



CNMV PUBLISHES THE 2016 ANNUAL REPORT

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- Marketing of complex investment products among retail customers was again a priority issue for the supervisor
- The organization imposed 41 fines amounting to 10.05 million euros and 18 new proceedings were initiated
- Fintech Portal programmes were launched to help technology project promoters, and Welcome to Spain, to promote Spain as a hub for activities and businesses in the financial sector

The National Securities Market Commission (CNMV) published today the ["Annual CNMV Report on securities markets and their performance"](#) for 2016.

The report reviews the economic and financial environment of the securities markets in 2016, as well as the key economic figures in areas such as securities issues, trading centre activity, collective investment institutions and the provision of investment services. It also details the supervisory measures and the initiatives for regulation and promotion of CNMV's markets during the year.

Markets

According to the Annual Report, Spain's equity markets closed 2016 with a slight loss since, as in the rest of our neighbouring countries, the year was marked by volatility and uncertainty. However, there was a slight increase in the capitalization of the Spanish stock market - which stood at 630.995 billion euros - thanks to capital increases. Financial institutions again had significant weight in attracting new funds.

The number of capital increases in 2016 was 79, 20 less than in the previous year, amounting to just over 19.7 billion euros. There was a decrease in the number of IPOs, two compared to six in 2015. There were also fewer authorized IPOs: five, totalling €1.682 billion, a third of the amount of the previous year.

These data contrast with those of 2017, a year in which, for example, there have already been four IPOs in the first six months.

Non-resident investors continued to play a central role in our market as they accounted for 75% of contracts.



One of the most significant developments within the national markets in 2016 was the implementation of the first phase of the reform of the Spanish system of clearing, settlement and registration, whose objective is to align our country's practices with international standards and provide them with more competitiveness. Equities have already migrated to the new Iberclear platform and next September, coinciding with the connection to the pan-European platform TARGET-2 Securities, fixed income will be incorporated.

Disciplinary activity

In the disciplinary field, the agency imposed 41 fines amounting to 10,05 million euros and 18 new proceedings were initiated in which a total of 28 alleged infringements were attributed.

The case files commenced contain six contraventions for breach of rules of conduct, nine for market abuse, one for miscommunication of significant stakes, two for breach of short sale regulations, one for breach of restriction of the activity and the rest for non-compliance with ISC and CII regulations.

Collective investment institutions

The investment fund sector experienced an upturn in 2016, thanks to the net inflow of new resources into financial funds and, to a lesser extent, to the positive returns of the portfolio. Unlike other years, growth was not driven by a variety of formulas, which experienced a decline, but by other categories such as fixed income, global funds, passive management and even guaranteed equity funds.

In contrast, the SICAV (open-ended collective investment scheme) experienced a decline of 3.9%. Altogether, there were 150 terminations, in many cases to be transformed into other collective investment vehicles. At the end of 2016, there were 3,239 SICAVs with total assets of 32.0916 billion euros.

The share of foreign CIIs remained relatively stable after having grown significantly in recent years.

Entities supervision

The marketing of complex investment products among retail customers was again a priority issue for the Commission. Most notable was the Supervision of the trading of contracts for differences (CFD), a product that causes losses to investors in most cases.

In July 2016, a warning was issued regarding the risks involved in the operation with these products and on 21 March 2017, a communication was sent to the sector demanding the adoption of certain measures to reinforce investor protection. These measures are also obligatory for Cypriot entities that offer these contracts in Spain, since they have been taken over by the Cyprus supervisor.

An equally important innovation last year was the use, for the first time, of simulated clients to verify in situ the practices of marketing of



investment products in banking offices, a practice known as 'mystery shopping'. This first test focused on the information that the staff of the banking networks verbally transmits to clients.

FinTech Portal

CNMV has taken a proactive stance in response to the significant Fintech expansion taking place in financial markets. To this end, a specific site was launched with the objective of helping promoters and financial entities on regulatory aspects of the securities market. As of March 2017, 40 notifications had been received and the number of informal contacts with various financial institutions continued to increase.

Welcome To Spain

In 2016, CNMV implemented a programme designed to facilitate the establishment of financial institutions that wish to set up their business centre in Spain. The programme offers financial institutions based in the United Kingdom or in another country of the European Union a more rapid authorization procedure, the allocation of an English-speaking liaison (coach) and the possibility of submitting all documentation online and in English. In addition, an explanatory practical manual has been prepared with all procedures and forms to be presented in English.

International Activity

During 2016 the supervisor continued to maintain an important international activity in all forums and organizations of which it is a member. More than a hundred people have participated in over 350 meetings, not including training activities.

The most notable activity focused on the work of the European Securities and Markets Authority (ESMA), promoting the convergence of supervisory practices and the development of technical standards for the application of EU legislation, and those of the International Organization of Securities Commissions (IOSCO). In addition, there was significant activity in the area of the European Systemic Risk Board (ESRB) and the Financial Stability Board (FSB).

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