

## THE CNMV APPROVES THE TECHNICAL GUIDE ON THE PROCEDURES FOR THE SELECTION OF INTERMEDIARIES

3 February 2020

- The Technical Guide contains the policies and procedures to be followed by management companies when selecting intermediaries and counterparties in order to obtain the best possible result for CISs and other managed portfolios.

The Spanish National Securities Market Commission (CNMV) has approved the Technical Guide on the procedures for the selection of intermediaries for Collective Investment Scheme Management Companies (CISMCs), which was one of the actions contained in the 2019 Activity Plan. During the consultation phase (which took place between 24 May 2019 and 17 June 2019), numerous comments and observations were received from stakeholders. These, together with the report issued by the CNMV Advisory Committee, have been taken into account to define the final wording of the Technical Guide.

The aim of the Guide is to provide CISMCs with a series of criteria based on the supervisory experience on the policies established for selecting the financial intermediaries and counterparties involved in executing transactions relating to CISs and other managed portfolios in order to obtain the best possible, as required under the regulations.

In particular, the Guide's criteria should be especially taken into account when selecting intermediaries belonging to the same group as the management company or intermediaries that have other types of links with the management company. This is without prejudice to the fact that the rules on related-party transactions must also be applied and the CNMV's criteria in this regard must be borne in mind.

CISMCs must be able to justify the periodic assessment process used for selecting entities for the transmission of orders. The guide also provides for delegation to third parties of the procedures for selecting intermediaries, and offers various considerations on certain practices:

- CISMCs must negotiate with each intermediary terms and conditions that take into account the characteristics of the financial instruments, the markets and, in particular, the transactions concerned.



- It is not considered appropriate to select entities solely because they simplify the tasks of the CISMV, or where appropriate, of the Depository of the CIS or of the custodian of the client's securities portfolio.
- When selecting intermediaries that place orders with other entities for execution, CISMVs must ensure that this is consistent with the objective of obtaining the best possible results for CISs and managed portfolios.
- In bilateral trading, it is considered a good practice (which in any case should be used when trading with entities from the same group) for procedures to establish, as a general rule, a minimum number of entities that CISMVs should contact to execute transactions.