



## Speech at thirty-second edition of the Expansión Awards

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Good evening,

Thank you, Ana for your introduction and kind words.

We meet tonight to reward an industry that, fourteen months after the start of the pandemic, we can say without any doubt it has not only been able to withstand the blow of the crisis, but, in the light of the latest data, to overcome the situation. The accumulated assets of Spanish fund managers from 1 March 2020 to the end of the first quarter of this year have grown in terms of net subscriptions by almost 4 billion euros, an increase of 1.44%.

### **Liquidity management**

From the early stages of the crisis, the CNMV focused its efforts on the control and monitoring of the liquidity of CISs by management companies, and on the early detection of potential shortcomings in the controls and procedures that they had to implement in order to carry out adequate liquidity management.

This analysis and supervision were made possible by ongoing contact with the industry and by our remote supervision model (which draws on the monthly information submitted by the firms). This allowed us to focus on several aspects. On the one hand, on the adherence to the principle of equity among investors and in the application of valuation procedures aimed at avoiding situations of forced sales of assets at prices significantly lower than valuation prices. And on the other hand, daily monitoring of subscriptions and redemptions, identifying relevant movements and analysing the portfolios and transactions carried out. And thirdly, supervision was accompanied by the issuance of criteria to the sector based on the parameters mentioned above.

In addition, two supplementary initiatives were carried out at European level during 2020. Firstly, a Common Supervisory Action (CSA) by ESMA on the liquidity management of UCITS and, secondly, an investigation requested by the ESRB from ESMA on possible liquidity problems in the first months of the pandemic in large European funds.

These were months of intense work by the supervisor and the management industry itself. But thanks to this effort, we were able to conclude that Spanish fund managers

are generally prudent managers with high percentages of assets in highly liquid assets.

All this leads us to conclude that the Spanish collective investment industry was able to cope with a situation of extreme volatility and uncertainty, with adequate attention to the needs of its investors, without any relevant incidents that might have entailed conflicts of interest or harm to them. Conversely, it is true that small specific deficiencies were revealed in procedures and controls implemented, which have now been regularised.

But complacency is not a good fellow in times of turbulence and liquidity risk remains a supervisory priority.

## **Sustainability**

Another of our priorities for this year is all matters related to sustainability.

On 10 March, the European Regulation on Sustainability Disclosures in the Financial Services Sector (SFDR) entered into force.

Given the uncertainty in the criteria on the application of the regulation arising from the lack of approval of Regulation Levels 2 (RTS), the CNMV informed market participants of its intention to carry out its work in a flexible and proportional manner when supervising compliance with the new obligations, as well as its intention to disseminate criteria on the implementation of the Regulation through questions and answers on the consultations received. In this way, we established a simplified and voluntary procedure for updating and registering fund prospectuses, which is being widely used by fund managers, to the extent that 88% of them have already adopted it. I encourage those firms that are lagging behind not to delay updating their prospectuses.

## **Cross-border marketing of CISs**

Continuing with regulatory developments, the Directive on cross-border marketing of CISs should be transposed before 2 August of this year, in accordance with what was stated in the public consultation phase prior to its transposition. The CNMV made a series of proposals for improvement, including the following:

- To make the marketing regime for certain vehicles (FILs, FHF, ECRs, etc.) more flexible so that they can be marketed to non-professional investors when they make their investments on an advised basis and in compliance with certain quantitative thresholds.
- To standardise certain aspects of our regulations, bringing them into line with European legislation on issues such as securities lending, the removal of the obligation to provide quarterly information to investors, the default remittance of information to investors by telematic means and the elimination of the mandatory liquidity ratio, at least as it is currently configured.

## Encouraging monitoring based on the use of automated tools

Before I conclude, let me make one last reference to digitisation. We supervisors also have to renew ourselves and as a new feature I must point out that last year we conducted a pilot analysis of supervision using artificial intelligence tools and web scraping. An analysis was carried out of the advertising and information that fund managers and marketers included on their websites about CISs, which allowed us to focus our human intervention on questions of criteria.

Incidents were detected mainly related to the availability to investors of the latest version of the legally required public information (prospectuses, KIIDs and/or PPIs), as well as the use of messages and expressions of a commercial nature, unclear and maximalist, together with deficiencies related to the information of the legally required returns.

The exercise was so successful that this year we will continue with this scope of supervision with regard to advertising on venture capital and other closed-ended investment schemes that are marketed at retail level.

In short, when a mishap is avoided, credit is not always given to those who exercised caution. We tend to give more credit to those who, once the fire broke out, helped to put it out than to those who prevented it by making the firebreak months or years ago.

At the CNMV we believe that all the regulations that have been developed as a result of the 2008 crisis, although they were designed with a financial crisis in mind, are enabling the sector to successfully overcome the current one, as they have made the financial architecture of our markets and their agents more solid.

I would like to conclude my speech by expressing my congratulations to all those who will be honoured tonight, as well as to the entire asset management industry.

Thank you very much.