



# CNMV

## Plan of Activities 2011









# CNMV Plan of Activities 2011

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# 1 Introduction

The 2011 Plan of Activities has been drafted in an economic context, both domestic and international, that is marked by the persisting effects of the financial crisis which commenced in 2007. While forecasts from the leading international agencies suggest a gradual, albeit moderate, recovery in growth, significant uncertainty persists, primarily due to turbulence in the euro area's sovereign debt markets.

The crisis has greatly intensified the global debate on financial regulation, which has already provided palpable results in several areas, due to the leadership provided by the G-20 and the technical work by the Financial Stability Board (FSB), the International Organization of Securities Commissions (IOSCO), and the European Commission. The Basel Committee's resolution to reinforce prudential regulation of financial entities was a milestone in regulatory reform.

Meanwhile, attention has focused increasingly on securities market regulation. If one conclusion can be drawn from the crisis, it is that the securities markets play a vital role in preserving financial stability. Unlike a few years ago, it is now widely accepted that existing regulations need to be fine-tuned in order to increase transparency in the securities markets and, consequently, strengthen participants' trust in the system. There is also widespread consensus that there is an urgent need to enhance the rules of conduct to prevent conflicts of interest between the different agents involved in financial activity, and that self-regulation can only go so far.

The restructuring of financial institutions and the new prudential regulations applied to them underscore the leading role of the securities markets as an alternative to traditional bank credit for financing business. Accordingly, it is advisable to improve the rules on market operation so as to enhance the markets' appeal to investors and issuers and, thus, strengthen their role in channelling savings towards industry.

Several regulatory modifications have been approved or are in the process of being approved by the European Union, the goal being to remedy the flaws observed in the securities markets during the crisis. These include commencement of a review of the MiFID to reform the rules on market transparency and enhance codes of conduct in investment services. At the same time, progress is being made in the implementation of new regulatory requirements in areas such as OTC markets (particularly derivatives), post-trading infrastructure, hedge funds, and credit rating agencies.

The European Union's financial supervision architecture has been reformed, which will contribute to greater convergence among regulations and supervisory practices and improve the ability to effectively prevent and manage crises. As of 1 January 2011, a new EU regulation establishing three new supervisory authorities came into

force: the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), and the European Securities and Markets Authority (ESMA). Unlike the three committees which they replace, these new bodies are empowered to adopt binding decisions and mediate in conflicts between domestic supervisors. The ESMA will have direct powers to authorise and supervise the credit rating agencies established in the European Union. The reforms include the creation of the European Systemic Risk Board (ERSB), which will identify potential risk factors affecting the system's stability and make recommendations to national and EU authorities.

This is backdrop against which the CNMV presents its 2011 Plan of Activities, continuing with a practice first adopted in 2007. The Plan, which was presented beforehand to the CNMV's Consultative Committee, has three main objectives: to improve the institution's efficiency, to increase transparency and accountability, and to favour the exchange of information between the market, investors and supervised entities.

The actions detailed in the Plan respond to the strategic lines identified in the scope of powers that the Securities Market Act attributes to the CNMV as the body responsible for monitoring and inspecting Spain's securities markets and the activity of their participants. Issues considered in defining the objectives include the EU and national regulatory reforms under way, experience acquired as a supervisory body, and the increase in activity of international entities and fora in which the CNMV participates. A significant part of this year's activity seeks to provide continuity to previous years' initiatives, such as the project to reform the system for clearing, settlement and registry of securities in Spain, the Financial Education Plan (PEF, *Plan de Educación Financiera*) under an agreement with the Bank of Spain and the Directorate-General of Insurance and Pension Funds, and the modernisation of the CNMV's internal organisation and its procedures for communication with market participants and the public in general.

As in previous years, the Plan reflects only a small part of the CNMV's work, since it includes only those objectives that are timely, novel, or of importance to the public. Therefore, the Plan does not include the bulk of the CNMV's day-to-day work, such as authorisation, registration and supervision of entities, or tasks related to market supervision, transaction registration and oversight of regulated disclosures. Likewise, it makes no reference to other areas such as disciplinary action or investor queries and complaints.

The Plan is articulated around four areas of action: i) detailed rule-making in the CNMV's areas of competency, ii) enhancing market efficiency and transparency, iii) encouraging investor education and protection, and iv) improving the internal functioning of the CNMV with a view to advancing its efficiency. The CNMV's main action plans for 2011 are detailed below.

Firstly, **in the sphere of regulation**, following an intense process of rule-making in recent years, the CNMV will focus on cooperating with the Directorate-General of Insurance and Pension Funds to implement EU regulations in Spain, in line with the CNMV's role as an advisor to the government. These include the transposition of directives which have been approved or whose approval is envisioned within the

Plan's execution horizon, and the necessary adjustments following approval of the regulation governing supervision in Europe.

The CNMV will draw on its supervisory experience to propose adjustments in Spain's regulatory framework to the Government. Areas affected by the proposed modifications include takeover bids and equities clearing, settlement and registry, in accordance with the reform project that commenced in 2010. New CNMV circulars are expected to be approved in areas including corporate governance at listed companies, savings banks, and UCITS.

Secondly, in the chapter on **improvements in market functioning**, priority areas continue to be supervision of marketing practices for financial instruments and monitoring trading in the markets. The CNMV will continue to pay close attention to marketing of sophisticated products issued by credit institutions and sold to retail investors. In line with the recommendations published by the CNMV in recent months, the following areas will be reviewed: information supplied to investors, entities' mechanisms for matching trades between clients, and the procedures established to provide liquidity for securities. The current market monitoring systems will be improved by optimising the use of information available through the normal transaction reporting system.

Work will also begin on a detailed analysis of issues which prevent companies - especially small- and medium-sized ones - from accessing the securities markets, as well as a review of the technical criteria for exclusions from trading. The CNMV will work with the ESMA on registration and supervision of credit rating agencies.

Thirdly, in the area of **transparency and disclosure**, and in line with actions taken in recent years, the CNMV will continue to place a special emphasis on improving disclosure as the primary tool for restoring trust. The CNMV will publish guides and criteria for supervised entities and investors and it will organise seminars on a wide range of topics related to regulation and the securities markets in general.

Another priority area for the CNMV is **education and services for retail investors**. In this vein, the Financial Education Plan, a joint initiative with the Bank of Spain and the Directorate-General of Insurance and Pension Funds, will continue to be implemented. Specifically, the Plan will culminate with the introduction of financial training into the national education system once the pilot project is completed; additionally, the scope will be expanded and work will be done to raise awareness of achievement to date. The CNMV will evaluate and review the Financial Education Plan with a view to establishing a continuity programme for the next four years.

Finally, the CNMV will continue to work towards **improving its own efficiency and functioning**. In 2011, the Commission will adapt its resources to its new supervisory requirements deriving from the EU regulatory reform. An additional priority is to expedite CNMV processes and paperwork and to increase use of CIFRADO as well as to computerise processes arising from recent regulations.



## 2 Review of the 2010 Plan of Activities

The CNMV's 2010 Plan of Activities set out 82 objectives for completing the lines of action envisioned for the year as a whole. In view of the date on which this document was drafted, the nine goals set out for the period 2011 (I)<sup>1</sup> will not be included for the purposes of reviewing their degree of attainment; therefore, the total number of goals to review is 73.

Through December 2010, the CNMV had attained 75% of the goals set out in the Plan of Activities for 2010. Specifically, of the 55 goals attained, 44 (i.e. 60%) were achieved within the Plan's period of execution; the remaining 11 were completed during the evaluation period. Excluding those whose completion does not depend solely on the CNMV, just 5 objectives (i.e. 7%) were not achieved in the terms set out in the Plan for reasons which are wholly attributable to the CNMV. Thus, the degree of attainment of the 2010 Plan is on par with that of previous years.

Below is a detailed account of the achievement of the goals set for 2010, according to the sections into which the Plan is divided: regulatory implementation, efficient and transparent markets, investor education and protection, and improvements in the functioning of the CNMV.

With regard to regulatory implementation, most of the circulars envisioned for 2010 were published in the year, thereby culminating the intense regulatory process of the last two years. The CNMV also worked hard to promote regulatory modifications which are of great importance for the Spanish market. For example, the proposal to adapt Spanish regulations to the CESR agreements on short selling and the report on the reform of the securities clearing, settlement and registry system, which is in public consultation until the end of February.

Regulatory implementations which were not completed in 2010 have been carried over to the 2011 Plan, taking into account the date upon which the CNMV is expected to have the necessary mandate. Specifically, the three circulars that were not published with regard to entities that provide investment services and mutual funds, were: the Circular on the internal code of conduct of entities which provide investment services, the Circular on regulatory disclosures to the CNMV, and the Circular on determining coefficients, assets, equity rules and public disclosures by venture capital firms.

As regards issuers, although the CNMV organised a public consultation to update the Unified Good Governance Code of Listed Companies, the review could not be

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1 Of the nine objectives envisioned for 2011 (I), four correspond to goals from previous quarters which have been put back.

published as it was pending approval of the Sustainable Economy Act, under which some of the current recommendations in the Unified Code will become legal obligations. Additionally, the update to Circular 4/2007 on the Annual Corporate Governance Report form had to be postponed; this goal was included in this Plan.

A large proportion (83%) of objectives under the heading supervision and improvement of transparency were attained. In 2010, the CNMV intensified supervision of certain aspects of investment services and worked to enhance transparency of issuers' periodic public disclosures; it also published guides and criteria in response to questions posed by the supervised sectors.

Of the 23 goals covered in the review, 19 were completed: 17 (i.e. 79%) during the envisioned period and just two with a delay, attributable to third parties.

Three of the four goals that were not attained were conditional upon factors outside the CNMV's control. For example, the lack of questions from stakeholders in connection with financial advisory firms led to the cancellation of the related FAQ. Also, the scheduled seminar on credit rating agencies was postponed to 2011 due to the European Commission's publication of a review of the current Regulation in this area.

As regards actions expressly related to protection of retail investors, milestones were reached with the Financial Education Plan (a joint initiative with the Bank of Spain and the Directorate-General for Insurance and Pension Funds), such as the launch of the Financial Education Portal and the introduction of financial training into the national education curriculum. Some of the goals were redesigned, including those included in the investor education plan, such as the project to create a "CNMV Classroom" on the investor web site, which will have more extensive and ambitious content. Of the 16 actions envisioned, ten have been completed (63%), almost all of them during the planned period. All objectives related to improvements in disclosure to retail investors were achieved in the scheduled period.

Among the objectives that could not be completed are measures aimed at increasing the distribution of financial information via different media, where considerable preparatory work has been completed and the Commission is awaiting decisions from third parties. Other objectives have been redefined. For example, in-person courses for certain groups will be redesigned based on feedback.

Finally, significant progress was made towards improving the functioning of the CNMV. Specifically, of the 19 objectives envisioned for 2010, 15 (79%) were completed, all but one in the scheduled period. Among those that are pending is the modernisation of the CNMV's web site which, following the project in 2010, is included as a priority in this year's plan.

In total, the degree of attainment of the goals in the 2010 Plan was satisfactory, especially considering the intense supervisory activity in areas such as investment services, financial disclosure by listed companies, and securities issuers' compliance with transparency rules, as well as the increased number of queries and complaints and international activity, attributable to the extensive regulatory agenda at European and global level.

## 3 Plan of Activities 2011

### 3.1 Regulatory implementation

The reform of European financial regulation that began after the financial crisis will broadly shape the CNMV's activity in 2011. The CNMV will intensify cooperation with the Government on the transposition of European regulations into Spanish law, and also propose reforms in areas such as trading in own securities (announced in the 2010 Plan of Activities), regulation of takeovers (albeit limited), and Spain's securities clearing, settlement and registry system. As regards issuers, the rules and recommendations for corporate governance at listed companies will be updated. With a view to amending Spanish law for the transposition of the UCITS IV Directive, the CNMV will propose reforms to enhance the sector's competitiveness and the efficiency of administrative intervention. Regulatory implementation which requires the publication of circulars that will affect investment firms and other entities that provide investment services, as well as UCITS and venture capital firms, will be completed.

#### Investment firms and other entities that 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 2011.

As part of the implementation of Royal Decree 217/2008 on investment firms and entities providing investment services, the CNMV plans to publish four circulars.

A CNMV priority for 2011 (I) is the publication of the Circular on fees, contracts and client protection (which will replace Circular 1/1996), already announced in the 2010 Plan. The other three circulars (two new ones and one update) are planned for 2011 (IV), and are conditional upon receiving the necessary government mandate by Ministerial Order.

The first circular, on rules of action in the provision of investment services, will essentially cover questions related to suitability and advisability, the provision of investment advice, and incentive policies. The second circular will regulate the disclosure of investment firms' registration information to the CNMV, updating existing obligations regarding the disclosure of registration data (related 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. The CNMV envisions changes to Circular 1/1998 on internal control of investment firms, the goal being to adapt it to the provisions on internal control in Royal Decree

217/2008, which establishes among its organisation requirements an internal control structure that includes regulatory compliance, risk management, and internal audits, with which Circular 1/1998 was not fully aligned (as it pre-dated the MiFID).

As regards Royal Decree 216/2008 on the equity of financial institutions, the regulation on solvency will be updated in accordance with agreements reached at international and European level. That update will be performed in several phases. In the first phase, and as announced in the 2010 Plan, Circular 12/2008 will be updated to complete the transposition of new directives 2009/27/EC and 2009/83/EC on risk management.<sup>2</sup> This is a top priority for the CNMV and will be completed in 2011 (I).

In a second phase, and conditional upon approval of the higher-ranking legislation, the CNMV expects to make additional adjustments to the Solvency Circular to include amendments arising from both the EU regulation (transposition of Directive 2009/111 and the new Directive 2010/76 on remuneration policies, re-securitisations and trading books) and from the higher-level Spanish regulation that affects the capital requirements of investment firms (investment coefficients bill). Updating is expected to be completed in 2011 (IV).

### UCITS

In 2011 (I), in compliance with the 2010 Plan, Circular 1/2009 on investment categories (already released for public consultation by the CNMV) will be amended to include agreements reached by the former Committee of European Securities Regulators (CESR), now the new European Securities and Markets Authorities (ESMA), with a view to establishing a common Europe-wide definition of money market funds. This change arose due to liquidity problems experienced by some European money market funds when the crisis began. The goal is to improve investor protection by establishing a clear, common definition for these products and the type of assets in which they invest.

The entry into force of the UCITS IV Directive (Directive 2009/65/EC) will also require changes. A CNMV priority for 2011 (II) is to amend Circular 3/2006 on the prospectuses that UCITS must submit to the CNMV, once the Directive is transposed.

Subject to obtainment of the appropriate mandates, in 2011 (III) the CNMV will also update Circular 4/2008 on periodic public disclosures from UCITS to adapt it to the requirements in the Key Investor Information Document (KIID), the new harmonised 2-page document introduced by the UCITS IV Directive in place of the simplified prospectus, which seeks to provide investors with essential information for making investment decisions, presented in a succinct, concise and clear way.

### Venture capital firms

In 2011 (III), the CNMV plans to publish a Circular on determining the coefficients, assets, own funds, and public disclosures by venture capital firms. This

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2 Which amend Directives 2006/48 and 2006/49



goal, originally planned for 2010 (IV), is conditional upon receiving the necessary mandate.

### **Corporate governance of listed companies and savings banks**

In 2011, the CNMV will continue the work it began last year to improve the rules and recommendations for corporate governance at issuers.

In early 2010, the CNMV released a public consultation to update the Unified Good Governance Code of Listed Companies and to adapt it to the new measures proposed in the European Commission Recommendation of 30 April 2009 on the remuneration of directors of listed companies. The Sustainable Economy Bill includes new regulatory features in terms of transparency with respect to director remuneration policy and the classification of directors. Since that bill is expected to be approved into law in the coming months, one of the CNMV's priorities is to update related rules and procedures.

To that end, an updated version of the Unified Good Governance Code of Listed Companies will be published. Also in that quarter, the CNMV plans to amend Circular 1/2004 and Circular 4/2007 on the Annual Corporate Governance Report form for listed companies and other issuers of listed securities.

After obtaining the necessary mandate, a circular will be published on the standard form for the annual report on director remuneration at listed corporations, savings banks, and other issuers of listed securities, which the above will be required to submit once the Sustainable Economy Act enters into force.

Title IV of Royal Decree-Law 11/2010, of 9 July, on governing bodies and other legal aspects of savings banks, establishes new transparency obligations affecting the content of the annual corporate governance reports that savings banks must publish. This will require updating Circular 2/2005 on the Annual Corporate Governance Report form for savings banks so as to include the new content set out in the Royal Decree-Law.

### **Implementation of Order EHA/3064/2008 on disclosure requirements for market governing entities and operators**

In view of events in the last two years, the CNMV considers it necessary to update the rules on disclosure of statistical data submitted to the supervisor by market governing entities and operators. To that end, in 2011 (II) it will update Circular 9/2008 on financial statements and confidential financial and statistical information of governing bodies of secondary markets, multilateral trading facilities, and market operators.

### **Proposed regulatory amendments**

In line with previous years, and in compliance with its advisory role, the CNMV will propose to the Government certain regulatory amendments arising from its super-

visory activity with a view to improving market functioning and promoting greater investor protection. It will also collaborate with the Directorate-General of the Treasury and Finance Policy in transposing the EU regulations that affect matters within the CNMV's scope.

In view of amendments to the Securities Market Act currently under way, the CNMV has set two goals for 2011 (I). Firstly, it will work on a limited reform of the Securities Market Act to evaluate possible changes so as to include the functions that the CNMV must undertake as a result of the new European supervision architecture (ESMA and ESRB), and functions of cooperation with the new European authorities. Secondly, it will propose a partial amendment of the Securities Market Act to expand the range of parties required to cooperate with the CNMV, in line with the provisions of the General Taxation Law.

During the first half of 2011, the CNMV will cooperate with and advise the Directorate-General of the Treasury and Finance Policy in transposing new European regulations into Spanish law.

One of the Commission's priorities is to collaborate on defining the necessary amendments to the UCITS regulation to complete the transposition of UCITS IV (Directive 2009/65/EC), and the Level 2 regulation setting out the technical rules under that Directive. Transposition of the European Directive, which will enter into force on 1 July 2011, will amend Law 35/2003 on UCITS and Royal Decree 1309/2005, and will regulate aspects such as the granting of a European passport to UCITS operators, the prevention and management of conflicts of interest and risks, disclosure to investors, the role of depositories, UCITS mergers, etc.<sup>3</sup> The CNMV will aim to take advantage of the review to include additional improvements, such as allowing for the use of omnibus accounts for Spanish mutual fund marketing, achieving greater efficiency in administrative intervention in certain UCITS, and establishing a standard marketing regime for all intermediaries.

Another CNMV priority will be its advisory function, as required in the implementation of Royal Decree 217/2008, on certain details of rules of conduct applicable to investment firms and entities which provide investment services (and for which the CNMV should be granted the necessary mandate for subsequent implementation via a Circular).

The CNMV will also implement the project on transactions with own shares that was set out in the 2010 plan. Specifically, it will analyse the use of transactions with own shares in the Spanish market, with a view to limiting discretionary actions that might impair price discovery. As the Commission announced last year, such an analysis could lead to a push for initiatives to confine transactions with own shares to liquidity contracts and methods envisioned in Regulation 2273/2003/EC, with regard to buyback and stabilisation programmes.

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3 For more information on the main new features, consult the article by María de los Ángeles Martínez Blasco and Mauro Racanati entitled "The UCITS IV Directive" in the CNMV's Quarterly Bulletin for the second quarter of 2010 (pp. 85-100, [www.cnmv.es](http://www.cnmv.es)).

The reform of Spain's clearing, settlement and registry system, which commenced in 2010, is another priority for the CNMV in 2011. In 2011 (II), upon completion of the public consultation started in 2011 (I), the CNMV will present a specific proposal for revision of the regulation to the Ministry of Economy and Finance, which will set out the reform based on three main lines: i) a shift in finality to the time of settlement of transactions, ii) establishment of a central counterparty, and iii) replacement of the current process of tracking ownership using registry references with a system for overseeing account-keeping and securities balances at authorised entities.<sup>4</sup>

In the event that the Sustainable Economy Act is approved, the CNMV will propose an amendment of Order EHA/3064/2008 on powers to collect information from the markets and clearing, settlement and registry systems. This proposal, which was included in the 2010 Plan, seeks to update the requirements for disclosure by market governing bodies of the markets and operators to the CNMV for standard supervision. Following the amendment of the Ministerial Order, it will be necessary to adapt the Circular which implements various technical aspects.

In 2011 (III), the CNMV expects to work more closely with the Directorate-General of the Treasury and Finance Policy to transpose the revised Prospectus Directive, which was agreed at EU level (and published in the Official Journal of the European Union, 11 December 2010). The transposition will require amendments to the Securities Market Act and Royal Decree 1310/2005, on the admission to listing of securities on official secondary markets, public offerings and the prospectus required for such purposes. This will be a top priority for the CNMV.

Drawing on its supervisory experience in takeover bids in recent years and with a view to clarifying certain questions about interpretation, in 2011 (IV) the CNMV will propose to the Directorate-General of the Treasury and Finance Policy a limited review of some aspects of the regulation on takeover bids.

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<sup>4</sup> For more information, see [www.cnmv.es](http://www.cnmv.es).

## Rule-making by the CNMV

TABLE 1

Regulation	Initiative	Schedule (*)
<b>Royal Decree 217/2008 on investment firms and entities providing investment services</b>	Circular on fees, contracts and protection of clients	2011 (I)
	Circular on the rules of action in the provision of investment services	2011 (IV) <sup>c</sup>
	Amendment to Circular 1/1998 on internal control of investment firms	2011 (IV) <sup>c</sup>
	Circular on disclosure of investment firms' registry data to the CNMV	2011 (IV) <sup>c</sup>
<b>Royal Decree 216/2008 on the equity of financial institutions</b>	Amendment to Circular 12/2008 on solvency of investment firms	2011 (IV) <sup>c</sup>
<b>UCITS Regulation</b>	Amendment to Circular 1/2009 on investment categories	2011 (I)
	Amendment to Circular 3/2006 on UCITS prospectuses	2011 (III) <sup>c</sup>
	Amendment to Circular 4/2008 on periodic public disclosures from UCITS	2011 (III) <sup>c</sup>
<b>Law 25/2005 on venture capital firms</b>	Circular on determining coefficients, assets, equity rules and public disclosures by venture capital firms	2011 (III) <sup>c</sup>
<b>Corporate governance of listed companies and savings banks</b>	Publication of the updated Unified Good Governance Code of Listed Companies	2011 (III) <sup>c</sup>
	Update Circulars 1/2004 and 4/2007 on the Annual Corporate Governance Report form for listed companies and other issuers of listed securities	2011 (III) <sup>c</sup>
	Circular on the form for the Director Remuneration Report of listed corporations, savings banks, and other issuers of listed securities	2011 (III) <sup>c</sup>
	Update Circular 2/2005 on the Annual Corporate Governance Report form for savings banks	2011 (III) <sup>c</sup>
<b>Ministerial Order 3064/2008 implementing article 84 of the Securities Market Act</b>	Update Circular 9/2008 on financial statements and confidential financial and statistical information of secondary market governing bodies and operators, and multilateral trading facilities	2011 (II)
<b>Proposals to the Ministry of Economy and Finance for amendments to regulations</b>	Update certain aspects of the Securities Market Act	2011 (I) <sup>c</sup>
	Partial amendment of article 85 of the Securities Market Act	2011 (I) <sup>c</sup>
	Review Act 35/2003 and Royal Decree 1309/2005 on UCITS	2011 (II) <sup>c</sup>
	Rules of conduct under Royal Decree 217/2008 for investment firms and entities that provide investment services	2011 (III) <sup>c</sup>
	Review transactions with own shares	2011 (II) <sup>c</sup>
	Reform Spain's securities clearing, settlement and registry system	2011 (II) <sup>c</sup>
	Update the Ministerial Order and Circular on the powers to collect information from the markets and clearing, settlement and registry systems	2011 (II) <sup>c</sup>
	Advise on the transposition of the revised Prospectus Directive	2011 (III) <sup>c</sup>
	Propose revision of the regulation on takeovers	2011 (IV) <sup>c</sup>

(\*) Deadline for fulfilling the commitment.

<sup>c</sup> Conditional objectives, whose completion does not depend solely on the CNMV.

### a. Supervision of securities markets and their participants

Below are detailed some specific actions by the CNMV in the area of supervision, which form part of the 2011 Plan of Activities either because they are new or because are particularly relevant within the CNMV's annual supervision programme.

#### 1 Provision of investment services

In June 2010, the CNMV issued a communiqué updating the requirements for vetting issues of fixed-income and hybrid instruments aimed at retail investors. In the communiqué, the CNMV established guidelines whose aim is to enhance protection of investors in products which require particular oversight because of their characteristics and the market situation. Continuing with the efforts in this field, the CNMV considers it a priority to review, in 2011 (III), the matching in the second quarter of 2011 of trades in hybrid products between customers by institutions that provide this service. The purpose of this review will be to ascertain the degree to which the CNMV's guidelines are being followed and to detect malpractice in post-issue marketing.

#### 2 Corporate governance of UCITS operators

As advanced in the 2010 Plan, and with priority in 2011 (I), the CNMV will conduct a horizontal review of the degree to which UCITS operators (SGIIC) conform to the structure indicated in Circular 6/2009 on internal control.

#### 3 Mutual funds: index funds and tracking funds

Circular 6/2008 set out the requirements for UCITS that replicate or track an index in connection with the maximum tracking error with respect to the reference index. In 2011 (III), the CNMV will review these funds' actual tracking errors with respect to their stated maximum error.

#### 4 Depositories

During 2011 (II), the CNMV plans a specific review of the supervisory and oversight function at depositories, using the confidential information envisaged in CNMV Circular 3/2009.

#### 5 Rating agencies

Regulation (EC) no. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, published in November 2009, established a system of registration and supervision of credit rating agencies by the competent authority of the individual Member States. In June 2010, the European Commission presented a proposal to amend the Regulation approved at the end of 2010 under which the functions of authorising and supervising credit rating agencies would be transferred to ESMA effective 1 July 2011. Additionally, a transition period was es-

tablished under which applications for registration of credit rating agencies filed before 7 September 2010 remain the competency of the national authorities.

To that end, the CNMV plans to register such agencies in the first half of 2011, and it will also supervise agencies registered up to 1 July 2011, after which this function will pass to the ESMA. The CNMV will also cooperate with the ESMA to implement a system of registration and supervision for CRAs and, on 1 July 2011, it will transfer to ESMA the documentation and information which it has on file with respect to the registration and supervision of CRAs.

## **6 Securities markets**

One of the CNMV's essential functions is detecting market abuse. In this sphere, the Commission's plans for 2011 include continuing with the work that commenced in 2010 to enhance the use of software tools to optimise day-to-day supervision of financial market operations. Specifically, a priority for 2011 (I) will be the signature of a contract outsourcing the development of an advanced system for monitoring the secondary markets (SAMMS). That system's purpose is to assist in detecting price manipulation and insider trading.

Additionally, a working group will be created to analyse the application of the criteria for exclusions from trading for technical reasons (dissemination, frequency or volume of trading, etc.) as provided in article 34.1 and 34.3 of the Securities Market Act. That group will define any necessary protocols for action in cases where there is no takeover bid prior to exclusion in order to ensure that all investors are treated uniformly and thus guarantee the protection of minority shareholders' interests.

Moreover, the 2011 Plan of Activities envisages a process of reflection about the scope for allowing small and medium-sized enterprises to gain access to funding via the securities markets. The objective is to identify the obstacles preventing such enterprises from participating in the markets and to propose steps to overcome them.

### **b. Enhancing transparency and disclosure**

At times of uncertainty, and in line with the practice in recent years, it is essential to improve transparency and disclosure in order to maintain investor confidence and keep the markets running smoothly. To this end, the CNMV will continue to publish guides and guidelines, it will improve the distribution of financial and statistical information, and it will promote public seminars, among other steps.

#### **1 Publish the CNMV's criteria and recommendations**

The CNMV publishes its criteria and recommendations for the information of supervised entities and investors in order to facilitate compliance with the regulations, improve communication and foster good practices in the market.

In 2011 (I), it plans to publish its position on vetting securitisation transactions. This goal, announced in the 2010 Plan, was postponed in order to make it possible to include the developments in transactions registered in recent months.

Secondly, the CNMV plans to publish three guides relating to listed companies and securities issuers:

- In 2011 (II), the CNMV will work with the three professional associations of auditors (*Consejo General de Colegios de Economistas, Consejo Superior de Colegios de Titulares Mercantiles and Instituto de Censores Jurados de Cuentas*) to draw up a guide for limited reviews and special auditors' reports relating to a company's internal control systems in relation to the financial reporting process (ICFR). Listed companies are not obliged to commission or publish an ICFR disclosure; accordingly, the guide will apply where companies decide voluntarily to commission such a report.
- A guide will also be published with recommendations on the content of the quarterly financial information published by companies in addition to the interim management statements. To that end, a public consultation on the detailed recommendations in 2011 (IV) is planned.
- Also in 2011 (IV), the CNMV will publish a guide on the general criteria to be used in drawing up proforma financial statements for publication in prospectuses in connection with listings and other corporate transactions (mergers, acquisitions, etc.).

Thirdly, in 2011 (IV) the CNMV will review and expand the existing guide on daily disclosure of trades in financial instruments (trading report). If necessary, it is planned to hold a public seminar to publicise the changes.

Finally, the FAQ with regard to the regulations on UCITS (i.e. the UCITS Act and Royal Decree, and the implementing circulars) will be updated to include the changes arising from the amendment to the Royal Decree on UCITS that took place in 2010 and the approval of the UCITS IV Directive. The process is expected to be completed in 2012 (I).

## 2 Disclosure and public seminars

In 2011 (I), the system for disseminating information from issuers, which professionals subscribed to the CNMV's service receive on-line, will be improved. For this purpose, the existing system will be updated to offer information in real time, particularly that which is most in demand: periodic public disclosures and regulatory disclosures.

During 2011, the CNMV will allocate resources to holding seminars with the aim of increasing knowledge and promoting reflection on the main current issues in the securities markets:

- In 2011 (I), the CNMV will commence a series of seminars on financial economics with a view to promoting research into the securities markets. These seminars will be organised in cooperation with prestigious academic institutions.
- In response to the interest aroused by the first seminars on communication of suspicious transactions, the CNMV will organise another on this subject in

2011 (II). This event will provide the industry with information about progress with reporting of suspicious transactions, enable participants to exchange impressions about observed good and bad practices, and foster good practices and reporting to the CNMV.

- In the area of credit rating agencies, as announced in 2010, there are plans for a joint seminar with the Bank of Spain aimed at Spanish professional investors. The amendment to the European Regulation on credit *rating* agencies made it necessary to postpone the seminar to 2011 (II); the seminar's main goal is to familiarise the Spanish market with the European regulations, which regulate credit rating agencies for the first time, and to explain the new supervision structure for these agencies, which will revolve around the ESMA.
- Finally, towards the end of the year, the CNMV will hold an international conference on financial economics and the securities market which will address key issues in the current international regulatory debate. Conference participants will include prestigious academics and representatives of the financial sector and government. It is expected that the event will serve as a forum for discussion and will foster research into the securities markets.

### 3 Statistics

The CNMV considers that the statistics which it publishes on mutual funds need to be improved. Therefore, a goal for 2011 (III) is the production of a standardised UCITS disclosure product for public distribution on request. The standardised protocol will include public information that is additional to that contained in the statistics that are published at present.

#### c. Improving risk prevention and management

The CNMV continues to devote particular attention to all facets of risk prevention and management.

In connection with investment firms, it has two fundamental objectives:

- Based on its supervisory experience, in 2011 (II) it will analyse the need to modify the treatment of cash balances by investment firms. This analysis may lead to a proposal to amend the regulations.
- The CNMV will also draw up a preliminary design of the risk map for investment firms for the purposes of supervising their codes of conduct. This work will be performed in 2011 (IV) and may be based on the new confidential disclosures that the CNMV will begin to receive in 2011 (II). The risk map is expected to be fully implemented in 2012.

Also, the work performed in previous years to improve management of the CNMV's own operational and organisational risks will continue. The project will commence in 2011 (III).



## Towards more efficient, transparent markets

TABLE 2

	Initiative	Schedule
<b>a) Supervision of the securities markets and participants</b>		
<b>Provision of investment services</b>	Horizontal review of mechanisms for matching trades between customers holding preference shares	2011 (III)
<b>UCITS operators: corporate governance</b>	Horizontal review of UCITS operators' organisational structure	2011 (I)
<b>Mutual funds: index and tracking funds</b>	Oversight of deviations by these funds from the maximum tracking error under Circular 6/2008	2011 (III)
<b>Depositories</b>	Horizontal review of depositories' supervisory and oversight function	2011 (II)
<b>Rating agencies</b>	Registration of rating agencies	2011 (II)
	Cooperation with the ESMA with regard to the competencies for registration and supervision of rating agencies	2011 (IV) <sup>c</sup>
<b>Supervision of the securities markets</b>	Outsourcing of development of the Advanced System for Monitoring the Secondary Markets (SAMMS)	2011 (I)
	Study of the criteria for exclusions from trading	2011 (IV)
	Study of potential improvements to promote market access by SMEs	2011 (IV)
<b>b) Enhance transparency and disclosure</b>		
<b>Publish the CNMV's criteria and recommendations</b>	Criteria in processing securitisation transactions	2011 (I)
	Guide on audit work with respect to the internal control on financial reporting (ICFR)	2011 (III) <sup>c</sup>
	Guide with recommendations on the content of the quarterly financial disclosures by securities issuers in addition to the interim management statements	2011 (IV)
	Guide for drawing up proforma financial statements	2011 (IV)
	Update of the Guide for disclosing transactions (trading report) and an explanatory seminar	2011 (IV)
	Replies to the public consultation on the UCITS Regulation and UCITS Circulars	2012 (I)
<b>Disclosure and public seminars</b>	Improving on-line information dissemination to professionals	2011 (I)
	Seminars on financial economics in cooperation with prestigious institutions	Begin 2011 (I) <sup>c</sup>
	II Seminar on reporting suspicious transactions	2011 (II)
	Seminar on rating agencies	2011 (III) <sup>c</sup>
	International conference on financial economics and the securities markets	2011 (IV)
<b>Statistics</b>	Improve dissemination of UCITS data	2011 (III)
<b>c) Improvements in risk prevention and management</b>		
<b>Scope of entities providing investment services</b>	Analysis of the need to modify the treatment of cash balances by investment firms	2011 (II)
	Design of a risk map for entities providing investment services	2011 (IV)
<b>Scope of the CNMV</b>	Improvement management of operational and organisational risks	Begin 2011 (III)

<sup>c</sup> Conditional objectives, whose achievement does not depend solely on the CNMV.

### 3.3 Investor education and protection

Investor protection is one of the duties entrusted to the CNMV under the Securities Market Act, and the Commission discharges it as part of its function of supervising and inspecting the securities markets. This section details specific objectives to which the CNMV will devote particular attention in 2011 in the area of investor protection (particularly retail investors), without prejudice to its general duties referred to above.

#### a. Financial Education Plan

In the scope of the Financial Education Plan, the CNMV will promote the inclusion of financial training in the national education system and improve dissemination of work already performed in this area. Efforts will also be devoted to evaluating and reviewing the Plan in terms of setting out a continuity programme for the next four years.

These initiatives are being conducted jointly with the Bank of Spain and the Directorate-General of Insurance and Pension Funds, in line with the project that commenced in 2008 in response to recommendations by the European Commission and the OECD to contribute to improving citizens' financial culture in an increasingly complex environment.<sup>5</sup>

#### 1 Financial Education Portal<sup>6</sup>

The Financial Education Portal was launched in May 2010 at the [www.finanzasparatodos.es](http://www.finanzasparatodos.es) domain; it contains tips and tools for a range of economic circumstances and decisions in a household's finances.

Following the good response from users, the site will be upgraded in 2011 (I) and its content will be improved, including, among other features, a new area specifically for teachers and students. This new area will contain teaching materials and interactive resources designed to convey the values of responsible management of one's personal finances in the classroom setting. In 2011 (III), a number of activities will be conducted to promote and raise awareness of the site and its content among potential users, the aim being to ensure that the knowledge is available to as many people as possible.

#### 2 Publicising and expanding the Financial Education Plan

The scheduled actions in the PEF with respect to improving outreach to specific segments of society will continue in 2011. Specifically, in 2011 (III) the explanatory texts on the site will be updated to adapt to different formats and media and make them accessible to all citizens, regardless of their personal circumstances and specific information needs.

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5 See CNMV and Bank of Spain, *Financial Education Plan 2008-2012*, joint document dated May 2008 (available at [www.cnmv.es](http://www.cnmv.es)).

6 [www.finanzasparatodos.es](http://www.finanzasparatodos.es)

The CNMV will continue to enter into agreements with public and private entities and institutions, continuing with the success achieved in this line with regard to executing and extending the scope of the PEF.

### **3 Introduction of financial training into the national education system**

One of the most outstanding and important aspects of the PEF is cooperation with the Ministry of Education and other education authorities to introduce financial training in the national education system. As a result of the efforts in the last year by all involved, a pilot programme was implemented with students in 3rd year of compulsory secondary education in a number of schools selected by the Autonomous Communities involved in the project.

Once this first phase is completed, the pilot programme will be evaluated in 2011 and the initiatives will be redefined in order to continue with the general goal of introducing financial training into the secondary school curriculum. Additionally, work will continue on implementing the agreement signed in 2010 with the National Institute for Consumer Affairs (INC) for training trainers, which includes technical staff from the Autonomous Communities' ministries of consumer affairs and the municipal offices of consumer affairs.

### **4 Review and evaluation of the PEF**

The PEF was initially designed to cover four years, although it was envisaged that its objectives would lead it to be extended. Also, the plan envisaged assessing and reviewing approaches and actions in the light of changing circumstances in the financial markets with a view to making policies optimally effective. Within the working group created by the three national supervisors for this purpose, the CNMV will work in 2011 on defining a continuity programme for the PEF for the next four-year period (2012–2016).

Additionally, the main initiatives of the PEF will be evaluated in the light of the OECD's «Guide to Evaluating Financial Education Programs». Specifically, the review will analyse the degree to which the various objectives of each educational action have been achieved, and the degree of distribution achieved through the various channels. The result of the assessment will lay the foundation for reviewing and designing the PEF continuity programme.

#### **b. Investor education**

In the framework of the CNMV's specific investor education plan, particular efforts will be devoted to distributing information of interest to retail investors. To this end, the Investor Factsheets and Guides published in recent years will be reviewed and updated, and new guides will be produced on products of interest, such as the new savings bank preferred participations (participaciones preferentes).

Additionally, the Investor Website on the CNMV site will be completely redesigned to make it more interactive and accessible, including multimedia content.

**Investor education and protection**

TABLE 3

	<b>Initiative</b>	<b>Schedule</b>
<b>a) Financial Education Plan (in cooperation with the Bank of Spain and the DGSFP)</b>		
<b>Financial Education Portal</b>	Update content	2011 (I) <sup>c</sup>
	Raise awareness about the Portal	2011 (III) <sup>c</sup>
<b>Distribution and expansion of the PEF</b>	Adaptation and production of content	2011 (III) <sup>c</sup>
	Arrangement of cooperation agreements with public and private entities and institutions	2011 (IV) <sup>c</sup>
<b>Inclusion of the PEF in the national education curriculum</b>	Evaluation of the pilot programme	2011 (IV) <sup>c</sup>
	Cooperation with the National Institute for Consumer Affairs	2011 (IV) <sup>c</sup>
<b>Review and evaluation of the PEF</b>	Continuity programme for 2012-2016	2011 (IV) <sup>c</sup>
	Assessment under the OECD guidelines	2011 (IV) <sup>c</sup>
<b>b) Investor education</b>		
<b>Investor education plan</b>	Update and distribute Investor Factsheets and Guides	Begin 2011 (I)
	Upgrade the Investor Website	2011 (III)

<sup>c</sup> Conditional objectives, whose achievement does not depend solely on the CNMV.

The CNMV devotes constant attention to maintaining and improving the efficiency of the services it provides as a government agency. This requires constant adaptation to changes in the financial markets - including notably those arising from the new supervision structure in Europe -, constant attention to potential improvements in the CNMV's tools and applications, and particular attention to the development of the institution's human resources, its principal asset.

1. In the area of ongoing initiatives to **improve cooperation with other supervisors and agencies**, the creation of the ESMA from the CESR in 2011 is a milestone. As a result, the CNMV will review its internal procedures for decision-making and consultation with the market and the associations, while also playing an active role in the new authority's work. Additionally, the CNMV will teach a seminar towards year-end on UCITS reporting to supervisors as part of the ESMA training plan aimed at fostering coordination between European regulators.
2. In order to **continue with initiatives to make paperwork more agile at the CNMV**, notable work is being done in connection with entities that provide investment services. From 2011 (I), taking advantage of planned regulatory changes, the standard forms and existing procedures for handling matters relating to investment firms will be reviewed. To that end, the manuals for application for authorisation will be updated, making them easier to use and adapting them to the new legislation, and the CNMV will consider areas where additional improvements may be made.
3. In 2011, the CNMV will introduce major **technological changes** and adapt existing applications to new demands arising from planned regulatory changes. Specifically, the following actions are planned:
  - In 2011 (I), the CNMV's web site will be transferred to new software which offers more consistent, integrated applications designed to be easier for users.
  - In 2011 (II), following the approval of the new resolution on electronic registration, some of the current processes will be adapted and new processes will be added.
  - In 2011 (II), the internal software for mass data management will be improved. Changes in the existing applications will make it possible to analyse large amounts of data quickly and effectively, which will be very useful for day-to-day supervision of trading in the markets.
  - Regarding the service for professionals to file disclosures electronically via Cifradoc:
    - In 2011 (II), Cifradoc will be changed to admit the new confidential statements on UCITS transactions in derivatives.

- In 2011 (III), Cifradoc will allow UCITS operators to file their annual internal audit reports.
  - In 2011 (III), as provided in CNMV Circular 1/2010, Cifradoc will accept filings of confidential statements by entities that provide investment services.
  - In 2011 (IV), to expedite the receipt, processing and publication of disclosures, steps will be taken to enable the annual financial report of listed companies and securities issuers to be filed electronically (PDF) and via Cifradoc.
- The introduction of the new electronic prospectus for mutual funds in 2011 (III) is also one of the CNMV's priorities for the year. The project will include programming, testing and distribution among entities and users (which may include user-education seminars) and will be implemented in several phases: design of the new Key Investor Information Document (KIID), design of the new full prospectus for UCITS, and commencement of the adaptation of the simplified UCITS prospectus to the KIID.
  - As a result of the new process of notifying EU passports under UCITS IV, in 2011 (III) the CNMV will give priority to developing a procedure for registration of foreign UCITS marketed in Spain, which will entail the creation of a new official register for these entities.
  - In 2011 (IV), the CNMV plans to design and implement the electronic fee sheet and allow it to be filed via Cifradoc.
  - Subject to approval of the Sustainable Economy Act and its implementing regulations, the systems for electronic receipt and distribution of annual Corporate Governance and Director Remuneration reports will be adapted. Adaptation is expected to be complete by 2012 (I).
  - It is considered necessary to upgrade the CNMV's internal application for handling disciplinary proceedings in order to enhance transparency vis-à-vis the parties involved and enhance legal certainty. To that end, the process for handling disciplinary proceedings will be fully computerised.
4. At the same time, the CNMV will undertake sweeping **improvements and computerisation of the document management in the secretariats of its various committees** in order to modernise existing systems and strengthen the security of its document archive systems. The project is expected to be completed in 2011 (IV).
  5. The **launch of the new CNMV website** scheduled for 2011 (III) will be a priority project this year. The internal work performed in 2010 on the specifications and design of the improvements to be made to modernise access to the information will culminate with a website that adapts to the needs of different user profiles.

6. Finally, the CNMV considers it essential to advance in **modernising human resources management** as a key factor for ensuring smooth running of the institution.

The initiatives under way include notably the implementation in 2011 (I) of a pilot telework programme on a voluntary basis among the Commission's technical staff. The goal is to improve employees' working conditions and foster work/life balance while also ensuring that the institution continues to operate properly at all times.

Another priority in 2011 will be the implementation of the commitments made in the 2010 Labour Relations Agreement with the staff. In this line, a proposal is expected to be ready by 2011 (II) for regulations governing the general criteria for performance reviews.

**Improving the functioning of the CNMV**

TABLE 4

	<b>Initiative</b>	<b>Schedule</b>	
<b>Improve cooperation with other supervisors and bodies</b>	Adaptation to ESMA	Begin 2011 (I) <sup>c</sup>	
	Seminar on UCITS reporting to ESMA members		
<b>Make paperwork with the CNMV more agile</b>	Review standard forms and procedures for processing matters related to entities providing investment services	Begin 2011 (I)	
<b>Technology improvements</b>	CNMV on-line: new software	2011 (I)	
	Adaptation of the electronic registry	2011 (II)	
	Internal tool for mass data management	2011 (II)	
	<b>Cifradoc</b>		
	Cifradoc for confidential statement about UCITS transactions with derivatives	2011 (II)	
	Cifradoc for annual auditors' report of UCITS operators	2011 (III)	
	Cifradoc for confidential financial statements from entities providing investment services	2011 (III)	
	Promote filing as PDF and via Cifradoc of the annual financial report	2011 (IV)	
	Introduction of the new electronic prospectus for UCITS. The project has several phases: <ul style="list-style-type: none"> <li>- Design the new simplified prospectus (KIID)</li> <li>- Design the new full prospectus for UCITS</li> <li>- Begin adaptation of the simplified UCITS prospectus to the KIID</li> </ul>	Begin 2011 (III)	
	Procedure for registration of foreign UCITS marketed in Spain and new official registry for these entities	2011 (III)	
	Design and implementation of electronic fee sheet	2011 (IV)	
	Adaptation of system for electronic receipt and distribution of the annual corporate governance and director remuneration reports	2012 (I) <sup>c</sup>	
	Improve the application for handling disciplinary proceedings	2012 (I)	
	<b>Improve document management in the secretariats of the CNMV's committees</b>	Improve and computerise documentary management in the secretariats of the CNMV's committees	2011 (IV)
<b>Modernise human resources management</b>	Pilot telework programme	2011 (I)	
	Proposal of detailed criteria for performance reviews	2011 (II)	
<b>Improvements to the CNMV website</b>	Launch of the new CNMV website	2011 (III)	

<sup>c</sup> Conditional objectives, whose achievement does not depend solely on the CNMV.



## 4 CNMV budget and organisation

Budget forecasts for 2011 are analysed in this section.

### 4.1 Current expenditure

The budget for expenditure on ordinary activities in 2011 is 48.8 million euro (i.e. 2.2% less than in 2010), which includes the expected expansion of the average work force, from 412 in 2010 to 444 in 2011 (+7.7%). The decrease in expenditure with respect to the 2010 budget is 1.1 million euro, due primarily to the decline in personnel expenditure (3.2%) as a result of the reduction in remuneration in 2010 and 2011 as set out under the Royal Decree-Law of 5 May. Expenditure for the remaining items has been frozen or declined slightly.

### 4.2 Capital expenditure

Total capital expenditure envisioned for 2011 is 74.7 million euro. The main capital expenditure item for 2011 is for the acquisition of property for the CNMV headquarters in Madrid, enabling the Commission to save more than 5 million euro in rent and centralise all units and services in one building, with the consequent savings in security, communications, and other services. This item is expected to amount to 71.1 million euro and will be partially financed through the sale of the CNMV property at Paseo de la Castellana 19, valued at 28 million euro.

Capital expenditure envisaged for 2011 in information and communication technology totals 2.4 million euro, of which 1.8 million euro corresponds to the acquisition and implementation of new computer applications and 0.6 million euro to hardware.

A total of 1.2 million euro have been assigned for furniture and other office fittings.

### 4.3 Funding

Projected revenue for 2011 amounts to 49.9 million euro.

Fee revenue in 2011 is expected to total 48.5 million euro, slightly higher (2.1%) than the budgeted estimate for the year.

The yield on financial investments is expected to produce 0.6 million euro in revenue. The decline in revenues with respect to 2010 is attributable to a reduction in the volume of funds, since a significant portion will be used to purchase real estate.

The projected result for the year 2011 is a surplus of 1.1 million euro.

The property acquisition is expected to reduce cash and cash equivalents by 44.2 million euro.

### Expenditure on ordinary activities

TABLE 5

(million euro)	2010	2011	Absolute 2010-2011	% change
Personnel expenses	31.0	30.0	-1.0	-3.2
Depreciation and amortisation	1.7	1.8	0.1	5.9
Leases	5.7	5.4	-0.3	-5.3
Other outside services	10.9	11.0	0.1	-0.9
Subsidies and other expenses	0.6	0.6	0.0	0.0
<b>Total ordinary expenses</b>	<b>49.9</b>	<b>48.8</b>	<b>-1.1</b>	<b>-2.2</b>
Extraordinary expenses	0.0	0.0	0.0	N.A.
<b>Total expenditure</b>	<b>49.9</b>	<b>48.8</b>	<b>-1.1</b>	<b>-2.2</b>

### Revenue from ordinary activities

TABLE 6

(million euro)	2010	2011	Absolute 2010-2011	% change
Fee revenues	47.5	48.5	1.0	2.1
Other operating revenues	0.8	0.8	0.0	0.0
Financial revenues	1.2	0.6	-0.6	-50.0
<b>Total revenue</b>	<b>49.5</b>	<b>49.9</b>	<b>0.4</b>	<b>0.8</b>
<b>Outcome</b>	<b>-0.4</b>	<b>1.1</b>	<b>1.5</b>	<b>N.A.</b>

### Capital expenditure

TABLE 7

(million euro)	2010	2011	Absolute 2010-2011	% change
Land and structures	0.0	71.1	71.1	N.A.
Information and communication technology	2.4	2.4	0.0	0.0
Furniture and other fittings	0.1	1.2	1.1	1,100.0
<b>Total capital expenditure</b>	<b>2.5</b>	<b>74.7</b>	<b>72.2</b>	<b>2,888.0</b>

**Projected year-end balance sheet**

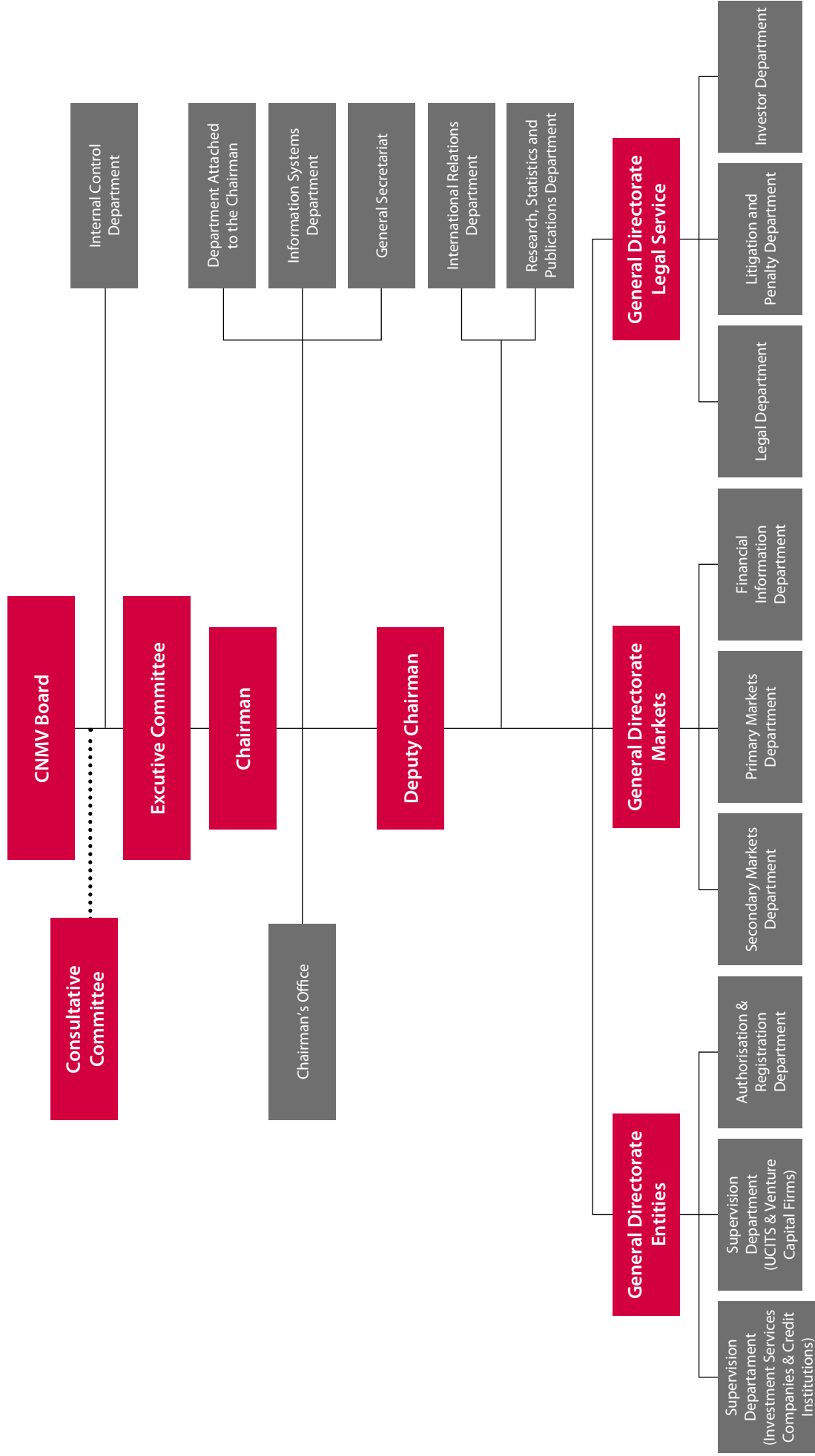
TABLE 8

CNMV budget and  
organisation

(million euro)	2010	2011	Absolute 2010-2011	% change
<b>Assets</b>				
Property, plant and equipment	36.8	82.1	45.3	123.1
Accounts receivable	7.1	7.3	0.2	2.8
Cash and cash equivalents	116.2	72.0	-44.2	-38.0
<b>Liabilities</b>				
Own funds	154.5	155.6	1.1	0.7
Provisions	1.8	1.8	0.0	0.0
Current liabilities	3.8	4.0	0.2	5.3
<b>Total assets = Total liabilities</b>	<b>160.1</b>	<b>161.4</b>	<b>1.3</b>	<b>0.8</b>



## 5 Organisation chart





## 6 Publications schedule

### Publications schedule

TABLE 9

Publication	Description	Frequency	Next edition (*)
<b>Annual Report of the CNMV regarding its actions and the securities markets</b>	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 2011
<b>CNMV Bulletin</b>	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 2011
<b>Securities markets and their agents: situation and outlook (**)</b>	Contains an analysis of the situation in the securities markets and of listed companies, broker-dealers/brokers, and UCITS.	Six-monthly	April 2011
<b>Report on CNMV supervision of 2010 financial statements</b>	Complements the former Report on Auditors' Reports by including information on CNMV supervision of issuers' financial statements.	Annual	2011 (IV)
<b>Annual corporate governance reports of issuers of securities listed on official secondary markets</b>	Summarises the corporate governance practices of listed companies, other securities issuers and savings banks.	Annual	2011 (IV)
<b>Annual Report on Corporate Governance of Ibex 35 companies</b>	Analysis of the corporate governance reports produced by the companies in the Ibex 35 index.	Annual	2011 (III)
<b>Report on complaints to the CNMV</b>	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	2011 (II)
<b>Working Papers Series (***)</b>	Analysis of the relationship between CDS and sovereign bonds in Europe		2011 (I)
	Investment by Spanish households: an international comparison		2011 (I)
	Analysis of securitisation markets		2011 (II)
	Business funding during the crisis	No fixed schedule	2011 (II)
	Improvements in the presentation of financial information		2011 (III)
	Recent changes in market microstructure		2011 (III)
	Analysis of mutual fund management company behaviour during the crisis		2011 (IV)
	Factors that determine the likelihood of company bankruptcy		2011 (IV)

See [www.cnmv.es](http://www.cnmv.es)

(\*) The number in parentheses indicates the quarter of publication

(\*\*) Published in the corresponding Quarterly Bulletin

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











