

THE CNMV HAS PUBLISHED ITS 2023 ANNUAL REPORT

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- 394 financial boiler rooms were identified, 17.3% more than in 2022.
- 1,364 complaints were received from investors and 10,033 enquiries were handled.
- 862 notifications were received through the whistleblowing channel, 14% more than in 2022, which allowed the detection of 95 new financial boiler rooms.
- The CNMV initiated 17 disciplinary proceedings, with proposed fines totalling 12.75 million euros (2.13 million euros in 2022).
- The report details updates in sustainable finance and provides industry data: the number of CIS under the Disclosure Regulation (Articles 8 and 9) was 338, 43 more than in 2022.

The Spanish National Securities Market Commission (CNMV) published today its [2023 Annual Report](#). In its first part, the Annual Report analyses the macroeconomic environment and the development of the markets. The second part describes the actions of the CNMV and the third part considers the main organisational, economic and institutional aspects.

The report reviews developments in trading, prices and transaction regarding the different instruments, including equities, bonds and derivatives, as well as the activity of the registration, clearing and settlement infrastructures.

In 2023, trading of Spanish securities on the stock exchanges amounted to 630,529 million euros, 14.6% less than the previous year. Spanish public debt trading in 2023 broke the downward trend of recent years and stood at just under 2 trillion euros, 1.9% more than in the previous year. Private fixed income trading in 2023 increased by almost 50% compared to the previous year.

Prominently, it explains the effects of the hardening of the monetary policy on the cost of funding and discusses the tenth anniversary of the Alternative Fixed-Income Market (MARF).

Investment funds

2023 was a positive year for the collective investment industry, due to both strong market performance and inflows of new investments. Thus, the **net asset value** of national investment vehicles increased by a total of 12.4% to more than 370 billion euros. The number of CIS **investors** increased from 4.6 million at the end of 2022 to 5.2 million at the end of 2023.

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The assets of foreign CISs marketed in Spain also grew strongly in 2023: 25% to 251,305 million (40% of all CIS marketed in Spain).

The Report analyses the relevant changes that the enactment of Spanish Law 11/ 2021 in January in 2021 has meant for SICAVs: 1,831 entities (641 in 2023) were de-registered, leading to there only being 450 in the registry by December (2,280 in 2021). Assets stood at 14,311 million (28,502 million in 2021) and the number of investors at 46,020 (75,213 in 2021).

Investment services

The Report presents in detail the trends in the activity and the economic and financial situation of the entities whose prudential supervision is responsibility of the CNMV. It also mentions **credit institutions**, which continue to account for most of the income from the provision of investment services. An **alternative view of the analysis** reveals that 67% of this business corresponded to traditional commercial banks or entities belonging to their groups, three points higher than in 2022.

At the end of 2022, a total of 99 **broker-dealers and securities brokers** were registered with the CNMV, four entities more than at the end of 2022. The combined profit of broker-dealers and securities brokers increased by 17.5% to 128.4 million.

At the close of 2023, the number of **Financial Advisory Firms (EAF)** registered with the CNMV was 143, the same as in 2022. The assets managed decreased by 15% (15,865 million), but profits grew due to cost containment. The report highlights the new legal regime for national financial advisory firms (EAFN for its abbreviation in Spanish), a new category of financial advisory firms.

Venture capital and Crowdfunding

In the area of **venture capital**, there was also a significant number of new registrations, with the record number of closed-end CISM (SGEICs), venture capital firms (VCFs) and European venture capital funds (EuVECAs) registered since the CNMV registry was created was surpassed. As a new element in this period, a European long-term investment fund (ELTIF) was authorised and registered. On the other hand, the sector's investment volume fell by 34% to 6,110.7 million euros. In 2023, the CNMV strengthened supervisory actions in the area of venture capital firms and other closed-end vehicles in response to the increased presence of retail investors.

Upon the conclusion of the deadline for adapting to the new European regulations, the **new register of crowdfunding service providers (CFPs)** has 21 registered entities, 20 from the conversion of crowdfunding platforms (CP) into CFPs and one newly created one.

Sustainable finance

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The Annual Report includes the development of financial instruments with **sustainability** elements. The number of Collective Investment Schemes (CISs) in compliance with Articles 8 and 9 of the European Regulation on Sustainability Disclosures was 338 by the end of the year, meaning that they have 43 more than in 2022 (34% of the assets and 47% of participants).

An extensive chapter explaining the regulatory advances in sustainable finance and the intensive activity deployed by the CNMV contributing to its final configuration and its implementation is included.

Market supervision

The report provides details of the monitoring of issuers' transparency obligations in two blocks:

- According to the financial information; and
- According to sustainability information and corporate governance.

Among the CNMV's supervisory priorities throughout the financial year, operational risk (including cybersecurity), delegation of critical services, disclosure of inside information by issuers, and data quality supervision, especially in relation to EMIR and MiFIR, is highlighted.

The CNMV continued prioritising the supervision of the correct price formation and **market integrity** when applying the market abuse regime. Activity in this area includes:

- More than 102 million records were received for reporting transactions executed on financial instruments.
- There were 183 firms with the obligation to report to the CNMV.
- 244 suspicious transaction communications (STOR) were received.
- The total number of disclosures of inside information (CIP) and of other relevant information (OIR) was 4,976, 8.5% less than in 2022.
- The CNMV submitted 126 requests relating to market activity supervision.

Supervision of firms

As a result of the **supervisory actions** on IFs and credit institutions, the CNMV sent a total of 777 requests to supervised firms. In the area of CISs supervision and venture capital firms, 1,111 requests were submitted.

The Report accounts for different **initiatives aimed at investor protection**:

- Participation in a joint supervisory exercise and **mystery shopping** coordinated by the European Securities and Markets Authority (ESMA) on **advertising communications** obligations.

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- Work to limit advertising activity with regard to client acquisition in the field of **influencers or “finfluencers”**.
- Reviews of:
 - The procedures used by entities for the assessment of clients' **sustainability preferences**;
 - Incentives received (and paid) for the distribution of instruments other than CISs;
 - Cost information for clients.

The report also reviews the supervision of the activity carried out by entities under the freedom to provide services and focuses on the new Resolution, authorised in 2023, on product intervention measures relating to **CFDs and other leveraged products**.

In the area of supervision of **managers, investment vehicles and depositaries**, actions on sustainability disclosures (ESG), portfolio liquidity and the verification of PRIIP standards through **automated systems** for extracting content from KIIDs were of particular note.

The report also highlights other developments in 2023:

- The Technical Guide on enhancing the transparency of CISs;
- The new contributions' regime to FOGAIN; and
- regulatory changes in the field of asset management.

The report includes the CNMV's activity related to the **resolution of entities** and the implications for investment firms and central counterparties of the new regulatory framework.

Disciplinary proceedings

A critical and comparative analysis of the CNMV's sanctioning activity was carried out for the 2023 financial year. Among other aspects, the legal increase of the amount of sanctions and the introduction of new non-monetary sanctions (i.e. restitution of damage or disqualification) have been analysed.

During 2023, the CNMV opened 17 new sanctioning proceedings, with proposed fines of 12.75 million euros (compared to 14 proceedings in 2022, with proposed fines of 2.13 million euros in 2022).

Twelve files were also closed. A total of 43 fines amounting to nearly two million euros, one sanction of suspension from holding the position and one sanction of restitution of profits amounting to 471,403 euros.

The infringements related to market abuse stand out from the total infringements detected. In this area, market supervisory actions led to the opening of sanctioning proceedings against a total of 25 natural or legal persons for various actions, including the following:

- The communication and actual insider trading;

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- The execution of market manipulation practices by the issuer and its major shareholders;
- Failure by a market member to report client transactions as suspicious;
- Failure to comply with the obligations of immediate public disclosure of inside information and the drawing up of insider lists; and
- The provision of financial assistance practices for the acquisition of shares of an issuer.

Investor assistance and the fight against fraud

Claims were once again notable due to their lack of conflict and their low number. **1,364 claims** were received in 2023, which is practically the same as the previous year (1,371). Entities settled or reached an agreement with the complainant, before the CNMV issued a resolution, in more than a quarter of the complaints processed (25.8%). Additionally, from the total of reports issued by the CNMV, complainants received a report favourable to their expectation in 50% of the cases. And in the latter cases, entities acted satisfactorily for clients more than 80% of the time. This meant that only 55 claims in all of Spain, where the client was right in the CNMV's opinion, remained unresolved in their favour. Moreover, 10,003 **enquiries** from investors were processed, 4.2% less than the previous year. In the area of investors, 1,702 **warnings** were issued, with 394 being issued by the CNMV, 17.3% more than the previous year. Comparative data show that the CNMV is by far the EU authority that issues the highest number of warnings on unregistered entities.

862 **statements regarding possible infringements or whistleblowing** were received in 2023, 14% more than in 2022. The investigations carried out on these entities as a result of the aforementioned statements gave rise in 2023 to the publication of 95 new warnings of “financial boiler rooms” and a disciplinary proceeding was initiated.

Supervision of compliance with the **Circular on advertising of crypto-assets** for investment purposes (1/2022) involved 118 actions, with the review of a total of 641 advertising elements (including websites) and the submission of 114 requirements. As a result of this, the first disciplinary proceeding was resolved.

Three new entities have joined the **Action Plan against Financial Fraud (FFAP)** (Asnef, Unacc and Unespa) and a series of working groups have been established to define concrete actions and opportunities for collaboration.

Financial Education

The CNMV continued dedicating special attention throughout 2023 to boosting the national **financial education** strategy. The network of collaborators of the “National Financial Education Plan - Finance for All” (*Finanzas para todos*) was extended to 57 entities.

The CNMV developed several training activities and published educational resources specifically aimed at investors. Among these we can highlight the nine podcasts on scams and fraud, which cover the main types of fraud in a brief and entertaining way.

Organisational and institutional activity

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The third part of the Annual Report provides economic and financial information, publishing, for the sixth consecutive year, the main **performance and activity indicators of the CNMV**. The CNMV has carried out a comprehensive review of procedures for the authorisation of service providers in aims of implementing measures to speed up the processing of applications as much as possible.

Fintech and cybersecurity

The Annual Report also publishes the data on the FinTech Portal, which has received a total of 711 enquiries since it was launched. 123 enquiries were made in 2023, most frequently relating to crypto-assets and blockchain technology.

The area of **financial innovation** includes details on controlled testing area or **sandbox** projects, as well as regulatory advances, among which the Digital Operational Resilience of the financial sector (DORA) and the Regulation for crypto-asset markets (MiCA) should be highlighted, all of which have been recently approved.