

THE CNMV PUBLISHES ITS 2019 ANNUAL REPORT

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- 2019 saw an increase in the number of firms registered with the CNMV, in particular, management companies of venture capital firms and closed-ended collective investment schemes (closed-ended CISMCS, 16 new firms), but also fund management companies (CISMCS, four more) and investment firms (IFs, an additional four). The creation of venture capital firms and funds (an additional 106) is also noteworthy.
- The supervision of firms in terms of conduct was especially related to online transactions, appropriateness and suitability tests and the marketing of complex products to retail investors.
- In 2019, more than one thousand warnings on unauthorised firms were issued, 82% more than in 2018.
- The CNMV initiated 18 disciplinary proceedings, with proposed fines totalling 9.3 million euros (5.01 million euros in 2018).
- For the second consecutive year, the report includes the CNMV's Key Performance Indicators.

The Spanish National Securities Market Commission (CNMV) has today published its [2019 Annual Report](#).

The Report begins with a summary of its content and also refers to actions taken by the CNMV in March, April and May of this year due to the situation caused by COVID-19.

The first part of the report analyses the **macroeconomic environment**, which in 2019 was marked by a slowdown in economic activity and the persistence of various sources of important uncertainties. In **securities markets**, share prices fell in the first half of the year and then rose, closing the year with significant increases.

In the first months of 2020 there was a sharp turn in the economic and financial scenario due to the **COVID-19 crisis**, which led to a period of financial market turmoil marked by heavy losses in share prices and peaks in volatility.

The year was characterised by very few stock market offerings, a phenomenon that was also observed in other European countries. In 2019, seven takeover bids were authorised, for a potential amount of 1.571 billion euros, a figure below that of the previous two years.

In **fixed-income markets** gross debt issues totalled just over 400 billion euros, slightly below the figure for 2018 due to the decrease in the number of issues of Public Administrations and financial institutions.

The **collective investment industry** continued its upward trend in 2019. Investment fund assets increased by almost 8% for the year as a whole, to 279.377 billion euros, mainly due to portfolio revaluations. The number of unit holders increased by 4.6%, to 11.7 million.

In the field of **investment services provision**, credit institutions continued being the main providers of these services. At the end of 2019, there were 95 registered firms and brokers, four more than in 2018. The number of national credit institutions (banks, savings banks and credit unions) registered for the provision of investment services totalled 112 at the end of 2019, two less than in 2018. Foreign credit institutions in a position to provide investment services in Spain totalled 476, 15 more than the previous year.

As regards other **firms registered with the CNMV**, the venture capital activity stood up. In total, 106 closed-ended collective investment schemes and 16 new closed-ended collective investment scheme management companies (closed-ended CISMCS) were registered. Thus, the CNMV's register closed the year with a total of 458 investment vehicles and 106 management companies, representing an increase of 24.1% and 12.8%, respectively, reaching a new all-time high.

The number of collective investment scheme management companies (CISMCS) also increased in 2019, totalling 119 at year end, four more than at the end of 2018.

CNMV activities

The second part of the Annual Report details the CNMV's activities. In the field of **market supervision**, noteworthy in 2019 was the increase in the number of financial instrument trade registrations, which exceeded 165 million, 50% more than in 2018. Throughout the year, the CNMV placed emphasis on the quality of data and the resolution of incidents detected; 153 requests were received and 175 reports were issued. The use of the channel enabled to report suspicious transactions

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(Suspicious Transaction and Order Reports, STORs) continued to grow. The number of STORs increased to 345 in 2019, 49% more than in 2018.

The supervision of **derivative** markets was focused on three lines of actions: the analysis and monitoring of daily activities, the prevention and detection of insider trading and carrying on specific control activities.

In the course of the investigations conducted by the **Market Surveillance Unit**, focused on practices contravening market integrity, four disciplinary proceedings were initiated against an investment firm, another two against an agent, and one against a natural person.

In the sphere of **corporate governance** of issuers, noteworthy is the publication, for the second consecutive year, of individual data by company on the presence of women on the boards of directors and in senior management posts of listed companies. The report also includes an analysis of the Non-Financial Statements (NFS) of issuers, and includes, for the first year, content from the new regulation.

With regard to the **supervision of firms**, the CNMV issued a total of 898 requests to supervised firms, of which 691 originated from online supervision.

The annual report refers in particular to various supervisory initiatives aimed at investor protection:

- Horizontal review of the **online activities** of a selection of firms to verify due compliance of the main rules of conduct.
- New reviews to analyse the quality and consistency of the information gathered from clients to assess their **appropriateness and suitability**. The CNMV has detected deficiencies in various cases, hence it considers it important for firms to adopt measures and to carry out controls to ensure that the information obtained from retail clients to assess the suitability and appropriateness of their transactions is consistent, accurate and updated.

In terms of **collective investment schemes**, supervisory activities are aimed at management companies compliance of their obligations, the appropriate resolution of conflicts of interest, and the reception of sufficient information by unit holders. In this regard, a total of 1,464 letters were forwarded to supervised firms (1,321 in 2018) and 223 actions were taken (218 in 2018).

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With regard to **disciplinary proceedings**, during 2019 the CNMV's Executive Committee agreed to initiate 18 disciplinary proceedings, with proposed fines totalling 9.3 million euros (5.01 million euros in 2018).

In 2019, 17 proceedings initiated in previous years were also closed. A total of 39 fines, amounting to nearly 4 million euros, were also imposed.

On the CNMV's **investors** website, a total of 1,131 warnings on unauthorised firms were published, 82% more than in 2018.

The document also contains the activity carried on during the second year of operation of the channel for reporting potential infringements of market regulations (Whistleblowing). A total of 638 communications were received and 464 potential infringements were reported.

Strategy

The third part of the Report contains organisational, economic and institutional aspects. Two large projects of a horizontal nature for the institution are explained: the **Digital transformation plan** and the work in the field of **sustainability**. The Report also offers economic and financial information, and for the second consecutive year, the CNMV's key performance indicators. The 2019 performance indicators contained in the Report include a reduction in processing times for case files: for authorisations of service providers (0.4 months after the receipt of all the documentation versus 0.8 months last year) and for authorisations of CISs (1.1 months in 2019 versus 1.2 months in 2018). Also noteworthy is the increase in the number of cooperation actions with foreign authorities, 452 in 2019, 80% more than the previous year.

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