



2022 Activity Plan



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1 Introduction

The Activity Plan for the year 2022, which is presented in this document, basically includes two elements: the strategy that the CNMV is going to follow during this year and a specific list of objectives. The strategy describes the institution's priorities for action and supervision for the year 2022, in order to inform and favour the exchange of information and transparency with the market, investors and supervised entities. The specific objectives are concrete actions with public significance, selected on the basis of their being opportune or innovative with respect to the usual functions.

In any case, it is necessary to point out that the objectives defined do not cover the bulk of the tasks that the CNMV performs on a regular basis in its function of authorisation, registration and supervision of entities, and of market supervision, trade repository and control of regulated information. Nor does the Plan include the regular actions related to disciplinary measures or handling investor enquiries or complaints, the international activity of the CNMV, the regular publication of studies and statistics or its usual initiatives concerning financial education.

On the occasion of the preparation of the Activity Plan for the previous year, the institution's strategy was reviewed and its lines of action for 2021 and 2022 defined, in accordance with the biennial approach adopted since 2017. The 2022 Plan has been prepared in the context of these strategic lines, which remain in force, although, in view of the developments that occurred during 2021 and the environment forecast for 2022, it has been considered opportune to reinforce or adjust priorities in certain aspects basically related to the fight against financial fraud, the admission of securities to trading, sustainable finance and crypto-assets.

The degree of compliance with the 2021 Activity Plan is also detailed. Lastly, the CNMV's Annual Regulatory Plan is included as an annex to this document. The inclusion of this Plan responds to the provision of Article 132 of Law 39/2015 of 1 October on the Common Administrative Procedure of Public Administrations, from which Article 38 of the CNMV's Internal Regulation (IR) derives. This precept establishes that the CNMV will issue an annual regulatory plan containing the regulatory initiatives to be submitted for approval in the following year and that will be published on the CNMV's Transparency Portal.

Economic and financial environment

Events in 2021

The year 2021 was marked by an intense economic recovery on a global scale, which was supported by the process of vaccinating the population. However, neither the economic recovery nor the rate of vaccination were uniform among jurisdictions, to which was added the appearance of some difficulties and elements of

risk that have not yet disappeared. Among them, it is worth mentioning the problems detected in some supply chains, the rise in the price of raw materials and the sharp rise in inflation, in addition to the evolution of the pandemic itself, which presented new complexities in the final stretch of 2021 due to the emergence of new variants of the virus.

These elements gave rise to downward revisions in the growth forecasts of numerous economies, which were of different intensity depending on the expected repercussion in each one of them, but in any case, maintaining the recovery scenario indicated.

The notable increase in inflation on a global scale deserves special attention. Although it seems to respond mainly to transitory factors, such as the increase in energy prices, the fact is that some of these factors are lasting longer than expected, which in turn increases the risk of observing second-round effects (for example, in wages). In 2021, this rise in inflation already led to a change in the bias in the monetary policy of numerous economies, which translated into increases or announcements of forthcoming increases in official interest rates in some cases and actual or announced early terminations of asset purchasing programmes in others.

The Spanish economy participated in this recovery process in 2021 with an annual growth rate of 5%, lower than the expectation that had been generated at the beginning of 2021, due to the factors indicated above.¹ Inflation reached a maximum of 6.5% at the end of the year (3.1% on average) and the labour market showed signs of improvement, with job creation of 7.3%² and a decrease in the unemployment rate to approximately 13.3% of the active population (16.1% at the end of 2020).³ For their part the Public Administration accounts allow to estimate a reduction in the public deficit to 7.5% of GDP (11% in 2020) and a slight increase in public debt to 120.4% (0.4 pp more than the previous year).⁴

The evolution of the international and national financial markets reflected the economic situation described. Thus, in the first months of 2021, notable revaluations were observed in the stock markets of the main economies. In the second half of the year, in an environment of doubts about the recovery, behaviour was more irregular. At the end of 2021, new advances were observed in the main indices, despite doubts about the sixth wave of the coronavirus and the materialisation of the problems between Russia and some of its neighbouring countries, in particular Ukraine, tensions that if they worsen could pose a significant risk to global economic and financial stability.

In particular, the international stock markets closed the year 2021 with significant revaluations, in excess of 20% in most advanced economies. In Europe, the annual stock market advances were between 14.3% (FTSE 100) and 28.9% (Cac 40), except for the Ibex 35, which showed the most modest revaluation of this group (7.9%). In the United States, increases of between 18.7% for the Dow Jones and 26.9% for the S&P 500 were observed, while in Japan the increases were 4.9% for

1 Source: National Statistics Institute (INE).

2 FTE jobs. Source: Spanish Quarterly National Accounts (INE).

3 Source: INE.

4 Source: Bank of Spain.

the Nikkei 225 and 10.4% for the Topix. In general, the indices with greater concentrations of technology or health-related companies posted higher returns. Volatility indicators remained at relatively low levels, even at specific moments of greater uncertainty, as did liquidity indicators. Trading volumes behaved unevenly, with increases on US and Japanese markets and on some European markets, with decreases on others. In the primary markets, it is worth noting the consolidation of the strong upward trend in issues that was already observed in 2020. In 2021, equity issues at the international level grew by 25%.

Spanish equity markets also showed price revaluations in 2021, as indicated, but these were more modest. This relatively poor showing by Spanish equities could be explained by the different composition of its indices compared with other international indices – greater weight of the services sector and dependence on emerging markets, and less weight of technology and consumer goods –, which is consistent with the Spanish economic model and explains, in turn, a certain lag in the economic recovery. Prices began the year with significant increases, which were consolidated in the first half. However, in the last months of the year uncertainties intensified and ended by reducing the revaluation of the Ibex 35 to 7.9%. Market liquidity conditions remained stable, with low spreads, standing at values similar to those existing before the outbreak of the pandemic, and volatility indicators, despite some slight spikes, continued at moderate levels, ending the year below 20%.

Trading in Spanish shares maintained the downward trend that has been observed for several years. For 2021 as a whole, €690 billion were traded, 11.6% less than in 2020 and the lowest figure since 2004. This trend, which was also observed in other European markets, albeit with less intensity, occurs in a context of low volatility which makes some trading styles, such as algorithmic and high frequency, less attractive.

Of the total volume traded, just over €365 billion (down by 12.7%) were contracted on the Bolsas y Mercados Españoles (BME) and €325 billion (down by 10.2%) on other, competing, markets and trading venues. Over the past year, the participation of these venues in the trading of Spanish securities seems to have stabilised at somewhat above 45% of the total. On the other hand, it is worth noting the fall by more than half (to less than 7%)⁵ of trading carried out through systematic internalisers the trading format of which is not subject to non-discretionary market rules, a circumstance which, if consolidated, would represent a significant advance in meeting one of the objectives of MiFID II,⁶ which was to shift part of the trading to trading venues that operate under non-discretionary market rules.

International debt markets evolved in consonance with monetary policy, which continued to be eminently expansionary on both sides of the Atlantic. In this context, short-term interest rates in the main advanced economies remained at low levels, although they were higher in the United States, while long-term rates saw upticks during the year, which were consolidated in the final stretch, confirming expectations of a shift in tone of the monetary policy of the main central banks – a shift that can be discerned in advance in the United States and that has already begun in the United Kingdom and in other emerging economies. Long-term debt

5 Percentages calculated exclude over-the-counter (OTC) trading.

6 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.

yields were on the rise, but there were ups and downs in this trend that also responded to developments in the economy and changes in investors' risk appetite. At the end of 2021, 10-year government bond yields in the United States and the United Kingdom stood at 1.5% and 1.0% respectively, above yields in the euro area, which, with few exceptions, were less than 1%, levels that remain low from a historical point of view. For their part, credit risk premiums, both sovereign and corporate, fell with respect to the previous year, although upturns were observed in the last months of the year.

In Spanish debt markets, debt yields also remained at low levels throughout the year in all sections of the interest rate curve, favoured by the European Central Bank (ECB) maintaining its expansive monetary policy. Even so, in the last part of the year an upward trend was observed in its longer sections, as in other euro area countries. In the case of 10-year sovereign debt, the yield at the end of the year stood at 0.60% (compared with 0.06% at the end of 2020), with negative yields now applying only up to five years. In private debt, positive returns were observed from three-year terms upwards.

For their part, risk premiums, in both the public and private sectors, remained at low levels, although a slight rise in the former was observed. The sovereign risk premium stood at 77 basis points (bp) at the end of the year, above the 63 bp registered at the end of 2020, while that of private sector entities remained below the levels at which it had begun the year. In particular, for the private sector as a whole, the risk premium at the end of 2021 was 58 bp, while at the beginning of the year it had been 67 bp (a reduction of 9.5 bp in the year). Distinguishing between financial and non-financial entities, the risk premiums were 64 bp and 53 bp respectively at the end of 2021 and 78 bp and 59 bp at the beginning (reductions of 13.3 bp for financial and 5.9 bp for non-financial entities).

In the primary debt markets, there was a notable decrease in issues registered with the CNMV during 2021 – to €101 billion, 23.4% less than in 2020. This volume of issues is similar to that observed in the years prior to the outbreak of the pandemic. There was a marked decline in straight bond and securitisation bond issues, and a marked increase in issues of covered bonds. Although favourable financing conditions were maintained, issuers scaled back their issuing activity in Spain, having covered a large part of their financing needs in 2020 preventively. At the same time, issues made abroad increased once again, to €116.5 billion (between January and November). This amount exceeds that of those registered with the CNMV and is the highest since 2011.

The collective investment industry maintained the expansive trend that began after the worst moments of the COVID-19 crisis. The assets of Spanish investment funds stood at over €320 billion at the end of the year,⁷ well in excess of the 2020 figure of €280 billion, while the number of participant accounts surpassed 15.2 million (12.7 million in 2020). The largest increases in assets occurred in the global funds and international equity categories, both of which are relatively high risk. In addition, it is important to highlight the number of collective investment schemes (CIS) that at the end of the year had shown their commitment in the area of ESG,⁸

7 Provisional data for November.

8 Environmental, social and governance.

adhering to Article 8 or 9 of the Disclosure Regulation:⁹ a total of 188 CIS with combined assets of more than €65.6 billion. Assets marketed in Spain by foreign CIS also continued to grow, surpassing €260 billion at the end of Q3 (€60 billion more than in 2020).

Expectations for 2022

The forecasts of the International Monetary Fund (IMF) published in January this year point to a slowdown in the pace of growth worldwide: from 5.9% in 2021 to 4.4% in 2022 and 3.8% in 2023. The lowering of the forecast for this year had its origin, above all, in the lower growth forecast for the two most important economies: United States (-1.2 pp) and China (-0.8 pp). In a scenario of higher and more persistent inflation, the IMF forecasts growth of 3.9% in 2022 and 2.6% in 2023 for the advanced economies (5% in 2021) and 4.8% in 2022 and 4.7% in 2023 for the emerging economies (6.5% in 2021). The Spanish economy is expected to show a different pattern, with growth accelerating from rates close to 5% in 2021 to 5.8% in 2022, before slowing to 3.8% in 2023.

Within this recovery scenario, there are numerous factors of uncertainty. Among the most important, worldwide, the following stand out:

- i) **The evolution of the pandemic itself**, which, with low percentages of the population vaccinated in some countries, may continue to generate new strains of the virus with significant consequences for the world population.
- ii) **The evolution of inflation and the possible withdrawal of monetary policy stimuli**. The rise in inflation has consequences of various kinds. Not only does it imply a loss of purchasing power for consumers and an increase in production costs for businesses, but also, to the extent that its increase is not temporary, it can generate a change in the tone of monetary policy. This scenario of change, which is more evident in the United States and the United Kingdom and is becoming more likely in the euro area, may make financing more expensive for agents, reduce the value of fixed-income portfolios and give rise to episodes of market adjustments. Additionally, a significant increase in interest rates could lead to big changes in investor preferences, for example discouraging investment in equities and investment funds.
- iii) **Prolongation of supply chain problems and mismatches between supply and demand (more geared towards goods than services in the context of the pandemic)**. These imbalances, which the Chinese economy itself, with its policy of “zero tolerance” of COVID-19 may continue to feed, harm both the evolution of inflation and the recovery of activity in the short term.
- iv) **Geopolitical conflicts**. The intensification of these conflicts, the most important of which at present is the one between Russia and Ukraine, may have important consequences for certain energy supplies, prevent the fall in the price of some raw materials and, ultimately, have an adverse effect on economic growth.

⁹ 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 Spanish economy shows some strengths in relation to previous crises, but also its own elements of uncertainty. The evolution of the economy continues to be particularly affected by the pandemic, given that the productive model depends to a great extent on the services sector. However, it is worth noting, unlike previous crisis episodes, the absence of imbalances in two fundamental areas: external financing and the real estate market. Similarly, the European funds linked to the Next Generation EU programme will have a significant positive impact on GDP growth in the coming years. In this context, the most important sources of domestic uncertainty are related to: i) the need to consolidate public accounts in the medium term – both the level of the deficit and that of public debt – and ii) the pace of absorption of European funds.

Regulatory context

In 2021, several European regulations were transposed into national law, such as the Directive to encourage long-term shareholder engagement,¹⁰ the Directive on the issue and supervision of covered bonds,¹¹ the Directive on the cross-border distribution of CIS,¹² the Bank Recovery and Resolution Directive (BRRD II)¹³ and the Capital Requirements Directive (CRD V).¹⁴

With regard to 2022, several significant regulations are foreseen, such as the parliamentary processing of the new Securities Market and Investment Services Act and its implementing regulations (Royal Decree of supervisory powers of the CNMV, Royal Decree on financial instruments and the Royal Decree on investment firms), and the Royal Decree developing the Law on CIS and the Venture Capital Law, with the aim of incorporating some technical improvements to boost the competitiveness of the sector.

Apart from this, a proposed law for the creation and growth of companies, introducing a new legal regime for crowdfunding platforms and a set of measures to promote and improve collective investment and venture capital, is currently going through parliament, as is a draft law to promote the ecosystem of start-up businesses.

At the EU level, regulatory activity continues to be very intense. Progress in the implementation of the 2020 Capital Markets Union (CMU) Action Plan remains a priority for the EU, given the current context, which requires strong and well-integrated

10 Directive (EU) 2017/828 of the European Parliament and of the Council, of 17 May 2017, amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement.

11 Directive 2019/2162 EU of the European Parliament and of the Council, of 27 November 2019, on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU.

12 Directive (EU) 2019/1160 of the European Parliament and of the Council, of 20 June 2019, amending Directives 2009/65/EC and 2011/61/EU with regard to cross-border distribution of collective investment undertakings.

13 Directive (EU) 2019/879 of the European Parliament and of the Council, of 20 May 2019, amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC.

14 Directive (EU) 2019/878 of the European Parliament and of the Council, of 20 May 2019, amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures.

capital markets to support economic growth after the pandemic and help finance the ecological transition and digital innovation.

Along these lines, at the end of 2021 the European Commission adopted a package of legislative measures to improve EU companies' access to financing and offer greater opportunities to investors. This package includes four legislative proposals, processing of which will continue during 2022:

- i) The creation of a single EU access point, which will be a common source of free public information on EU companies and investment products.
- ii) The revision of the Regulation of European long-term investment funds, to try to increase their attractiveness and promote long-term investments.
- iii) The review of the Directive on alternative investment fund managers (AIFMs), to increase the diversification of financing for companies.
- iv) The review of MiFIR, to improve market transparency. Among other measures, a central publication of consolidated data will be established, so that all investors can access market data and have a global vision of trading conditions in EU markets.

During 2022, other actions related to the CMU are planned, among which the review of the rules applicable to prospectuses and admission to trading stands out, in order to improve the access of companies to public markets while maintaining the protection of investors.

Likewise, the retail investment strategy is in preparation, which the European Commission plans to adopt in Q4 of 2022 and which will amend various regulations – among them MiFID II –, with the aim of buttressing retail investors' confidence in the capital markets.

Another significant proposal, still being processed in the European Parliament, is that relating to corporate information on sustainability.

In addition to all of the above, numerous level 2 regulations are being drawn up, especially in relation to sustainable finance.

Finally, in 2022 the definitive approval of the digital finance package is also expected: the Regulation on Crypto-Asset Markets (MiCA), the Digital Operational Resilience Act (DORA) and the Regulation on a pilot scheme of market infrastructures based on distributed ledger technology.

The CNMV will continue to collaborate with the Ministry of Economic Affairs and Digital Transformation during the process of preparing the aforementioned initiatives and other additional ones, as well as in the corresponding adaptation of national regulations.

2 Implementation of the 2021 Activity Plan

In its 2021 Activity Plan, the CNMV formulated 54 actions or objectives aimed at developing the strategic areas of the institution.

Up to the date of publication of the 2022 Activity Plan, **49 (91%) of the objectives had been completed**. Therefore, in 2021 a slightly higher degree of follow-up of the Activity Plan was achieved than in previous years: 86% in 2020, 84% in 2019, 78% in 2018, and 86% in 2017.

The follow-up of the objectives set in the 2021 Plan is detailed below according to its different sections: i) the CNMV's operational improvements, ii) market supervision, iii) supervision of financial intermediaries and iv) relations with investors and other stakeholders.

2.1 CNMV's operational improvements

With regard to the section on the **CNMV's operational improvements**, 11 of the 13 planned objectives (84%) were fully met during 2021 and significant progress was made in relation to the other 2 (16%), which will be completed in the coming months.

Regarding each of the **objectives completed**:

- The CNMV strengthened the technological resources available to it to adapt to the changes in the sector and improve the efficiency of its processes, taking advantage of all that new technologies have to offer to carry out its functions as efficiently as possible. A **strategic information systems plan** has been drawn up and put into operation, spanning a three-year time horizon. The plan has analysed the current status of the CNMV's information systems and determined medium term needs. To undertake this process, the CNMV has hired an external company that has collaborated on the design and execution of the plan.
- In 2021 **the financial sandbox, a controlled testing environment, was launched under the coordination of the General Secretariat of the Treasury and International Financing**. The CNMV was the supervisory authority for four of the eighteen projects that received a favourable prior evaluation in the first call, and protocols have finally been signed with three of these projects (the promoter of the fourth project withdrew). In the second call, four projects were provisionally admitted, of which two correspond to the CNMV (which will also participate as secondary supervisor in another project assigned to the General Directorate of Insurance and Pension Funds). Various meetings of the sandbox coordination committee were also held.
- In the area of the financing of the CNMV, an individualised cost/income analysis was prepared for each fee together with income/expense forecasts for the

2021-2023 period, in order to determine the appropriate adjustment in fees and, based on the conclusions of the analysis, a **proposed update to the Law on CNMV fees was prepared, which will be sent shortly to the Ministry of Economic Affairs and Digital Transformation for consideration.**

- A new CNMV **strategic risk management and control framework** has been approved and the updating of the risk catalogue has been completed, which will allow for more efficient risk management.
- In 2021, work was done on the development of a **global environmental sustainability plan of the CNMV as an organisation.** This plan contains specific measures to reduce the environmental impact of the institution and includes a part related to improving the efficiency of the building, which has been prepared by an external third party. During 2022, work will be done on the implementation of this plan.
- In the third quarter of 2021, the **transfer of the Barcelona regional office** to the new location was completed, and at the end of October **the Bilbao regional office was inaugurated.**
- As regards the **expansion and improvement of the CNMV's communication channels**, meetings and encounters were arranged with the industry representatives (through associations or entities) to convey messages and seek their opinions on the CNMV's activities and the market situation. Through an external company, the annual mandatory audit of the accessibility of the CNMV's web pages and applications for mobile devices was also carried out.
- The CNMV has made **changes to its public consultation policy** in order to make its regulatory activity more transparent. A document has been published¹⁵ in this regard, including the guidelines to be followed in the process of public participation in the regulatory projects of the CNMV, in particular circulars and technical guides. In addition, we have started to publish *ex post* explanations of how the observations received in these public consultations have been taken into account.
- The CNMV website has been redesigned to give **more information on the contacts of the CNMV presidency with stakeholders** (Transparency Portal). Specifically, since March 2021 we have published the agendas, which include, among other things, official visits, institutional events in which they participate, as well as national and international meetings. Thus, the corresponding section of the CNMV's website has been redesigned in order to give greater visibility to the Consultative Committee's activity. Specifically, details about its members have been added, including their CVs, and the agendas of the sessions and the reports prepared by the Committee have begun to be made public.
- We have finished **amending and strengthening the teleworking policy**, which has been agreed with the Works Council.
- **We started the necessary work to conduct an employee climate survey** among CNMV staff. The alternatives for putting it into practice have been

analysed and a comparative analysis has been made of how these surveys have been carried out in similar organisations. In view of this, the model of how it will be developed in the CNMV and the scheduled work plan have been designed.

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

- As for the **perception survey of the functioning of the CNMV among investors, media professionals and other users**, the contract was awarded to a specialised firm in January 2022, and its execution is scheduled within a maximum of five months.
- As regards the **training in management skills** scheduled for 2021, its development was delayed by the bidding process for the service, and it is now planned that the training will be given in 2022.

2.2 Market supervision

Regarding the 10 objectives included under the **market supervision** heading 100% have been completed:

- In October 2021, CNMV Circular 3/2021¹⁶ of 28 September was published, **amending the circulars on the annual corporate governance report (ACGR) and the annual directors' remuneration report (ADRR)**.
- In mid-2021 an advisory group was formed¹⁷ to consider **preparing a code of good practices, in order to encourage long-term shareholder engagement**. In the meetings held, the appropriateness and the scope of the code were discussed and, after the analysis carried out, the CNMV decided that it was appropriate to continue with the project, which is expected to conclude in 2022.
- We carried out a **horizontal review of the degree of compliance with the guidelines of the European Securities and Markets Authority (ESMA) on Alternative Performance Measures (APM)**, which is reported in the public report on the supervision of the financial information of the issuers of securities for the year 2020.
- We also carried out an **analysis of the information broken down by issuers in relation to the effects of COVID-19** in their 2020 annual financial reports for listed companies subject to substantive review, although it has not been possible to complete all of the reviews initially planned. The public report on the supervision by the CNMV of the annual financial reports for the year 2020 includes a specific section with the main conclusions obtained.
- We completed the **analysis of the submission of annual financial statements in the European single electronic format (ESEF)**. In the public supervision

16 https://www.cnmv.es/docportal/Legislacion/Circulares/Circular_3_2021_EN.pdf

17 This advisory group is made up of various financial sector associations, auditing and legal consulting firms, proxy advisors, sector supervisors and other individual experts.

report cited above, a specific section has been included in which the main conclusions are summarised.

- We conducted a **review of compliance by market infrastructures with the CPMI-IOSCO¹⁸ guidelines on cybersecurity**. The CNMV included in its supervision plan for Spanish trading infrastructures for the year 2021 an action related to the review of compliance with this aspect. Once this action had been completed, an internal report was prepared with the main conclusions.
- With respect to the **monitoring plan for compliance by the central counterparty (CCP) with the recommendations of the European Systemic Risk Board (ESRB) on margin calls**, a report has been prepared on the evaluation of the degree of compliance with the ESRB recommendations and the ESMA guidelines on countercyclical measures by the Spanish CCP, clearing members and financial counterparties in accordance with EMIR.¹⁹ As a result, a recommendation letter was submitted to the CCP and the findings were shared with the ESRB.
- In the context of cooperation with ESMA in the **analysis of improvements in the supervision system of the quality of the data report sent by the infrastructures and intermediaries**, a report has been prepared on this and possible improvements have been identified.
- Progress has been made in the development of **new powers of the CNMV as resolution authority for central counterparties** carrying out a planning and analysis of the resolvability of the CCP, focused on the adequacy of the financial resources available in resolution based on different scenarios.
- In June 2021, the III Conference on **benchmark interest rate reform** was held, as a complement to the communication published²⁰ in January on the status of benchmark **interest rate** reform, recommending transitional measures towards risk-free rates.

2.3 Supervision of financial intermediaries

In regard to the **supervision of financial intermediaries**, 86% of the 15 objectives included in the 2021 Activity Plan have been met.

A brief summary of each of the objectives achieved is presented below:

- July 2021 saw the publication of **criteria for the authorisation of third-country companies to provide investment services to professional clients in Spain without a branch**.²¹

18 Committee on Payments and Market Infrastructures – International Organisation of Securities Commissions (IOSCO).

19 Regulation (EU) No. 648/2012 of the European Parliament and of the Council, of 4 July 2012, on OTC derivatives, central counterparties and trade repositories.

20 <https://www.cnmv.es/Portal/verDoc.axd?t=%7B2ae5d736-ba94-4f5d-b927-da46cefa395a%7D>.

21 <https://www.cnmv.es/portal/verDoc.axd?t=%7Be6e510a9-b9a3-4345-bee5-9167982f4a0c%7D>.

- On 28 January 2022 we published a **technical guide on liquidity management and control of CISs**.²²
- Regarding the publication of **criteria on the application of new European regulations (ESG and encouragement of long-term shareholder engagement)**, several actions have been carried out:
 - A statement was published on 18 February²³ on the entry into force of the Disclosure Regulation.
 - A question and answer document was prepared²⁴ on ESG (June 2021).
 - Some criteria were published about encouragement of long-term shareholder engagement.²⁵
 - A more specific question and answer document on the application of the Disclosure and Taxonomy²⁶ Regulations was drawn up (November 2021).
- We also conducted a **review of the technical guides to assessing appropriateness**.
- As regards the **adaptation to the solvency regulations for investment firms**, in June 2021 some informative workshops of a technical nature were held on these regulations and the related reporting requirements.
- With regard to the **adaptation to the new regulations on crowdfunding platforms**, a simplified procedure has been developed²⁷ to bring Spanish platforms into line with the regulations and work has been done on the adaptation of the relevant supervision model.
- Regarding the proposal for the **adaptation of key investor information documents (KIIDs) of undertakings for collective investment in transferable securities (UCITS) and alternative investment funds (AIFs) to the packaged retail investment products (PRIIP) regulations**, a proposal for regulatory amendment has been sent to the General Secretariat of the Treasury and Financial Policy and the KID for PRIIPs has been incorporated into the CNMV's website.
- The five **horizontal reviews** planned for 2021 have been completed:
 - Review of compliance with governance obligations in the marketing of financial instruments.

22 <https://www.cnmv.es/portal/verDoc.axd?t=%7B55c55eff-fb12-462a-865f-8160a5f7b974%7D>.

23 <https://www.cnmv.es/portal/verDoc.axd?t=%7B177791b4-e6e9-4c05-bbc2-d4550bcddfc4%7D>.

24 https://www.cnmv.es/docportal/Legislacion/FAQ/PyR_Sostenibilidad_pdtos_finan_en.pdf.

25 <https://www.cnmv.es/docportal/Legislacion/FAQ/QAsLIC.pdf>.

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

27 [ManualprocedsimplifPSFP.docx \(live.com\)](#).

- Review of compliance with standards of conduct in the marketing of venture capital entities and closed-ended collective investment companies by their management companies.
 - Review of CIS costs and fees.
 - Horizontal review of the entities' internal systems for handling complaints by employees (whistle-blowing channels).
 - Review of procedures for conducting remote examinations by staff who inform or advise.
- The **register of closed-end collective investment companies' prospectuses** has been incorporated on the CNMV's website.

The objectives in this area on which progress has been made but which have not been completed are as follows:

- The **streamlining of procedures for authorising entities by means of online forms**, as part of the initiative to boost competitiveness, could not be completed in 2021 and will be executed in 2022.
- Lastly, in the field of **cybersecurity**, and in relation to **the incorporation of the new regulations on technological risk**, during 2021 the CNMV advised the Ministry of Economic Affairs and Digital Transformation and collaborated with it in negotiating the Digital Operational Resilience Act (DORA), which has still not been approved.

Additionally, in the context of the ESMA working group in which issues relating to cybersecurity are discussed, it was agreed that a questionnaire would be prepared to collect information on the main providers of technological services contracted by the supervised entities in each country.

In view of the delay in the approval of DORA and the pending ESMA initiative, the CNMV decided to postpone sending the specific questionnaire on the contracting of cloud service providers, which was scheduled for 2021, so as to be able to include these questions together with those finally agreed on by ESMA in the same questionnaire, since they are complementary actions.

2.4 Relations with investors and other stakeholders

Finally, in the section on the **relations with investors and other stakeholders**, fifteen of the initiatives included were completed (94%).

- The **study on the influence of the COVID-19 crisis on the behaviour of retail investors** was published in February 2022 in the *CNMV Bulletin*²⁸ for the fourth quarter of 2021 and will also be published as a forthcoming working paper.

- The publication of **statistics on asset securitisation funds** has been revised and is now available on the CNMV's website.
- A working paper²⁹ on the **impact of the information provided by investment funds** was published in February 2022.
- The **conference on empirical studies of remuneration and incentive systems for executives and directors of listed companies** was held electronically on 11 and 12 November.
- The CNMV has carried out an **upgrade of its Sustainable Finance Portal**,³⁰ with the aim of facilitating the dissemination of information and providing greater capacity for interaction with the sector and other stakeholders.
- The **study on the issue and marketing of financial products of a sustainable nature** was published as a working paper in February 2022.
- **Resources for financial education on sustainability** have been prepared and made available on the CNMV's website. Their purpose is to improve the training of investors in this area, facilitating the understanding of the products and their possible risks.
- As regards **resources for education on the tax treatment of the various investment products**, guides were published on the personal income tax treatment of the two commonest investor products, shares and investment funds. They are available on the CNMV's website.
- The Official State Gazette (*BOE*) of 28 January 2022 published the new **agreement** of the CNMV, together with the Ministry of Economic Affairs and Digital Transformation and the Bank of Spain for the development of a **Financial Education Plan**.³¹ The objective of this new Plan is to intensify the work that has been carried out since 2008 to improve the financial education of the population. New ways will be sought to deepen this objective and highlight the value of financial education as a fundamental element for stability and the protection of financial customers.
- Likewise, in line with the objective of promoting the development of the securities markets, a **practical guide to investing in the stock market** was prepared and is available on the CNMV website.
- An **online course on behavioural economics** has been developed specially for potential investors, explaining the main biases in a very dynamic way. It is also available in the "Investors and financial education" section of the CNMV website.

29 https://www.cnmv.es/DocPortal/Publicaciones/MONOGRAFIAS/DT_76_inf_public_FI_ENGen.pdf

30 <https://www.cnmv.es/portal/Finanzas-Sostenibles/Indice.aspx?lang=en>.

31 https://www.boe.es/diario_boe/txt.php?id=BOE-A-2022-1390 (available in Spanish only, but background information in English can be found at: <https://www.cnmv.es/portal/inversor/Plan-Educacion.aspx?lang=en>).

- In relation to the **study on the influence of knowledge and financial education on the savings and investment decisions of families and individuals**, a working paper entitled *Financial education and savings and investment decisions: an analysis of the Survey of Financial Competencies (ECF)*³² was published and a webinar was held on it.
- With the purpose of **establishing communication channels with Latin American supervisors for actions involving unauthorised entities**, contacts were established through the Ibero-American Institute of Securities Markets (IIMV), with the persons in charge of prosecuting financial fraud on the securities markets in each Latin American country.
- **Significant improvements** were made to the **content of the investor section on the CNMV's website**.
- Lastly, on 17 January 2022, the **Circular on the advertising of crypto-assets for investment purposes**³³ was published. The circular defines the objective and subjective scope of the advertising of crypto-assets, establishes some criteria to be followed by advertising communications on these assets and provides for a system of supervision and prior communication of advertising activity.

The objective in this area that it was not possible to complete was that relating to the study on the **integration of climate risk monitoring into the CNMV's functions**. A draft of a first report on this has been prepared; it is currently being analysed and will be completed in the coming weeks.

32 https://www.cnmv.es/DocPortal/Publicaciones/MONOGRAFIAS/Encuesta_de_comp_financ_ENen.pdf.

33 Circular 1/2022 of 10 January of the National Securities Market Commission regarding the advertising of crypto-assets for investment purposes. https://cnmv.es/DocPortal/Legislacion/Circulares/Circular_1_2022_EN.pdf.

3 Strategic areas 2021-2022

Following the approach introduced for the first time in 2017, the CNMV's strategic lines of action are defined for a period spanning the next two years (2021-2022). This provides a certain stability to the CNMV's strategy, without prejudice to properly taking into account any circumstances that may affect stock markets in the short term or require changes to be made following the review of the Plan after the first year. Based on these strategic lines, the annual activity plans for 2021 and 2022 have been drawn up, containing specific objectives.

The strategic lines defined on the occasion of the preparation of the Activity Plan for the year 2021 remain in force, taking into account the developments observed during 2021 and the economic-financial and regulatory environment forecast for the year 2022. In particular, the four strategic lines detailed below were defined for the 2021-2022 period:

- Rigorous supervision based on investor protection and an increased use of data.
- Boosting the capital markets as a source of funding for economic recovery.
- Enhancing the role of the stock market in the transition to a more sustainable and inclusive economy, ensuring the reliability of the information disclosed to the investor.
- Promoting technological advances applied to the securities markets, mitigating their risks.

In the context of the preparation of the CNMV Activity Plan for 2022, it is necessary to reflect on progress in the development of the strategic lines currently in force and assess the priorities for action and supervision in the light of the circumstances that have arisen since it was prepared.

Rigorous supervision based on investor protection and an increased use of data

In an economic context still marked by the consequences of COVID-19, the CNMV will continue to exercise **rigorous supervision**, that allows investors to maintain their confidence in the proper functioning of the securities markets and in the provision of investment services. To this end, it will continue to attach particular importance to ensuring market integrity, a high level of investor protection and monitoring of good marketing practices.

In particular, the CNMV will continue to be **demanding in its supervisory activity, with the aim of preventing inappropriate behaviour and maintaining the**

sanctioning activity when pertinent. In order to prevent and discourage inappropriate conduct or practices, it will continue to carry out horizontal reviews in areas such as the obligation to inform clients about the costs of investment services and products or the valuation procedures for unlisted assets and will also reinforce the use of IT tools and new technologies that allow large-scale analysis of the data available to the CNMV, as well as others that incorporate supervision algorithms and artificial intelligence. This is especially useful in the field of algorithmic trading, in which it is planned to carry out a first systematised supervision plan to examine compliance by Spanish-domiciled members of the Spanish regulated markets with the MiFID II requirements developed by Commission Delegated Regulation (EU) 2017/589³⁴ on algorithmic trading.

A basic element of investor protection is to favour **financial education** and thereby seek to provide citizens with the necessary knowledge and tools so that they can manage their finances in a responsible and informed manner. Thus, the CNMV will make additional efforts to promote financial education, with special attention to the new economic and financial environment, in areas such as sustainable finance and new technologies, and to those groups that may be more vulnerable.

In this regard, very recently, on 14 January, we signed the renewal for the next four years (2022-2025) of the Financial Education Plan, which is developed jointly with the Bank of Spain and which the Ministry of Economic Affairs and Digital Transformation, which had been collaborating since its inception, has now joined as a co-sponsor.

In addition to the aforementioned actions, already identified in the 2021 Activity Plan, the developments of recent months indicate the need to make an **extra effort to maintain investors' confidence** in the proper functioning of the markets and thus reinforce **their participation in them**.

It is also in this context that the European Union's new strategy of favouring retail investment has been conceived. It is scheduled for adoption by the European Commission in the second quarter of 2022. This initiative³⁵ aims to ensure that consumers who invest in the capital markets can do so with confidence and certainty, and that they will therefore do so increasingly. The CNMV will continue to actively collaborate in the development of these initiatives and in the adaptation of the Spanish market to the new European regulations that derive from them.

Account must also be taken of the emergence of new investment options and changes in business models for providing investment services, deriving from the adoption of technologies. The foregoing points to the need to increase transparency and information to the investor, and to prioritise the supervisory action of the CNMV in these areas, based on the competences assigned to it.

Regarding its supervisory work, the CNMV will maintain its level of exigency and rigor to ensure market integrity and a high degree of investor protection, especially

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

35 https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12755-EU-strategy-for-retail-investors_en.

in relation to the analysis of new intervention measures in CFD³⁶ operations or the promotion of new measures for the early detection of unauthorised entities (boiler rooms). In this regard, the CNMV will intensify its **actions against irregular activity and financial fraud**, which seem to have experienced an increase in recent times as a result, among other factors, of the situation arising from the pandemic and increasing digitisation or the development of unregulated and unsupervised environments such as crypto-assets, which, in the context of low interest rates, may prove attractive to many potential investors.

With this objective, the CNMV is **promoting an action plan against financial fraud** together with the various state institutions. At the same time, it will continue to work to maintain high investor protection standards, favouring information and transparency, and will continue to promote financial education. All this in a context in which it is necessary to promote an increase in cooperation with other public and private entities.

Boosting the capital markets as a source of funding for economic recovery

The significant effects of the pandemic on economic activity have led the European Union to prioritise economic recovery by **promoting sustainable, digital, inclusive and resilient growth**. For this to be achieved it is essential to develop the Union's capital markets, so that they allow companies, especially small and medium-sized ones, to diversify their sources of funding beyond banking and thus contribute to economic recovery.

In this sense, the CNMV will continue to prioritise measures to make it easier for companies to raise funds in the markets, either through equity or fixed-income issues, or the development of new capital raising formulas. This will be done without neglecting to pay attention to the risks, maintaining caution in the verification of issues and in the supervision of advisory services and collective investment management, especially in a scenario in which the markets will probably continue to be conditioned by the low interest rate environment, but in which periods of correction can be observed.

On the other hand, the Spanish market has to continue its **process of adaptation to the new regulations** in the context of European integration, as well as the review of the Capital Markets Union project and other significant pieces of legislation such as MiFID/MiFIR.³⁷ All this will be done by working together with other supervisors, especially within ESMA, to make supervisory convergence effective among all countries.

Likewise, the CNMV will continue to exercise its legal function of advising the Government on matters of the securities market, collaborating in the adaptation of European regulations to the Spanish legal system and proposing, where appropriate, possible improvements to Spanish regulations.

36 Contracts for Differences.

37 Regulation (EU) No. 600/2014 of the European Parliament and of the Council, of 15 May 2014, on markets in financial instruments and amending Regulation (EU) No. 648/2012.

Finally, in addition to what has already been indicated, it is considered necessary to strengthen the activity of the CNMV in relation to the new initiative of the European Commission the aim of which is to **review the requirements for admission to trading** (included in its work plan for 2022³⁸ and given expression in a consultation³⁹ published recently), in order to simplify these requirements so as to make capital markets more attractive to European companies and facilitate access to capital for small and medium-sized enterprises (SMEs).

The legislative proposal that will derive from this consultation could be adopted in the second half of 2022 and the CNMV will collaborate in the adaptation of the Spanish market to the new framework and will continue analysing possible measures to promote the equity markets for SMEs and, in particular, the requirements for admission to trading.

Enhancing the role of the stock market in the transition to a more sustainable and inclusive economy, ensuring the reliability of the information disclosed to the investor

As defined in the 2021 Activity Plan, the CNMV is committed, in the exercise of its powers, to the development of a stable financial system that contributes to favouring a more sustainable economy.

In order to help facilitate the redirection of capital flows towards investments that facilitate the sustainable development of our economy, the CNMV will contribute to the implementation of the **European Commission's Action Plan** on Financing Sustainable Growth, updated in the **Strategy for financing the transition to a sustainable economy** published in July last year.

To advance this transition, it is essential to intensify efforts to **have a complete and common regulatory framework** enabling companies and investors to make informed decisions and avoid the risk of greenwashing.

Additionally, it is necessary to place special emphasis on the **transparency and reliability of the information** published by issuers on environmental and social aspects. In addition to the work resulting from the future Corporate Sustainability Reporting Directive (CSRD) and the development of the taxonomy, the CNMV will reinforce the monitoring and supervision of the information reported by issuers, also taking into account the obligations deriving from Law 11/2018⁴⁰ and the recent Law 7/2021⁴¹ on climate change and energy transition, which requires companies to report on how they integrate the risk deriving from climate change into their activity.

In the same way, the CNMV will monitor the implementation by investment firms and fund managers of the new European regulations on sustainability, in particular those deriving from the Disclosure Regulation, and will convey to the sector such

38 https://ec.europa.eu/info/sites/default/files/cwp-2020-adjusted-factsheet_en.pdf.

39 https://ec.europa.eu/info/consultations/finance-2021-listing-act-targeted_en.

40 Law 11/2018, of 28 December, amending the Commercial Code, the recast text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on the auditing of accounts as regards non-financial information and diversity.

41 Law 7/2021, of 20 May, on climate change and energy transition.

guidelines as may prove opportune. Likewise, it will work on the integration and monitoring of climate risk in its prudential, conduct and macroprudential supervision functions, reinforcing the analysis of the integration of climate risks in the markets from a financial stability point of view and following the guidelines set by Law 7/2021.

In addition to the above, the CNMV will reinforce its transparency and the dissemination of information, as well as contacts with the industry, in order to establish a dialogue that smooths the implementation of the new regulatory framework and, in turn, facilitates the work of supervision in all aspects related to this matter. Similarly, it is considered necessary to continue strengthening financial education for retail investors, including aspects related to sustainable finance.

Promoting technological advances applied to the securities markets, foreseeing their risks

In recent years, technological developments have had a growing impact on financial services, with the appearance of new products, services and operators. This trend makes it necessary to strike a balance between fostering innovation and technological development on the one hand and preventing the associated risks on the other, in order to maintain the integrity of the securities markets and the provision of investment services.

Precisely in order to promote financial innovation, at the end of 2020 approval was given for the establishment in Spain of a **regulatory sandbox**, a mechanism allowing the controlled and circumscribed performance of tests under the supervision of the competent authorities to analyse the viability of new business models or the use of new technologies in the provision of financial services. So far there have been two calls for access to this sandbox, the first of them at the beginning of 2021 and the second in October 2021. In addition, a third call has been announced for March 2022.

The CNMV will also push its own digitisation, improving its internal processes and the use of its IT potential in order to streamline its response capacity and the use of data and risk analysis to enhance its supervisory function.

Apart from this, work will continue on promoting the adoption of measures by market infrastructures and supervised entities with the aim of raising standards in terms of **cybersecurity**.

In relation to this strategic line, the CNMV will give special attention to monitoring the development of the crypto-asset markets so as to be in the best possible position to be able to strengthen the protection of investors, especially retail investors, through future regulations on the matter.

The Bank of Spain and the CNMV already warned in 2018, and more recently in February 2021, about the risk of investments in crypto-assets due, among other factors, to their extreme volatility, complexity and lack of transparency, which make them a high-risk gamble.

In addition to the above, and making use of the authorisation granted to it by Article 24o *bis* of the Securities Market Act, in 2021 the CNMV drafted a **Circular on the**

advertising of crypto-assets for investment purposes, the purpose of which was to develop the rules, principles and criteria to which advertising activity on crypto-assets must be subject. In particular, to define the objective and subjective scope of application, specify the advertising activity that must be subject to a prior communication regime and establish the tools and procedures that will be used to effectively supervise the advertising of crypto-assets. During 2022, the application of this rule and the supervision of its provisions in advertising content that offer crypto-assets as an investment alternative will begin.

Crypto-assets, including cryptocurrencies and the technology that supports them, can be elements that boost and modernise the financial system, but to assess their validity as an investment alternative or their use as a means of payment, it is also necessary to keep in mind the new regulatory environment, the high risk of the investment and the problems deriving from its cross-border nature.

Finally, the CNMV will contribute to the implementation of the Digital Operational Resilience Act (**DORA**), the Markets in Crypto-assets (**MiCA**) Regulation and the Regulation on a pilot regime for market infrastructures based on distributed ledger technology, in order to improve understanding of the impact of financial innovation on capital markets and encourage a coordinated approach.

Basically, **the strategic lines defined for the 2021-2022 period** are maintained, with priorities being reinforced or adjusted in certain respects, especially through the following initiatives:

- The CNMV will promote a **Financial Fraud Action Plan** to maintain investors' confidence and boost their participation in the markets, especially as regards retail investors, in order to improve information and financial education tools so that citizens do not fall for fraudulent offers but detect them so as to act accordingly early and limit their effect.
- The CNMV will collaborate in the **adaptation of the Spanish market to the new framework for admissions to trading** and will continue to analyse possible measures to boost equity markets, paying particular attention to SMEs.
- The CNMV will promote a **regulatory framework for sustainable finance** based on clear, reliable, comparable information that avoids the risk of greenwashing.
- The CNMV will give **special attention to the monitoring of offers and the development of crypto-assets**, focusing especially on the supervision of advertising and promoting financial education and investor training.

4 2022 Activity Plan

4.1 CNMV's operational improvements

The 2022 Activity Plan details a set of objectives aimed at improving the functioning of the CNMV as an institution, based on improving its efficiency and getting closer to market participants so as to consolidate its reputation as an institution capable of responding to the demands of markets that are undergoing significant changes. In this regard, and following the strategic lines set for 2021-2022, it is necessary to continue promoting the digital transformation of the institution and technological innovation, without neglecting its social responsibilities (environmental, social and governance aspects).

Digital transformation and driving innovation

The increasing use of new technologies in the financial industry has revolutionised the provision of investment services and has proven to be key to the development of the sector and the improvement of the financial markets.

In 2016 the CNMV created the FinTech portal on its website with the aim of helping promoters and financial entities to better understand the regulatory aspects of the securities market that could affect their projects and to create an informal space for communication with the sector in this area. In 2022, we will **upgrade the FinTech Portal** with changes to format and content, updating and completing the question and answer document, and incorporating content relating to the Circular on the advertising of crypto-assets for investment purposes.

In addition, in line with the strategic line “Rigorous supervision based on investor protection and an increased use of data” and within the framework of the CNMV’s data strategy, **specialists with specific profiles as data analysts will be recruited to the workforce.**

By incorporating these new specialists, we aim to strengthen the capacities of the supervision teams and improve their effectiveness, in an environment of growing adoption of new technologies and increasing volumes of information.

Improving efficiency

The CNMV’s quest for excellence requires continuous improvement in the performance of its activity, by increasing the efficiency and effectiveness of its actions and strengthening its governance framework.

In this regard, in 2022 we will develop a **new standard for technical guides** in order for future guides published by the CNMV to be more uniform in format, structure and style, and thus improve clarity and legal certainty.

We will also **update the policy on internal control over financial reporting (ICFR)** of the CNMV in order to ensure the reliability of this reporting and assess the risks associated with it, as well as to facilitate periodic review by the Internal Control Department. In addition to the above, and included as part of said policy, a Financial Reporting Control Committee will be created.

Staff related measures

The human capital of the CNMV is a fundamental asset ensuring that the institution can perform its functions with the highest possible quality and rigor.

For this reason, the CNMV will continue to reinforce **the education and training of its staff** in all areas related to markets, in order to improve their knowledge and skills.

And, specifically, it will dedicate special resources and efforts to staff training in those areas that are considered strategic for the institution.

Thus, in the first place, staff training actions will be carried out in the **field of innovation and technology**.

Additionally, training activities will be carried out for CNMV employees to gain knowledge of the most essential aspects related to sustainable finance and a more detailed and specific training plan will be implemented for the staff of those departments in charge of supervising aspects related to **sustainable finance**.

In addition to the above, and following the implementation of a new risk management framework in 2021, the CNMV considers it essential to **promote a risk culture** (understood as awareness of the need to take risks into account when making decisions) in the institution through training for employees and managers, so that they know and understand the rules and commitments regarding risk management necessary to carry out their activity.

Environmental sustainability of the CNMV

In its commitment to sustainability, in 2021 the CNMV prepared a **global environmental sustainability plan of the CNMV as an organisation**, an objective included in the 2021 Activity Plan, part of which, related to improving the efficiency of the building, was prepared by an external third party. We expect to implement and develop this global environmental sustainability plan over the course of 2022.

CNMV's operational improvements

TABLE 1

	Initiative
Digital transformation and driving innovation	Upgrade of the FinTech Portal
	Recruitment of data analysts
Improving efficiency	Standardisation of the format of the technical guides
	Updating the policy on internal control over financial reporting (ICFR) of the CNMV
Staff related measures	Staff training in innovation, sustainable finance and risks
Environmental sustainability of the CNMV	Implementation of the CNMV's global environmental sustainability plan

Corporate governance

In the area of corporate governance, work will continue on the **draft code of good practices for institutional investors** for submission to public consultation. After the public consultation, an analysis of the comments received will be carried out and the final version of the code will be drawn up.

In addition, the appropriate modifications would be made on the CNMV website in order to publicise those entities that decide to adhere to this new code in the future.

Financial and non-financial reporting

Deriving from the CNMV Communication of October 2021 on criteria for renewable energy companies to apply a consistent accounting policy, we will **monitor the computation of the profitability of power generating facilities**. In particular, specific monitoring will be carried out on those entities whose financial information is subject to substantive review and which are materially affected by the application of the specific remuneration regime provided for in Royal Decree 413/2014 of 6 June.⁴² The objective is to review how the difference between the market price of energy estimated *ex ante* and the actual market behaviour is recognised in the accounts, in accordance with Article 22 of the Royal Decree.

The annual report on the supervision by the CNMV of the financial reports relating to the year 2021 will include a specific section dealing with this matter, the review carried out and the results identified in it, and possible improvements will be proposed to be applied in the following years.

Additionally, in the context of European coordinated supervision and in line with the supervisory priorities on the 2021 annual financial reports, for those entities that are subject to a substantive review of their 2021 annual information, an **analysis will be carried out of the consistency between the information in the financial statements and that included in the statement of non-financial information, as regards the effects and risks deriving from climate change**.

Among others, aspects such as materiality and the judgements used to estimate uncertainty in this area will be analysed. The results of the analysis will be published jointly in the annual supervision report, detailing the review carried out, the results identified and possible improvements to be applied in the following years will be proposed.

In carrying out this work, the main objective will continue to focus, with respect to the scope of complete substantive reviews of non-financial information, on an evaluation of its clarity and completeness, as well as its impact on the criteria for measuring impairment of assets and reassessment of their useful lives, and the proper recognition and disclosure of provisions and contingencies.

Likewise, greater visibility will be given to the conclusions of the review of the non-financial information of the entities, to the main areas to be improved and to the lines

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

of action for the following year. This will be done through an individual or additional publication, separate from the annual financial information supervision report.

Market supervision

The MiFID II/MiFIR regulations establish obligations for trading venues, systematic internalisers, authorised publication arrangements (APAs) and consolidated tape providers (CTPs) on the publication of pre-trade and post-trade transparency data on financial instruments on a reasonable commercial basis, as well as on making said information freely available to the public within 15 minutes of its publication.

The CNMV will carry out the **supervision of compliance with guidelines**⁴³ issued by ESMA on these obligations **to provide market data**, which came into force on 1 January 2022. Regarding prices that must be fixed on a reasonable commercial basis, the guides establish recommendations on the publication of price policies, including: harmonisation of terminology; computation units and formats; the methodology for setting prices; the categorisation of customers in order to charge different prices and the obligation to allow the purchase of data separately.

Apart from this, the CNMV **will draw up a new accounting circular to replace the current Circular 9/2008**⁴⁴ regulating the accounting standards and financial statements of **market infrastructures**.

The revision of the current circular and its replacement by a new one is motivated, among other aspects, by the publication of Royal Decree 1/2021,⁴⁵ which amended the General Accounting Plan to adapt it to the accounting criteria adopted by the European Union. Another significant factor, which will also influence the content of the Circular, is that of the significant changes that have occurred in recent years in the ownership structure and nature of the majority operator of market infrastructures in Spain.

Lastly, the new Securities Market and Investment Services Act and its implementing royal decrees, which have already been submitted to a public hearing, will foreseeably introduce various **new developments in the primary markets regime**, which is currently included in Royal Decree 1310/2005.⁴⁶ In particular, verification

43 https://www.esma.europa.eu/sites/default/files/library/esma70-156-4263_guidelines_mifid_ii_mifir_obligations_on_market_data.pdf.

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

45 Royal Decree 1/2021, of 12 January, amending the General Accounting Plan approved by Royal Decree 1514/2007, of 16 November; the General Accounting Plan for Small and Medium Enterprises approved by Royal Decree 1515/2007, of 16 November; the Rules for the Formulation of Consolidated Annual Accounts approved by Royal Decree 1159/2010, of 17 September; and the rules for adapting the General Accounting Plan to non-profit entities approved by Royal Decree 1491/2011, of 24 October.

46 Royal Decree 1310/2005, of 4 November, which partially develops Law 24/1988, of 28 July, on the Securities Market, regarding admission to trading of securities on official secondary markets, public offerings of sale or subscription and the prospectus required for such purposes.

by regulated markets (instead of the CNMV) of admissions to trading of fixed-income securities. In preparation for this possible regulatory change, the necessary action will be taken to review and, where necessary, adapt the internal procedures and documents, requests for authorisation of prospectuses, questions and answers about prospectuses and the internal computer applications concerned.

Market supervision

TABLE 2

	Initiative
Corporate governance	Code of good practices for institutional investors
Financial and non-financial reporting	Monitoring of the computation of the profitability of power generating facilities
	Analysis of the consistency between financial and non-financial information regarding the effects and risks deriving from climate change
Market supervision	Supervision of ESMA guidelines on market data
	New accounting circular for market infrastructures
Primary markets	Adaptation to the new primary markets regime in relation to the admission to trading of fixed-income securities

4.3 Supervision of financial intermediaries

Adaptation to the new regulations

In view of the entry into force of the regulation of packaged retail and insurance-based investment products (PRIIPs),⁴⁷ and the replacement of the key investor information document (KIID) of undertakings for collective investment in transferable securities (UCITS) by the KID of PRIIPs, it is necessary to modify the prospectus of the UCITS so that it is consistent with the KID of PRIIPs. In this regard a **new circular** will be drawn up to replace CNMV Circular 2/2013 of 9 May **on the KID and prospectus of collective investment schemes**.

Deriving from the above, it will also be necessary to make **changes to the procedures for registering CIS' prospectuses**, among them the elimination of the external computer application, and to start the preparatory work for this.

Also, the application of the **new solvency regulations for investment firms** will imply, among other things, compliance with the new guidelines of the European Banking Authority (EBA) on the supervisory review and evaluation process (SREP) applicable to investment firms, which is expected to be approved in the first half of 2022.

This will involve the necessary **adaptation of processes for supervising investment firms and, most particularly, the revision of the current structure of the risk map, which constitutes the basic tool for planning the supervision of these entities**.

Lastly, in light of the changes made to the tax regime for open-ended collective investment companies (SICAVs), their management entities must inform the boards

⁴⁷ Regulation (EU) No. 1286/2014 of the European Parliament and of the Council, of 26 November 2014, on key information documents for packaged retail and insurance-based investment products (PRIIPs).

of directors of SICAVs of the changes and possible actions so that they can take the decisions they deem appropriate.

The CNMV will provide guidelines for the sector, both on the information on the tax regime applicable in each case that entities must provide to their shareholders and mention in prospectuses and reports of significant events and on other operational aspects deriving from the new tax regime.

Additionally, for SICAVs that resolving on dissolution and liquidation, procedures will be established with the aim of processing the corresponding cases within the periods established by the tax regulations.

Boosting supervisory activity

The supervision and monitoring actions carried out in recent years regarding CFD operations show the generalisation of customer acquisition techniques and very aggressive advertising campaigns and with very significant percentages of retail investors experiencing losses.

All of the above seems to indicate that the measures adopted at the time by ESMA and by the CNMV to limit inappropriate operations with CFDs may not be sufficient. Therefore, new intervention measures in CFD operations will be studied. Specifically, and independently of any continued monitoring to allow the rapid correction of specific cases of bad practices identified, an analysis will be carried out on possible additional action initiatives to limit this operation at the level of the European Union or at least in the Spanish market, as is the case in other jurisdictions. Once we have the result of this analysis, a report will be drawn up with possible initiatives in this regard, which would be subject to public consultation prior to being implemented.

Horizontal reviews

In 2022, the CNMV will carry out several horizontal reviews of compliance with specific standards or criteria in relation to all entities or a sizeable sample of them.

Transparency about the costs and expenses borne by investors is one of the key elements of MiFID II. The information provided in compliance with these regulatory obligations is essential for investors to be able to make appropriate decisions.

Therefore, there will be a joint review, under the coordination of ESMA, of compliance with the obligations to inform clients about the costs of investment services and products provided or sold after the provision of the investment service.

In the context of coordinated European supervision, ESMA will also coordinate a common supervisory action aimed at reviewing the policies and procedures of fund managers for the valuation of unlisted assets and other assets that may be relatively illiquid (among others, high-yield fixed-income securities and emerging market assets). The robustness of the valuation models and methodologies applied will also be verified, as will any use of external valuers, and the information provided to investors.

Likewise, the new European sustainability regulations (the Disclosure Regulation and the Taxonomy Regulation) have entered into force without the regulatory

development – level 2 – having been approved (for example, with respect to Articles 8 and 9 of the Disclosure Regulation and certain delegated acts of the Taxonomy Regulation). With the aim of knowing the situation (for which the answers to the key questions for supervision will also be collected, as well as the main questions of the industry) and transmitting the appropriate guidelines to the sector, also based on criteria and actions that arise within the scope of ESMA, **the implementation of these ESG regulations will be monitored in several phases**, the first of them in 2022, which will focus on:

- The analysis of the consistency of the information provided in funds' prospectuses as per Articles 8 and 9 of the Disclosure Regulation (Articles 5 and 6 of the Taxonomy Regulation) with the portfolios declared in the reserved statements.
- The analysis of the content of funds' management reports for 2021 as per Articles 8 and 9 of the Disclosure Regulation (Articles 5 and 6 of the Taxonomy Regulation).
- The analysis of the information on the funds' websites as per Articles 8 and 9 of the Disclosure Regulation.
- The review of any use of the term “sustainable” or similar in the funds.

Boosting competitiveness

During the year, the CNMV will also continue to develop measures to make the Spanish stock markets as competitive as possible.

Thus, as regards **adaptation to Regulation (EU) 2020/1503⁴⁸ on crowdfunding** it will develop the **Authorisation Manual for Crowdfunding Service Providers**, once the final regulatory technical standards are published, **as well as the model forms for reporting subsequent actions**: changes of shareholdings, expansion of the programme of activities, etc., along with its display on the website.

In addition, continuing the action started in 2021, **authorisation procedures will be streamlined by means of online forms for the presentation of an additional series of cases relating to management companies of collective investment schemes (CISMCs)**. Specifically, this objective will affect the registration of directors and managers, the delegation of functions and the annual communication of the shareholding structure.

These are cases that generate a high administrative workload and in which it is generally observed that the documentation, despite the existence of model forms, often has deficiencies. These forms will include filters to ensure that the information and documentation is presented correctly.

48 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.

Algorithmic trading

In the context of European coordinated supervision, the CNMV will design and execute a **first systematised supervision plan to examine compliance by members domiciled in Spain of the Spanish regulated markets with the MiFID II requirements** developed by Commission Delegated Regulation (EU) 2017/589 **on algorithmic trading**.

Entities must understand how their algorithmic trading strategies work and the risks that could be generated. To prevent them from giving rise to disorderly trading or even manipulative activity, entities must have a robust governance framework in place and establish fine-grained controls before submitting orders, during trading activity and in the post-trade phase.

Supervision of financial intermediaries

TABLE 3

	Initiative
Adaptation to the new regulations	Amendment of the Circular on KIDs and prospectuses of CISs to conform to PRIIPs
	Adaptation to new solvency regulations for investment firms
	Adaptation of open-ended collective investment companies (SICAVs) to the new tax regime
Boosting supervisory activity	New intervention measures in CFD operations
Horizontal reviews	Compliance with the obligations to inform clients on the costs of investment services and products
	Review of the policies and procedures for the valuation of unlisted and other assets that may be relatively illiquid
	Monitoring of the implementation of the ESG regulations: transparency and investment policies of CISs
Boosting competitiveness	Adaptation to the European Regulation on crowdfunding
	Streamlining of CISMCS authorisation procedures by means of online forms
Algorithmic trading	Supervision of algorithmic trading requirements by members of Spanish markets

4.4 Relations with investors and other stakeholders

Financial Fraud Action Plan (FFAP)

Although the matter exceeds the specific scope of the powers of the CNMV, in view of the increase in the number of unauthorised entities and alleged fraud in the financial field, the CNMV will strengthen its activity and promote coordinated actions with other administrations to help combat this phenomenon. To this end, it will promote **the signing of a general collaboration protocol with public and private entities to boost the fight against financial fraud** and encourage these entities to contribute, through their respective functions, to reducing fraud and limiting its possible effects on investors.

For the development, updating and expansion of the agreed measures, as well as for the analysis of new forms of fraud, a working group will be proposed with all the signatories, which would include, among others: the Ministry of Economic Affairs and Digital Transformation, the State Security Forces and Bodies, the State Attorney

General’s Office, investment firms and financial institutions, technology companies and the media.

Within the framework of this protocol, the CNMV will propose **bilateral agreements with entities participating in the FFAP** aimed at achieving the following objectives among others:

- Limiting access of potentially fraudulent offers to advertising and dissemination through various channels.
- Establishing mechanisms to reduce risk to investors.
- Providing tools for the exchange of information.
- Preparing and deploying information campaigns directed at retail investors on financial fraud.
- Improving mechanisms for detecting financial frauds.

In addition, the CNMV will create a **database of unauthorised entities** that can be accessed by other public institutions such as the State Security Forces and Bodies and the Justice Department and private entities, with the aim of improving the effectiveness of the fight against possible fraud and accelerating measures to reduce its impact.

Additionally, **new search systems for early detection of unauthorised entities** will be incorporated. For example, we will start to use new web scraping tools to collect information on individual websites and web pages, in order to better monitor the activity of unauthorised entities.

Likewise, the CNMV will promote **agreements with the main search engines and social networks to eliminate advertising by unregulated entities and possible financial fraud** and to limit and reduce their presence in search results and profiles.

Apart from this we will also prepare **training and information resources on financial fraud** so that investors are better prepared to avoid it. In addition, materials will be disseminated to advise investors on how to invest safely.

Financial stability

In 2022 the CNMV will carry out a **quantification of climate risk in securities issuers and its alignment with the objectives of the Paris Agreement**. In the context provided for in Law 7/2021 on climate change and energy transition, we will endeavour to establish the greenhouse gas emissions of the issuers registered with the CNMV or of a representative sample of them. We will evaluate how it has evolved in the past few years and the extent to which it is expected to do so in the future, also taking into account the policies applied by companies. Additionally, we will seek to establish the extent to which Spanish issuers’ greenhouse gas emission reduction targets are aligned with the climate goals of the Paris Agreement and European Union regulations.

We will also carry out a **quantification of climate risk on Spanish investment funds**. Specifically, the level of climate risk to which they are exposed will be analysed.

Based on individualised data on the portfolio of each fund, we will consider how different transition risk and physical risk scenarios could adversely affect the net asset value of each fund and possibly contribute to the formation of systemic risk.

Lastly, as a continuation of the work published in 2021 on the resolution of central counterparties, a **study** will be conducted on **the impact of the application of resolution tools on financial stability in scenarios of member failure, operational failure and systemic crisis**. This analysis will contribute to enriching the work related to the resolution plan of the Spanish CCP and will benefit from the discussions held in the workshops on this matter by the Financial Stability Board (FSB), in which the CNMV has participated.

Dissemination of information on the market

With the objective of **bringing the stock market closer to unlisted companies** that are growing and that may need capital in the coming years, three initiatives will be promoted:

- An informative session will be held to explain the steps, requirements and advantages of listing on the stock exchange through the various alternative means of doing so. These sessions will be held at all the CNMV offices (Madrid, Barcelona and Bilbao) and will include, among others, the participation of infrastructure operators, financial intermediaries and listed companies.
- Based on the conclusions drawn from these sessions, we will consider preparing a report with possible recommendations to promote financing through the equity markets, always within the context of the actions being promoted by the European Commission in this area.
- A contact point will be established at the CNMV to deal directly with queries from companies wishing to know in more detail the requirements associated with going public.

Website

The CNMV will push to **renew its institutional website** by updating its design and architecture.

In particular, improvements will be made to search tools and navigability, and new formats and functionalities will be introduced to improve the user experience. In addition, the accessibility defects detected will be corrected, based on the results of the reviews carried out in 2020 and 2021.

Studies

The CNMV will carry out several studies in relation to different aspects of the financial market.

On the one hand, there will be an **analysis of the most significant particularities and magnitudes of foreign CISs marketed in Spain in the period 2018 to 2021**. In addition to the number of institutions and their assets, the evolution of their performance, their costs and their investment strategy will be described. The results will

be put into perspective in comparison with Spanish CISs so as to be able to identify differential factors that might explain the increase in the market share of foreign CISs in Spain in recent years.

On the other hand, as a continuation of the work published in 2021 on climate and sustainability indices, an **empirical analysis** will be conducted on **how the regulations on sustainable finance have affected the creation, adaptation, composition and use of benchmark indices**.

Finally, a **study** will be carried out on **the length of time in office of board members of Spanish listed companies and related rotation practices** and their alignment with corporate governance codes and the requirements of institutional investors. To do this, the data from the corporate governance and remuneration reports that issuers of securities send to the CNMV will be analysed. This work will include an analysis of the issue of membership of multiple boards and the possible effects of cross directorships.

Publications

In 2022 we will **review the content and presentation of the *Annual Report***, in order to improve the visibility of the CNMV's actions and facilitate their dissemination and understanding.

Also, **the publication of statistics on primary markets and placement of commercial paper will be renewed**. Specifically, the series designed and the published tables will be reviewed in order to update them. Likewise, a more visual graphical output will be designed to provide a quick overview of the situation and evolution of the primary market.

Taxation

The CNMV will continue to analyse tax reform proposals that may affect the securities markets.

In this context, the committee of experts on tax reform is preparing a White Paper on Tax Reform, which will be published in early 2022 and which will include a technical analysis of the reforms that should be carried out, taking into account the current and future scenario, with special attention to corporate taxation.

In line with the above, the CNMV will carry out an **analysis of the proposals of the White Paper on Tax Reform** and will contribute technically to the tax debate by providing its point of view in relation to the securities markets.

Furthermore, **the CNMV will carry out an analysis of the possible effects of the Financial Transaction Tax**, which entered into force on 16 January 2021, on the trading of the securities affected and other significant market indicators. The results of this analysis will be published.

Benchmark indices

The cessation of LIBOR in all its settings (except USD) on 1 January 2022 and of LIBOR USD in June 2023 requires a significant adaptation effort by market participants.

The FSB, in its progress report to the G20, has asked the authorities to redouble their efforts for active and appropriate communication to raise awareness of the scope and urgency of the transition.

In accordance with this, during 2022 the CNMV will carry out various **information dissemination actions to facilitate the transition from LIBOR and EONIA**, among them:

- Communication (or other dissemination and follow-up actions) on the transition from LIBOR and EONIA, the use of risk-free rates (RFRs) and the inclusion of reserve clauses in all contracts.
- Under the coordination of the FSB, the CNMV will collaborate with the UK authorities, the International Organisation of Securities Commissions (IOSCO) and the IIMV in this task with respect to the Latin American region.

Courses and seminars

The CNMV will organise several seminars or sessions to deal with different aspects relating to the securities markets.

Thus, taking into account that during 2022 the regulations – both level 1 and level 2 – on recovery and resolution of CCPs come into force and that these regulations affect not only CCPs but also their members and clients, and the markets in general, a **seminar on the regulation of recovery and resolution of CCPs** will be held. In this session, which will be held in collaboration with the FSB, ESMA, the European Commission and the financial industry, the new regulations will be presented.

In addition, tasks to **disseminate recent developments in the field of sustainable finance** will be carried out. For this, various initiatives will be promoted to facilitate communication and dissemination of the latest developments in the field of sustainability. On the one hand, a conference on sustainable finance is planned, to contribute to the national and international regulatory debate. On the other hand, seminars and meetings will be held with the sector with the aim of favouring disclosure and dissemination to the sector (managers, investment firms and issuers) of the new regulations and helping them to adapt to these.

Financial education

The CNMV will promote an **information campaign for investors in ESG products** in order to educate and facilitate understanding of these products and of the new regulations. For this, the following actions will be carried out:

- Preparation of resources on ESG products.
- Promotion of communication tasks to convey these resources to investors and the media.

Investors

The CNMV will **supervise compliance with Circular 1/2022 of 10 January on the advertising of crypto-assets for investment purposes**, the purpose of which is to develop the rules, principles and criteria to which advertising of crypto-assets must be subject.

It will also prepare a report at the end of the year on the supervisory experience during this first year.

CNMV regional offices

A boost will be given to the **implementation of the financial education programme in the Basque Country** using the CNMV regional office in Bilbao, promoting contacts with the Basque Government and universities, together with the Bank of Spain.

Additionally, a **FinTech working day event will be held in Barcelona**, in order to strengthen contacts with this ecosystem in Barcelona, show the tools that the CNMV has to promote innovation and convey the main regulatory aspects affecting FinTech projects. This conference is scheduled to be held with the physical presence of participants providing the health situation allows it.

Relations with investors and other stakeholders

TABLE 4

	Initiative
Financial Fraud Action Plan	General collaboration protocol against financial fraud
	Bilateral agreements with entities participating in the Plan
	Database of unauthorised entities
	New search systems for early detection of unauthorised entities
	Promotion of agreements with the main search engines and social networks to eliminate advertising by unregulated entities and possible financial fraud
	Educational or informative resources on financial fraud
Financial stability	Quantification of climate risk in securities issuers and its alignment with the objectives of the Paris Agreement
	Quantification of climate risk on Spanish investment funds
	Study on the impact on financial stability of resolution tools in CCPs
Dissemination of information on the market	Dissemination of information on the stock market for unlisted companies
Website	Renewal of the institutional website
Studies	Analysis of foreign CIS marketed in Spain
	Analysis of the impact of sustainable finance regulation on benchmarks
	Study on length of time in office of board members of Spanish listed companies
Publications	Review of the CNMV's <i>Annual Report</i>
	Renewal of the publication of statistics on primary markets and placement of commercial paper
Taxation	Analysis of the proposals of the White Paper on Tax Reform
	Analysis of the Financial Transaction Tax
Benchmark indices	Information on LIBOR and EONIA transition
Courses and seminars	Seminar on the regulation of recovery and resolution of CCPs
	Dissemination of recent developments in the field of sustainable finance
Financial education	Information campaign for investors in ESG products
Investors	Supervision of compliance with the Circular on advertising of crypto-assets for investment purposes
CNMV regional offices	Implementation of the financial education programme in the Basque Country
	FinTech working day in Barcelona

Annex 1 Summary table of 2022 objectives⁴⁹

Summary table of 2022 objectives

TABLE 5

		Strategic line	Initiative
CNMV's operational improvements	Digital transformation and driving innovation	Promotion of technology	Upgrade of the FinTech Portal
		Rigorous supervision	Recruitment of data analysts
	Improving efficiency	Rigorous supervision	Standardisation of the format of the technical guides
		Rigorous supervision	Updating the policy on internal control over financial reporting (ICFR) of the CNMV
	Staff related measures	Rigorous supervision	Staff training in innovation, sustainable finance and risks
Environmental sustainability of the CNMV	Sustainability in the financial sector	Implementation of the CNMV's global environmental sustainability plan	
Market supervision	Corporate governance	Driving markets	Code of good practices for institutional investors
	Financial and non-financial reporting	Rigorous supervision	Monitoring of the computation of the profitability of power generating facilities
		Rigorous supervision Sustainability in the financial sector	Analysis of the consistency between financial and non-financial information regarding the effects and risks deriving from climate change
	Market supervision	Rigorous supervision	Supervision of ESMA guidelines on market data
		Driving markets	New accounting circular for market infrastructures
	Primary markets	Driving markets	Adaptation to the new primary markets regime in relation to the admission to trading of fixed-income securities
Supervision of financial intermediaries	Adaptation to the new regulations	Rigorous supervision	Amendment of the Circular on KIDs and prospectuses of CISs to conform to PRIIPs
		Rigorous supervision	Adaptation to new solvency regulations for investments firms
		Sustainability in the financial sector	Adaptation of open-ended collective investment companies (SICAVs) to the new tax regime
	Boosting supervisory activity	Rigorous supervision	New intervention measures in CFD operations
	Horizontal reviews	Rigorous supervision	Compliance with the obligations to inform clients on the costs of investment services and products
		Rigorous supervision	Review of the policies and procedures for the valuation of unlisted and other assets that may be relatively illiquid
		Rigorous supervision Sustainability in the financial sector	Monitoring of the implementation of the ESG regulations: transparency and investment policies of CISs
	Boosting competitiveness	Driving markets	Adaptation to the European Regulation on crowdfunding
		Driving markets	Streamlining of CISMCM authorisation procedures by means of online forms
	Algorithmic trading	Rigorous supervision	Supervision of algorithmic trading requirements by members of Spanish markets

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

	Strategic line	Initiative	
Relations with investors and other stakeholders	Financial Fraud Action Plan	Rigorous supervision	General collaboration protocol against financial fraud
		Rigorous supervision	Bilateral agreements with entities participating in the Plan
		Rigorous supervision	Database of unauthorised entities
		Rigorous supervision	New search systems for early detection of unauthorised entities
		Rigorous supervision	Promotion of agreements with the main search engines and social networks to eliminate advertising by unregulated entities and possible financial fraud
		Rigorous supervision	Educational or informative resources on financial fraud
	Financial stability	Sustainability in the financial sector	Quantification of climate risk in securities issuers and its alignment with the objectives of the Paris Agreement
		Sustainability in the financial sector	Quantification of climate risk on Spanish investment funds
		Rigorous supervision	Study on the impact on financial stability of resolution tools in CCPs
	Dissemination of information on the market	Driving markets	Dissemination of information on the stock market for unlisted companies
	Website	Driving markets	Renewal of the institutional website
	Studies	Rigorous supervision	Analysis of foreign CIS marketed in Spain
		Sustainability in the financial sector	Analysis of the impact of sustainable finance regulation on benchmarks
		Driving markets	Study on length of time in office of board members of Spanish listed companies
	Publications	Driving markets	Review of the CNMV's <i>Annual Report</i>
		Rigorous supervision	Renewal of the publication of statistics on primary markets and placement of commercial paper
	Taxation	Driving markets	Analysis of the proposals of the White Paper on Tax Reform
		Rigorous supervision	Analysis of the Financial Transaction Tax
	Benchmark indices	Rigorous supervision	Information on LIBOR and EONIA transition
	Courses and seminars	Rigorous supervision	Seminar on the regulation of recovery and resolution of CCPs
		Sustainability in the financial sector	Dissemination of recent developments in the field of sustainable finance
	Financial education	Sustainability in the financial sector	Information campaign for investors in ESG products
	Investors	Rigorous supervision	Supervision of compliance with the Circular on advertising of crypto-assets for investment purposes
CNMV regional offices	Rigorous supervision	Implementation of the financial education programme in the Basque Country	
	Promotion of technology	FinTech working day in Barcelona	

Annex 2 CNMV Annual Regulatory Plan 2022 (updated 7 March 2022)

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

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

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

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

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

In compliance with the above, the CNMV has proceeded to prepare its Annual Regulatory Plan for 2022 in order to provide stakeholders with prior knowledge of the provisions that it intends to enact or draw up during the current year.

In 2022, the CNMV expects three circulars to be approved. The approval of any technical guide is not anticipated.

Circulars

- i) Circular replacing the current CNMV Circular 9/2008, of 10 December, on accounting standards, public and confidential information statements, the annual accounts of entities managing official secondary markets, excluding the Bank of Spain, of entities managing multilateral trading facilities, of the Spanish

Payment Systems Company, of central counterparties, of the Spanish Stock Exchanges Company, of the companies that own all the shares of the bodies that supervise official secondary markets and multilateral trading facilities, and of other securities clearing and settlement systems of markets created under the provisions set out in the Spanish Securities Market Act (Ley del Mercado de Valores).

Objective: the revision of the current circular and its replacement by a new one is motivated, among other aspects, by the publication of Royal Decree 1/2021, of 12 January, amending the General Accounting Plan approved by Royal Decree 1514/2007, of 16 November; the General Accounting Plan for Small and Medium Enterprises approved by Royal Decree 1515/2007, of 16 November; the Rules for the Formulation of Consolidated Annual Accounts approved by Royal Decree 1159/2010, of 17 September; and the rules for adapting the General Accounting Plan to non-profit entities approved by Royal Decree 1491/2011, of 24 October. This Royal Decree 1/2021 amended the General Accounting Plan to adapt it to the accounting criteria adopted by the European Union.

- ii) Circular replacing CNMV Circular 2/2013, of 9 May, on the key investor information document and the prospectus of collective investment schemes.

Objective: in view of the entry into force of the regulation of packaged retail and insurance-based investment products (PRIIPs), and the replacement of the key investor information document (KIID) of undertakings for collective investment in transferable securities (UCITS) by the KID of PRIIPs, it is necessary to modify the prospectus of the UCITS so that it is consistent with the KID of PRIIPs.

- iii) Circular replacing CNMV Circular 8/2015, of 22 December, adopting model forms for the notification of major holdings, held by directors and senior executives and their close links, issuer transactions involving own shares, and other model forms.

Objective: the new circular will approve the model forms for the notification of major holdings, issuer transactions with own shares and requests for an exception to notify major holdings to market makers, in order to adjust them to certain regulatory changes. Specifically, model form 1 for the notification of major holdings of the aforementioned Circular 8/2015 of 22 December will be amended to include information on loyalty shares with double voting rights, a system introduced by Law 5/2021 of 12 April.⁵⁰ In addition, other changes will be included, such as the repeal of model forms II, III and VI, which have become inapplicable as a result of legislative changes (relating to communications from directors and senior executives, including remuneration plans of those who are, where appropriate, beneficiaries, compliance with which is in accordance with the Market Abuse Regulation)⁵¹ and the renumbering of model

50 Law 5/2021, of 12 April, amending the recast text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of 2 July and other financial regulations as regards the encouragement of long-term shareholder engagement in listed companies.

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

forms IV and V, as model forms 2 and 3 without including any additional amendment to their content.

**Summary of the CNMV 2022 Annual Regulatory Plan
(updated 7 March 2022)**

TABLE 6

Scope of the rule	Project
Circulars	<p>Circular replacing the current CNMV Circular 9/2008, of 10 December, on accounting standards, public and confidential information statements, the annual accounts of entities managing official secondary markets, excluding the Bank of Spain, of entities managing multilateral trading facilities, of the Spanish Payment Systems Company, of central counterparties, of the Spanish Stock Exchanges Company, of the companies that own all the shares of the bodies that supervise official secondary markets and multilateral trading facilities, and of other securities clearing and settlement systems of markets created under the provisions set out in the Spanish Securities Market Act (Ley del Mercado de Valores).</p> <p>Circular replacing CNMV Circular 2/2013 of 9 May on the key investor information document and the prospectus of collective investment schemes.</p> <p>Circular replacing CNMV Circular 8/2015 of 22 December approving model forms for notifying significant holdings of directors and senior executives and closely related parties, issuer's transactions in its own shares and other model forms.</p>
