



SEMINAR ON RECENT DEVELOPMENTS REGARDING CRIMINAL LIABILITY OF COMPANIES AND REGULATION OF MARKET ABUSE

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I would like to begin by thanking the Spanish Securities Issuers, and in particular their President, Javier Zapata, for the invitation to take part at the opening of this seminar. It is a particularly meaningful event for me, marking as it does my first public address as Vice-Chairman of the CNMV. Meanwhile, that fact that the venue is my home city of Barcelona makes the experience doubly pleasurable.

I would also like to thank Javier for his words of welcome. I believe it is important that we have associations such as that representing the Spanish Securities Issuers, to provide the backbone supporting the interests of issuing companies, and allowing the CNMV to gauge their concerns, so as to act accordingly.

I took up the position of Vice-Chairman of the CNMV some four months ago, and during this period we have promoted a range of initiatives in addition to the numerous other tasks that the institution performs.

Last week, in fact, we presented the CNMV's strategic areas for the period 2017-2018, along with our Activity Plan for this year, setting out the Commission's short- and medium-term priorities.

The design of the Strategic Areas and Activity Plan is a practice that began in 2007, with the aim of increasing transparency and encouraging the exchange of information between the CNMV and the market, investors, supervised bodies and other stakeholders.

The Plan does not cover all the work performed by the CNMV, since it instead includes only certain objectives selected on the basis of necessity or novelty with regard to the Commission's regular functions, and whose publication could be in the public interest.

I would like to take advantage of my involvement here today to begin by setting out briefly the Strategic Areas of the institution over the next two years, before then moving on to examine those aspects that could be of greatest interest to you in 2017.

As regards the Strategic Areas, we will emphasise in particular supervision and promotion of market transparency, because that is specifically the mission of the CNMV: to oversee and promote the integrity and transparency of markets, and serve as the safeguard of investors' interests.

We will therefore be addressing the following initiatives:

1. Maintain rigour in supervision of the compliance with financial information regulations by users, in particular given the imminent entry into force of the new

International Financial Reporting Standards: IFRS 9 on Financial Instruments, IFRS 15 on Revenue, and IFRS 16 on Financing Leases;

2. Intensify the fight against market abuse, by taking advantage of the new capabilities derived from EU regulations, and by reinforcing investigatory tools;
3. Supervise the proper functioning of market infrastructures, and
4. Increase the emphasis placed on the information provided to retail investors, whether by entities providing investment services or by issuers themselves.

The essential aim of these four tasks is, through the rigorous application of supervisory powers, to underpin the general perception of the Spanish market as a trustworthy market.

By achieving these aims we should, among other aspects, succeed in attracting flows of investment that will increase the depth of the Spanish market.

And the role of enhancing the attractiveness and competitiveness of Spanish securities markets is itself the second focus that we have defined.

Because there can be no doubt that, within a context such as today's, marked by only moderate prospects for growth both globally and in the European Union, and high levels of uncertainty as to the consequences of recent events, such as the vote in favour of Brexit or the US presidential election, it is particularly important to have in place a developed and competitive capital market.

Financial markets, including those of Spain, are increasingly internationalised, a trend that will heighten over the coming years, among other reasons because of the consequences of the aforementioned Brexit. Our work is intended to allow Spain to attract more investment and more financial companies, within a context of the greater dispersal of institutions and markets.

One of the intrinsic activities within this new context occurs within the sphere of FINTECH. Barcelona is, of course, as we are all aware, one of the global capitals of the technology sector, and has in place infrastructure and experience that can scarcely be rivalled, as clearly demonstrated by the staging of the most recent edition of the Mobile World Congress. At the CNMV we will be striving to ensure that, any companies from other countries that might so wish, will be able to benefit from the advantages offered by this city, which demands that we have in place a reliable, flexible and modern supervisor.

In this regard, the CNMV:

1. Will work in coordination with the sector and reinforce regulatory policy decisions with a rigorous analysis of the national and international context. The aim is, prior to their adoption, to analyse the impact of any regulatory policy decisions to be reached, through the Consultative Committee of the CNMV, which involves the Spanish Securities Issuers, working groups, or bilateral contacts.
2. Will furthermore continue to collaborate with other European regulators in order to coordinate the greatest possible efficiency in the implementation of regulations. I refer here to the introduction of MiFID II and the new European regulations on market abuse, thereby avoiding any possible regulatory or supervisory arbitrage between countries.

As our third strategic focus, we will be promoting the analysis and monitoring of financial stability in matters connected with capital markets.

The financial crisis has revealed the growing interdependence between financial stability and capital markets. A significant part of the work being performed by the Financial Stability Board (FSB) is closely connected with the activities performed by the regulators of the securities markets belonging to the IOSCO.

The CNMV, as the Spanish securities market regulator, plays an active role in both the IOSCO and the FSB.

As our fourth and final strategic focus, we wish to strengthen the financial education and support for investors.

The complexity of the markets and financial products and services themselves have revealed a growing need to address the financial education of consumers, so as to help them to make informed and responsible decisions.

The CNMV, within the context of the Financial Education Plan, has worked together with the Bank of Spain, with the support of the Secretariat-General for Treasury and Financial Policy and the Directorate-General for Insurance and Pension Funds, in order to raise the awareness of the Spanish population as to the importance of financial education at every stage of life, and in particular to emphasise the value of this type of education as a fundamental element of stability, and above all the protection of financial consumers.

In parallel, the CNMV will in particular be addressing the demands of investors to improve the system for the handling of complaints that reach the institution. As you are aware, the Ministry of Economy, Industry, and Competitiveness recently launched the public consultation of the Green Paper on the rationalisation and ordering of market supervisory bodies, proposing the creation of an Independent Protection Authority for users of financial services and for Financial Investors. The CNMV will, of course, be collaborating with the Government in the creation of the aforementioned institution.

In short, the CNMV has these four Strategic Focuses for the years 2017 and 2018

1. Supervision and market transparency;
2. Enhance the attractiveness and competitiveness of Spanish markets;
3. Analysis and monitoring of financial stability, and
4. Strengthen the financial education and attention of investors.

As for the specific objectives of the CNMV in 2017, within the context established by the strategic focuses I have just mentioned we have defined 50 goals in four areas:

1. CNMV's operational improvements;
2. Market supervision;
3. Supervision of financial intermediaries, and
4. Relations with investors and other stakeholders.

It is not my intention here to list all 50 of these goals, but I would like to mention those aspects that could be of interest to you, in particular those regarding improvements in the functioning of the CNMV, and supervision.

As for improvements connected with the functioning of the CNMV itself, there can be no doubt that within the current context, as I mentioned earlier, having a sound, agile, flexible and efficient regulator is essential, and to this end:

1. We have embarked on what we call “CNMV in English”, which:

- Aims to ensure that the CNMV's services will offer an initial response in English as a matter of course, extending those spheres where documentation can be presented and administered solely in English (as occurs, for example, with issue prospectuses and takeover bids).

- Our intention is also that the information on our website should be available in English, making it an appropriate information mechanism for all foreign investors.

- As a result, and as many of you will be aware, we have requested your assistance in sending us in all cases the version in English of your price sensitive information, periodic financial reporting and annual accounts.

2. Likewise as a part of these functional improvements at the CNMV, we have embarked on initiatives to strengthen and increase the flexibility of our human resources, while giving our staff greater protection in performing their supervisory and punitive role.

3. We should thirdly emphasise the implementation of the "CNMV Citizens' Folder", planned within the context of Electronic Administration, allowing both organisations and individuals to use their electronic ID to access all the information recorded about them in our files.

As you know, we also have a delegation here in Barcelona staffed by CNMV personnel, as the expression of this culture of proximity and service.

As for the area covering the supervision of markets and financial intermediaries, our aim is to continue addressing the following issues:

1. Simplification and streamlining of our procedures, without in any way weakening investor protection.

We have already made progress in this regard over recent years, with the commitment to approve certain operations within five days, along with the acceptance of prospectuses in English, as I mentioned just now.

In order to continue our initiatives in this field, over the course of this year we will be working to simplify the procedures for the placement of fixed income securities intended for the institutional market, so as further to streamline the processing of this type of operation.

We also have plans to revise the issuance guides in order to assist issuers in complying with the regulations concerning issues of variable income, fixed income, commercial paper and securitisations.

2. Meanwhile, against a backdrop of regulatory stability in terms of corporate governance following the far-reaching changes seen over recent years, the CNMV will continue to focus in particular on the corporate governance of listed companies.

What we aim to achieve is a simplification of the obligations in force through the analysis and elimination of the unnecessary overlaps that currently exist, in annual accounts, the corporate governance report and the remunerations report.

To give you two examples:

- transactions with related parties are reported in the Annual Corporate Governance Report and in the annual accounts.
- the details of the remuneration of Directors are reported three times over, in the Annual Corporate Governance Report, in the Annual Remunerations Report, and in the annual accounts.

Another aspect that will be attracting our efforts, and which likewise affects you directly, is the supervision of Audit Committees.

As you are aware, in 2016 the CNMV began work to supervise the obligations incumbent on the audit committees of entities of public interest, as established in the Third Additional Provision of Accounts Auditing Act 22/2015, of 20 July 2015.

This year, then, our plan is to publish a technical guide on functional best practice for audit committees, so as to steer issuers in a sphere that is arousing doubts as to its application.

3. I would also mention that we will be conducting a comparative analysis of the different treasury shares supervisory practices and regulations in other jurisdictions, so as to evaluate whether any action should be taken in this regard.

4. And to conclude, I would like to refer to an issue that is also a priority within our strategy, and furthermore represents the essential subject matter of this seminar, namely market abuse, an area to which the CNMV pays particular attention and dedicates considerable resources. The latest developments will be explained by Ángel Benito, who has for many years been the most senior figure in charge of the supervision of market abuse, and who has now joined the Board of the CNMV, although I would myself like to mention two aspects.

- We are working very hard advising the Government to the transposition of the European provisions in this regard, namely the new European market abuse regulation. As you will be aware, the public consultation was launched last Friday, and will run until 27 March, to consider the Green Paper for the modification to the Recast Text of the Securities Market Act, in order to adapt it in line with Regulation (EU) 596/2014, of 16 April 2014, on Market Abuse, and Commission Implementing Directive (EU) 2015/2392.

- We continue to adapt to the new digital reality, and have specifically adopted as an aim for this year the reinforcement of the IT tools available to the CNMV for data analysis and monitoring of investigations of market abuse.

And that wraps up my presentation. It has been a pleasure to be here with all of you, and I trust the seminar will be a fruitful one. Thank you very much.