



CNMV

Plan of Activities 2012



CNMV Plan of Activities 2012

Comisión Nacional del Mercado de Valores
Serrano, 47
28001 Madrid

Passeig de Gràcia, 19
08007 Barcelona

© Comisión Nacional del Mercado de Valores

The contents of this publication may be reproduced, subject to attribution. The CNMV publishes most of its reports and publications on the Internet at www.cnmv.es.

ISSN (printed edition): 2171-2352

ISSN (digital edition): 1989-8711

Legal Filing: M-2787-2010

Layout and Printing: Composiciones Rali, S.A.

Table of Contents

1	Introduction	7
2	Review of the 2011 Plan of Activities	11
3	Plan of Activities 2012	15
3.1	Regulatory implementation	15
3.2	Towards more efficient, transparent markets	20
a.	Supervision of securities markets and their agents	20
b.	Enhancing transparency and disclosure	23
c.	Improvements in risk prevention and management	26
3.3	Investor education	29
3.4	Improvements in the functioning of the CNMV	31
4	CNMV budgets	35
5	CNMV Organisational chart	39
6	Publications schedule	41

1 Introduction

The Comisión Nacional del Mercado de Valores (CNMV) presents its 2012 Plan of Activities in a turbulent national and international economic context. The forecasts of the main international bodies suggest a slowdown in world growth which will be particularly intense in the European Union, partly as a result of the new periods of crisis in public debt markets. These forecasts contain a certain level of uncertainty and are carried out in an environment with significant downside risks. The financial environment is expected to remain complex and highly dependent on the evolution of debt markets and the effectiveness of the measures taken to complete the process of reorganising the European financial sector.

There is expected to be intense regulatory activity in the area of securities markets at a European level aimed at correcting some of the deficiencies detected during the crisis and to move towards further harmonisation of EU legislation. Among the draft legislation which has already been published and which will have a direct impact on the CNMV's activity in 2012, we should highlight the following: the review of the Directive on markets in financial instruments (MiFID II), the Regulation on short selling and aspects of CDS, the Regulation on OTC derivatives, central counterparties and recording transactions (EMIR), the Regulation on transactions with inside information and market manipulation which updates the Market Abuse Directive, the amendment of the Transparency Directive for issuers, the amendment of the Prospectus Directive with regard to the powers of the European Securities and Markets Authority (ESMA), referred to as the Omnibus II Directive, the Regulation and the Directive revising the Capital Requirements Directive (CRD III), the amendment of the Directive on investment compensation schemes, the amendment of the Regulation on credit rating agencies (CRA III), the proposal for a Directive and Regulation on auditing and the proposal of the Regulation on European venture capital funds.

In addition to the proposals which have already been published, the European Union is analysing whether to introduce regulation in a series of areas within the competences of the CNMV. In this regard, the actions of the CNMV in 2012 will be conditioned by, *inter alia*, possible legislative proposals or recommendations on corporate governance decided at an EU level, on the so-called Packaged Retail Investment Products (PRIIP), on central securities depositories (CSD) and harmonising certain aspects of securities settlement, and on the possible amendment of the UCITS Directive on issues relating to the depositary function (UCITS V).

Furthermore, ESMA has drawn up numerous binding regulatory and implementing technical standards arising from EU legislation and from directives and recommendations,¹ and this will require that the CNMV makes a twofold effort.

1 In 2012, ESMA is expected to draw up around 50 binding technical standards and recommendations. Details of the standards and recommendations can be found in ESMA's work programme for 2012 available on its webpage (<http://www.esma.europa.eu>).

Firstly, the CNMV will have to dedicate resources to collaborating, within the context of ESMA, in drawing up the standards and recommendations and, secondly, it will have to quickly adopt the changes necessary in Spain so as to adapt them to the agreement reflected therein.

On a domestic level, the restructuring and capital requirements of financial entities resulting from the sector's recapitalisation process suggest an increase in the savings which credit institutions receive from investors. It is therefore appropriate to continue paying special attention to the practices for marketing financial products among retail investors and to encourage the maximum level of transparency at the time of the issue.

Against this backdrop, the CNMV present its 2012 Plan of Activities – the fifth CNMV plan – continuing with the practice which it started in 2007 of publishing an annual work plan which details the institution's aims for the following five quarters. The 2012 Plan is based on the same general principles established for previous plans.

In addition, as in previous years, a large part of the strategic lines of the Plan respond to the need to comply with the functions entrusted by the Securities Market Act to the CNMV as the body responsible for supervising Spanish securities markets.

These functions are reflected in the structure of the Plan itself, which is divided into four different action areas: i) completing the implementing legislation for which the CNMV is empowered, ii) achieving more efficient and transparent markets, iii) promoting investor education, and iv) finally, introducing improvements in the internal functioning of the CNMV so as to increase its efficiency.

It should also be remembered that the Plan represents a limited part of the CNMV's work, as it only includes those aims of public importance. The plan does not therefore include a large number of the tasks which the CNMV performs in its usual function of authorising, registering and supervising entities, nor those tasks relating to market supervision, recording transactions and controlling regulated information. Neither does it include the international activity, disciplinary actions or responding to investor enquiries and claims, etc. With regard to this final point, although not specified in the Plan, in line with the process which began throughout 2010, the CNMV will continue to make a special effort to respond to the high number of complaints filed as a consequence of the financial and economic crisis.

As in the 2011 Plan, the 2012 Plan indicates the priority objectives which are of special importance for the CNMV with the aim of providing the market with additional information about the institution's priorities.

Furthermore, it identifies the objectives, the achievement of which does not solely depend on the CNMV, but which requires the intervention of third parties. In this regard, the 2012 Plan has reduced the percentage of conditional objectives with regard to the 2011 Plan, partly due to the fact that the section "Regulatory implementation" only considers those objectives as conditional which require a legislative mandate granted to the CNMV to be complied with while the objectives which consist of proposals of legislative changes to the Government or advice in transposing directives have not been indicated as conditional.

In addition, the 2012 Plan does not include as specific objectives the CNMV's advisory work with the Government in negotiating directives or participation in the

work of ESMA in issuing binding technical standards and recommendations arising from EU legislation, as it considers it as part of the institution's regular work although, as indicated above, it accounts for a significant part of it.

Specifically, the main actions for 2012 can be summarised as shown below.

Firstly, in the **area of legislation**, attention is focused on the likely amendments to national legislation arising from the EU legislation approved during the timeframe of the Plan. In this regard, the CNMV will be actively involved in providing advice to the Government in transposing European legislation.

In addition, the CNMV expects to complete the different regulatory implementation began in 2011 which it has not been possible to complete, mostly as a result of the lack of the corresponding legislative powers, such as the circulars which implement various aspects of Royal Decree 217/2008 on investment firms and other entities which provide investment services, or the Regulation on Collective Investment Schemes.

Furthermore, the CNMV will propose to the Government improvements in the Spanish legislative framework in areas which have already been identified, such as a review of the legislation on takeover bids and trading in own shares, and in new areas, such as proposals to facilitate the access of SMEs to financial markets, which is of special importance in the current economic climate.

Secondly, with the aim of achieving **more efficient and transparent markets**, the 2012 Plan includes a series of objectives aimed at increasing the fight against market abuse, strengthening the use of information available for supervision, such as that arising from the new secondary markets monitoring system, SAMMS.

A priority for the CNMV in 2012 will be the application of the legislative changes introduced in the area of corporate governance of issuers and the review of the accounting treatment of sovereign debt in the annual financial report of issuers.

Furthermore, in line with the practice of recent years, the CNMV will continue to place special emphasis on improving the transparency and disclosure of information, which are essential for recovering confidence in markets and for protecting investors. To this end, it will organise seminars and publish guides and criteria for the market.

Similarly, another of the CNMV's priorities is to continue the progress made in improving risk prevention and management in its multiple aspects.

Thirdly, **investor education will be enhanced**. In 2012, work will be carried out within the framework of the new Financial Education Plan (2012-2016), and the CNMV will attempt to progress in the objective of introducing financial education into the school curriculum. Similarly, it will continue with the improvement in disseminating the work which has already been carried out, with special attention on updating and strengthening the mechanisms for distributing and disseminating the Investor Factsheets and Guides.

Furthermore, in 2012 the CNMV will continue working in different areas **to improve its own functioning**. A priority will be to adapt legislation relating to the CNMV's fees with the aim of adjusting it to the activities and services which are

actually provided. Similarly, the CNMV believes it is essential to continue making technological improvements in modernising human resources management. In addition, it will complete the review process of the CNMV's website, the main tool for disseminating information. The newly-designed website is expected to be implemented in the second quarter of the year. Finally, the move to the CNMV's new head office, planned for the third quarter, will require special attention so as to ensure that it is carried out without hindering the institution's normal functioning.

2 Review of the 2011 Plan of Activities

The CNMV's 2011 Plan of Activities set out 76 objectives aimed at completing the lines of action planned for the year as a whole. In view of the date on which this document was drafted, the nine objectives set out for 2012 (I)² will not be included for the purposes of reviewing their degree of attainment: therefore, the total number of objectives to review is 67.

Up to December 2011, the CNMV had attained 79% of the objectives set out in the 2011 Plan. Specifically, of the 53 objectives attained, 48 (72% of the total) were achieved within the Plan's period of execution, while the five remaining were completed during the evaluation period. Excluding objectives whose completion does not depend solely on the CNMV, only six objectives (9% of the total) were not fully achieved in the terms set out in the Plan for reasons which are wholly attributable to the CNMV.

Therefore, the degree of attainment of the 2011 Plan is similar to that of previous years: 79% compared with 75% in 2010 and 91% compared with 93% in 2010, if we exclude the objectives whose completion does not depend solely on the CNMV.

A detailed account of the achievement of the objectives set for 2011 is given below according to the different sections into which the Plan is divided: regulatory information, efficient and transparent markets, investor education and protection and improvement in the functioning of the CNMV.

With regard to regulatory implementation, ten of the 19 objectives considered in the review (53%) were achieved in 2011, with the CNMV publishing five circulars.

Bearing in mind that the bulk of the incomplete actions were due to reasons beyond the control of the CNMV – mainly a lack of the corresponding legislative powers – the level of progress in this section may be considered as satisfactory as only two objectives were not completed for reasons wholly attributable to the CNMV. The CNMV plans to achieve all the unattained objectives at 31 December 2011 – especially those relating to corporate governance – in 2012, and they have therefore been included in this Plan. Notwithstanding the above, the CNMV has decided to postpone, for the moment, publication of two circulars which require a prior mandate, while waiting to specify with the Government the benefits of these regulatory implementations: the Circular on codes of conduct in providing investment services and the Circular on determining ratios, assets, equity rules and public disclosures by venture capital firms.

2 Of the nine objectives planned for 2012 (I), six correspond to objectives from previous quarters which have been postponed.

In 2011, significant legal amendments proposed by the CNMV were satisfactorily published. These have made it possible to improve the institution's supervisory powers, such as the amendment to Article 85 of the Securities Market Act and the functioning of the CNMV's Advisory Committee.

The review of Law 35/2003 on Collective Investment Schemes and amendment of the Securities Market Act in aspects relating to the Spanish securities clearing, settlement and registration system are also significant milestones which will allow progress in these areas over the coming year.

A large proportion (95%) of objectives under the heading supervision and improvements in transparency were attained. All these 22 objectives, except one, were completed within the planned period. Only the update of the guide for reporting transactions (trading report), which was planned for 2011 (IV) could not be completed, and this objective has been included in the present Plan.

In 2011, the CNMV paid special attention to supervising markets and agents, and successfully achieved all the objectives under this heading in the planned period. Specifically, the rating agencies were registered and the CNMV collaborated with ESMA in drawing up the programme for supervising these agencies. Similarly, horizontal reviews were carried out so as to perform checks on three important areas: the mechanisms for matching transactions in preferred shares between clients, the organisational structure of collective investment scheme (CIS) management companies and the supervision and monitoring of depositories.

Furthermore, intense work was put into publishing the CNMV's guides and criteria so as to respond to the questions raised by the sector and several informative conferences were held. Important seminars were held relating to issues of current interest, such as rating agencies, and the First CNMV International Conference on financial economics and securities markets, which attracted important experts from the academic world, finance and other regulatory bodies, as well as central banks.

All of the ten objectives set out for investor education and protection were fully achieved, with the sole exception of the renewal of the Investor Portal (90% completed), which has been carried forward to the 2012 Plan. The scope of review has been extended so as to carry out an overall renewal of the portal to allow improved access and interactivity.

Significant progress has been made in improving the content and dissemination of the Financial Education Portal and introducing financial education into the school curriculum. Specifically, the pilot programme on financial education in the third year of compulsory secondary education was carried out successfully. This will be extended in 2012 to the greatest possible number of public, private and public-private partnership schools. In addition, the Financial Education Plan has been evaluated in accordance with the guidelines of the Organisation for Economic Cooperation and Development (OECD) and a continuity programme has been drawn up for the period 2012-2016, which includes the experience acquired over recent years.

Finally, worth noting is the progress made in those aspects relating to improving the functioning of the CNMV, especially relating to technological improvements. Specifically, 13 of the 16 objectives (81%) taken into account for the purposes of this review have been successfully obtained and all, except two, in the planned period. Of the three objectives which have not been completed, one, the seminar to ESMA

members on financial reporting of UCITS, was not carried out due to a lack of interest in the target group and hence the CNMV decided not include it in this Plan. The other incomplete objectives, the launch of the CNMV's new website and the implementation of the electronic fees prospectus, have been included among this Plan's priority objectives.

As a whole, the level of attainment of the objectives included in the 2011 Plan has been satisfactory, especially when taking into account that the ongoing financial crisis has led to a significant volume of work for the CNMV. Specifically, the actions arising from the restructuring of the financial sector in Spain and intense international activity, especially within the framework of ESMA, have required a significant effort from CNMV staff.

3 Plan of Activities 2012

3.1 Regulatory implementation

The financial crisis has highlighted the need to continue moving forward towards harmonised regulation at an EU level. Therefore, in 2012 there is expected to be intense regulatory activity from the European Union. In addition, the recent formation of a new Government in Spain will affect regulatory implementations in Spain in a manner which is not yet clearly defined. Consequently, the 2012 Plan focuses its attention on the foreseeable amendments in national legislation arising from the rules approved at an EU level (need to transpose or adapt national rules).³ In the case of directives which amend already existing directives in the area of securities markets, the CNMV will be actively involved in said process, in compliance with its function as Government adviser. Said reforms will involve new obligations and functions of the CNMV, which must adapt to these needs.

Furthermore, as is usual, the supervisory experience acquired over past years will be used so as to propose to the Government improvements in the Spanish legislative framework. Areas which have been identified are the review of the legislation relating to takeover bids and trading in own shares and the technical implementations necessary to adapt to the amendments introduced into the Securities Market Act for the reform of clearing, settlement and registration systems in Spain.

Investment firms and other entities which provide investment services

Regulatory implementation deriving from Royal Decree 217/2008, on the legal regime for entities providing investment services, and Royal Decree 216/2008, on financial institutions' own funds, will be completed in 2012.

As part of the implementation of Royal Decree 217/2008, the CNMV plans to complete two initiatives which were included in the 2011 Plan and which could not be completed due to a lack of the necessary legislative mandate. Specifically, and again depending on the corresponding mandate, the CNMV plans to publish in 2012 (IV) the Circular on communications of registry data of investment firms, CIS management companies and venture capital firms to the CNMV to update existing obligations regarding the disclosure of registry data (relating to shareholders, directors and others) and the method of delivery to the CNMV (using CIFRADO), which will improve the speed and security of updates to public registries. In addition, in 2013 (I) an amendment will be made to Circular 1/1998 on internal control of investment firms, which, as it pre-dated the MiFID Directive, is not fully aligned with the

3 The most relevant EU legislation in the field of the CNMV was identified in the Plan's introduction.

requirements established in the Royal Decree in aspects relating to the compliance function, risk management and internal auditing.

As regards Royal Decree 216/2008 on investment institutions' own funds, in 2013 (I), Circular 12/2008 on solvency of investment funds will be updated so as to include the annotations incorporated into EU legislation, following the international agreement contained within the regulatory package of the Basel Committee on Banking Supervision on capital, liquidity and leverage of banks, known as Basel III.

Collective investment schemes

In 2012 (IV), and dependant on the updating of the Regulation on Collective Investment Schemes, which has made it impossible to comply with this objective from the 2011 Plan, Circular 3/2006 on the prospectuses that collective investment schemes must submit to the CNMV will be amended.

Securitisation funds

The International Organization of Securities Commissions (IOSCO) has been working on preparing principles relating to the ongoing and periodic information which securitisation vehicles must publish with the aim of increasing their transparency. Dependent on the international agreement, in 2013(I) the CNMV will assess the need to amend Circular 2/2009 on periodic disclosures of securitisation funds so as to adjust, as the case may be, Spanish legislation to the agreement reached by IOSCO.

Corporate governance of listed companies and savings banks

Against the backdrop of the new legislation on corporate governance, in 2012 (I) the CNMV plans to finalise the implementing regulations included in the 2011 Plan which could not be completed as a result of the failure to approve the Ministerial Order which implements the rules included in this matter in the Sustainable Economy Act 2/2011, of 4 March, and Royal Decree-Law 11/2010, of 9 July, on governance bodies and other aspects of the legal regime for savings banks. Specifically, the 2012 Plan includes the following objectives:

- Publication of the update to the Unified Good Governance Code of listed companies.
- Amendment of Circular 1/2004 and Circular 4/2007 on the Annual Corporate Governance Report form for listed companies and other issuers of listed securities.
- Publication of a circular on the form of the annual report on director remuneration in listed public limited companies, savings banks and other issuers of listed securities.
- Update of Circular 2/2005 on the Annual Corporate Governance Report form for savings banks.

Finally, in 2012 (III) the CNMV will review the legislation which regulates the content of the websites of listed companies with the aim, as the case may be, of proposing

new consolidated legislation. The aim would be to update the regulation of an instrument which has proved to be an effective and increasingly important method for assisting shareholders in exercising their right to information.

Implementation of the Order of 26 July 1989 implementing Article 86 of the Securities Market Act

Dependent on approval of the Ministerial Order which amends the Order of 26 July 1989 implementing Article 86 of the Securities Market Act, in 2012 (II) the CNMV plans to amend the Circular on information and registers of entities in Article 84.1.a) and b) of the Securities Market Act. The amendment of this circular will address the powers for collecting information on market infrastructures and statistics and activity data necessary for supervision by the CNMV. The aim of this legislative adaptation, which is a priority for the CNMV, as it could not be completed in 2011 due to the lack of the corresponding mandate, is to make up for the blurring over time of the legal rules relating to the requirements for disclosing statistical information to the CNMV and the powers that the CNMV has to regulate the technical processes and conditions for sending the information.

Proposed regulatory amendments

In compliance with its advisory function, and following the practice of previous years, the CNMV will propose to the Government certain regulatory amendments arising from the institution's supervisory experience, with the aim of encouraging appropriate functioning of markets and guaranteeing investor protection.

The approval in October 2011 of Law 31/2011, which amends Law 35/2003 on Collective Investment Schemes (CIS Act), implemented a significant part of the regulatory amendments necessary to transpose the new European regulation on CIS (UCITS Directives and level 2 legislation: Directive 2010/43/EU and Directive 2010/24/EU). The new legislation introduces significant new aspects such as the simplification of the regime for cross-border marketing of CIS and the possibility of cross-border operations of CIS management companies, the strengthening of the supervisory powers and cooperation mechanisms between competent authorities, a new simplified prospectus, the Key Investor Information Document (KID), as well as a regime for mergers of CIS and master-feeder structures.

In 2012 (II), with the aim of completing the transposition by means of regulatory implementation of the CIS Act, the CNMV will collaborate with the Secretariat General of the Treasury and Financial Policy (SGTPF) in reviewing the Regulation on Collective Investment Schemes.

In 2012 (IV), the CNMV plans to present the following four legislative proposals so as to improve market regulation:

- Two objectives included in the 2011 Plan are maintained: the review of the legislation on takeover bids, bearing in mind the supervisory experience in takeover bids over recent years, and the review of legislation on trading in own shares. An analysis will be conducted into trading in own shares so as to regulate discretionary actions which may have an impact on correct price formation. More specifically, as announced last year, a study will be made on the possibility of limiting trading in own shares to liquidity contracts (CNMV Circular 3/2007,

of 19 December, on liquidity contracts) and to the operations regulated by Regulation (EC) No. 2273/2003 as regards exemptions for buy-back programmes and stabilisation of financial instruments.

- A proposal will be made to update Royal Decree 116/1992 and Royal Decree 505/1987 with the aim of completing the necessary legislative changes as regards securities clearing, settlement and registration following the amendments to the Securities Market Act so as to adapt the reform measures. These include updating the regulatory rules for registering securities admitted to trading on stock markets, the governing principles of settlement (guarantee in delivery, margins and system principles), supervision by Iberclear, access of participating entities and the inclusion of early maturity and netting of positions by a central counterparty.
- The CNMV will analyse the relevant legislation in the context of the initiatives being put forward at a European level for promoting participation of small and medium-sized enterprises in capital markets, such as growth markets for SMEs introduced by the proposal for a review of the MiFID. It will analyse aspects including the tax treatment and the non-requirement of a delisting tender offer in specific cases so that the securities listed on stock markets may be listed on markets for SMEs. Similarly, the CNMV will analyse the usefulness of the secondary markets of Spanish stock exchanges in this new context.

Advice in the transposition of EU directives

As it has been usual over recent years, the CNMV will pay special attention to collaborating with the SGTPF in transposing EU legislation which affects the area of responsibility of the CNMV.

Over the first half of 2012, the CNMV will advise on the transposition of Directive 2010/73/EU on prospectuses, which will involve an amendment to Title III of the Securities Market Act and of Royal Decree 1310/2005 on admission. It is essential to carry out the transposition by the deadline imposed by the Directive of 30 June 2012, so as to prevent Spanish issuers being in an unfavourable situation as regards their European competitors and so as not to cause confusion in the market, for example as regards cross-border placements.

Similarly, in 2012 (II), it will be a priority to collaborate with the SGTPF in transposing Directive 2010/78/EU, known as Omnibus I. This directive introduces changes in the raft of legislation on financial services so as to integrate the powers of the new European authorities, such as ESMA, into EU legislation. Among other aspects, the Directive establishes the transfer of powers from the former level 3 committees to the new authorities, it defines the scope of the technical standards and implements the possibility that the new European authorities, where necessary, may resolve disagreements between national supervisory authorities.

Finally, in 2012 (III) the CNMV will advise the SGTPF on the transposition of the Alternative Investment Fund Managers Directive, which would involve a review of Act 25/2005 on venture capital firms so as to incorporate the provisions of the Directive and introduce additional improvements in regulation, supervision and the regime for administrative intervention so that it may become more flexible and effective.

Regulatory implementations

TABLE 1

Regulation	Initiative	Schedule (*)
Royal Decree 217/2008 on investment firms and entities providing investment services	Circular on communication of registry data of investment firms, CIS management companies and venture capital firms to the CNMV	2012 (IV) ^c
	Amendment to Circular 1/1998 on internal control of investment firms	2013 (I) ^c
Royal Decree 216/2008 on own funds of financial institutions	Amendment to Circular 12/2008 on solvency of investment firms	2013 (I) ^c
CIS Regulation	Amendment to Circular 3/2006 on CIS prospectuses	2012 (IV) ^c
Securitisation funds	Amendment to Circular 2/2009 on periodic reporting of securitisation funds	2013 (I) ^c
Corporate governance	Publication of the updated Unified Good Governance Code of listed companies	2012 (I) ^c
	Update to Circular 1/2004 and Circular 4/2007 on the Annual Corporate Governance Report form for listed companies and other issuers of listed securities	2012 (I) ^c
	Circular on the form for the Director Remuneration Report of listed companies, savings banks and other issuers of listed securities	2012 (I) ^c
	Update of Circular 2/2005 on the Annual Corporate Governance Report form for savings banks	2012 (I) ^c
	Review of legislation on content of the website of listed companies	2012 (III) ^c
Order of 26 July 1989 implementing Article 86 of the Securities Market Act	Circular on information and registration of entities under Article 84.1.a) and b) of the Securities Market Act	2012 (III) ^c
Proposals and advice to the Ministry of Economy and Finance of possible regulatory amendments	Collaboration in the review of the Regulation on Collective Investment Schemes	2012 (II)
	Review of the legislation on takeover bids	2012 (IV)
	Review of the legislation on trading in own shares	2012 (IV)
	Update of Royal Decree 116/1992 and Royal Decree 505/1987 on clearing, settlement and registration systems	2012 (IV)
	Proposals to facilitate access of SMEs to financial markets	2012 (IV)
Advice on transposition of directives	Directive 2010/73/EU on prospectuses and transparency	2012 (II)
	Directive 2010/78/EU (Omnibus I)	2012 (II)
	Alternative Fund Managers Directive	2012 (III)

(*) Deadline for implementation of commitment.

^c Conditional objectives, completion of which does not depend solely on the CNMV.

3.2 Towards more efficient, transparent markets

a. Supervision of securities markets and their agents

The CNMV 2012 Plan of Activities includes a series of objectives, detailed below, which involve either a new aspect within the usual supervisory functions or an issue of special importance within the Commission's annual supervision programme.

1 Scope of provision of investment services

In recent years, the CNMV has paid special attention to supervising the actions of entities in those cases in which there may be conflicts of interest. Within this context, a priority objective for 2012 (II) is to carry out a horizontal review of the best execution policy, management of conflicts of interest and information relating to trading in OTC instruments and fixed-income instruments in which the counterparty is the institution itself.

2 Organisational requirements of CIS management companies

In 2012 (IV), the CNMV will carry out a horizontal review of the procedures relating to the control of related-party transactions of management companies so as to verify that they comply with legislation, which requires that said transactions are carried out in the exclusive interests of the managed CIS and at arm's length, as well as compliance with certain transparency and procedural requirements. In addition, the CNMV will carry out specific compliance tests so as to verify that the specific transactions carried out in the portfolio of the CIS are performed in accordance with legal requirements.

3 Mutual funds

The 2012 Plan includes objectives which aim to carry out a horizontal and consecutive review of compliance in three significant aspects.

Firstly, in 2012 (II), the CNMV will carry out a horizontal review of the remuneration of deposits held in the portfolio of CIS so as to verify that they have been contracted at market rates. In addition, for deposits contracted with group credit institutions, the analysis will aim to verify not only that the remuneration is carried out at market rates but also that there are no conflicts of interest in the contracting procedure.

Secondly, in 2012 (III) the CNMV will review compliance with the investment policies following publication of Circular 3/2011, which amends the calculation base, which is now the total exposure of the CIS instead of the assets, and the definition of monetary funds, so as to adapt them to European recommendations.

Finally, in 2012 (IV) the CNMV has established a priority of analysing trading of securities of mutual funds. It will study the transaction costs incurred by CIS for these trades, including an analysis of the policies for selecting intermediaries in accordance with the requirements established in Circular 6/2009, as well as the cost of advisory services implicit in said fees. CIS must disclose the above information in their periodic reporting as established in the amendments of the Regulation on Collective Investment Schemes of June 2010.

4 Corporate governance of issuers

With regard to the new corporate governance reporting requirement introduced by the Sustainable Economy Act and its implementing legislation, it will be essential in 2012 (IV) to carry out a formal horizontal analysis of the timely filing of the corresponding reports, supported by a substantive analysis of the consistency of the contents of a sample of reports. This analysis will include a review of the amendments to the section on general risks and the new chapter relating to the description of the internal financial reporting control system (SCIIF). Once this has been performed, based on the results obtained, the CNMV may issue recommendations for improvement at an individual level for certain institutions or in general for all issuers. This objective is dependent on the corresponding legislative implementation being completed.

5 Financial reporting of listed companies

The tensions in European sovereign debt markets have led to falling confidence in the strength and level of exposure to this debt held by listed companies, especially financial institutions. In this context, in the second half of 2011, ESMA issued opinions relating to the accounting treatment and breakdowns of information on sovereign debt with the aim of aiding issuers and auditors in preparing financial information, especially the 2011 annual financial statements.

Consequently, throughout 2012, and from the receipt date of the 2011 annual financial report of listed companies, a priority for the CNMV will be to carry out a large-scale horizontal review of the extent to which companies comply with ESMA declarations relating to accounting treatment and breakdowns of information on sovereign debt in their portfolios.

6 Improvement in collaboration with other bodies

The CNMV believes that it is essential to increase collaboration with other public bodies and entities so as to improve the supervision of securities markets. The recent reform of Article 85.3 of the Securities Market Act carried out by means of the Sustainable Economy Act has laid out the duty of any body which exercises public functions to cooperate with the CNMV. Furthermore, these entities must provide support, help and protection to the CNMV in exercising its functions.

In 2012, the CNMV plans to carry out a series of actions aimed at enhancing this duty of collaboration and facilitating the sharing of information so as to implement solid and efficient support mechanisms for the CNMV.

In 2012 (I), implementation will be completed of an information sharing system with notaries which will implement the collaboration agreement signed on 30 November 2011 between CNMV and the General Council of Notaries. Specifically, a telematic platform will be developed so as to allow notaries to provide the data required by the CNMV online.

In addition, the CNMV plans to establish a specific channel for responding to the enquiries made by notary offices on the provisions of securities market legislation or issues necessary to improve the exercising of notary functions with regard to those acts related to the area of responsibility of the CNMV. This channel will also

allow notaries to transfer – on behalf of their clients – acts and businesses to the proceedings which the regulator investigates.

Furthermore, in 2012 (IV), the CNMV will carry out a general review of the collaboration framework with other entities included in Article 85.3 of the Securities Market Act, implementing, as the case may be, necessary improvements so as to enhance collaboration.

7 Supervision of securities markets

Supervision of the liquidity mechanisms in markets will be one of the aspects which the CNMV will place special emphasis on over the year. In 2012 (II), the CNMV intends to carry out a supervision plan of the liquidity mechanisms of fixed income issues aimed at retail investors in organised markets (trading platforms, specialists, etc.). Specifically, the two main aspects to supervise will be the level of compliance with the liquidity commitments of fixed-income issues and hybrid products aimed at retail investors and the transparency of the platforms.

With the aim of intensifying the fight against possible market abuse practices, in 2010 the CNMV began a process of strengthening IT tools so as to optimise daily supervision of trading on financial markets. In 2011, progress has been made in developing an Advanced Secondary Markets Monitoring System (SAMMS) and in 2012 (IV) the CNMV will complete the detailed design of the SAMMS and will monitor the functionalities of the system together with the company which has been awarded the contract.

Similarly, in 2012 (IV), taking into account the increasing use of high-frequency trading strategies in markets, the CNMV plans to study the actions of high-frequency traders (HFT) in situations of extreme volatility. Specifically, the CNMV will analyse how HFT have acted in specific situations of exceptional market events.

In 2010 and 2011, a priority of the CNMV was to propose and initiate the implementation of an ambitious reform of the Spanish system for securities clearing, settlement and registration. The 2012 Plan includes, as an objective for 2012 (IV), a continuation of the efforts made in this area. Specifically, the CNMV plans for the Coordination Committee of the work arising from the reform to direct the development of the functional design, architecture, technical specifications and regulation of the market and post-trade infrastructures necessary to complete the reform.

Furthermore, in 2013 (I) the CNMV will carry out a one-off analysis of the price formation process of any security making up the Ibex 35 in which special circumstances occur, such as corporate operations. The CNMV will analyse the actions of different participants in the trading of shares over an extensive period of time so as to determine whether the conduct observed requires, as the case may be, specific disciplinary, supervisory or other measures.

8 Unregistered entities

With the aim of improving investor protection, in 2012 (II) the CNMV will review the process for investigating unregistered entities. Specifically, the aim is to clearly define the powers of investigation of the CNMV in these cases and to establish a full procedure for investigating those which operate in Spain.

Improving transparency and disclosure is essential for maintaining investor confidence and the good functioning of markets at times of high uncertainty. Therefore, for another year the CNMV will make a significant effort in this area, continuing with the publication of criteria and recommendations. The CNMV will carry out activities including organising numerous public conferences and standardising the statistics which it publishes.

1 Corporate governance

As regards the problems raised by the activity of proxy advisors, at the start of 2012 the CNMV will create a group of experts from the sector with the aim of assessing, from a Spanish perspective, the following areas: i) all the aspects relating to the advisory services provided by proxy advisors in exercising voting rights in listed companies, ii) their impact on the corporate governance of said companies, and iii) as the case may be, the most appropriate Spanish or EU measures and alternatives that it will be recommendable to adopt in the future.

In addition, in 2012 (IV) a priority for the CNMV will be to extend the information included in the annual report which it prepares on the corporate governance of issuers, dependent on approval of the corresponding legislative mandate. Specifically, the CNMV's annual report will include two new sections: i) a sectoral analysis of remuneration systems for directors of listed companies and issuing savings banks, and ii) a new chapter relating to the description of the SCIIF. For other issuers of listed securities, the CNMV's annual report will include a general analysis of the risk control systems recorded in the Annual Corporate Governance Reports.

2 Publishing of the CNMV criteria and recommendations

In 2012, the CNMV will continue its policy of informing market participants about its criteria by publishing recommendations and guides so as to facilitate compliance with current legislation and provide incentives for good practices in markets. A large part of these criteria are based on the recommendations drawn up by ESMA, as in accordance with the Regulation which created said Authority, national supervisors must inform ESMA within two months following publication of the corresponding guideline or recommendation that they comply with its contents or, otherwise, if they intend to do so.

In 2012 (I), the CNMV plans to carry out the following activities:

- Update of the guide on commercial paper as, in the context of the difficulties which companies have in finding funding, there are changes in the manner in which commercial paper is being placed, which has changed from being mainly a professional market to an increasing number of placements among retail investors. The sale of commercial paper to the public as alternative deposits may mean that additional explanations should be added in the prospectuses and that the CNMV's criteria guide on commercial paper should be updated.
- Publication of CNMV criteria as regards the safeguards and other qualifications to the auditors' report of listed issuers.

- Publication of a guide on the review work and on the special reports of auditors relating to the description of SCIIF. This objective, which was included in the 2011 Plan, could not be completed as it was dependent on approval of the Ministerial Order on Corporate Governance.
- Publishing criteria on the calculation of the overall exposure and counterparty risk of UCITS. The CNMV considers that it is a priority to carry out an analysis and to disclose the criteria necessary for compliance with the recommendations which ESMA plans to publish on calculating overall exposure and counterparty risk of UCITS. This objective is dependent on ESMA publishing the corresponding recommendations.

Supervising and assessing the marketing of fixed-income products to retail investors will remain a priority area for the CNMV. In 2012 (II), the CNMV will analyse the practical experience gained from applying the criteria which it has published in recent years relating to the assessment of these products and it will study possible improvements in their application in the context of extreme market volatility. In addition, the CNMV will update the fixed-income guide so as to introduce, as a result of the conclusions of the review on mechanisms for matching transactions between clients, the appropriate changes in the description of product liquidity and markets in the prospectuses. Similarly, the CNMV will include new criteria in the fixed-income guide on transactions which involve swaps of securities which are already placed among the public for other newly-created securities.

Similarly, in 2012 (II), the CNMV will publish its criteria on the disclosure of information relating to dividends with the aim of transmitting to Spanish issuers, especially those whose securities are underlyings of derivatives admitted on organised markets, the importance and need to disclose dividend dates and types sufficiently in advance.

With regard to CIS and investment firms, in 2012 (IV) the CNMV will publish criteria as regards the following aspects: exchange traded funds (ETF) and structured UCITS, liquidity management in CIS, assessing appropriateness by entities which provide investment services and requirements for the compliance function of these companies. This objective is dependent on ESMA publishing the recommendations which it plans to issue in 2012 on these issues and that the content indicates the need to adjust or specify the supervisory actions carried out to date by the CNMV.

The update of the guide for daily communication of transactions executed on financial instruments (transactions report) and the organisation of an information conference to explain the changes is included as an objective in 2012 (IV). The aim of updating the guide is to inform on the new transaction reporting requirements (on OTC derivatives and energy derivatives) and to provide an explanation on good reporting practices, including new controls in certain fields.

Finally, in 2013 (I) the CNMV plans to publish recommendations on best practices relating to the structure and content of the management report which accompanies the annual financial report of companies with securities admitted to trading on regulated markets. This work, which will require a prior study of the practices in other important markets (United States, United Kingdom, Canada, France, etc.) and an analysis of the effective content of the management reports of Spanish listed companies, will be carried out with the collaboration of a group of experts from the sector, which will be established in the second quarter of 2012. This objective will

include the design of standard forms to facilitate compliance with the requirements for breakdowns in the management report for SMEs, bearing in mind the work which ESMA will carry out in this area. The CNMV will also analyse whether these forms may be applicable to all listed companies, irrespective of their size.

3 Disclosure and public seminars

A priority objective in 2012 (I) will be to begin an overall review of the public registries of supervised entities so as to improve their functioning so that they contain the same information, verify the content and the manner in which they are updated, and complete, as the case may be, their content (e.g. websites of supervised entities, bank activity schedules, new information such as audits, etc.).

In the area of SMEs, and as part of the aforementioned objective of making proposals aimed at facilitating the access of SMEs to financial markets, in 2012 (I) the CNMV will carry out two important actions.

Firstly, it will organise, together with the Bank of Spain, a high-level international seminar on SME funding.

Secondly, it will create an Observatory of the access conditions for SMEs to capital markets. This Observatory is organised by the CNMV and open to companies, financial intermediaries, professionals, academics and government representatives, and will be aimed at identifying obstacles faced by SMEs when trying to access capital markets and will discuss possible solutions. Several analyses will be carried out including an analysis of the functioning of the Alternative Stock Market (MAB) as the market for companies with lower capitalisation.

Furthermore, the CNMV plans to organise different conferences and seminars aimed at promoting knowledge of new legislation and reflecting on current issues in securities markets.

In 2012 (I), the CNMV will conduct several conferences disseminating the new corporate governance requirements. The organisation of these conferences is dependent on approval of the relevant legislative changes.

A seminar will be held in 2012 (II) on the amendment to the Prospectus Directive so as to inform Spanish issuers of the changes that this will involve in Spanish legislation.

In 2012 (III), the CNMV will organise a conference on compliance with the rules of conduct of companies which provide investment services so as to inform the sector of the criteria applied and the main deficiencies detected in supervision.

Also in 2012 (III), the institution plans to hold the Second CNMV International Conference on securities markets. As in the first edition of this event, which took place in autumn 2011, the aim of the conference, which will bring together academics of recognised standing as well as representatives from the financial industry and different public bodies, is to promote scientific discussion around the main current challenges faced by securities market supervisors.

Finally, in 2013 (I) the CNMV will hold conferences about European regulation. These conferences will provide an explanation and analysis of the new aspects

contained in new EU legislation and the implementations of ESMA as regards securities markets, which are likely to be approved during the course of 2012.

4 Statistics

With the aim of facilitating the understanding and use of the statistical information which it publishes, the CNMV will carry out three actions in 2012.

Firstly, it will introduce a mutual funds search engine which will be accessible through the Investor Portal. The change in accounting standards for CIS made it necessary to withdraw the search engine from the Portal over a period of time as it was no longer up-to-date. A new version will be updated and improved in 2012 (II).

Secondly, the CNMV plans to definitively introduce the Statistics Series application in its website. As a result of the general review of the CNMV's website, a limited version of this information has been included within the "Statistics" section and improvements are planned for 2012 (III), including developments relating to search possibilities and exporting series.

Finally, during the course of 2012, the CNMV will carry out a standardisation of the statistics which it publishes corresponding to investment firms, CIS, commercial paper and securitisation. The aim is for these statistical publications to have a standardised format on the CNMV's website, which is planned to be possible in 2012 (III). Each publication will provide the details of its content, and each one of the chapters and tables which make up the publication may be consulted and downloaded individually, both in text visualisation format (PDF format) and by means of a spreadsheet. It will also be possible to export the full publication. In addition, a link will be included for accessing the Statistics Series application.

c. Improvements in risk prevention and management

One of the priorities which the CNMV has set for 2012 is to continue making progress in improving risk management in its multiple aspects.

Specifically, as regards firms which provide investment services, in 2012 (IV) the CNMV will introduce and carry out the first exploitation of the risk map designed in 2011. It will specifically analyse its possible exploitation both in terms of selecting possible supervision actions in the future and possible statistical dissemination of the information deriving from the map.

In the context of the institution itself, in 2012 (II) the CNMV will define a risk map and a model for risk management in the CNMV. This objective, which forms part of the improvement in operational and organisational risk management which began in 2011, will be executed with the technical assistance of an external consultant.

Towards more efficient, transparent markets

TABLE 2

	Initiative	Schedule
a) Supervision of the securities markets and participants		
Provision of investment services	Horizontal review of the best execution policy, management of conflicts of interest and information relating to OTC and fixed income whose counterparty is the institution itself	2012 (II)
Organisational requirements of CIS management companies	Review of procedures for related-party transactions	2012 (IV)
Mutual funds	Review of investment in deposits	2012 (II)
	Review of compliance with investment policies	2012 (III)
	Review of securities trading	2012 (IV)
Corporate governance of issuers	Review of the new reporting requirements on corporate governance	2012 (IV) ^c
Financial reporting of listed companies	Review of compliance in the 2011 annual financial reports with ESMA's position on accounting treatment and breakdowns of sovereign debt	2012 (IV)
Improvement in collaboration with other agencies for market supervision	Introduction of an information sharing system with notaries	2012 (I)
	Review of the collaboration processes of public entities and other bodies with the CNMV	2012 (IV)
Supervision of securities markets	Supervision plan for liquidity mechanisms of fixed-income issues to retail investors in organised markets	2012 (II)
	Design and monitoring of the development of the functionalities of the Advanced Secondary Markets Monitoring System (SAMMS)	2012 (IV)
	Analysis of actions of high-frequency traders (HFT) in situations of extreme volatility	2012 (IV)
	Implementation of the reform of the clearing, settlement and registration systems	2012 (IV)
	Analysis of the price formation process of an Ibex 35 share in special situations	2013 (I)
Unregistered entities	Review of investigation process of unregistered entities	2012 (II)
b) Enhancing transparency and disclosure		
Corporate governance	Working group on activity of proxy advisors and problems as regards advising on the exercising of voting rights in Spanish listed companies	2012 (I)
	Extension of the annual corporate governance report of the CNMV with new sections	2012 (IV) ^c
Publication of CNMV criteria and recommendations	Update of the commercial paper guide	2012 (I)
	CNMV criteria as regards the safeguards and other qualifications in auditors' reports on listed issuers	2012 (I)
	Guide on the work of auditors relating to the description of the Internal Control on Financial Reporting System (SCIIF)	2012 (I) ^c
	Criteria for calculating overall exposure and counterparty risk of UCITS necessary to comply with ESMA recommendations	2012 (I) ^c
	Review of CNMV criteria on assessing fixed-income products aimed at retail investors	2012 (II)
	Update of the fixed-income guide	2012 (II)

	Initiative	Schedule
Publication of CNMV criteria and recommendations	Criteria for issuers on disseminating information on dividends	2012 (II)
	Criteria on ETF and structured UCITS, liquidity management of CIS, assessment of appropriateness and requirements for the compliance function of firms which provide investment services as required in order to comply with ESMA recommendations	2012 (IV) ^c
	Update of the guide for reporting transactions and a conference to explain said changes (trading report)	2012 (IV)
	Criteria on best practices relating to structure and content of management reports of companies with securities admitted to trading	2013 (I)
Dissemination of information and public conferences	Overall review of the public registries of supervised entities	2012 (I)
	Conferences on new corporate governance requirements	2012 (I) ^c
	Creation of an Observatory of the access conditions of SMEs to capital markets	2012 (I)
	Seminar on SME funding	2012 (I)
	Seminar on the reform of the Prospectus Directive	2012 (II)
	Conference on compliance with the rules of conduct of firms which provide investment services	2012 (III)
	Second CNMV International Conference on securities markets	2012 (III)
	Conference on European regulation	2013 (I)
Statistics	Search engine of mutual funds for the Investor Portal	2012 (II)
	Definitive introduction of the Statistics Series on the CNMV's website	2012 (III)
	Standardisation of the statistics published by the CNMV	2012 (III)
c) Improvement in risk prevention and management		
Investment firms	Introduction and first exploitation of the risk map of firms which provide investment services	2012 (IV)
CNMV	Definition of risk map and model for risk management in the CNMV	2012 (II)

^c Conditional objectives, whose achievement does not depend solely on the CNMV.

3.3 Investor education

The CNMV, as part of its function to protect investors, makes a considerable effort to improve investor education so as to allow them to adopt financial decisions on a well-grounded and appropriate basis.

a. Financial Education Plan

In the framework of the Financial Education Plan (PEF, *Plan de Educación Financiera*), together with the Bank of Spain and the Directorate-General of Insurance and Pension Funds, the CNMV plans five initiatives for 2012.

Firstly, in 2012 (I) it will start to extend the pilot financial education programme in the third year of compulsory secondary education in private and public-private partnership schools. The objective, dependent on the collaboration of the schools, is to disseminate the pilot financial education programme carried out in 2010/2011 among the highest possible number of these schools, aiming to introduce potential improvements arising from the appraisal of said programme.

Secondly, in 2012 (I) work will be continued on improving the dissemination of the PEF among different groups, dependent on the interest of the corresponding associations. In 2011, agreements were signed with the General Consumers Association (ASGECO), the Consumers Union of Andalusia (UCA/UCE), the Democratic Union of Pensioners (UDP) and the National Union of Credit Co-Operatives (UNACC), and in 2012 new collaboration agreements are planned with associations such as the Mapfre Foundation in the area of insurance.

Thirdly, a priority objective is to extend and improve the content of the Financial Education Portal, www.finanzasparatodos.es, in 2012 (II) with contributions from other public and private collaborators of the PEF. Since its launch in May 2010, the Portal has been updated so as to provide a better service to investors with the aim of making it the benchmark portal for the public in issues relating to financial education.

Fourthly, as a member of the OECD's International Network on Financial Education (INFE), the CNMV, together with other participants in the PEF, will collaborate in organising and actively participating in the INFE's International Conference on Financial Literacy, which will be held in May 2012 in Madrid.

The fifth and final action in 2012 (III) will be to promote the dissemination of financial education through on-site courses on financial literacy for certain groups, for example elderly people. These courses will be designed and given in the framework of the collaboration agreements signed with different associations.

b. Investor education

A priority of the CNMV's specific plan for investor education will be to update and strengthen the mechanisms for distributing and disseminating Investor Factsheets and Guides.

To this end, in 2012 (I), the CNMV will continue strengthening the distribution and dissemination channels of these publications and will update the databases. In

addition, in 2012 (II) the Investor Factsheets and Guides will be adapted to a new graphic format and new editions will be published.

Finally, in 2012 (III) the CNMV will make further improvements in the access, dissemination and interactivity of the Investor Portal. The aim is to update and reorganise the content of the Portal so as to promote its dissemination and improve the educational tools which it contains. The system for subscribing to the Investor Bulletin will also be improved.

Investor education

TABLE 3

	Initiative	Schedule
a) Financial Education Plan (PEF)	Dissemination of the pilot financial education programme in the third year of compulsory secondary education to private and public-private partnership schools	Start 2012 (I) ^c
	Establishment of new collaboration agreements with public and private institutions	2012 (I) ^c
	Improvement and extension of the contents of the Financial Education Portal	2012 (II)
	Collaboration of the PEF in organising the International Conference on Financial Literacy of the OECD's International Network on Financial Education (INFE)	2012 (II)
	Dissemination of financial literacy through courses on financial education for specific groups	2012 (III)
b) Investor education	Updating and strengthening the mechanisms for distributing and disseminating the Investor Factsheets and Guides	2012 (I)
	Updating and publishing new Investor Factsheets and Guides	2012 (II)
	Improvements in accessing, dissemination and interactivity of the Investor Portal	2012 (III)

^c Conditional objectives, whose achievement does not depend solely on the CNMV.

As in previous years, the CNMV will continue to dedicate resources and efforts towards improving the services which it offers as a public body, facilitating the processes and procedures for participants in financial markets. To this end, it will review the system of applied fees, it will progress in speeding up the procedures with the CNMV, it will introduce technological improvements, including the launch of a new website, it will review the functioning of the Advisory Committee and it will continue working on modernising human resources management.

1. A priority of the 2012 Plan will be to review the CNMV's fee revenue structure. Specifically, in 2012 (II) the institution will review the tax framework of the **CNMV fees**, which are its main source of revenue. It will propose the necessary legislative changes so as to amend the structure and sources of revenue. This review aims to adjust the fees to the substantial changes which have taken place in securities markets, diversify the tax burden on fees to ensure a more stable revenue framework and to reduce competitive risks for the Spanish market as a result of the concurrence of fees and tariffs in activities subject to foreign authorities.
2. With the aim of **speeding up paperwork at the CNMV**, in 2012 (III), the CNMV will carry out a review of the internal processes of the different departments and bodies in the CNMV so as to assess possible changes which may speed up the procedures for authorisation, registration and supervision. A case which will be subject to review is that of the internal processes for approving the prospectuses of primary and secondary offerings and admissions to trading.
3. The CNMV has been working over 2011 on a new **website**, which will be launched in 2012 (II). The website is the main method whereby the CNMV communicates and disseminates information with investors, supervised entities and the market as a whole. Therefore, its design and ease of access are essential for achieving the institution's objectives. The new website will have a more modern and standardised design, and will adapt the information to the needs of the different profiles of the website's users. It will also improve access to information, reducing the number of steps which the user must follow in order to access the different sections. As part of the general reorganisation of the website, a thorough review will be carried out of the "Legislation" section so as to improve the information on the most relevant legislation as regards securities markets.
4. In 2012, the CNMV will introduce significant **technical improvements**. Specifically, it plans to carry out the following actions:
 - In 2012 (I), dependent on the necessary implementing legislation, it will adapt the systems for electronic receipt and dissemination of Annual Corporate Governance Reports and Remuneration Reports.
 - In 2012 (II), the CNMV will complete the process which began in 2011 to renew the internal application processes of the CNMV's disciplinary proceedings so as to improve transparency towards the interested parties and to strengthen the legal security of the process.

- Another priority in 2012 (II) will be the design and introduction of the electronic fees prospectus. This objective, which is included in the 2011 Plan, could not be completed as the corresponding circular was not approved until 12 December 2011.
 - In 2012 (IV), the CNMV plans to increase the use of the electronic notification platform with entities supervised by the CNMV. This is already operational and the CNMV plans to incorporate new types of notifications and requests to the platform.
 - In 2012 (IV), the CNMV will also carry out the implementations corresponding to the first year of adaptation to the National Security Plan in the field of electronic administration.
 - Finally, in 2013 (I) the CNMV will promote the sending in electronic format of the auditors' reports and the annual financial reports of CIS, CIS management companies and investment firms (in the case of investment firms other annual reports as well). This improvement will make it possible to publish the audits of these entities on the CNMV's website, as well as optimising their administrative processing.
5. In July 2011, Articles 22 and 23 of the Securities Market Act were amended so as to update the composition of the **CNMV's Advisory Committee**, leading to the entry of nine individuals with presence in securities markets or experts in different fields. The implementing legislation is expected to amend the appointment of members so as to increase the representativeness of the Committee by including the most representative associations of different groups. In 2012 (III), dependent on approval of the corresponding amendments to Royal Decree 504/2003 and the new composition of the Committee, which will be determined in April 2012, the internal rules of the Advisory Committee will be reviewed so as to adapt them to the legislative changes.
6. As included in the 2011 Plan, the CNMV will undertake **improvements in computerisation of the document management of the secretariats of its various committees** so as to modernise existing systems and strengthen the security of its document archive systems. The project is expected to be completed in 2012 (I).
7. As in previous years, the CNMV believes it is vital to invest in efficient management of the institution's human capital, which is essential for the optimal performance of its functions. To this end, in the context of the **modernisation of human resources management**, which began several years ago, the 2012 Plan includes two actions which complete objectives which began in 2011:
- Firstly, in 2012 (1) a priority objective will be to introduce the performance appraisal system for CNMV employees, which aims to make the appraisal of staff as objective as possible as regards different internal processes, such as a promotions to cover vacancies.
 - Secondly, in 2012 (IV) the CNMV will monitor and review the exercising of the telework option which began with a pilot programme in 2011 and which will be developed in 2012.

8. Finally, in 2012 (III) a priority objective of the plan is to move the CNMV's head office, dependent on the reform and refurbishment of the building being finalised on time. The move, which will be carried out ensuring that the normal functioning of the CNMV is not in any way hindered, will make it possible to join together all the units in Madrid into one single office. This unification will improve the CNMV's efficiency and will lead to a significant fall in the current expenses resulting from savings in rents and the savings from removing duplicate services in the two current locations (security, communications, courier bags, etc.).

Improvements in the functioning of the CNMV

TABLE 4

	Initiative	Schedule
CNMV's fee revenue structure	Review of the tax framework for the CNMV's fees	2012 (II)
Speeding up paperwork with the CNMV	Review of internal procedures	2012 (III)
Improvements in the CNMV's website	Launch of the CNMV's new website	2012 (II)
Technological improvements	Adaptation of the electronic receipt and dissemination systems of Annual Corporate Governance Reports and Remuneration Reports	2012 (I) ^c
	Improvements in the application of disciplinary proceedings	2012 (II)
	Design and introduction of the electronic fees prospectus	2012 (II)
	Strengthening the electronic notification platform for supervised entities	2012 (IV)
	Adaptation to the National Security Plan for electronic administration services	2012 (IV)
	Promoting the electronic sending of auditors' reports and annual financial reports of CIS and CIS management companies	2013 (I)
	Promoting the electronic sending of auditors' reports, annual financial reports and other annual reports of investment firms	2013 (I)
Advisory Committee	Review of the internal rules of the Advisory Committee	2012 (III) ^c
Improvements in the document management of the secretariats of the CNMV's committees	Improvements and computerisation of the document management of the secretariats of the CNMV's committees	2012 (I)
Modernisation of human resources management	Introduction of a performance appraisal system	2012 (I)
	Update of the telework programme	2012 (IV)
Head office of the CNMV	Move to the new head office	2012 (III) ^c

^c Conditional objectives, whose achievement does not depend solely on the CNMV.

4 CNMV budget

4.1 Budget forecast for 2012

This section details the budget forecast for 2012. At the time that this Plan of Activities is drafted, the CNMV is functioning in the framework of the forecasts of its extended 2011 budget in accordance with the provisions of Article 38 of the General Budget Act 47/2003, of 26 November. However, this section will break down the figures of the draft capital and operating budgets of the CNMV, approved by the CNMV Board on 28 July 2011 subject to its incorporation into the General Government Budget for 2012.

4.2 Operating budget

Expenditure for ordinary activities rises by 4.9% compared with the budget figures approved for 2011 as a result of, on the one hand, a 6.7% increase in the average workforce (leading to a rise in personnel expenses of 4%) and, on the other hand, the non-recurring expenses arising from the CNMV's move to its new head office in Edison 4 (a non-recurring increase of 10.7% under the heading of external services, excluding leases).

The revenue forecasts rise by 7.6%, with fee revenue rising by 5.2% and financial revenue rising by 183.3% as a consequence of the new management policy for financial assets approved in the middle of 2011. This new policy was adopted at the same time as the decision to acquire a head office/building for the CNMV, following which it has been possible to carry out more accurate forecasts of the CNMV's short- and medium-term finance needs. The forecast profit for 2012 is 2.5 million euros.

4.3 Capital expenditure

During the course of 2012, the CNMV will have to make significant investments in the building on Edison 4, consisting of, on the one hand, finalising the reform work provided in the contract with the seller of the building and, on the other hand, the project and works for installing the CNMV's different units in the new building.

Furthermore, the investments planned for 2012 in information and communication technology amount to 3.9 million euros, of which 2.4 million euros correspond to developing and acquiring computer software and 1.5 million euros for buying the equipment largely related to installation of the new head office.

Finally, the furniture and fittings heading contains 0.6 million euros as, although all the material existing in the CNMV's two current offices will be used, the greater space available and equipping the new areas will require new purchases.

Therefore, the total new investment for 2012 amounts to 12.2 million euros.

Similarly, the CNMV plans to maintain the financial investment policy established in the middle of 2011 whereby the long-term financial investments now stand at 30.1 million euros.

4.4 Funding

With a forecast profit of 2.5 million euros and depreciation and amortisation of 2.4 million euros, the forecast funds generated in the year available for investment are 4.9 million euros.

Accordingly, with regard to the forecast balance sheet for the end of 2011, the working capital is reduced by 12.7 million euros – by reducing the short-term financial investments, cash and short-term accounts receivable – by 61.3 million euros and short-term debt falls by 48.6 million euros (deferred payment forecast for delivery of building in Edison 4).

Expenditure on ordinary activities

TABLE 5

(million euros)	2011	2012	Absolute 2011-2012	% change
Personnel expenses	30	31.2	1.2	4.0
Depreciation and amortisation	1.8	2.4	0.6	33.3
Leases	5.4	4.8	-0.6	-11.1
Other external services	11.2	12.4	1.2	10.7
Subsidies and other expenses	0.4	0.4	0.0	0.0
Total expenditure	48.8	51.2	2.4	4.9

Revenue from ordinary activities

TABLE 6

(million euros)	2011	2012	Absolute 2011-2012	% change
Fee revenues	48.5	51	2.5	5.2
Other operating revenues	0.8	1	0.2	25.0
Financial revenues	0.6	1.7	1.1	183.3
Total revenue	49.9	53.7	3.8	7.6
Profit	1.1	2.5	1.4	127.3

Capital expenditure

TABLE 7

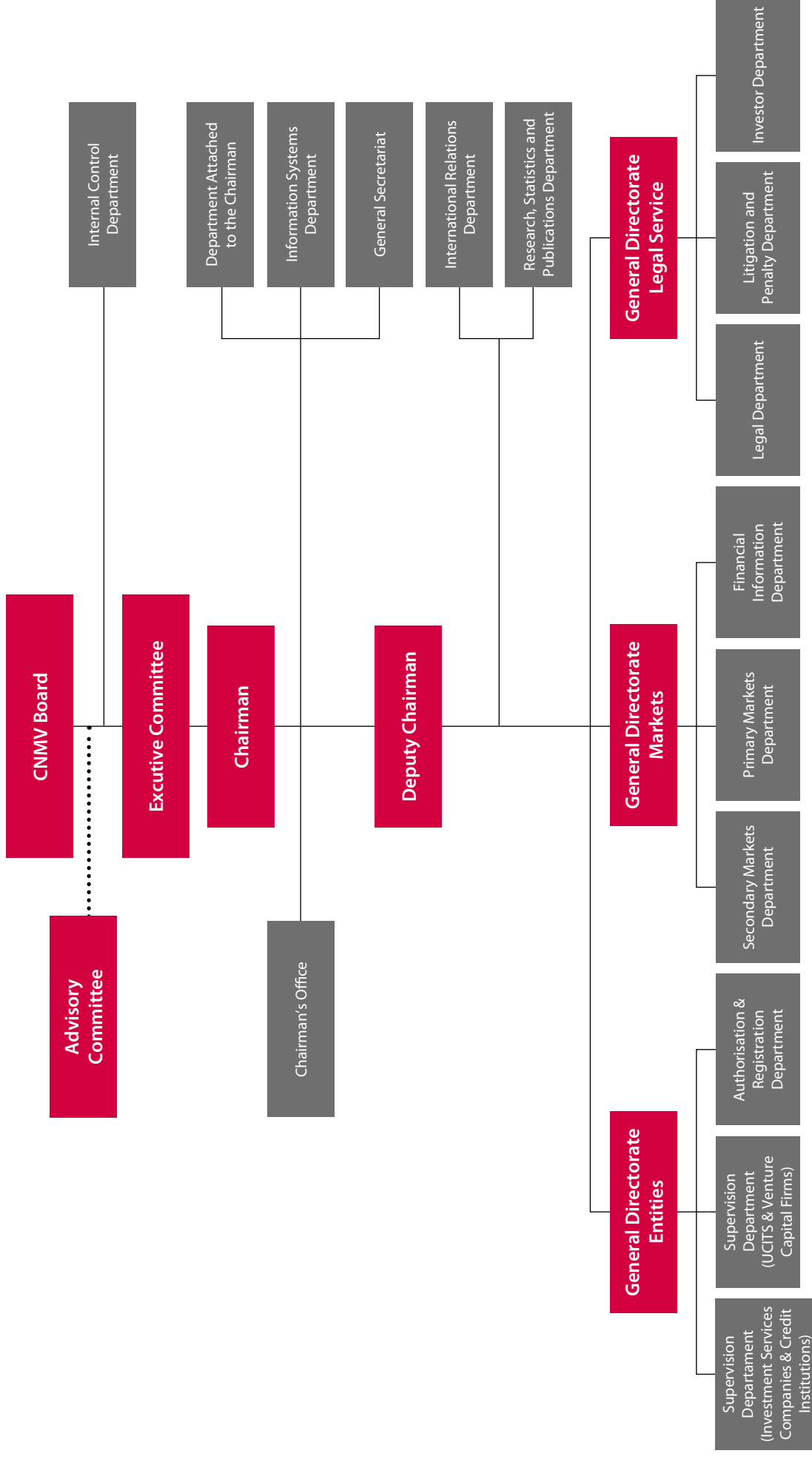
(million euros)	2011	2012	Absolute 2011-2012	% change
Land and structures	69	7.7	-61.3	-88.8
Information and communication technology	2	3.9	1.9	95.0
Furniture and other fittings	0.1	0.6	0.5	500.0
Total capital expenditure	71.1	12.2	-58.9	-82.8

Projected year-end balance sheet

TABLE 8

(million euros)	2011	2012	Absolute 2011-2012	% change
Assets				
Non-financial fixed assets	79.4	89.3	9.9	12.5
Financial fixed assets	24.7	30.1	5.4	21.9
Accounts receivable	7.7	7.6	-0.1	-1.3
Short-term financial investments and cash equivalents	84.1	22.9	-61.2	-72.8
Liabilities				
Total equity	142.5	145	2.5	1.8
Long-term provisions	1.3	1.4	0.1	7.7
Current liabilities	48.9	0	-48.9	-100.0
Trade and other payables	3.2	3.5	0.3	9.4
Total assets = Total liabilities	195.9	149.9	-46	-23.5

5 CNMV Organisational chart



6 Publications schedule

Publications schedule

TABLE 9

Publication	Description	Frequency	Next edition (*)
Annual Report of the CNMV regarding its actions and the securities markets	Responds to the CNMV's mandate under the Securities Market Act to publish an annual report describing its actions and the performance of the securities markets	Annual	May 2012
CNMV Bulletin	Contains articles analysing matters relating to the securities markets and their participants, international reports and regulatory analyses. Includes a CD-ROM with statistical data	Quarterly	April 2012
Report on securities markets and their agents: situation and outlook (**)	Contains an analysis of the situation in the securities markets and of listed companies, broker-dealers/brokers, and CIS	Half-yearly	April 2012
Report on CNMV supervision of 2011 financial statements	Strengthens the former Auditors' Reports by including information on CNMV supervision of issuers' annual financial statements	Annual	2012 (IV)
Corporate Governance Reports of issuers of securities listed on official secondary markets	Summarises the corporate governance practices of listed companies, other securities issuers and savings banks	Annual	2012 (IV)
Annual Report on Corporate Governance of the Ibex 35 companies	Analysis of the corporate governance report produced by the companies in the Ibex 35 index	Annual	2012 (III)
Report on complaints to the CNMV	Summarises the complaints made to the CNMV and sets out recommendations to investors and to companies providing investment services as a result of the complaints	Annual	2012 (II)
Working Papers Series (***)	Analysis of liquidity in CDS markets		2012 (I)
	Exchange traded funds (ETF)		2012 (I)
	Determining factors for investment decisions of Spanish households in securities markets		2012 (I) and (III)
	Competition and structure of the collective investment industry	No fixed schedule	2012 (II)
	Recent trends in business funding		2012 (II) and (III)
	Post-trade infrastructures in Europe: current situation and outlook		2012 (III)
	The effects of changes in the level of competition in market infrastructures		2012 (IV)
	Systemic risk and securities markets: methodological developments and empirical analysis		2012 (IV)

See www.cnmv.es

(*) The number in brackets indicates the quarter of publication.

(**) Published in the corresponding Quarterly Bulletin.

(***) The list is incomplete and the titles are working titles.

