



Speech delivered at the Fintech and Cybersecurity conference

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Good morning,

Welcome to the first CNMV Fintech and Cybersecurity sector conference, in the confidence and hope that it will be the first of many and that the next ones can be held in person.

Throughout this two-day conference, which we are starting now, there will be a lot of talk about how technology is making it possible to offer new products and services, without forgetting investor protection.

The health crisis that we have been living through for just over a year has forced us to leverage technology to be able to continue carrying out our professional and personal functions and tasks. Almost overnight, we have had to abandon traditional patterns of behaviour that have been with us for a long time and embrace technology-based models.

But the adoption of technology is not simply a change in behavioural patterns, rather it is a revolution. Technological innovation processes, their developments and applications will be fundamental to relaunch and modernise the European and Spanish economy.

We are at a juncture where not only are new technologies emerging, such as distributed ledgers or quantum computing, but others that have already been around for a long time, such as artificial intelligence or cloud services, are evolving without apparent limits. And in the financial environment, the so-called digital finance is part of the global digital transformation of our economy and therefore of our society, in which clients should be the main beneficiaries.

Regulation and risks

The digital transformation process has been driven by Europe through a digital strategy that is clearly committed to innovation and technology. The aim is to ensure that technology is at the service of people with appropriate protection measures, that a fair but also competitive digital economy is created and that it helps to establish an open, inclusive and sustainable society.

To this end, the digital finance package proposed by the European Commission incorporates two essential regulations.

Firstly, a Regulation known as MiCA, which proposes a complete regulatory framework for both cryptoassets that are not considered financial instruments and for providers offering services in this area.

The second proposed European Regulation, known as DORA, will implement a framework of technology risk management requirements that will cut across the entire financial system. The aim is to make all financial players resilient to the risks posed by the increased adoption of technologies, since technological innovation also entails cybersecurity risks.

These regulatory considerations are necessary to address the growing interest that investors are showing in these types of assets.

However, given this interest, you will understand that the role of a supervisor whose main mission is to protect investors must be governed by prudence. The authorities must warn, and we have recently done so together with the Bank of Spain, about the risks posed by cryptocurrencies when they are offered as an investment. Among others, we are concerned about their technical complexity, the volatility they experience and their low liquidity. But the most important thing to remember is that these cryptocurrencies are not financial instruments and are not yet regulated or supervised. Nothing prevents their prices from being manipulated and there is no guarantee mechanism to cover possible losses or problems in their management by the companies that trade or keep them in custody.

In an environment of low interest rates and economic uncertainty, it is easy to be dazzled by some "flashes" of rising cryptocurrency prices, but in the face of possible bubbles it is always best to act with great caution and not invest in anything you do not understand or invest amounts that, if lost, seriously compromise personal or family wealth.

Innovation

Let me now turn to the innovation aspect. At the CNMV, we have been considering for years, and we have reflected this in our strategic lines, that it is essential to promote the use of new technologies in the financial markets, but also to adopt mechanisms to make the technology used by market participants increasingly resilient to cyber risks, thereby reducing contingencies and increasing investor confidence. In the current moment of rapid digital transformation, this momentum is even more relevant.

What tools do we supervisors have to drive innovation?

There are two types of innovation facilitators: innovation hubs and sandboxes. The CNMV has had the first tool since 2016, in the form of our Fintech Portal, which has dealt with over 400 enquiries to date. The portal aims to create an informal space with the sector for mutual knowledge exchange and to guide project developers, especially with regard to regulatory matters. We encourage you to continue contacting us through this channel.

We are starting to develop the other tool I have just mentioned, the Sandbox, which, with the collaboration of the General Secretariat of the Treasury and the participation of the other two financial supervisors (the Bank of Spain and the Directorate-General

of Insurance), allows us to create a specific space in which promoters and authorities can test innovative projects in the field of finance and securities markets. Although it is obviously still too early to assess the results, the drive, commitment and support of the authorities in this field of action is clear and a priority. We at the CNMV are committed to putting all our efforts into this project to make it a success, despite the potential difficulties related to the material and human resources required.

And above all, to help make the Spanish market more attractive, while improving the offer available to financial clients and their protection.

In conclusion, I hope that this conference will be of interest to all those who follow it and that they will be able to do their bit to help us achieve the common objective of successfully incorporating technological advances into financial markets and maximising the benefits they can bring without compromising the security and confidence in their operation.

Thank you very much.