



## Procedures for financial management, administrative contracting and secondment management (P12)

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## 1. SCOPE

This internal procedure has been developed in accordance with the provisions of Article 39 of the Internal Regulations of the National Securities Market Commission (Comisión Nacional del Mercado de Valores, CNMV), and it shall apply to all actions taken in the performance of the following public duties:

1. Financial management of the CNMV.
2. Administrative contracting by the CNMV.
3. Management of secondments by the CNMV.

## 2. APPLICABLE REGULATIONS

The regulations that apply to this procedure are set out in the following precepts:

### 2.1 FINANCIAL MANAGEMENT PROCEDURE

- The consolidated text of the Securities Market Act (Ley del Mercado de Valores, TRLMV), approved by Royal Legislative Decree 4/2015, of 23 October, Articles 16, 19, 24.1 c), 25.1 d) and 32.
- Organic Law 2/2012, of 27 April, on Budget Stability and Financial Sustainability.
- The 10 July 2003 Resolution of the Board of the National Securities Market Commission approving the CNMV's Internal Regulations. Articles 2, 6.2.c), 12.1.h) e i), 32.5.c) and 56 to 59.
- General Budget Law 47/2003, of 26 November. Thirteenth additional provision.
- Law 33/2003, of 3 November, on Public Administration Property.
- Law 9/2017, of 8 November, on Public Sector Contracts.
- Order EHA/1037/2010, of 13 April, approving the General Public Accounting Plan.
- Order HAP/492/2014, of 27 March, regulating the functional and technical requirements for the accounting of invoices by organisations under the applicable scope of Law 25/2013, of 27 December, on the promotion of the electronic invoicing and the creation of accounting records for invoicing in the Public Sector.
- The 28 July 2011 Resolution of the State Administration's General Intervention Board (Intervention General de la Administración del Estado), approving the adaptation of the General Public Accounting Plan for Public Bodies with estimate-based expenditure budgets.

### 2.2 ADMINISTRATIVE CONTRACTING PROCEDURE

- The consolidated text of the Securities Market Act (Ley del Mercado de Valores, TRLMV), approved by Royal Legislative Decree 4/2015, of 23 October, Articles 16, 25.1 e) and 26.2 d).

- The 10 July 2003 Resolution of the Board of the National Securities Market Commission approving the CNMV's Internal Regulations. Articles 2, 12.1.j), 16.3.d) and 32.3.f).
- Law 33/2003, of 3 November, on Public Administration Property.
- Law 9/2017, of 8 November, on Public Sector Contracts.
- Royal Decree 817/2009, of 8 May, partially implementing Law 30/2007, on Public Sector Contracts.
- Royal Decree 1098/2001, of 12 October, approving the General Regulations of the Public Administration Contracts Act.

### **2.3 SECONDMENT MANAGEMENT PROCEDURE**

Secondment expenditure shall be governed by the specific provisions contained in this procedure.

### **3. UNIT RESPONSIBLE FOR PROCESSING**

The General Secretariat shall be responsible for processing this procedure.

### **4. BUDGET OF THE NATIONAL SECURITIES MARKET COMMISSION**

1. The CNMV Board shall, at the proposal of its Chairman, be responsible for approving the Draft Budget for the CNMV, with the structure and within the deadlines indicated by the Ministry of Finance.
2. The General Secretariat shall be responsible for preparing the Draft Budget for the CNMV, in conformity with the principles of budget stability, financial sustainability, multi-annual applicability, transparency and efficiency in the allocation and use of public resources, responsibility and institutional loyalty, pursuant to the provisions of Article 26 of the General Budget Act.
3. Once the CNMV's budgets have been approved by Parliament (Cortes Generales), they shall be published on the CNMV's website.
4. The CNMV's Board shall, at the proposal of its Chairman, propose any changes to its budget to the Ministry of Finance or to the Council of Ministers (Consejo de Ministros), as legally applicable.

### **5. EXPENDITURE AUTHORISATION AND PAYMENT ORDERS**

1. The Chairman shall, at the proposal of the General Managers, Managers and Assistant Managers of the General Secretariat, authorise the CNMV's expenditures, after the General Secretariat has verified that they are in line with budget forecasts.

2. The Chairman shall, at the proposal of the General Secretary, be responsible for ordering CNMV's payments. Any proposal for payment must be accompanied by the relevant expenditure authorisation, and the supporting documentation.
3. Following delegation by the Chairman, the General Secretary shall be responsible for ordering the payments necessary for compliance with the provisions governing tax and social security issues.

## **6. PERMANENT PROVISION OF FUNDS**

1. In order to provide adequate flexibility for payment obligations arising from the CNMV's activities, a permanent provision of funds shall be established in a current bank account which shall be used to immediately make smaller payments, which shall operate like a fixed cash system. The CNMV's Chairman shall establish the amounts payable from this current bank account and the amount of the provision of funds.
2. Transfers may be made from the account mentioned in the preceding point to the principal cash account, ancillary cash accounts and other current accounts held by the CNMV.
3. Any payment obligations to be covered using this current account must be authorised under the terms and conditions laid down in section 5, and they must be documented with invoices, receipts and any other supporting document confirming the payee's right.
4. Funds from this current account shall be disbursed using cheques that are payable in the name of the bearer or by bank transfer, endorsed by joint signatures.
5. Insofar as it is necessary to replenish the funds held in the current account, any payments made shall be duly accounted for. Any such transfer of funds shall be ordered in the manner indicated in section 5.
6. A permanent provision of funds, described in points 1 to 3 above, shall be established at each CNMV delegation and shall be used to fulfil their payment obligations. Following delegation by the Chairman, the disbursement of funds from the relevant current accounts, opened for such purpose, shall be made by the CNMV's Delegated Officers, who shall account for such disbursements under the terms and conditions laid down in point 5 of this section.

## **7. MANAGEMENT OF CASH RESOURCES**

1. The opening and closing of current accounts shall be the responsibility of the CNMV's Chairman. The disbursement of any funds in such accounts shall be made jointly by any two of the following bodies: the Chairman, Deputy Chairwoman and General Secretary, except in the cases expressly provided for in section 6. The General Secretariat shall be responsible for preparing and proposing the disbursement of funds from current accounts upon verifying that such disbursements comply with the relevant expenditure authorisations and payment orders.
2. There shall be a principal current account, from which the disbursement of cash may solely be made by any two of the following bodies, acting jointly:

the Chairman, Deputy Chairwoman and General Secretary. Payments made to cover the CNMV's expenditures shall, in general, be charged to this account.

3. For reasons of expediency, the CNMV may agree to open other ancillary current accounts from which other CNMV bodies or employees may be authorised to make disbursements, in addition to those mentioned in point 1 of this section. In any case, these accounts shall operate on the basis of a permanent provision of funds, complying with the requirements laid down in section 6.
4. Following delegation by the Chairman, the General Secretary or the Assistant Managers of the General Secretariat shall be responsible for ordering the payments from the ancillary current accounts mentioned in the preceding point. The disbursement of any funds shall be made with the joint signature of two of the aforementioned bodies.
5. There shall be a current account that shall be used exclusively to deposit the fees payable for the activities carried out and the services provided by the CNMV. The balance held in this account shall be transferred, every two weeks, to the principal current account referred to in point 2 of this section 7, and no other disbursements or payments may be made.
6. The principal cash account of the CNMV, and its Delegations, may receive deposits via the disbursement of funds from the current accounts referred to in points 2 and 3 of this section, or from other cash accounts held by the CNMV. Ancillary cash accounts for expenditure may be established, and these shall operate on the basis of a permanent provision of funds, and shall receive funds from the principal cash account.

No payment of any kind shall be made from the ancillary cash accounts that solely receive income from the CNMV's activities and services, and their balances shall be transferred to the principal cash account at the intervals established for each one of them.

7. A bank reconciliation process shall be carried out each month on all the current accounts held in the name of the CNMV. A cash count shall also be carried out on the funds held in both the principal cash account and the ancillary cash accounts.
8. Cash surpluses may be allocated to financial investments. The CNMV's Executive Committee shall be responsible for the annual approval of the strategy to be applied to manage such investments. To this end, it shall have support from the Financial Investment Advisory Committee, which shall meet at least four times a year, and shall submit proposals to the Executive Committee regarding the criteria to be met by the investments, informing it, after each meeting, of the composition, returns and evolution of the financial assets.

The CNMV's Chairman shall be responsible for the physical completion of any specific investment transaction by applying the strategy established by the Executive Committee. Transactions shall be authorised and formalised jointly by any two of the three following bodies: the Chairman, Deputy Chairwoman and General Secretary.

## **8. ACCOUNTING**

1. All expenditure and payments, income and receivables shall be recognised in accordance with the accounting principles and rules laid down in the General Public Accounting Plan, and in the 28 July 2011 Resolution of the State Administration's General Intervention Board, approving the adaptation of the General Public Accounting Plan for bodies with estimate-based expenditure budgets.

2. Expenditure shall be recognised on the basis of the real flow of goods and services that they represent (accrual principle), once they have been approved and the relevant documentary evidence of such expenditure has been received by the General Secretariat. Income from fees shall be recognised and monitored in accordance with the provisions of section 9 of the *Procedure for the management and collection of the fees payable for the activities carried out and the services provided by the CNMV*.
3. Interim reports shall be prepared on a quarterly basis and shall be submitted to the CNMV's Executive Committee. A summary of these reports shall be published on the CNMV's website.
4. The interim financial statements for the first half of the year shall be submitted to the CNMV's Board.
5. Every year, within a maximum of three months following the end of the financial year, the CNMV's annual accounts shall be submitted to the State Administration's General Intervention Board to carry out the relevant audit.
6. The General Secretary shall be responsible for preparing the annual accounts and the proposal for the distribution of the results for the financial year, together with the explanatory report, and for submitting them to the Chairman and Executive Committee of the CNMV.
7. The CNMV's Board shall examine the annual accounts and the relevant auditor's report, together with any additional reports from the State Administration's General Intervention Board, and it shall submit its proposal to the Council of Ministers regarding allocation of the results for the financial year. Within seven months following the end of the financial year, the approved annual accounts shall be submitted to the Intervention Board, together with the auditor's report.
8. The Chairman shall be responsible for filing the annual accounts.
9. Within a period of one month following the date on which the State Administration's General Intervention Board files the respective annual accounts with the Courts of Auditors, any information that the said body determines shall be published in the Spanish Official State Gazette. The full annual accounts and the auditor's reports shall also be published on the CNMV's website, pursuant to the provisions of Law 1/2013, of 9 December, on transparency, access to public information and good governance.

## **9. CONTRACTING**

1. Contracting by the CNMV shall comply with the provisions of Law 9/2017, of 8 November, on Public Sector Contracts, and the provisions of Article 2.3 of the CNMV's Internal Regulations.
2. The CNMV's Chairman shall be responsible, following approval by the Executive Committee, for the contracting under private law of the acquisition and the disposal of the CNMV's assets.
3. The CNMV's Chairman shall be responsible for authorising and formalising any contracts and agreements concluded by the National Securities Market Commission that are not included under point 2 above, after they have been examined by the Executive Committee, whenever they have a value of €100,000 or more.
4. Contracts or agreements with a value of less than €100,000 shall be authorised and

formalised by the Chairman or Deputy Chairwoman of the CNMV.

5. According to this procedure, the General Secretariat is the body responsible for promoting, handling and managing the CNMV's contracting processes.
6. Following delegation by the Chairman, the General Secretary and the CNMV's Department Managers, or the General Managers for matters which do not correspond to any of the relevant Departments, or in the case of vacancy, absence or illness of the Managers, shall be responsible for authorising minor contract expenditures covered under Article 118 of the Public Sector Contracts Act, after the General Secretariat has verified that the expenditures are in line with budget forecasts, and provided that they are current expenditures for services relating to the activities that form part of their duties.
7. Following delegation by the Chairman, the CNMV's Department Managers, or General Secretariat's Assistant Managers, for processes handled by them and which are within their field of competence, and, respectively, the General Managers or the General Secretary, for matters which do not correspond to any of the relevant Departments, or General Secretariat Subdirectorates, or in the case of vacancy, absence or illness of the Managers or Assistant Managers, shall be responsible for proposing the initiation of contracting processes, by preparing a report that justifies the need for the contracts and the justification for the contract's object provided for in Article 118.3 of the Public Sector Contracts Act.
8. Following delegation by the Chairman, for minor contracts, the Assistant Manager of the General Secretariat Financial Management shall verify the amounts specified in Article 118.3 of the Public Sector Contracts Act. In the case of vacancy, absence or illness of the Assistant Manager of Financial Management, the delegation shall be the responsibility of the CNMV's General Secretary.

## **10. TRAVEL EXPENSES**

1. The Chairman of the National Securities Market Commission shall be responsible for authorising the trips taken by members of the CNMV's Board, the General Managers, the Directors attached to the Chairman's Office and the Director of Internal Control.
2. Following delegation by the Chairman, the CNMV's Deputy Chairwoman shall be responsible for authorising the trips taken by Department Managers under the responsibility of the Deputy Chairwoman.
3. Following delegation by the Chairman, the General Managers shall be responsible for authorising the trips taken by Department Managers under their responsibility, and by the General Directorate's personnel who are non-department members. Also following delegation by the Chairman, the Department Managers shall be responsible for authorising the trips taken by personnel under their responsibility.
4. Following delegation by the Chairman, the CNMV's Delegated Officers shall be responsible for authorising the trips taken by their respective personnel.
5. The settlement of travel expenses must be approved by the body that authorised the secondment. Expenditure must be duly justified by means of documents, invoices or original receipts that reflect the amounts claimed in payment, and these shall be reviewed by the General Secretariat.



## **11. PROCEDURAL MANUALS**

1. The General Secretary shall approve the “Procedural Manuals” required for compliance with and the practical application of the provisions contained in this procedure.
2. The criteria or standards included in the “Procedural Manuals” shall provide basic guidelines and specific operational rules to ensure that duties are performed in the most appropriate and effective way.
3. The “Procedural Manuals” shall contain the controls deemed necessary under the terms of the CNMV's Risk Management System, in order to ensure effective compliance with the provisions laid down by law, and in this procedure.
4. The “Procedural Manuals” shall be submitted to the CNMV's Executive Committee.

## **12. EFFECT**

This procedure shall apply from the day following that of its approval by the CNMV's Executive Committee.