

2nd ICADE Asset Management Chair Conference Institutional Opening

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The collective management industry continues to show **remarkable strength and soundness**:

- At the end of 2024, the collective management industry reached a **record high in terms of assets under management** in national Investment Funds, surpassing €400 billion. This represents an annual growth of 3.5%, with nearly 1,500 registered funds.
- This trend has continued so far this year. Provisional figures for the first half of 2025 are as follows: assets of €428 billion; growth of 5.5% in the first half of the year; 1,469 registered funds; and more than 17 million participants, 5% more than at the end of 2024.
- By June 2025, **44 new investment funds and 11 free Collective Investment Schemes** (6 FIL and 5 SIL) **had been registered with the CNMV**. However, the **balance** in the number of registered entities is negative, as 80 CISs, mainly FI (66), were deregistered in the same period due to mergers following the expiry of fund structures with specific profitability objectives (guaranteed or otherwise). Although **assets** in the venture capital sector are still modest (€44 billion at the end of 2024, rising to over €49 billion in June 2025), they have been **growing steadily** in recent years, reflecting the increasing interest in alternative investments among all types of investors.
- With regard to the registration of new products, **venture capital vehicles** have become more active, with 135 new vehicles registered by June this year, bringing the total number of registered vehicles to 1,370 by June 2025—more than double the number at the end of 2021 (671).

Data also shows that the **investor profile remains conservative**:

- **55%** of assets are held in funds primarily investing in **fixed-income** securities, with the addition of guaranteed funds and CISs targeting a specific return objective.
- In contrast, only **14%** of the Spanish fund portfolio is invested directly in domestic or foreign **equity instruments** (this figure would rise to **25%** if indirect exposure through investment in other equity CISs were included). Less than 2% is invested in shares of Spanish companies.

The sector faces new challenges in light of the **transformation that the development of new vehicles is bringing to private equity**:

- **Continuation funds.** In the field of venture capital, given the difficulties in selling part of the portfolios at maturity, so-called continuation funds have gained traction in recent years. In these types of funds, the manager of the pre-existing vehicle offers investors the possibility of subscribing to a new vehicle, to which part of the previous portfolio is transferred, and which also allows for new investors (providing liquidity to meet the needs of investors in the initial vehicle who are not interested in the continuation one). These types of structures pose certain advantages (continuity in the creation of value for the investees or lower structure and management costs), but they also come with certain issues. Specifically, there is a risk of conflicts of interest arising between the investors in the initial fund who remain in the vehicle and those who divest their investment. For this reason, managers must provide duly evidence that the transaction is conducted at a price that would be agreed upon by two independent parties, properly informed and under conditions of mutual independence. The CNMV published criteria on this matter in 2023.
- **Evergreen funds.** At the CNMV, we have detected growing interest in the launch of “evergreen” vehicles. These funds focus their investment in private markets (with illiquidity as their main asset), with no predefined maturity date and are open to subscriptions and redemptions. In Spain, they are structured as FILs, which have stricter marketing rules than those of “standard” investment funds, as investors are required to invest more than €100,000 or seek advice (with a minimum investment of €10,000 and the investment not exceeding 10% of the client's financial assets when these are below €500,000).

Two key points to be noted on this matter:

- 1) It is essential that these products are carefully **designed** in terms of redemption frequency, taking into account the liquidity of the underlying investments to avoid conflicts of interest between investors who redeem and those who remain. Conflicts arise both from the difficulty in valuing unlisted assets and from managing liquidity to accommodate redemptions in a way that reasonably respects the "slicing approach" principle. That is, the relative weight of illiquid assets versus liquid assets must be maintained after redemption transactions, within the ranges pre-established by the manager. In March 2024, a Q&A was added to the CNMV website in the ECR CISs section, outlining our supervisory criteria on this matter.
- 2) Proper **marketing** is necessary to ensure that investors give their informed consent and that the product is suited to their financial situation and investment objectives. Investors must be aware of and accept the liquidity constraints of these products. On the one hand, redemptions are typically quarterly or semi-annual, and on the other hand, it is common for them to include limits (5-10%) on redemptions on a given date (gates), so that if, in the event of a market shift, requests exceed this limit, investors may face prolonged illiquidity of their investments, and it could even be necessary to liquidate the vehicle.

CHALLENGES FOR THE SECTOR IN THE FACE OF REGULATORY CHANGES AND DIGITALISATION

The current context of constant change (regulatory, digitalisation, etc.) poses an adaptation challenge for collective investment managers, but also for supervisors themselves. It is also an opportunity to redefine themselves, as evidenced by the CNMV 2030 Plan, which I will refer to later.

1. Regarding some of the **regulatory changes** affecting and concerning the sector:

a. **At the European level**, the **Retail Investment Strategy** initiative is still ongoing. This is a proceeding that the European Commission and the Board wish to relaunch, and we are awaiting proposals, particularly with regard to value for money and retrocessions. The CNMV has supported the objective from the outset (to make markets more attractive to retail investors), although it remains to be seen what ultimately comes of it.

In addition, the original proposal included other measures that went almost unnoticed, which I also consider significant, as they pertain to improving the information received by investors, greater transparency and accessibility, and a better understanding of costs and returns.

The aim of these measures is to adapt the information to the investor and to the digital environment we live in. To this end, we need to modernise a rule that dates back to the analogue era. We need to promote and develop what we call the "user experience." This would reduce the burden on managers, marketers, and investors without any loss of information. ESMA is also working in this area, and we hope to improve what has been called the "**investor journey**."

At the European level, work is also underway to **revise the reporting criteria for CISs** (UCITS and AIFs). The CNMV is actively participating in the ESMA working group on integrated reporting for CISs. I would like to take this opportunity to encourage the industry to participate in future public consultations by ESMA. It should be noted that waiting until the reporting obligations for Spanish CISs have been revised once the reporting requirements at European level have been defined is the logical approach, as this would avoid the costs and complexities that a partial modification of the current obligations would entail for supervised entities.

b. **At the national level**, we continue to support the Ministry in the **transposition of several directives** (including AIFMD and UCITS). The **long-term savings and investment account** is also under development. This initiative poses a great opportunity for the collective investment industry. Our investment funds, our CISs, are the optimal way for retail investors to access capital markets and products with a higher level of risk than the financial instruments they usually invest in.

CISs have the opportunity to benefit from the European label, provided that the products are appropriately designed. ICIs must also be duly marketed, particularly the more complex products, ensuring that costs to investors are reasonable.

National and EU authorities also have a role to play in designing instruments that are attractive enough to succeed with retail investors, for which tax elements will be key. At the CNMV, we have insisted in the need for an ambitious national design and a review of tax incentives so that the initiative truly achieves its intended objective.

- c. Regarding initiatives launched by the **CNMV** that will impact reporting and supervision in the sector, the **Simplification Plan** we are currently developing stands out and that is included in the CNMV 2030 Plan. This simplification is part of the general trend towards eliminating unnecessary burdens and requirements that are not justified from the point of view of investor protection. In this process, we will review the CNMV's circulars and make proposals for regulatory changes to the Ministry.

In the area of CISs, this includes both measures to **streamline registration procedures** (e.g. sustainability annexes for CISs, streamlining of CIS mergers, no review of relevant events, etc.) and supervisory burdens (including amending certain Circulars to reduce reporting obligations to the CNMV and within the entities themselves).

As noted above, the CNMV is also reviewing the **reporting** criteria for CISs. Once these have been established at the European level, we will set the reporting obligations for Spanish CISs.

2. Lastly, in view of the challenge posed by **digitalisation** and, in particular, the development of crypto-assets and artificial intelligence:

- a. The entry into force of **MiCA** Has required a tremendous effort for its implementation, to understand the services to be provided, and to establish a certain level of investor protection, harmonised at the European level, although not equal to that offered by traditional financial instruments.

The sector had to adapt its services to the regulatory requirements within a framework of regulatory convergence, which requires consensus and the establishment of common criteria for all EU countries (ESMA and various working groups are currently tackling this).

At the CNMV, we are working to **ensure maximum flexibility** in the various processes. A new sub-directorate has been elected for the authorisation process under the MiCA regulation, which began receiving informal inquiries and documentation four months before MiCA came into force and has recently been reinforced with new technical staff. The Fintech and Cybersecurity sub-directorate is

assisting with both the implementation of MiCA and the authorisation processes.

I would like to take this opportunity, as many of those responsible for the sector are present today, to convey a message of caution regarding this type of asset, insofar as its evolution is not driven by its fundamentals or future cash flows, but rather is a highly speculative product. Potential investors, that is, your clients, do not enjoy the same level of protection and guarantees as other products.

- b. Finally, regarding the use of **artificial intelligence**, the CNMV is planning an initiative to assess how AI is used by supervised entities (e.g. customer interaction, automation of controls, etc.). Internally, as part of our digitisation plan, we will promote the use of AI in registration and supervision tasks.