1. Introduction

The UK’s decision to leave the EU may imply that investment firms and other financial institutions based in the UK are no longer able to operate under the EU passport mechanism to carry out any or all their activities in other EU member-states under the freedom to provide services or the right of establishment (i.e. through branches).

In this context, the CNMV is ready to welcome UK-based financial institutions that wish to locate their business in Spain as a result of Brexit.

The CNMV is determined to contribute to making Spain the most appealing option for investment firms considering a move from the UK to another EU country; to this end, CNMV will implement (i) a special programme to facilitate and guide them through the appropriate authorisation process and (ii) a number of measures to ensure that these firms will encounter a supervisory environment that is welcoming but also sensible and sound.

CNMV’s objective is that other entities (i.e. not transferring from the UK) could also benefit from the aforementioned measures, which should contribute to make the Spanish markets generally more attractive in a context in which new investment projects in the securities industry have less of an incentive to be located in the UK.

In addition, in order to further facilitate incoming applications, the CNMV is reinforcing its already intense level of cooperation with all the relevant securities and prudential supervisors.

2. Key actions

a) Create a dedicated welcome programme for investment and management firms based in the UK.

   a. Single contact point: The CNMV will create a single contact point for applicants.
   
   b. Fast-track authorisation process (see item 2.b) below).
   
   c. English-speaking coaches: The CNMV is ready to provide coaches to help applicants understand the applicable Spanish regulations and laws. These coaches will guide the companies through the authorisation process and will continue helping and monitoring them for a 6-month period after authorisation has been granted.
   
   d. Documentation in English: In its relationship with such applicants (authorisation, supervision, any subsequent requirements, etc.), the CNMV will accept that all relevant documentation is presented in English without the need of any translation.
b) **Straight-forward authorisation process** for UK-based firms that are planning to relocate their business to Spain and which are currently supervised by the UK competent authorities.

   a. **Standardised application forms:** The CNMV will make application forms (including detailed instructions) available in English on its website.

   b. **Electronic submission of documents:** The CNMV offers the possibility of submitting all the relevant documents electronically using electronic signature.

   c. The CNMV will **establish a fast-track pre-authorisation period of two weeks**: This pre-authorisation process will provide assurance for firms that they are likely to be formally authorised shortly so that they can start organising the move to establish their business in Spain.

   d. The CNMV also undertakes to deliver **full authorisation within two months** after pre-authorisation, provided that the application is duly completed (following a friendly and flexible approach in this respect) and that applicants meet the mandatory requirements.

   e. As far as possible, the CNMV will accept **existing documents available in English** already submitted by the applicants to another competent authority in the EU and is willing, after proper consideration, to rely on previous decisions by such authorities.

c) **Advanced Internal Models capabilities:**

Some entities have already expressed interest in using or continuing to use internal models for the determination of capital needs to cover counterparty and market risks.

The CNMV confirms it will be able to efficiently approve and supervise such models, including the counterparty risk case. The CNMV is reinforcing its own resources and capabilities in this field and has established a specific cooperation scheme with the Bank of Spain to ensure that the relevant tasks can be carried out smoothly and adequately henceforth.

A fast-track authorisation procedure could be used where the competent supervisory authority (PRA) has previously reviewed and authorised the adequacy of the model to the CRR requirements. Authorisation of the use of internal models would be granted on the basis of the documentation delivered at the time of the application. At a post-authorisation stage, a supervisory review would be carried out by the CNMV in order to check the effective implementation of the models.

d) **Possibility of outsourcing functions:**

With respect to the possibility of delegating functions or activities, which may facilitate partial relocations on a rapid basis, the CNMV undertakes to adopt the most flexible approach provided that the relevant Spanish entity is not a totally empty shell and the outsourcing scheme complies with the MiFID requirements:

   a. The outsourcing firm must retain the ultimate responsibility;
b. It must establish reasonable controls over outsourced functions; and

c. All the information should be accessible to the CNMV as a supervisor. As the UK will, in any event, remain a member of IOSCO and signatory of its multilateral memorandum of understanding, the CNMV does not foresee any problems or difficulties in this regard.

**e)** In other important areas, **there will be no additional requirements beyond those derived from European Union legislation**, which will be applied with full respect to the proportionality principle. Such areas include:

a. Recovery and resolution regime (without any supervision other than by the local supervisor).

b. Remuneration policies.

c. Transparency and client access rules for systematic internalisers.

d. Access to market maker condition under Short Selling Regulation.

The CNMV has created a specific Brexit mailbox to answer any questions institutions may have in relation to these issues ([welcome@cnmv.es](mailto:welcome@cnmv.es)).