

## NINETEEN PRIVATE AND PUBLIC ENTITIES JOIN FORCES TO COMBAT FINANCIAL FRAUD

29 April 2022

- They have executed an Action Plan against Financial Fraud to strengthen their collaboration, enhance the prevention of and fight against fraudulent offers and protect investors
- The purpose of the Memorandum of Understanding is to reduce financial fraud attempts, restrict their promotional or advertising dissemination and provide consumers with new tools
- There will be self-regulation to limit advertising by unauthorised entities and new tools will be created to inform clients of financial institutions
- The Action Plan establishes that information campaigns will be conducted to issue warnings on new fraud trends and financial education will be promoted
- The bodies are sharing technical and human resources and create direct communication channels to speed up the exchange of information
- The CNMV has made an interactive database available to the signatories to consult *pirate entities* or *financial boiler rooms* detected by the CNMV and other foreign supervisors

Nineteen public institutions and private entities have today signed the Memorandum of Understanding for the Action Plan against Financial Fraud, at an event chaired by the First Vice-President of the Government and Minister for Economic Affairs and Digital Transformation, Nadia Calviño. The event was also attended by representatives of all subscribing entities.

The aim of the Plan, promoted by the Spanish National Securities Market Commission, is to enhance and improve the prevention of and fight against potentially fraudulent offers of financial products and services in view of the increase detected in these practices, which are extremely detrimental to investors and the regulated financial sector as a whole.

The aim of this Memorandum of Understanding is to define and articulate measures to help reduce the capacity for action and expansion

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of financial fraud attempts, to restrict the promotion or advertising of activities to attract new victims, as well as to provide investors and clients of financial services with the necessary tools and knowledge to detect and prevent these practices.

The actions to be carried out from now on are intended to increase investors' security, anticipate the detection of cases of fraud, hinder its propagation, and reduce the harmful effects of these activities, thus inspiring citizens with greater confidence.

The signatories will create a monitoring committee which will be responsible for assessing possible new fraud patterns, proposing new measures and analysing the development of these phenomena in our country. Organisations from the economic and financial sphere, the judicial system and the State Security Forces, the advertising and media sector, among others, will attend these meetings. The signatory entities to the Memorandum of Understanding are:

1. Ministry of Economic Affairs and Digital Transformation;
2. Spanish National Securities Market Commission (CNMV);
3. Public Prosecutor's Office;
4. Bank of Spain;
- State Secretariat for Security through:
5. National Police;
6. Civil Guard;
7. Catalan Police (Mossos d'Esquadra);
8. Basque Country Police (Ertzaintza);
9. Chartered Police of Navarre;
10. SEPBLAC;
11. Spanish Banking Association (Asociación Española de Banca, AEB);
12. CECA;
13. Investment Guarantee Fund (FOGAIN);
14. INVERCO;
15. News Media Association (Asociación Medios de Información, AMI);
16. Commercial Television Association (Unión de Televisiones Comerciales en Abierto, UTECA);
17. Autocontrol;
18. Registrars Association (Colegio de Registradores);
19. General Council of the Notariat (Colegio General del Notariado).

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Within the scope of their respective competences: these entities shall liaise to:

- Cooperate in the detection of irregular and criminal activities in the offer of financial products and services, whether regulated or unregulated, which may be indicative of a case of financial fraud.
- Limit or remove advertising by entities not registered for the provision of financial services or aimed at fraudulent solicitation of clients and investors in, search engines, social networks, and the media etc., as well as the dissemination of their activities in the aforementioned channels.
- Establish mechanisms to inform investors about the risks and possibilities of fraud.
- Create direct communication channels between the parties to meet the objectives of this Memorandum of Understanding.
- Establish mechanisms that allow for the verification of the registration of entities that advertise in the media and on social networks.
- Conduct information and outreach campaigns for the general public to inform investors and clients about the risks of fraud and the guarantees offered by transactions through registered entities.
- Develop warning mechanisms for new fraud trends or phenomena detected.
- Promote the necessary financial education to enhance empowering citizens to detect suspicious financial products and services, through financial information and education, public communication and more sophisticated verification mechanisms.

As of today, the CNMV has made an interactive database available to the signatories to consult *pirate entities or financial boiler rooms* detected by the CNMV and other foreign supervisors to enhance investigations into them, hindering their access to potential victims and reducing their field of action.

Other public and private entities may adhere to the Plan in the future. Entities may also enter into collaboration agreements for specific matters.

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