



## Expansión and Allfunds Awards

RODRIGO BUENAVENTURA, THE CNMV CHAIRMAN  
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Good evening.

Thank you, Ana for introducing me, and thank you to Expansión and Allfunds for inviting me once again to the awards ceremony of these doyens of the fund industry.

I recalled a moment ago that last year we met on a night like this, but in May, and I began my remarks by mentioning the resilience of the investment fund industry and its ability to cope with the situation created by COVID after, at that time, 14 months of pandemic.

And now we are back with the pandemic more under control but having nothing less than a war on European soil. And as a consequence, European economies, with high energy deficits due to dependence on external suppliers, have been placed in a position of renewed uncertainty, experiencing high inflation rates and supply chain problems. And the markets have picked up on this factor with very high volatilities, although until now without an appreciable plunge, as might have been feared.

The current climate is complex and therefore has risks and investment possibilities. The commodity price shock, coupled with the energy transformation process, is already generating significant portfolio reallocations. Tight public finances and rising interest rates, linked to inflation expectations, together with renewed interest in identifying how individual countries will weather this problem, dominate fixed income dynamics. And, of course, volatility has delayed new IPO initiatives that were imminent in February.

How does collective management deal with this process? At the end of last year, the investment fund industry had assets of 325 billion euros (+16% over 2020) in 2,800 investment funds, with net subscriptions of 28.097 billion euros and pooling the interests of more than 15.8 million unitholders.

The war in Ukraine is having a limited impact on Spanish funds for the time being, as very few Spanish collective investment schemes have had to take extraordinary steps as a result of both direct and indirect exposures through foreign UCITS. There is an obvious reason for this low incidence, which was the low exposure to Eastern European assets, but this data also highlights the ongoing monitoring of fund liquidity that Spanish fund managers and, indirectly, the supervisor have been carrying out for years.

This liquidity monitoring model has recently been adopted by the European Commission in its proposal for the reform of the AIFMD directive, which also contains

a reform of the UCITS directive. It envisages the introduction of regulatory requirements on liquidity management tools for funds. In Spain we have been implementing this approach for many years through communications and technical guides to the sector.

The proposal to amend the directive also assumes another change of particular relevance, which we have been adopting in Spain since 1991. I am referring in particular to the regime for reporting to supervisory authorities (and in turn to ESMA) of individual assets in fund portfolios.

The difference this data stream makes to the quality of supervision is huge. For example, in Spain, before the Russian troops crossed the Ukrainian border, we had very precise information at the CNMV on which funds had the largest absolute and relative exposures to Russian or Ukrainian counterparties or assets. In other countries, this was discovered as some European funds (some with thousands of Spanish unitholders) were forced to suspend redemptions.

The importance of extending this modification to the European level is undeniable and the pending issue to be defined will be the granularity, frequency and homogeneity of the information requested so that a homogeneous position report can be put together that eliminates duplicities and redundancies. Ideally, one in which the Spanish report can be integrated.

But the European Commission has also proposed amending the ELTIF regulation as a tool to boost long-term collective investment in an efficient and safe way, thereby attracting more retail investors to the capital markets. These modifications are relevant to try to boost this complex and long-term vehicle type which has not been very successful in Europe.

One of the proposed amendments is the elimination of the minimum subscription amount, of the threshold of 10% of the investor's financial assets and of the need for advice. In this area, while these measures may help to broaden the retail investor base in these products, a call for caution is also necessary, since they are complex and illiquid products. This requires careful marketing if we are not to create risks of mismatching portfolios to retail investor types.

Both proposals for regulatory policy changes are important at the international level but I would also like to highlight matters that are important at the national level and included in the recent publication of our Activity Plan for 2022.

Firstly, I would like to refer to the CNMV's monitoring of the application of the new tax regime for SICAVs (open-ended collective investment companies).

In a few days, we will disseminate the data of almost 100% of SICAVs. Based on the latest data, we can say that 75% of all SICAVs, representing 51% of the assets under management, plan to liquidate or become trading companies, while 21% of the companies, representing 40% of the assets under management, plan to continue as SICAVs. It appears that several of the larger entities will continue as SICAVs as the vast majority of these - with almost 11 billion euros worth of assets - state that they comply with the new requirements. What would be particularly positive is for those that do not continue as SICAVs to transfer their assets to other Spanish CISs, so that they continue to be managed in Spain, under the new tax rules.

Secondly, I would like to highlight the forthcoming drafting of a new Circular to replace the existing one on the key investor information document (KIID) and the prospectus for CISs. This follows the entry into force of the application of the Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation to UCITS from January next year. As a result, it will also be necessary to make changes to the procedures for registering CIS prospectuses, including the elimination, in the medium term, of the CNMV's external computer application for the submission of prospectuses. We will replace it with standardised files with built-in validations. In any case, we will make this transition prudently and well in advance, so as not to cause any unnecessary setbacks.

In conclusion, the investment industry as a whole continues to perform positively - with the obvious partial exception of the SICAVs that I have just mentioned -. Their future prospects will depend in part on the regulatory changes discussed above, but also on the correct "reading" of investor preferences by our fund managers and management professionals. I am referring specifically to the incorporation of sustainability preferences in investment decisions as of August this year, which will undoubtedly be a very important transformative axis in the coming years and where the CNMV will accompany managers in the proper application of regulations that are still under construction. I also mean that we will have to keep a close eye on the emergence of the "crypto world" and the extent to which it establishes points of contact with the regulated world of UCITS, while the new European MiCA Regulation is being finalised.

Thank you very much.