



CNMV 2016 Activity Plan



CNMV 2016 Activity Plan

Comisión Nacional del Mercado de Valores
Edison, 4
28006 Madrid

Passeig de Gràcia, 19
08007 Barcelona

© Comisión Nacional del Mercado de Valores

Reproduction of the contents of this publication is permitted provided the source is acknowledged.
The CNMV distributes its reports and publications online at www.cnmv.es.

ISSN (electronic edition): 1989-8711

Layout: Composiciones Rali, S.A.

Contents

1 Introduction	7
1.1 Environment	7
1.2 Strategic areas	10
2 Implementation of the 2015 Activity Plan	13
3 2016 Activity Plan	15
3.1 Improvements in the functioning of the CNMV	15
3.2 Market Supervision	17
3.3 Supervision of Financial Intermediaries	21
3.4 Relations with Investors and other Stakeholders	24

1. Introduction

The Comisión Nacional del Mercado de Valores (CNMV) presents its Activity Plan for the year 2016 with the aim of improving the efficiency of the institution, increasing transparency and encouraging the exchange of information with the market, investors and supervised entities.

The 2016 Plan outlines the objectives of the CNMV for this year, identifying those projects for which implementation is considered a priority. Similarly, it indicates those initiatives for which implementation is conditional since they do not depend exclusively on the institution and require the involvement of third parties.

As in previous years, it must be remembered that the Activity Plan represents only a limited part of the work of the CNMV; it only includes those objectives that meet the criteria of timeliness, which are innovative in relation to the CNMV's normal functions, or are of public importance. Therefore, the Plan does not include many of the tasks performed by the CNMV in its regular function of authorising, registering and supervising institutions, or those tasks related to supervision of the markets, the recording of operations or the monitoring of regulated information. Similarly, it does not include actions involving sanctions or reviews of inquiries and claims by investors, among others.

The institutions activities for the year 2016 will be focused on the fulfilment of the duties entrusted by the Securities Market Act (LMV) to the CNMV, as the agency responsible for the supervision and inspection of the Spanish securities markets and the activity of those involved in them. It is also conditioned by the basic characteristics of the environment envisaged for the year 2016 and the actions to be developed to adapt to this context.

Building on the functions established for the CNMV by law, together with the basic characteristics of the environment, the institution defines strategic areas that inspire the objectives included in the Plan.

1.1 Environment

The CNMV publishes its Activity Plan in an economic context in which the forecasts of the main international organisations¹ point towards a global growth of 3.4%: 2.1% for advanced economies and 4.3% for the economies of emerging and developing markets. This represents a downward revision of 0.2 percentage points in the growth forecasts for the global economy compared with those in October.

1 Update in January 2016 of the central projections from the World Economic Outlook report of the International Monetary Fund (IMF), published in October 2015. Other data taken from the *CNMV* quarterly bulletin corresponding to the third quarter of 2015 and from the Economic Bulletin of the Bank of Spain dated December 2015.

With regard to the advanced economies, these are expected to continue on their path of recovery, albeit moderate and uneven, relying on stable growth in the US, forecast to be 2.6% for 2016. However, this rise appears to be at risk, mainly due to the stronger dollar, which undermines the country's manufacturing exports, as well as falling oil prices, which could be damaging to investment.

The bloc of emerging and developing market economies, on the other hand, represent a varied scenario, marked by a general slowdown. This slowdown is mainly due to the following factors: the rebalancing of the Chinese economy, the growth forecast for which estimates a fall to 6.3% in 2016; the fall in commodity prices, especially crude oil; the stronger dollar; the resurgence of global risk aversion; and the geopolitical tensions in particular affecting Brazil, Russia and certain Middle Eastern countries.

In the euro zone, the modest recovery that began in 2014 and 2015 is expected to be consolidated in 2016. The strengthening of private consumption, supported by falling oil prices and favourable financial conditions, compensates for the weakening of net exports. The European Central Bank (ECB) will maintain its programme of sovereign debt purchases (quantitative easing or QE) and has announced its willingness to extend it until March 2017. Therefore, in response to the risk of deflation, it is expected that the liquidity injections into the euro zone economy will continue during the coming months. On the other hand, the possible increase in capital requirements of credit institutions from the ECB, as part of the Single Supervisory Mechanism, could lead to higher costs for the sector and a contraction in lending levels. In response to the above, and in order to reduce the dominance of the banking channel in the financing of the economy, the European Commission's project - the Capital Markets Union, will seek to enhance the diversification of sources of access to credit by promoting alternative markets, venture capital or crowdfunding, giving greater prominence to the securities markets.

The recovery of the European economy has been supported by a series of regulatory reforms. Thus, in 2015, progress has been made in drafting a large part of the regulatory developments for the major pieces of European legislation adopted in previous years. It is anticipated that these developments will be finalised in 2016 and the necessary changes adopted at national level in order to incorporate the regulations that will apply in the short term.

In relation to the above, the Directive and the Regulation on Market Abuse - MAD/MAR- came into effect in July 2014, although they will apply from July 2016; Regulation (EU) No 909/2014 from the European Parliament and of the Council, of 23 July 2014 on improving securities settlement in the European Union and the central securities depositories (CSDR) entered into force in August 2014 and its implementation will depend on the corresponding regulatory developments²; and, lastly, the Directive relating to markets in financial instruments (MiFID II) and its Regulation (MIFIR) entered into force in July 2014 and are expected to be applicable in most of their provisions in January 2018³.

2 Various implementation dates depending on the articles and the exemptions granted. Moreover, the date depends on the completion of the work of the European Banking Authority (EBA) in relation to the technical standards and the approval processes of the European institutions.

3 The European Commission proposed this postponement on 10 February.

In addition, some regulations remain under negotiation, such as the proposed Regulation on benchmarks or the Regulation on money market funds and, in the context of the aforementioned Capital Markets Union initiative, a review has recently been prompted of the Prospectus Directive as well as the Regulations on European venture capital funds and European social entrepreneurship funds.

At the national level, the IMF forecasts point to a favourable trend for the Spanish economy in 2016, marked by an average annual percentage growth in GDP that could reach 2.7%, representing an upward revision of 0.2 percentage points compared to the October forecasts. A continuation of the dynamic behaviour of the activity (growth in GDP of 3.2% in 2015) is also expected, with an expected upturn in the overall CPI in line with the reduction in the degree of cyclical slack in the economy, the strength of household spending and the weak exchange rate of the euro.

This improvement in macroeconomic data is impacting positively on the business performance of Spanish companies. A reflection of this is that the accounts of listed companies registered a 54% growth in their results in the first half of 2015.

On the other hand, and in relation to the banking sector, this improvement to the economy and decline in the NPL ratio, which in September stood at 10.6% compared to 12.5% in 2014, is impacting favourably on business development. However, the environment, with low interest rates and the existence of a large volume of non-performing assets, represents a significant challenge to the business model of these entities in the short and medium term.

The national equities markets, which were affected by the turbulence in Greece and China, suffered losses in 2015. In fact, the Ibex 35 closed the year with a fall of 7.15%, the worst year since 2011. However, the Spanish stock exchange traded 962,138 million euros in 2015, 8.9% more than in 2014. In January, the Ibex 35 continued to suffer significant declines and ended the month with a fall of 7.6%.

With regard to national fixed income markets, these were subject to a certain amount of instability, prompting occasional spikes in their returns, which gradually disappeared once the agreement on the third bailout for Greece was reached. Meanwhile, trading in the corporate debt market throughout 2015 was 515,073 million euros, a decrease of 53% over the previous year, while admissions to trading of new issues amounted to 145,891 million euros, an increase of 27% compared with 2014.

It is expected that a revival of IPOs and bond issues will occur in 2016, although a risk factor regarding this forecast is the political uncertainty currently present in Spain.

On the other hand, the collective investment industry continued its expansion during 2015, given that its products continue to show advantages over its major competitors, bank deposits, which offer a very limited profitability. Nevertheless, it should be noted that this search for higher returns involves taking on greater risk, of which investors should be aware. The assets of collective investment institutions (CII) in 2015 stood at 366,090 million euros. In the same year, equity invested in funds and investment companies in Spain increased by 46,141 million euros with respect to 2014. It is anticipated that this trend will continue in 2016.

Finally, investment service companies (ISC) faced a complex scenario during the first nine months of 2015 as a result of the turbulence in the financial markets. The

sector's aggregate before-tax profit, which had improved over the past two years, fell by 24.29% up to September, which put the industry profit at 148 million euros. This decline originated from the impairment of several items in the income statement, but the financial situation of the sector, in response to global factors, remains sound, with no significant changes being expected during 2016.

1.2 Strategic areas

The Activity Plan is structured around four **strategic areas** which inspire the objectives set for 2016.

The first strategic area, which is related to greater ease of adaptation to the environment, is to develop **proactive operation, with special application of the new skills and tools of the CNMV**.

In recent years, the CNMV has worked to promote regulatory reform that would give the institution greater autonomy and supervisory capacity. This impetus was formalised in the adoption of Law 5/2015, dated 27 April, regarding the promotion of corporate finance, which extends the powers of the CNMV with the aim of improving its functional independence and strengthening its supervisory capacities.

During 2016, the CNMV will define its objectives drawing on these new capacities, so that the policy of preventive supervision developed over recent years is accentuated and the protection of investors is properly balanced with initiatives aimed at boosting investment in our country and the development of Spanish markets. In connection with this, new supervisory tools will be used that allow the CNMV to request the cooperation of independent experts in its control activities and to carry out supervisory tasks by anonymously checking the process of marketing financial products in commercial networks, via CNMV employees or external personnel acting as mystery shoppers.

Also, use of the CNMV's legally recognised capacity to develop technical guidelines with criteria or procedures that facilitate compliance with regulations will be enhanced, as well as the authority to develop or adapt the guidelines

approved by international organisations in the field of securities markets, especially the European Securities and Markets Authority (ESMA).

Furthermore, due to the approval of new European regulatory developments, such as the MiFID II directive and the MIFIR Regulations, the new Regulation on Market Abuse (MAR) and the Regulation on Packaged Retail and Insurance-based Investment Products (PRIIP), among others, additional and new faculties have been granted to the CNMV.

These include the new powers of intervention of the CNMV to suspend or prohibit the marketing, distribution or sale of certain financial instruments or any type of financial activity or practice.

The CNMV must analyse, in coordination with other European supervisors, the most appropriate way to exercise this power, in order to avoid threats to the integrity and orderly functioning of markets and to ensure the adequate protection of investors, while at the same time avoiding unnecessarily restricting the development

and innovative capacity of the financial markets, which are an essential mechanism in promoting the country's economic growth.

Finally, in an environment in which information technology plays an increasing role in the financial world, the CNMV will intensify investment in technology and in human and material resources, cooperate in the area of ESMA in order to realise IT projects that stem from Community regulations and facilitate cooperation between supervisors. Furthermore, special attention will be paid to initiatives at international and national levels that are developed to improve cyber security in financial services and measures will be taken to minimise the risk of cyber-crime.

The second strategic area that will mark the activity of the CNMV during 2016 will be the promotion of **supervisory convergence**. The CNMV will continue to actively participate in the international arena, which will be more focused on the application of the regulations adopted than on the preparation of new legislation.

Thus, in the area of ESMA, the CNMV will intensify its cooperation with other European supervisors in order to coordinate the implementation of regulations as homogeneously as possible and thereby avoid regulatory or supervisory arbitration between countries. To this end, ESMA has recently strengthened the Supervisory Convergence Standing Committee, which is the permanent group, chaired by the CNMV, that works to identify those areas of regulation and supervision that require greater integration and in which the risks of supervisory divergence are most urgent.

The CNMV's third strategic area will involve efforts **to improve the operation of securities markets** so that it can more effectively fulfil its task of funding, **for which it will intensify the use of its legal right to make proposals in this respect**.

At European level, the conviction that it is necessary to strengthen the capital markets as a funding mechanism and reduce the cost of capital has given rise to a plan of action designed to achieve a true Union of the Capital Markets in Europe that will set the regulatory agenda for the coming years. On the other hand, at national level, the regulatory changes introduced by Law 5/2015, dated 27 April, on the promotion of corporate finance, and Law 22/2014, dated 12 November, by which venture capital firms (VCF) are regulated, also aim to promote other alternative financing mechanisms such as securitisation, crowdfunding and venture capital, and they introduce improvements in the legal framework of alternative trading systems, with the aim of facilitating access to financing for businesses through these markets.

The newness of this whole set of regulations makes it necessary to carry out an analysis exercise in relation to their effectiveness and requires an ongoing effort to define possible measures or developments that might be deemed appropriate to promote this effectiveness in achieving the objectives for which the legislation was developed.

During 2016, the CNMV will contribute to the initiatives that materialise at European level and will seek to optimise the institution's activity to ensure the smooth functioning of the Spanish securities markets, thereby increasing confidence in them. To this end, it will work on two fronts. On one front, it will work with entities in need of funding, promoting dialogue and removing obstacles that, after critical analysis, are deemed unnecessary, so that they can issue and be listed in our country. On the other front, initiatives will be implemented to attract foreign and domestic investment, especially guarding the protection of retail investors.

In this context, throughout next year, the CNMV, as a fundamental tool of its activity, will make more intensive use of its faculty, acknowledged in Article 17.3 of the revised text of the Law on the Securities Market⁴, to make proposals to the Government and the Ministry of Economy and Competitiveness regarding measures to improve the operation of the Spanish securities markets and, therefore, the financing of productive activity.

Fourthly, and lastly, the CNMV considers it important to continue to maintain an approach of active listening with regard to the needs of the industry and investors. Thus, **enhancing interaction with the industry and with investors** will also be a strategic area for the institution during 2016.

The CNMV considers it necessary, due to the entry into force of the new European regulatory developments, to promote relations with the relevant industry institutions and associations that must comply with the new legislation, and to make additional efforts to explain to investors the impact it will have on them. With this in mind, in 2016, the CNMV will be more focused on articulating the formulas for dialogue needed for the process of adapting to the new regulations to take place efficiently, with the aim of stimulating the competitiveness of our financial sector and increasing protection for investors.

In the area of investor education, the complexity of the regulatory changes to be implemented in the short term requires an increase in the educational input from the CNMV, through *ad hoc* courses and information sheets as well as a push forward in the Financial Education Plan. Lastly, cooperation with investors' associations will be intensified, and resources and attention will continue to be dedicated to complaints and inquiries from investors so that they perceive the CNMV as an approachable institution that primarily aims to protect their interests.

2. Implementation of the 2015 Activity Plan

In its 2015 Activity Plan, the CNMV defined 34 objectives designed to develop the strategic areas planned for that year. Upon publication of the 2016 Activity Plan, 79% of the objectives from the 2015 Plan had been accomplished. Specifically, of the 27 completed objectives, 44% of the initiatives were completed by the deadline, and the remaining 56% were completed successfully, albeit with some delay, caused primarily by the redefinition of the CNMV's priorities or due to a lack of the appropriate regulatory authorisation.

Thus, in 2015 it achieved a level of adherence to its Activity Plan that exceeded that of previous years: 79% in 2015 compared with 75% in 2014 and 72% in 2013.

Below, we detail the monitoring of the objectives set in 2015 according to the various sections of the Plan: operational improvements in the CNMV, market supervision, supervision of financial intermediaries and relations with investors and other stakeholders.

As regards **improvements in the operation of the CNMV**, in 2015, 77% of the 13 objectives that the agency had proposed were achieved. Only three objectives remained unfulfilled. Specifically, the critical review of manuals for the CNMV's internal activities and the critical review of CNMV guidelines were not completed due to a delay in meeting the objective relating to the critical review of the CNMV's internal operational procedures. Notwithstanding this, in parallel with the development of procedures, aspects of the institution's internal operations were revised, which will be reflected in the manuals and guides that will result in a short-term improvement in the CNMV's efficiency. The exercise carried out in 2015 identified and eliminated unnecessary procedures, allowing the institution's operations to be streamlined so as to offer better service to both investors and market participants.

Furthermore, the objective concerning the adaptation of the CNMV to the implementation of obligations arising from Regulation (EU) No. 648/2012 of the European Parliament and the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (EMIR) has been classified as incomplete because the drafting of the plan for supervision of the centralised clearing obligations remains pending. The development of this supervision plan is included in the 2016 Activity Plan.

In connection with the 12 goals included under the **market supervision** heading, the percentage completed was 75%, with only three of them not being achieved.

The first, the preparation of a circular with the minimum content of the remuneration policy for board members subject to the approval of the general meeting, was not carried out due to the lack of enabling regulations. With regard to the second, the revision of duplications in the regulated information published by issuers, it was decided to defer this because of the various changes made in 2015 that affected

the regulatory instruments evaluated. Also, the remarkable momentum that different international initiatives have acquired regarding integrating and simplifying the various components of the periodic information of issuers of securities makes it advisable to wait until the completion of these projects before taking action at the national level.

Lastly, regarding the objective related to the supervision of market infrastructures, it has been treated as incomplete despite having approved and published Circular 6/2015 of 15 December, amending Circular 1/2015 of 23 June concerning statistical data and information on market infrastructures, given that the updating of Circular 9/2008 of 10 December on accounting standards and reserved and public information statements for market infrastructures was not completed as a result of the delay in reforming the clearing, settlement and registration system. This action is expected to be carried out in 2016.

In the area of **supervision of the standards of conduct for financial intermediaries**, 100% of the objectives included in the 2015 Activity Plan were met. Of the three objectives that were achieved under this heading, it is worth highlighting the one dedicated to conducting a horizontal review of the content of qualitative information included in the periodic public information of the CII. This work concluded with the presentation of a report to the Executive Committee in which possible actions for the development of a future guide were proposed.

Lastly, all except one of the six objectives included in the section on **relations with investors and other interested parties** were completed.

Of the objectives achieved, all were completed on schedule except for the organisation of seminars with the industry on the new European regulations, where it was decided to briefly postpone them in order to integrate them within the context of the seminar on European regulations that took place in October 2015. Regarding the one objective that was not met, the organisation of meetings with industry representatives to promote the efficiency of the Spanish primary market, it is worth noting that the CNMV initiated contacts with various institutions but decided to postpone it and include it as an objective of the 2016 Activity Plan with the intention of creating, as far as possible, a stable working group to develop proposals for improving the efficiency of our primary market.

3 2016 Activity Plan

3.1 Operational Improvements to the CNMV

In 2016, the CNMV will intensify its efforts of recent years with the aim of becoming a flexible institution with the ability to adapt to the changing environment of financial markets and to offer a higher quality of service to investors and market participants.

To this end, the 2016 Activity Plan outlines a set of objectives aimed at making the CNMV a more efficient institution that takes advantage of the new supervisory tools that it has been granted under the regulations. It will also intensify its digital transformation to ensure that the electronic channels are the best option for its relations with entities and investors, which will result in improved efficiency and transparency in its internal functioning.

Improved efficiency

The CNMV considers it a priority to carry out in 2016 (I) two initiatives to further refine its investigatory and sanctioning capacity in order to improve market discipline.

Firstly, a proposal will be made for a new penalty system for the Law on the Securities Market, structuring, in a more systematic and appropriate manner, existing categories of offenders, taking into account the categories included in the Community legislation that must be incorporated into Spanish law (e.g. legislation on market abuse, MiFID II and MiFIR).

Secondly, it will develop a new software application to carry out investigations concerning possible insider trading. This development will take advantage of the necessary adaptation to the new interface to obtain the title holders from the central securities depository, following the reform of the registration, clearing and settlement system.

In addition, in 2016 (II), a critical analysis will be carried out of the actions arising from the intervention and bankruptcy of entities under the supervision of the CNMV⁵. The purpose of this analysis is to evaluate alternatives that avoid or reduce the problems that have been identified in recent experiences, incorporating modifications in supervisory practices and making, where appropriate, legislative proposals aimed at resolving the identified problems and improving the processes.

5 As has been the case for the entities of the Banco Madrid Group.

Lastly, once the possibilities offered by the institution's new powers are analysed, in 2016 (II), the CNMV will conduct its first supervision activities in which the so-called mystery shopping tool will be used, using external personnel to anonymously carry out checks on the process of the marketing of financial products in commercial networks.

Adaptation of the CNMV to Law 39/2015

Law 39/2015 of 1 October on the Common Administrative Procedure of Public Administrations, which regulates external relations between the Administrative Authorities and citizens, is aimed at implementing an eminently electronic, interconnected and transparent administration, improving the flexibility of administrative procedures. This law also establishes the basis under which the regulatory powers of the Authorities must unfold in order to ensure their application in accordance with the principles of good regulation and to suitably guarantee the audience and participation of citizens during the preparation of the standards.

In 2016 (II), the CNMV will perform two activities in order to accommodate the provisions of this law in an effective and timely manner.

Firstly, in anticipation of the entry into force of the issues relating to electronic administration⁶, the CNMV will carry out the necessary changes in order to provide the internal electronic distribution of registered incoming documents and the system for issuing certified copies, both in electronic format and in hard copies.

Secondly, it will adopt the necessary measures to improve stakeholder participation and legal certainty in the procedures for preparing CNMV circulars.

Internal audit

In order to improve the smooth functioning and efficiency of the processes of risk management and oversight and governance of the institution, the CNMV will promote the internal audit function in 2016.

To this end, it will, in 2016 (II), review the statute for internal audit and, in parallel, develop a manual for internal audit activities. This initiative aims to integrate aspects contained in the CNMV's risk map, to introduce a monitoring system for proposed actions following an audit and to incorporate different levels for managing actions and recommendations based on an approach to risk.

Improvements in the functioning of the CNMV

TABLE 1

	Initiative	Planned timetable (*)
Improved efficiency	Proposal for a new penalty system regulated in the revised text of the Law on the Securities Market	2016 (I)
	New software application to investigate possible insider trading	2016 (I)
	Regulatory proposals and supervisory actions arising from the recent experience involving the intervention and bankruptcy of entities supervised by the CNMV	2016 (II)
	Use of a so-called mystery shopping tool for supervision	2016 (II)
Adaptation of the CNMV to Law 39/2015	Adapting the CNMV to the new electronic administration	2016 (II)
	Adaptation of the procedure for drafting circulars to the innovations introduced by Law 39/2015 on the Common Administrative Procedure	2016 (II)
Internal audit	Review of the internal audit statute and development of an internal audit activities manual	2016 (II)

(*) Quarter by which the commitment is to be implemented

3.2 Market Supervision

Corporate governance

In recent years, the CNMV has devoted significant efforts to promoting the improvement of corporate governance among Spanish issuers. The work carried out was reflected in the adoption of Law 31/2014 of 3 December, which amends the Capital Companies Act to improve corporate governance; in the publication in February 2015 of a new Unified Code of Good Governance; and in the approval of several circulars developed throughout 2015.

In 2016, corporate governance will remain a priority for the CNMV. Three objectives have, therefore, been incorporated for 2016 (II) that encourage further improvements in this area.

Firstly, it will promote the regulatory changes needed in order to establish the requirement that all significant shareholders, directors and officers, as well as parties closely related to directors and officers, perform the notifications as required under Royal Decree 1362/2007 of 19 October by electronic or telematic means or via the electronic office authorised by the CNMV.

This initiative implies an improvement on the provisions of Circular 8/2015 of 22 December by which the forms for notification of significant shareholdings are approved, which, while already allowing the notifications to be filed electronically, imposes no such obligation in the absence of enabling legislation. Taking into account the advances in computer technology and the need to process information properly and quickly, the CNMV considers it appropriate to promote the necessary changes so that electronic means are used exclusively, streamlining the process and guaranteeing legal certainty as to the source of the communication and its sender.

Secondly, as a result of the entry into force of Law 31/2014, it is advisable to promote the necessary changes in Order ECC 461/2013 to adjust it to the provisions of

Articles 540 and 541 of this law, relating to the annual corporate governance report (ACGR) and the annual directors remuneration report (ADRR).

Additionally, and because of the amendment of this order, the desirability will be assessed of making certain changes in the structure and content of the ACGR and ADRR that eliminate or mitigate duplications currently existing in their content and provide greater flexibility to issuers during their preparation.

Thirdly, it is expected that supervision procedures will be established for the obligations to which the audit committees of public interest entities are subject, as established in the third additional provision of Law 22/2015 of 20 July 20 on Auditing of Accounts. The CNMV will evaluate the relevant background in the international field and, if necessary, publish a technical guide on good working practices of audit committees in the performance of their duties.

Financial Information

In 2016, the CNMV will continue with its efforts to monitor financial information on issuers and will intensify its cooperation with other European oversight bodies to coordinate the implementation of Community legislation as homogeneously as possible.

It is considered a priority procedure in this area to review, in 2016 (II), compliance with the Guidelines on alternative performance measures for issuers developed by the ESMA. These guidelines, which will take effect on 3 July, are intended to promote the usefulness and transparency of alternative performance measures included in the brochures or the regulated information. Compliance with these guidelines will improve the comparability, reliability and comprehensibility of the alternative performance measures. To carry out the review, compliance will be monitored among a representative sample of issuers.

Similarly, in 2016 (II), compliance with the application of IFRS 13 (Fair Value Measurement) will be reviewed among a sample of issuers. The peculiarities of IFRS 13 also makes it advisable to carry out an analysis and a critical review of its application to identify potential areas for improvement, so that the use of fair value is more feasible in companies and that the information provided is more reliable.

Emissions and admissions

In 2016, it is planned to enhance the use of the CNMV's legally recognised capacity to develop technical guidelines with criteria or procedures that facilitate compliance, as well as the authority to develop or adapt the guides approved by international organisations in the field of securities markets, especially the ESMA.

In this regard, the CNMV is planning, in 2016 (II), to carry out a critical review and update of the promissory notes Guide, the procedures Guide for verification of equities and fixed-income operations and the Guide for verifying securitisation operations in order to adapt them to the provisions of Article 21.3 of the revised text of the Securities Market Law and to eliminate obstacles in order to streamline the processing of these operations.

In line with the above, there is a plan in 2016 (II) to develop a new technical guide for the verification of takeover bids. This guide will include guidelines on the necessary documentation and criteria relating to the use of, and methodology for, valuations.

Monitoring the activities of securities markets

In recent years, the CNMV has devoted significant efforts and resources to monitoring the activity of securities markets.

Because of the approval of the MAR, it is a priority to review, in 2016 (II), Circular 3/2007 of 19 December from the National Securities Market Commission, on Liquidity Contracts, for the purposes of its acceptance as a market practice. The MAR requires that currently accepted market practices be reviewed by the competent authority and be subject to public consultation.

The CNMV considers it a priority in 2016 (II) to promote the transfer of public debt market activity to another type of regulated market in order to facilitate adaptation to the MiFID II requirements.

Monitoring market infrastructures

In relation to the supervision of infrastructure, one of the objectives included in the Activity Plan is the updating of Circular 9/2008 of 10 December on accounting standards and statements of public and reserved information and market infrastructures. This circular will be adapted in 2016 (II) to the implications that, regarding the accounting information related to infrastructure, involves the reform of the clearing, settlement and registration system, as well as certain European legislation, such as EMIR or CSDR.

Thus, it will incorporate an analytical accounting model from the Systems Company that will improve the information system for economic and financial monitoring, with the identification of revenue and expenditure for basic and auxiliary services. This review will be conditional on the Systems Company having been authorised as a central securities depository in accordance with the provisions of the aforementioned CSDR.

Also in 2016 (II), a technical guide will be prepared with the information that should be provided to the purchasers of significant stakes in the capital of companies that manage official secondary markets and companies that administer registration, clearing and settlement systems. This guide, which will contain the minimum information that must be provided to a potential purchaser in order to assess its suitability, is aimed at facilitating and expediting the process of supervision of the CNMV.

Adapting the CNMV to new areas of supervision arising from European regulations

The entry into force of MiFID, MiFIR and EMIR, among other regulations, makes it necessary for the CNMV to devote efforts to adapt to the new areas of supervision.

Firstly, it is a priority that, in 2016 (I), the CNMV adopt a supervision plan complying with the new compensation obligations of certain classes of derivatives through a central counter-party (CCP).

Also, in connection with the above, the CNMV has set a priority for 2016 (I) to develop a procedure to provide an exemption from the obligation to compensate through a CCP those derivative transactions that take place between two entities belonging to the same group when certain requirements are met.

For MiFID and MiFIR, it is considered a priority to publish a timetable, in 2016 (II), for the adoption of decisions on exemptions and deferrals of transparency for non-equity instruments. This objective will be conditional on the decision concerning the entry into force of MiFID and MiFIR.

Therefore, in 2016 (II), it will be a priority to publish the CNMV timetable for the adoption of decisions on transparency, so that markets and systematic internalisers have sufficient time to make their business decisions and to make the necessary changes to their computer systems prior to the entry into force of the new legislation.

Lastly, in 2016 (II), the CNMV will also publish a timetable for the submission of applications for organised trading systems, authorised publication agents, authorised information systems and central securities depositories. This action is intended to allow the participating entities enough time to be able to make strategic decisions before the entry into force of the obligations under the new regulations.

Market supervision

TABLE 2

	Initiative	Planned timetable (*)
Corporate governance	Promote regulatory changes for the submission of notifications of significant holdings by electronic means	2016 (II)
	Promote necessary changes in ECC Order 461/2013	2016 (II)
	Supervision of aspects related to audit committees	2016 (II)
Financial information	Review of compliance with the Guidelines on alternative measures of performance of ESMA issuers	2016 (II)
	Review of the application of IFRS 13 (Fair Value Measurement)	2016 (II)
Emissions and admissions	Critical review of the emissions guides	2016 (II)
Takeover bids (OPA)	Technical Guide for the verification of takeover bids	2016 (II)
Monitoring of market activity	Review of the Circular on accepted market practices concerning liquidity contracts on shares	2016 (II)
	Promote the transfer of public debt market activity to another type of regulated market	2016 (II)
Monitoring of market infrastructures	Updating of Circular 9/2008 of 10 December on accounting standards and statements of public and reserved information related to market infrastructures.	2016 (II) ^c
	Technical Guide on significant holdings in market infrastructures	2016 (II)
Adapting the CNMV to new areas of supervision arising from European regulations	Compensation exemption procedure for intra-group derivative transactions	2016 (I)
	Monitoring plan for the clearing obligation in the central counterparty	2016 (I)
	Publication of a timetable for adopting decisions on exemptions and deferrals related to the transparency of non-equity instruments	2016 (II) ^c
	Publication of a timetable for the submission of applications for organised trading systems, authorised publication agents, authorised information systems and central securities depositories	2016 (II)

(*) Quarter by which the commitment is to be implemented

^c Conditional objectives, the realisation of which does not solely depend on the CNMV.

3.3 Supervision of Financial Intermediaries

New capacities and responsibilities

In 2016, the CNMV will develop new capacities and responsibilities granted to it under the regulations.

In this regard, Law 5/2015 of 27 April to promote business funding established that the authorisation, registration and supervision of participatory funding platforms corresponded to the CNMV. Therefore, in 2016 (I), the design of the supervision model for these platforms will be addressed as a priority, and will include the authorisation process and the creation of a record.

In 2016 (II), it is also considered a priority that the CNMV develop ISC resolution plans and perform a solvency analysis, with a pre-classification of entities based on their importance and risk profile, and the determination of the timetables applica-

ble to each phase. Also, to improve cooperation with other national and foreign authorities, it will be a priority in 2016 (II) to adopt new cooperation agreements on resolution. These agreements will ensure ongoing coordination in all decisions affecting both activities in the early phase and the planning and implementation of the resolution.

Collective investment and venture capital

In 2016 (I), the CNMV plans to review, update and expand the document containing questions and answers on the regulations related to the CIIs published in October 2009. After the expiry of the periods for adaptation to the new CII law and its regulations and to the new law regulating the venture capital entities⁷, it will be necessary to facilitate the adaptation of the managing bodies to the new requirements introduced both in the laws and the regulations, as a result of the transposition of the Directive on managers of alternative investment funds and the UCITS V Directive.

Entities providing investment services

The entry into force of Law 10/2014 of 26 June on the management, supervision and solvency of credit institutions, states that the supervisory work of the CNMV must develop in an orderly and systematic framework, for which the agency should produce an annual supervisory programme that provides the supervised ISCs with clear criteria regarding the application of the regulations.

Consequently, there are plans to review and update the guide for the preparation of self-assessment reports on the solvency of the ISCs in 2016 (I).

Strengthening investor protection

In 2016, the CNMV will continue to devote efforts and resources to improving investor protection, with special attention paid to retail investors.

To this end, the requirements included in the ESMA guide on the specific knowledge and skill requirements of sales network professionals will be specified in 2016 (I). In this area, the actions to be performed in order to finalise the training requirements, certifications and refresher courses for people who provide information and advice within commercial networks will be studied and will be conditional upon the final content of the ESMA guidelines and the final entry into force of MiFID and MiFIR.

Meanwhile, in 2016 (I), activities will be resumed on the Draft Circular with warnings about products unsuitable for individuals in order to regulate those aspects not covered by Order ECC/2316/2015 of 4 November regarding the obligations to provide information and classification of financial products, particularly the definition of products that are especially complex and considered unsuitable for individuals and those significantly deviated from fair value.

7 Law 22/2014 of 12 November regulating venture capital companies, other closed-type collective investment entities and management companies of closed-type collective investment entities.

In 2016, the CNMV will intensify its cooperation to coordinate the implementation of legislation or European guidelines as homogeneously as possible.

In this regard, the institution intends, as a priority for 2016 (I), to develop a new risks map for ISCs under its supervision. This new risk map must comply with the Guidelines on review procedures and supervisory assessment of the European Banking Authority (EBA).

In addition to the above, and as a continuation of the efforts that the CNMV will dedicate to move towards greater supervisory convergence, it will, in 2016 (II), perform a horizontal review of compliance with the requirements of best execution by Spanish entities, following the publication of the review of supervisory practices of compliance with best execution conducted by ESMA in 2015 (ESMA 2015/495).

Lastly, it is planned, in 2016 (II), to verify whether remuneration procedures meet the requirements of the new laws on venture capital entities and CIIs and of the ESMA guidelines.

Supervision of financial intermediaries

TABLE 3

	Initiative	Planned timetable (*)
New capacities and responsibilities	Design of a supervision model for participatory funding platforms	2016 (I)
	Internal procedure and activities manual for the Resolution Unit	2016 (II)
	Setting action criteria and review of ISC recovery plans	2016 (II)
	Development of ISC resolution plans	2016 (II)
	Adoption of new cooperation agreements on resolution	2016 (II)C
Collective investment and venture capital	Review, update and expansion of the questions-and-answers document on the Law and Regulation of CIIs and the new Law on venture capital entities	2016 (I)
Entities providing investment services	Review of the guide for the preparation of self-assessment reports on the solvency of ISCs	2016 (I)
Strengthening investor protection	Specification of the requirements included in the ESMA guide on specific knowledge and skill requirements for sales network professionals	2016 (I) ^c
	Circular of warnings about products not suitable for retail	2016 (I)
Supervisory convergence	Development of a new ISC risk map	2016 (I)
	Horizontal review of compliance with the requirements of best execution	2016 (II)
	Monitoring internal procedures for remuneration	2016 (II)

(*) Quarter by which the commitment is to be implemented

^c Conditional objectives, the realisation of which does not solely depend on the CNMV.

3.4 Relations with Investors and Other Stakeholders

Enhancing interaction with the industry

In recent years, the CNMV has maintained an attitude of active listening regarding the needs of the industry and investors.

In 2016 (I), the CNMV considers it a priority to continue this approach and to organise regular workshops with the industry and with other stakeholders in order to promote the efficiency of the Spanish primary market. Through these meetings, it hopes to establish a communication channel in order to eliminate unnecessary obstacles in the processing of operations.

In addition, the adoption of new European regulatory developments, especially those of the MiFID II and MiFIR, makes it necessary to promote dialogue with the sector to help with their implementation. In this regard, the organisation of meetings is planned for 2016 (II) in order to facilitate the implementation of the new regime for market participants and to find out the views of the industry and the markets regarding the decisions that the CNMV should take as a result of its implementation.

Lastly, and in line with the above, a new section will be created in 2016 (II) on the CNMV website with complete information about MiFID II, which will include an enquiries mailbox. The aim of this new section is also to enhance dialogue with the industry in order to facilitate the implementation of the new regime for market participants.

Informational meetings with the industry

In line with the efforts made in recent years to inform the sector of major policy developments, the CNMV has planned four actions for 2016:

- A seminar on the reform of the clearing, settlement and registration system and Target2-Securities will be organised in 2016 (I) in order to facilitate an understanding of the implications of this reform and those of the future connection of the settlement and registration system to Target2-Securities.
- As a complement to the high-level seminar on European regulations that the CNMV carried out in the last two years, an additional seminar will be organised in 2016 (II) on the more technical aspects of the new EU rules. The aim will be to go into more depth about the details of the consequences of the new European regulations and their requirements for the coming years.
- A seminar on MiFID II will be organised for 2016 (II) that will be given by experts from the CNMV and from the industry.
- Lastly, seminars will be organised in 2016 (II) in various Spanish cities in order to publicise the activities of the CNMV and business financing alternatives.

Financial education

In recent years, numerous activities have been launched related to financial education at the national level, making it necessary to conduct a comparative study of

these activities and of their scope and objectives. To this end, it is planned in 2016 (II) to produce a map with financial education initiatives at the national level, with the aim of indicating existing activities and their scope, thereby ensuring coordination between them and the identification of good practices.

In addition to the above, a Code of Good Practice in financial education is also expected to be developed in 2016 (II), in which some principles will be determined to ensure the quality and impartiality of the initiatives in this field and to avoid any conflicts of interest between the educational and business activities of the entities.

Cybersecurity

The CNMV will pay special attention to initiatives at the international and national level that are developed to improve cybersecurity in financial services. For this purpose, a study will be conducted in 2016 (II) of the most significant aspects related to cybersecurity in securities markets, with the aim of carrying out an analysis and, if necessary, drafting a report on possible areas for improvement and with recommendations.

Relations with investors and other stakeholders

TABLE 4

	Initiative	Planned timetable (*)
Enhancing interaction with the industry	Meetings with industry representatives to promote the efficiency of the Spanish primary market	2016 (I)
	Meetings with industry representatives to facilitate the implementation of MiFID II	2016 (II)
	New section on website with complete information about MiFID II, including an enquiries mailbox	2016 (II)
Informative meetings with the industry	Seminar on the reform of the clearing, settlement and registration system and Target2-Securities	2016 (I)
	Technical Seminar on European regulations	2016 (II)
	Seminar on MiFID II	2016 (II)
	Seminars on alternative business financing	2016 (II)
Financial education	Comparative study of financial education initiatives at the national level	2016 (II)
	Code of Good Practices in Financial Education	2016 (II)
Cybersecurity	Study of the most important aspects of cybersecurity in securities markets	2016 (II)

(*) Quarter by which the commitment is to be implemented

