

THE CNMV UPDATES THE CODE OF CONDUCT ON INVESTMENTS OF NON-PROFIT ORGANISATIONS

5 March 2019

The Spanish National Securities Market Commission (CNMV) has updated the Code of Conduct on investments of non-profit organisations. [The Spanish Official State Gazette has published the new updated Code today.](#)

This Code, aimed at foundations, associations and other non-profit organisations, was approved in 2003 in accordance with the provisions of Spanish Law 44/2002, following the Gescartera case.

The new Code maintains the philosophy of the previous one: it is voluntary, contains very general principles and recommendations and provides for a public annual report. However, it is somewhat more complete. The main developments are as follows:

- New definition for “short-term financial investments”, which now includes all investments in financial instruments with the exception of investments subject to legal or contractual restrictions on free transferability and those made by founders and permanent contributors.
- Recommendation to obtain external advice in the case of portfolios with a significant volume.
- Recommendation, in this same case, to have an investment committee and an internal control function.
- Appropriateness of establishing an investment policy.
- Reference, as key principles to be followed, to those of coherence, diversification and preservation of capital (in principle, not entering into leveraged transactions or those intended to make a profit in the short term).



- Indication that the annual report must be “detailed and clear” and transactions that are not in conformity with the principles and recommendations of the Code must be specified.
- Indication that the annual report must be published on the website.

It is recommended that, in any case, the new Code be taken as a reference for the 2019 annual reports (nonetheless, it may also be used in the 2018 reports).