

## 85th CECA Legal Advisors Convention

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10 July 2025

It is a pleasure for me to be part of the opening of this Legal Advisors Convention.

I would like to begin by taking a few minutes to recognise the role of legal advisors, of legal professionals—not only as interpreters of the law, but also as enablers of the smooth functioning of financial markets. Through your work, you facilitate economic activity and instil confidence to the various market participants. Your practical experience allows you to identify regulatory gaps and potential improvements, which I encourage you to share with the regulator to help shape more effective, clearer and fairer frameworks.

Promoting the rule of law and fostering a culture of compliance—one that goes beyond a mere checklist—are also essential aspects of your work that deserve to be highlighted. You play a key role in educating managers and employees about regulatory compliance, helping them understand the content of the law, the rationale behind it, and the legal interests it is designed to protect. This strengthens both the legitimacy and the effectiveness of the legal system.

Throughout these two days, highly relevant issues related to technology, conduct supervision, legal developments, and corporate governance within financial institutions will be addressed.

These aspects are closely aligned with the mandate priorities that the Chairman of the CNMV and I have set for the coming years.

I would like to briefly highlight some of these priorities that may be of particular relevance to this forum, and I will focus on one of them specifically: the adaptation of corporate governance to the new economic and social environment.

### **MANDATE STRATEGY**

The plan titled 'CNMV 2030, a supervisor for a new era', which can be consulted on our website, sets out nine priorities that will guide the CNMV's actions for 2030.

I will briefly highlight four of them before turning to the fifth one on corporate governance.

First, investor protection remains a core priority of the CNMV.

We must adapt to the changing times marked by digitalisation, the increasing use of social media and digital platforms by retail investors, and, unfortunately, a rise in fraudulent activities.

To strengthen our efforts in preventing financial fraud, we have created a new investor protection department reporting directly to me, which brings together complaint and enquiry management, financial education, and fraud prevention.

We will also be relaunching the Financial Fraud Action Plan in order to enhance cooperation among all public and private sector representatives who have signed up to this initiative, with special focus on social media and young investors.

The second priority I would like to highlight is fostering retail investor access to capital markets.

To this end, it is essential to foster financial literacy and to offer attractive investment alternatives that help stimulate investment.

This is crucial to shifting from the traditional savings culture to the new investing culture.

The European Commission has set this objective as a priority for the coming years within the Savings and Investment Union, with the aim of revitalising the competitiveness of the European economy.

At the CNMV, we will support the European strategy aimed at developing measures to encourage retail investment.

Third, enhancing the competitiveness of Spanish markets.

We aim to help make capital markets more attractive for both companies and investors. In recent years, the performance of collective investment schemes and private capital markets has been positive. However, public markets are steadily losing relevance. Our efforts will focus on revitalising public markets to enhance their attractiveness and competitiveness, as they promote transparency and support the financing of long-term strategies.

Lastly, simplifying the regulatory and supervisory framework is essential.

Once again, the objective is to enhance competitiveness. We are fully engaged in this process at all levels. It is necessary to review whether certain rules or procedures have created excessive burdens for market participants, affecting operational agility—and, as a result, competitiveness.

At the CNMV, we are also conducting an internal review of circulars, procedures, and supervisory practices with the aim of streamlining procedures and reducing unnecessary burdens. We expect to present, in the coming months, a catalogue of initiatives related to this effort.

## CORPORATE GOVERNANCE

Let me begin with a few reflections on the current context, which is shaped by a number of significant challenges.

The geopolitical environment—and the uncertainty arising from it—makes strategic decision-making more complex. This requires us to consider alternative scenarios and rely more prominently on expert and independent insights.

The second challenge is technological progress, particularly the widespread use of artificial intelligence. AI compels us to make major strategic decisions regarding investment in both resources and the recruitment of suitably qualified staff. It also calls for decisions on its application and associated risks. In addition, the current pace of technological developments requires swift and agile responses.

The third challenge I would like to address today is the constant need to adapt to evolving regulatory frameworks—particularly those addressing the urgency of climate change and the environmental crisis. Europe has established an ambitious regulatory system to face this challenge. However, its application is not always an easy task and requires significant effort. The simplification process I referred to earlier—which should not be confused with deregulation, but rather understood as better regulation—must contribute to ease compliance with these various regulatory frameworks.

To effectively address these challenges, codes of good corporate governance are essential tools and should therefore be updated.

At the CNMV, we believe that the Good Governance Code for listed companies should undergo a thorough revision.

### **Why do we believe this revision is necessary?**

The Good Governance Code of listed companies (in force since 2015 and partially reviewed in 2020) has played a key role in the effective operation of Spanish companies. It has also undoubtedly helped build trust among shareholders and investors. Lastly, it has contributed to financial stability and has enhanced the competitiveness of our companies.

The CNMV has led the elaboration of the various Codes over recent decades. Each review has introduced significant improvements that have encouraged greater independence, stronger internal controls, diversity, and accountability among board members.

We believe that, in order for the Good Governance Code to continue to play such a crucial role, a review process needs to be conducted.

Some of the elements we believe should be included in the discussion on a new Good Governance Code are the recent legislative changes carried out at the national level, such as the Law on Long-term involvement of shareholders. Likewise, the new Organic

Law on Gender Parity, together with recent international developments, such as the review of the 2023 OECD Principles and the European regulations on sustainability and due diligence.

Additionally, international best practices in markets such as the Anglo-Saxon one, which promote a more active and professional supervisory role for boards, should be included in this discussion. In particular, the following stand out:

The reinforcement of genuine diversity on boards, not only in terms of gender, but also age, expertise, and profile.

The promotion of a strong ethical corporate culture, extending from top management to all operational levels, with mechanisms for whistleblowing, assessment, and continuous improvement. Support of this culture should be done not only through codes of conduct, but also through effective monitoring of their implementation.

Effective talent retention policies and long-term succession plans for executive directors and senior management positions should also be included.

Additionally, an assessment of the “apply and explain” approach as a complement to the current “comply or explain” principle should also be considered.

The “comply or explain” principle is a cornerstone of modern corporate governance, particularly in Europe and Spain.

There is growing debate about whether this principle should be complemented by the “apply and explain” approach.

Although the latter expression is not yet formally included in Spanish corporate governance regulation or in the CNMV’s technical guidelines, it does appear in the CNMV’s Code for investors, asset managers, and proxy advisors. Conceptually, it implies a more proactive and demanding interpretation than the “comply or explain” principle.

Based on our supervisory experience, we have found that, when a company chooses to follow a recommendation, it would be useful if, without introducing new burdens or bureaucracy, a minimum level of additional explanation were provided. This helps clarify what policies and decisions have actually been implemented, and what effect they have had on the quality of the entity’s corporate governance.

It would be advisable to update recommendations that have become outdated, and to assess whether the current 25-principle structure remains suitable. It would also be appropriate to consider reducing the number of principles and recommendations that do not provide clear added value in order to avoid unnecessary bureaucracy.

We need an ambitious but also agile framework, one that promotes self-regulation, transparency, and accountability.

We aim to establish a multidisciplinary Expert Committee to advise the CNMV on the review of the Code. Our goal is to establish the Expert Committee before the end of the year and to start working on a first draft in early 2026.

I will conclude here. Once again, I would like to thank you for inviting me to take part in this discussion. It has been a privilege to share this space with legal professionals who play a vital role in ensuring the effective functioning of our institutions and the overall soundness of the financial system. I wish you a very productive session and, above all, I hope this discussion serves to share experiences, generate new ideas, and strengthen the ties that make this professional community an example of rigour and commitment.