

CNMV PRESENTS ITS 2018 ACTION PLAN

14 February 2018

- CNMV has established a new strategic line of action related to technological developments in the financial sector (fostering financial market activity but also prioritising control of the risks involved)
- As in 2017, the 2018 plan includes a selection of 50 specific initiatives to be carried out and objectives to be accomplished during the year, in addition to the institution's normal activity

The Chairman of the National Securities Market Commission (CNMV), Sebastián Albella, today presented the institution's Activity Plan for 2018, which sets out fifty specific exercises and tasks that CNMV will perform over the course of this year.

These are specific undertakings that have been added to CNMV's normal activities (authorisation of entities, infrastructures and products, tasks relating to issues, takeover bids and other transactions, ordinary inspection and supervision activities, investor claims and enquiries, disciplinary proceedings, participation in European and international forums, etc.).

CNMV has been presenting an annual activity plan since 2007. As the CNMV Chairman pointed out at the presentation: *"This year the plan is marked by the significant changes experienced by the financial markets and regulatory framework (technological changes, the implementation of MiFID II, etc.), and once again it shows the painstaking effort made by the various CNMV departments and teams to place it among the most modern and professional supervisory bodies in Europe"*.

For 2018, CNMV has maintained the four strategic lines of action already defined a year ago and has added an additional one related to the growing impact of technological developments on financial services. CNMV wishes to effectively help encourage innovation in the financial sector and also enable investors to benefit from all the necessary information and protection.

Therefore, CNMV's five strategic lines of action are as follows:

1. Prioritisation of supervision and promotion of market transparency and integrity
2. Enhancement of the appeal and competitiveness of Spanish financial markets
3. Focus on and promotion of financial stability
4. Financial education and focus on investors
5. Promotion of technological developments and prevention of the potential risks associated with them

The Plan defines 50 tasks and objectives grouped into four blocks:

- Improvements in the functioning of CNMV
- Market supervision
- Supervision of financial intermediaries
- Relations with investors and other stakeholders

With the aim of **improving the functioning** of CNMV, the Plan has set the objective of designing and beginning publication of the institution's performance indicators, as well as upgrading CNMV's IT and network framework.

In relation to the new strategic line of action regarding the promotion of technological developments and prevention of the risks linked to them, initiatives such as the analysis of the possible applications of new decentralised registration technologies (blockchain), and the possibilities offered by RegTech, as well as the publication of supervision criteria with respect to the commercialisation of cryptocurrencies and ICOs among investors (which already began with the statement released on 8 February "*CNMV considerations on cryptocurrencies and ICOs for financial sector professionals*"). In order to achieve these objectives, a new FinTech and cybersecurity sub-directorate is to be created and internal training in new technologies is planned.

In addition, as part of the Plan, an app for mobiles and tablets is to be created.

In the sphere of **market supervision**, there are plans in place to review and disseminate criteria on the publication of relevant information by listed companies, as well as to carry out activities aimed at optimising data exploitation derived from transaction reporting and improving its quality and that of the financial instruments reference data (FIRDS).

The Plan also includes specific supervision related to the implementation of IFRS 9 (*Financial Instruments*) and IFRS 15 (*Revenue from Contracts with Customers*) and the new non-financial information statement.

CNMV also plans to analyse the functioning of the nomination and remuneration committees of listed companies in order to publish a Technical Guide, if appropriate. Furthermore, CNMV is going to begin to publish criteria regarding takeover bids and IPOs by means of the questions and answers (Q&A) technique.

As part of its **financial intermediary supervision** functions, CNMV intends to review the degree of compliance with regulations and the adaptation process of the sector in various areas:

- advertising of CIS, with the intention of establishing criteria that serve as market input
- new reporting obligations regarding MiFID II incentives and costs and the PRIIPs Regulation reporting requirements
- criteria contained in the Technical Guide on transactions related to the financial instruments of CIS management companies
- degree of compliance with the restrictions on CFDs and binary options (measures which are in line with those of ESMA are to be implemented at national level in relation to the commercialisation of these products among retail investors).

In the area of **relations with investors and other stakeholders**, CNMV works in several fields. These include the practices adopted by issuers to circulate information and their relations with the media, with the aim of identifying and disseminating good practices in this domain.



The Plan also includes financial education initiatives, such as a new strategy for the distribution of product fact sheets and guides, together with a detailed analysis of the data from the Survey on the Financial Competence of the population.

In the Studies area, there are plans for an analysis of the board members' remuneration policy and the termed "shadow banking" in Spain and of the non-banking financial sector (financial intermediaries).

Finally, the Plan includes the opening of an office in Bilbao and initiatives to promote greater presence of Spaniards in European organisations related to CNMV's activities.

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