

THE CNMV PRESENTS ITS 2021 ACTIVITY PLAN

17 March 2021

- There will be four strategic lines of action: rigorous supervision, boosting markets as a source of funding for economic recovery, facilitating the role of securities markets in the transition to a more sustainable economy and supporting the application of technological innovations in the provision of financial services
- 54 specific objectives are envisaged as well as an increase in “horizontal reviews”
- The transparency level will be increased, focusing on investor protection
- The approval of four regulatory initiatives is envisaged: a circular and two technical guides

The Spanish National Securities Market Commission (CNMV) today presented its Activity Plan for 2021, which includes 54 specific activities and objectives to be completed by the CNMV during the course of this year.

At the presentation of the Plan, Rodrigo Buenaventura, the CNMV Chairman, highlighted that “the CNMV’s activity in this period, with supervision as a priority, must enable the capital market to contribute to digital and sustainable recovery”.

The Plan envisages four main **strategic lines of action**, defined for the period 2021-2022:

- Rigorous supervision, based on investor protection and a greater use of data.
- Boosting capital markets as a source of funding for economic recovery.
- Facilitating the role of securities markets in the transition to a more sustainable and inclusive economy, ensuring the reliability of investor information.
- Promoting technological developments in securities markets, preventing their risks.

Supervision

The CNMV will pay particular attention to the **impact of COVID-19** on financial markets, as well as to the increase of the activity of **retail investors** and the new channels that they use. To facilitate the funding by stakeholders on the market, the CNMV will adopt measures to **promote equity issuances**, to assess new forms of raising capital and to facilitate the different ways of channelling collective savings. But it will also exercise **extreme caution in the verification of issuances**. In this regard, special

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1

attention will be paid to the **marketing** of high-risk financial instruments among investors.

The aim is to ensure **effective supervision, focusing on the prevention and deterrence of inappropriate practices**. This supervisory approach will benefit from the use of IT tools that facilitate the analysis of big data to define priorities. SupTech and RegTech tools (with artificial intelligence and monitoring algorithms) will be used to improve the efficiency of the monitoring and intensify the horizontal reviews, following international recommendations.

Committed to the development of a stable and sustainable financial system, the CNMV will continue to promote initiatives that contribute to the sustainable growth of our companies and our economy. The CNMV will work to facilitate the redirection of capital flows to **sustainable investments**, issuances of green bonds and other sustainable investment instruments and products, with a clear commitment to inclusive governance, which fosters the long-term vision.

In order to promote **digital transition** to contribute to economic recovery and the development of a competitive financial sector that offers investors access to innovative financial products, the CNMV will strongly support financial innovation. Some examples for 2021 are the launching of the **sandbox**, or initiatives to raise the standards related to **cybersecurity**.

Specific objectives

The 2021 Activity Plan details a set of 54 objectives in four areas of action.

The first is to **improve the functioning** of the CNMV. Worthy of note are the objectives related to the progress in the digital transformation of the institution, such as an information technology **strategic plan** for the next three years.

To improve the competitiveness of the Spanish market and the CNMV's efficiency, an **update of the law on fees** will be proposed and a **panel discussion** will be held on **the functioning of the CNMV among investors**, media professionals and other users such as academics or analysts, with the aim of gathering views and proposals for improvement on the information generated. The CNMV will also work to be **more accessible and transparent**. To this end, it **will widen and improve the channels of communications with stakeholders and will make its regulatory activity and contacts with stakeholders more transparent**.

The development of a **comprehensive environmental sustainability plan** for the CNMV as an institution is also envisaged.

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Market supervision

In the area of **corporate governance**, it is envisaged to assess the appropriateness of preparing a **code of good practices to encourage long-term shareholder engagement**, as well as the amendment of the circulars on the annual corporate governance report (ACGR) and the annual report on the remuneration of board members (ARRBM) for adaptation to the changes deriving from the transposition of the directive on the encouragement of long-term shareholder engagement.

With regard to **financial information**, the CNMV will carry out an **analysis of the information disclosed by issuers related to the impact of COVID-19** on their annual financial reports for 2020, as well as a **horizontal review of the degree of compliance with ESMA Guidelines on Alternative Performance Measures (APM)** in order to identify areas for improvement and assess the consistency between the APMs used. Market supervisory activities will also include the **review of the compliance** of market infrastructures with international **recommendations and guidelines** related to cybersecurity.

Supervision of firms

In 2021, the CNMV will carry out a large number of horizontal reviews in the area of supervision of firms, related to all the firms or a relevant sample of these, in respect of the compliance with some regulations or specific criteria, including most notably the following:

- review of the compliance with **governance** obligations in the marketing of financial instruments;
- review of the compliance with the rules of conduct in the **marketing of venture capital firms and closed-ended CISs by their management companies**;
- review of the **costs and fees of CISs**;
- review of the internal procedures of firms for their employees to **report potential infringements**;
- review of the procedures for **staff providing information and advice to carry out online exams**.

The CNMV has also decided to develop **criteria** for authorising third-country firms to provide investment services to professional clients in Spain without a branch and to publish criteria on the application of new European regulations (ESG - environmental, social and governance criteria - and encouraging long-term shareholder engagement).

Furthermore, the publication of a **Technical Guide on the management and control of CIS liquidity** and the review of the **Technical Guide for the**

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appropriateness assessment, taking into account supervisory experience and the new European guidelines, are foreseen.

Priority will also be given to the adaptation of the **solvency regulation** for investment firms (IFs) and the **new crowdfunding platforms regulation**.

Other work worthy of note is the amendment of **key investor information documents (KIIDs)** for UCITS and AIFs pursuant to the packaged retail and insurance-based investment product (PRIIP) regulation and the development of a new **electronic prospectus** at the CNMV, with a process for the delivery of the KIIDs using CIFRADOCC for its dissemination via the public register of the CNMV. Authorisation procedures will also continue to be expedited through the enabling of **website forms**.

Investor protection and financial education

In 2021, the content on the investor section of the CNMV's website will be expanded and improved and new communication channels with **Latin American supervisors** will be established in actions related to unauthorised firms or financial boiler rooms, in coordination with the Ibero-American Securities Market Institute (IIMV).

During 2021, a new circular on the advertising of crypto-assets will be drafted and the new Financial Education Plan (2022-2025) will be developed jointly with the Bank of Spain. Among the financial education activities, the CNMV is planning to prepare training materials in the area of **taxation** for different investment products, to publish a **practical guide on how to invest on the stock market** and to launch an **online course on behavioural economics**. A study will also be published on the impact of knowledge and financial education on saving and investment decisions of families and individuals.

The CNMV will also focus on **analysing the impact of the information provided by investment funds** and a study will be conducted on **the issuance and marketing of sustainable financial products**.