days for admission of the securities from when the information is complete. In any event, given the usual nature of the transactions, most of them do not require comments and hence they are fully completed in three days or less. (7) The 32% decrease in the number of cases processed in 2023 (63) compared to 2022 (92) is partly explained by the transfer of the verification powers of the requirements for the admission of non-equity securities from the CNMV to the governing bodies of the markets in which they are admitted, which occurred with effect from 18 September 2023.

Activity indicators

TABLE IV.1.3.2

Areas	Indicator 2022	Indicator 2023
Collective investment schemes/Venture capital firms		
Number of deficiency letters		
For late filing of information	547	507
Requests for information	115	90
Corrective measures or recommendations	392	387
Other notifications	346	18
Number of actions (including inspections)	268 (of which 16 are inspections)	259 (of which 11 are inspections)
Investment firms/ credit institutions		
Number of deficiency letters		
For late filing of information	197	193
Requests for information	392	248
Corrective measures or recommendations	169	193
Other notifications	473	143
Number of actions (including inspections)	386 (of which 14 are inspections)	353 (of which 11 are inspections)
Markets		
Number of deficiency letters	215	137
Equities	102	68
Compliance and development	68	35
Derivatives	24	43
Fixed income	6	50
Post-trading	15	14
Other	-	4
Number of reports	318	218
Financial and corporate information		
Percentage of corrective actions (corrective notes, correction in future years, restatements or reformulations) as a percentage of the number of annual financial reports subject to substantive review (globally)	52.5	50.0
Percentage of communications from directors, treasury stock and significant shareholders received late	9.2	4.0
Infringements		
Number of notifications of possible infringements (notifications that may be anonymous)	519	617
Including factual elements that may constitute possible infringements	419	454
Without sufficient factual elements	100	163
Disciplinary proceedings		
Number of disciplinary proceedings		
Initiated	14	17
Concluded	19	12
Fines	45	43

Activity indicators (*continuation*)

TABLE IV.1.3.2

	Indicator	
Areas	**2022**	**2023**
Periodic publications	**15**	**13**
Annual report	1	1
CNMV Bulletin	4	2
Financial Stability Note	2	2
Annual report on complaints and enquiries	1	1
Annual Corporate Governance Report (ACGR)	1	1
Annual accounts supervision report	1	1
Annual Directors' Remuneration Report	1	1
Non-bank financial intermediation in Spain	1	1
Activity Plan	1	1
Presence of women on Boards of Directors and in senior management of listed companies	1	1
Report on the supervision of non-financial information statements	1	1
Descriptive or research articles on matters of interest to the CNMV	**18**	**10**
Contained in the CNMV Bulletin	12	6
Working documents	5	3
Other publications	1	1
Seminars	**8**	**10**
Initiated	8	10
Statistical publications		
Primary securities market statistics	4	4
Statistics on commercial paper placements registered with the CNMV	4	4
Statistics on economic and financial information relating to securitisation funds	1	1
Statistics on asset securitisation funds	4	4
Statistics on collective investment schemes	4	4
Statistics on investment firms	12	12
Statistics on corporate governance of listed companies	1	1
Statistics on remuneration of directors of listed companies	1	1
Statistical annex of the Quarterly Bulletin	4	2
Statistical annex of the Annual Report	1	1
Dashboard updates		
Analysis of retail investors	1	1
Primary market statistics	4	4
Updated public series	5,376	6,800
Communications		
Speeches published (Presidency and Board)	38	36
Disclosed public statements (press releases, information to the sector and warnings)	160	147
Participation of CNMV personnel in public events	89	122
Events organised by the CNMV	10	8
Newsletters published	21	18

Activity indicators (*continuation*)

TABLE IV.1.3.2

Areas	Indicator 2022	2023
Social media platforms		
Number of posts in X	569	442
Number of followers in X	13,150	14,208
Number of posts in LinkedIn	340	257
Number of followers in LinkedIn	38,824	43,091
Number of YouTube subscribers	993	1,441
Institutional relations		
Number of requests from the Ministry of Economic Affairs and Digital Transformation processed: parliamentary initiatives and questions, internal approvals, other reports	**79**	**104**
Number of regulatory proposals on which advice has been given	27	21
Number of enquiries received through the Fintech Portal	135	123
Number of reports submitted to the Advisory Committee for assessment	16	10
Financial education		
Financial Education Programme in schools		
Number of centres	476	397
Number of teachers	492	450
Number of pupils	21,707	12,500
Financial Education Programme Partner Network: number of partnership agreements entered into	55	57
Financial Education Day: number of events and activities performed and coordinated for that day	173	199
Finance for all social networks		
Information issued by the CNMV		
X	455 posts	1.010 posts
Facebook	337 posts	675 posts
Instagram	216 posts	456 posts
YouTube	24 videos	10 videos
Outreach		
X	57,000 impressions	404,200 impressions
Facebook	48,650 people	23,445 people
Instagram	10,600 accounts	17,063 accounts
YouTube	13,557 views	12,603 views
General Register		
Incoming	160,361	149,755
Register of incoming paper documents	5,286	4,612
Register of incoming electronic documents	155,075	145,143
Electronic registration received by the SIR registry exchange system	1,162	2,270
Outgoing	201,492	196,465
Register of outgoing paper documents	21,026	27,068
Register of outgoing electronic documents	180,466	169,397

Activity indicators (*continuation*)

TABLE IV.1.3.2

	Indicator	
Areas	**2022**	**2023**
Enquiries received and responses issued regarding official records	873	807
Certificates of registration in the various official registers	410	794
Financial management		
Number of fee settlements issued	23,875	23,150
Number of supplier invoices	1,410	1,484
International activities		
International collaboration requests	**349**	**296**
Received	201	182
Sent	148	114
Number of actions carried out	1,881	1,932
Received	1,066	1,259
Sent	815	673
International collaboration requests (excluding suspicious transaction and order reports)	**166**	**154**
Number of actions carried out	1,417	1,539
Received	96	97
Number of actions carried out	765	993
Sent	70	57
Number of actions carried out	652	546
Suspicious transaction reports	**183**	**142**
Number of actions carried out	464	393
Received	105	85
Number of actions carried out	301	266
Sent	78	57
Number of actions carried out	163	127
Number of technical staff attending international meetings	**114**	**121**
Attendance at international meetings	**975**	**913**
ESMA	398	324
IOSCO	299	218
European Union	103	43
Colleges	5	12
Other forums	171	316
Staff attending courses	**30**	**39**
Systems		
Computers in workstations	553	597
Number of laptops	630	810
Software products purchased with licences	80	82
End user applications developed and in production	281	287
Files received by electronic registration and automatically processed	136,112	145,280
Procedures available at the electronic office	70	74
Users of the CIFRADOC service (for supervised entities) in the electronic office	1,577	1,653

Source: CNMV.

IV.2 Human resources and organisation

Changes in the CNMV workforce and staff selection processes

In the first quarter of the year, as a result of the 2021 Public Employment Offer (OEP), the four positions whose selection processes had concluded in December 2022 were filled.

The selection processes for the 27 positions authorised by the OEP for technicians in various directorates and departments were also completed, with 25 of these positions effectively filled. Additionally, the five data analyst positions were filled in the third quarter of the year.

Furthermore, the selection process for the position of **Deputy Director of Internal Cybersecurity**, authorised by the 2021 OEP, was initiated and completed in 2023, with the recruitment taking place in February 2024.

For the remaining seven positions in the OEP, all selection processes were conducted during 2023, with all seven recruitments occurring in the last quarter of the year.

Lastly, in December, the process to fill one temporary post, corresponding to the 2023 OEP, was launched, with the recruitment scheduled for January 2024.

To promote and facilitate internal mobility, **numerous internal selection processes were conducted during the year. A total of 30 processes were held to fill 45 vacancies**, covering positions such as deputy secretary (1), sub-director (4), technician (33), secretary (2), and administrative staff (5).

CNMV staff: composition by professional category TABLE IV.2.1

Number of employees at the end of each year

	2022			2023		
	Total	**Men**	**Women**	**Total**	**Men**	**Women**
Services	**6**	6	–	**6**	6	–
Clerical staff/Computer operators	**54**	12	42	**55**	11	44
Technical staff	**351**	159	192	**366**	169	197
Management	**25**	17	8	**25**	17	8
Total	**436**	**194**	**242**	**452**	**203**	**249**

Source: CNMV.

Breakdown of staff by CNMV departments

TABLE IV.2.2

Number of employees at the end of each year

	2022			2023		
	Total	Men	Women	Total	Men	Women
General Directorates	**332**	**141**	**191**	**348**	**152**	**196**
Entities	**118**	47	71	**121**	49	72
Markets	**118**	56	62	**122**	59	63
Strategic Policy and International Affairs	**54**	22	32	**61**	26	35
Legal Affairs	**42**	16	26	**44**	18	26
Departments not attached to General Directorates	**92**	**48**	**44**	**92**	**46**	**46**
Chair, Deputy-Chair and Board	**12**	**5**	**7**	**12**	**5**	**7**
Total	**436**	**194**	**242**	**452**	**203**	**249**

Source: CNMV.

Training plan

As part of its training programme, **the CNMV implemented various initiatives in 2023, with 88% of the workforce participating in some of the 58 planned training activities**. The distribution by training area was as follows:

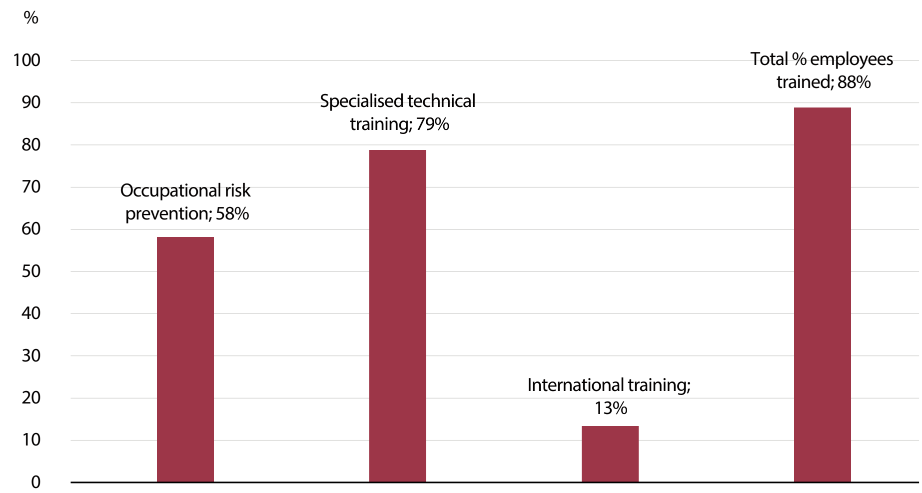
— Internal training sessions and those developed and delivered in collaboration with various specialised schools and training centres: these accounted for 88% of the total training provided, with 87% of employees participating.

— Training sessions provided by international organisations: 13% of employees participated.

— Individual training sessions in various subjects: 3% of the staff participated.

Employee training, by type

FIGURE IV.2.1

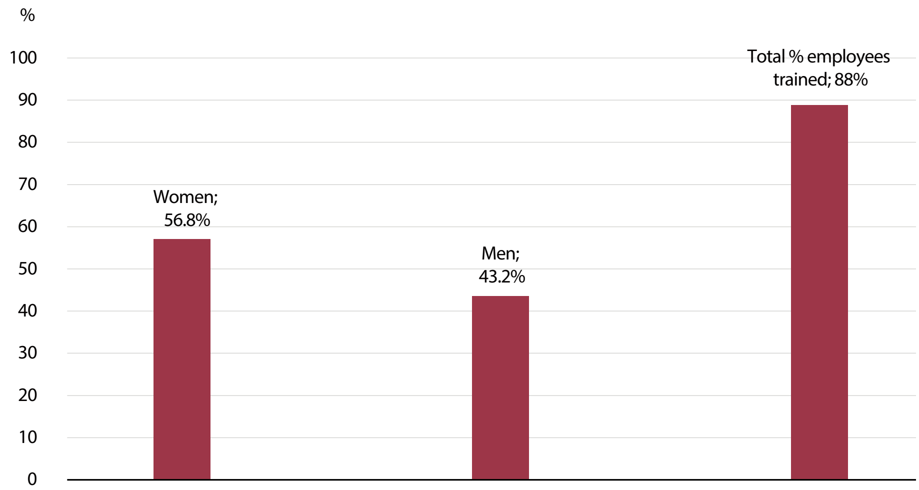


Source: CNMV.

Training by gender

Women's access to training is balanced. In 2023 there is a slightly higher predisposition towards training by women.

Employee training, by gender FIGURE IV.2.2

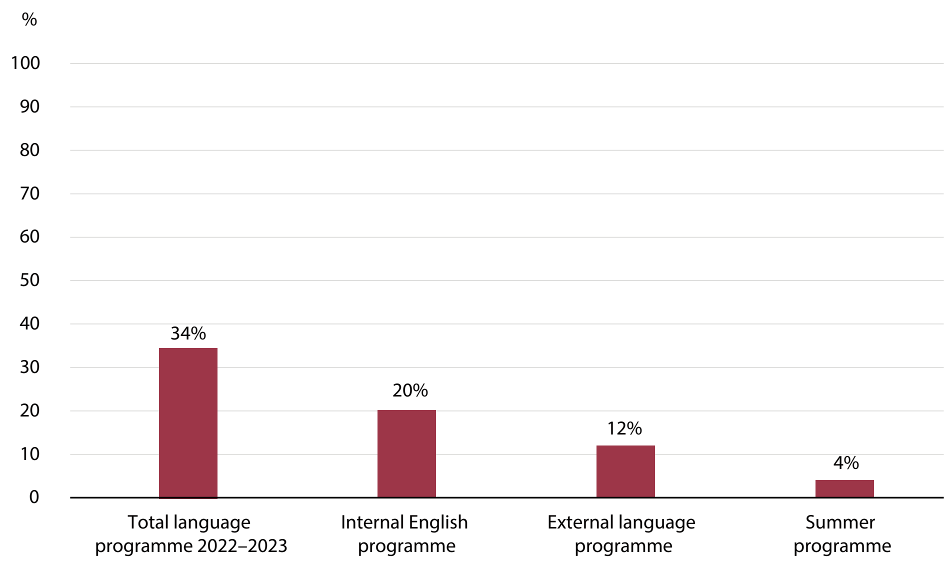


Source: CNMV.

Language programme

As in previous years, **a new edition of the language programme was launched, benefiting 37% of the staff**. To facilitate language improvement in English, French, or German, the programme offered summer courses in Spain, both residential and non-residential, as well as courses abroad. Overall, 4% of the staff participated in the summer courses.

Percentage of staff participation in language programmes FIGURE IV.2.3



Source: CNMV.

Other key initiatives in human resources

On 22 December 2023, the CNMV's first Equality Plan was approved. Covering the years 2024 and 2025, the plan defines the roadmap for achieving gender equality within the CNMV.

The Plan is the result of collective bargaining with representatives from trade unions and includes a series of measures, which were planned and agreed upon following a diagnostic assessment of the institution. These measures are designed to establish a clear, realistic, and effective strategy to improve women's participation in decision-making processes and to underpin the CNMV's commitment to equality.

In addition, over the last few years **a collective bargaining agreement has been negotiated for CNMV staff,** which would be the first in the institution's history. After reaching a pre-agreement on its content, the agreement is in the final stages of approval by the relevant administrative authorities.

Organisational developments

The CNMV Board, by the Resolution of 26 July 2023 and published in the Official State Gazette (*BOE*) on 1 August 2023, agreed to amend its Internal Regulations. This Resolution announced the creation of the Deputy General Secretariat, which has departmental status and is attached to the General Secretariat. Its responsibilities include:

i) Assisting the General Secretariat in the exercise of its duties.

ii) Performing the functions listed under items b), d), and e) of Section 6 of the Resolution, through units that report directly to the Deputy General Secretariat, while maintaining the overall direction of the General Secretariat.

iii) Acting as the General Secretariat in the event of a vacancy, absence, or illness.

IV.3 Financial management

Most of the CNMV's funding comes from the fees it collects from supervised entities, as set out in Law 16/2014, of 30 September, which regulates the fees of the National Securities Market Commission (CNMV).

In 2023, fees collected increased by 6.0%. At the same time, ordinary management expenses rose by 5.7% compared to the previous year.

IV.3.1 Income and expenses

In 2023, the CNMV generated total income of €74.3 million and incurred expenses of €58.5 million, resulting in a surplus of €15.8 million for the year. This represents an increase of 13.9% over the previous year.

The surplus for ordinary activities amounted to €14.7 million. Ordinary income, which is largely derived from fees, reached €69.0 million, a 6.4% increase over the 2022 financial year. This rise was mainly due to higher fees for the supervision of institutions, which more than compensated for the decrease in market supervision fees.

Ordinary management expenses totalled €54.3 million, which is 5.7% higher than in 2022. Personnel expenses, representing 68.4% of total ordinary expenses, increased by 3.7%, driven by the salary increases stipulated in Law 31/2022, of 23 December, which is part of the General State Budget for 2023.

Other ordinary management expenses rose by 10.3% compared to 2022. This increase was primarily concentrated in the category of supplies and external services, which went up by 12.0%. This was largely due to refurbishment work carried out at the CNMV headquarters in Madrid following a technical inspection of the building, as well as a significant rise in supply prices.

Profit from financial transactions showed a balance of €1.2 million.

IV.3.2 Fee structure

In 2021, the CNMV sent the Government a full and articulated proposal to review the fees that the CNMV applies and charges. The objective of the proposal was to update the CNMV's fees to ensure they comply with the principles of equivalence and financial sufficiency for the services and activities provided by the institution, aligning them with the principle of efficiency.

Table IV.3.2.1 shows a breakdown of fees.

CNMV fee income

TABLE IV.3.2.1

Amounts in thousands of euros

Activity or service	2022	2023	% change 23/22	Change
Registration of prospectuses and entities	**9,381.9**	**9,829.9**	**4.8**	**448.0**
Registration of prospectuses	2,602.7	1,458.9	-43.9	-1,143.9
Issue prospectuses	227.8	326.1	43.2	98.3
Listing prospectuses	2,375.0	1,132.8	-52.3	-1,242.2
Securitisation funds and bank asset funds	128.1	127.9	-0.2	-0.3
Authorisation and registration of entities	6,191.4	7,601.5	22.8	1,410.1
Authorisation of takeover bids	459.6	641.6	39.6	182.0
Market supervision	**17,498.0**	**15,918.7**	**-9.0**	**-1,579.4**
Activity of stock market and MTF members	5,911.6	4,422.0	-25.2	-1,489.5
Activity of MEFF members	141.9	125.6	-11.5	-16.3
Activity of Sociedad de Sistemas members	4,613.1	4,489.0	-2.7	-124.1
Activity of CCP clearing members	606.4	459.9	-24.2	-146.5
Activity of market management companies	1,269.5	1,144.7	-9.8	-124.9
Activity of listed issuers	4,955.4	5,277.4	6.5	322.0
Supervision of entities	**36,101.4**	**40,994.5**	**13.6**	**4,893.0**
CIS solvency supervision	12,185.7	13,401.6	10.0	1,215.8
Solvency supervision of CIS and securitisation fund management companies	178.5	175.0	-2.0	-3.6
Collective investment scheme management companies	163.8	161.1	-1.7	-2.7
Securitisation fund management companies	14.7	13.9	-5.6	-0.8
Solvency supervision of investment firms	310.1	334.9	8.0	24.7
Solvency supervision of venture capital firms	1,108.4	1,348.6	21.7	240.3
Management companies of closed-ended CISs	134.3	152.9	13.8	18.6
Closed-ended CISs	974.1	1,195.8	22.8	221.7
Supervision of CIS and venture capital firm depositories	3,567.8	3,868.6	8.4	300.9
Supervision of rules of conduct of investment firms, credit institutions and CISMCs	9,792.0	10,658.3	8.8	866.3
Distribution of foreign CISs	8,958.9	11,207.5	25.1	2,248.6
Issue of certificates	**20.1**	**24.4**	**21.2**	**4.3**
Total	**63,001.5**	**66,767.4**	**6.0**	**3,765.9**

Source: CNMV.

IV.3.3 Financial figures

Some of the main financial statements included in the accounts prepared by the CNMV for 2023 are shown below, in addition to a comparison with the accounts audited and approved for the previous year. However, the full accounts, including the notes to the financial statements, are published separately once they have been audited by the IGAE (General Comptroller of the State Administration), presented to the Board and approved by the Chairperson, no later than 31 July each year, in accordance with applicable regulations.

IV.3.3.1 Balance sheet

Assets	Financial year 2023	Financial year 2022
A) Non-current assets	**119,721,435.86**	**118,147,305.22**
I. Intangible assets	**6,055,215.83**	**5,599,669.14**
1. Investment in research and development	1,810,867.82	1,113,058.69
3. Computer software	4,244,348.01	4,486,610.45
II. Property, plant and equipment	**72,025,409.00**	**72,184,254.59**
1. Land	43,664,824.00	43,666,945.35
2. Buildings	25,599,136.98	26,214,858.78
5. Other property, plant and equipment	2,761,448.02	2,302,450.46
IV. Long-term financial investments in group companies, jointly-controlled entities and associates	**41,414,798,.97**	**40,234,524.06**
3. Loans and debt securities	41,414,798.97	40,234,524.06
V. Long-term financial investments	**226,012.06**	**128,857.43**
1. Financial investments in equity	935.36	935.36
2. Loans and debt securities	223,811.07	126,656.44
4. Other financial investments	1,265.63	1,265.63
B) Current assets	**77,375,053.05**	**61,515,205.99**
III. Trade and other receivables	**38,177,294.34**	**30,735,520.46**
1. Receivables for operating activities	27,514,939.87	23,294,718.16
2. Other receivables	10,658,861.12	7,440,802.30
3. Public administration service	3,493.35	0.00
IV. Short-term financial investments in group companies, jointly-controlled entities and associates	**15,658,554.03**	**7,013,907.55**
2. Loans and debt securities	15,658,554.03	7,013,907.55
V. Short-term financial investments	**469,033.22**	**455,022.83**
2. Loans and debt securities	169,033.22	155,022.83
4. Other financial investments	300,000.00	300,000.00
VI. Accrual accounts	**239,472.87**	**357,784.88**
VII. Cash and cash equivalents	**22,830,698.59**	**22,952,970.27**
2. Cash	22,830,698.59	22,952,970.27
TOTAL ASSETS	**197,096,488.91**	**179,662,511.21**

IV.3.3.1 Balance sheet (*continuation*)

Equity and liabilities	Financial year 2023	Financial year 2022
A) Equity	**189,666,809.75**	**171,890,408.17**
I. Contributed equity	**5,385,871.28**	**5,385,871.28**
II. Equity generated	**187,786,943.54**	**171,982,989.09**
1. Retained earnings/(accumulated losses)	24,304,044.40	10,428,334.09
2. Surplus for the year	15,803,954.45	13,875,710.31
3. Reserves	147,678,944.69	147,678,944.69
III. Valuation adjustments	**-3,506,005.07**	**-5,478,452.20**
2. Available-for-sale financial assets	-3,506,005.07	-5,478,452.20
B) Non-current liabilities	**1,395,320.20**	**1,483,887.63**
I. Long-term provisions	**1,395,320.20**	**1,483,887.63**
C) Current liabilities	**6,034,358.96**	**6,288,215.41**
I. Short-term provisions	**482,981.35**	**464,933.00**
II. Short-term debts	**416,957.60**	**551,210.72**
4. Other borrowings	416,957.60	551,210.72
IV. Trade and other payables	**5,134,420.01**	**5,272,071.69**
1. Payables for operating activities	1,575,105.15	1,726,405.24
2. Other payables	1,784,031.71	1,821,315.83
3. Public administration service	1,775,283.15	1,724,350.62
TOTAL LIABILITIES AND EQUITY	**197,096,488.91**	**179,662,511.21**

Source: CNMV.

IV.3.3.2 Income statement

	Financial year 2023	Financial year 2022
1. Tax revenues and social contributions	**66,767,389.70**	**63,001,474.76**
b) **Fees**	66,767,389.70	63,001,474.76
2. Transfers and subsidies received	**454,576.14**	**392,059.23**
a) Financial year	454,576.14	392,059.23
a.1) Subsidies received to finance expenses for the year	454,576.14	392,059.23
5. Own work capitalised	**1,449,414.34**	**1,316,325.91**
6. Other ordinary revenue	**74,473.62**	**56,405.36**
7. Provision surplus	**242,053.55**	**93,460.00**
A) TOTAL ORDINARY REVENUE (1+2+3+4+5+6+7)	**68,987,907.35**	**64,859,725.26**
8. Personnel expenses	**-37,128,664.64**	**-35,798,168.26**
a) Salaries, wages and similar	-29,527,364.85	-28,837,908.09
b) Employee welfare expenses	-7,601,299.79	-6,960,260.17
9. Transfers and subsidies granted	**-2,926,389.83**	**- 2,691,084.88**
11. Other ordinary expenses	**-11,715,952.35**	**-10,520,660.17**
a) Supplies and outside services	-11,183,211.04	-9,989,260.93
b) Taxes	-532,741.31	- 531,399.24
12. Depreciation and amortisation	**-2,527,304.95**	**-2,349,292.38**
B) TOTAL ORDINARY EXPENSES (8+9+10+11+12)	**-54,298,311.77**	**-51,359,205.69**
I. Profit/(loss) from ordinary activities (A+B)	**14,689,595.58**	**13,500,519.57**
13. Impairment of and net gains/(losses) on disposal of non-financial non-current assets and held-for-sale assets	**-55,201.31**	**48,663.66**
a) Impairment	51,905.89	48,999.42
b) Derecognitions and disposals	-107,107,20	- 335.76
14. Other non-ordinary items	**0.00**	**21,428.20**
a) Income	0.00	21,647.98
b) Expenses	0.00	-219.78
II. Profit/(loss) from non-financial operations (I+13+14)	**14,634,394.27**	**13,570,611.43**
15. Finance income	**1,784,964.94**	**1,284,315.48**
b) From traded securities and loans forming part of non-current assets	1,784,964.94	1,284,315.48
b.1) In group companies, jointly-controlled entities and associates	570,577.27	369,945.54
b.2) Other	1,214,387.67	914,369.94
16. Finance costs	**-1,584.17**	**-907.05**
b) Other	-1,584.17	- 907.05
19. Exchange differences	**-9,513.30**	**-5,902.39**
20. Impairment, derecognition and disposal of financial assets and liabilities	**-604,307.29**	**-972,407.16**
b) Other	-604,307.29	-972,407.16
III. Result of financial transactions (15+16+17+18+19+20+21)	**1,169,560.18**	**305,098.88**
IV. Net profit/(loss) for the year (II+III)	**15,803,954.45**	**13,875,710.31**

Source: CNMV.

IV.3.3.3 Statement of cash flows

	Financial year 2023	Financial year 2022
I. CASH FROM OPERATING ACTIVITIES		
A) Receipts	**60,459,835.91**	**64,649,655.28**
1. Tax revenues and social contributions	59,112,554.11	63,892,027.32
5. Interest and dividends received	1,113,592.09	586,438.44
6. Other receipts	233,689.71	171,189.52
B) Payments	**49,601,442.42**	**45,939,972.18**
7. Personnel expenses	35,635,112.50	34,307,057.10
8. Transfers and subsidies granted	2,840,391.13	2,632,666.25
10. Other management expenses	11,001,945.95	8,829,739.51
13. Other payments	123,992.84	170,509.32
Net cash from operating activities (+A-B)	**10,858,393.49**	**18,709,683.10**
II. CASH FROM/(USED) IN INVESTING ACTIVITIES		
C) Receipts	**7,364,275.85**	**6,463,852.17**
2. Sale of financial assets	6,188,000.00	5,239,000.00
3. Other receipts from investing activities	1,176,275.85	1,224,852.17
D) Payments	**18,184,663.02**	**9,303,749.15**
5. Sale of property investments	3,064,049.71	2,297,263.30
6. Purchase of financial assets	14,765,206.40	6,854,020.60
7. Other payments for investing activities	355,406.91	152,465.25
Net cash from/(used) in investing activities (+C-D)	**-10,820,387.17**	**-2,839,896.98**
III. CASH FROM/(USED IN) FINANCING ACTIVITIES		
F) Payments to owner(s)	**0.00**	**16,580,292.25**
2. Return of contributions and distribution of profit to owner(s)	0.00	16,580,292.25
Net cash from/(used in) financing activities (+E-F+G-H)	**0.00**	**-16,580,292.25**
IV. CASH FLOWS PENDING CLASSIFICATION		
I) Receipts pending application	**0.00**	**503,227.72**
J) Payments pending application	**150,764.70**	**9,704.29**
Net cash flows pending classification (+I-J)	**-150,764.70**	**493,523.43**
V. EFFECT OF VARIATIONS IN EXCHANGE RATES	**-9,513.30**	**-5,902.39**
VI. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)	**-122,271.68**	**-222,885.09**
Cash and cash equivalents at the start of the year	**22,952,970.27**	**23,175,855.36**
Cash and cash equivalents at the end of the year	**22,830,698.59**	**22,952,970.27**

Source: CNMV.

IV.3.3.4 Statement of comprehensive changes in equity

	I. Equity contributed	II. Equity generated	III. Value adjustments	IV. Other equity increases	Total
A. Equity at the end of financial year N1	**5,385,871.28**	**171,982,989.09**	**-5,478,452.20**	**0.00**	**171,890,408.17**
B. Adjustments for changes in accounting criteria and error correction	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
C. Adjusted starting equity for financial year N (A+B)	**5,385,871.28**	**171,982,989.09**	**-5,478,452.20**	**0.00**	**171,890,408.17**
D. Changes in equity in financial year N	**0.00**	**15,803,954.45**	**1,972,447.13**	**0.00**	**17,776,401.58**
1. Income and expense recognised in the year	0.00	15,803,954.45	1,972,447.13	0.00	17,776,401.58
2. Transactions with owner(s)	0.00	0.00	0.00	0.00	0.00
3. Other changes in equity	0.00	0.00	0.00	0.00	0.00
E. Equity at end of financial year N (C+D)	**5,385,871.28**	**187,786,943.54**	**-3,506,005.07**	**0.00**	**189,666,809.75**

Source: CNMV.

IV.4 Report by the Internal Control Body

CNMV COMISIÓN NACIONAL DEL MERCADO DE VALORES

Audit report provided under Article 18.4 of Law 6/2023 on Securities Markets and Investment Services – 2023

Internal control department
14 June 2024

1.- INTRODUCTION

The CNMV's Internal Control Department performed the audit of compliance of the decisions adopted by the governing bodies with the procedural regulations applicable in each case, in implementation of the Audit Plan and Internal Control Actions approved by the Commission's Board in its meeting of 22 March 2024, thus complying with Article 18.4 of Law 6/2023, of 17 March, on Securities Markets and Investment Services.

The work was performed in accordance with the International Standards for the Professional Practice of Internal Auditing of the IIA (the Institute of Internal Auditors), as established by the Internal Audit Rules for the CNMV approved by a Resolution of the Board on 28 February 2022.

2.- OBJECTIVES AND SCOPE

The objective of the work is to verify compliance of the adoption of supervisory decisions by the CNMV's governing bodies in 2023 with the applicable procedural regulations.

The basic legislation applicable to CNMV procedures in 2023 is as follows:

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

– Law 39/2015, of 1 October, on the Common Administrative Procedure of Public Administrations.

– Law 40/2015, of 1 October, on the Legal Regime of the Public Sector.

– The CNMV' s Internal Regulations.

– Agreement of 22 December 2022 on the delegation of powers of the National Securities Market Commission.

No scope limitations arose during the course of the work.

3.- OPINION

In our opinion, having completed the audit work, it can be concluded that in 2023 the decisions adopted by the CNMV's governing bodies in the area of the supervision entrusted to it Law 6/2023, of 17 March, on Securities Markets and Investment Services and other legislation met the requirements established in current legislation relating to the procedure and authority applicable in each case.

Head of the Internal Control Department Digital signature:
Margarita García Muñoz

Annexes

Statistical annexes I: markets and issuers

Capital increases and initial public offerings[1]

I.1

Amounts in millions of euros

	Number of issuers			Number of issues		
	2022	2023	Change 23/22	2022	2023	Change 23/22
Capital increases with fund-raising	**15**	**10**	**-5**	**39**	**24**	**-15**
With preemptive rights	2	2	0	2	2	0
Without preemptive rights (PSO)[2]	1	0	-1	1	0	-1
Of which, increases	0	0	0	0	0	0
Accelerated book builds	4	1	-3	5	1	-4
Capital increases with non-monetary considerations[3]	2	1	-1	5	1	-4
Capital increases via conversion	4	3	-1	14	14	0
Other	7	3	-4	12	6	-6
Bonus issues	**12**	**11**	**-1**	**16**	**15**	**-1**
Of which, scrip dividends	11	10	-1	15	14	-1
Total capital increases	**27**	**20**	**-7**	**55**	**39**	**-16**
Initial public offerings (IPO)	**0**	**0**	**0**	**0**	**0**	**0**
Of which, increases	0	0	0	0	0	0

Source: CNMV. (1) Does not include data from BME Growth, ETF or Latibex. (2) Public subscription offering. (3) Capital increases with non-monetary consideration have been stated at market value.

Capital increases and public offerings in 2023: cash amount

I.2

Amounts in millions of euros

Issuer	Cash amount[1]	Type of transaction	Date registered
Urbas Grupo Financiero, S.A.	8.61	Capital increase by conversion	17-Jan-23
Oryzon Genomics, S.A.	1.90	Capital increase by conversion	19-Jan-23
Cocacola Europacific Partners PLC	0.00	Other capital increases	26-Jan-23
Iberdrola	925.45	Capital increase, scrip dividend	31-Jan-23
Sacyr, S.A.	35.25	Capital increase, scrip dividend	07-Feb-23
ACS, Actividades de Construcción y Servicios, S.A.	64.92	Capital increase, scrip dividend	14-Feb-23
Urbas Grupo Financiero, S.A.	1.45	Capital increase by conversion	21-Feb-23
Oryzon Genomics, S.A.	1.90	Capital increase by conversion	07-Mar-23
Airbus SE	271.37	Other capital increases	03-May-23
Técnicas Reunidas, S.A.	150.09	Capital increase with preemptive subscription rights	08-May-23
Cocacola Europacific Partners PLC	0.01	Other capital increases	09-May-23
Oryzon Genomics, S.A.	1.56	Capital increase by conversion	09-May-23
FAES FARMA, S.A.	1.09	Capital increase, scrip dividend	18-May-23
Promotora de Informaciones, S.A.	26.75	Capital increase by conversion	18-May-23

Capital increases and public offerings in 2023: cash amount *(continuation)*

I.2

Amounts in millions of euros

Issuer	Cash amount[1]	Type of transaction	Date registered
Almirall, S.A.	31.41	Capital increase, scrip dividend	06-Jun-23
Almirall, S.A.	2.93	Other capital increases	13-Jun-23
Laboratorio Reig Jofre, S.A.	3.08	Capital increase, scrip dividend	13-Jun-23
Sacyr, S.A.	49.80	Capital increase, scrip dividend	14-Jul-23
Corporación Financiera Alba, S.A.	50.93	Capital increase, scrip dividend	19-Jul-23
ACS, Actividades de Construcción y Servicios, S.A.	218.34	Capital increase, scrip dividend	26-Jul-23
Ferrovial SE	149.75	Capital increase, scrip dividend	26-Jul-23
Fomento de Construcciones y Contratas, S.A.	215.63	Capital increase, scrip dividend	28-Jul-23
Iberdrola, S.A.	1,289.37	Capital increase, scrip dividend	28-Jul-23
Oryzon Genomics, S.A.	1.50	Capital increase by conversion	28-Jul-23
Cocacola Europacific Partners PLC	0.01	Other capital increases	17-Aug-23
Talgo, S.A.	9.87	Capital increase, scrip dividend	05-Sep-23
Squirrel Media, S.A.	5.24	Non-cash capital increase	13-Sep-23
Urbas Grupo Financiero, S.A.	1.96	Capital increase by conversion	14-Sep-23
Urbas Grupo Financiero, S.A.	3.65	Capital increase by conversion	26-Sep-23
Ferrovial SE	234.59	Capital increase, scrip dividend	21-Nov-23
MFE-MediaForEurope N.V.	0.00	Other capital increases	21-Nov-23
Vidrala, S.A.	1.57	Bonus issue	21-Nov-23
Oryzon Genomics, S.A.	0.79	Capital increase by conversion	28-Nov-23
Amper, S.A.	31.04	Capital increase with preemptive subscription rights	05-Dec-23
Cocacola Europacific Partners PLC	0.00	Other capital increases	05-Dec-23
Oryzon Genomics, S.A.	1.48	Capital increase by conversion	19-Dec-23

Source: CNMV. (1) Issues of new shares not paid for in cash have been valued at market prices.

Companies delisted in 2023[1]

I.3

Company	Market	Reason Procedure	Date
Siemens Gamesa Renewable Energy	SIBE	Delisted upon conclusion and settlement of the forced purchase order by the entity's own takeover bid.	14/02/2023
Ferrovial, S.A.	SIBE	Delisting due to reverse and cross-border merger with share swap with Ferrovial, SE.	16/06/2023
Mediaset España Comunicación	SIBE	Delisting due to cross-border merger with share swap with MFE-MediaForEurope, N.V.	10/05/2023
Mobiliaria Monesa	Open outcry	The Government of Catalonia delists ex officio, as the criteria for the composition of the audit committee are not met.	06/04/2023

Source: CNMV. (1) Excludes BME Growth, Latibex and ETFs.

Sector indices in the Madrid and Barcelona stock exchanges

I.4

Yield in the period (%)

					2023			
	2020	2021	2022	2023	I	II	III	IV
Madrid Stock Exchange								
Oil and energy	5.0	-1.6	5.2	3.4	4.0	0.6	-5.8	4.9
Electricity and gas	14.2	-4.2	-1.0	6.7	6.0	2.5	-9.8	8.9
Basic mats., industry and construction	-2.5	9.3	-11.3	25.5	10.1	4.5	-2.4	11.9
Consumer goods	-15.3	0.9	-14.2	44.3	16.4	11.4	0.1	11.2
Consumer services	-36.7	-1.9	-15.9	30.4	21.8	3.6	-5.5	9.3
Financial and real estate services	-26.4	20.3	7.9	29.3	13.3	2.8	6.8	3.9
Banking	-27.5	20.7	9.0	30.7	13.9	3.1	6.9	4.0
Real estate and other	-32.1	13.0	-25.5	12.8	-4.2	-0.8	-0.9	19.8
Technology and telecommunications	-21.9	9.0	-22.8	17.8	19.9	3.3	-8.5	4.0
Madrid Stock Exchange General Index	**-29.4**	**7.1**	**-4.8**	**21.6**	**11.8**	**3.5**	**-1.3**	**6.4**
Barcelona Stock Exchange								
Oil and energy	18.9	4.1	6.5	1.1	3.4	-1.3	-3.3	2.5
Financial services	-28.5	24.3	13.8	27.6	13.5	3.0	6.2	2.8
Real estate services	-20.1	9.3	-20.3	5.8	-4.8	-4.8	-2.1	19.1
Basic mats., industry and construction	43.5	3.3	-12.4	19.3	11.2	2.3	-4.3	9.6
Consumer goods	-17.8	-2.2	-6.9	51.9	15.4	13.5	2.5	13.1
Consumer services	-15.7	-5.9	-16.6	30.0	23.8	6.6	-7.1	6.2
Technology and telecommunications	-23.9	13.7	-17.8	16.3	18.4	0.2	-3.3	1.2
BCN Global 100	**-16.8**	**10.2**	**0.3**	**21.4**	**11.9**	**2.8**	**0.8**	**4.7**

Source: Refinitiv Datastream.

Concentration of capitalisation by sector[1]

I.5

Number of companies required to achieve a specific percentage

	2022				2023			
Sector	**25%**	**50%**	**75%**	**100%**	**25%**	**50%**	**75%**	**100%**
Oil	1	1	1	1	1	1	1	1
Energy	1	2	3	12	1	1	3	12
Mining and basic metals	1	2	2	8	1	1	2	8
Cement and construction materials	1	1	2	3	1	1	2	2
Chemicals and pharmaceuticals	1	1	3	7	1	1	2	7
Textiles and paper	1	1	1	8	1	1	1	7
Metal-mechanical	1	2	4	14	1	2	4	14
Food	1	2	2	10	1	2	3	10
Construction	1	2	3	7	1	3	4	8
Real estate companies and SOCIMIs (Spanish REITs)	1	2	4	16	1	2	4	16
Transport and communication	1	2	3	5	1	2	3	6
Other non-financial	1	2	3	24	1	1	4	23
Banks	1	2	3	7	1	2	3	8
Insurance	1	1	2	3	1	1	2	3
Portfolio companies	1	1	1	5	1	1	1	3
SICAVs	0	0	0	0	0	0	0	0
Financial institutions	0	0	0	0	0	0	0	0

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

Concentration of equity stock market trading

I.6

Number of companies required to achieve a specific percentage

	2022				2023			
	25%	**50%**	**75%**	**100%**	**25%**	**50%**	**75%**	**100%**
All markets[1]	3	6	15	126	3	6	13	129
Electronic market	3	7	15	127	3	6	13	125
National	3	6	14	114	3	5	12	117
Foreign	1	1	1	6	1	1	2	8
Open outcry	1	1	1	6	1	1	1	4
Secondary market	0	0	0	0	0	0	0	0
ETF	1	2	3	5	1	2	3	5
BME MTF Equity	5	32	133	2,378	3	12	60	1,386
Latibex	1	1	2	20	1	1	2	19

Source: CNMV. (1) Excludes Latibex, BME Growth and ETFs.

Percentage of capitalisation by sector and the largest companies in each sector with respect to the overall market[1]

I.7

Sector	% sector/market[2]	Companies with the largest capitalisation in the sector	% company/market[3]
Oil	2.6	Repsol YPF	2.6
Energy and water	21.6	Iberdrola	11.0
Energy and water		Gas Natural SDG	3.8
Energy and water		Endesa	2.9
Mining and basic metals	1.0	CIE Automotive	0.5
Mining and basic metals		Acerinox	0.4
Mining and basic metals		Arcelor	0.1
Cement and construction materials	0.6	Vidrala, S.A.	0.4
Cement and construction materials		Cementos Molins, S.A.	0.2
Chemicals and pharmaceuticals	2.4	Grifols	1.4
Chemicals and pharmaceuticals		Laboratorios Farmacéuticos Rovi, S.A.	0.5
Chemicals and pharmaceuticals		Almirall, S.A.	0.3
Textiles and paper	18.2	Industria de Diseño Textil (Inditex)	11.3
Textiles and paper		Grupo Empresarial Ence	0.1
Textiles and paper		Miquel Costas & Miquel	0.1
Metal-mechanical	1.0	Gestamp Automoción, S.A.	0.3
Metal-mechanical		Elecnor	0.2
Metal-mechanical		Construcciones y Auxiliar de Ferrocarriles, S.A.	0.2
Food	1.0	Viscofan	0.4
Food		Ebro Foods, S.A.	0.3
Food		Amrest Holdings, SE	0.2
Construction	6.4	Ferrovial, S.A.	2.4
Construction		ACS, Actividades de Construcción y Servicios	1.6
Construction		Acciona, S.A.	1.1
Real estate companies	1.9	Merlin Properties, SOCIMI, S.A.	0.7
Real estate companies		Grupo Inmocaral	0.5
Real estate companies		Metrovacesa, S.A.	0.2
Transport and communication	12.0	Cellnex Telecom, S.A.	3.7
Transport and communication		Aena, SME, S.A.	3.6
Transport and communication		Telefónica	3.0
Other non-financial	6.6	Amadeus IT Group, S.A.	4.3
Other non-financial		Fluidra, S.A.	0.5
Other non-financial		Indra Sistemas	0.4
Banks	22.7	Banco Santander, S.A.	9.3
Banks		Banco Bilbao Vizcaya Argentaria	7.2
Banks		Caixabank, S.A.	4.1
Insurance	1.5	Mapfre, S.A.	0.9
Insurance		Grupo Catalana Occidente	0.5
Insurance		Línea Directa Aseguradora, S.A.	0.1
Portfolio companies	0.5	Corporación Financiera Alba	0.4
Portfolio companies		Alantra Partners, S.A.	0.0

Source: CNMV. (1) Capitalisation at year-end. (2) Capitalisation of the sector as a percentage of the overall market. (3) Capitalisation of the companies listed as a percentage of the overall market.

Capitalisation and trading volume of Ibex 35 companies[1]

I.8

Amounts in millions of euros

Company	Market capitalisation[2]			Trading volume		
	2022	2023	% total[3]	2022	2023	% total[3]
Industria de Diseño Textil (Inditex)	77,448.8	122,889.6	17.9	25,120.7	25,565.5	8.6
Iberdrola	69,537.7	75,377.8	11.0	38,063.0	33,250.2	11.2
Banco Santander, S.A.	47,066.3	63,474.4	9.3	40,293.2	38,178.9	12.8
Banco Bilbao Vizcaya Argentaria	33,973.7	49,603.7	7.2	29,612.9	29,512.9	9.9
Amadeus IT Group, S.A.	21,871.7	29,228.4	4.3	10,935.1	11,591.3	3.9
Caixabank, S.A.	29,598.7	27,952.9	4.1	14,852.7	11,939.6	4.0
Naturgy Energy Group	23,571.3	26,179.6	3.8	3,524.5	2,227.4	0.7
Cellnex Telecom, S.A.	21,844.2	25,192.9	3.7	17,123.6	11,289.5	3.8
Aena, SME, S.A.	17,595.0	24,615.0	3.6	5,634.3	5,772.2	1.9
Telefónica	19,549.2	20,409.7	3.0	19,911.0	16,582.5	5.6
Endesa	18,671.1	19,544.6	2.9	5,974.0	6,629.1	2.2
Repsol YPF	21,568.1	17,853.5	2.6	26,500.2	20,236.0	6.8
Ferrovial, S.A.	18,344.9	16,347.9	2.4	7,704.7	7,198.8	2.4
ACS, Actividades de Construcción y Servicios	7,727.6	11,171.1	1.6	5,455.4	4,105.3	1.4
Grifols	6,636.4	9,343.9	1.4	5,505.6	4,817.3	1.6
Corporación Acciona Energías Renovables, S.A.	11,899.1	9,245.4	1.3	2,358.4	2,680.2	0.9
International Consolidated Airlines Group, S.A.	6,912.8	8,854.2	1.3	7,396.3	5,007.9	1.7
Red Eléctrica Corporación	8,798.0	8,067.5	1.2	6,345.4	4,625.1	1.6
Acciona, S.A.	9,429.9	7,312.4	1.1	5,006.3	3,362.5	1.1
Banco de Sabadell	4,956.2	6,262.8	0.9	7,966.7	8,189.2	2.8
Mapfre, S.A.	5,574.0	5,983.6	0.9	1,771.6	1,438.4	0.5
Bankinter, S.A.	5,634.1	5,209.8	0.8	4,967.3	4,616.3	1.6
Merlin Properties, SOCIMI, S.A.	4,122.2	4,725.9	0.7	2,240.3	1,588.9	0.5
Enagás	4,067.4	3,999.3	0.6	5,007.1	3,692.1	1.2
Fluidra, S.A.	2,840.5	3,621.6	0.5	3,399.6	2,374.1	0.8
Inmobiliaria Colonial	3,243.1	3,534.5	0.5	1,750.3	1,563.7	0.5
Laboratorios Farmacéuticos Rovi, S.A.	2,021.8	3,375.4	0.5	2,318.5	1,467.6	0.5
Logista	3,132.9	3,249.7	0.5	1,378.6	1,129.4	0.4
Acerinox	2,400.4	2,767.4	0.4	3,386.7	2,229.3	0.7
Indra Sistemas	1,881.4	2,473.2	0.4	2,019.5	1,684.0	0.6
Unicaja Banco, S.A.	2,737.1	2,362.8	0.3	1,041.9	2,279.4	0.8
Solaria Energía y Medioambiente, S.A.	2,139.2	2,325.3	0.3	3,347.3	1,996.6	0.7
Sacyr Vallehermoso	1,699.0	2,135.3	0.3	1,380.1	1,670.8	0.6
Meliá Hotels International, S.A.	1,009.0	1,313.6	0.2	1,598.6	1,172.3	0.4
Arcelor Mittal	629.5	676.0	0.1	3,906.5	1,788.0	0.6

Source: CNMV. (1) Companies in the Ibex 35 at 31 December 2022. (2) Capitalisation on the last day of the year. (3) With respect to the market total.

Takeover bids authorised in 2023

I.9

Amounts in millions of euros

Company	Offeror	Purpose	% of share capital bid for	Amount paid[1]	Result (%)[1]
Fomento de Construcciones y Contratas, S.A.	Fomento de Construcciones y Contratas, S.A.	Mandatory takeover bid to reduce capital	7.01	257	4.50
Total				**257**	

Source: CNMV. (1) Percentage with respect to share capital. In the event of pro-rata, the co-efficient is indicated.

Companies listed on Latibex by sector

I.10

Amounts in millions of euros, unless indicated otherwise

	No. of companies		Market capitalisation[1]			Trading volume		
Sector	**2022**	**2023**	**2022**	**2023**	**% change**	**2022**	**2023**	**% change**
Oil	1	1	74.9	150.6	101.1	56.9	42.6	-25.2
Energy	4	3	6.2	7.9	26.3	1.9	1.3	-30.3
Mining and basic metals	5	5	141.1	140.6	-0.4	25.4	16.8	-33.7
Chemicals and pharmaceuticals	1	1	0.6	1.1	90.5	0.4	0.9	134.5
Textiles and paper	0	0	0.0	0.0	-	0.0	0.0	-
Metal-mechanical	1	1	0.1	0.2	10.9	0.0	0.0	163.2
Food	0	0	0.0	0.0	-	0.0	0.0	-
Real estate companies and SOCIMIs (Spanish REITs)	0	0	0.0	0.0	-	0.0	0.0	-
Transport and communication	1	1	0.5	0.4	-5.6	0.3	0.2	-37.3
Other non-financial	1	1	0.0	0.0	-35.8	0.1	0.0	-63.8
Banks	3	3	3.8	4.0	5.2	1.6	1.1	-35.2
Portfolio companies	1	1	1.1	1.0	-8.8	0.9	0.2	-71.8
Financial institutions	1	1	0.1	0.2	15.4	5.9	2.5	-58.0
Total	**19**	**18**	**228.5**	**305.9**	**33.9**	**93.4**	**65.7**	**-29.7**

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

Net issues made by public administration service

I.11

Nominal amounts in millions of euros

	Amount				% year-on-year change		
	2020	2021	2022	2023	21/20	22/21	23/22
Central government	**100,260**	**60,999**	**79,342**	**81,799**	**-39.2**	**30.1**	**3.1**
Short-term	15,979	-2,057	-21,819	7,814	-112.9	-960.5	135.8
Long-term	84,281	63,056	101,161	73,985	-25.2	60.4	-26.9
Autonomous regions	**-2,760**	**3,905**	**-832**	**1,656**	**241.5**	**-121.3**	**299.0**
Short-term	-138	-50	-153	166	63.7	-205.7	208.3
Long-term	-2,622	3,956	-679	1,490	250.8	-117.2	319.4
Local authorities	**0**	**-200**	**-221**	**-50**	**-**	**-10.6**	**77.4**
Short-term	-	-	-	-	-	-	-
Long-term	0	-200	-221	-50	-	-10.6	77.4
Total public administrations	**97,500**	**64,704**	**78,289**	**83,405**	**-33.6**	**21.0**	**6.5**

Source: Bank of Spain and CNMV.

Number of issuers and issuances filed with the CNMV. Breakdown by instrument

I.12

	Number of issuers[1]		Number of issues	
	2022	2023	2022	2023
Long-term	**27**	**28**	**127**	**109**
Non-convertible bonds	7	9	45	29
of which, subordinated debt	1	1	1	1
Convertible bonds	2	3	4	3
Covered bonds	8	9	21	18
Regional covered bonds	3	1	4	1
Securitisation bonds	11	11	53	52
asset-backed (ABS)	11	11	53	52
mortgage-backed (MBS)	0	0	0	0
Preference shares	0	3	0	3
Other issues	0	2	0	3
Short-term[2]	**2**	**2**	**2**	**2**
Commercial paper	2	2	2	2
of which, asset-backed	0	0	0	0
Total	**29**	**30**	**129**	**111**

Source: CNMV. (1) In the case of issuers, the totals do not necessarily coincide with the sum, given that the same issuer may issue various types of instruments. (2) Shelf registrations.

Main fixed income issuers[1] registered with the CNMV in 2023

I.13

Nominal amounts in millions of euros

	Nominal amount issued		
Name of issuing company	Total	Short-term[2]	Long-term
SAREB	8,437	0	8,437
Caixabank	7,612	0	7,612
Banco Santander	5,380	0	5,380
Santander Consumer Finance, S.A.	5,000	5,000	0
Bankinter	4,750	0	4,750
Banco Bilbao Vizcaya Argentaria, S.A.	3,000	0	3,000
BBVA Consumo 12 Fondo de Titulización	3,000	0	3,000
Caixabank Pymes 13, Fondo de Titulización	3,000	0	3,000
Ibercaja Banco, S.A.	2,850	0	2,850
BBVA Leasing 3, Fondo de Titulización	2,400	0	2,400
Caixabank Consumo 6, Fondo de Titulización	2,000	0	2,000

Source: CNMV. (1) Issuers that registered issues exceeding €2 billion in 2023. (2) Nominal amount of shelf registrations.

Main fixed income issuers[1] registered with the CNMV in 2023. Breakdown by instrument

I.14

Nominal amounts in millions of euros

Asset type	Issuer	Amount
Simple bonds	SAREB	8,437
Covered bonds	Caixabank	6,700
Commercial paper programme[2]	Bankinter	3,750
	Banco Santander	3,500
	Santander Consumer Finance, S.A.	5,000
Securitisation bonds	BBVA Consumo 12 Fondo de Titulización	3,000
	Caixabank Pymes 13, Fondo de Titulización	3,000
	BBVA Leasing 3, Fondo de Titulización	2,400

Source: CNMV. (1) Issuers which issued more than €1 billion in 2023 in the corresponding financial instrument. (2) Nominal amount of shelf registrations.

Commercial paper issuers: largest[1] outstanding balances at 31 December 2023

I.15

Amounts in millions of euros

Issuer	Amount	% of total	% accum.
Banco de Sabadell, S.A.	2,126	29.51	29.51
Bankinter, S.A.	1,973	27.40	56.91
Santander Consumer Finance, S.A.	1,751	24.31	81.22
Kutxabank Empréstitos	852	11.83	93.06
Bankinter Sociedad de Financiación, S.A.	500	6.94	100.00

Source: AIAF. (1) Issuers with an outstanding balance greater than €200 million.

Main issuers of securitisation bonds in 2023[1]

I.16

Amounts in millions of euros

Issuer	Amount	Assets securitised
BBVA Consumo 12, Fondo de Titulización	3,000	Consumer loans
Caixabank Pymes 13, Fondo de Titulización	3,000	SMEs
BBVA Leasing 3, Fondo de Titulización	2,400	Leasing
Caixabank Consumo 6, Fondo de Titulización	2,000	Consumer loans

Source: CNMV. (1) Issuers with CNMV-registered issuances of more than €1 billion at year-end.

Securitisation bonds, by type of asset securitised

I.17

Nominal amounts in millions of euros

	2019	2020	2021	2022	2023
Mortgage asset securitisation funds	**3,025**	**19,701**	**9,033**	**14,522**	**801**
Mortgage loans	2,525	19,701	9,033	14,522	801
Covered bonds	500	0	0	0	0
Real estate sponsor loans	0	0	0	0	0
Corporate asset securitisation funds	**7,430**	**4,293**	**1,000**	**900**	**5,400**
SMEs[1]	5,600	2,550	1,000	900	3,000
Business loans[2]	0	0	0	0	0
Corporate loans[3]	0	0	0	0	0
Finance leases	1,830	1,743	0	0	2,400
Other asset securitisation funds	**8,286**	**12,288**	**6,083**	**5,199**	**8,465**
Subordinated debt	0	0	0	0	0
Treasury bonds	0	0	0	0	0
Loans to public administrations	0	0	0	0	0
Regional covered bonds	0	0	0	0	0
Consumer loans	3,097	6,430	4,030	759	5,816
Auto loans	1,556	4,658	2,053	4,440	2,649
Accounts receivable	0	0	0	0	0
Rights to future loans	0	0	0	0	0
Other loans	3,633	1,200	0	0	0
Total securitisation bonds	**18,741**	**36,281**	**16,116**	**20,621**	**14,666**
Total securitisation commercial paper issued[4]	**0**	**0**	**0**	**0**	**0**
Total bonds and commercial paper	**18,741**	**36,281**	**16,116**	**20,621**	**14,666**

Source: CNMV. (1) Comprises funds with portfolios consisting almost entirely of loans to SMEs. (2) Comprises funds with portfolios containing loans to any type of business: self-employed, micro-enterprises, SMEs and larger companies. (3) Comprises funds with portfolios consisting only of loans to large companies. (4) Gross issues of asset securitisation funds with securitisation commercial paper programmes.

Proprietary trading on AIAF

I.18

Nominal amounts in millions of euros

	2019	2020	2021	2022	2023	% change 23/22
Commercial paper	0	0	0	0	0	-
Bonds	15	9	10	11	5	-51.82
Securitisation bonds	0	0	0	0	0	-
Covered bonds	0	0	0	0	0	-
Regional covered bonds	0	0	0	0	0	-
Matador bonds	0	0	0	0	0	-
Total private fixed income	**15**	**9**	**10**	**11**	**5**	**-51.82**
Treasury bills	0	0	0	0	0	-
Government bonds	0	5	85	0	0	-
Total public debt	0	5	85	0	0	**-100.00**
Total	**15**	**14**	**95**	**11**	**5**	**-51.82**

Source: CNMV.

Number, unitholders, assets and breakdown of changes in assets of securities and real estate investment funds[1]

Amounts in millions of euros

	Number of funds		Number of unitholders		Assets					*Pro memoria:*
					Amount	Change[2]				Distributions of net subsc. to IFs
Category	2023	Change vs Dec-22	2023	Change vs Dec-22	2023	Change vs Dec-22	Net subscriptions	Net yield	Gross profits distributed	
Fixed income[3]	321	28	5,833,434	294,162	131,868.4	33,307.3	28,528.7	4,781.0	-2.4	155.7
Mixed fixed income[4]	167	-4	1,048,597	-167,582	34,252.8	-3,593.2	-5,545.0	1,970.7	-19.0	-30.3
Mixed equity[5]	197	-9	634,547	-62,171	23,914.2	-333.7	-2,287.9	1,958.0	-3.8	-12,5
Euro equity	82	-4	706,942	-129,769	6,704.0	-522.3	-1,753.1	1,233.3	-2.4	-9.6
Global equity	346	7	4,082,653	-74,211	51,099.7	5,510.8	-1,766.8	7,281.7	-4.2	-9.6
Guaranteed fixed income	58	9	178,170	36,453	7,564.6	2,109.7	1,905.1	204.7	0.0	10.4
Guaranteed equity[6]	98	-4	180,665	-28,523	5,602.1	-704.6	-938.7	234.1	0.0	-5.1
Global funds	291	0	2,002,961	-64,633	59,479.4	-4,237.6	-8,376.0	4,148.1	-9.7	-45.7
Passive management[7]	107	14	720,965	124,490	26,518.6	10,583.6	8,897.7	1,693.5	-7.6	48.6
Absolute return	48	-6	631,707	-27,015	6,255.9	-326.6	-613.1	290.9	-4.3	-3.3
Total investment funds	**1,715**	**31**	**16,020,641**	**-98,799**	**353,259.8**	**41,793.4**	**18,050.8**	**23,796.0**	**-53.4**	**98.5**
Funds of hedge funds	7	-1	5,283	-64	794.8	53.5	116.0	65.2	0.0	0.6
Hedge funds	70	11	8,144	626	3,294.2	376.5	158.5	227.3	9.2	0.9
Total funds (Total investment funds + funds of hedge funds + hedge funds)	**1,792**	**41**	**16,034,068**	**-98,237**	**357,349**	**42,223.5**	**18,325.3**	**24,088.5**	**-44.2**	**100.0**
Real estate funds	**1**	**-1**	**482**	**0**	**264.8**	**-50.0**	**-56.8**	**6.8**	**0.0**	-
Foreign CISs[8]	**1,115**	**20**	**6,951,170**	**539,103**	**251,304.7**	**50,246.0**	-	-	-	-

Source: CNMV. (1) Sub-funds which have submitted confidential statements (excludes funds in dissolution or liquidation). The data of special purpose sub-funds are included only in the totals, not in the breakdowns by category. (2) For each category, the variation in assets is due to net subscriptions, including those due to changes in the investor profile, gross profits paid out and net yields on assets. (3) Until 2019 includes the following categories (CNMV Circular 3/2011): euro fixed income, international fixed income, money market and short-term money market. Since 2020 includes the following categories (CNMV Circular 1/2019): short-term public debt constant net asset value MMFs, short-term low volatility net asset value MMFs, short-term variable net asset value MMFs, standard variable net asset value MMFs, euro fixed income, and short-term euro fixed income. (4) Includes euro mixed fixed income and international mixed fixed income. (5) Includes euro mixed equity and international mixed equity. (6) Includes guaranteed equity and partial guarantee. (7) Until 2019 includes: Passively managed CIS (CNMV Circular 3/2011). Since 2020 includes the following categories (CNMV Circular 1/2019): Passively managed CIS, CIS that replicate an index and CIS with a specific non-guaranteed target return. (8) The number of foreign CISs includes only UCITS registered with the CNMV. The data of unitholders and investment volumes are estimated using the data received to date. The volume of investment is the result of multiplying the number of shares and units distributed in Spain by their value at the end of the corresponding period.

Fund portfolio: weight in the outstanding balance of Spanish securities[1] II.2

%

	2019	2020	2021	2022	2023
Mixed equity[2]	**2.6**	**2.5**	**2.8**	**2.7**	**2.4**
Private fixed income	**1.3**	**1.1**	**1.2**	**1.5**	**2.5**
Short-term	24.3	15.5	21.4	17.5	51.5
Long-term	1.0	1.0	0.9	1.1	1.5
Public sector fixed income	**2.9**	**2.3**	**1.7**	**2.3**	**3.2**
Short-term	7.8	6.0	6.5	6.4	8.8
Long-term	2.6	2.1	1.4	2.1	2.9

Source: CNMV. (1) Internal portfolio of financial investment funds, excluding hedge funds and funds of hedge funds at realisation value. Does not include repos. (2) Listed equity as a percentage of the capitalisation of Spanish securities in the electronic market, open outcry market and BME Growth.

Expenses charged to financial investment funds II.3

% of average daily equity

	Management fees			Depository fees[1]		
	2021	2022	2023	2021	2022	2023
Total investment funds[2]	**0.86**	**0.81**	**0.80**	**0.07**	**0.07**	**0.07**
Fixed income[3]	0.40	0.37	0.43	0.06	0.06	0.05
Mixed fixed income[4]	0.88	0.87	0.91	0.08	0.08	0.08
Mixed equity[5]	1.28	1.14	1.14	0.09	0.09	0.09
Euro equity	1.30	1.22	1.26	0.09	0.09	0.09
Global equity	1.31	1.15	1.16	0.08	0.08	0.08
Guaranteed fixed income	0.36	0.35	0.46	0.05	0.05	0.05
Guaranteed equity[6]	0.44	0.40	0.42	0.05	0.05	0.06
Global funds	1.15	1.16	1.16	0.09	0.08	0.08
Passive management[7]	0.37	0.34	0.44	0.04	0.04	0.04
Absolute return	0.68	0.51	0.61	0.06	0.05	0.05
Funds of hedge funds	**1.75**	**1.35**	**1.33**	**0.07**	**0.06**	**0.06**
Hedge funds[3]	**1.62**	**0.97**	**0.98**	**0.00**	**0.00**	**0.02**

Source: CNMV. (1) Except in hedge funds where they are financing costs. (2) The data of the special purpose sub-funds are included only in the totals, not in the breakdowns by category as this is not available. (3) Percentage of average monthly assets. (3) Comprises short-term public debt constant net asset value money market funds (MMFs), short-term low volatility net asset value MMFs, short-term variable net asset value MMFs, standard variable net asset value MMFs, euro fixed income and short-term euro fixed income. (4) Includes euro mixed fixed income and international mixed fixed income. (5) Includes euro mixed equity and international mixed equity. (6) Includes guaranteed equity and partial guarantee. (7) In 2021, includes (Circular 3/2011) passively managed CISs and the following categories (Circular 1/2019): CISs that replicate an index and CISs with a specific non-guaranteed target return. In 2022, includes: CISs that replicate an index and CISs with a specific non-guaranteed target return.

Yields and net subscriptions of investment funds

Yield (%) and net subscriptions (in millions of euros)

	2019		2020		2021		2022		2023	
	Yield	Net subs-criptions	Yield	Net subs-criptions	Yield	Net subs-criptions	Yield	Net subs-criptions	Yield	Net subs-criptions
Fixed income[1]	1.38	10,733	0.62	2,063	-0.31	7,674	-5.38	15,171	4.16	28,529
Mixed fixed income[2]	4.75	-1,506	-0.03	2,620	2.49	6,538	-8.83	-9,000	5.75	-5,545
Mixed equity[3]	9.25	3,289	0.59	1,601	7.18	-4,179	-11.37	-687	8.51	-2,288
Euro equity	14.27	-3,588	-8.75	-2,008	16.72	14	-8.39	-336	18.57	-1,753
Global equity	22.18	4,114	2.83	2,633	21.14	5,261	-13.14	1,783	16.56	-1,767
Guaranteed fixed income	3.98	-283	1.68	-707	-1.29	-1,787	-8.43	3,356	3.02	1,905
Guaranteed equity[4]	3.62	-1,857	0.70	-2,254	0.06	-2,949	-5.44	-1,410	4.03	-939
Global funds	8.45	-2,554	-0.31	-1,501	7.90	22,755	-10.53	3,824	7.05	-8,376
Passive management[5]	7.45	-3,027	0.44	-24	9.82	-2,701	-9.31	4,552	8.98	8,898
Absolute return	3.94	-2,853	0.94	-1,762	3.02	-3,042	-4.95	-275	4.77	-613
Total investment funds[6]	**7.12**	**2,468**	**0.78**	**660**	**6.31**	**27,583**	**-8.95**	**16,978**	**7.55**	**18,051**
Funds of hedge funds	4.91	71	-0.35	-227	11.27	205	3.49	95	0.37	52
Hedge funds	10.15	270	-0.04	-203	6.85	312	-7.57	191	6.61	159
Total funds (Total IFs + funds of hedge funds + hedge funds)	**7.14**	**2,809**	**0.77**	**231**	**6.32**	**28,100**	**-8.91**	**17,263**	**7.52**	**18,261**
Real estate funds	**0.00**	**0**	**0.47**	**0**	**0.07**	**0**	**1.20**	**-1**	**2.64**	**-56,829**

Source: CNMV. (1) Comprises short-term public debt constant net asset value money market funds (MMFs), short-term low volatility net asset value MMF, short-term variable net asset value MMF, standard variable net asset value MMF, euro fixed income and short-term euro fixed income. (2) Comprises euro mixed fixed income and global mixed fixed income. (4) Includes euro mixed equity and international mixed equity. (5) In 2021, includes (CNMV Circular 3/2011) passively managed CISs and the following categories (CNMV Circular 1/2019): CISs that replicate an index and CISs with a specific non-guaranteed target return. In 2022, includes CISs that replicate an index and CISs with a specific non-guaranteed target return. (6) The data of the special purpose sub-funds are included only in the totals, not in the breakdowns by category as this is not available.

Foreign CISs marketed in Spain[1]

II.5

	2022	2023	Change (%)
Number of schemes	**1,095**	**1,115**	**1.8**
Number of investors	**6,412,067**	**6,951,170**	**8.4**
Investment volume (millions of euros)	**201,059**	**251,305**	**25.0**
Breakdown by country of origin			
Germany	53	60	13.2
Austria	34	33	-2.9
Belgium	3	3	0.0
Denmark	1	0	-100.0
Finland	14	14	0.0
France	222	230	3.6
Ireland	248	247	-0.4
Liechtenstein	4	4	0.0
Luxembourg	498	504	1.2
The Netherlands	3	3	0.0
Portugal	6	7	16.7
United Kingdom	0	0	-
Sweden	9	10	11.1

Source: CNMV. (1) The number of undertakings and their distribution by country of origin includes only UCITS (companies and funds) registered with the CNMV. Data relating to assets and the number of unitholders are estimated using the data received to date.

CIS management companies (CISMCs) and management companies of closed-ended collective investment schemes: registrations and deregistrations in 2022

II.6

CIS management company	Controlling group
Registrations	
Actyus Private Equity, SGIIC, S.A.	Grupo Andbank
Anta Asset Management, SGIIC, S.A.	Independent
Crescenta Investments, SGIIC, S.A.	Independent
Santander Alternative Investments, SGIIC, S.A.U.	Grupo Santander
Deregistrations	
Bankoa Gestión, SGIIC, S.A.	Grupo Abanca/Absorbed by Imantia Capital, SGIIC, S.A.
JPMorgan Gestion, SGIIC, S.A.	Grupo JP Morgan Chase/Transformación en S.A.
March Asset Investments, SGIIC, S.A.	Grupo March/Absorbed by March Asset Management, SGIIC, S.A.U.
Euroagentes Gestión, SGIIC, S.A.	Independent/Transformation into S.A.
Singular Asset Management, SGIIC, S. A.U.	Grupo Singular Bank/Absorbed by Singular Wealth Management, S.G.I.I.C., S.A.
Cygnus Asset Management, SGIIC, S.A.	Independent/Liquidation
Fineco Patrimonios, SGIIC, S.A.	Grupo Kutxabank/Absorbed by Fineco, SV, S.A.
Esfera Capital Gestión, SGIIC, S.A.	Independent/Liquidation
Anattea Gestión, SGIIC, S.A.	Independent/Transformation into S.A.
360 Cora, SGIIC, S.A.	Grupo Abante/Absorbed by Abante Asesores Gestión, SGIIC, S.A.U.
Foreign management companies with branches	
Registrations	
Man Asset Management (Ireland) Limited, Sucursal en España	Man Asset Management (Ireland) Limited
BDL Capital Management SAS, Sucursal en España	BDL Capital Management SAS
Colchester Global Investors (Dublin) Management Limited, Sucursal en España	Colchester Global Investors (Dublin) Management Limited
Permira Management S. A.R.L Madrid Branch, Sucursal en España	Permira Management S.A.R.L.
Deregistrations	
Natixis Investment Managers, Sucursal en España	Natixis Investment Managers
Management companies of closed-ended CISs	
Registrations	
Adara Ventures, SGEIC, S.A.	Independent
Exus Renewables Investments, SGEIC, S.A.	Independent
Elona Capital Partners, SGEIC, S.A.	Independent
Bankinter Investment, SGEIC, S.A.U.	Grupo Bankinter
Stellum Gestora de Activos, SGEIC, S.A.	Independent
The Climate Hub, SGEIC, S.A.	Independent
Mediterranean Renewables, SGEIC, S.A.	Independent
Plug and Play Emea Fund Management, SGEIC, S.A.	Independent
Henko Capital Partners, SGEIC, S.A.	Independent
Creas Impacto Global, SGEIC, S.A.	Independent
Harvest Capital Management, SGEIC, S.A.	Independent

CIS management companies (CISMCs) and management companies of closed-ended collective investment schemes: registrations and deregistrations in 2022 *(continuation)*

II.6

CIS management company	Controlling group
New Growth Capital, SGEIC, S.A.	Independent
Queka RP, SGEIC, S.A.	Independent
Balio Managing Partners, SGEIC, S.A.	Independent
Alantra Solar Asset Management, SGEIC, S.A.	Grupo Alantra
Bo Capital Partners, SGEIC, S.A.	Independent
Arraigo V&P, SGEIC, S.A.	Independent
Aldea Ventures, SGEIC, S.A.	Independent
Medan Capital Partners, SGEIC, S.A.	Independent
Deregistrations	
Cantabria Capital, SGEIC, S.A.	Independent/Liquidation
Si Capital Private Equity, SGEIC, S.A.	Independent/Transformation into S.A.
Sauce Capital, SGEIC, S.A.	Independent/Transformation into S.A.
Idalia Capital, SGEIC, S.A.	Independent/Transformation into S.A.

Source: CNMV.

Foreign investment firms with community passport: home Member State[1]

II.7

Number of investment firms	2022	2023
Free provision of services	**916**	**817**
Germany	108	105
Austria	22	15
Belgium	11	5
Bulgaria	11	11
Cyprus	222	218
Croatia	1	1
Denmark	20	16
Slovakia	3	3
Slovenia	1	0
Estonia	5	6
Finland	15	7
France	82	76
Greece	13	10
The Netherlands	126	89
Hungary	3	2
Ireland	68	60
Iceland	1	1
Italy	17	15
Latvia	2	4
Liechtenstein	34	33
Lithuania	1	3
Luxembourg	46	45
Malta	32	33
Norway	35	20
Poland	2	2
Portugal	15	19
Czech Republic	4	4
Sweden	16	14

Foreign investment firms with community passport: home Member State[1] (*continuation*)

II.7

Number of investment firms	2022	2023
Branches	**43**	**47**
Germany	14	14
Cyprus	4	4
France	8	8
The Netherlands	3	3
Ireland	6	7
Italy	0	1
Luxembourg	1	2
Malta	2	3
Norway	1	1
Poland	1	2
Portugal	1	1
Total	**959**	**864**
***Pro memoria*: foreign investment firms outside the EEA**		
Branches	**2**	**2**
United Kingdom	2	2
Free provision of services	**4**	**7**
Argentina	1	1
Brazil	1	1
Chile	1	1
United Kingdom	1	4
Total	**6**	**9**

Source: CNMV. (1) Countries indicated in the notifications of investment firms of EU Member States and authorisations of investment firms of non-EU countries.

Broker-dealers and brokers, financial advisory firms and foreign investment firms with branches: registrations and deregistrations in 2023

II.8

Entity	Controlling group
Broker-dealers and brokers	
Registrations	
Ahorro & Inversión ECI, AV, S.L.	Grupo Mutua Madrileña (50.01%), Grupo El Corte Inglés (49.99%)
Allstructurednotes ASN, AV, S.A.	Independent
BP Energy Solutions, SV, S.A.	Grupo BP
European Digital Securities Exchange, SV, S.A.	Independent
Global Quepos, SV, S.A.	Independent
I Capital AF, AV, S.A.	Independent
Iadvise Partners, AV, S.A.	Independent
Monex Europe Markets, SV, S.A.	Grupo MNI Holding
Deregistrations	
Beka Values, AV, S.A.	Independent
GBS Finanzas Investcapital, AV, S.A.	Grupo Credit Andorrá
Finanbest Inversiones Inteligentes, AV, S.A.	Independent
Ninety Nine Financial Markets, SV, S.A.U.	Independent

Broker-dealers and brokers, and financial advisory firms and foreign investment firms with branches: registrations and deregistrations in 2023 *(continuation)*

II.8

Entity	Controlling group
Broker-dealers and brokers	
Registrations	
Cima Asesores, EAF, S.L.	Independent
Creuza Advisors, EAF, S.L.	Independent
Driemut Advisors, EAF, S.L.	Independent
Halong Investments, EAF, S.L.	Independent
Infal Advisors, EAF, S.L.	Independent
Jorge Daniel Eguidazu Ramírez	Independent
Juan Muñoz Yeregui	Independent
Paradox Capital, EAF, S.L.	Independent
Salmon Mundi Advisors, EAF, S.L.	Independent
Tau Advisory, EAF, S.L.	Independent
Tesys Activos Financieros, EAF, S.L.	Independent
Víctor García Blanco	Independent
Deregistrations	
AFS Finance Advisors, EAF, S.L.	Independent
Alitan Inversiones, EAF, S.L.	Independent
Argenta Patrimonios, EAF, S.L.	Grupo Credit Andorrá
C2 Asesores Patrimoniales, EAF, S.L.	Grupo Abante
Caboazul Inversión, EAF, S.L.	Independent
Copernicus Advisors, EAF, S.L.	Independent
Eagle Hill Investments, EAF, S.L.	Independent
Enoiva Capital, EAF, S.L.	Independent
I Capital AF, EAF, S.A.	Independent
Iadvise Partners, EAF, S.L.	Independent
Juan Vicente Santos Bonet	Independent
Universal Gestión Wealth Management, EAF, S.L.	Independent
Foreign investment firms with branches	
Registrations	
BTG Pactual Portugal – Empresa de Investimento, S.A., Sucursal en España	BTG Pactual Portugal – Empresa de Investimento, S.A.
Convera Europe Financial, S.A., Sucursal en España	Convera Europe Financial S.A.
Fortrade Cyprus LTD, Sucursal en España	Fortrade Cyprus LTD
Hamilton Court FX SIM, S.P.A., Sucursal en España	Hamilton Court FX SIM S.P.A.
Marex Spectron Europe Limited, Sucursal en España	Marex Spectron Europe Limited
Oanda Tms Brokers, S.A., Sucursal en España	Oanda Tms Brokers S.A.
Redburn (France), S.A., Sucursal en España	Redburn (France) S.A.
Trive Financial Services Malta Limited, Sucursal en España	Trive Financial Services Malta Limited
Deregistrations	
DIF Broker Empresa de Investimento, S.A., Sucursal en España	DIF Broker Empresa de Investimento S.A.
Garantum Fondkommission AB, Sucursal en España	Garantum Fondkommission AB
Exane S.A. Paris, Sucursal de Madrid	Exane S.A. Paris
Key Way Investments LTD, Sucursal en España	Key Way Investments LTD

Source: CNMV.

Broker-dealers and brokers, and financial advisory firms: changes of control in 2023

II.9

Entity	Buyer
Acquisitions of control by financial institutions	
Beka Finances, SV, S.A.	Independent
Capital Care Consulting, EAF, S.L.	Independent
Finanbest Inversiones Inteligentes, AV, S.A.	Grupo MyInvestor Banco
Link Securities, SV, S.A.	Independent
Rothschildco Wealth Management Spain, AV, S.A	Grupo Rothschild

Source: CNMV.

Spanish investment firms with community passport: host Member State[1]

II.10

	2022	2023
Number of investment firms with cross-border activity		
Free provision of services	55	59
Branches	5	5
Breakdown by country of Spanish investment firms providing cross-border services[2, 3]		
Free provision of services		
Germany	29	29
Austria	19	20
Belgium	24	25
Bulgaria	6	8
Cyprus	8	13
Croatia	3	8
Denmark	16	18
Slovakia	7	9
Slovenia	5	10
Estonia	5	10
Finland	14	16
France	31	34
Greece	15	18
Hungary	6	9
Ireland	20	23
Iceland	3	5
Italy	30	32
Latvia	5	10
Liechtenstein	4	7
Lithuania	5	10
Luxembourg	35	39
Malta	11	14
Norway	10	12
The Netherlands	25	26
Poland	9	11
Portugal	36	40

Spanish investment firms with community passport: host Member State[1] (*continuation*) II.10

	2022	2023
Czech Republic	8	11
Romania	6	9
Sweden	20	20
Branches		
France	2	2
Italy	3	2
The Netherlands	2	1
Poland	1	1
Portugal	2	2
***Pro memoria*: number of investment firms with cross-border activity outside the EEA**		
Free provision of services	10	11
Branches	1	1
Breakdown by country[3]		
Free provision of services		
Andorra	1	1
Chile	2	2
United Arab Emirates	0	1
United States	2	2
Mexico	0	1
Peru	1	1
Branches		
Peru	1	1

Source: CNMV. (1) Does not include the cross-border activity of financial advisory firms. (2) Countries indicated in notifications relating to the freedom to provide services regime and in branch authorisations. (3) Number of Spanish investment firms providing services in other countries. The same firm may provide services in one or more countries.

Spanish financial advisory firms with community passport: host Member State II.11

	2022	2023
Number of financial advisory firms with cross-border activity		
Free provision of services	23	22
Branches	0	0
Breakdown by country		
Free provision of services[1, 2]		
Germany	4	4
Belgium	3	3
France	5	5
Greece	0	1
Ireland	2	2
Italy	3	3
Luxembourg	21	20
Malta	4	4
The Netherlands	1	1
Portugal	3	3
Branches		
Portugal	0	0

Source: CNMV. (1) Countries indicated in notifications relating to the freedom to provide services regime and in branch authorisations. (2) Number of Spanish financial advisory firms providing services in other countries. The same firm may provide services in one or more countries.

Foreign credit institutions authorised to provide investment services in Spain: home Member State

II.12

	2022	2023
Number of foreign credit institutions providing investment services in Spain		
EU credit institutions		
Free provision of services	400	511
Subsidiaries of EU credit institutions under the freedom to provide services regime	0	0
Branches	52	49
Non-EU credit institutions		
Free provision of services	3	3
Branches	3	3
Breakdown by home State		
Free provision of services	**403**	**514**
EU credit institutions	**400**	**511**
Germany	55	60
Austria	36	34
Belgium	9	10
Cyprus	4	4
Denmark	10	10
Slovakia	2	2
Finland	9	111
France	95	93
Greece	1	1
Hungary	6	6
Ireland	26	26
Iceland	1	1
Italy	10	10
Latvia	2	2
Liechtenstein	8	8
Luxembourg	52	53
Malta	9	13
Norway	5	5
The Netherlands	31	31
Poland	1	2
Portugal	17	17
Czech Republic	1	2
Sweden	10	10
Non-EU credit institutions	**3**	**3**
Australia	1	1
Canada	2	2

Foreign credit institutions authorised to provide investment services in Spain: home Member State (*continuation*) II.12

	2022	2023
Subsidiaries of EU credit institutions under the freedom to provide services regime	**0**	**0**
Branches	**55**	**52**
EU credit institutions	**52**	**49**
Germany	12	11
Austria	1	1
Belgium	2	2
France	9	9
Ireland	4	3
Italy	4	4
Luxembourg	9	9
The Netherlands	6	6
Portugal	5	4
Non-EU credit institutions	**3**	**3**
Argentina	1	1
United States	1	1
Switzerland	1	1

Source: Bank of Spain and CNMV.

Number of significant shareholders of Ibex 35[1] companies

III.1

	Shareholding				
Entities	**3-5%**	**5-10%**	**10-25%**	**25-50%**	**50-100%**
Acciona	1	-	-	2	-
Acerinox	1	1	1	-	-
ACS	-	3	1	-	-
Aena	2	1	-	-	1
Amadeus	2	3	-	-	-
BBVA	1	1	-	-	-
B. Sabadell	3	-	-	-	-
B. Santander	1	1	-	-	-
Bankinter	1	1	1	-	-
Caixabank	1	-	1	1	-
Cellnex	3	5	-	-	-
Compañía Logista	2	1	-	-	1
Corporación Acciona	-	-	-	-	1
Enagás	4	1	-	-	-
Endesa	-	-	-	-	1
Fluidra	2	4	2	-	-
Grifols	1	5	-	-	-
Iberdrola	1	2	-	-	-
IAG	-	1	-	1	-
Indra	2	5	-	1	-
Inditex	-	1	-	-	1
Inmobiliaria Colonial	2	3	2	-	-
Laboratorios Rovi	-	1	-	-	1
Mapfre	-	-	-	-	1
Meliá	-	1	1	1	-
Merlin	1	1	1	-	-
Naturgy	1	-	3	-	-
Redeia	2	-	1	-	-
Repsol	-	2	-	-	-
Sacyr	1	5	1	-	-
Solaria	6	-	-	1	-
Telefónica	3	1	1	-	-
Unicaja Banco	1	4	-	1	-
Total	**45**	**54**	**16**	**8**	**7**

Source: CNMV. (1) Composition of the Ibex 35 at the end of the year (not including Arcelor, for which Spain is not the home Member State).

Reference	Resolutions
(1/23)	**Resolution of the CNMV Board, 22 February 2023**
	Partially resolves – concerning the investment firm (IF) and one director – the disciplinary proceedings initiated against an IF, its chairperson, and three directors for the alleged commission of a serious infringement of Article 296.5 of the TRLMV (Recast text of the Spanish Securities Market Act, hereinafter TRLMV) (failing to establish an adequate organisational structure and failing to effectively supervise senior management). The penalties imposed are fines of €50,000 and €10,000, respectively.
(2/23)	**Resolution of the CNMV Board, 22 February 2023**
	Partially resolves – regarding the second of the infringements – the disciplinary proceedings initiated against an IF for the alleged commission of two very serious infringements of Article 284.5 of the TRLMV. The first infringement relates to the improper receipt of incentives from the distribution of the group's CIS and the issuance placement service, and the second relates to the failure to inform clients of these incentives. A fine of €30,000 was imposed.
(3/23)	**Resolution of the CNMV Board, 31 May 2023**
	Resolves the disciplinary proceedings initiated against a CIS management company (CISMC) for the alleged commission of a serious infringement of Article 81 z) of the LIIC (Spanish Collective Investment Companies Act) – for failing to comply with commitments made to address issues identified in a previous inspection and for not preventing and managing conflicts of interest. A fine of €300,000 was imposed.
(4/23)	**Resolution of the CNMV Board, 31 May 2023**
	Resolves the disciplinary proceedings initiated against a legal entity for the alleged commission of two infringements: a serious infringement of Article 295.15 of the TRLMV – for the delayed dissemination of inside information – and a very serious infringement of Article 282.19 of the TRLMV – for failing to compile the list of insiders related to the inside information. The fines imposed are €80,000 and €70,000, respectively.
(5/23)	**Resolution of the CNMV Board, 29 June 2023**
	Partially resolves – concerning the IF and four of its directors – the disciplinary proceedings initiated against an IF and the five members of its Board of Directors for the alleged commission of three very serious infringements. Two of these infringements relate to Article 283.3 of the TRLMV – for failing to comply with obligations regarding corporate governance and internal organisational requirements – and the third relates to Article 283.12 of the same Law – for failing to implement measures to prevent conflicts of interest. The fines imposed are €250,000 for the entity and €320,000 for the directors.
(6/23)	**Resolution of the CNMV Board, 26 July 2023**
	Resolves the disciplinary proceedings initiated against two individuals for the alleged commission, by each of them, of a very serious infringement of Article 282.16 of the TRLMV – for the unlawful communication of inside information in one case, and for the use of inside information in the other. They are fined €70,000 and €35,000, respectively.
(7/23)	**Resolution of the CNMV Board, 27 September 2023**
	Resolves the disciplinary proceedings initiated against a crowdfunding platform for the alleged commission of two very serious infringements of Article 92.1.h) of the Law on the Promotion of Business Financing – one for violating the principles of neutrality and transparency regarding the requirements for linked projects, and the other for failing to meet obligations related to conflicts of interest. The platform is fined €28,000 for each infringement.
(8/23)	**Resolution of the CNMV Board, 27 September 2023**
	Partially resolves – concerning the chairperson of the IF – the disciplinary proceedings initiated against an IF, its chairperson, and three directors for the alleged commission of a serious infringement of Article 296.5 of the TRLMV – for failing to establish an adequate organisational structure and failing to effectively supervise senior management. The chairperson is penalised with a fine of €80,000 and suspended from holding any administrative or management position within the company for a period of four months.
(9/23)	**Resolution of the CNMV Board, 27 September 2023**
	Partially resolves – concerning two directors of the IF – the disciplinary proceedings initiated against an IF, its chairperson, and three directors for the alleged commission of a serious infringement of Article 296.5 of the TRLMV – for failing to establish an adequate organisational structure and failing to effectively supervise senior management. Each director is fined €10,000.
(10/23)	**Resolution of the CNMV Board, 27 September 2023**
	Resolves the disciplinary proceedings initiated against an individual for the alleged commission of two very serious infringements of Article 282.6 of the TRLMV – for the use of inside information and the unlawful communication of such information. The individual was fined €50,000 and €15,000, respectively.

Resolution of disciplinary proceedings in 2023 *(continuation)*

Reference	Resolutions
(11/23)	**Resolution of the CNMV Board, 25 October 2023**
	Partially resolves – in relation to the first of the infringements – the disciplinary proceedings initiated against an IF for the alleged commission of two very serious infringements of Article 284.5 of the TRLMV. The first infringement concerns the improper receipt of incentives from the distribution of the group's CIS and the issue placement service, while the second concerns the failure to inform clients about these incentives. The firm was fined €20,000 and required to return profits amounting to €471,403.
(12/23)	**Resolution of the CNMV Board, 27 November 2023**
	Resolves the disciplinary proceedings initiated against a credit institution for the alleged commission of a serious infringement of Article 295.14 of the TRLMV – for failing to report transactions suspected of constituting market abuse. The penalty imposed is a fine of €100,000.
(13/23)	**Resolution of the CNMV Board, 27 November 2023**
	Resolves the disciplinary proceedings initiated against two individuals, in their capacities as chairperson and executive vice-chairperson of a listed company, for the alleged commission of an infringement of Article 157.1 of the Spanish Corporate Enterprises Act – for breaching the prohibition on providing financial assistance for the purchase of the company's shares. Each individual is fined €80,000.
(14/23)	**Resolution of the CNMV Board, 27 November 2023**
	Partially resolves – in relation to the individual who allegedly used inside information – the disciplinary proceedings initiated against two individuals for the alleged commission of very serious infringements of Article 282.16 of the TRLMV. One individual was sanctioned for the unlawful communication of inside information, and the other for using inside information. The penalty imposed is a fine of €100,000.
(15/23)	**Resolution of the CNMV Board, 20 December 2023**
	Resolves the disciplinary proceedings initiated against an individual for the alleged commission of a very serious infringement of Article 282.16 of the TRLMV – for the use of inside information. The individual is fined €40,000.
(16/23)	**Resolution of the CNMV Board, 20 December 2023**
	Partially resolves – in relation to one director – the disciplinary proceedings initiated against an IF and the five members of its Board of Directors for the alleged commission of three very serious infringements: two under Article 283.3 of the TRLMV for failing to comply with corporate governance obligations and internal organisation requirements, and a third under Article 283.12 of the same Law for failing to implement measures to prevent conflicts of interest. The director was fined a total of €40,000, across three separate fines.
(17/23)	**Resolution of the CNMV Board, 20 December 2023**
	Resolves the disciplinary proceedings initiated against a legal entity for the alleged commission of four serious infringements of Article 292.4 of the TRLMV: two for failing to include information and warnings on the risks of crypto-assets in mass advertising campaigns, and two for failing to submit prior notification for these advertising campaigns. The company was fined a total of €30,000.

List of judicial rulings on contentious-administrative appeals against penalties in 2023

III.3

<table>
<tr><th>No.</th><th>Date</th><th>Court</th><th>Appeal number</th><th>Resolution</th><th>Ruling appealed</th></tr>
<tr><td>1</td><td>18/01/2023</td><td>National High Court</td><td>387/2022</td><td>Ruling</td><td>Resolution MAETD 26/01/2022</td></tr>
<tr><td colspan="6">Upholds the penalty imposed on a credit institution for a very serious infringement of Article 284.1 of the TRLMV (Recast text of the Spanish Securities Market Act, hereinafter TRLMV), as determined by the CNMV Board Resolution of 21 April 2021, which was upheld on appeal by the Ministry of Economic Affairs and Digital Transformation on 26 January 2022.</td></tr>
<tr><td>2</td><td>06/03/2023</td><td>Supreme Court</td><td>286/2018</td><td>Ruling</td><td>Ruling AN 24/06/2021</td></tr>
<tr><td colspan="6">Dismisses appeal number 6291/2021 filed against the judgment of the National High Court of 24 June 2021, upholding the penalty imposed on an investment firm (IF) for two very serious infringements defined in Articles 99.l) and 99.q) of Law 24/1988, of 28 July, on the Securities Market, as determined by the CNMV Board Resolution of 1 June 2017, which was upheld on appeal by the Ministry of Economy, Industry and Competitiveness on 19 February 2018.</td></tr>
<tr><td>3</td><td>10/03/2023</td><td>National High Court</td><td>2243/2020</td><td>Ruling</td><td>Resolution MAETD 04/11/2020</td></tr>
<tr><td colspan="6">Upholds the penalty imposed on a credit institution for a very serious infringement of Article 284.1 of the TRLMV, as determined by the CNMV Board Resolution of 3 March 2020, which was upheld on appeal by the Ministry of Economic Affairs and Digital Transformation on 4 November 2020.</td></tr>
<tr><td>4</td><td>24/04/2023</td><td>Supreme Court</td><td>699/2020</td><td>Ruling</td><td>Ruling AN 06/10/2021</td></tr>
<tr><td colspan="6">Dismisses appeal number 156/2022 filed against the judgment of the National High Court of 6 October 2021, upholding the penalty imposed on a Board member of a listed company for a serious infringement defined in Article 296.1 of the TRLMV, as determined by the CNMV Board Resolution of 29 May 2019, which was upheld on appeal by the Ministry of Economic Affairs and Digital Transformation on 18 February 2020.</td></tr>
<tr><td>5</td><td>25/04/2023</td><td>Supreme Court</td><td>2031/2019</td><td>Ruling</td><td>Ruling AN 25/11/2021</td></tr>
<tr><td colspan="6">Dismisses appeal number 1297/2022 filed against the judgment of the National High Court of 25 November 2021, upholding the penalty imposed on a listed company for a serious infringement defined in Article 296.1 of the TRLMV, as determined by the CNMV Board Resolution of 29 May 2019, which was upheld on appeal by the Ministry of Economic Affairs and Digital Transformation on 18 February 2020.</td></tr>
<tr><td>6</td><td>11/05/2023</td><td>Supreme Court</td><td>1899/2021</td><td>Order</td><td>Ruling AN 07/09/2022</td></tr>
<tr><td colspan="6">Dismisses appeal number 7917/2022 filed against the judgment of the National High Court of 7 September 2022, on the grounds that the issue raised lacks objective interest for the formation of jurisprudence.</td></tr>
<tr><td>7</td><td>25/05/2023</td><td>Supreme Court</td><td>686/2017</td><td>Ruling</td><td>Ruling AN 24/06/2021</td></tr>
<tr><td colspan="6">Dismisses appeal number 6827/2021 brought against the judgment of the National High Court of 24 June 2021, upholding the penalty imposed on a credit institution for a serious infringement classified in Article 100.z) quinquies of the LMV (Securities Market Act), as determined by the CNMV Board Resolution of 27 July 2016, which was upheld on appeal by the Ministry of Economy, Industry and Competitiveness on 7 September 2017.</td></tr>
<tr><td>8</td><td>01/06/2023</td><td>National High Court</td><td>1619/2022</td><td>Ruling</td><td>Resolution MAETD 09/06/2022</td></tr>
<tr><td colspan="6">Upholds the penalty imposed on an individual (a director of a CISMC) for a very serious infringement defined in Article 80.o) of the LIIC (Spanish Collective Investment Companies Act), as determined by the CNMV Board Resolution of 28 June 2021, which was upheld on appeal by the Ministry of Economic Affairs and Digital Transformation on 9 June 2022.</td></tr>
<tr><td>9</td><td>19/06//2023</td><td>Supreme Court</td><td>721/2020</td><td>Ruling</td><td>Ruling AN 01/03/2022</td></tr>
<tr><td colspan="6">Dismisses the cassation appeal number 3537/2022 filed against the judgment of the Audiencia Nacional of 1 March 2022, which partially annulled the Resolution of the Ministry of Economic Affairs and Digital Transformation that had upheld on appeal the CNMV Board Resolution of 28 March 2019. The court upheld the penalties imposed on several legal entities in relation to a serious infringement under Article 296 of the TRLMV.</td></tr>
<tr><td>10</td><td>20/06/2023</td><td>Supreme Court</td><td>589/2020</td><td>Ruling</td><td>Ruling AN 06/10/2021</td></tr>
<tr><td colspan="6">Dismisses the appeal number 8651/2021 filed against the judgment of the National High Court of 6 October 2021, upholding the penalty imposed — on a Board member of a listed company for a serious offence defined in Article 296.1 of the TRLMV, as determined by the CNMV Board Resolution of 29 May 2019, which was upheld on appeal by the Ministry of Economic Affairs and Digital Transformation on 18 February 2020.</td></tr>
<tr><td>11</td><td>21/07/2023</td><td>National High Court</td><td>1256/2018</td><td>Ruling</td><td>Resolution MEE 28/09/2018</td></tr>
<tr><td colspan="6">Upholds the penalty imposed on an IF for a serious infringement of Article 100.x) bis of the LMV, as determined by the CNMV Board Resolution of 17 April 2018, which was upheld on appeal by the Ministry of Economy and Enterprise on 28 September 2018.</td></tr>
</table>

List of judicial rulings on contentious-administrative appeals against penalties in 2023 *(continuation)*

No.	Date	Court	Appeal number	Resolution	Ruling appealed
12	28/09/2023	Supreme Court	571/2020	Order	Ruling AN 15/12/2022
Admits cassation appeal number 1890/2023 brought against the judgment of the National High Court of 15 December 2022, considering the question raised to be of objective interest for the formation of jurisprudence.					
13	09/10/2023	National High Court	586/2020	Ruling	Resolution MAETD 18/02/2020
Upholds the penalty imposed on a Board member of a listed company for a serious infringement of Article 296.1 of the TRLMV, as determined by the CNMV Board Resolution of 29 May 2019, which was upheld on appeal by the Ministry of Economic Affairs and Digital Transformation on 18 February 2020.					
14	14/11/2023	National High Court	52/2022	Ruling	Resolution MAETD 08/11/2021
Annuls the penalty imposed on a Board member of a listed company for a very serious infringement of Article 282.2 of the TRLMV, and upholds all the other penalties as determined by the CNMV Board Resolution of 29 April 2021, which was upheld on appeal by the Ministry of Economic Affairs and Digital Transformation on 8 November 2021.					

Legislative annexes

A Spanish legislation

A.1 Spanish National Securities Market Commission (CNMV)

— **CNMV Resolution of 22 December 2022,** on the delegation of powers.

— **CNMV Resolution of 11 July 2023**, on product intervention measures relating to financial contracts for differences and other leveraged products.

— **Resolution of the CNMV Board of 26 July 2023**, approving the CNMV Internal Regulation.

Amendments include Article 27.2, which creates a Deputy Secretariat-General within the General Secretariat, and Article 27.6 with regard to deputisation; a new letter ñ) is introduced in Article 30.3 (Supervision of proxy advisors); a final subparagraph is inserted in Article 31.1 (Money Laundering Prevention Unit); Article 31.2.c) (Powers of the Financial and Corporate Reports Department) is amended; Article 33.1 is amended and Article 33.2 (Powers of the General Secretariat) is reworded; and a new letter m) is inserted in Article 42.1 (Internal working procedures of the CNMV: Procedures for the resolution of central counterparties and the preventive resolution of investment firms).

A.2 Transposition of European regulations

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

This Law serves as the new "framework law" for the securities markets, replacing Royal Decree 4/2015, of 23 October, which approved the Recast text of the Securities Market Act, itself a successor to the Law 24/1988, of 28 July, on the Securities Market.

Its purpose is to regulate the securities market and investment services and activities in Spain. It covers, among other areas, the issuance and offering of financial instruments; trading venues and systems for the registration, clearing, and settlement of financial instruments; the authorisation, operating conditions, and prudential regime for investment firms; the provision of investment services and activities in Spain by firms from third countries; the authorisation and operation of data supply service providers; and the supervision, inspection, and penalty regime overseen by the CNMV.

This Law transposes various European Union Directives and, at the same time, it was necessary to remove from the Securities Market Act those provisions that have since come under the regulation of directly applicable European regulations, such as the legal framework for central securities depositories or data supply service providers.

The Law came into effect 20 days after its publication in the Official State Gazette (*BOE*). Article 63 took effect six months after the Law was published in the *BOE*. Articles 307 and 323 will come into effect when the Regulation (EU) of the European Parliament and Council on crypto-assets markets, which amends Directive (EU) 2019/1937, comes into force. Until the implementing regulations for this Law are issued, the existing rules on securities markets and investment services will remain in force, as long as they do not conflict with the provisions of this Law.

The following points should be highlighted:

- The Law enhances its regulatory and systematic approach. It undertakes a significant effort to simplify and reorganise the areas regulated at the legal level. In line with the observations made by the Council of State in various opinions, the Law aims to regulate, with the force of law, only the essential characteristics of the securities markets, the basic rights and obligations of their participants and financial clients, and the system of supervision and sanctions overseen by the CNMV.

- It introduces reforms aimed at improving the competitiveness of the Spanish securities markets and strengthening the protection of retail investors.

- The Directive accompanying the Regulation on the temporary regime for market infrastructures based on distributed ledger technology (DLT) is transposed.

- It eliminates superfluous and redundant requirements for the admission to trading of fixed income securities.

- The reporting obligations of participants in Spanish post-trading infrastructures have been adjusted, eliminating procedures and reporting requirements that have become unnecessary due to the implementation of directly applicable European Regulations. The requirement for the central securities depository to maintain an information system for the supervision of trading, clearing, settlement, and registration of securities, established under the legal and regulatory provisions introduced in 2015, has been removed.

- The regulations governing public offerings in regulated markets have been extended to multilateral trading facilities. Multilateral trading facilities will also now be subject to the rules on the voluntary delisting of a financial instrument, which until now have only applied to regulated markets.

- Measures have been introduced to enhance investor protection against firms offering investment services without proper authorisation from the CNMV. The digitalisation of society and the increased use of social media platforms and digital media as sources of information, including financial information, make it necessary to strengthen supervisory powers over the advertising of entities offering services without proper authorisation, to prevent financial fraud.

- The regime for special purpose acquisition companies (SPACs) is further developed. A SPAC involves the incorporation of a listed company that attracts investment with the exclusive purpose of identifying and eventually acquiring a company – typically unlisted and with high growth potential – within a specified timeframe. This mechanism serves as an alternative to the traditional IPO, particularly appealing for developing companies as it facilitates the diversification of funding sources. The creation of SPACs could promote the securitisation of our economy and, consequently, reduce reliance on bank credit by providing companies with alternative sources of finance.

To enhance the legal certainty of this instrument, specific provisions are established for SPACs regarding takeover bids, legal grounds for separation, the treasury stock regime, and the requirements applicable to acquisitions for valuable consideration. Additionally, it is specified that a SPAC will have a period of 36 months to make an acquisition proposal, which can be extended by a further 18 months with the approval of the General Shareholders Meeting. Finally, the CNMV is empowered to require a prospectus if, at the time of the merger with the target company, the transaction was exempt from publication in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council, of 14 June 2017.

The system of penalties for parties involved in securities markets is improved and simplified: all degrees of infringements and penalties are set out in a single article for each type of infringement. This new system not only considerably reduces the scope of the penalty regime but also significantly mitigates the risk of errors in future legal amendments and helps to improve the recipients' understanding of the prohibited conduct and its consequences. Furthermore, the new Law has opted to group the various infringements and penalties according to the EU Regulation from which they originate, which will assist in better identifying what conduct is prohibited by each of these regulations and the penalties that could be applied.

— **Law 11/2023, of 8 May**, transposing the European Union Directives on the accessibility of certain products and services, the migration of highly qualified persons, taxation and the digitisation of notarial and registry procedures, and amending Law 12/2011, of 27 May, on civil liability for damage caused by nuclear or radioactive substances.

This Law transposes six Directives of the European Union:

- Directive (EU) 2019/882 of the European Parliament and of the Council, of 17 April 2019, on accessibility requirements for products and services. The aim of the legislation is twofold: firstly, to remove and prevent obstacles to the free movement of certain accessible products and services resulting from differences in accessibility standards in the Member States and, secondly, to harmonise Spanish legislation with EU regulations the proper functioning of the internal market, eliminate fragmentation in the market for accessible products and services and promote economies of scale, among other things.

- In part, Directive (EU) 2021/1883 of the European Parliament and of the Council, of 20 October 2021, on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment and repealing Council Directive 2009/50/EC.

- Council Directive (EU) 2020/284, of 18 February 2020, amending Directive 2006/112/EC as regards the introduction of certain requirements for payment service providers.

- Directive (EU) 2019/1151 of the European Parliament and of the Council, of 20 June 2019, amending Directive (EU) 2017/1132 as regards the use of digital tools and processes in the area of company law, known as the "Company Digitalisation Directive" or the "Digital Tools Directive". The aim is to create a legal and administrative environment that meets the new economic and social challenges of digitalisation. It is mainly based on the fully online incorporation of companies and their subsequent or successive acts, the online filing of the documents required for these operations, the possibility of opening and registering a branch in another Member State fully online and the operation of business registers.

- Council Directive (EU) 2020/262, of 19 December 2019, laying down the general arrangements for excise duty.

- Council Directive (EU) 2020/1151, of 29 July 2020, amending Directive 92/83/EEC on the harmonisation of the structures of excise duties on alcohol and alcoholic beverages.

Attention is drawn to the following amendments:

- Title IV consists of six articles, from 34 to 39, which contain amendments to various regulations, in particular the Notarial Act, of 28 May 1862; the Commercial Code; the Mortgage Act approved by the Decree of 8 February 1946; Law 14/2000, of 29 December, on fiscal, administrative and social measures; Law 24/2001, of 27 December, on fiscal, administrative and social measures; and the recast text of the Spanish Corporate Enterprises Act approved by Royal Decree-Law 1/2020, of 2 July, to incorporate Directive (EU) 2019/1151 of the European Parliament and of the Council, of 20 June 2019, amending Directive (EU) 2017/1132 as regards the use of digital tools and procedures in the field of company law into our legal system.

  The Notarial Act has been revised with the following amendments: regulation of an electronic protocol that records the authentic versions of public instruments, authorisation of justified digital access to the single computerised general register by the General Council of Notaries and public administrations, introduction of a new article that allows the execution of certain deeds through videoconferencing and electronic appearance, and provisions on the security and archiving of documents. With a view to the proper cooperation and organisation of the notary with the authorities, notaries are obliged to keep computerised and, if necessary, paper-based registers of notarially authenticated and executed deeds.

The amendments to the Mortgage Act mainly concern the following aspects: regulation of a comprehensive electronic platform for administrative purposes, authorisation to communicate with citizens and other bodies via electronic channels, use of electronic means to publicise the register, establishment of an additional electronic registration system and of an electronic archive with up-to-date property information. (effective one year after publication in the Official State Gazette).

The relevant amendments are incorporated into legislation and include fiscal, administrative and social measures to allow registrars to use videoconferencing and interoperable systems with other registries. This permission is granted to enable the fulfilment of their respective public functions as described in the Mortgage Act and other relevant legislation. In addition, interested parties will have access to the applications hosted on the registrars' electronic platform via electronic identification systems. In addition, the information and communication systems used by registrars and notaries are required to be interoperable to enable seamless communication and integration between the two organisations.

- The Second Final Provision amends certain provisions, all of general application, of Organic Law 3/2018, of 5 December, on the Protection of Personal Data and Guarantee of Digital Rights, due to the correction of errors in the European Data Protection Regulation and, consequently, the removal of the warning from the catalogue of sanctions that can be imposed on data controllers and processors, replacing it with a request. The reform also introduces a new article that enables and regulates the implementation of investigation procedures via digital systems and increases the maximum duration of the sanction procedure from 9 to 12 months and that of the preliminary investigation procedure from 12 to 18 months.

— **Royal Decree-Law 5/2023, of 28 June**, adopting and extending certain measures in response to the economic and social consequences of the war in Ukraine, to support the reconstruction of the island of La Palma and other vulnerable situations, to implement the European Union Directives on structural changes to commercial companies and on the reconciliation of family and professional life for parents and carers, and to transpose and apply European Union law.

This Royal Decree-Law is divided into a factual part and the enacting terms, consisting of 5 books containing 226 articles, 5 additional provisions, 10 transitional provisions, 1 derogating provision and 9 final provisions.

Book One transposes Directive (EU) 2019/2121 of the European Parliament and of the Council, of 27 December 2019, as regards cross-border conversions, mergers and divisions into Spanish law and is divided into four titles.

Title I of this document consists of two chapters. Chapter I outlines preliminary provisions regarding limitations and exclusions that are relevant to various structural modification processes governed by the document. Chapter II introduces a novel approach by providing common regulations that apply to all structural modifications, whether they are internal or cross-border operations. These common provisions cover several aspects, such as creating the structural modification plan, preparing reports by the administrative body and independent experts, making the agreement publicly available before approval, obtaining unanimous consent for the structural modification, publishing and addressing challenges to the agreement, safeguarding the interests of shareholders and creditors, and ensuring the registration and validity of the recorded operation.

These common provisions are complemented in Title II by a series of specific provisions for each of the types of internal changes regulated by the law: transformation by change of corporate form (Chapter I), merger (Chapter II), spin-off (Chapter III) and global transfer of assets and liabilities (Chapter IV).

Law 3/2009, of 3 April, on structural changes to commercial companies is repealed. The First Transitional Provision provides for the temporary application of the provisions contained in Book One of this Royal Decree-Law to structural changes of commercial companies that are not yet authorised at the time of the entry into force of the Royal Decree-Law. The Second and Third Additional Provisions describe the requirement for pre-registration in the event of conversion, merger, spin-off, or global transfer of assets and liabilities involving unregistered partnerships and, more broadly, irregular companies. They also outline the regulatory framework for conversions, mergers, spin-offs and global or partial transfers of assets and liabilities between credit institutions and insurance companies.

Title I of Book Five introduces a number of urgent financial measures. Chapter I introduces amendments that relate specifically to covered bonds and addressing the following areas: the criteria for assessing the value of assets within the cover pool, the guidelines for the management of loan inflows and outflows from the cover pool by financial institutions, the approval process for loan restructurings by the cover pool supervisor in cases where it arises from a mandatory requirement, the protocol for actions to be taken by the special administrator when the liabilities of the covered bond programme are less than the assets, and the clarification of the registration framework for the cover pool supervisor together with the definition of its regulatory framework.

Title VI of Book V includes a number of organisational measures aimed at increasing administrative efficiency. Chapter II introduces modifications to Law 10/2014, of 26 June 2014, concerning the regulation, supervision, and solvency of credit institutions. These changes reinstate the one-year timeframe within which the Bank of Spain is empowered to conclude sanctioning procedures, which had been revoked by Law 6/2023, of 17 March, on Securities Markets and Investment Services. The Bank of Spain, when exercising its sanctioning powers, should have sufficient time, equivalent to that already available to the CNMV and the Directorate-General for Insurance and Pension Funds, to ensure that sanctioning procedures are properly investigated. Chapter III amends Article 8.6 and the Third Additional Provision of Law 50/1997, of 27 November, on the Government, in relation to the General Committee of Secretaries of State and Undersecretaries of State, with regard to its meetings, deliberations and the adoption of resolutions, so that these may be held telematically on an ordinary basis.

The Third Final Provision amends Royal Decree-Law 1/2010, of 2 July, which approves the recast text of the Spanish Corporate Enterprises Act in order to adapt it to the provisions of Directive (EU) 2019/2121, of 27 November, on structural changes to capital companies.

— **Royal Decree 571/2023, of 4 July**, on foreign investments.

The publication of this new Royal Decree is firstly due to the "Framework Definition of Foreign Direct Investment" published in its fourth edition in 2008 by the Organisation for Economic Co-operation and Development (OECD), which leads to the introduction of a number of changes in order to align with global standards and remove the obligation to report investments in traded securities that are not linked to the intention to influence the control of a company and therefore fall into the category of portfolio investment; in addition, the limits of the various statistical reports are modified based on the experience gained during the 20 years of validity of the previous Royal Decree.

Given the changes that have taken place over the last two decades since the adoption of Royal Decree 664/1999, of 23 April, it was considered imperative to formulate a new legal framework. This updated framework aims to adapt the regulations to the recent changes introduced by subsequent Royal Decree Laws and to comply with Regulation (EU) 2019/452 of the European Parliament and of the Council, of 19 March 2019. The main objectives of this reformulation include improving the quality and global comparability of statistics, minimising the administrative burden for investors and clarifying the cases in which the foreign investment regime can be suspended. These measures aim to create more legal certainty for investors.

The regulation duly acknowledges the stipulations of Law 10/2010, of 28 April, concerning the prevention of money laundering and terrorism financing. It abstains from altering the existing procedures for managing receipts and payments to and from foreign countries. These continue to adhere to the protocols set forth in Royal Decree 1816/1991, of 20 December, on Foreign Economic Transactions, along with its implementing regulations.

This Royal Decree on foreign investment, which supersedes Royal Decree 664/1999, of 23 April 1999, on the same subject, officially came into effect on 1 September 2023.

— **Royal Decree 1180/2023, of 27 December**, amending Royal Decree 948/2001, of 3 August, on Investor Compensation Schemes, and the Regulations implementing Law 35/2003, of 4 November, on Collective Investment Schemes, approved by Royal Decree 1082/2012, of 13 July.

Royal Decree 948/2001, of 3 August, on Investor Compensation Schemes is amended. Law 6/2023, of 17 March, on Securities Markets and Investment Services and Royal Decree 813/2023, of 8 November, on the legal regime for investment firms and other entities providing investment services, transpose into Spanish law the key aspects of Directive (EU) 2019/2034 of the European Parliament and of the Council, of 27 November 2019, on the prudential supervision of investment firms. One of the new features of this prudential regime is the modification of initial capital requirements. Directive (EU) 2019/2034 of the European Parliament and of the Council, of 27 November

2019, does not allow for flexibility for these firms. A national regime has been established, without a European passport and without applying the third-country regime, which permits financial advisory firms (EAFs) to continue operating with insurance.

Pursuant to Law 6/2023, of 17 March, on Securities Markets and Investment Services, and Royal Decree 813/2023, of 8 November, on the legal regime for investment firms and other entities providing investment services, the adoption regime of the General Investment Guarantee Fund (FOGAIN) is extended to all financial advisory firms (EAFs), regardless of whether they are subject to the national regime without a European passport.

A transitional regime is established to adapt to the new legal regime for contributions to FOGAIN.

The Royal Decree also introduces further enhancements to the legal framework governing collective investment schemes (CISs), aiming to promote and improve collective investment. This sector's proper functioning benefits the overall economic activity and must be coupled with investor protection, particularly individual investors. In this regard, amendments are made to Articles 5, 6, 73, and 74 of the Regulations implementing Law 35/2003, of 4 November, on Collective Investment Schemes to align the success fee regime with the recent guidelines of the European Securities and Markets Authority (ESMA).

Article 35 is amended to clarify that in cases of the dissolution and liquidation of an investment fund, it remains possible to make interim payments via the redemption of units, while maintaining the suspension of the participant's right to request redemption.

Article 51 of the Regulations implementing Law 35/2003, of 4 November, on Collective Investment Schemes is amended, removing the quantitative limits imposed on CISs for investing in financial instruments incorporating voting rights over an issuer.

In Article 53, the requirement for a 1% liquidity ratio for CISs is eliminated, since current regulations already provide sufficient mechanisms for liquidity management, and it is a requirement that is not mandated by European Union law. Certain provisions applicable to hedge fund CISs and funds of hedge funds, as regulated in Articles 73 and 74 respectively, are amended. Additionally, the regulations for special purpose compartments, governed by Articles 75 and 78.7, are also amended to address technical adjustments aimed at improving their functionality. Article 78.3 is amended to provide greater flexibility in calculating the net asset value, ensuring that subscriptions and redemptions can be processed at least every two weeks. Additionally, Section 6 allows fund management rules to specify notice periods that align with the maximum timeframe for processing subscription and redemption requests, thereby facilitating the management of funds that focus on less liquid assets.

Furthermore, Article 104 enhances the diversification limits for CIS management companies, including a 25% concentration cap on a single entity or group, encompassing not only issued securities but also all financial instruments and cash. Adjustments are made to the voting rights policy to align Spanish regulations with second-level European standards.

— **Royal Decree-Law 8/2023, of 27 December,** adopting measures to address the economic and social consequences of the conflicts in Ukraine and the Middle East, as well as to mitigate the effects of the drought.

Title I focuses on economic measures and includes urgent actions regarding the regime for compensation and commissions for early repayment of variable interest rate mortgages and their conversion to fixed interest rates. It also amends Title and Section 1 of Article 35 of Royal Decree-Law 19/2018, of 23 November, on payment services and other urgent financial measures, specifically concerning the costs and commissions for payment services charged by payment service providers. To prevent system disruptions, the obligations and requirements specified in Regulation (EU) 2022/2554 of the European Parliament and the Council, of 14 December 2022, on the digital operational resilience of the financial sector (DORA Regulation) are applied to payment system operators, payment scheme operators, electronic payment arrangement operators, payment processors, and other providers of technological or technical services. The Co-investment Fund, F.C.P.J. (FOCO or Fund), a fund without legal personality, is established under the Ministry of Economy, Trade and Enterprise through the State Secretariat for Trade, aimed at attracting foreign investment and promoting productive modernisation. Contributions to the Autonomous Community Resilience Fund and the InvestEU financial instrument are also regulated.

A.3 Other standards

— **Royal Decree 813/2023, of 8 November**, on the legal framework for investment firms and other entities providing investment services.

The objectives of this Royal Decree, derived from Law 6/2023, of 17 March, on Securities Markets and Investment Services are: to modernise financial markets to meet new demands, strengthen investor protection measures (the Royal Decree establishes a comprehensive set of rules governing the actions of investment service providers), align the organisational requirements of investment service entities with the complexity of their services, and ensure a level playing field within the European Union.

Repealed are Royal Decree 217/2008, of 15 February, on the legal regime for investment firms and other entities providing investment services, which partially amended the Regulation of Law 35/2003 of 4 November, on Collective Investment Schemes, approved by Royal Decree 1309/2005, of 4 November; and Royal Decree 816/2023, of 8 November, which amends the Regulation implementing Law 35/2003, of 4 November, on Collective Investment Schemes, approved by Royal Decree 1082/2012, of 13 July.

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

This Royal Decree simplifies and reorganises the previously existing rules regarding the regulatory framework for the registration of financial instruments and transferable securities. It covers the admission of transferable securities to trading on regulated markets, public offerings for sale or subscription, and the required prospectus. It also encompasses trading venues and post-trading market infrastructures, maintaining the core regulations within the text of Law 6/2023 and expanding on these within this Royal Decree. By distributing the subjects between Law 6/2023 and this Royal Decree, we aim to enhance the clarity and understanding of the regulations for their intended users, thereby facilitating easier interpretation and application.

In addition, to reduce the number of applicable rules and ensure proper identification of those required to comply, this Royal Decree consolidates all regulatory provisions governing the regime applicable to the registration of transferable securities, trading venues, and clearing, settlement, and registry systems. Consequently, the current Royal Decrees are repealed and their contents integrated into this document.

The following regulations are hereby repealed:

i) Royal Decree 1310/2005, of 4 November, which partially implements Law 24/1988, of 28 July, on Securities Markets. This Royal Decree pertains to the admission of securities to trading on official secondary markets, public offerings for sale or subscription, and the prospectus required for these activities.

ii) Royal Decree 361/2007, of 16 March, which implements Law 24/1988, of 28 July, on the Securities Market, concerning shareholdings in companies managing secondary securities markets and firms that operate securities registration, clearing, and settlement systems.

iii) Royal Decree 878/2015, of 2 October, which addresses the clearing, settlement, and registration of transferable securities represented by book entries, the regulatory framework for central securities depositories and central counterparty entities, and the transparency requirements for issuers of securities admitted to trading on an official secondary market.

iv) Royal Decree 1464/2018, of 21 December, which develops the recast text of the Securities Market Act, approved by Royal Legislative Decree 4/2015, of 23 October, and Royal Decree-law 21/2017, of 29 December, regarding urgent measures to adapt Spanish law to European Union securities market regulations. This Royal Decree also partially amends Royal Decree 217/2008, of 15 February, concerning the legal regime for investment firms and other entities providing investment services, as well as partially amending the Regulations of Law 35/2003, of 4 November, on Collective Investment Schemes, approved by Royal Decree 1309/2005, of 4 November, among other Royal Decrees related to the securities market.

v) Order EHA/3537/2005, of 10 November, which implements Article 27.4 of Law 24/1988, of 28 July, on the Securities Market, along with any regulations of equal or lower authority that conflict with the provisions of this Royal Decree.

— **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 registers of the CNMV, cooperation with other authorities, and the supervision of investment services firms.

The main content of this Royal Decree pertains to establishing and elaborating on the administrative supervisory powers and responsibilities granted to the CNMV under the law, to ensure it fulfils its objectives.

First, this Royal Decree provides detailed information on the official registers that the CNMV is required to set up and maintain, which are crucial for ensuring the transparency necessary for the proper functioning of the securities markets. Law 6/2023, of 17 March, mentions various registers in different areas (such as prospectuses, entities responsible for maintaining accounting records, national financial advisory firms, etc.), as specified in Article 2 of this Royal Decree. Therefore, this decree presents a comprehensive list of the official public registers that the CNMV will maintain.

An important aspect regulated by this Royal Decree concerns the specific provisions for the supervision of investment firms, and it is here that the partial transposition of Directive 2019/2034 is primarily addressed. Investment firms represent one of the most significant categories of financial intermediaries in the securities markets, both in terms of their number and their importance. Consequently, the regulations set out specific provisions for the exercise of supervisory powers over these firms. To a large extent, these supervisory powers are derived from European Union law, particularly Directive (EU) 2019/2034 of the European Parliament and of the Council, of 27 November 2019, on the prudential supervision of investment firms, which also amends Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU, and 2014/65/EU.

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

Other

— **Bank of Spain Circular 1/2023, of 24 February,** which addresses credit institutions, branches in Spain of credit institutions authorised in another European Union Member State, and financial credit establishments. It concerns the information to be submitted to the Bank of Spain regarding covered bonds and other loan mobilisation instruments, and it amends Circular 4/2017, of 27 November, which sets out public and confidential financial reporting standards and model financial statements for credit institutions, as well as Circular 4/2019, of 26 November, which applies similar standards and models to financial credit establishments.

— **Resolution of 7 March 2023**, by the Executive Commission of the Bank of Spain amending the Resolution of 25 January 2008, which approved the general clauses applicable to the Interbank Deposit Settlement Service.

The amendments to the general clauses applicable to the Interbank Deposit Settlement Service, initially approved by the Resolution of the Executive Commission of the Bank of Spain on 25 January 2008, are introduced as a consequence of the completion of the T2-T2S consolidation project. This involves the TARGET-Bank of Spain system (the Spanish payment system integrated into the new generation Trans-European Automated Real-time Gross settlement Express Transfer system [TARGET], managed by the Bank of Spain), which will become operational on 20 March 2023, replacing and legally succeeding TARGET2-Bank of Spain. With the launch of TARGET, there will be changes to the accounts used for settling transactions recorded in the service. Whereas settlements in TARGET2 were made on Payment Module (PM) accounts, under the new TARGET system, they will now be conducted on the newly dedicated cash accounts for the real-time gross settlement of large-value payments.

— **Resolution of 9 March 2023**, by the State Attorney General's Office, publishing the legal assistance agreement with the National Securities Market Commission.

— **Resolution of 16 March 2023**, by the Secretary of State for Public Function, establishing the Register of Equality Plans of the Public Administrations and their protocols against sexual harassment and gender-based harassment.

— **Bank of Spain Resolution, of 16 May 2023,** publishing the Agreement with the Official Association of Property and Commercial Registrars of Spain, for the filing of accounts.

— **Bank of Spain Circular 3/2023, of 31 October,** amending Circular 2/2016 of 2 February, which applies to credit institutions regarding supervision and solvency, thus completing the adaptation of Spanish law to Directive 2013/36/EU and Regulation (EU) No. 575/2013; and Circular 1/2022 of 24 January, which applies to financial credit institutions concerning liquidity, prudential rules, and reporting obligations.

Law 18/2022, of 28 September, focused on the creation and growth of companies, amended Article 13.4 of Law 10/2014, of 26 June, on the regulation, supervision, and solvency of credit institutions. This amendment includes the prohibition of accepting deposits or other repayable funds from the public under the freedom to provide services without a branch in Spain by credit institutions based in non-EU countries. The Circular amends Circular 2/2016, of 2 February, on supervision and solvency, aligning its wording with the changes brought by Law 18/2022 to Law 10/2014, specifically concerning non-EU institutions operating in Spain without a branch. It also introduces certain criteria for the assessment of the authorisation process. The Circular incorporates the minimum aspects to be analysed during this process and references the application of Article 149 of Law 6/2023, of 17 March, on Securities Markets and Investment Services for institutions intending to offer investment services in Spain under a branchless service provision regime. Additionally, it removes the content of the application form. These amendments affect Rule 4 of Circular 2/2016, titled "Branches and provision of services without a branch in Spain by credit institutions headquartered in non-EU countries".

Furthermore, this Circular revises the reporting obligations to the Bank of Spain regarding remuneration for both credit institutions and financial credit institutions.

B European legislation

— **Commission Delegated Regulation (EU) 2023/363**, of 31 October 2022, mending and correcting the regulatory technical standards laid down in Delegated Regulation (EU) 2022/1288 as regards the content and presentation of information in relation to disclosures in pre-contractual documents and periodic reports for financial products investing in environmentally sustainable economic activities.

Published in the *OJEU* (L) No. 50, of 17 February 2023, pp. 3–27.

— **Commission Delegated Regulation (EU) 2023/450**, of 25 November 2022, supplementing Regulation (EU) 2021/23 of the European Parliament and of the Council with regard to regulatory technical standards specifying the order in which CCPs are to pay the recompense referred to in Article 20(1) of Regulation (EU) 2021/23, the maximum number of years during which those CCPs are to use a share of their annual profits for such payments to possessors of instruments recognising a claim on their future profits and the maximum share of those profits that is to be used for those payments.

Published in the *OJEU* (L) No. 67, of 6 March 2023, pp. 5–6.

— **Commission Delegated Regulation (EU) 2023/451**, of 25 November 2022, specifying the factors to be taken into consideration by the competent authority and the supervisory college when assessing the recovery plan of central counterparties.

Published in the *OJEU* (L) No. 67, of 06 March 2023, pp. 7–16.

— **Commission Delegated Regulation (EU) 2023/511**, of 24 November 2022, supplementing Regulation (EU) No. 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the calculation of risk-weighted exposure amounts of collective investment undertakings under the mandate-based approach.

Published in the *OJEU* (L) No. 71, of 09 March 2023, pp. 1–3.

— **Regulation (EU) 2023/1113 of the European Parliament and of the Council**, of 31 May 2023, on information accompanying transfers of funds and certain crypto-assets and amending Directive (EU) 2015/849.

Published in the *OJEU* (L) No. 150, of 09 June 2023, pp. 1–39.

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

Published in the *OJEU* (L) No. 150, of 9 June 2023, pp. 40–225.

— **Commission Delegated Regulation (EU) 2023/1626,** of 19 April 2023, on amending the regulatory technical standards laid down in Delegated Regulation (EU) 2018/1229 as regards the penalty mechanism for settlement fails relating to cleared transactions submitted by CCPs for settlement.

Published in the *OJEU* (L) No. 201, of 11 August 2023, pp. 1–3.

— **Commission Regulation (EU) 2023/2822,** of 19 December 2023, amending Regulation (EU) 2023/1803 as regards International Accounting Standard 1.

Published in the *OJEU* (L) No. 2822, of 20 December 2023, pp. 1–6.

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

Published in the *OJEU* (L) No. 2859, of 20 December 2023, pp. 1–22.

— **Directive (EU) 2023/2864 of the European Parliament and of the Council,** of 13 December 2023, amending certain Directives as regards the establishment and functioning of the European single access point.

Published in the *OJEU* (L) No. 2864, of 20 December 2023, pp. 1–27.

— **Regulation (EU) 2023/2869 of the European Parliament and of the Council**, of 13 December 2023, mending certain Regulations as regards the establishment and functioning of the European single access point.

Published in the *OJEU* (L) No. 2869, of 20 December 2023, pp. 1–28.

— **Regulation (EU) 2023/2845 of the European Parliament and of the Council,** of 13 December 2023, amending Regulation (EU) No. 909/2014 as regards settlement discipline, cross-border provision of services, supervisory cooperation, provision of banking-type ancillary services and requirements for third-country central securities depositories and amending Regulation (EU) No. 236/2012.

Published in the *OJEU* (L) No. 2845, of 27 December 2023, pp. 1–38.

B.1 ESMA/EBA guidelines, decisions and recommendations

— **Guidelines on the data collection exercises regarding high earners under Directive 2013/36/EU and under Directive (EU) 2019/2034** (30.06.2022). European Banking Authority (EBA).

— **Guidelines on standard forms, formats and templates to apply for permission to operate a DLT market infrastructure** (08.03.2023). European Securities and Markets Authority (ESMA).

— **Guidelines on stress tests scenarios under Article 28 of the MMF Regulation** (21.03.2018). European Securities and Markets Authority (ESMA).

- **Guidelines for institutions and resolution authorities to complement the resolvability assessment for transfer strategies** (26.09.2022). European Banking Authority (EBA).

- **Guidelines on CCP recovery plan scenarios (Article 9(12) of CCPRRR)** (24.03.2023). European Securities and Markets Authority (ESMA).

- **Guidelines on CCP recovery plan indicators (Article 9(5) of CCPRRR)** (31.01.2022). European Securities and Markets Authority (ESMA).

- **Guidelines on certain aspects of the MIFID II remuneration requirements** (03.04.2023). European Securities and Markets Authority (ESMA).

- **Guidelines on certain aspects of the MiFID II suitability requirements** (03.04.2023). European Securities and Markets Authority (ESMA).

- **Guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP) under Directive (EU) 2019/2034** (21.07.2022). European Securities and Market Authority (ESMA) / European Banking Authority (EBA).

- **Guidelines on the consistent application of the triggers for the use of Early Intervention Measures (Article 18(8) of CCPRRR)** (01.06.2023). European Securities and Markets Authority (ESMA).

- **Guidelines further specifying the circumstances for temporary restrictions in the case of a significant non-default event in accordance with Article 45a of EMIR** (02.06.2023). European Securities and Markets Authority (ESMA)

- **Guidelines on the application of the circumstances under which a central counterparty is deemed to be failing or likely to fail (Article 22(6) of CCPRRR)** (01.06.2023). European Securities and Markets Authority (ESMA).

- **Guidelines on the methodology to be used by the resolution authority for determining the valuation of contracts prior to their termination as referred to in Article 29(1) of CCPRRR** (02.06.2023). European Securities and Markets Authority (ESMA).

- **Guidelines on MiFID II product governance requirements** (03.08.2023). European Securities and Markets Authority (ESMA).

- **Guidelines amending Guidelines EBA/GL/2022/01 on improving resolvability for institutions and resolution authorities under articles 15 and 16 of Directive 2014/59/EU (Resolvability Guidelines) to introduce a new section on resolvability testing** (13.06.2023). European Banking Authority (EBA).

Annex on CNMV organisation

Composition of the CNMV Board at 31 May 2024

Chairperson	Mr Rodrigo Buenaventura Canino
Vice-Chairperson	Ms Montserrat Martínez Parera
Directors	Ms María Dolores Beato Blanco
	Ms Helena Viñes Fiestas
	Mr Mariano Bacigalupo Saggese
	Ms Margarita Delgado Tejero (Deputy Governor of the Bank of Spain)
	Ms Paula Conthe Calvo (General Secretary of the Treasury and International Financing)
Secretary	Ms Patricia Muñoz González-Úbeda

Composition of the CNMV Executive Committee at 31 May 2024[1]

Chairperson	Mr Rodrigo Buenaventura Canino
Vice-Chairperson	Ms Montserrat Martínez Parera
Directors	Ms María Dolores Beato Blanco
	Ms Helena Viñes Fiestas
	Mr Mariano Bacigalupo Saggese
Secretary	Ms Patricia Muñoz González-Úbeda

1 The creation, incorporation and functions of the CNMV Executive Committee are regulated by Article 27 of Law 6/2023, of 17 March, on Securities Markets and Investment Services.

Composition of the CNMV Advisory Committee at 31 May 2024[2]

Chairperson	Ms Montserrat Martínez Parera
Secretary	Ms Patricia Muñoz González-Úbeda
Technical secretary	Mr Víctor Rodríguez Quejido
Members	
Representatives of market infrastructures	
Representative	Ms Beatriz Alonso-Majagranzas Cenamor
Alternate	Ms María Calvo Pérez
Representative	Mr Luis Martínez Pérez
Alternate	Ms Beatriz Senís Gilmartín
Representative	Mr Ignacio Olivares Blanco
Alternate	Ms Aránzazu Ullivarri Royuela
Representatives of issuers	
Representative	Ms Consuelo Barbé Capdevila
Alternate	Ms M.ª Belén Plaza Cruz
Representative	Mr Lucas Osorio Iturmendi
Alternate	Mr Javier Rodríguez Vega
Representatives of investors	
Representative	Mr Ángel Martínez-Aldama Hervás
Alternate	Ms Virginia Arizmendi Ortega
Representative	Ms Elisa Ricón Holgueras
Alternate	Ms Laura Palomo Aguado
Representative	Mr Enrique García López
Alternate	Mr Manuel Pardos Vicente
Representative	Mr Víctor Cremades Erades
Alternate	Mr Daniel Herrero Lorente
Representatives of credit institutions and insurance	
Representative	Mr Javier Rodríguez Pellitero
Alternate	Ms Patricia Rodríguez Fernández de Castro
Representative	Mr Antonio Jesús Romero Mora
Alternate	Ms Raquel Cabeza Pérez
Representative	Ms Cristina Freijanes Presmanes
Alternate	Ms Zorione Arregi Elkorobarrutia
Representative	Ms María Aránzazu del Valle Schaan
Alternate	Mr Luis Miguel Ávalos Muñoz

2 Royal Decree 303/2012, of 3 February. regulating the CNMV Advisory Committee.

Representatives of professional	
Representative	Mr Víctor Alió Sanjuán
Alternate	Mr Valentín Pich Rosell
Titular	Mr Luis Alfredo Jiménez Fernández
Alternate	Mr Rafael Cavanillas Gil

Renowned professionals	
Representative	Ms Gloria Hernández Aler
Alternate	Mr José Ramón del Caño Palop

Representatives of the Investment	
Representative	Mr Ignacio Santillán Fraile
Alternate	Ms Carme Hortalá Vallvé

Representatives of the Autonomous Regions with an official secondary market	
Basque Country	
Representative	Mr Hernando Lacalle Edeso
Alternate	Ms Arantza Larrauri Aranguren
Catalonia	
Representative	Mr Josep María Sánchez Pascual
Alternate	Ms Alba Currià Reynal
Valencia	
Representative	Mr Nicolás Jannone Bellot
Alternate	Mr Roberto Esteve Carbonell

CNMV organisational structure