



Speech at the signing of the Action Plan against Financial Fraud

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Today is an important day for investor protection and it is particularly pleasing to see so many institutions coming together for this purpose.

Less than a year ago, the CNMV publicly stated the need to make a public-private collaboration effort to focus attention on financial fraud.

The reason was simple: the overlap between the pandemic, low interest rates and exposure through social networks had stimulated a "desperate" search for returns and thus provided the ideal breeding ground for the proliferation of deception-based behaviour.

And this was not and is not an isolated phenomenon in Spain. In much of Europe, financial fraud has grown at very high rates in recent years.

The CNMV is not a police or judicial authority, nor are we competent to prosecute fraud offences. This is already being done brilliantly by law enforcement agencies, the public prosecutor's office and the judicial system. They are the real line of defence against such conduct and bear the burden of investigating and prosecuting such conduct.

The CNMV's role in this area is different and is rooted in our legal mandate for investor protection and in three very important sources of information: the queries and questions we receive from investors, the warnings issued by International supervisors and the indications we receive of activity by entities not authorised to provide investment services.

But the task of detecting, warning against, reporting and prosecuting financial fraud cannot be carried out by a single entity. It is much more effective when everyone's efforts are coordinated.

This is the vision behind this Action Plan against Financial Fraud: to bring together public and private entities, of which there are no less than 19 today, through the Memorandum of Understanding we are signing.

The objective is clear: to improve fraud detection, to limit the extent of fraud and to empower citizens so that they do not fall victim to fraud.

The memorandum of understanding we are about to sign is also an opportunity to send a message to investors.

- In this field, investor education is the best tool to prevent fraud. For investors, we recommend that they make every effort to inform themselves before deciding how to invest their money. The indicators of fraud are classic and can be detected with a minimum of mistrust:
 - o obscure or incomprehensible investment strategies;
 - o a self-styled genius who harbours a supposed secret;
 - o aggressive sales techniques;
 - o promises of improbably high returns;
 - o a proposal to reinvest or double the stake when the investment goes wrong;
 - o and the most important symptom of all, no licence.
- The most important advice we can give is this: "invest only with authorised entities". We have excellent stockbrokers, broker-dealers and financial institutions in Spain and Europe. Trading with any of them is a guarantee of security and that, if something goes wrong, there are investor protection mechanisms in place, including investment guarantee funds.
- We must also be aware that we are not dealing with a new phenomenon. Financial fraud has been around for centuries, and the claims have been varied. From stock options (Madoff), to stamps, flats, loans, currencies, gold or even tungsten mines.
- The problem of fraud in Spain today is not only cryptocurrencies: crypto instruments are the most recent hook, but they are by no means the only one. The asset claim is changing rapidly and should not distract us from our work. The important thing is to educate investors, to warn them, to limit the possibilities for frauds to be announced and to prosecute fraudsters. I fear that pursuing or trying to regulate the asset that is used at any given moment as a lure would be fighting a losing battle.

Turning to the content of the plan, I would like to give a preview today of some of the actions that, in collaboration with the other participants, we want to implement:

- We have made available to the signatory entities a database with shared, real-time access so that they can all be aware of the unauthorised entities detected by both the CNMV and international supervisors.
- With this information, the judiciary and law enforcement agencies will have better information, if possible, to detect these incidents and notaries and registrars will be able to better identify suspicious entities when dealing with legal transactions.
- In addition, we are working with financial institutions to automatically warn investors when they are going to transfer money to a rogue institution detected by the CNMV or other supervisors.
- This information will also be used to ensure that the media participating in the scheme undertake not to advertise these financial boiler rooms so that their readers or viewers are not harmed by any such fraud.
- We have also asked search engine and social media companies to join in this removal of advertisements from warned entities. I sincerely hope that they will decide to commit to this in the coming weeks, so that the internet and social media are not a breeding ground for the spread of financial fraud.
- We will also use social media to raise investor awareness through information campaigns. Furthermore, we will ask for the collaboration of influencers and opinion leaders to reach more citizens.

To conclude, I would like to thank the First Vice-President of the Government for her support and receptiveness to this initiative from the very beginning. And also, of course, to all public and private entities and their teams for the sensitivity they have shown since the first discussions to join forces to better protect investors from the scourge of financial fraud.