

THE CNMV HAS PUBLISHED ITS 2022 ANNUAL REPORT

19 June 2023

- In 2022, the CNMV issued warnings regarding 2,083 “financial boiler rooms”, 31% more than the previous year.
- 1,371 complaints were received from investors and 9,630 enquiries were handled.
- 19 disciplinary proceedings were closed, with 45 fines amounting to €6,387,000, 34% more than the previous year.
- Five disciplinary proceedings were initiated and 83 new “financial boiler rooms” were detected thanks to the whistleblowing channel.
- Details the new developments regarding “sustainable finance” and offers data on the sector: towards the end of 2022, the number of de CISs under Articles 8 and 9 of the European Regulation on Sustainability Disclosures was 295, 112 more than at the end of 2021.

The Spanish National Securities Market Commission (CNMV) published today its [2022 Annual Report](#).

In its first part, the Annual Report analyses the macroeconomic environment and the markets evolution. The second part describes the actions of the CNMV and the third part considers the main organisational, economic and institutional aspects.

The Report analyses in detail the development of trading, prices and market operations of the different instruments, including fixed income and derivatives, together with the activity of the market infrastructures of registration, clearing and settlement, affected in 2022 by enactment of the settlement discipline regime regulated by the EU Central Securities Depositories Regulation (CSDR) coming into force.

It highlights the explanation of the repercussions on fixed income assets (and on the investment fund portfolios) of the hardening of monetary policy during 2022, and it also addresses the consolidation process of the alternative markets BME Growth and MARF.

Investment funds

After the important advance in 2021, 2022 was more complicated for the collective investment industry due to the negative behaviour of the markets, albeit net inflows of funds continued occurring. The net assets of domestic investment vehicles fell by 7.1% as a whole, to end up slightly above €333 billion. The number of investment fund unitholders’ accounts increased throughout the year by just over 300,000, up to 16.1 million. At the end of 2022, the number of collective investment scheme management companies (CISMCs) registered in Spain stood at 123.

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The Report analyses the important changes for SICAV's derived from the enactment of Law 11/2021: 1,090 companies de-registered in 2022, leading to there only being 1,190 at the end of the year. There was a 44.3% reduction in net assets and it is estimated that only around 445 SICAVs will remain registered in 2023.

Investment services

The Annual Report presents in detail the evolution of the activity and the economic and financial situation of the firms under CNMV's prudential supervision and whose main activity is the provision of investment services, although it also refers to **credit institutions**, as these continue concentrating most of the income received from the provision of investment services (87.9%).

At the end of 2022, a total of 95 **broker-dealers and securities brokers** were registered with the CNMV, 4 more than at the end of 2021. The number of foreign entities reached 965, 20 more than at the end of the previous year. The number of **Financial Advisory Firms (EAF)** was 143, three more than in 2021, with total assets under management (AUM) at €18.627 million, 4.6% less than the previous year. From these assets, €12.151 million corresponded to independent management. For the first time, the assets managed for retail clients exceeded that of non-retail clients.

The **venture capital** activity in 2020 continued its upward trend in recent years and was portrayed by the number of new closed-ended collective investment vehicles registered in the CNMV, this continuing to set highs. 204 new closed-ended collective investment vehicles and 16 new closed-ended collective investment scheme management companies (SGEICs) were registered. The number of crowdfunding platforms (CP) was 26 by the end of 2022, in a sector in which the 1-year extension for adaptation to the European Regulation, up to 10 November 2023, should be noted. The Report halts at the legislative advances and modifications in the sector.

Sustainable finance

The Annual Report covers also the development of financial instruments with sustainability elements. The number of Collective Investment Schemes (CISs) under Articles 8 and 9 of the European Regulation on Sustainability Disclosures was 295 by the end of the year, 112 more than at the end of 2021. From these, 280 (272 investment funds, 2 hedge funds and 6 SICAVs) were in compliance with Article 8 and 15 (14 investment funds and 1 hedge fund) with Article 9. The number of unitholders in these institutions was 7,684,549 and their assets €112.769 million, respectively representing 47% and 34% of the total of these vehicles.

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For the second year running, included is a comprehensive chapter explaining the **regulatory advances** in sustainable finance and the intensive activity deployed by the CNMV contributing to its final configuration and its implementation.

Market supervision

The CNMV continued with its strict supervision of the correct price formation and **market integrity** in application of the market abuse regime. One of the main sources of information used for this is the daily communication of transactions carried out by investment firms, credit institutions and markets. In 2022, more than 202 million records (55% more than in 2019) corresponding to transactions executed on financial instruments were received. There were 183 firms with the obligation to report to the CNMV.

The Report details the supervision actions on **derivatives** markets, the follow-up work on the OTF authorised in 2021 (Tradition España OTF), and the preliminary results of the **Algorithmic Trading** Monitoring Plan. In an effort to improve data quality, compliance with ESMA Guidelines on data provision to the market by Spanish market infrastructures was monitored in 2022. Regarding **benchmarks**, the CNMV registered a new manager and continued with its supervision activity, while also following up their reform globally. The evolution of the **energy prices** made it necessary an intense monitoring of the activity by the Central Counterparty (CCP).

An important legislative reform in this sector was the harmonisation across the EU of the **settlement discipline regime** relative to securities transactions. The work by the settlement reform group, constituted with Iberclear at the behest of the CNMV, also ended in 2022. The resulting report analyses the implications of the coming regulatory changes, such as the MiFID II and MiFIR reviews and the measures envisaged to make capital markets more attractive (Listing Act).

During 2022, the total number of disclosures of inside information (CIP) and of other relevant information (OIR) was 5,188, 8.5% less than in 2021. The CNMV submitted 215 requests relating to market activity supervision (181 requests the previous year). The Report also analyses the development of market sounding, own share buyback programmes, liquidity contracts, together with the transactions by senior managers and related parties, among others.

Supervision of firms

As a result of the **supervisory actions** on IFs and credit institutions, the CNMV sent a total of 1,231 requests to supervised firms, of which 1,051 originated from online supervision and 180 from on-site supervision. 1,400 requests were sent by the area for supervision of CISs and venture capital firms. (1,292 online and 108 on-site).

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

- Participation in a **joint supervisory action** coordinated by ESMA, on the obligations to disclose costs and fees to clients (ex post).
- Actions regarding transactions performed by credit institutions and investment firms via agents, also summarised in a recent [statement](#).
- Supervision and monitoring of the activity carried out by entities under the European passport regime.
- Supervision of the new prudential regulation.
- Participation in the Union Strategic Supervision Priorities (USSP) of ESMA [on the costs and profitability of investment products offered to retail investors](#), which highlights the need for management companies, both CISMCS and SGEICs, to have a structured cost and fee setting procedure for the vehicles managed.
- Participation in the new strategic priority of ESMA regarding transparency in the area of sustainability (ESG disclosures) regarding the [need to guarantee the information on sustainability is understandable and to tackle the risk of greenwashing](#).

As a result of the growing presence of **retail investors** within the scope of **venture capital firms** (ECR), an analysis of the compliance of these institutions with the rules of conduct on placement was performed. Likewise, the follow-up work on CIS liquidity has continued. In view of the relevance of transparency for investor protection, these analyses were completed with a further analysis of the content of the Key Investor Information Document (KIID) of the new vehicles registered. The Report also details the non-compliances detected, related to the **supervision of rules of conduct**, in the specific supervisory actions performed. Among these:

- Relevant incidents regarding information provided both to retail and professional clients in an action on the transactions of clients in OTC currency derivatives;
- Deficiencies in the cost information provided to clients and situations in which it was considered inadequate for the firm to determine that the product was appropriate for the client, when reviewing the marketing of several alternative investment funds and venture capital vehicles.

In the daily supervisory work during 2022, relevant deficiencies became apparent in certain firms, highlighting among these insufficient guarantees required for trading listed derivatives or the possibility of closing positions with a narrow price variation margin. Information incorrectly reported to Fogain by several Ifs for the calculation of contributions was observed, together with different non-compliances which led to reports to be drafted with proposals for initiating disciplinary proceedings due to various issues, highlighting from among these:

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- The lack of application of the regulation regarding inducements in portfolio management;
- The existence of an inadequate organisational structure resulting from the same person converging in own account transactions, portfolio management and client transaction management, sometimes representing an agent of the firm; all this without duly managing the corresponding conflicts of interest;
- Incorrect recording of client orders, their receipts and the transactions, and the treatment of client money held.

The Report also considers the activity of the CNMV in relation to the **resolution of entities** and the implications for investment firms and central counterparties of the new regulatory framework, dedicating a section to the work on the subjects of financial stability and systemic risk.

Enforcement proceedings

During 2022, the CNMV concluded 19 formal **enforcement proceedings** and imposed 45 fines amounting to €6,387,000, this being 34% more than the previous year (13 proceedings and 31 fines amounting to €4,710,000 in 2021).

In 16 of the proceedings concluded the alleged infringing parties fulfilled the conditions for early termination, allowing the proceeding to end by means of through voluntary recognition of responsibility or voluntary payment, with reductions being applied to the pecuniary fines.

Furthermore, it was agreed in 2022 to initiate 14 new disciplinary proceedings, proposing fines amounting to €2,134,400. The market surveillance actions made it possible to commence nine of the new disciplinary proceedings for market abuse and to submit a concerted action to the Public Prosecutor's Office. The infringements related to market abuse stand out from the total infringements detected, representing 57% of those for which fines were imposed.

Fines amounting to €8,672,000 were also recorded once they became final through administrative decision, with fines imposed amounting to €720,000 still pending publication at the end of the year.

In 2022 an important modification was pushed forward with regard to the review of the sanctioning decisions of the CNMV, with the elimination of the appeal before the Ministry of Economic Affairs and Digital Transformation. From the moment the new Spanish Securities Market and Investment Services Act came into force, on 7 April 2023, it is only possible to appeal the sanctioning resolutions of the CNMV through the contentious-administrative courts.

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Investor assistance and the fight against fraud

1,371 **enquiries** were received in 2022, 8% more than in 2020. From the total of reasoned reports, the complainants received a report favourable to their expectations in 50.4% of the cases. From these, 80% of the entities accepted the criteria of the CNMV or rectified the situation. Also, 9,630 **enquiries** from investors were dealt with, 7.6% less than the previous year. 2,083 **warnings** were published on the CNMV's **investors** website, 31% more than in 2021. From these:

- 366 are warnings by the CNMV; and
- 1,747 are statements from current EU Member State and UK supervisory bodies.

756 **communications regarding possible infringements (whistleblowing)** were received in 2022, 33% more than in 2021. The investigations carried out on these entities as a result of the aforementioned communications gave rise in 2022 to the publication of 83 new warnings of “financial boiler rooms” and five disciplinary proceedings were initiated resulting from communications received through this channel.

Pursuant to Circular 1/2022 that regulates the **advertising of crypto-assets** for investment purposes, the CNMV managed 116 inquiries and analysed 957 advertisements from February to December 2002. Administrative activities were brought to a halt in the majority of cases, mainly following the correction by the entities of the imbalances detected in the advertising campaigns. 150 days was the average duration of the advertising campaigns.

In line with the Action Plan against Financial Fraud (APFF) signed in 2021 by 19 public and private entities, the plan’s monitoring committee was formed in 2022. Under its supervision, different workgroups have been configured for joint measures within the scope of financial communication and education, exchange of information between entities, design of a single global information point against fraud and configuration of metrics and indicators that allow for the analysis of its development in Spain through the use of data. The CNMV has continued collaborating and cooperating with the Spanish State Security Forces and Bodies with the aim of reporting financial fraud in investment services.

In the same manner, the new Spanish Securities Market and Investment Services Act recently passed, includes in Article 246 the obligation for Internet browsers, social networks and the media to check, before any advertisement is published, that the advertisers of financial instruments and investment services to the general public and intending to advertise on their platforms, have the appropriate authorisations. Similarly, these platforms will verify that said advertisers are not included in the list of entities warned by the CNMV or by foreign supervisory bodies.

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Financial education

The CNMV continued dedicating special attention throughout 2022 to boosting the national **financial education** strategy. It highlighted the renewal of the Financial Education Plan and the inclusion of the Ministry of Economic Affairs and Digital Transformation as its promoter. In 2022 there were advances in the signing of new collaboration agreements, there now being over 55 institutions that form part of the Financial Education Plan. Among the new members, it is worth highlighting the incorporation of Radiotelevisión Española (RTVE), the Inspiring Girls Foundation, the Spanish Institute of Actuaries, the Junior Achievement Foundation and the Economistas sin Fronteras association.

The CNMV developed many training actions and published educational resources aimed specifically at investors, among which should be highlighted the guides and courses on [Scams and frauds](#), [How to invest in the stock market](#), [Taxation of investment funds in personal income tax \(IRPF\)](#), and [Taxation of listed shares in personal income tax \(IRPF\)](#). A series of training and information resources were also prepared to explain to investors how to acquire sustainable financial products and how to assess sustainability preferences.

Organisational and institutional activity

The third part of the Annual Report offers economic and financial information with the publication, for the fifth year running, of the **key performance and activity indicators of the CNMV**. The CNMV continued with its efforts for procedure streamlining and managed to reduce the average time for resolving complaints by 3% (from 68 days in 2021 to 66 days) and the **time for the processing of disciplinary proceedings** down to five months (seven in 2021). A special chapter is also dedicated to the activity developed by the Advisory Committee which describes in detail the reports published, both mandatory and voluntary.

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. 135 enquiries were made in 2022, most frequently relating to crypto-assets and blockchain technology. The area of financial innovation includes details on controlled testing area or **sandbox** projects, together with regulatory advances, such as the present Securities Market and Investment Services Act, the Digital Operational Resilience Act (DORA) and the Regulation on markets in crypto-assets (MiCA), all of them recently approved.

Details on the participation of the CNMV in bodies at **international level** and the main subjects tackled in the **cooperation** with other supervisory authorities and international bodies are also provided.

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