



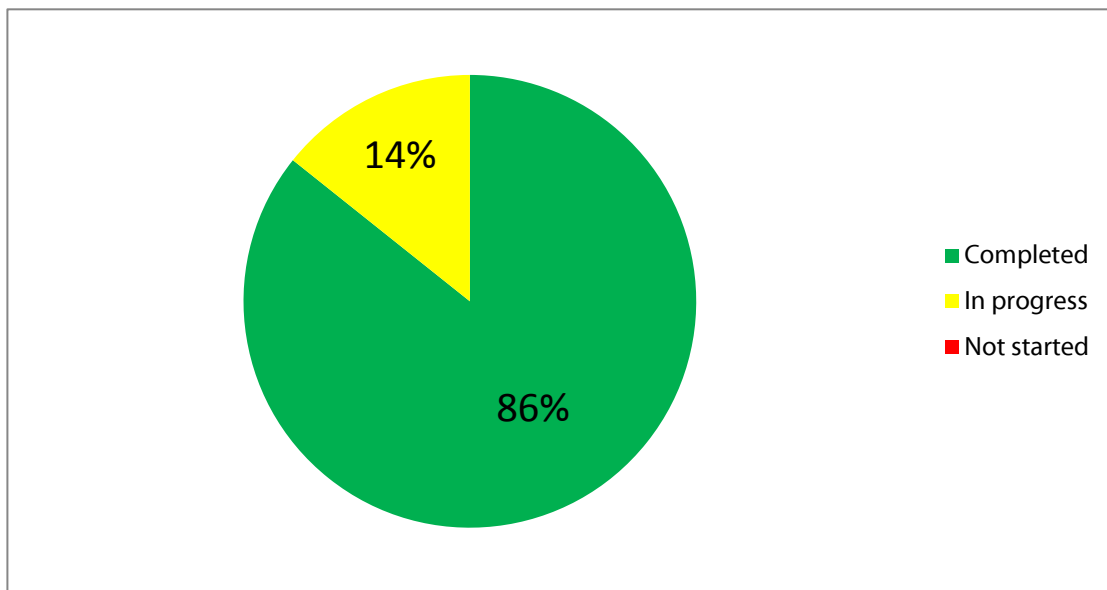
# Implementation of the 2020 Activity Plan

May 2021

In its 2020 Activity Plan, the CNMV formulated 44 actions or objectives aimed at developing the strategic areas of the institution in the period 2019-2020. However, given the circumstances caused by COVID-19 and following the corresponding analysis, in May 2020 the CNMV published an update of this Plan, in which 33 of the 44 initial objectives were maintained and two new objectives were added.

Of the 35 objectives set, up to the date of publication of the 2021 Activity Plan, **30 (86%) had been completed**. Therefore, in 2020, a degree of completion of the Activity Plan was achieved in line with that of the previous years: 84% in 2019, 78% in 2018, 86% in 2017 and 82% in 2016.

**Figure 1. Degree of completion of the 2020 Activity Plan**



The follow-up of the objectives set in the 2020 Plan is detailed below according to its different sections: i) the CNMV's operational improvements, ii) market supervision, iii) supervision of financial intermediaries, and iv) relations with investors and other stakeholders.

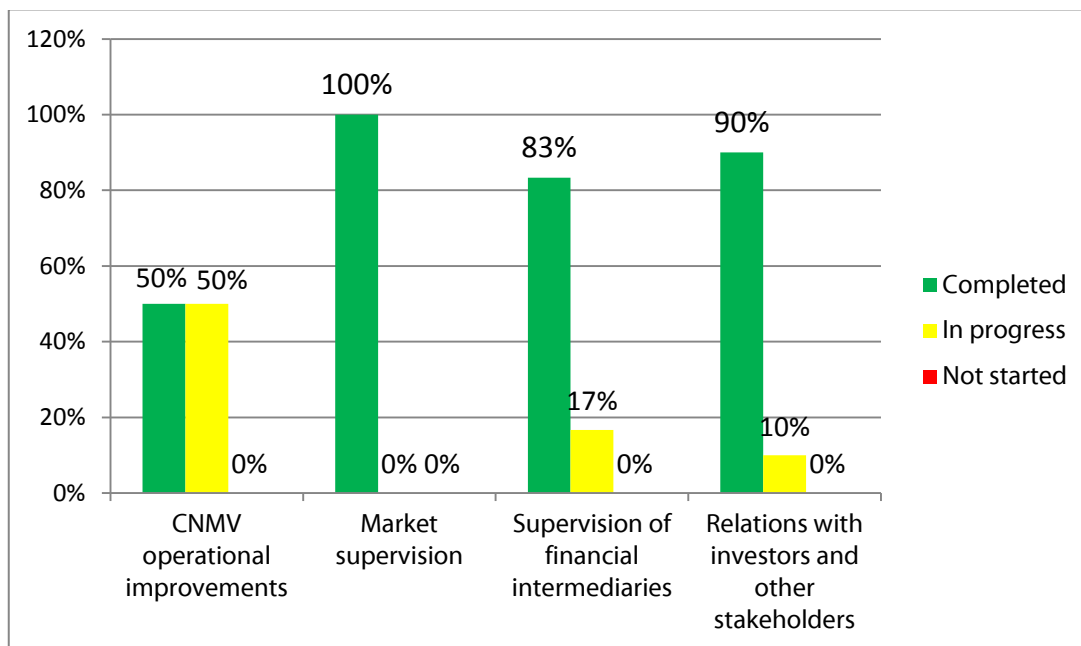
With regard to the section on the **CNMV's operational improvements**, two of the four planned objectives (50%) were fully met during 2020 and significant progress was made in relation to the other two (50%), which will be completed in the coming months.

100% of the nine objectives included under the **market supervision** heading have been completed.

In the area of **supervision of financial intermediaries**, 83% of the 12 objectives included in the 2020 Activity Plan have been met.

Lastly, ten objectives were included in the section on **relations with investors and other stakeholders**, of which nine (90%) have been completed.

**Figure 2. Completion of 2020 objectives by area**



See Table 2 for a brief summary of each of the objectives.

### **Update of the 2020 Activity Plan**

In May 2020, the CNMV resolved to update its Activity Plan for that year due to the situation created by the COVID-19 pandemic. This meant that some of the objectives initially proposed required a longer period for their execution, as a consequence of the suspension of the administrative bidding processes or for operational reasons that made it advisable to allocate available resources to other activities.

Of the 11 objectives that were postponed, eight were included again in the 2021 Activity Plan. In regard to the remaining three, circumstances have advised the inclusion of other objectives that are more in line with the current situation and the strategic priorities of the CNMV for the next two years.

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## Postponed initiatives in the 2020 Activity Plan (AP)









TABLE 1

<b>Initiative</b>	<b>Status</b>
Strategic information systems plan	Included in the 2021 AP
Analysis and global sustainability plan (ESG) of the CNMV as an organisation	Included in the 2021 AP
Proposal to update CNMV fees	Included in the 2021 AP
Streamlining certain authorisation procedures through specific procedures on the web page (Electronic Office).	Included in the 2021 AP
Analysis and preparation of at least one report on a possible code of good practices to encourage long-term shareholder engagement	Included in the 2021 AP
Analysis and identification of improvements in the quality monitoring system for data reported to the CNMV	Included in the 2021 AP
Status report and possible measures to boost IPOs	Not included
Analysis of the responsibility for information contained in the issuance or IPO prospectus	Not included
Creation of an investor portal	Included in the 2021 AP
Conference on empirical studies on remuneration systems and incentives for directors and senior managers of listed companies (SUERF).	Included in the 2021 AP
Signature of the IOSCO Enhanced MMoU ( <i>Multilateral Memorandum of Understanding</i> )	Not included

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## Implementation of the 2020 Activity Plan

TABLE 2

	Initiative	Status	Detail
<b>CNMV's operational improvements</b>	<b>Contingency plans</b>	Adaptation of the CNMV Contingency Plan based on a telework model	 The CNMV has adapted its contingency plan to a model based on teleworking, taking into account the experience acquired following the declaration of the State of Alarm, when its entire workforce started to work from home.
	<b>Digital transformation</b>	CNMV Comprehensive Digital Transformation Plan	 In 2020, the actions planned for the implementation of the CNMV's Digital Transformation Plan were carried out. Specifically, the Digital Transformation Committee and Office were set up and various seminars on this subject were held for the institution's managers and employees.
	<b>Staff related measures</b>	Review and promotion of teleworking policy	 Although a review and promotion of the teleworking policy had been planned, this was delayed in order to incorporate the legislative changes that had been announced, which were approved in the past few months.
		Formal establishment of an internal whistleblowing channel	 The necessary actions have been carried out to establish a formal whistle-blowing channel and are only pending approval by the CNMV's governing bodies.
<b>Market supervision</b>	<b>Financial and non-financial information</b>	Horizontal review of the degree of compliance with IFRS16 (Leases)	 In 2020, a horizontal review of the degree of compliance with IFRS16 (Leases) was carried out. The result of the analysis, together with recommendations to improve the application of the standard, are set down in the <i>CNMV's review of the annual financial reports and main enforcement priorities for the following year. 2019</i> , which was published in February 2021.
		Horizontal review of the degree of compliance with the Law on non-financial information	 The horizontal review of the degree of compliance with the Law on non-financial information has also been completed and the result of this analysis is included in the annual report mentioned above.
	<b>Corporate governance</b>	Amendments to certain recommendations of the Code of Good Governance	 In June 2020, the amendment of certain recommendations of the Good Governance Code for Listed Companies was published.
	<b>Market supervision</b>	Criteria on the dissemination of inside information or information of interest to investors through social networks	 In October 2020, the CNMV published criteria on the dissemination of inside information or information of interest to investors through social media, in the event that listed companies - and other issuers of securities or traded financial instruments - use these channels to disseminate this information.

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TABLE 2

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	Communication to the market of the adaptation of the CNMV's procedures for the reception, publication, dissemination and consultation of inside information and other significant information	█	Prior to its launch in February 2020, the market was notified of the adaptation to the CNMV's procedures for the reception, publication, disclosure and consultation of inside information and other significant information. The main changes and their implications were explained to the issuing companies involved through lectures and practical workshops. A press release was also sent out on this subject.	
Primary markets	Update of the procedures for sending electronic messages to ESMA containing the prospectus and other required documents	█	The procedures for sending electronic messages to ESMA containing prospectuses and other required documents have been updated, as the new ESMA notification portal, to which the information provided for in the regulations must be sent, has been operational since November 2020 ( <i>Prospectus Register</i> ). Likewise, the corresponding procedure in the electronic office (EEA) has been adapted so that issuers can submit the necessary information.	
	Review and update the "FAQ" section of the CNMV website on the primary securities market system	█	In January 2021, the review and update of the "FAQ" section of the CNMV website on the primary securities market system was published.	
Securities depositories	Central securities depository supervisory plan	█	The Central securities depository supervisory plan has been completed. Specifically, various aspects related to risk and user monitoring committees have been analysed, insolvency tests for participants have been developed, the analysis and publication of the legal implications of the different types of accounts have been carried out, plans for adaptation to the settlement discipline system have been implemented and the services shared with the BME Group and the new business plan have been assessed.	
	Review of the central securities depository information system (PTI)	█	The review of the central securities depository information system (PTI) has been completed.	
Supervision of financial intermediaries	CIS liquidity management and control	Technical guide on liquidity management and control of CISs	█	This guide will include the results of the supervisory action carried out in coordination with ESMA on the liquidity management of UCITS, the completion of which, as indicated above, has been delayed to incorporate the potential impacts of COVID-19. The definitive content of the guide is expected to be established in the first half of the year and it has been included as an objective in the 2021 Activity Plan.
		Supervisory action in coordination with ESMA on the liquidity management of UCITS	█	Supervisory action in coordination with ESMA on the liquidity management of UCITS has been carried out. The CNMV took part in this exercise, the completion of which was delayed because it was considered particularly important to also analyse the impact of the COVID-19 crisis on UCITS liquidity. Now that the action has been completed, ESMA is drawing up its conclusions.

	Initiative	Status	Detail
<b>Other technical guides and circulars</b>	Technical guide on the designation of unregistered consultants in CISs	█	The guide was published in December 2020. This guide contains the criteria that the CNMV considers should be applied in the appointment of advisers who are not qualified professionals (that is, who are not entities, such as investment firms, set up specially to provide investment advice services).
	Amendments to Technical Guide 4/2017 for the evaluation of the knowledge and competences of the personnel who inform and advise	█	In December 2020, the amendment to Technical guide 4/2017 for the evaluation of the knowledge and competences of the personnel who inform and advise was published. This amendment envisages the possibility, already temporarily accepted in the context of the situation created by COVID-19, that the examinations to obtain the qualifications to provide these services can be permanently carried out using remote means, provided that the reliability of the tests is ensured.
	Amendment of Circular 7/2008 on the accounting of IFs and CISMCS	█	The draft Circular on accounting standards, annual accounts and financial statements of investment firms and their consolidated groups, CIS management companies and closed-ended collective investment undertakings, which repeals Circular 7/2008, <sup>(1)</sup> was submitted to a public consultation process which ended on 15 February 2021. The CNMV Advisory Committee has also issued its mandatory report on this project and the Circular will be approved in March.
<b>Adaptation to the new regulations</b>	Adaptation to the new solvency regulations for investment firm (IFs)	█	The CNMV also worked with the Ministry of Economic Affairs and Digital Transformation in the transposition and adaptation of these regulations to the Spanish legal system. Additionally, the necessary IT developments have been started to receive and supervise the new reserved financial statements submitted by entities.
<b>Horizontal reviews</b>	Review of the annual obligation to provide cost information	█	A review of compliance with this obligation has been carried out for a sample of entities. Specifically, an analysis has been made of whether the total costs have been reported, distinguishing between the costs of the products, the costs of the services provided and the incentives received.
	Review, in coordination with ESMA, of the suitability assessment	█	This review included aspects that go beyond the strict assessment of customers, such as a review of whether entities recommend or acquire products with lower costs for their managed customers, taking into account their level of complexity.
	Horizontal review of CIS advertising and information	█	A review has been carried out on the advertising and information that the managers include on their web pages or that appear on those of their distributors.

<sup>(1)</sup> CNMV Circular X/2020, of XX XX, on accounting standards, annual accounts and financial statements of investment firms and their consolidated groups, collective investment scheme management companies and management companies of closed-end undertakings.

## Implementation of the 2020 Activity Plan

TABLE 2

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	Review of the advertising activity of the main entities that operate in Spain under the freedom to provide services system	█	The review has been carried out. Additionally, and linked to monitoring activity under the freedom to provide services system, a statement was published on the CNMV website relating to certain bad practices in the cross-border marketing of investment services by entities based in other EU countries.	
<b>CFDs and Binary Options</b>	Proposal to restrict the advertising of CFDs and BOs directed at the general public	█	On 13 November 2020, CNMV Circular 2/2020, of 28 October, on advertising of investment products and services, was published in the Official State Gazette and work is being done on an additional regulatory proposal to restrict the advertising of CFDs and binary options.	
<b>Cybersecurity</b>	Technical guide with cybersecurity recommendations	█	An internal report has been prepared with the results of the survey carried out among the supervised entities. This report provides an overview of how these entities approach the management of technological risk and their level of maturity in this area. In view of the findings, the objective will be restated, as it is considered too early to draw up a technical guide on the matter and the conclusions contained in the report will be transmitted to the entities.	
<b>Relations with investors and other stakeholders</b>	<b>Laws and regulations</b>	Assessment of the effects of certain European regulations under review	█	<p>The assessment of the effects of certain European regulations under review has been carried out and, in addition, the CNMV is participating in the different groups established for this purpose at European level and has intensified its collaboration with the General Secretariat of the Treasury and International Financing. Additionally, the CNMV has addressed certain aspects that it considered to be especially significant after the assessment in the context of the consultations on the review of MiFID II and AIFMD raised by the European Commission.</p> <p>In relation to the review of MiFID II, the CNMV sent an informative email to associations and other interested parties about the public consultation carried out by the European Commission and various meetings have been held with entities to carry out the assessment. However, the projected ordinary review has been postponed and the Capital Markets Recovery Package rolled out, which makes a small number of amendments to MiFID, the Prospectus Regulation and the European securitisation framework.</p>
		Study on the alignment of tax rules with the objectives of the financial regulations	█	A study has been prepared on the alignment of tax rules with the objectives of the financial regulations and information on this subject will be included in the <i>CNMV's annual report on the securities markets and their activity for 2020</i> .
	<b>Financial stability</b>	Stress tests on investment funds	█	The stress tests on investment funds have been carried out and the results of the tests have been published in the <i>Non-banking Financial Intermediation Monitor</i> and in the <i>CNMV Bulletin</i> for the fourth quarter of 2020.



## Implementation of the 2020 Activity Plan

TABLE 2

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	Analysis of the scope of macroprudential tools available to the CNMV	█	An assessment was made of the scope of the macroprudential tools available to the CNMV, after which the inclusion of new tools in the Law on Collective Investment Schemes was put forward.
	Analysis of the information on the leverage of alternative investment funds in relation to systemic risk	█	The analysis of the information on the leverage of alternative investment funds in relation to systemic risk has been completed and its main findings will be published.
<b>Website</b>	Strengthening of the "Sustainable Finance" section of the CNMV website.	█	The corresponding actions have been started. The content of this section was significantly expanded during the course of 2020 but additional improvements are planned and therefore it has been included as a target for 2021.
<b>Conferences and training sessions</b>	Conference on fintech and cybersecurity	█	The seminar on fintech and cybersecurity was held on 9 and 10 March 2021.
	Conference on sustainable finance	█	The seminar on sustainable finance was held in October 2020.
<b>Financial education</b>	Guide on basic investor skills	█	The Investor Core Competencies Guide was recently published.
	Frequently asked questions and other questions of interest to the investor	█	Frequently asked questions and other questions of interest to the investor.

█	Completed
█	In process
█	Not started