

Plan of Activities 2015



CNMV Plan of Activities 2015

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Contents

1	Introduction	7
2	Attainment of the 2014 Activity Plan	11
3	2015 Activity Plan	13
3.1	Operational Improvements to the CNMV	13
3.2	Market Supervision	17
3.3	Supervision of Financial Intermediaries	20
3.4	Relations with Investors and other Stakeholders	21

1 Introduction

The Comisión Nacional del Mercado de Valores (CNMV) presents its Plan of Activities for the year 2015 in an economic context in which the forecasts of the main international organisations¹ point towards a global growth of 3.5%: 2.4% for advanced economies and 4.3% for the economies of emerging markets and developing countries. Therefore, the recovery of both kinds of economies is expected, with some rebalancing between the growth rates of both. However, certain risks must be taken into account, such as high levels of public and private debt, potential fluctuations in financial markets, geopolitical tensions or low growth in total factor productivity.

Some weak (1.2%) recovery in activity is expected in the Eurozone, in a context of continuing fiscal consolidation, low inflation, an accommodative monetary policy and nominal interest rates at historic lows, along with a reduction of rate differentials between countries. The growth of the Spanish economy (2.0%) is expected to be above the Eurozone average, supported by both foreign and domestic demand, due to improved confidence in our economy.

The aforementioned ECB monetary policy is expected to generate significant effects on the financial sector through its asset purchase programme. In this sense, asset securitisation transactions can be expected to increase and a significant impact on prices and volumes of other financial assets, especially fixed income is likely. Similarly, in the Eurozone, once the results of the bank stress tests have been made public, the steps to be taken to address the identified weaknesses in certain entities and the practical operation of the Single Supervisory Mechanism, which became operative last November, will be key factors.

Nationally, despite the generally favourable results obtained by Spanish banks in the stress tests, the banking system remains conditioned by economic activity, which, despite its improvement, is still not strong enough to boost the banking business; it is also affected by high delinquency rates of around 12% of total credit. Consequently, company financing must be promoted through channels that offer alternatives to bank financing. These circumstances combine with the financing structure of the Spanish and European economies, which focus much more on the banking segment than other comparable economies, indicating a significant scope for increasing market appeal. Therefore, we expect increasing resource to the market in the Spanish economy, either in its traditional form, or through newer formulas, such as *crowdfunding*.

In any case, attention must be given to the possible issue of complex securities by financial institutions as a result of potential international regulatory requirements to strengthen their capital levels, predictably currently focused on Tier II (subordinated securities with greater or lesser capacity to absorb loss).

1 The January 2015 update of the central projections of IMF report World Economic Outlook, published in October 2014, and other data published in the CNMV Quarterly Bulletin for the third quarter of 2014.

Also, in line with the trend of recent years, the growing importance of international activity and the production of regulations at European level require the CNMV to continue its efforts in this area.

In 2015, the CNMV will work within the ESMA framework on developing numerous binding technical regulatory and operational standards derived from Level 1 European legislation approved during 2014. Among the most significant regulatory changes approved are the revision of the Directive on financial instrument markets (MiFID II), the Regulation on insider dealing and market manipulation that updates the Directive on market abuse, the Regulation on central securities depositories (CSD), the UCITS Directive on issues related to the depositary function (UCITS V) and the Regulation on packaged financial investment products targeting retailers (PRIIPS).

It is expected that the intensity of European regulatory activity will continue in 2015 and that more substantial pieces of legislation such as Regulations the European long-term investment funds (ELTIF) or Money Market Funds Regulation (MMFR) will be approved.

In this context, the CNMV presents its eighth Plan of Activities to improve the efficiency of the institution, increase transparency and accountability and encourage the exchange of information with the market, investors and supervised entities.

The 2015 Plan outlines the objectives of the CNMV for this year, identifying the projects of which the implementation is considered a priority. Similarly, the objectives of which the compliance is conditioned because they do not rely exclusively on the institution and which require the intervention of third parties, are pointed out.

As in previous years, it must be remembered that the Plan represents only part of the work of the CNMV; it only includes those objectives that meet the criteria of timeliness, and which are new within normal functions or of public importance. Therefore, the Plan does not include many of the tasks performed by the CNMV in its regular function of authorising, registering and supervising institutions or those related to market surveillance, recording of operations or monitoring of regulated information. Similarly, it does not include disciplinary actions or responses to inquiries and claims by investors, among others.

Based on the the CNMV's regulatory attributes as the body responsible for supervising and inspecting the Spanish securities markets and activity of market participants, the Plan is divided into four **strategic lines** that inspire the objectives set for 2015.

First, as in recent years, the fundamental strategic line and inspiration of the CNMV's actions is to make the institution work with **flexibility** and **ability to adapt to the extremely dynamic environment** of the financial markets.

This flexibility should seek to boost growth in the Spanish market, favouring Spain as an attractive platform where companies can issue their securities with all legal guarantees, yet quickly and flexibly.

For this purpose, a critical revision of all CNMV internal operating procedures began in 2014. This objective, scheduled for the first half of 2015, will be completed with two lines of action: (i) a review of the internal manuals for the practical appli-

cation of procedures and (ii) a review of the guides published by the CNMV to guide the entities in processing claims and to provide adequate guidelines for compliance with the regulations.

The CNMV's second strategic line is related to its role as supervisor of the markets, issuers and financial intermediaries and to the CNMV's willingness to use new tools to enhance the **preventive supervision** policy it has maintained in recent years.

During 2015, the CNMV will leverage the new capabilities and tools that will probably be attributed to the entity, and which are covered in the Bill to Promote Corporate Finance to achieve a preventive effect that protect investors from harm. This regulatory project modifies the CNMV's powers, deepening its functional independence and strengthening its supervisory powers. To this end, the institution's ability to employ, where justified, innovative monitoring instruments, such as hiring experts in various fields and the use of external staff to anonymously carry out checks on the marketing processes of financial products in commercial networks (an activity known internationally as mystery shopping) is acknowledged.

The Bill to Promote Corporate Finance also includes new competencies for the CNMV. These are related to incentivising the financing of companies through alternatives to bank credit, most notably the regulation of participatory financing platforms (crowdfunding) and the reform of securitisation.

Developing **new competences** to be awarded in the rules that seek to promote the use of non-bank financing mechanisms will be a strategic line for the CNMV throughout 2015. This will mean that the entity must adapt efficiently to new areas of supervision and the tasks to be assumed during the year.

Examples of new competencies that the CNMV must adopt in the short term are those related to the Regulation on OTC derivatives, central counterparties and trade repositories (EMIR), those that may arise from regulatory changes made as a result of implementing the registration systems reform, the clearing and settling of securities and those deriving from the transposition of the Bank and Investment Firm Recovery and Resolution Directive.

Finally, the **constant interaction with the industry and investors** is also a strategic area for the institution. The CNMV aspires to be a modern, open institution that keeps in close contact with all persons, entities and institutions operating, in one way or another, in the securities markets.

In recent years, the CNMV has sought to maintain an attitude of active listening to the needs of the industry and investors. This has manifested, first, in an effort to incorporate the views of the sector in the institution's decision-making processes through the Advisory Committee and its frequent public consultation initiatives. Likewise, the use of joint working groups with industry experts to develop proposals in areas of relevance (for example, corporate governance) has been enhanced. On the other hand, significant resources have been devoted to dealing with complaints and inquiries from investors, in an attempt to get them to perceive the CNMV as an approachable institution that primarily aims to protect their interests.

In parallel, the CNMV has carried out a strategy of active communication that has reinforced its communication policy, in order to transmit the institution's messages and decisions more effectively. A sign of this emphasis on the communication poli-

cy has been the seminars and training sessions organised with particular stress on initiatives to enhance citizens' financial education.

Internationally, the CNMV, aware of the intense integration process in this area, has also maintained a policy of active participation in all significant agencies, primarily in IOSCO and ESMA. The CNMV has made significant efforts to influence the development of European legislation from the early stages of their preparation by means of input from qualified experts sent to the working groups and by involving the Spanish market in public consultations.

The CNMV considers that this attitude of active listening and communication at domestic level and intense participation internationally should be maintained and intensified throughout 2015.

In this sense, the CNMV plans to organise regular workshops with the industry and other stakeholders to jointly assess the most appropriate approach to regulation and supervision.

The CNMV will also pay attention to the specific needs of investors, regardless of the fact that the body is globally devoted to protecting them, as stipulated by the Stock Market Act (LMV).

In its 2014 Plan of Activities, the CNMV defined 39 objectives designed to develop the strategies planned for that year. For the purposes of reviewing the degree of compliance with them, three objectives, which were redefined during the year, were not taken into account and have been fitted into the broader objective of the critical revision of the CNMV's internal operating procedures². Therefore, the number of objectives to be reviewed is 36.

On publication of the 2015 Plan, 75% of the targets of the 2014 Plan had been completed. Specifically, of the 27 objectives completed, all but one were completed within the prescribed period (96% of objectives evaluated). If the six objectives which are not dependent solely on the CNMV are excluded, the level of attainment is 90%. It should be noted that only three objectives could not be met in full for reasons attributable solely to the CNMV and, of these, two, which are at an advanced stage, have not been completed because it was decided to redefine them.

Therefore, in 2014 the institution achieved a degree of compliance with the Plan similar to previous years: 75% versus 72% in 2013 and 90% compared to 78% if we exclude the objectives that are not dependent only on the CNMV.

Below, we detail the monitoring of the objectives set in the year 2014 according to the different sections of the Plan: operational improvements in the CNMV, market supervision, supervision of rules of conduct for financial intermediaries and relations with investors and other stakeholders.

As regards the improvements in operation of the CNMV, in 2014 seven of the ten objectives considered in the revision were achieved (70%). The unfulfilled objective corresponding to the critical revision of the CNMV's internal operating procedures is at an advanced stage, but it has been decided to extend its scope and include it as an objective of the 2015 Plan. Thus, during 2015, we expect to revise the CNMV internal action manuals and the guides published by the institution to complement the procedures revision carried out in 2014, with the ultimate goal of making the CNMV a more agile and efficient institution.

The other two goals were unable to be completed for reasons beyond the CNMV's control. On the one hand, the group of experts responsible for reviewing the duplication of regulated information published by issuers, which has already prepared a draft with suggestions for policy changes, has decided to postpone its publication until the first half of 2015 to include the changes incorporated in the recent amendment of the Capital Companies Act³. On the other hand, the development of proce-

2 The revision of procedures for processing issuance and admission to the retail market, the revision of procedures for managing takeovers and revision of procedures for monitoring corporate and financial information.

3 Act 31/2014, of December 3, amending the Capital Companies Act to improve the corporate governance.

dures for the transfer of securities traded between regulated markets and MTFs is conditional upon the approval of the Bill on Promotion of Corporate Financing, currently before Parliament, which includes this possibility.

In connection with the 12 goals comprehended in the market supervision section, the percentage completed was 58%. The five objectives that were not met, –except one⁴, which has been included in the 2015 Plan–, were conditioned by the approval of legislation or the actions of other parties.

Specifically, the amendment to CNMV Circular 5/2013, which defines the ACGR model, and approval of the memo on web pages of listed companies have not been carried out because they depend on the approval of the amendment of the Capital Companies Act to improve corporate governance, which took place in December 2014, and the publication of the new Unified Good Governance Code, planned for February 2015. Therefore, these two objectives have incorporated into the 2015 Plan within an overall aim of updating all corporate governance circulars in order to complete the work being done in this area in the first half.

Also, the establishment of minimum capital for all infrastructures in the Spanish market has been delayed pending the publication of European legislation implementing the Regulation of CSDs⁵ and the supervision of the transformation of Olive Oil Futures Market into an MTF is awaiting the final decision of the market governing body on the conversion.

Regarding supervision of the standards of conduct of financial intermediaries, the institution has completed four of the objectives of the 2014 Plan, which means that efforts in this area have enabled the entity to meet 100% of its targets.

Finally, with regard to the relationship with investors and other stakeholders, we have been able to complete all but one of the ten objectives included in the 2014 Plan. All goals met were carried out on schedule, except the updating of CNMV circulars relating to the provision of information to the ECB for preparing European financial statistics; this was scheduled for the first half of 2014 and was finally postponed until November 2014.

Concerning the only objective that has not been met –the IT development for exploiting the statistical information of foreign UCITS marketed in Spain– the CNMV has decided, for reasons of efficiency, to replace it by improvements to the current computer application, which has made specific development unnecessary.

4 The approval of circulars on records and data to be obtained from market infrastructures.

5 Regulation (EU) No 909/2014 of the European Parliament and Council, of 23 July 2014, on improving securities settlement in the European Union and central securities depositories which amends Directives 98 / 26 / EC and 2014/65 / EC and Regulation (EU) No 236/2012.

3.1 Operational improvements to the CNMV

The main strategic line that inspires the CNMV's activity in 2015 will again be to acquire the flexibility and adaptability necessary in the current environment and ensure higher quality service to market participants and investors.

To this end, the 2015 Plan details a set of objectives aimed at making the CNMV more efficient and providing it with more comprehensive monitoring tools. Specifically, additional efforts will be made to incorporate technological improvements, continue to strengthen communication by the institution and make the necessary changes to adapt the institution to the new areas of supervision that will be assigned by the regulations. All these tasks will be facilitated by the use of new supervisory tools that the CNMV is expected to obtain.

Improvement in efficiency

The CNMV integrated the critical revision of all internal operating procedures as a priority objective into its 2014 Plan in order to identify possible inefficiencies and incorporate changes to resolve them. This objective is currently at an advanced stage and will be completed during 2015 (I).

During the procedures revision, it was seen that expanding the project to include two complementary objectives as a priority for 2015 was desirable: (i) revision of internal practical procedures manuals and (ii) revision of the guidelines published by the CNMV with the entity's criteria⁶.

The ultimate aim of this global project, which involves undertaking a critical revision of all the CNMV's activity, is twofold.

On the one hand, it aims to reduce the institution's action deadlines, optimising processing times. For this, the use of digitized documents will be encouraged, as will processing cases by electronic means. Also, the documentation required by the CNMV will be simplified as far as possible and the desirability of adopting practices used by other international supervisors will be assessed.

On the other hand, the aim is to make the CNMV's activities more predictable and transparent to stakeholders by revising the guidelines that the institution has published and issuing new ones in areas where a need to provide clarification to the market has been identified. These guidelines, although not of a regulatory nature,

⁶ For example, the procedures manual on corporate governance reports or the guides on fixed-rate bonds and commercial paper.

are a useful tool for informing the market of the criteria applied by the CNMV in its authorisation and supervision activities.

In this regard, it should be noted that the Bill to Promote Corporate Financing expressly embodies the possibility that the CNMV dictate technical guidance with the institution's criteria and require the supervised institutions to offer an explanation of why, where applicable, they ignore those criteria. The CNMV will assess, case by case, the opportunity to require explanations from entities for non-compliance with the guidelines institution publishes.

Technological improvements

In a context where technology plays an increasingly important role in the financial world, it is imperative that the CNMV adapts to the new digital reality and maintains a suitable technological level to carry out its duties efficiently.

To the developments stemming from the modernisation of the markets, we must add the growing information technology requirements that appear with the new European regulations. These rules (for example, MiFID and EMIR) contain a number of IT projects that are intended to facilitate proper supervision of the markets and improve the exchange of information between supervisors.

In this context, the CNMV should make an effort to promote the technological changes needed to strengthen IT tools that help optimise operational supervision of financial markets and foster eGovernment.

In this line, we have added three goals in the 2015 Plan. First, in 2015 (I) we will simplify procedures for electronically submitting documents to the CNMV and the mechanisms of electronic information exchange with other supervisors will be streamlined. Second, throughout the year, we will complete the digitising of the paper documents received by the CNMV in order to facilitate the management and implementation of electronic case files in all departments of the institution. Finally, in 2015 (II), the records of issues and takeovers will be incorporated into document management system. This will help to mechanise the actions in this area and help to expedite the processing of these records.

Strengthening of communication

Following the practice of recent years, this year the CNMV will continue to reinforce its communication policy paying particular attention to digital communications.

Thus in 2015 (I), the institution will launch a digital newsletter as a new communication tool to disseminate important information from the CNMV and in 2015 (II), a comprehensive reform of the institution's website will be completed.

In recent years, visits to the CNMV website have increased exponentially. From 2010 to date, the average annual increase in the number of visits to the website is 160%, which shows that it is a relevant information channel for the market, investors and media. In this regard, it is significant that the area for communicating the institution's most important news (the "Media" section) has experienced an average annual growth of 200% since 2010 and the investor section received over 370,000

visits in 2014. There has been an increasing interest from foreign entities and investors in the CNMV web, because, since 2010 the number of visits to the English version has increased by 125% each year.

These data indicate that improving the website must be one of the institution's priorities. During 2014 several substantial changes were made to the page to facilitate access to the various kinds of content and incorporate audiovisual resources (for example, the possibility to see and listen to presentations in CNMV seminars).

The CNMV considers it a priority to continue with the work of improving its website during 2015 and adapt to the new digital reality and better respond to the information needs of all users. This reform will include a full version of the web in English.

Adapting the CNMV to new areas of supervision

As a flexible and proactive organization, the CNMV, as in recent years, will make an effort to adapt quickly to any regulatory change by establishing flexible and efficient procedures.

During 2015 (I), subject to the approval of the Bill on the Promotion of Corporate Finance, which attributes powers in this area to the CNMV, the procedure for authorisation, registering and supervising new platforms of participatory financing (*crowdfunding*) will be developed. This regulation is expected to be establish a legal regime for these platforms for the first time. This constitutes a novel mechanism of financial disintermediation by putting promoters of projects seeking funds –by issuing securities and shares or requesting loans– with investors and fund vendors seeking a return on their investment. The CNMV will have to develop the competencies granted to the institution to monitor these platforms, based on new technologies, which have developed very significantly in recent years.

Also, in 2015 (I), the CNMV will develop the supervisor programme under new Article 84 *bis* of the Securities Market Act, introduced by Act 10/2014, of 26 June, for the management, supervision and solvency of banks. Under this legal provision, the CNMV must approve, at least annually, a monitoring programme for certain investment services companies. These companies must be subject to stress tests to assess their financial strength and the possibility of non-compliance with the solvency regulations. When drafting this programme, the CNMV should consider aspects such as the entities' contribution to systemic risk or the information received from the authorities of other Member States concerning the branches of investment service companies established there.

Similarly, during 2015 (II) the CNMV will conduct, actions to adapt to three new areas of supervision. First, subject to the approval of the relevant regulations, the CNMV will take the necessary measures to carry out the functions assigned to it by the Spanish law that transposes the Bank and Investment Firm Recovery and Resolution Directive. The Bill designates the CNMV as competent supervisory authority and early resolution authority in relation to investment services companies, which will involve, among other things, establishing an annual resolution plan for each of the entities subject to the rule.

Second, the CNMV will adopt a work programme to measure the systemic risk of alternative investment institutions. Act 22/2014, of 12 November, regulating pri-

vate equity firms and other entities assigns to the CNMV the function of controlling the systemic risk that such entities are likely to generate and, to this end, allows the institution to demand –periodically or occasionally– additional information to that established by the regulations. This objective depends on the regulations developed from the Act. In parallel, the CNMV will monitor shadow banking to assess the effects of the shift of traditional banking to other sectors such investment vehicles (monetary funds, ETF, venture capital firms and debt funds).

Finally, one of the CNMV’s priorities will be to complete the actions necessary to adapt to the institution’s new obligations under the Regulation on OTC derivatives, counterparties and trade repositories (EMIR). Specifically, the initiatives planned for 2015 are:

- The establishment of criteria and joint procedures with other Spanish financial supervisors and the design tools necessary for receiving and sending communications on notifications of intragroup exemptions.
- Starting of processing the information collected in trade repositories.
- The development and implementation of a monitoring plan of the obligations related to financial and non-financial counterparties.

Operational Improvements to the CNMV

TABLE 1

	Initiative	Planned Schedule (*)
Improved Efficiency	Critical review of the CNMV’s internal operating procedures	2015 (I)
	Critical review of the CNMV’s internal operating manuals	2015 (II)
	Critical review of the CNMV guidelines	2015 (II)
Technological Improvements	Simplification of procedures for digitally submitting documents	2015 (I)
	Complete digitising of paper-based entry documentation in the CNMV	2015 (II)
	Incorporation to the document management system of the case-records of issues and takeover bids	2015 (II)
Reinforcement of Communications	Digital Newsletter	2015 (I)
	Renovation of the CNMV website	2015 (II)
Adapting the CNMV to New Areas of Supervision	Development of the procedure for authorising, registering and supervising new participatory financing platforms (crowdfunding)	2015 (I) ^C
	Development of the monitoring programme planned for implementing the new investment services companies solvency rules	2015 (I)
	Development of the necessary measures for carrying out the functions assigned to the CNMV by the Banking and Investment Services Companies Recovery and Resolution Directive	2015 (II) ^C
	Development of a work programme to measure systemic risk of alternative investment institutions and <i>shadow banking</i>	2015 (II) ^C
	Adaptation of the CNMV to the application of the EMIR obligations	2015 (II)

(*) Limit semester for implementing the commitments.

^C Conditional objectives, whose realisation does not solely depend on the CNMV.

Corporate governance

In recent years, the CNMV has devoted significant efforts to promoting the improvement of corporate governance among Spanish issuers.

These efforts, undertaken jointly with industry experts within the framework of the Committee of Experts on Corporate Governance established by the Government in May 2013 and chaired by the President of the CNMV, have achieved two significant results.

On the one hand, the adoption of the Act 31/2014, of December 3, amending the Capital Companies Act to improve corporate governance, which contains most of the proposals of the Committee of Experts and which has been a policy change of great importance in this area.

On the other hand, the CNMV, following the advice of the Committee of Experts, has drafted, and is scheduled to release in February 2015, a new Unified Code of Good Governance to complete the reform of corporate governance in Spain.

During 2015, the CNMV will take the actions required to carry out the reform of governance in Spain. In this regard, in 2015 (I), the institution will prioritise the updating of the corporate governance circulars in order to complete the regulations necessary for carrying out the changes introduced by Act 31/2014, of December 3, and Directive 2013/50/ EU on transparency. Specifically the following circulars will be amended:

- CNMV Circular 2/2007, of 19 December, which defines the communication models of significant shareholdings.
- CNMV Circular 4/2013, of June 12, which defines the annual directors' remuneration report model(IARC).
- CNMV Circular 5/2013, of June 12, which defines the annual corporate governance report model (IARC).

In parallel, and also linked to the changes in the area of corporate governance, in 2015 (I) the CNMV plans to prepare a memo regulating the web-page content of listed companies. With this action, which could not be completed in previous years because the good governance reform had not been completed, the CNMV aims to ensure that websites comply with shareholders' right to information and accessibly present all relevant information on the company.

Also during 2015 (II), the CNMV plans to publish a memo setting out the minimum content of the directors' remuneration policy to be submitted for the approval of the general meeting of shareholders.

Finally, also in 2015 (II), the CNMV plans to publish recommendations on good practices for the proper compliance with the 'comply or explain' of the Unified Good Governance Code. In order to improve the clarity of the explanations given by issuers on the monitoring of the Code's recommendations, the CNMV will define what they consider to be a good explanation and prepare a general framework that describes the criteria used to justify when recommendations are monitored or not.

Financial information

In May, as part of the initiatives included in the 2014 Plan, a group of experts was formed to analyse existing duplication among different informative documents that listed entities are required to publish. During 2014, this group worked to identify redundancies and develop proposals for changes to avoid these duplicate reports required by the regulations. It is anticipated that the specific proposals will be approved in 2015 (I).

The following financial information circulars will also be updated:

- CNMV Circular 1/2008, of January 30, on periodic information from issuers with securities admitted to trading on regulated markets: in 2015 (I), it will be a priority to update models of semi-annual financial statements of credit and adapt them to the new models currently being modified by the Bank of Spain Circular 4/2004.
- CNMV Circular 2/2009, of March 25, on financial reporting requirements of Securitisation Funds: in 2015 (II), its memo will be amended to adapt to the new demands of Bill to Promote Corporate Financing, which strengthens fund transparency.

Supervision of the activity of securities markets

In recent years, the CNMV has devoted significant efforts and resources to developing advanced systems for monitoring secondary markets (SAMMS).

The CNMV considers it a priority to launch this tool in 2015 (II) which will significantly facilitate the supervision of markets and, in particular, detection price manipulation and insider trading.

Reform of the clearing, settlement and registration system

The reform of the clearing, settlement and registration of the securities markets has been one of the CNMV's priorities for years. This reform, driven by the CNMV together with the Bank of Spain and major market players, has, as its ultimate goal, to adapt the Spanish system to the changes occurring in this area at European level and achieve a robust design from three perspectives: legal, financial and risk management.

The reform of the clearing, settlement and registration system being promoted introduces three key changes which, in turn, generate numerous operational changes:

- The shift to a registration system based on balances.
- Participation of a CCP.
- Integration of the current CADE and SCLV into a single platform.

This momentum has resulted in a bill to reform the Securities Market Act that is expected to be approved in the first half of 2015.

Therefore, throughout 2015 (II), taking the necessary steps to ensure the reform is carried out will be a priority for the CNMV. Specifically, the following actions will be taken:

- Regulatory developments of reform: subject to the approval of the bill, the CNMV will complete the necessary developments for starting the first phase of reform in October 2015 with the subsequent shortening of the settlement term to D + 2.
- Technical developments of the reform: the CNMV will track and monitor the developments necessary to carry out the aforementioned first phase of reform.
- Monitoring the new model: the CNMV will establish new models of market, Iberclear and CCP supervision.

Supervision of market infrastructures

In relation to monitoring infrastructure, during 2015 (II), the CNMV plans to issue circulars on the information that the infrastructures must supply. This objective will include a new CNMV circular on statistical information and the updating of CNMV Circular 9/2008 of 10 December, on accounting standards and statements of public and reserved information and market infrastructures.

This amendment, which was not completed in 2014, aims to improve the information system of economic and financial monitoring of market infrastructures by establishing monitoring processes individualising income and expenses through cost accounting of *Sociedad de Sistemas*.

Rating agencies

During 2015 (I) a programme monitoring the obligation of issuers established in the rating agencies Regulation (Regulation (EC) No 1060/2009 of the European Parliament and the Council), to document the election of agencies will be implemented when an entity with no less than 10% of market share is contracted.

Market supervision

TABLE 2

	Initiative	Planned Schedule
Corporate governance	Update corporate governance circulars	2015 (I)
	Circular on the minimum content of the remuneration policy for directors subject to the approval of the general meeting	2015 (II)
	Best practice recommendations for compliance with the principle of 'comply or explain'	2015 (II)
Financial information	Review of duplications in the regulated information published by issuers	2015 (I)
	Amendments to CNMV Circular 1/2008 on the periodic information from issuers with securities admitted to trading on regulated markets	2015 (I) ^C
	Amendment to CNMV Circular 2/2009 on financial reporting requirements of the FTA	2015 (II) ^C
Supervision of market activity	Start-up of the advanced system for monitoring secondary markets (SAMMS)	2015 (II)
Reform of the clearing, settlement and registration system	Regulatory developments of the reform	2015 (II) ^C
	Technical developments of the reform	2015 (II)
	Supervision of the new clearing, settlement and registration model	2015 (II)
Supervision of market infrastructures	Drafting of memos on the information market infrastructures must provide	2015 (II)
Rating agencies	Implementation of a monitoring programme on the obligations of issuers to document the choice of a <i>rating</i> agency	2015 (I)

3.3 Supervision of financial intermediaries

Collective investment schemes (CIS) and venture capital firms

In 2015 (I), the content of the periodic information of the CIS will be horizontally revised. Specifically, a check will be made to see whether the qualitative information in the periodic public information is useful to investors for tracking the evolution of their particular investment or whether, on the contrary, it is decontextualised in relation to the specific conduct of each vehicle.

Also during 2015 (II) and subject to the approval of the necessary regulations, the CNMV will also draft a new circular on UCITS and ECR depositaries. The transposition of Directive on alternative managers and the UCITS V Directive will amend the national legislation, establishing a new obligation to designate a depository entity for investment vehicles that previously did not have to meet this requirement.

Entities providing investment services

CNMV Circular 1/2014, of 26 February, specifies the need for banks to have a procedure for launching new products which, at least, must include determining the target audience, the evaluation of the return/risk scenarios and product performance.

During 2015 (II), the CNMV will conduct a horizontal review of how institutions comply with the requirements of that Circular.

Supervision of financial intermediaries

TABLE 3

	Initiative	Planned Schedule
Collective investment schemes and Venture Capital	Horizontal review of the content of qualitative information in the periodic information of the IIC	2015 (I)
	Circular on CIS and venture capital firms depositaries	2015 (II) ^C
Entities providing investment services	Horizontal review of compliance with the procedure for launching new products	2015 (II)

3.4 Relations with investors and other interested parties

Strategic meetings with the industry

During 2015 (I), the CNMV plans to organise regular meetings with the industry and other stakeholders on strategic issues. These meetings will jointly discuss the most appropriate approach to regulation and supervision in those areas where European legislation permits some national latitude. Specifically, the alternatives allowed by the transposition of MiFID into areas such as the training of the sales network will be evaluated.

Also in 2015 (I), four-monthly meetings with industry will be organised to discuss new trends and promote the efficiency and growth of the Spanish securities markets without reducing the level of investor protection.

Seminars and briefings with the industry and investors

In line with the efforts made in recent years to inform the sector of major policy developments, the CNMV has planned two actions for 2015 (II):

- An informative task will be made to explain the main recipients and all parties interested in the most important innovations in corporate governance introduced in Spain.
- The second seminar of European regulation will be organised to analyse the main approved and ongoing regulatory changes and possible developments in the Capital Market Union.

Financial education

Within the scope of its powers, the CNMV will continue the work of recent years in promoting financial education. Specifically, in 2015 (I) there are plans to collaborate on teacher training in financial education through the development of an online course for primary and secondary school teachers in the context of the Financial Education Plan, developed jointly with the Bank of Spain.

Also during 2015 (II), the design a sustained strategy to promote understanding by investors of the existence and objectives of the Plan for Financial Education will be carried out. To do so, interactivity on the www.finanzasparatodos.es website will be increased, and work will be done on specialising the information presented, users will be segmented according to their information needs and the portal content will be more dynamic.

Relations with investors and other interested parties

TABLE 4

	Initiative	Planned Schedule
Strategic meetings with the industry	Working meetings with the industry and other stakeholders on strategic aspects of the regulatory and supervisory approach	2015 (I)
	Meetings with industry representatives to promote the efficiency of Spanish primary market	2015 (I)
Seminars and briefings with the industry and investors	New developments in corporate governance	2015 (II)
	Second Seminar on European regulation	2015 (II)
Financial education	Collaboration on teacher training in financial education	2015 (I)
	Design of a sustained strategy to promote awareness of the Financial Education Plan	2015 (II)

