

PUBLIC CONSULTATION FOR THE TECHNICAL GUIDE ON THE REINFORCEMENT OF CIS'S TRANSPARENCY WITH THE SPECIFIC PERFORMANCE OBJECTIVE AND OF FIXED INCOME CIS WITH A BUY-AND-HOLD STRATEGY

13 February 2023

The Spanish National Securities Market Commission (CNMV for its abbreviation in Spanish) submits to [public consultation a proposal for a Technical Guide on the reinforcement of CIS's transparency with the specific performance objective and of fixed income CIS with a buy-and-hold strategy](#).

Such regulation shall update the criteria set in the Technical Guide 1/2017 on the reinforcement of transparency of investment funds with the specific objective of long-term profitability applicable exclusively to those with a term exceeding three years. Five years after its publication, certain aspects are considered necessary to reinforce in order to standardise them with the market's best practices and extend their application to CIS with buy-and-hold strategies. The goal is to strengthen investors' protection and informed consent when purchasing such funds.

In 2022, 32 investment funds with buy-and-hold strategies and 41 with a specific performance objective were registered with the CNMV. This justifies the validity of the objectives pursued with the update, as certain criteria are being applied in the CNMV's registration practice to funds with buy-and-hold strategies that were launched during 2022, given the similarities of these CIS with those with a specific performance objective.

The main objectives of the technical guide are as follows:

- Establish criteria on the information provided to investors on the estimated return (in terms of APR) that can be reasonably expected on fixed income CISs with a buy-and-hold strategy, should investment be maintained until the maturity of the time horizon of the strategy, in order for the investor to have very important information to make an investment decision.
- Adjust certain criteria detailed in the Technical Guide 1/2017 to reflect the registration and supervisory experience acquired since its publication. Particularly, establish criteria on the warnings to give investors on the risk of not valuing part of their transactions during the marketing period, as well as on the effects of inflation on the nominal return of investments.
- Emphasize the warning on the cost of liquidity for it to be included in the prospectus of CIS that provide investors with less than twelve liquidity windows per year (possibility to refund without fees) instead of the four annual windows mentioned in the 2017 rule.
- Require that fixed income CIS with a buy-and-hold strategy also include the warnings on term risk and on the cost of the fund's liquidity.

The criteria of the new technical guide are set, in general, regardless of the duration of the strategy or the time horizon of the funds, instead of the three-year period mentioned in the Technical Guide 1/2017.

The public consultation shall remain open until **31 March 2023**.

Comments may be sent by email to dare@cnmv.es, through the CNMV's website or to the following postal address:

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All comments received will be published after the end of the public consultation period. If anyone does not wish their comments, either in full or in part, to be made public, they should expressly state so in their own reply and properly identify, where appropriate, which part they do not wish to be made public. For this purpose, generic confidentiality warnings included in emails will not be considered as an express statement that the comments submitted are not intended to be made available to the public.