

## CNMV BULLETIN: INCLUDES A REPORT ON THE SITUATION OF THE MARKETS AND AGENTS AND TWO ARTICLES RELATED TO SUSTAINABILITY IN EUROPE AND IN SPAIN

2 November 2021

The Spanish National Securities Market Commission (CNMV) has today published its [quarterly Bulletin for the third quarter of 2021](#). This edition includes the biannual report: “Securities markets and their agents: situation and outlook”, which describes the economic recovery situation following the COVID-19 crisis, as well as the most important risks that have emerged in the past few months.

It also includes two articles related to sustainability: the first one contains the key results of a study which analyses how corporate governance features affect the adoption of actions in the area of sustainability. The second article addresses the situation of climate and sustainability benchmarks in Europe and in Spain.

The biannual report describes an international and domestic macroeconomic and financial environment which shows clear signs of recovery as a result of the progress in the vaccination process and the series of measures adopted in the tax and monetary areas. However, various sources of significant risks are also detected, the most noteworthy being: the possibility of the upturn in inflation not being transitory as expected, the effects of the high level of indebtedness of some stakeholders, the risks deriving from excessive risk-taking by some investors, the uncertainty surrounding the future evolution of the vaccination and the pandemic itself, and the problems existing in some supply chains. The latter constitute the most relevant factor that partially explains the downward corrections in the forecasts for major economies, although the scenario of recovery continues. In September, the possible insolvency of the Chinese real estate company, Evergrande, emerged as a new element of uncertainty, although for the time being, it has mainly affected the home market of this company.

In this context, global financial securities markets, whose performance had risen significantly in the first half of the year, had a more mixed performance in the third quarter, rising slightly and some of them even fell. The main Spanish benchmark, the Ibex 35, fell by 0.3% during this period, which lowered its increase to a 9% year-to-date. This increase was slightly lower than major European benchmarks — a trend shared with the UK FT100 benchmark — in a

For further information:

[CNMV](#) Communications Department

Tel.: 91 5851530 - [comunicacion@cnmv.es](mailto:comunicacion@cnmv.es)



context of small increases in volatility, almost standardised liquidity conditions and further declines in trading volumes.

It is important to highlight that both at European and domestic levels, the raising of new capital on the market through equity issuances increased significantly in the first three quarters of 2021, so that the volume in the period January – September 2021 exceeding that corresponding to each of the previous three full financial years.

For its part, the performance of long-term sovereign debt yields on internal fixed-income markets was relatively homogeneous in the third quarter of the year, rising slightly in most advanced countries, in a context of stronger growth and a pick-up in inflation. In the case of domestic markets, it is important to highlight that issuances of fixed-income assets remained unchanged compared with those of the previous year, although the relevance of debt with ESG criteria increased, currently representing more than 13% of long-term debt issuances by Spanish private issuers.

With regard to entities supervised by the CNMV, it is worth noting the confirmation of the expansionary trend of the investment funds industry, whose total assets increased by more than 10% in the first quarter of the year (to 309 billion euros). The increase in total assets was due to both an increase in net subscriptions of unitholders (18 billion euros) and in the return on portfolio assets (standing at 4.3% for the period from January to June). Liquidity conditions of the portfolio of these schemes continued being satisfactory.

Furthermore, the increase in the total assets of foreign collective investment schemes (CISs) marketed in Spain continued, standing close to 250 billion euros at the end of the six-month period, representing 42 % of the total assets of the CISs marketed in our country.

This report includes three briefs detailing: the most important features of the recent change in the monetary policy strategy of the European Central Bank (ECB), special-purpose acquisition companies (SPACs) as one of the ways of going public on international markets to which most attention has been paid as of late and, finally, the result of the second supervisory exercise of the CNMV using mystery shoppers at bank branches.

The first article, by Irma Martínez García and Silvia Gómez Ansón, from the University of Oviedo, entitled “Sustainable development goals, sustainability and corporate governance (ESG) indices, an analysis of Spanish listed companies” analyses how corporate governance features of companies affect the adoption of actions in the

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area of sustainability aimed at achieving the sustainable development goals (SDGs) proposed by the United Nations in 2015. The results of the study indicate that greater independence and gender diversity on boards of directors increases the probability of incorporating the goals of the 2030 agenda and the number of SDGs addressed. It also shows that the corporate governance features or the fact of addressing the 2030 Agenda do not increase the probability of being included in the sustainability indices.

The second article, by María José Gómez Yubero and Bárbara Gullón, from the CNMV, entitled: “Climate and sustainability benchmarks and their contribution to achieving the sustainable development goals” addresses the current situation of the aforementioned benchmarks in Europe and in Spain, current legislation and the problems or underlying issues related to their construction, measurement and the monitoring of their performance. It is an informative article which, inter alia, is intended to help Spanish market participants to understand benchmarks, their construction and monitoring at a time when they are becoming increasingly important.

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