



El Economista "Inversión a fondo" Awards

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Good morning,

Thank you, Laura for your introduction, kind words, and the El Economista magazine "Inversión a fondo" for inviting me to this seventh edition of the awards that it organises.

At the end of October last year, when the sixth edition of these awards was held, we were already aware that the crisis we were experiencing, a product of the global pandemic, corresponded to a new situation. We were leaving behind crises originating in the financial markets and we were entering a new dimension, where the markets were not the cause but rather victims. Today, almost a year and a half after the start of the pandemic, we should, in addition to the prizes that are going to be awarded later, give recognition, across the board, to the entire asset management industry. The sector, your sector, has not only been able to withstand the blow of the crisis, but, according to the latest data, to overcome it. The cumulative assets of investment funds from 1 March 2020 to 30 April 2021 grew in terms of net subscriptions by approximately €6.4 billion, an increase over that period of 2.33%.

At the CNMV, together with those responsible for the collective investment industry and European supervisors, we focused from the first months of the crisis on the analyse, **control and management of CIS liquidity**, as well as on the early detection of potential deficiencies in the controls and procedures that management companies had to implement to maintain adequate levels of liquidity. This remote supervision was carried out adequately, in our case, on the basis of the monthly information that the management companies send to the CNMV. Thanks to this, we were also able to open three supplementary lines of analysis. Firstly, for the industry to maintain the principle of fairness among investors and the application of valuation procedures that avoid forced sales of assets at prices significantly below valuation prices. Secondly, to monitor the subscription and redemption levels of each of the funds on a daily basis, identifying relevant transactions and analysing each of the portfolios and operations carried out. And thirdly, to accompany the activity of the management industry by issuing criteria on the above parameters.

Due to the global nature of the crisis, ESMA launched, as a supplement to our supervisory activity, the Common Supervisory Action (CSA) initiative on UCITS liquidity management, together with the investigation requested by the ESRB on potential liquidity problems in large European funds.

As everyone here will remember, they were months of intense work, both by the industry and the supervisor, and the effort was rewarded, insofar as no problems of particular relevance arose. We can conclude that Spanish fund management companies generally managed liquidity adequately, with high percentages of assets in liquid assets. In any case, we intend to maintain liquidity management as a priority supervisory objective for the CNMV.

But the crisis has also accelerated the winds of change in terms of **sustainability and the environmental and climate impact** on our funds, making this also one of our priorities for this year. This follows the publication and entry into force of the European Regulation on Sustainability Disclosures in the Financial Services Sector (SFDR) and the Taxonomy Regulation.

Under the new regulations, entities must provide on their websites, in pre-contractual information and in the annual periodic reports on their financial products, information on their policies for integrating sustainability risks that could have a material negative effect on the financial profitability of the investment. Similarly, considering the size, nature and scale of their activities, as well as the types of their financial products, they must also report on the main adverse impacts of their investment decisions on sustainability factors and remuneration policies in relation to the integration of sustainability risks.

Moreover, when they market financial products that promote environmental or social features, known as Article 8 or “light green” products, or products aimed at sustainable investments, known as Article 9 or “dark green” products, they must include on their website and in pre-contractual and periodic information, additional detailed information on three basic issues: the environmental or social features that the product promotes, how the inclusion of these features is complied with and the sustainability index they use to measure sustainable performance.

We do not have the European Regulation Level 2 (RTS) available, and we are aware that there are uncertainties and doubts in the industry as to the application criteria. Therefore, the CNMV intends to exercise its supervision of these new obligations under a criterion of flexibility and proportionality. However, the flexibility adopted must not be detrimental to investor protection and requires the establishment of minimum disclosure and transparency requirements, pending the developments that will establish the final criteria.

To this end, we have adopted two measures. Firstly, we have established a simplified and voluntary procedure for updating and registering fund prospectuses, which has

been widely used by fund managers, specifically, 98% of them. Secondly, yesterday we developed and published an interpretative criteria document in the form of "Questions and Answers" to guide our authorisation and supervisory actions in the application of European environmental, social and governance (ESG) regulations. This document, drawn up on the basis of the doubts raised by the main sectoral associations, addresses not only the scope, but also pre-contractual information, web-based information, the concept of adverse incidents, remuneration policy, periodic information and the delegation of management functions to a third party. The criteria contained in the document may be reviewed or expanded in the future as further information becomes available or when new guidelines are issued at European level. In this regard, I would like to recall that some of the issues included have also been raised at European level in different areas (the European Commission and Joint Committee of the three European Supervisory Authorities ESAs) and are still pending response.

I shall now talk about a project that involves the asset management industry and listed companies and on which the CNMV also wants to focus. I am referring to the possible drafting of a code that would include recommendations on the long-term involvement of shareholders. The aim is to encourage greater participation by institutional investors and asset managers. We will develop this code in collaboration with a group of experts.

As you know, there are a number of **stewardship** codes, such as the British and Japanese ones, and the one developed by the International Corporate Governance Network. These three codes are currently among the most representative, given that most of the rest of the codes that have been developed to date have been inspired, to a greater or lesser extent, by some of the previous ones.

Given the importance of investor involvement and participation for the market, we believed it appropriate to initiate the necessary processes to evaluate a possible stewardship code for Spain that recommends the responsible allocation, management and oversight of capital by institutional investors to create long-term value for clients and beneficiaries, which in turn generates sustainable benefits for the economy, the environment and society.

If institutional investors and asset managers, who have a fiduciary responsibility to their clients, shareholders, unitholders and beneficiaries, become involved in the corporate governance of the listed companies in which they invest, we will be working towards a more efficient market and one that contributes to improving the long-term, sustainable financial and non-financial performance of companies. This in turn benefits the other minority shareholders of these listed companies.

It is our intention that the project will be formally launched in the coming weeks following the formation of an advisory group of experts and stakeholders who will advise the CNMV on the possible content and scope of the Code. With this we want

to give a voice to the main players in our securities market, institutional managers, lawyers, issuers, directors, auditors, based on a first draft prepared by the CNMV.

Let me conclude my speech and give the stage to the awards by expressing my satisfaction and congratulations to our asset management industry which, as I said at the beginning, has been able to overcome a difficult situation at the beginning of this crisis. And of course, congratulations to all those receiving awards.

Thank you very much.