



## THE CNMV SUBMITS FOR PUBLIC CONSULTATION THE TECHNICAL GUIDE ON PROCEDURES FOR THE SELECTION OF CISMIC INTERMEDIARIES

28 May 2019

The Spanish National Securities Market Commission (CNMV) has submitted for public consultation a proposed Technical Guide on the procedures for the selection of intermediaries for Collective Investment Scheme Management Companies (CISMICs).

The aim of the Guide is to provide the CISMICs with a series of criteria based on their supervisory experience on the procedures established for selecting the financial intermediaries involved in executing transactions relating to CISs and other managed portfolios in such a way as to guarantee the best result possible, as required under the regulations.

These procedures must include mechanisms to prevent, detect and correct potential conflicts of interest in the selection of intermediaries. CISMICs must be able to justify the assessment process used to designate the entities for the transmission and execution of orders and must assess, as a minimum on an annual basis, the degree of compliance with their procedures. The guide also provides for delegation to third parties of the procedures for selecting intermediaries, and defines a series of practices that overall can be considered as inappropriate, including:

- Selecting entities that apply higher-than-market fees because they simplify other functions already remunerated by the management or depositary fee.
- In securities and derivatives traded on regulated markets and multilateral trading facilities (MTFs), transmitting in general orders to entities whose role is confined to channelling them to members of these markets or MTFs at an extra cost for CISs and other portfolios, without this extra charge being necessary.
- In fixed income and OTC derivatives, placing the majority of the orders with the same entity whose role consists of searching for and selecting the transaction's final counterparty, applying an explicit or implicit fee for this service to CISs and other managed portfolios.
- Establishing a priori trading volumes with the selected intermediaries.
- Setting the same fees with all selected intermediaries and/or for all types of transactions as a general policy.

This Technical Guide submitted for public consultation is one of the objectives included in the CNMV's Activity Plan for 2019.

The public consultation on this Technical Guide will be open until **17 June 2019**.

The content of the Technical Guide may be consulted at:

<http://www.cnmv.es/DocPortal/DocFaseConsulta/CNMV/CPGTSeleccionIntermediarios.pdf>

Comments may be sent to the email address [supervisioniicecr@cnmv.es](mailto:supervisioniicecr@cnmv.es) or to the following postal address:

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