CNMV
Comisión Nacional del Mercado de Valores

EXHIBITS
Annual Report 2021

Index of exhibits

Analysis of the behaviour of retail investors in the financial markets during the COVID-19 crisis

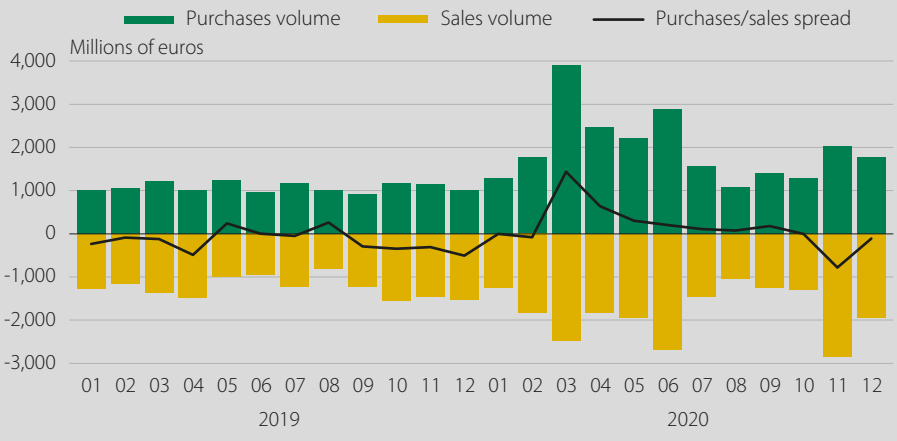
EXHIBIT 1

The coronavirus crisis that started in early 2020 gave rise to sharp falls in share prices, as well as bouts of high volatility in financial markets. The CNMV, like other European securities authorities, carried out a study in order to analyse the evolution of the behaviour of retail investors in the financial markets during 2019 and 2020 to try to identify any significant changes in the investment patterns of this group due to the pandemic. This exhibit presents some of the results obtained in this study, which is available on the CNMV website.[1] The study is also accompanied by an interactive dashboard allowing users to alter the tables and charts at their convenience.

The most important evidence obtained in this work is the significant increase in the volume of Ibex 35 shares traded by retail investors[2] at times of greatest market turbulence during the COVID-19 crisis. This evidence was also identified in similar studies conducted in France and Belgium. As can be seen in Figure E1.1, the volumes traded by these investors were greater in 2020 than in 2019, with the months of March, June and November standing out over the rest of the year. In addition, the difference between purchases and sales, which was in favour of sales during most of 2019, flipped over as trading on the buy side increased more intensely, especially in the first months of the crisis, as also happened in France and Belgium. In March 2020, coinciding with a 22.2% monthly decline in the Ibex 35, trading volumes increased significantly. Purchase transactions increased fourfold to nearly €4 billion for the month, compared with a monthly average of €1 billion in 2019. Subsequently, these volumes decreased, although at the end of 2020 they were still higher than the levels recorded in the pre-crisis period. The highest monthly volume of sales was recorded in November (€2.83 billion, compared with a maximum of €1.6 billion in 2019), in response to the Ibex 35's rebounding by 25.2% compared with the previous month.

Evolution of the trading volume of monthly purchases and sales

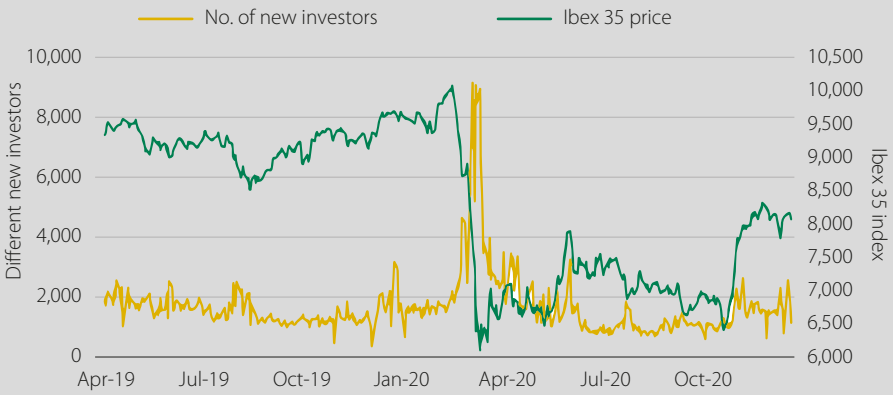
FIGURE E1.1



Source: Transaction reporting. CNMV.

These increases in trading volumes are explained by the strong increase in the number of transactions carried out, since the median value per operation registered a significant decrease after the outbreak of the COVID-19 crisis (see Figure E1.2). Thus, in March 2020 the number of purchase transactions increased more than fourfold, and the number of sales more than doubled with respect to the 2019 average. In the following months, a return towards the initial values was observed, but at the end of 2020 they were still higher than the values prior to the crisis.

Number of new Ibex 35 investors FIGURE E1.2



Source: Transaction reporting. CNMV.

As a result, a change was observed, albeit a modest one, in the overall participation by retail investors in the stock markets. Thus, the participation of retail investors in market trading – which stood on average in 2019 and 2020 at 5.5% – saw significant increases during the crisis, especially in the first few weeks. In the first wave, this participation by retail investors reached 9.5% for purchase transactions and 6.5% for sales, with maximums in some sectors that were as much as three times pre-crisis levels. At the end of 2020, these proportions had decreased, although they were still higher than those observed before the pandemic. Furthermore, it is important to highlight the fact that retail investors significantly strengthened their presence in companies and sectors that were particularly volatile or affected by the pandemic (for example, companies dependent on tourism, and the financial sector), expecting to obtain future returns in a recovery context. Despite this, according to the *Annual report on ownership of listed shares* published by BME, the proportion of shares owned by families increased only slightly, to 17.1%, in 2020, this proportion being well below that of previous years, which was nearly always above 20% and with maximums close to 35%.

In conclusion, during the COVID-19 crisis, investing in the stock market became more attractive for retail investors, especially at the beginning, due to the fall in share prices and the possibilities opened up by the period of confinement. In this period, both the time to operate on the stock market in a relatively informed manner and the resources available to retailers to invest – at least for some of them – increased, thanks to the extraordinary increase in savings that occurred due to the impossibility of spending on activities that

were restricted. New technologies served as a catalyst and substantially facilitated the participation of investors in financial markets. Future updates of this work will make it possible to determine whether the increase in trading by retail investors in the financial markets continues over time or, on the contrary, was temporary and exceptional.

1 See Cambronero Pérez, G. and Ruiz Suárez, G. (2022). *Analysis of the behaviour of retail investors in the financial markets during the COVID-19 crisis*. CNMV, Working Paper No. 78. Available at: https://www.cnmv.es/DocPortal/Publicaciones/MONOGRAFIAS/DT_78_Comp_minoristas_COVID_ENen.pdf

2 For analytical purposes, "retail investor" is taken to mean any natural person regardless of investment experience.

Application of Article 137.2 of the recast text of the Securities Market Act to the price of takeover bids

EXHIBIT 2

Section 3 of Article 137 of the recast text of the Securities Market Act determines the circumstances in which the price of takeover bids, regardless of their type (voluntary or mandatory), is subject to an exceptional regime. Said circumstances include those that affect market prices, in general, or that of the affected company in particular, due to natural disasters, situations of war or calamity or others deriving from force majeure.

It was considered that, due to its impact on market prices, the COVID-19 pandemic constituted such a circumstance from 12 March 2020 and continuing in 2021 and 2022, and consequently the prices of the seven takeover bids announced in the following two years have been subject to the exceptional regime.

The special requirements for the price of takeover bids in said regime were:

– The bidder must provide a report by an independent expert justifying the price offered with the applicable valuation methods.

– In addition, if the offer can be made through an exchange of securities, it must include, at least as an alternative, a consideration or price in cash, financially equivalent, at least, to the exchange offered.

The main particularity of the independent expert's report that serves to justify the price is the application, along with other criteria, of the average market value in a certain period, as opposed to the reference to the six months prior to the announcement of the general regime offer. This criterion requires an examination of the evolution of the price of the shares in various periods, analysing the main events that may have affected their quoted price and, particularly, the impact on the quoted price of the extraordinary circumstance in question.

Through this regime, which was incorporated into the Securities Market Act through Law 1/2012 of 22 June, greater protection is sought for the affected companies and their shareholders against potential takeover bids that could take advantage of exceptionally bearish market circumstances, restricting the freedom to set the price of the voluntary bid and subjecting the fair price of the mandatory offer to greater demands (Article 133.2 of the recast text of the Securities Market Act).

The prices of takeover bids have returned since 12 March to the general regime (free price fixing by the bidder in voluntary takeover bids and equitable price in the case of mandatory takeover bids).

Technical guide on liquidity management and control of CISs

EXHIBIT 3

In January this year the CNMV published its *Technical guide on liquidity management and control of collective investment schemes (CISs)*. This initiative, which was submitted to public consultation in September 2021, is included in the CNMV's 2021 Activity Plan and aims to unify all the relevant supervisory criteria applicable in this area that the supervisor has been transmitting to entities in the last few years. The guide also takes into account the results of recent actions carried out at a national and European level, notably the Common Supervisory Action undertaken by ESMA in 2020.

The CNMV thus provides transparency to the criteria, methodologies and practices that it considers most appropriate for compliance with the regulations in the area of control and management of the liquidity of CIS and that it applies in the exercise of its supervisory function. Entities that deviate from these criteria will have to justify their actions and be able to prove that they comply adequately with legal obligations.

In particular, the technical guide[1] sets out the contents that the procedures of CIS managers should include to ensure appropriate management and control of the liquidity risk of their CISs, with the aim of avoiding harm and conflicts of interest among investors. Specifically, in the final text, in which the comments received in the public consultation period[2] have been taken into account, the guide details:

- The analyses to be carried out and limits to be observed in the design phase of each CIS and the checks that also have to be carried out prior to any investment.

- The analyses and recurring checks needed to ensure appropriate alignment of the liquidity profile of the assets with the liabilities of each CIS. To do so, the principle of proportional sale of liquid and less liquid assets (the slicing approach) has to be complied with, employing a reasonable margin. Detailed guidelines are included on approaches for determining liquidity ratios or levels of financial instruments, as well as estimating sale time horizons and scenarios for redemptions and other payment obligations and stress and resilience tests. The final wording specifies that it will be the manager that defines how the proportion of liquid and less liquid assets will be maintained in situations of reimbursement in the CIS.

- The various tools that can be used for appropriate management of CIS liquidity. CIS managers have to consider in their procedures on the one hand the circumstances in which the different tools established by the regulations would be applicable (notice periods, temporary indebtedness, partial subscriptions/redemptions, side pockets, etc.), making sure that they are appropriately implemented, and on the other hand the use of anti-dilutive mechanisms (including notably the valuation of the portfolio at bid or ask prices and swing pricing) to avoid conflicts of interest between unitholders subscribing or redeeming and those remaining at especially difficult moments as regards the market situation.

– The functions assumed by the manager's various areas, the involvement of the board of directors and additional analyses relating to the delegation of functions.

It is worth mentioning that liquidity management is also generating growing attention in the European Union, with the proposal at the end of November last year to amend the AIFMD and the UCITS[3] Directive incorporating elements similar to those contained in this Spanish guide at EU level among other things.

1 CNMV – Technical guides.

2 The public consultation period began on 9 September 2021 and ended on 15 October. For further details of the observations received in the public hearing process, see http://www.cnmv.es/Portal/publicaciones/Documentos-Fase-Consulta.aspx?tDoc=1&lang=en

3 https://eur-lex.europa.eu/resource.html?uri=cellar:9025e7c1-4de7-11ec-91ac-01aa75ed71a1.0001.02/DOC_1&format=PDF

ESMA Statement on Investment Recommendations on Social Media

EXHIBIT 4

In recent years there has been an increase in investment recommendations made on social media. These recommendations tend to target retail investors. For this reason and with the aim of reinforcing investor protection, on 28 October 2021, the European Securities and Markets Authority (ESMA) decided to publish a statement explaining the regulations that must be applied to them.

Specifically, the communication is addressed to any person, inside or outside the EU, who discloses information proposing an investment decision on financial instruments of the EU and whose objective is a broad public. Thus, in accordance with EU regulations, a relevant example of disclosure of information would be sharing an opinion on social media about the present or future price of a certain share.

The EU regulations applying in these cases are those deriving from the legislation on market abuse.[1] These regulations establish the following obligations for any individual or legal entity that makes an investment recommendation:

- The person or entity making the recommendation must disclose his, her or its identity.
- Sources, interpretations, relevant facts and objective prices must also be disclosed.
- The date and time when the recommendation is made must be indicated.
- Any particular interest or conflict of interests must be disclosed.
- In addition, if the person or entity making the recommendation makes investment recommendations frequently, he, she or it must summarise and publish the methodologies used, past recommendations, and the times of updating of the recommendations.

Application of the Market Abuse Regulation is intended to ensure that investment recommendations are made in a specific and transparent way. In this way, investors will be able to know and evaluate both the credibility of the recommendation and its objectivity as well as the interests of those making the recommendation.

The statement recalls that the publication of misleading information may be interpreted as market manipulation. It also states that there is proactive monitoring of the conduct, orders and transactions of investors by the European national supervisors. Any act contrary to the Market Abuse Regulation may give rise to fines and administrative and criminal proceedings. Finally, it is also pointed out that the Regulation always applies, even if there are warnings or disclaimers to the effect that what appears on a public platform is not intended to constitute an investment recommendation or that the person writing it is not an expert.

1 Regulation (EU) No. 596/2014 of the European Parliament and of the Council, of 16 April 2014, on market abuse (the Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

Regulation (EU) 2020/1503 on European crowdfunding service providers for business

EXHIBIT 5

Regulation 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European crowdfunding service providers for business, which was published in the *Official Journal of the European Union* on 20 October 2020, regulates for the first time the provision of crowdfunding services in the EU, establishing harmonised investor protection requirements and standards. Crowdfunding services cover both the placement – without firm commitment – of negotiable securities and instruments admitted for crowdfunding issued by project promoters (investment-based crowdfunding) and the facilitation of granting of loans (lending-based crowdfunding). In addition, crowdfunding service providers can provide the service of individual portfolio management of loans.

The main novelties regarding **investor protection** are: i) for non-sophisticated investors, performing an entry knowledge test, the simulation of the capacity to withstand losses, warnings and a reflection period of four business days; ii) for all investors, the delivery of a Key Investment Information Sheet, KIIS with information on the financial risks and expenses and, in the case of loans, on the default rates of the project promoter.

The Regulation, which began to apply on 11 November 2021, required ESMA to develop 12 technical standards: eight regulatory technical standards (RTS), including two that must be developed in close cooperation with the EBA, in addition to four implementing technical standards (ITS) on a variety of topics. To carry out this task, ESMA created a temporary task force to prepare the RTS, which were sent to the EC for approval on 10 November 2021.

The regulatory technical standards specify or establish the following aspects:

- The requirements, standard formats and procedures for **complaint handling**.

- The requirements for the maintenance or application of internal provisions to prevent **conflicts of interest**; the appropriate measures to prevent, detect, manage and communicate conflicts of interest between crowdfunding service providers (or their partners, directors, employees or persons linked to them by a control relationship) and their clients, or between two clients, and measures for the disclosure of information on conflicts of interest.

- The measures and procedures for the **business continuity plan.**

- The requirements and arrangements for **applying for authorisation** to operate as an ECSP, including model forms, templates and procedures for requesting authorisation.

- The **default rate calculation methodology** (annual default rate and expected and actual annual default rates by risk category) of the projects

offered on the crowdfunding platform (**in close cooperation with the EBA**).

– The necessary measures to: i) carry out the **suitability assessment** of the services for non-sophisticated potential investors (**entry knowledge test**), ii) carry out the **simulation of the ability to bear loss** of non-sophisticated potential investors and iii) provide the necessary information by non-sophisticated potential investors and to warn of the inadequacy and risk of the investment (**in close cooperation with the EBA**).

– The requirements for and content of the model for presenting the information to be contained in the Key Investment Information Sheet (KIIS); the main types of risks associated with the crowdfunding offer and which must therefore be disclosed; the use of certain financial ratios to enhance the clarity of key financial information; and fees, rates and transaction costs, including a detailed breakdown of direct and indirect costs to be borne by the investor.

– The **information to be exchanged** between NCAs to cooperate in investigation, supervision and enforcement activities.

ESMA has also published a set of **questions and answers to promote convergence in supervision** and help to the NCAs and the industry, especially in the first months of application of the regulation. The questions and answers refer to the following aspects: **the use of special purpose vehicles, the transitional period** depending on whether or not there is national legislation on crowdfunding, **general provisions** (such as the definition of the project and the consideration of the individualised management of loan portfolios), interpretation of the term **"routing orders"** in Article 3.3 of the Regulation and, finally, issues relating to **investor protection** (non-application of the non-prohibition to invest for non-sophisticated investors in the case of Article 21.6, the responsibility of the project promoter, the language regime of the KIIS and of advertising communications and the regime of advertising communications regime in the Member State of dissemination).

The Taxonomy Regulation

EXHIBIT 6

The Taxonomy Regulation establishes a harmonised classification at EU level of the economic activities that are considered environmentally sustainable in accordance with the six environmental objectives set.

This Regulation requires the development of technical screening criteria. Thus, on 9 December 2021, Commission Delegated Regulation (EU) 2021/2139, of 4 June 2021,[1] was published, establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives. The adoption by the EC of the delegated act establishing the technical screening criteria for the other four environmental objectives is expected shortly.

Also, on 10 December, the information disclosure obligations on sustainability were extended. Commission Delegated Regulation (EU) 2021/2178, of 6 July 2021,[2] specifies the content and presentation of information to be disclosed pursuant to Article 8 of the Taxonomy Regulation by undertakings subject to Articles 19 *bis* or 29 *bis* of Directive 2013/34/EU[3] concerning environmentally sustainable economic activities and specifying the methodology to comply with that disclosure obligation.

In particular, the NFIS of non-financial companies published from 1 January 2022 covering the 2021 financial year must disclose the proportion of eligible and ineligible economic activities, in accordance with the taxonomy for the environmental objectives of climate change mitigation and adaptation, in their total turnover, their capital expenditure and their operating expenses, together with certain qualitative information relevant to this disclosure.

Financial companies for their part must disclose the proportion in their total assets of exposures to: i) eligible and ineligible economic activities according to the taxonomy; ii) central government, central banks and supranational issuers; iii) derivatives, and iv) companies that are not required to publish non-financial information under the NFRD, as well as certain qualitative information, for the period from 1 January 2022 to 31 December 2023, with reference to information corresponding to the 2021 and 2022 financial years.

In future years, both financial and non-financial undertakings must expand their disclosures of information on taxonomy-alignment, in accordance with the provisions of the aforementioned Commission Delegated Regulation (EU) 2021/2178.

To facilitate fulfilment of these obligations, on 20 December 2021 the EC published a FAQs document on how financial and non-financial undertakings should report taxonomy-eligible activities and assets in accordance with Article 8 of the Taxonomy Regulation. The publication of this document was accompanied by a guide published by the Platform on Sustainable Finance for companies wishing to provide additional voluntary disclosures regarding the eligibility or alignment of their activity with the Taxonomy Regulation.

Since the Spanish legislator opted to make it obligatory for the information included in the NFIS to be verified by an independent provider of verification services, the new content of Article 8, being part of the mandatory content under the applicable regulatory framework, must also be subject to verification, as part of the verification of the NFIS as a whole.

In this context, ESMA acknowledges the possibility that the evaluation of taxonomy-eligible/aligned activities may require progressive adjustments to the procedures and internal methodologies for obtaining and processing data.

On the other hand, since the initial application of the disclosure requirements is subject to simplified reporting obligations for a transitional period of one or two years, ESMA encourages issuers to use the time available to adequately configure their internal information systems so as to be able to meet the requirements.

Additionally, ESMA points out that assessing the degree of alignment of an issuer's economic activities with the taxonomy criteria, and the disclosure of the related information may require collection of data that are not always readily available to issuers. ESMA therefore encourages issuers to put in place the necessary preparations to ensure a timely and correct application of the relevant requirements.

Lastly, to facilitate understanding of the information on sustainability, the CNMV considers it important that the information required under the Taxonomy Regulation be properly identified in the NFIS and traceable, and recommends including a specific section relating to the taxonomy requirements in the table identifying where the various components of the NFIS are to be found. In addition, companies must present their indicators in quantitative terms, together with the corresponding qualitative disclosures, to allow users to know how they have been obtained and the limitations of the information.

1 https://eur-lex.europa.eu/legal-content/En/TXT/PDF/?uri=CELEX:32021R2139&
2 https://eur-lex.europa.eu/legal-content/En/TXT/PDF/?uri=CELEX:32021R2178&
3 https://eur-lex.europa.eu/legal-content/En/TXT/PDF/?uri=CELEX:32013L0034&

Questions and answers about the communication regime of related transactions

EXHIBIT 7

On 3 May 2021, Law 5/2021, of 12 April, amending the recast text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, and other financial regulations came into force. Among other novel features, it systematically introduced a specific regulation for transactions that listed companies carry out with related parties; this regime entered into force on 3 July 2021, requiring a new Chapter VII *bis* to be added to Title XIV of the Corporate Enterprises Act, consisting of four Articles, from 529 *vicies* to 529 *tervicies*.

Taking into consideration that this new regulation introduces important innovations compared to the previous regulatory framework and that related party transactions are of enormous importance for shareholders and other investors to be able to adequately evaluate and judge the financial situation of entities and their performance, as well as the risks that these transactions could represent, it is important for the information published by listed companies to be comparable. In this context, the CNMV received various questions about how to interpret certain requirements of the disclosure regime for related party transactions in accordance with Article 529 *unvicies* of the Corporate Enterprises Act.

For all these reasons, on 15 November 2021 the CNMV published a paper entitled ***Questions and answers on the reporting regime for related-party transactions regulated in Chapter VII bis of Title XIV of the Corporate Enterprises Act***, presenting the issues considered most relevant and most applicable by listed companies, together with the criteria that the CNMV considered most appropriate for their correct interpretation.

The topics covered are listed below:[1]

- *The transitional regime applicable for the new regime for reporting and approving related-party transactions*; whether for the application of the publication thresholds, the 12 months prior to 3 July 2021 (when Chapter VII *bis* of Title XIV of the Corporate Enterprises Act came into force) should be considered or whether the 12 months start to count from that date.

- *The aggregation of transactions*; questions such as what meaning should be attributed to the expression "same counterparty"; whether once the limit of Article 529 *unvicies* of the Corporate Enterprises Act is reached, only the transaction that reaches or exceeds the threshold must be published, or all the previous ones too, and whether, once it has been published as having reached the threshold each of the new related party transactions must be published or whether the computation restarts and there is no obligation to republish until the threshold is reached again.

- *The persons linked to the directors*; what rule is applicable for determining the need to publicise transactions with persons related to the listed company due to their relationship with one or more of its directors.

– *The thresholds for individualised disclosure*; how the two thresholds established in section 1 of Article 529 *unvicies* of the Corporate Enterprises Act should be applied in practice.

– *The relevant aggregates of related party transactions*; how the notion of amount or value should be interpreted for the purposes of the obligation to publish certain types of related party transactions, specifying the particular cases of purchase or sale of goods, financial transactions (loans, guarantees and financial derivatives), multi-year contracts, contracts of indeterminate amount and framework agreements.

– *When the related party transactions are disclosed*; how are we to understand the term "carried out", which is used in the Corporate Enterprises Act both to indicate that transactions must be publicly announced "not later than at the time they are carried out" (Article 529 *unvicies*) and to apply the calculation rules (Article 529 *tervicies*), stipulating that the computation must be made of all the transactions carried out with the same counterparty within a period of one year.

– *The audit committee's report*; in relation to the justifying report that the audit committee has to issue, what happens when, in order to justify reasonableness, trade secrets or information that could seriously harm the business position has to be disclosed.

– *The distribution of dividends or other returns on similar contributions*; this is about whether the distribution of dividends and capital reductions with return of contributions should be considered for the purposes of the calculation rules of Article 529 *tervicies*.

– *Other aspects*: various issues are addressed, such as: whether Order EHA/3050/2004 is considered applicable; whether a listed company that is under the control of a public sector entity is subject to the regime provided in Chapter VII a) of Title XIV of the Corporate Enterprises Act in relation to the transactions that it carries out with other public sector entities; and whether the exemption from the publicity and approval regime established by Articles 529 *unvicies* and 529 *duovicies* of the Corporate Enterprises Act, as provided by section 3 of the twelfth additional provision of said Act, also extends to related transactions carried out by a listed company with a related entity in the public sector, if the rest of the established conditions are met.

The document may be updated when issues arise that may be of interest to listed companies and on which the CNMV considers it appropriate to make known its non-binding interpretive opinion. These criteria could evolve based on supervisory experience, regulatory or jurisprudential changes, or common positions adopted at the European Union level.

1 This document (in Spanish only) can be accessed at the following link on the CNMV website: http://cnmv.es/docportal/Legislacion/FAQ/Operaciones_vinculadas.pdf

Monitoring by the CNMV of initiatives deriving from the merger between the SIX and BME groups

EXHIBIT 8

On 18 November 2019, SIX Group AG (SIX) launched a voluntary takeover bid for the shares of Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (BME), which represented 100% of its share capital. Once the transaction received, among others, the corresponding authorisation from the Spanish Government and was executed, SIX acquired control of the trading and post-trading infrastructures of BME, as well as of the rest of its subsidiaries.

In the context of the authorisation of said acquisition by the Spanish Government, SIX assumed a series of commitments regarding the ownership structure, location and transactions of BME's infrastructures.

A part of these commitments is related to the operation of the regulated infrastructures of the Spanish market and may require administrative authorisation. From this perspective, the CNMV has been monitoring those commitments that affect entities directly supervised by the CNMV.

Thus, for example, one of those commitments assumed by SIX was to carry out a cost-benefit and functional analysis of the trading platforms to determine whether it made sense to integrate any of the market systems into a common trading platform.

After carrying out the aforementioned analysis, in June 2021 SIX and BME announced their intention to start the process of integrating their trading platforms. This announcement explained that BME's equity and fixed income markets would be harmonised on the SIX trading platform by expanding and optimising current capabilities, in order to address the needs of the Spanish market, and that participants in the Spanish market would be consulted in order to continue adjusting the scope of the new platform and defining its specifications.

Also in the aforementioned announcement, reference was made to the fact that the CNMV would be kept informed at all times of the process of integrating the platforms, in relation to which all the relevant authorisations would be requested for the migration, which was expected to be completed between the fourth quarter of 2022 and the second quarter of 2023.

The CNMV values positively the consultation with market participants prior to the definition and implementation of the trading platform and considers that the implementation of a market model with a modern architecture, which would incorporate new functionalities well known by the international participants, could have a positive impact on the Spanish market.

Once the scope and specifications of the new platform have been defined, the impact on the Spanish market can be analysed and the review of regulatory issues that may arise from this project can be addressed, including the authorisation processes that must be processed prior to the implementation of the new trading platform.

2021 marks the end of Libor and EONIA and consolidates the continuity of Euribor

EXHIBIT 9

Since the benchmark interest rate reforms began almost a decade ago, they have followed different paths in the Libor jurisdictions and in the euro area. Although the Euribor modernisation process is being successfully consolidated in the euro area and the transition to the risk-free benchmark, the €STR, is making reasonable progress, the Libor transition represents a major challenge for the markets.[1]

Despite the measures taken to strengthen it, the UK authorities consider that the sustainability of Libor has not been assured due to the diminishing liquidity of the money market that it aims to represent and the consequent reduction in the number of transactions that support its calculation. For this reason, on 5 March 2021 the UK Financial Conduct Authority (FCA) officially confirmed the end of the publication of Libor from 31 December 2021 in all its maturities and currencies except in US dollars, publication of which would continue until June 2023. This longer period is necessary given that the dollar index is the most used in the world and there is still a very high volume of contracts in force in many jurisdictions, many of them considered emerging markets and developing economies with a level of preparation that is still very incipient.

The disappearance of Libor means that the market must move towards alternative rates which, in accordance with the recommendations of the Financial Stability Board (FSB), must be based on the risk-free rates identified in each of the jurisdictions (see Table E9.1).

Recommended rates to replace Libor

TABLE E9.1

	Recommended substitute rate	Administrator
USD Libor	Secured Overnight Finance Rate (SOFR)	New York Federal Reserve
Libor GBP	Sterling Overnight Index Average (SONIA)	Bank of England
Libor CHF	Swiss Average Rate Overnight (SARON)	SIX Swiss Exchange
JPY Libor	Tokyo Overnight Average Rate (TONAR)	Bank of Japan
Libor EUR	Euro Short Term Rate (€STR)	European Central Bank

Source: CNMV.

Due to its widespread use at a global level, this decision poses important challenges for the markets and requires a coordinated effort for its completion by all participants, whether they are supervisory authorities, financial and non-financial entities, markets and their infrastructures, or index users.

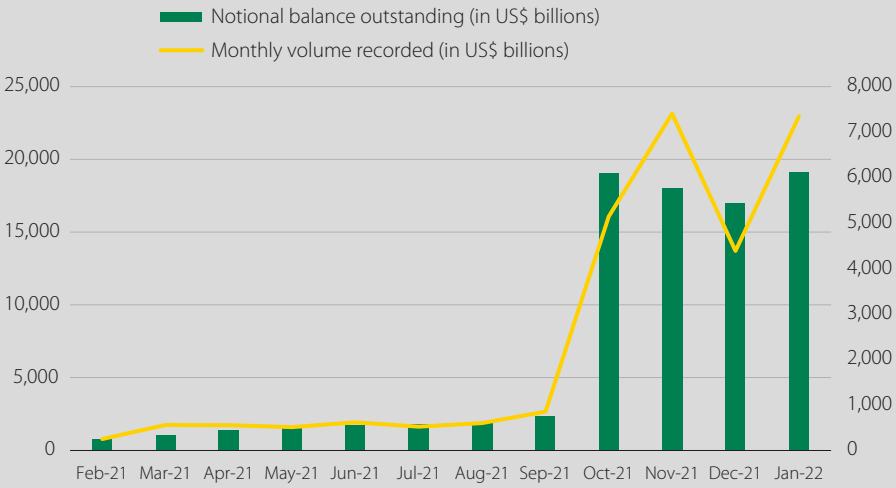
In the euro area, the continuity of Euribor and its coexistence with the €STR reduces concentration and transition risks and offers more alternatives. The reform of its methodology and of its control environment have allowed it to continue measuring the same underlying interest, but in a much more precise way and in compliance with EU regulations. This strengthened methodology has proven its strength, validity and credibility during the COVID-19 crisis.

In the coming months, work will continue to reinforce contracts with alternative rates based on the €STR, based on the recommendation made by the

working group on euro risk-free rates in May 2021. For this to occur, it is essential that the markets using this benchmark develop sufficiently.

The end of 2021 also saw the definitive disappearance of the overnight interbank rate, the EONIA, which since October 2019 has been calculated as the €STR plus 8.5 bp. Although so far the development of the €STR has not been as fast as expected, as market participants have continued to trade EONIA despite its imminent demise, the change made by central counterparties in October 2021 in derivative clearing determined the transition of liquidity from one market to another.

Evolution of derivatives in €STR[1] FIGURE E9.1



Source: LCH. (1) Data refer only to OIS and basic swaps.

1 See Exhibit 16, "Status of the interest rate benchmark reform", published by the CNMV in the *Annual report* for 2020.

Oversight of ESRB recommendations on anti-procyclicality of margin models

EXHIBIT 10

With the onset of the pandemic in 2020, the regulatory and supervisory authorities showed their interest in analysing the effects of volatility in the markets in relation to the stability of the financial system and the liquidity and solvency profile of the participants. The European Systemic Risk Board (ESRB) prepared a document with a series of recommendations on liquidity risks that could arise from margins calls in the markets during times of stress. These recommendations were published on 20 July 2020 in the *Official Journal of the European Union.*[1]

The CNMV undertook to incorporate these recommendations into its supervision[2] of both the CCP BME Clearing and the entities subject to the requirements of EMIR[3] in relation to their activities as clearing members and as financial counterparties of OTC derivatives. To this end, during 2021 the Department of Secondary Markets intensified its communications with the CCP and with a group of selected entities (by proportionality criteria), with the corresponding information requirements to be able to evaluate these issues in greater depth.

In parallel with these events, a review was carried out (and is still ongoing) of one of the Articles in the EMIR technical standards, specifically that relating to the application of countercyclical measures in the calculation of margins. The objective of this review is to include in EMIR some of the guidelines that ESMA had published in 2018[4] on the application of measures to reduce procyclicality in the margins of CCPs, with a view to ensuring their uniform and consistent application.

With all the information collected, the CNMV was able to make an in-depth assessment of the extent of compliance with the different ESRB recommendations and, in the case of the CCP and given the relevance of the matter, with respect to the ESMA guidelines on the application of countercyclical measures, and how they performed in the market circumstances brought about by COVID-19. The analysis also considered the discussions held in international forums in which the CNMV took part during the year in relation to these issues, as well as good sector practices.

Going into the details of the aforementioned recommendations published by the ESRB, some focused on the supervision of CCPs and others, as indicated, on clearing members and financial counterparties included in the scope of EMIR. These are divided into four large groups: A, B, C and D, which in general terms deal with the following aspects:

– The recommendations of group A are related to the evaluation of the anti-procyclical measures applied by the CCPs in the establishment of margins and collateral valuation haircuts, the use of progressive scales in the credit ratings when these serve to make adjustments to margins and in the timely transmission of relevant information on changes related to the accepted collateral. Clearing members and financial counterparties included in the scope of EMIR are also recommended to avoid, as far as possible, abrupt collateral requirements and, as was recom-

mended to the CCP, to use granular and progressive scales when applying adjustments to the credit rating of their clients or counterparties.

– The group B recommendations deal with the CCP liquidity stress testing framework, and they suggest that liquidity provider default scenarios should be considered. ESMA is requested to review the technical standards in order to explicitly include this type of scenario and the CCPs to take them into account in the meantime. In addition, CCPs are recommended to have well-defined procedures to deal with temporary liquidity mismatches.

– The recommendations of group C refer to the transactions of the CCPs in relation to the requirement and return of margins when there are surpluses, so that their management does not increase the potential liquidity tensions of the members. In turn, clearing members are also recommended to avoid, as far as possible, excessive pressure on their clients due to sudden liquidity requirements.

– Finally, the recommendations of group D are addressed to the supervisory authorities – including the CNMV – calling on them to actively participate in international forums with the aim of collaborating in the establishment of prudent mechanisms that mitigate the procyclical effects of the collateral exchange models, among other aspects.

From the study carried out by the CNMV it was concluded that all the entities analysed, including the CCP, fully comply with all the recommendations. In order to promote the process of continuous improvement in the practices of the CCP and ensure its adequate adaptation to the new regulatory standards in progress, a series of additional recommendations were sent to them, with respect to which there is already a commitment on their part.

Lastly, when the results of the assessment on the extent of compliance with these recommendations were announced, the ESRB gave a very positive assessment of the CNMV's supervisory activity, in relation to both the CCP (BME Clearing) and the clearing members and financial counterparties of bilateral agreements.

1 Recommendation of the European Systemic Risk Board, of 25 May 2020, on liquidity risks arising from margin calls (ESRB/2020/6) (2020/C 238/01).
2 https://www.cnmv.es/Portal/verDoc.axd?t=%7B022cd245-edc2-454b-a4f4-f790edb9490c%7D
3 Regulation (EU) No. 648/2012, of the European Parliament and of the Council, of 4 July 2012, on OTC derivatives, central counterparties and trade repositories (EMIR).
4 Guidelines on EMIR Anti-Procyclicality Margin Measures for Central Counterparties (ESMA70-151-1293).

Supervision and monitoring of operations with CFDs

EXHIBIT 11

During 2021, the CNMV continued to carry out actions in relation to the marketing, distribution and sale of financial contracts for difference (CFDs), an activity subject to restrictions and warnings both in Spain and in the rest of the European Union due to its complexity and high risk, which make these products generally unsuitable for retail clients. Despite this, there is still an appetite for CFDs among the general public, which is largely attracted by the promises of high returns held out by various operators in the mainstream media and on social networks.

In Spain, the marketing of these products is carried out fundamentally by EU firms that, for the most part, operate under the freedom to provide services, for which reason the CNMV does not have supervisory powers in the first instance, since these correspond to the home country supervisor.

In view of the risk entailed by marketing these products to retail clients, the CNMV has for some years been devoting part of its resources to monitoring the activity of these firms, in order to facilitate the home national competent authority supervisory work. Thus, in the 2019-2021 period, some 60 letters were sent to the home authorities, basically conveying facts and events detected, approximately half of which correspond to 2021.

During 2021 we followed up on incidents previously reported to the home authorities, largely relating to inappropriate advertising practices, marketing of services to and acquisition of retail clients through unauthorised third parties who also do not have appropriate financial knowledge or investment experience. Other significant incidents reported to home authorities included circumvention of restrictions on the marketing, distribution and sale of CFDs established in Spain by means of inappropriate incentives for retail clients to ask to be treated as professional clients and the transfer of operations to related firms located outside the European Union without authorisation to operate in Spain and not subject to the restrictions indicated. In some cases, where we detected particularly significant bad practices accompanied by aggressive clients acquisition that is highly detrimental to the interests of investors, we raised the possibility of the CNMV's adopting preventive measures after notifying the competent authority.

As a result of this activity of the CNMV, eight firms operating under the freedom to provide services which had been aggressively marketing CDFs in Spain agreed during 2021 to various restrictive measures on the marketing of services in Spain. The adoption of these restrictive measures made it unnecessary for the CNMV to take the preventive measures the possibility of which had been previously raised with the home supervisor.

In the case of EU firms with permanent establishments in Spain, whose compliance with the rules of conduct the CNMV is empowered to supervise, the most notable actions concerned the branch of one EU entity and the agent of another, where there were indications of inappropriate marketing of CFDs to retail clients, a similar business model being used in both cases.

The work carried out revealed very serious breaches of duties of information, rules of conduct and governance that firms must comply with in their actions. In particular, the marketing model of these two firms was aimed at attracting clients with little financial knowledge through advertisements in the mainstream media referring to obtaining high returns in the short term, sometimes accompanied by the image of popular personalities. After that, an intense and aggressive telephone contact was initiated with the purpose of opening an account and a first contribution of funds, initially not very high, followed by later contributions encouraged by these firms' sales staff in order to avoid the closure of positions and the consequent materialisation of losses, which ultimately led to the generation of much larger losses. The bad practices observed were numerous and significant, and among them the following stand out: the provision of investment services without an appropriate assessment of the compatibility of the product offered with the client's risk profile and with their knowledge and experience, the payment of incentives to the sales network that entailed a conflict of interest with the clients, deficiencies in terms of the training obligations of the personnel who inform the clients, and the making of investment recommendations without having authorisation to do so and in any case without complying with the applicable rules of conduct.

The seriousness of the events detected made it necessary to adopt far-reaching remedial measures, which involved a radical change in the business model of these firms and the resources dedicated to it, which was very difficult in practice. This explains why in both cases the firms agreed to close the establishment and consequently to cease marketing their services.

According to the available information referring to the firms that operate in Spain with a permanent establishment, the marketing of CFDs to retail investors following the restrictions established in the last three years initially decreased appreciably, but has subsequently experienced gradual growth, although without reaching previous levels. However, according to the information on the websites of the firms that operate with CFDs, a high percentage of retail clients, greater than 70% for the vast majority of the firms with the greatest activity and in some cases approaching 90%, continues to suffer losses.

At least two EU countries, France and Belgium, maintain additional regulations that are more restrictive than those established by ESMA and by the CNMV for the marketing, distribution or sale of CFDs, by prohibiting their advertising aimed at the general public in the case of France and by prohibiting the use of electronic platforms in that of Belgium.

The supervisory experience described in the foregoing paragraphs makes it advisable to assess the need to adopt additional measures for the marketing of this complex and high-risk product. For this reason, the analysis of possible action alternatives on this matter has been established in the CNMV's 2022 Activity Plan.

Analysis of KIDs of venture capital vehicles

EXHIBIT 12

On 1 January 2018, Regulation (EU) No. 1286/2014 of the European Parliament and of the Council, of 26 November 2014, and its implementing regulations on key information documents (KIDs) for packaged retail and insurance-based investment products (PRIIPs), which requires producers to draw up a standardised information document (the Key Information Document or KID) and publish it on its website when these products are aimed at retail investors. For their part, the entities that sell or recommend these products must deliver said document to the clients in good time before those retail investors are bound by any contract or offer relating to that PRIIP.

In accordance with the regulations on PRIIPs and with the provisions of question 2.6 of the questions and answers (Q&A) on the application of Regulation 1286/2014 published on the CNMV's website, venture capital firms – more specifically, those whose marketing is not restricted to professionals and whose subscription period for investors has not expired – must have the PRIIP KID and must make it available to investors. The managers of venture capital vehicles (or the venture capital company in the case of self-managed venture capital vehicles) must also publish the PRIIP KID on their website.

Since this Regulation came into force, the CNMV has carried out analyses to verify compliance by the managers, in other words to check whether they have prepared PRIIP KIDs for all the venture capital firms subject to this obligation. In addition, we checked to see that the PRIIP KIDs were available on the managers' websites and that their content included all aspects indicated by the regulations, without any significant alterations or omissions, and conformed to that laid down.

In a first phase of the analyses, we detected that most of the managers had not prepared the PRIIP KID. Consequently, the managers were required to prepare it and make it available to the public on their website, provided that the product was aimed at retail investors and was in the marketing period.

In subsequent analyses, we reviewed the content of the PRIIP KIDs that had been prepared in response to the request, occasionally finding deficiencies in their content. Among the most commonly detected deficiencies, the following can be mentioned:

- Not adequately describing the purpose of the product, as well as not specifying the assets to be invested. Many documents reproduced the text of the Regulation *verbatim*, without detailing its specific characteristics.

- Not correctly explaining the type of investor for which the product is intended. In many cases the minimum initial investment was not specified, and nor was the knowledge that the investor should have, the investor's ability to withstand losses, preferences regarding the investment horizon or theoretical knowledge and experience in this type of product.

- Not indicating, in the section "Additional information on liquidity risks", the recommended investment holding period, and whether the venture capital firm is considered to have a significant liquidity risk or as being illiquid.

- Not reflecting the performance scenarios following the regulations. In some KIDs, information on the data and methodology used to estimate returns was not included, and the standard table required by the PRIIP Regulation was not followed (information on intermediate scenarios or periods missing). In some cases the calculations were made assuming an investment other than €10,000 as established by the regulations.

- Failure to design the cost tables in accordance with the standardised model established by the PRIIP Regulation. The tables of costs over time did not present many deficiencies in their content, but they did in format, since intermediate scenarios were included, these not being necessary in products without liquidity, such as venture capital. On the other hand, in relation to the cost composition tables, some confusion was detected about the concepts to include in the different headings; for example in "Portfolio transaction costs", which should include only transaction costs, management fees were included, when this should be included in the section "Other ongoing costs". Also, the "carried interest" and "performance fees" sections were not presented in annualised form as required by the PRIIP Regulation.

Adaptation of CIS prospectuses to sustainability regulations

EXHIBIT 13

On 10 March 2021, Regulation (EU) 2019/2088 of the European Parliament and of the Council, of 27 November 2019, on sustainability-related disclosures in the financial services sector (the Sustainable Finance Disclosure Regulation or SFDR) entered into force. This Regulation imposes significant obligations in the area of information offered in the prospectuses of all CISs. In a very summarised way, the transparency obligations that affect prospectuses are the following:

- Information on the policy of integrating sustainability risks into the decision-making process: Article 6 of the SFDR.

- Statement on policies on adverse impacts of investment decisions or advice on sustainability factors: Article 7 of the SFDR.

- Information when a product promotes environmental or social characteristics: Article 8 of the SFDR.

- Information when a product's objective is sustainable investments: Article 9 of the SFDR.

In order to speed up the processing of the changes imposed by Articles 6 and 7 of the SFDR, which affect all funds, the CNMV developed a simplified procedure for CIS managers to be able to reasonably comply with the requirements imposed by this Regulation. All asset managers availed themselves of this simplified procedure, which has led to the updating, in a short period of time, of the prospectuses of more than 1,500 funds.

Likewise, on 1 January 2022, Regulation (EU) 2020/852 of the European Parliament and of the Council, of 18 June 2020, on the establishment of a framework to facilitate sustainable investment (hereinafter the Taxonomy Regulation) came into force. This Regulation requires, among other things:

- Inclusion in the pre-contractual information of the financial products described in Article 8 (which promote environmental or social characteristics, or a combination of them) and in Article 9 (which have sustainable investments as their objective) of the SFDR, of information on the degree of alignment with the Taxonomy Regulation, with regard to the first two environmental objectives established by Article 9 of said Regulation: mitigation of climate change and adaptation to climate change.

- Inclusion of the following statement in the prospectus of the rest of the financial products: "The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities".

In order to make it easier for CIS management companies to adapt to the requirements imposed by the Taxonomy Regulation, during December 2021, the CNMV acted *ex officio* in including the above statement in the prospectuses of all CISs not qualified in accordance with Articles 8 or 9 of the SFDR.

The CNMV is aware of the circumstances in which the Taxonomy Regulation is coming into force, as not all the necessary regulatory developments have been approved and there is not enough information on the issuers to allow the degree of alignment of the investments with the aforementioned Regulation to be calculated.

Given this situation, and for the sake of a harmonised application of the Taxonomy Regulation within the countries of the European Union, the CNMV will assume the guidelines established by the European supervisory authorities (ESAs). In the absence of such guidelines or technical development standards, the supervisory criteria considered appropriate will be disseminated to the sector, subjecting, however, said criteria to those that, where appropriate, may be subsequently adopted by EU bodies.

Impact on SICAVs of Law 11/2021 on measures to prevent and fight against tax fraud

EXHIBIT 14

The first day of 2022 marked the entry into force of Law 11/2021, of 9 July, on measures to prevent and combat tax fraud, transposing Council Directive (EU) 2016/1164, of 12 July 2016, laying down rules against tax avoidance practices that directly affect the functioning of the internal market, amending various tax regulations and regulating gambling.

This Law tightens the requirements that SICAVs must meet in order to maintain their tax regime, amending for this purpose Law 27/2014, of 27 November, on corporate tax, by requiring that, for the purposes of the application of the reduced tax rate for collective investment schemes (1%), to determine the minimum number of shareholders required by the regulations (100), only those shareholders who own shares for an amount equal to or greater than €2,500, determined in accordance with the net asset value corresponding to the date of acquisition of the shares, will be counted; the Law also establishes a transitional regime for SICAVs that decide to wind up and liquidate in 2022, allowing shareholders to defer tax on the income generated by the liquidation, providing they reinvest the proceeds in other CISs.

In light of the above amendments, and by virtue of the legal duties to act with due diligence and in the best interest of investors, the CNMV sent a requirement to all managers in December 2021 for them to inform the boards of directors of the SICAVs that they managed of the aforementioned amendment to the Corporate Tax Law and to notify the CNMV of the decision adopted in relation to this tax amendment.

Additionally, those SICAVs whose boards of directors agreed to submit their dissolution and liquidation to the general meeting of shareholders were required to inform the shareholders of the possibility of availing themselves of the provisions of the transitional regime allowing the deferral of tax on the income obtained from the liquidation providing it was reinvested in another CIS.

Likewise, and by virtue of the provisions of Article 23 of the CIS Regulations (approved by Royal Decree 1082/2012), SICAVs intending to wind up and liquidate were required to publish the corresponding notice on the CNMV´s website; companies that decided to continue were also required to publish such a notice, specifying the tax implications of such decision and whether actions would be carried out to comply with the requirement imposed by Law 11/2021 for SICAVs to benefit from the reduced tax regime (100 shareholders each with shares for an amount equal to or greater than €2,500), applicable for tax periods beginning on or after 1 January 2022.

In order to make sure SICAVs' liquidating dividends benefit from the transitional regime, some management companies decided to set up investment funds (or share classes) specifically for receiving them.

Finally, some data on the foreseeable impact of this tax change are detailed below. Starting from a situation at 31 December 2021 with a total of 2,286

registered SICAVs (with AuM of €29.03 billion and 349,876 shareholders), it is estimated[1] that, as a result of this tax change, 1,679 SICAVs will disappear (either because they are liquidated or because they are transformed into another type of company), representing 73.4% of the total registered (and 50% of the AuM at 31 December 2021). It seems that for now 448 SICAVs would continue, representing 19.6% of the total registered and 39% of the AuM (about €11.4 billion).

1 At the time of preparing this exhibit, decisions were pending in 7% of the total number of registered SICAVs, specifically 159 SICAVs with AuM of some €2.79 billion.

Implications of the new resolution framework for investment firms

EXHIBIT 15

The resolution framework applicable to investment firms (IFs) has been strengthened by Directive (EU) 2019/879[1] (known as BRRD II), which was transposed to the Spanish legal system in 2021.[2] The implications of this new resolution framework for investment firms must be understood in conjunction with the new prudential regulations for these entities,[3] approved in 2019 and entering into force in June 2021.

With the new prudential framework, a substantial change is introduced in the scope of application of entities subject to resolution whose resolution authority is the CNMV. The new prudential regulation distinguishes three types of entities based on their size, the functions they perform and the interconnections they maintain. Thus, type 1 entities whose total assets exceed €30 billion must request authorisation as a credit institution, so their resolution authority will no longer be the CNMV.

The criteria to define the entities considered small and not interconnected (type 3) entail their being considered eligible for the application of simplified obligations, that is, entities whose non-viability would not have significant effects on the markets, on other entities or on the real economy, which allows the resolution authority to adapt the content of its resolution plans, the update frequency and the level of detail of the resolvability assessment.

The definition of type 3 entities includes, *inter alia*, the condition that they do not have assets under custody or have customer balances, which also affects the assessment of resolvability carried out by the resolution authority, reduces the chances of identifying obstacles to resolvability and makes it easier for the ordinary liquidation procedure to be identified as feasible and credible to resolve the entity in the event of non-viability.

For type 2 entities (those that do not fit into types 1 or 3), the resolution authority must assess their eligibility to apply simplified obligations and determine, through the resolvability analysis, whether or not there are obstacles to the resolution.

Expression of the MREL requirement in IFs

TABLE E15.1

	Applicable prudential regime	Composition of MREL[1]	Form of expression of MREL
Systemic IF (type 1)	CRR	LAA + RCA	Risk-weighted assets. Leverage ratio.
Non-systemic IFs (type 2 or 3) with a resolution strategy other than liquidation	IFR	LAA + RCA	Own funds requirement established by the supervisor multiplied by 12.5.
Non-systemic IFs (type 2 or 3) with liquidation strategy	IFR	LAA	Own funds requirement established by the supervisor.

Source: CNMV. (1) LAA (loss-absorbing amount) is the component of the requirement intended to absorb losses; RCA (re-capitalisation amount) is the component intended to recapitalise the entity.

Another of the implications refers to the determination of the minimum requirement for own funds and eligible liabilities (MREL). The BRRD II determines, in general, that this requirement must be expressed in terms of risk-weighted assets and the leverage ratio (previously it had to be expressed in terms of total liabilities and own funds). For type 1 investment firms to which the solvency regulations contained in Regulation (EU) No. 575/2013 of the European Parliament and of the Council, of 26 June 2013, are applicable, the requirement is expressed as a function of both parameters. However, for type 2 and type 3 entities, which with the new prudential regulations do not have to determine risk-weighted assets and are not subject to the leverage ratio, the expression of the requirement is adapted as shown in Table E15.1.

For investment firms whose strategy in case of non-viability is liquidation, the resolution authority may impose a higher MREL requirement than the recapitalisation amount determined by the supervisory authority if it believes that it is justified to absorb in full the losses expected to be incurred by the entity.

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1 Directive (EU) 2019/879 of the European Parliament and of the Council, of 20 May 2019, amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC.

2 Royal Decree-Law 7/2021, of 27 April, transposing EU Directives in matters of competition, prevention of money laundering, credit institutions, telecommunications, tax measures, prevention and repair of environmental damage, posting of workers in the provision of transnational services and consumer protection.
Royal Decree 1041/2021, of 23 November, amending Royal Decree 2606/1996, of 20 December, on deposit guarantee funds of credit institutions; and Royal Decree 1012/2015, of 6 November, developing Law 11/2015 of 18 June on the recovery and resolution of credit institutions and investment firms and amending Royal Decree 2606/1996, of 20 December, on deposit guarantee funds of credit institutions.

3 Contained in Directive (EU) 2019/2034 and Regulation (EU) 2019/2033 on the prudential requirements of investment firms (known as IFD and IFR, respectively).

Ten years of the FSB's key attributes for an effective resolution

EXHIBIT 16

2021 marks ten years since the key attributes of resolution regimes[1] were adopted by the Financial Stability Board (FSB) as part of a broad programme of reforms developed after the global financial crisis of 2008 to address the problem of financial institutions that are "too big to fail". One of the lessons of that crisis was the need to establish effective resolution regimes that ensure that the failure of a systemic financial institution can be managed in an orderly manner, without recourse to public funds, while maintaining the continuity of its essential economic activities.

To this end, the key attributes set out a series of tools intended to provide authorities with sufficient powers and control over the resolution of financial institutions. And they ensure a consistent approach to the design of resolution regimes across jurisdictions, allowing country-specific details to be taken into account in their implementation, and facilitating cross-border coordination in a crisis.

Since its adoption, there has been notable progress in its implementation and in improving resolution capacity in the banking and – albeit less advanced in most jurisdictions – financial market infrastructure and insurance sectors. Today, in many countries there are designated resolution authorities that have the legal powers and operational capacity to intervene and resolve financial institutions that are no longer viable.

For major systemic financial institutions globally, crisis management groups have been established, backed by cross-border cooperation agreements; recovery and resolution plans have been defined; work has been done to remove barriers to resolution capacity, and assessments of the credibility and feasibility of resolution strategies are under way.

One of the keys to the success of the attributes, in addition to strong political commitment to their implementation, is the FSB's tracking of progress on implementation across jurisdictions and peer pressure to ensure progress on the global scale. In its 2021 resolution report, the FSB acknowledges that reforms aimed at improving the resolution of CCPs, whose systemic importance has increased since the financial crisis, have been significant, but there is still some way to go.

During this time, progress has been made in planning the resolution of systemically important CCPs in more than one jurisdiction and the first resolvability assessment processes have been completed, which have shown some progress in the application of the FSB Guide on financial resources to support CCP resolution and on the treatment of capital in resolution.

However, the availability of adequate resources for CCP recovery and resolution remains a political priority on which work is yet to be completed at the international level. In addition, digital innovation is giving rise to new challenges for resolution planning, such as the dependence on cloud service providers, the clearing of new products such as crypto-assets, the application of

technologies related to decentralised finance and the need to evaluate the resolution capacity of new technological participants in the market.

These aspects will determine the FSB's work programme in the coming years in the complex and challenging area of CCP resolution, since maintaining the continuity of critical central clearing functions is key to financial stability.

1 FSB (2011). *Key Attributes of Effective Resolution Regimes for Financial Institutions.* Updated in 2014.

Response of the CNMV to the recommendations made by the ESRB

EXHIBIT 17

The ESRB issued a total of seven recommendations in 2020, four of which were applied within the scope of the CNMV's actions. Of these, three were related to different vulnerabilities identified in the context of the COVID-19 crisis and one was related to promoting the use of the LEI code in the identification of legal entities. The actions and the response of the CNMV to these recommendations are described below:

– **Recommendation ESRB/2020/7, of 27 May 2020, on the limitation of capital distributions during the COVID-19 pandemic** (subsequently amended by Recommendation ESRB/2020/15, of 15 December 2020).

After the publication of the first version of this recommendation, the CNMV sent a communication to the CCP requiring it to comply with the content of the recommendation, in particular to refrain from distributing dividends, repurchasing ordinary shares or agreeing to variable remuneration for managers. In relation to investment firms, the CNMV decided not to carry out any additional action, taking into account the principle of proportionality and, in particular, the small size of this sector within the financial system. The extension of this recommendation exempted CCPs from compliance due to issues related to the very nature of these entities. Therefore, the CNMV did not have to make any additional communication to any of the financial entities under its supervision.

– **Recommendation ESRB/2020/6, of 25 May 2020, on liquidity risks arising from the adjustment of margin calls**.

This recommendation came in the period of greatest disturbance in the financial markets during the COVID-19 crisis, which gave rise to significant adjustments to the margins provided by market participants.

The CNMV informed the ESRB in detail about how it already took account of some of these considerations in its usual tasks and how it was going to incorporate or reinforce others in the field of supervision of CCPs and, likewise, regarding the adjustments to margins of financial and non-financial counterparties defined in Articles 2.8 and 2.9 of the EMIR, in their derivative contracts not cleared by a CCP or in their activities as clearing members on behalf of clients. The CNMV received a very positive assessment from the ESRB regarding its supervisory activity, in relation to both the CCP, BME Clearing and the clearing members and financial counterparties of bilateral agreements. For further details on this recommendation, see Exhibit 10.

– **Recommendation ESRB/2020/8, of 27 May 2020, on monitoring the implications for financial stability of debt moratoria, public guarantee plans and other fiscal measures adopted to protect the real economy against the pandemic**.

The CNMV contributed to compliance with this recommendation on the part of the AMCESFI by reporting on initiatives such as: i) restrictions on the increase in short positions; ii) the regulations creating new liquidity management

tools in the field of collective investment; iii) the continuous communication between the CNMV and the CIS management companies urging them to carry out appropriate valuation of the portfolios and promoting the use of tools such as swing pricing and valuation at bid price, and iv) communication with market infrastructures in relation to the previous recommendation.

– **Recommendation ESRB/2020/12, of 24 September 2020, on the identification of legal entities**.

This recommendation is subdivided into two: (A) one addressed to the EC, in which this institution is urged to propose the adoption by EU legislation of a common framework establishing the mandatory use of the LEI for entities that are obliged to report financial information and (B) another addressed to the relevant entities urging them to promote the use of the LEI pending EU legislation. The second recommendation (B), applicable to the CNMV, indicates that the relevant authorities should: i) require legal entities involved in financial transactions under their supervision to have an LEI code, ii) identify by means of an LEI code the entities that have a financial reporting obligation and iii) identify by means of an LEI code the entities on which it publishes information.

In its response to the ESRB, the CNMV indicated that its degree of compliance is very high. In all EU regulations that require the use of the LEI (for example, MiFID or EMIR), the CNMV requires reporting entities to identify themselves and their counterparties by means of said code. In addition, in the case of the Transaction Reporting Exchange Mechanism (TREM), the CNMV's data collection system does not allow the incorporation of any file if it does not contain the LEI identifiers. There is also complete compliance with regard to investment firms and activities under the supervision of the CNMV that involve client asset management (except entities with very limited activity, such as financial advisory entities, for proportionality reasons). Finally, there is also compliance in the identification of securities issuers.

Action Plan against Financial Fraud (PAFF): public-private partnership to tackle financial fraud

EXHIBIT 18

The economic and social situation deriving from the two years of pandemic has had a significant impact on the digitisation of society as a whole and thereby modified consumption and investment habits. In this period, several factors have coincided that explain this phenomenon.

In the first place, from the economic and financial point of view, we are witnessing an unstable macroeconomic scenario, with low or negative interest rates, which has prompted some investors to seek higher returns by assuming more risks. All this has coincided with an increase in private savings, first due to the lack of mobility and later due to the uncertainty of the moment.

Secondly, the acceleration of technological development has allowed the birth of new platforms and the increase in disintermediation processes that have brought the financial markets and the activity of trading closer to non-expert investors with hardly any barriers to entry. The effect of technological development has also been enhanced by the appearance of new sources of information – basically social media – that are widely used by certain age groups of the population, and that have led to the emergence of leaders of opinion and influencers and advertising of financial products aimed at the retail customer.

And thirdly, taking advantage of the environment described, the development of fundraising campaigns aimed at small investors linked mainly to complex financial products, commodities and, above all, other types of products such as crypto-assets.

The effects of changing consumption and investment habits, with a large number of new investors (often with little knowledge of how the financial markets work, with direct access to offers of investment products via the Internet) have generated a breeding ground for a significant increase in irregular and criminal activity through financial fraud. Currently, there are numerous complaints pending, claiming hundreds of millions of euros in financial damage, which increases the risk of a subsequent climate of general distrust towards financial markets and the reputation of the sector itself.

The CNMV is one of the institutions that, in its work to defend investors, from a global perspective of the financial sector, has detected this notable increase in irregular activities together with other institutions, such as the State security forces and bodies and the tax authorities, mainly. To the extent that the detection of these allegedly criminal activities, as well as their containment and prosecution, should not and cannot be carried out exclusively by a single entity, the CNMV understood that the development of a public-private collaboration framework was and is the best possible way to prevent and fight more effectively and preventively against this type of activity.

As a result of this philosophy, throughout 2021 the CNMV has been working on the preparation of a protocol to promote and improve cooperation between the entities involved in these issues. In the numerous meetings held, the goal of

improving the prevention and fight against offers of potentially fraudulent financial products and services in a coordinated manner was set. To this end, we proposed measures to improve the mechanisms for exchanging information between the competent authorities and institutions, new detection and alert mechanisms regarding the activities of entities not authorised to offer financial services, and the reinforcement of education and citizen information campaigns so that they have the necessary knowledge to make their investment decisions.

Finally, and as a result of these conversations, a protocol was drawn up that aims to:

- Define and articulate measures that contribute to reducing the capacity for action and expansion of financial fraud attempts.
- Cooperate in its detection.
- Restrict the promotional or advertising dissemination of its activities.
- Establish information mechanisms for investors and clients of financial services on the risks and possibilities of fraud.
- Create communication channels between the signatory institutions.
- Establish mechanisms that allow the verification of the registration of entities that are advertised in the media and social networks.
- Develop awareness-raising and informative campaigns for the public.
- Create alert mechanisms for new trends in financial fraud.
- Provide investors and clients of financial services with the instruments and knowledge necessary to detect and avoid these practices through action in the field of financial education.

The protocol of the Action Plan against Financial Fraud (PAFF) was signed on 29 April 2022 by 19 public and private institutions[1] and it will be developed on the basis of specific agreements to be signed between the various entities, linking each of them to specific measures of a technological, dissemination and financial education nature, depending on their activity. Likewise, the public-private collaboration is open to the inclusion of other public entities and associations, to the continuous monitoring of measures to combat financial fraud and to the proposal of new ones, through the creation of a monitoring committee in which representatives of each signatory organisation participate.

1 Ministry of Economic Affairs and Digital Transformation, National Securities Market Commission (CNMV), State Attorney General's Office, Bank of Spain, National Police, Civil Guard, Mossos d'Esquadra, Ertzaintza, Navarra Provincial Police, Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offenses (SEPBLAC), Spanish Banking Association (AEB), CECA, Investment Guarantee Fund (FOGAIN), Association of Collective Investment Institutions and Pension Funds (INVERCO), Media Association of Information (AMI), Union of Open Commercial Televisions (UTECA), Autocontrol, Association of Registrars, General Association of Notaries.

Financial Education Plan 2022-2025

EXHIBIT 19

On 14 January 2022, the CNMV, the Bank of Spain and the Ministry of Economic Affairs and Digital Transformation signed a collaboration agreement for the promotion and development of the Financial Education Plan for the period 2022-2025. The Ministry's joining the Plan as a promoter is a new development with far-reaching implications and endorses the work carried out in previous years by the Bank of Spain and the CNMV.

Since 2008, driven by the Financial Education Plan, a multitude of informative actions have been carried out and numerous educational resources have been developed for Spanish citizens. Likewise, an important network of more than 45 collaborators has been created who have contributed to the dissemination of the Plan, to creating awareness about the importance of financial education and to improving the financial culture of the population through the development of numerous activities.

The launch of this new Plan takes place in a context conditioned by the events deriving from the COVID-19 pandemic, which have had a serious impact on the economy, the financial markets and individuals, and which are accelerating pre-existing trends that are making for a more complex and less stable reality. Adapting to this new context will require the acquisition and consolidation of certain skills and abilities, as well as the adoption of certain attitudes related to saving, indebtedness and long-term management of personal finances.

As usual, with each renewal of the Financial Education Plan, new objectives have been established for the coming period. The objectives for 2022-2025 are: i) to push a communication strategy supported by the promotion of the new Finance for All website that allows the brand to be publicised and the Spanish population to become aware of the importance of financial education; ii) to obtain a deeper understanding of the needs of the Spanish population in terms of financial education; iii) to evaluate the impact and effectiveness of the Financial Education Plan in its years of development; iv) to expand the network of collaborators by incorporating institutions that can contribute social sensitivities to the groups most in need of financial education; v) to focus the promotion of financial education on certain groups such as primary school pupils and vocational training and university students; vi) to develop specific training initiatives for the needs of vulnerable groups: digital skills to avoid vulnerability and prevent financial fraud, and vii) to contribute to the development of the objectives of the 2030 Agenda.

For the next period, the most important challenge of the Plan will be to respond to the needs arising from the COVID-19 pandemic. In this context, a gradual increase in the number of users of financial products and services using digital channels for contracting and management has been observed. This circumstance has brought with it the rise of new products and services, but also the increase in scams and fraud in the use of digital channels, which have highlighted the need for the Financial Education Plan to focus on providing financial users with tools to avoid and prevent financial fraud both in the context of digitisation and those that may come through more traditional

means. Likewise, another challenge will be to reinforce the presence of financial education in the school curriculum, so that the youngest become familiar with the concepts of saving, spending and responsible indebtedness. Finally, in the coming years, progress will continue to be made in increasing social awareness regarding financial education and its consideration as a key competence in the society of the twenty-first century.

More information at Financial Education Plan 2022-2025.

New web portal of the Financial Education Plan

EXHIBIT 20

In September 2021, the Financial Education Plan, promoted by the CNMV, the Bank of Spain and the Ministry of Economic Affairs and Digital Transformation, renewed its website www.finanzasparatodos.es with the aim of consolidating it as the reference portal for financial education in Spain.

This renewal, which has been driven by the growth and evolution of the Plan, has aimed to incorporate improvements in the design, content architecture and user experience to make it a more practical and interactive website.

The new website is divided into three sections:

- ***Discover***: with content and tools to guide users in making financial decisions throughout their lives, responding to questions such as: How is your financial health? How to prepare your budget? How to manage your debts? How to prepare your retirement? or How to invest your money?

- ***Participate***: informs about all the initiatives, activities and projects that are promoted within the framework of the Financial Education Plan and in which citizens and institutions can participate: the network of collaborators and the initiatives they develop, the school programme and contest aimed at educational centres and teachers, the Financial Education Day and the Finance for All Awards.

- ***Learn***: includes different types of educational resources prepared by the Plan, aimed at teaching and guiding financial education issues, such as guides, videos, tools, podcasts, glossary, etc

Additionally, the website has two reserved spaces. The first of these is aimed at the collaborators of the Plan, whose purpose is to serve as a space for exchange and collaboration between the different institutions and to facilitate the dissemination of activities and materials. The second is aimed at teachers who participate in the school programme and in the Financial Knowledge Quiz, where teachers can find tools for students and games to use in the classroom.

The website, which also has a news section, is present on the main social networks (Instagram, Facebook, Twitter and YouTube) with the aim of maximising the dissemination of its content.

New advances in the incorporation of financial education into the school curriculum

EXHIBIT 21

Since 2009, when the first collaboration agreement was signed with the Ministry of Education and Vocational Training, the Financial Education Plan has worked hard to advance the introduction of basic financial education content and skills in formal education.

With Organic Law 8/2013 for the Improvement of Educational Quality (LOMCE) it was possible for the Royal Decrees on minimum education to incorporate, for the first time, curricular contents of financial education. Royal Decree 126/2014, of 28 February, on minimum teaching in primary education included content on money and savings in the subject of social sciences. Likewise, Royal Decree 1105/2014, of 26 December, establishing the basic curriculum for compulsory secondary education and baccalaureate, incorporated broader content into the subject of economics in the fourth year of secondary education, such as those related to the classification and calculation of income and expenses, savings, indebtedness, risk and diversification, insurance, etc.

Also in the first cycle of secondary education in the subject of initiation to entrepreneurial and business activity, contents on personal income and expense management, personal financial planning, identification of financial services, etc. were incorporated.

The LOMLOE (Organic Law 3/2020, of 29 December, amending the LOMCE) has provided a new opportunity to advance in the inclusion of financial education curricular content. This new Law deepens the competency-based approach that the previous Law already included, but also incorporates new curricular elements. Specifically, it defines an exit profile for each educational stage, determined by the key skills that all students must have acquired at the end of each stage of compulsory education. The Law also introduces the so-called "basic knowledge", defined as the knowledge, skills and attitudes whose learning is necessary for the acquisition of the specific skills of each area or subject. Financial education is included among the blocks defined as basic knowledge.

On 25 March 2021, the CNMV, the Bank of Spain and the Ministry of Economic Affairs and Digital Transformation submitted a proposal to the Ministry of Education and Vocational Training for the inclusion of financial skills in the design of primary and secondary education school curricula in the development regulations of the LOMLOE.

Royal Decree 157/2022, of 1 March, establishing the organisation and minimum teachings of primary education contained a large part of the proposals sent. In particular, the Royal Decree incorporated in the subjects of knowledge of the natural, social and cultural environment content such as the value and control of money, means of payment, the green economy, the influence of markets (goods, financial and labour) in the life of citizens, advertising, responsible consumption, consumer rights and the social value of taxes. In the subject of mathematics, contents related to money, the monetary system,

estimates of quantities and change in daily life and the resolution of problems related to responsible consumption and money are included: prices, interest and discounts.

Royal Decree 217/2022, of 29 March, establishing the organisation and minimum teachings of compulsory secondary education included in the subjects of mathematics, economics and entrepreneurship, and education in civic and ethical values some of the contributions made in the proposal for the Financial Education Plan, which must be developed or expanded by the regional educational authorities, the centre or the teacher.

The inclusion of basic knowledge on financial education in the first three years of secondary education is considered an advance. In mathematics, it deals with the interpretation of numerical information in simple financial contexts, the methods for taking responsible consumption decisions based on quality-price and value-price relationships in everyday contexts or the development of problems in financial contexts. In education in civic and ethical values, content related to sustainability, the SDGs, the circular economy, the blue economy and sustainable living habits, such as responsible consumption, are incorporated.

The subject of economics and entrepreneurship in the fourth year of secondary education is the subject that includes most of the suggestions made to the Ministry: control and management of money, sources and control of income and expenses, indebtedness, sources of financing and fundraising. financial resources, financial risk management and insurance. However, as it is an optional subject, it excludes those students who decide to take other subjects aimed at different types of baccalaureate or the various fields of vocational training.

One of the most important aspects of the Law is that it grants an important level of autonomy to the autonomous communities in the development of their curricula (50% for communities with their own language and 40% for the rest) and also allows the educational centre and the teacher to complete the curriculum of the different stages and cycles. In this regard it would be considered an advance if more financial education contents were included in the regional royal decrees.

Information on sustainability in financial products

EXHIBIT 22

Regulation (EU) 2019/2088 of the European Parliament and of the Council, of 27 November 2019, on sustainability-related disclosures in the financial services sector (the SFDR or Disclosure Regulation) established a mandate for the European Supervision Authorities (ESAs), through its Joint Committee, to develop draft **regulatory technical standards (RTS)**. These standards deal with the detailed content, methodology and presentation of the statement that entities must provide on their websites about the principal adverse impacts of their investment decisions on sustainability factors. They also deal with the content and presentation of pre-contractual, periodic and website information relating to financial products that promote, among others, environmental or social characteristics, or a combination of them (Article 8 of the Regulation), and financial products that have as their objective sustainable investments (Article 9 of the Regulation).

Subsequently, Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (the Taxonomy Regulation) introduced new mandates to develop RTS on the details of the presentation and content of the information relating to the principle of "do no significant harm", as well as on the content and presentation of the pre-contractual and periodic information on financial products of Articles 8 and 9 of the SFDR that include investments in economic activities that contribute to environmental objectives in their portfolios. To this end, on 2 February 2021 the ESAs submitted to the EC the final report with their proposal regarding the mandates of the SFDR and the principle of "do no significant harm" introduced by the Taxonomy Regulation and, on 22 October 2021 they submitted the final report regarding the remaining mandates of the Taxonomy Regulation.

On 25 February 2021 the ESAs also published a **supervisory statement** in which they invited the market to use the proposed technical standards as a reference and clarified the timetable for the application of the obligations relating to Level 1 and the technical standards, which at that time were scheduled to apply from 1 January 2022. On 25 November 2021, the EC announced in a letter its intention of postponing the application of the technical standards to 1 January 2023. For this reason, in March 2022, the ESAs updated the supervisory statement, which also includes the supervisory expectations in relation to the information on alignment with the taxonomy that financial products must provide in accordance with Articles 5 and 6 of the Taxonomy Regulation.

On 6 July 2021, the EC published a **Q&A** document which clarified doubts about the interpretation of Level 1 relating, among others, to the SFDR Articles 8 and 9 products, although the EC also indicated in its Renewed Sustainable Finance Strategy, published in July 2021, that it would work on defining minimum sustainability criteria for Article 8 products. In December 2021, the ESAs sent a second set of questions on the interpretation of Level 1 to the EC, the response to which is awaited.

ESMA's Report on the independence of National Competent Authorities

EXHIBIT 23

On 18 October 2021, ESMA published a *Report on the independence of National Competent Authorities* (NCAs).[1] The other two European supervisory authorities (ESAs) – EBA and EIOPA – published their own reports on their respective sectors on the same date.

The three reports mentioned maintain a similar structure and are essentially factual, thus avoiding value judgements. The four thematic axes on which ESMA's document pivots are operational, financial and personal independence, and transparency and accountability, issues on which the report concludes that the NCAs report a high degree of independence, in general terms. However, it also indicates that, due to the legal frameworks and structures, the different jurisdictions may differ in their practices and approaches and, consequently, each one may have a different degree of independence.

In relation to operational independence, the report reflects how the vast majority of NCAs are established as independent bodies in the sense of lacking interference from governments, other authorities and sectoral interests, in addition to having the legal powers and resources suitable for the fulfilment of their objectives. However, the report identifies some authorities that are established under the dependency of a Ministry. Also, regarding the operability of the NCAs, only two report the limited capacity they face to hire the personnel required to carry out their supervisory tasks (one of them being the CNMV, as it requires authorisation from the Government via the Executive Commission of the Interministerial Remuneration Commission – CECIR), and another nine (including the CNMV) allude to the difficulties they encounter in attracting or retaining personnel with the necessary skills.

Regarding financial independence, although almost all the NCAs indicated that they had stable and adequate financing, the models implemented present different approaches. Most NCAs are financed entirely from income received from their supervisory activities, although others are financed from a combination of their own income and a contribution from the state budget. It should be noted that certain authorities have the ability to use budget surpluses to create reserves for the following year. On the other hand, regarding the procedure for budget approval, there is a division between NCAs that require budget approval from the Government or Parliament and those for which approval by their own governing bodies is sufficient.

Regarding personal independence, ESMA's report portrays the existing disparities regarding the composition of the governing bodies of the NCAs, their terms of office and the mechanisms adopted for the appointment and dismissal of their members. In addition, considerations regarding *ex officio* Board members are addressed, with ten NCAs (the CNMV among them) being identified as having them linked to positions in central banks and representatives appointed by government agencies. Likewise, it highlights that only two NCAs (the CNMV and the Polish KNF) have *ex officio* members on their Board linked to heading up a government department, that is, a position in a government department entails a position on the Board of the NCA. On

the other hand, the report also reflects the existing panorama regarding the provisions that restrict the exercise of professional activities in the sector, once the employees and directors of the NCAs finish providing their services (cooling-off). Finally, in relation to all the personnel of the NCA, the report describes how in a majority of authorities legal protection is granted to its members in the performance (in good faith) of their functions.

Transparency and accountability are the focus in the last section of ESMA's report, in which all the NCAs responded that they guarantee public transparency through the publication of certain documents (annual accounts, for example) and the duty to inform about their activities to government or parliamentary bodies (through annual reports or hearings). To conclude this section, the report indicates that all authorities report being subject to judicial review in relation to their regulatory or supervisory decisions that affect third parties, while accepting challenges.

The general conclusion of ESMA's report states that, in general terms, the authorities enjoy a high level of independence. However, key areas are identified where divergences between NCAs can help identify changes needed to improve it. These key areas include, among others, the composition of the governing body, rules on conflicts of interest and periods of incompatibility after termination, consultation with the Government or other entities, financing models and delegation to third parties.

1 https://www.esma.europa.eu/sites/default/files/library/esma42-110-3265_report_on_ncas_independence.pdf

IOSCO activity in the area of sustainable finance

EXHIBIT 24

Throughout 2021, the Sustainability Task Force (STF) of the International Organisation of Securities Commissions (IOSCO), in which the President of the CNMV holds one of its vice-presidencies, worked intensively in three areas with the aim of identifying problems and challenges that may affect investor protection and market transparency and proposing recommendations for their solution. The three areas mentioned refer to the publication of information on sustainability by: i) issuers; ii) asset managers, with special attention to the phenomenon of greenwashing, and iii) ESG ratings agencies and other providers of ESG data.

Particularly noteworthy is the work carried out in the area of issuers, which is currently affected by regulatory fragmentation, entailing a lack of comparability of published information and a lack of connection between financial and non-financial information. This has led IOSCO to support the work of the recently created International Sustainability Standards Board (ISSB), which has already started working on the development of unique sustainability standards with a universal vocation that will initially be dedicated to climate-related information but which, later on, will incorporate other sustainability factors. IOSCO collaborates closely with the ISSB, through its role in the Monitoring Board of the IFRS Foundation, in order to guarantee that the new standards serve the interests of investors and meet the necessary quality conditions.

In June 2021, the STF published a report, *Report on Sustainability-related Issuer Disclosures*, in which the deficiencies of the current system of non-financial reporting are analysed, areas for improvement identified and possible solutions proposed based on the creation of global standards, issued by the ISSB, whose adoption will be promoted by IOSCO.

Regarding the information published by asset managers, IOSCO published a second report in November 2021, *Recommendations on Sustainability-Related Practices, Policies, Procedures and Disclosure in Asset Management,* containing a series of recommendations addressed to regulators and supervisors of the financial markets and the industry aimed at confronting greenwashing in financial products. The recommendations, based in part on the SFDR, advise disclosures of information at entity and product level, as well as supervisory tools, the use of common terminology and financial education to avoid greenwashing.

Also, in November 2021, IOSCO published the report *Environmental, Social and Governance (ESG) Ratings and Data Products Providers*. This document analyses and describes the problems arising from the lack of regulation in the area of ESG rating agencies and other providers of sustainability data, and proposes a set of recommendations for both securities market regulators and companies that provide ESG data and ratings, the users of said information and the companies that are the subject of this information.

In early 2022, the IOSCO Board decided to renew the structure and content of this working group to continue collaborating with the ISSB, advance the

development of a possible verification framework for sustainability information, study carbon markets and assess the implementation of sustainability reporting recommendations published by asset managers, ESG ratings agencies and other ESG data providers.

First call for the sandbox

EXHIBIT 25

On 14 May 2021, the list of projects presented to the sandbox that had received a favourable prior evaluation was published, the CNMV being the competent authority for four projects. Of the four projects admitted to the sandbox, the test protocol has been signed with three of the promoters, as one of the promoters withdrew from the process before it was signed.

Regarding the characteristics of the projects and the tests that will be carried out based on the signed protocols, the following should be highlighted:

Marketplace Project

It proposes the creation of a marketplace platform that offers security to investors who want to participate in the financing of business projects, through the issue and placement of crowdfunding loans represented by tokens on a private blockchain platform, and their subsequent trading. The crowdfunding loans issued will be tokenised, making them negotiable securities.

These loans will be subscribed by a small group of investors who will receive tokens representing their claims on the issuer. To facilitate payments, the marketplace incorporates the operation of electronic money services, although the innovation lies in the investment services provided.

The objectives pursued with these tests are:

– This platform aims to test an attractive, safe and agile model for small and medium-sized companies to obtain financing, as well as for investors to access this type of investment.

– Evaluate the possible alternatives so that investors can, among themselves, exchange, sell or acquire tokens with the validation of an entity authorised to provide investment services.

– Analyse the life cycle of the loan and its respective corporate events through blockchain technology.

This project must comply with the mercantile and corporate regulations applicable to the issue of negotiable securities that create or recognise debt. In this way, the representation of the credit rights deriving from the tokenised crowdfunding loans will be carried out in a traditional way outside the platform, so that the rights of the investors remain intact in spite of the risks described.

Issue and custody of tokenised shares of an investment fund

The sponsors have developed a solution based on blockchain technology, the purpose of which is the issue, subscription and redemption of tokens representing shares in an investment fund, together with the infrastructure to carry out the custody layer of the cryptographic keys of these tokens.

A new fund will be created, which will invest in shares of another fund already managed by a fund manager. Likewise, the fund manager will be the depository and will carry out the custody of the shares issued in the traditional way. It will also be in charge of recording daily the net asset value and automatically allocating the shares in the subscription and redemption transactions in the blockchain. The CNMV will have a supervisory node that, through the execution of smart contracts, will allow it to monitor background activity.

The tests are intended to validate the use of distributed ledger technology in some of the processes related to the subscription and redemption of CIS shares, specifically:

– That registers of shares can be effectively kept using this technology.

– That through smart contracts the execution of subscription and redemption transactions can be managed and coordinated with the usual settlement methods.

– That the supervisor can access certain information on transactions with shares through a supervisor node.

Realfund

The promoters have developed a platform that will tokenise a corporate loan (*préstamo participativo*) providing the technical and legal means for the issue of the token, the payment of interest on the loan and the repayment of the principal at maturity. The tokenisation of the loan involves the issue of negotiable securities.

The objective of the loan is to finance a system relating to the marketing of real estate products. Small and medium-sized investors are offered the possibility of being remunerated on the basis of real estate sales made with this system. The investor receives a return in stablecoins that will increase for each property sold through this system.

Specifically, it is intended to prove that the issue of corporate loans (*préstamos participativos*) using blockchain technology allows:

– The transferability of tokens to be restricted by means of smart contracts to investors that have been duly registered on a white list prior to sending the tokens to the respective wallets.

– Interest to be distributed to investors via smart contracts using a stablecoin.

In this project, the representation of the negotiable securities that constitute the crowdfunding loans is carried out both in a traditional way outside the blockchain and complying with the mercantile and corporate regulations applicable to the issue of negotiable securities that create or recognise debt.

TIBER-ES framework for carrying out advanced tests on technological risk

EXHIBIT 26

TIBER-EU has its origin in the supervision of technological risk in the financial sector (its direct antecedent is the CBEST framework implemented in the United Kingdom) and includes the guidelines for carrying out advanced cybersecurity tests, establishing the framework for the execution of Red Teaming exercises with the following objectives:

- Determine how the authorities, entities and providers should act and work together.
- Establish the phases that make up a Red Teaming exercise that emulates the techniques and procedures of real attackers.
- Establish a common framework for the acceptance of results among different authorities.

This last aspect is very important, since this framework of cybersecurity exercises would allow financial institutions to mutually accept this type of evidence among EU authorities that have adopted TIBER-EU, avoiding duplication in the supervision of technological risk. In fact, TIBER-EU surged due to the lack of homogeneous and comparable exercises within the European Union that would allow a financial institution (originally banks) with presence in several countries to properly manage the performance of these tests.

The framework is designed so that the authorities of each country make the decision to adopt it and a proprietary authority is designated. In the case of TIBER-ES, it is the Bank of Spain, which, together with the CNMV and the DGSFP, will monitor the performance of the tests and validate that they are carried out in accordance with the requirements of the framework. To this end, the TCT (Tiber centre Team) was created, made up of representatives of the three authorities.

Carrying out these tests does not mean qualifying the entity that has undergone them as approved or failed, but rather improving knowledge of its weaknesses and strengths in the face of cyberattacks and identifying measures that increase its cyber resilience. This is a very advanced type of test, superior to the penetration tests or ethical hacking specific to or routinely part of a security audit. Therefore, they require sufficient maturity in this area, since the tests are carried out on production systems, and a significant dedication of resources by all those involved in the test.

In summary, in the exercises carried out within the framework of TIBER-EU, the following must participate:

- The authorities that, through the TCT, supervise the tests.
- The financial institution, which will be responsible for fully managing the test and ensuring that the significant risk mitigation controls are in place for its performance. Within the entity there will be two different roles:

- White Team: a small number of people from the entity who know that the exercise is being carried out and collaborate with the TCT.

- Blue Team: the people of the entity that are the object of the exercise and whose prevention, detection and response capabilities are being put to the test.

– External providers, who provide input for exercise design and who run the tests. Two different teams are established, which can be from the same or different providers, and which interact with each other:

  - Threat intelligence provider: they analyse the possible points of attack on the entity, selecting the targets and acquiring the necessary intelligence to carry out the attacks.

  - Red Team provider: they execute the attacks, on the basis of the information provided by the threat intelligence provider.