Jurisdiction: Spain

2019 IMN Survey of National/Regional Progress in the Implementation of G20/FSB Recommendations

Contact information

National authorities from FSB member jurisdictions should complete the survey and submit it to the FSB Secretariat (imn@fsb.org) by **Friday, 12 July** *(representing the most recent status at that time).* The Secretariat is available to answer any questions or clarifications that may be needed on the survey. Please also provide your contact details for the person(s) completing the survey and an index of abbreviations used in the response.

National authorities are expected to submit the information to the FSB Secretariat using the Adobe Acrobat version of the survey. The Microsoft Word version of the survey is also being circulated to facilitate the preparation/collection of survey responses by relevant authorities within each jurisdiction.

Jurisdictions that previously reported implementation as completed in a particular recommendation are not required to include information about progress to date, main developments since last year's survey or future plans. Revisions to previously included text or descriptions of relevant developments and new reforms to enhance the existing framework in that area can be made as needed, but this is optional and should not lead to a downgrade from implementation completed to ongoing, unless these reverse previously implemented reforms. Jurisdictions that do not report implementation as completed are required to include full information both in the "Progress to date" and "Update and next steps" tables.

As with previous IMN surveys, the contents of this survey for each national jurisdiction will be published on the FSB's website. Such publication is planned at around the time of the October 2019 G20 Finance Ministers and Central Bank Governors meeting. The FSB Secretariat will contact member jurisdictions in advance to check for any updates or amendments to submitted responses before they are published.

1. Registration, appropriate disclosures and oversight of hedge funds

G20/FSB Recommendations

We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds. (Seoul)

Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management. (London)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2019 survey.

2. Establishment of international information sharing framework

G20/FSB Recommendations

We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London*)*

Remarks

Jurisdictions should indicate the progress made in implementing recommendation 6 in IOSCO's *Report on Hedge Fund Oversight (Jun 2009)* on sharing information to facilitate the oversight of globally active fund managers.

In addition, jurisdictions should state whether they are:

- Signatory to the IOSCO MMoU in relation to cooperation in enforcement
- Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO *Principles Regarding Cross-border Supervisory Cooperation*.

Jurisdictions can also refer to Principle 28 of the 2017 IOSCO Objectives and Principles of Securities Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.

Progress to date

- ○ **Not applicable**
- ○ **Applicable but no action envisaged at the moment**
- ○ **Implementation ongoing**
- ◉ **Implementation completed as of** 21 July 2012 / 11 Apri

If "**Not applicable**" or "**Applicable but no action envisaged…**" has been selected, please provide a brief justification

If "**Implementation ongoing**" has been selected, please specify

- ○ Draft in preparation, expected publication by
- ○ Draft published as of
- ○ Final rule or legislation approved and will come into force on
- ○ Final rule (for part of the reform) in force since

2. Establishment of international information sharing framework

Progress to date

Issue is being addressed through

- ☑ Primary / Secondary legislation
- ☑ Regulation / Guidelines
- ☐ Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

The response by the EU Commission is also applicable in Spain. CNMV is signatory of the IOSCO Multilateral MoU on cooperation and exchange of information. As regards AIFMD, ESMA has promoted a global cooperation agreement with third countries. The CNMV, as a member of ESMA has signed , within such framework 35 bilateral agreements to date.

If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

2. Establishment of international information sharing framework

Update and next steps	
Highlight **main developments since last year's survey**	**Planned actions** (if any) and expected commencement date

Relevant web-links	
Web-links to relevant documents	

	I. Hedge funds	II	III	IV	V	VI	VII	VIII	IX	X	

3. Enhancing counterparty risk management

G20/FSB Recommendations

Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London)

Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17, FSF 2008)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2018 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2019 survey.

4. Strengthening of regulatory and capital framework for monolines

G20/FSB Recommendations

Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8, FSF 2008)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2019 survey.

5. Strengthening of supervisory requirements or best practices for investment in structured products

G20/FSB Recommendations

Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18, FSF 2008)

Remarks

Jurisdictions should indicate the due diligence policies, procedures and practices applicable for investment managers when investing in structured finance instruments and other policy measures taken for strengthening best practices for investment in structured finance products.

Jurisdictions may reference IOSCO's report on *Good Practices in Relation to Investment Managers´ Due Diligence When Investing in Structured Finance Instruments (Jul 2009)*.

Jurisdictions may also refer to the Joint Forum report on *Credit Risk Transfer- Developments from 2005-2007 (Jul 2008)*.

Progress to date

- ◯ **Not applicable**
- ◯ **Applicable but no action envisaged at the moment**
- ◯ **Implementation ongoing**
- ◉ **Implementation completed as of** 1 Jaunuary 2016

If "**Not applicable**" or "**Applicable but no action envisaged…**" has been selected, please provide a brief justification

If "**Implementation ongoing**" has been selected, please specify

- ◯ Draft in preparation, expected publication by
- ◯ Draft published as of
- ◯ Final rule or legislation approved and will come into force on
- ◯ Final rule (for part of the reform) in force since

5. Strengthening of supervisory requirements or best practices for investment in structured products

Progress to date	
Issue is being addressed through ☑ Primary / Secondary legislation ☐ Regulation / Guidelines ☐ Other actions (such as supervisory actions) **Short description of the content of the legislation/regulation/guideline/other actions** The response by the EU Commission is also applicable in Spain. Spanish rules on investment firms, investment funds and management companies put special focus on strengthening the requirements and risk control systems (which also includes structured and complex products). Spanish securities regulation, as adapted to EU legislation, already complies with IOSCO"s recommendations. On the other hand, Banco de España has endorsed the following EBA guidelines: i) Guidelines on the STS criteria for non-ABCP securitization (EBA/GL/2018/09), and ii) Guidelines on the STS criteria for ABCP securitization (EBA/GL/2018/08). Regarding the marketing of complex securities to retail investors, since 2012 Royal Decree-Law 24/ is in force, establishing a new aggravated regime for the marketing of complex financial products to retail clients (Thirteenth additional provision and Third final provision). For the marketing to retail clients of subordinated debt instruments, the existence of a tranche directed to professional investors is required. For the marketing of complex products deemed not suitable to a retail client, a warning and the client"s hand-written consent are required. The European Securities and Markets Authority (ESMA) issued in July 2014 a statement to clarify to institutional investors risks from the highly complex structures known as contingent convertibles instruments (CoCos). Concerning the insurance sector, EU legislation, Solvency II, introduces requirements on insurance and reinsurance undertakings" investments that are subject to a prudent person principle that limits insurance and reinsurance undertakings' investments to assets that they can properly identify, measure, monitor, manage, control and report. Insurance and reinsurance undertakings should have specific governance arrangements when investing in structured products as written monitoring procedures, specific reporting to management body and transparency	If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

5. Strengthening of supervisory requirements or best practices for investment in structured products

Update and next steps

Highlight **main developments since last year's survey**	**Planned actions** (if any) and expected commencement date
The response by the European Commission as regards Securitisation regulation entered into force in January 2018 and being applicable as of 1 January 2019 is also applicable in Spain.	The European Commission is in the process of further elaborating the framework via regulatory and implementing technical standards

Relevant web-links

Web-links to relevant documents

http://www.boe.es/boe/dias/2014/04/03/pdfs/BOE-A-2014-3559.pdf http://www.cnmv.es/cnmvdia/decetes/guiafuncionesCI.pdf
http://www.boe.es/buscar/pdf/2003/BOE-A-2003-20331-consolidado.pdf http://www.boe.es/buscar/pdf/2012/BOE-A-2012-9716-consolidado.pdf
https://www.esma.europa.eu/sites/default/files/library/2015/11/2014-944_statement_on_potential_risks_associated_with_investing_in_contingent_convertible_instruments.

https://eba.europa.eu/documents/10180/2519490/Guidelines+on+STS+criteria+for+ABCP+securitisation%29.pdf
https://eba.europa.eu/documents/10180/2519490/Guidelines+on+STS+criteria+for+non-ABCP+securitisation.pdf

6. Enhanced disclosure of securitised products

G20/FSB Recommendations

Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)

Remarks

Jurisdictions should indicate the policy measures and other initiatives taken in relation to enhancing disclosure of securitised products, including working with industry and other authorities to continue to standardise disclosure templates and considering measures to improve the type of information that investors receive.

See, for reference, IOSCO's *Report on Principles for Ongoing Disclosure for Asset-Backed Securities (Nov 2012), Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities (Apr 2010)* and *report on Global Developments in Securitisation Regulations (November 2012)*, in particular recommendations 4 and 5.

Progress to date

- ○ **Not applicable**
- ○ **Applicable but no action envisaged at the moment**
- ○ **Implementation ongoing**
- ● **Implementation completed as of** 21st May 2013 / 2009

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6. Enhanced disclosure of securitised products

Progress to date

Issue is being addressed through

- [x] Primary / Secondary legislation
- [ ] Regulation / Guidelines
- [ ] Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

The response by the EU Commission is also applicable in Spain. Spanish securities regulation, as adapted to EU legislation, already complies with IOSCO"s recommendations. In 2014 CNMV Circular 6/2014 modified CNMV Circular 2/2009 on accounting rules, annual accounts, public financial statements and confidential statements on statistical information about securitisation funds. This modification aimed at complying with EU Regulation (CE) 1075/2013. As a consequence, more detailed information on the balance sheet of securitisation funds is obtained, as well as on their financial operations. Law 5/2015 on the Promotion of Business Finance (Ley de Fomento de la Financiación Empresarial), which is aimed to facilitate the financing of SMEs, establishes new measures regarding securitization by adapting the legal framework to the most stringent international standards. It strengthens transparency (by specifying reporting obligations, and the contents of the yearly and quarterly reports) and investor protection (by allowing for a creditors" committee and modifying the supervision regime).

If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

6. Enhanced disclosure of securitised products

Update and next steps	
Highlight **main developments since last year's survey**	**Planned actions** (if any) and expected commencement date
The response by the European Commission as regards Securitisation regulation entered into force in January 2018 and being applicable as of 1 January 2019 is also applicable in Spain.	

Relevant web-links	
Web-links to relevant documents	https://www.boe.es/boe/dias/2014/11/08/pdfs/BOE-A-2014-11565.pdf http://www.boe.es/boe/dias/2015/04/28/pdfs/BOE-A-2015-4607.pdf

7. Consistent, consolidated supervision and regulation of SIFIs

G20/FSB Recommendations

All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)

Remarks

Jurisdictions should indicate: (1) whether they have identified domestic SIFIs and, if so, in which sectors (banks, insurers, other etc.); (2) whether the names of the identified SIFIs have been publicly disclosed; and (3) the types of policy measures taken for implementing consistent, consolidated supervision and regulation of the identified SIFIs.

Jurisdictions should not provide details on policy measures that pertain to higher loss absorbency requirements for G/D-SIBs, since these are monitored separately by the BCBS.

See, for reference, the following documents:

BCBS

- *Framework for G-SIBs (Jul 2018)*
- *Framework for D-SIBs (Oct 2012)*

IAIS

- *Global Systemically Important Insurers: Policy Measures (Jul 2013) and revised assessment methodology (updated in June 2016)*
- *IAIS SRMP guidance - FINAL (Dec 2013)*
- *Guidance on Liquidity management and planning (Oct 2014)*

FSB

- *Framework for addressing SIFIs (Nov 2011)*

Progress to date

- ○ **Not applicable**
- ○ **Applicable but no action envisaged at the moment**
- ○ **Implementation ongoing**
- ◉ **Implementation completed as of** 2016 (identification of

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- ○ Final rule or legislation approved and will come into force on
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7. Consistent, consolidated supervision and regulation of SIFIs

Progress to date

Issue is being addressed through

- [x] Primary / Secondary legislation
- [x] Regulation / Guidelines
- [ ] Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

The response by the EU Commission is also applicable in Spain. In Spain, a new Law (Law 11/2015,18th June) has been approved to fully transpose Directive 2014/59/EU (ˆBRRD"). Banco de España has adopted guidelines issued by EBA regarding G-SIIs and O-SIIs: "Guidelines on disclosure of indicators of Global Systemic importance" and "Guidelines on criteria to assess other systemically important institutions (O-SIIs)". In February 2016, the Banco de España issued a Circular that further regulates the capital buffers, including those required to G-SIIs and O-SIIs. For the identification of G-SIIs and the allocation of capital buffers requirements to them, Banco de España applies the methodology internationally approved (based on quantitative thresholds) but it can also identify G-SIIs by expert judgement. The phasing of capital buffer requirement is also provided for in the Spanish legal framework. Since 2016 Banco de España has to identify the O-SIIs applying the EBA Guidelines mentioned above and taking into account the specific features of the national banking system. Once O-SIIs have been identified Banco de España has to decide on the appropriate capital buffer to be required to each of them. Banco de España will review its assessments annually. Since 2015, Banco de España publicly discloses, on an annual basis, the names of G-SIIs and O-SIIs and their capital buffers requirements. The Banco de España`s supervisory strategy and approaches for SIFIS are decided within the SSM. In 2015, Banco de España adopted as own the following EBA Guidelines regarding certain aspects of the BRRD: - Guidelines on recovery plan indicators (May 2015). - Guidelines on triggers for use of early intervention measures (May 2015). - Guidelines on failing or likely to fail (May 2015). - Guidelines on the application of simplified obligations (July 2015). - Guidelines specifying the conditions for group financial support (July 2015). Effective from 2016, Banco de España identifies and sets capital buffers for identified systemically important institutions (annually) as well as the countercylical capital buffer rate for credit exposures located in Spain (quarterly).

If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

7. Consistent, consolidated supervision and regulation of SIFIs

Update and next steps	
Highlight **main developments since last year's survey**	**Planned actions** (if any) and expected commencement date
Banco de España updated the identification of systemically important institutions and the setting of their capital buffers (latest press release dated 21 November 2018). The announcements of BdE's policy measures can be consulted under the following link: https://www.bde.es/bde/en/areas/estabilidad/politica-macropr/	[The response by the EU Commission is also applicable in Spain]

Relevant web-links	
Web-links to relevant documents	[The response by the EU Commission is also applicable in Spain] http://www.boe.es/boe/dias/2015/06/19/pdfs/BOE-A-2015-6789.pdf http://www.bde.es/f/webbde/INF/MenuHorizontal/Normativa/circulares/C_2_2016.pdf http://www.bde.es/f/webbde/INF/MenuHorizontal/Normativa/guias/eba-gl-2015-02-es.pdf http://www.bde.es/f/webbde/INF/MenuHorizontal/Normativa/guias/eba-gl-2015-03-es.pdf http://www.bde.es/f/webbde/INF/MenuHorizontal/Normativa/guias/EBA-gl-2015-07-es.pdf

8. Establishing supervisory colleges and conducting risk assessments

G20/FSB Recommendations

To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)

We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges. (Seoul)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2017 IMN survey. The BCBS and IAIS will be monitoring implementation progress in this area with respect to banks and insurers respectively.

9. Supervisory exchange of information and coordination

G20/FSB Recommendations

To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels. (Rec V.7 , FSF 2008)

Enhance the effectiveness of core supervisory colleges. (FSB 2012)

Remarks

Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the *September 2012* BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.

Jurisdictions should describe any recent or planned regulatory, supervisory or legislative changes that contribute to the sharing of supervisory information (e.g. within supervisory colleges or via bilateral or multilateral MoUs).

Progress to date

- ○ **Not applicable**
- ○ **Applicable but no action envisaged at the moment**
- ○ **Implementation ongoing**
- ◉ **Implementation completed as of** 02.12.2016

If "**Not applicable**" or "**Applicable but no action envisaged…**" has been selected, please provide a brief justification

If "**Implementation ongoing**" has been selected, please specify

- ○ Draft in preparation, expected publication by
- ○ Draft published as of
- ○ Final rule or legislation approved and will come into force on
- ○ Final rule (for part of the reform) in force since

9. Supervisory exchange of information and coordination

Progress to date

Issue is being addressed through

- [x] Primary / Secondary legislation
- [x] Regulation / Guidelines
- [ ] Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

The response by the EU Commission is also applicable in Spain.
BANKING: An Implementing Regulation No. 710/2014, 23rd June, has been issued, regarding conditions of application of the Joint Decision process for institution-specific prudential requirements. One of the main targets of this Regulation is to set a clear process to facilitate the information exchange among supervisors in order to promote an effective supervision. In 2014, Banco de España signed a Memorandum of Understanding for sharing the Key Risk Indicators, among other supervisors and EBA. Banco de España has signed several bilateral and multilateral MoUs with different Spanish and foreign authorities. The full list is available on Banco de España website (https://www.bde.es/bde/en/areas/supervision/funcion/acuerdos/Acuerdos_de_col_6814c51aafcd821.html).

SECURITIES: In accordance with EMIR Regulation, the CNMV chairs a CCP supervisory college and is also member of three additional ones. In its capacity as competent authority as regards EU Benchmarks Regulation, the CNMV is member of the Euribor, Eonia and Libor supervisory colleges

INSURANCE: The Solvency II Directive has established a legal framework for the exchange of information between EEA countries. For cooperation with other countries, the DGSFP has also power to conclude bilateral agreements with the authorities of these states subject to the condition that these authorities are entrusted with duties similar to those entrusted in Spain to the DGSFP and provided that such authorities are themselves bound by an obligation of professional secrecy. In Insurance, Delegated acts on Colleges, specifically on the systematic exchange of information between supervisors in the College, were adopted in January 2015. Guidelines on the functioning of College were developed in September 2015 by EIOPA.

If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

9. Supervisory exchange of information and coordination

Update and next steps	
Highlight **main developments since last year's survey**	**Planned actions** (if any) and expected commencement date
The response by the EU Commission is also applicable in Spain. Law 20/2015, 14 July 2015, Ordering, supervision and solvency of insurance and reinsurance undertaking together with Royal Decree 1060/2015, 20 November transposes the Solvency II directive. Solvency II covers many aspects of information exchange and coordination. In addition, Resolution of 18th December 2015 publishing compliance by DGSFP of EIOPA Solvency II Guidelines supplements the abovementioned regulation. Completing the previous the Decision adopted by EIOPA and published on 17 February 2017, which replaces the General Protocol relating to the collaboration of the insurance supervisory authorities of the Member States of the EU of 2018. The Decision further strengthens and enhances the cooperation between the National Competent Authorities, especially in relation to cross border activities	

Relevant web-links	
Web-links to relevant documents	The response by the EU Commission is also applicable in Spain. https://www.boe.es/diario_boe/txt.php?id=BOE-A-2015-7897 https://www.boe.es/diario_boe/txt.php?id=BOE-A-2015-13057 https://www.boe.es/diario_boe/txt.php?id=BOE-A-2015-14366

10. Strengthening resources and effective supervision

G20/FSB Recommendations

We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul*)*

Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks. (FSF 2008)

Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)

Remarks

Jurisdictions should indicate any steps taken on recommendations 1, 2, 3, 4 and 7 (i.e. supervisory strategy, engagement with banks, improvements in banks' IT and MIS, data requests, and talent management strategy respectively) in the FSB thematic peer review report on supervisory frameworks and approaches to SIBs *(May 2015)*.

Progress to date

- ○ **Not applicable**
- ○ **Applicable but no action envisaged at the moment**
- ○ **Implementation ongoing**
- ◉ **Implementation completed as of** 01.01.2014

If "**Not applicable**" or "**Applicable but no action envisaged…**" has been selected, please provide a brief justification

If "**Implementation ongoing**" has been selected, please specify

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- ○ Final rule or legislation approved and will come into force on
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10. Strengthening resources and effective supervision

Progress to date

Issue is being addressed through

- [x] Primary / Secondary legislation
- [x] Regulation / Guidelines
- [ ] Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

The response by the EU Commission is also applicable in Spain.
BANKING: The supervisory strategy for significant institutions (SIs) is decided by the ECB-NCA within the SSM structure according to a common methodology. Supervisory priorities as well as strategic planning are clearly defined taking into account, mainly, the following key factors: financial and economic scenario, main risks for the banking system, changes in regulation and, supervisory insights. The supervisory programme includes on-going and on-site activities. Supervisory teams are continuously engaged with the credit institutions on data quality, reporting and management information matters through the on-going activities. Banco de España performs a very demanding recruitment process for banking supervision so that the attraction of appropriately skilled resources is guaranteed. Moreover, training programs are implemented in order to improve the supervisory capabilities of the staff.
SECURITIES: The CNMV performs a very demanding recruitment process for supervision. In its ongoing effort to improve its capabilities, the CNMV is to count on the collaboration and support of the Bank of Spain in the assessment of internal risk models and has recruited new staff highly qualified in such area. Moreover, training programs are implemented in order to improve the supervisory capabilities of the staff, including FinTech knowledge and competencies. The CNMV publishes an Annual Report that covers, among other things, supervisory priorities and strategies and description of supervisory activities. As regards financial innovation, the CNMV is paying especial attention to new technologies given their growing impact on the financial services industry. In addition, in order to monitor and survey FinTech initiatives in Spain, the CNMV has launched a FinTech portal to communicate with promoters and financial institutions on their initiatives in this area. The CNMV has set up a multidepartmental group to coordinate and monitor risks derived from cyber security as well as to encourage the adoption of necessary measures by market infrastructures and supervised entities to raise cybersecurity standards. Moreover, the Bank of Spain established in 2016 an internal coordinating committee encompassing representatives from all Directorates-General, with the aim of monitoring financial innovation and coordinating both internal departments as well as relationships with stakeholders and other authorities. Additionally, the Bank of Spain is assessing the need for potential adaptations of certain functions as a result of the growth of FinTech. This exercise includes the redesign of said functions as well as the hiring of new staff members with the aim of achieving an adequate mix of legal and financial expertise. Also, the Spanish Treasury has set up in December 2016 a cross-sectoral group encompassing representatives from the Bank of Spain, the CNMV and the Directorate-General for Insurance and Pension Funds with the aim of sharing information to keep track of financial innovation and identifying areas where there might be a need for measures by the authorities
INSURANCE: Although the Dirección General de Seguros y Fondos de Pensiones acts in an independent way in the exercise of its functions it continues forming part of the Ministry of Economy and Enterprise.

If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

10. Strengthening resources and effective supervision

Update and next steps	
Highlight **main developments since last year's survey**	**Planned actions** (if any) and expected commencement date
BANKING: Banco de España produces a Report on Banking Supervision annually, which is published in its website. The one referred to year 2018 has been published on April 2. This report covers, among other things: supervisory priorities and strategies, description of supervisory activities and measures, regulation changes, etc. In 2018 the Banco de España created the Associate Directorate General Financial Innovation and Market Infrastructures, which will perform two main functions: i) the ongoing monitoring of financial innovation processes and the analysis thereof, and ii) to develop and operate, in collaboration with other Eurosystem national central banks, pan-European market infrastructures in those areas in which the NCBs have comparative advantages. SECURITIES: The CNMV continues to place great importance on innovation in the financial field, from the perspective of both promotion and protection of investors. The CNMV has increased the monitoring of aspects relating to technological developments in the markets, including fintech, crypto-currencies, AI, RegTech, cyber risks. This has also implied recruiting new staff organisational and staff training so that the CNMV may contribute more effectively to the growing development of this innovative sector and in order to comply with the fundamental objective of investor protection.	

Relevant web-links	
Web-links to relevant documents	EEBA guidelines on supervisory review and evaluation process: https://www.eba.europa.eu/documents/10180/935249/EBA-GL-2014-13+(Guidelines+on+SREP +methodologies+and+processes).pdf Draft revised SREP Guidelines on supervisory review and evaluation process: https://www.eba.europa.eu/documents/10180/2006890/Draft+Revised+SREP+Guidelines+-+consolidated+text.pdf/094b1168-6a4a-45f2-ac2c-a8ce0c70af2f https://www.bde.es/f/webbde/Secciones/Publicaciones/PublicacionesAnuales/MemoriaSupervisionBancaria/17/MemoriaSupervision2017.pdf http://www.boe.es/buscar/act.php?id=BOE-A-2015-4607 https://www.bde.es/f/webbde/GAP/Secciones/SalaPrensa/NotasInformativas/18/presbe2018_10.pdf http://www.cnmv.es/DocPortal/Publicaciones/Informes/lA2015ENen.pdf http://www.boe.es/buscar/act.php?id=BOE-A-2015-4607

11. Establishing regulatory framework for macro-prudential oversight

G20/FSB Recommendations

Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks and private pools of capital to limit the build up of systemic risk. (London)

Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)

Remarks

Please describe major changes in the institutional arrangements for macroprudential policy (structures, mandates, powers, reporting etc.) that have taken place in your jurisdiction since the global financial crisis.

Please indicate whether an assessment has been conducted with respect to the adequacy of powers to collect and share relevant information among national authorities on financial institutions, markets and instruments to assess the potential for systemic risk. If so, please describe identified gaps in the powers to collect information, and whether any follow-up actions have been taken.

Progress to date

- ○ **Not applicable**
- ○ **Applicable but no action envisaged at the moment**
- ○ **Implementation ongoing**
- ◉ **Implementation completed as of** March 2019

If "**Not applicable**" or "**Applicable but no action envisaged…**" has been selected, please provide a brief justification

If "**Implementation ongoing**" has been selected, please specify

- ◉ Draft in preparation, expected publication by
- ○ Draft published as of
- ○ Final rule or legislation approved and will come into force on
- ○ Final rule (for part of the reform) in force since

11. Establishing regulatory framework for macro-prudential oversight

Progress to date

Issue is being addressed through

- [x] Primary / Secondary legislation
- [x] Regulation / Guidelines
- [ ] Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

BANKING: Banco de España is, since 2014, the designated macroprudential authority for the banking sector in Spain, as per the national implementation of the EU legislation on Capital Requirements (CRR/CRD). In addition to the macroprudential toolkit envisaged in EU legislation (including the Countercyclical capital buffer –CCyB or capital buffers for systemically important banks, G-SIBs/D-SIBs), Banco de España was entrusted in December 2018 with additional macroprudential tools in the Spanish legislation (Royal Decree-Law 22/2018), namely borrower-based instruments, sectoral CCyB and limits to sectoral concentration of exposures by banks. Banco de España is currently working on the secondary regulations that will underpin the operationalization of these new instruments. Banco de España is a member of the new inter-sectoral macroprudential board for the Spanish Financial System (AMCESFI, formally established in March 2019). AMCESFI's Council is chaired by the Ministry of Economy and Business, and vice-chaired by the Governor of the Banco de España. Besides, BdE holds the chairmanship and secretariat of its preparatory body (the Technical Committee for Financial Stability). AMCESFI is mandated to develop its own system-wide monitory framework of risks to financial stability in Spain. Among its powers, AMCESFI can issue warnings and recommendations addressed to sectoral authorities as well as opinions on proposal of macroprudential measures notified by the sectoral authorities (BdE, CNMV, DGSFP). The establishment of AMCESFI follows-up on a related recommendation of the IMF (Spain's FSAP on 2017) and another Recommendation of the European Systemic Risk Board (addressed to all EU countries).
SECURITIES: the CNMV has explicitly stated in its operating rules its role in the analysis and the monitoring of financial stability issues related to capital markets, The CNMV makes public regularly its notes on financial stability

If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

11. Establishing regulatory framework for macro-prudential oversight

Update and next steps

Highlight **main developments since last year's survey**	**Planned actions** (if any) and expected commencement date
BANKING: As described above, new set of macroprudential tools available in domestic regulations granted to Banco de España (borrower-based instruments, sectoral CCyB and limits to sectoral concentration of exposures by banks). Continued improvements to Banco de España's supervisory and financial reporting framework with a view to address identified data gaps and enhance its systemic risk analysis capacity. SECURITIES: As described above, new set of macroprudential tools available in domestic regulations granted to CNMV (capacity to impose additional liquidity requirements to investment funds or limits to activities that might lead to excessive risk taking or indebtedness by capital markets entities). INSURANCE: As described above, new set of macroprudential tools available in domestic regulations granted to DGSyFP (capacity to set limits to exposures to a certain sector or category of assets or to the transfer of risks or portfolios by insurance companies). The DGSFP is participating (and following) in a close way in the discussions that ˆre being carried out at present in relation with macroprudential aspects linked to the insurance(pension) sector. In particular in the EEA - ESRB, EIOPA. From a more operative perspective, the DGSFP has included between the functions assigned to the Deputy Director of Solvency in charge of the corresponding Solvency Department the following one :to carry out a risk analysis taking into account its sectoral and macroprudential impact. They have also include macroprudential tools through Royal Legislative Decree 22/2018 SECURITIES MARKETS: They have include macroprudential tools through Royal Legislative Decree 22/2018 CROSS SECTORAL: Spain has established an inter-agency body for system-wide macroprudential analysis and policy, named AMCESFI.	Banco de España is currently working on the preparation of secondary regulations that will enable the operationalization of the new set of macroprudential instruments granted in late 2018. With a view to improve its risk assessment capacity Banco de España is also working towards closing several identified data gaps in the areas of residential and commercial real estate in compliance with a related recommendation by the European Systemic Risk Board. Banco de España will contribute to the development by the AMCESFI of a system-wide monitoring framework of risks to financial stability in Spain.

Relevant web-links

Web-links to relevant documents	-Royal Decree-Law 22/2018 on new macroprudential instruments (ES version) - https://www.boe.es/buscar/doc.php?id=BOE-A-2018-17294 - Royal Decree 102/2019 on the establishment of the Autoridad Macroprudencial Consejo de Estabilidad Financiera (ES version) - https://www.boe.es/buscar/doc.php?id=BOE-A-2019-2980 - Banco de España's website (section devoted to AMCESFI): https://www.bde.es/bde/en/areas/estabilidad/amcesfi/Autoridad_Macro_041deea38293961.html

12. Enhancing system-wide monitoring and the use of macro-prudential instruments

G20/FSB Recommendations

Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level. (Rec. 3.1, FSF 2009)

We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. (Cannes)

Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)

Remarks

Please describe at a high level (including by making reference to financial stability or other reports, where available) the types of methodologies, indicators and tools used to assess systemic risks.

Please indicate the use of tools for macroprudential purposes over the past year, including: the objective for their use; the process to select, calibrate and apply them; and the approaches used to assess their effectiveness.

See, for reference, the following documents:

- FSB-IMF-BIS progress report to the G20 on *Macroprudential policy tools and frameworks (Oct 2011)*
- CGFS report on *Operationalising the selection and application of macroprudential instruments (Dec 2012)*
- IMF staff papers on *Macroprudential policy, an organizing framework (Mar 2011)*, *Key Aspects of Macroprudential policy (Jun 2013)*, and *Staff Guidance on Macroprudential Policy (Dec 2014)*
- IMF-FSB-BIS paper on *Elements of Effective Macroprudential Policies: Lessons from International Experience (Aug 2016)*
- CGFS report on *Experiences with the ex ante appraisal of macroprudential instruments (Jul 2016)*
- CGFS report on *Objective-setting and communication of macroprudential policies (Nov 2016)*

Progress to date

- ○ **Not applicable**
- ○ **Applicable but no action envisaged at the moment**
- ○ **Implementation ongoing**
- ● **Implementation completed as of** 1 January 2014 (CRD

If "**Not applicable**" or "**Applicable but no action envisaged…**" has been selected, please provide a brief justification

If "**Implementation ongoing**" has been selected, please specify

- ● Draft in preparation, expected publication by
- ○ Draft published as of
- ○ Final rule or legislation approved and will come into force on
- ○ Final rule (for part of the reform) in force since

12. Enhancing system-wide monitoring and the use of macro-prudential instruments

Progress to date

Issue is being addressed through

- [x] Primary / Secondary legislation
- [ ] Regulation / Guidelines
- [x] Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

BANKING: In its capacity as macroprudential authority for the banking sector in Spain, Banco de España has undertaken several initiatives over the last years to help develop a comprehensive approach to systemic risk analysis and the operationalization of macroprudential instruments at its disposal. Banco de España uses its own bank-level early warning model to estimate a forward-looking measure of banks' default probability. These models are updated regularly with a view to improve system-wide monitoring. Also, Banco de España has continued to develop and refine several other forward-looking methodologies and tools (including the inhouse stress testing tool named "Forward Looking Exercise on Spanish Banks" -FLESB-) to identify systemic risks and vulnerabilities,. Banco de España has enhanced an already developed risk dashboard based on a comprehensive set of indicators with the aim of promptly and timely identifying signals of emerging vulnerabilities. An aggregated version of the dashboard has been regularly included in recent BdE's Financial Stability Reports. Besides, Banco de España is conducting research in the area of bank lending conditions (mortgage credit) and real estate sector developments in Spain. Banco de España has also devoted efforts to refine its analytical framework for systemic risks by: (i) studying alternative specifications for the credit-to-GDP gap that best suit national specificities of the Spanish credit cycle, and (ii) exploring (semi-)structural econometric models for measuring credit imbalances in relation to key macrofinancial variables. These lines of work jointly contribute to build up Banco de España's expertise in this yet incipient field and, ultimately, inform its macroprudential stance. Going forward, Banco de España intends to further develop its macroprudential policy function in the context of its institutional strategic planning of activities for the upcoming years.

SECURITIES: The CNMV carries out regular financial stability analyses based on the information gathered from the regular supervisory process (periodic financial reporting of financial institutions, off-site and on-site supervision) and other information provided by external entities. In particular, CNMV performs liquidity, funding, market and credit risk and solvency analyses. To this aim, an ample variety of indicators have been developed. It also carries out analyses on developments in other parts of the financial system with a direct or indirect connection with the securities markets (e.g. credit, banks" funding, households" savings patterns, etc.). In the context of financial contagion, CNMV has a set of indicators measuring correlations as well as spillovers across markets and asset classes.In addition, CNMV has performed recently some work on the design of some heat maps and developed an indicator to measure stress in the whole financial system. Network theory is also being used to explore the existing linkages in the stock exchange market. The CNMV publishes regularly significant pieces of information and analysis related to financial stability conditions. So far, the most relevant CNMV publications regarding financial stability conditions and systemic risks are the following: (i) The "Securities markets and their agents: situation and outlook" report, published in the Quarterly Bulletin of CNMV, provides an overview of the Spanish securities markets and their participants. This semi-annual report takes into account the relevant international context and focuses on the relevant risks factors affecting prices and volumes in the main trading venues, the performance of securities markets intermediaries and investment vehicles (mutual funds, SICAV, hedge funds and venture capital). (ii) Annual Report. The Annual Report of CNMV (chapter 1) analyses the main macro-financial developments of the

If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

12. Enhancing system-wide monitoring and the use of macro-prudential instruments

Update and next steps

Highlight **main developments since last year's survey**

BBANKING: As described in the previous question, the main developments since last year's survey relate to (i) a new set of macroprudential tools available in domestic regulations to Banco de España (including borrower-based instruments, sectoral CCyB and limits to sectoral concentration of exposures by banks), and (ii) the establishment of a national inter-agency body for system-wide macroprudential analysis and policy, named AMCESFI.
As regards the use of policy measures over the last year there have been no major developments. Banco de España maintained the countercyclical capital buffer (CCyB) rate applicable to credit exposures located in Spain unchanged in 2018. BdE's methodology for guiding the calibration of this instrument remains subject to continued improvement and refinement. Banco de España carried out (and released by the end of November) its annual update of the identification and setting of capital buffers for global (G-SIBs/G-SII) and domestic (D-SIBs/O-SIIs) systemically important institutions, in accordance with the applicable EU and Spanish legislation (complaint with BCBS standards). As regards the one Spanish G-SIB concerned, BdE gave formal effect to the G-SIB list released by the FSB (November 2018).
SECURITIES: The CNMV is finishing a thorough review on its role in the development and implementation of macroprudential policies. In addition, the CNMV has encouraged technological development in securities markets through a specific project called CNMV Innovates that tries to boost new digital technologies and their possible applications to securities markets. In this context, the CNMV set an innovation hub of fintech proposals in order to help promoters and financial institutions on legislative aspects of securities markets which might affect their projects, as well as to create a space for communication with promoters and financial institutions about their initiatives in this area

Planned actions (if any) and expected commencement date

BANKING: The development of its macroprudential policy function is a strategic priority for the Banco de España. Work is underway on several fronts, including an enhanced risk monitoring framework for the banking system, through the refinement of its dashboard of indicators, the development of quantitative models applied to the dynamics of the Spanish financial and credit cycles, and the interactions between bank credit and real estate sector developments. Banco de España will contribute to the development of a system-wide monitoring framework by the AMCESFI. In parallel, Banco de España is preparing technical regulations for the operationalization of new macroprudential instruments granted by the national legislator (in addition to those available in EU legislation).
SECURITIES: One of the strategic priorities of the CNMV for the next biannual period is the assessment and following up of capital market issues impacting in financial stability. In this context, the CNMV will draft a report on its role on the design of macroprudential policies.

Relevant web-links

Web-links to relevant documents

BANKING: Banco de España's Financial Stability Report (Chapter 3 – Macroprudential Policy)
BdE's macroprudential measures can be consulted under the following link: https://www.bde.es/bde/en/areas/estabilidad/politica-macropr/
Mencía J. and J. Saurina (2016). "Macroprudential policy: objectives, instruments and indicators". Banco de España Occasional Paper no. 1601.
Castro C., A. Estrada and J. Martínez (2016). "The countercyclical capital buffer in Spain: An Analysis of key guiding indicators" Banco de España Working Paper no. 1601.
Galán, J.E., "Measuring credit-to-GDP gaps. The Hodrick-Prescott filter revisited", Occasional Paper 1906, Banco de España
Galán, J.E. and J. Mencía (2018), "Empirical Assessment of Alternative Structural Methods for Identifying Cyclical Systemic Risk in Europe", Working Paper 1825 of the

13. Enhancing regulation and supervision of CRAs

G20/FSB Recommendations

All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London*)*

National authorities will enforce compliance and require changes to a rating agency's practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process.

CRAs should differentiate ratings for structured products and provide full disclosure of their ratings track record and the information and assumptions that underpin the ratings process.

The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London*)*

Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009*)*

We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2018 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2019 survey.

14. Reducing the reliance on ratings

G20/FSB Recommendations

We also endorsed the FSB's principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul)

Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. (Rec IV. 8, FSF 2008)

We reaffirm our commitment to reduce authorities' and financial institutions' reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. (Cannes)

We call for accelerated progress by national authorities and standard setting bodies in ending the mechanistic reliance on credit ratings and encourage steps that would enhance transparency of and competition among credit rating agencies. (Los Cabos)

We call on national authorities and standard setting bodies to accelerate progress in reducing reliance on credit rating agencies, in accordance with the FSB roadmap. (St Petersburg)

Remarks

Jurisdictions should indicate the steps they are taking to address the recommendations of the May 2014 FSB thematic peer review report on the implementation of the FSB Principles for Reducing Reliance on Credit Ratings, including by implementing their agreed action plans. Any revised action plans should be sent to the FSB Secretariat so that it can be posted on the FSB website.

Jurisdictions may refer to the following documents:

- FSB *Principles for Reducing Reliance on CRA Ratings (Oct 2010)*
- FSB *Roadmap for Reducing Reliance on CRA Ratings (Nov 2012)*
- BCBS *Basel III: Finalising post-crisis reforms (Dec 2017)*
- IAIS ICP guidance 16.9 and 17.8.25
- IOSCO *Good Practices on Reducing Reliance on CRAs in Asset Management (Jun 2015)*
- IOSCO *Sound Practices at Large Intermediaries Relating to the Assessment of Creditworthiness and the Use of External Credit Ratings (Dec 2015)*.

Progress to date

- ○ **Not applicable**
- ○ **Applicable but no action envisaged at the moment**
- ○ **Implementation ongoing**
- ◉ **Implementation completed as of** 21.05.2013

If "**Not applicable**" or "**Applicable but no action envisaged…**" has been selected, please provide a brief justification

If "**Implementation ongoing**" has been selected, please specify

- ○ Draft in preparation, expected publication by
- ○ Draft published as of
- ○ Final rule or legislation approved and will come into force on
- ○ Final rule (for part of the reform) in force since

14. Reducing the reliance on ratings

Progress to date

Issue is being addressed through

- [x] Primary / Secondary legislation
- [ ] Regulation / Guidelines
- [ ] Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

The response by the EU Commission is also applicable in Spain.

If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

14. Reducing the reliance on ratings

Update and next steps	
Highlight **main developments since last year's survey**	**Planned actions** (if any) and expected commencement date
	The response by the EU Commission is also applicable in Spain

Relevant web-links	
Web-links to relevant documents	http://www.boe.es/boe/dias/2015/02/14/pdfs/BOE-A-2015-1454.pdf http://www.boe.es/buscar/pdf/2003/BOE-A-2003-20331-consolidado.pdf http://www.boe.es/boe/dias/2014/11/13/pdfs/BOE-A-2014-11714.pdf

15. Consistent application of high-quality accounting standards

G20/FSB Recommendations

Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)

Remarks

Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are of a high and internationally acceptable quality (e.g. equivalent to IFRSs as published by the IASB), and provide accurate and relevant information on financial position and performance. They should also explain the system they have for enforcement of consistent application of those standards.

Jurisdictions may want to refer to their jurisdictional profile prepared by the IFRS Foundation, which can be accessed at: http://www.ifrs.org/Use-around-the-world/Pages/Analysis-of-the-G20-IFRS-profiles.aspx.

As part of their response on this recommendation, jurisdictions should indicate the policy measures taken for appropriate application of fair value recognition, measurement and disclosure.

In addition, jurisdictions should set out any steps they intend to take (if appropriate) to foster transparent and consistent implementation of the new accounting requirements for the measurement of expected credit losses on financial assets that are being introduced by the IASB and FASB.

See, for reference, the following BCBS documents:

- *Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)*
- *Guidance on credit risk and accounting for expected credit losses (Dec 2015)*
- *Regulatory treatment of accounting provisions - interim approach and transitional arrangements (March 2017)*

Progress to date

- ○ **Not applicable**
- ○ **Applicable but no action envisaged at the moment**
- ○ **Implementation ongoing**
- ◉ **Implementation completed as of** 01.01.2015

If "**Not applicable**" or "**Applicable but no action envisaged…**" has been selected, please provide a brief justification

If "**Implementation ongoing**" has been selected, please specify

- ○ Draft in preparation, expected publication by
- ○ Draft published as of
- ○ Final rule or legislation approved and will come into force on
- ○ Final rule (for part of the reform) in force since

15. Consistent application of high-quality accounting standards

Progress to date

Issue is being addressed through

- ☑ Primary / Secondary legislation
- ☑ Regulation / Guidelines
- ☐ Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

The response by the EU Commission is also applicable in Spain. Banking :Besides direct application of IFRS to consolidated accounts of listed companies (EU adoption of IFRS thought IAS Regulation in 2002; enforcement of consistent application carry out by ESMA), accounting standards applicable to Spanish credit institutions are as follows: a) Consolidated accounts of non-listed companies: companies can chose between IFRS or national GAAP. b) Individual accounts of listed and non-listed companies: national GAAP is mandatory. For credit institutions, national GAAP, applicable in both cases a) and b) above, is Código de Comercio (Spanish Commercial Law) passed by the Parliament. Its development for banks is done through Circular 4/2017, issued by Banco de España in 2017 with effective date 1/1/2018. Thus, the standard setter for credit institutions is Banco de España. Circular 4/2017 is GAAP of high and internationally acceptable quality as it is fully compliance with IFRS as adopted by EU (policy choice made by Banco de España in 2004). This Circular is updated whenever the EU adopts a new standard, in order to guarantee timely and full compliance with IFRS. As any other accounting regulation in the EU, Código de Comercio and Circular 4/2017 comply with Accounting Directive 34/2013. To the extent that the Accounting Directive is compatible with IFRS, Circular 4/2017 will be fully aligned with IFRS. Following endorsement of IFRS 13 by the European Commission, Circular 4/2017 includes provisions regarding fair value of this standard. Banco de España, as supervisor of credit institution, is in charge of enforcement of consistent application of Circular 4/2017 among entities

.

If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

15. Consistent application of high-quality accounting standards

Update and next steps

Highlight **main developments since last year's survey**	**Planned actions** (if any) and expected commencement date
The response by the EU Commission is also applicable in Spain. SECURITIES: ESMA and IOSCO published in 2016 statement surging issuers to be transparent on the implementation plans to the new IFRS 9 Financial Instruments, IFRS 15 Revenues from Contracts and IFRS 16 Leases as well as their impact on financial position and results. The Common Enforcement Priorities for 2017 F/S also reinforces the same prior message. This year the enforcement focus of the CNMV is on the application of IFRS 9 and IFRS 15 as well as on the Non-Financial Reporting Statement. BANKING: Circular 4/2017 was amended in 2018 through circular 2/2018, which modified accounting for leases in line with IFRS 16 requirements.	The response by the EU Commission is also applicable in Spain.

Relevant web-links

Web-links to relevant documents	The response by the EU Commission is also applicable in Spain http://app.bde.es/clf_www/leyes.jsp?id=172113&tipoEnt=0 http://app.bde.es/clf_www/leyes.jsp?id=163651&tipoEnt=0

16. Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks

G20/FSB Recommendations

Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington)

National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices. (Rec. II.10, FSF 2008)

Regulators and supervisors in emerging markets will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)

We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)

Remarks

Jurisdictions should indicate the measures taken in the following areas:

- guidance to strengthen banks' risk management practices, including BCBS good practice documents (*Corporate governance principles for banks*, *External audit of banks*, and the *Internal audit function in banks*);
- measures to monitor and ensure banks' implementation of the BCBS *Principles for Sound Liquidity Risk Management and Supervision (Sep 2008)*;
- measures to supervise banks' operations in foreign currency funding markets;[1] and
- extent to which they undertake stress tests and publish their results.

Jurisdictions should not provide any updates on the implementation of Basel III liquidity requirements (and other recent standards such as capital requirements for CCPs), since these are monitored separately by the BCBS.

Progress to date

- ○ **Not applicable**
- ○ **Applicable but no action envisaged at the moment**
- ○ **Implementation ongoing**
- ◉ **Implementation completed as of** 02.02.2016

If "**Not applicable**" or "**Applicable but no action envisaged…**" has been selected, please provide a brief justification

If "**Implementation ongoing**" has been selected, please specify

- ○ Draft in preparation, expected publication by
- ○ Draft published as of
- ○ Final rule or legislation approved and will come into force on
- ○ Final rule (for part of the reform) in force since

[1] Only the emerging market jurisdictions that are members of the FSB should respond to this specific recommendation.

16. Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks

Progress to date

Issue is being addressed through

- [x] Primary / Secondary legislation
- [x] Regulation / Guidelines
- [ ] Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

The responses by the EU Commission on EBA new stress test methodology, liquidity risk management and the CRD IV-CRR framework are also applicable in Spain. National regulations expand on the following areas: 1) Risk management practices. The introduction of the CRD IV-CRR framework into our national legislation started with Royal Decree-law 14/2013, 29th November, on urgent measures to adapt Spanish legislation to the European Union framework regarding the supervision and solvency of financial institutions. It basically expanded the supervisory functions of Banco de España and Comisión Nacional del Mercado de Valores and included some limitations for variable remuneration. Shortly after, Banco de España Circular 2/2014, 31st January, exercised some of the options and national discretions provided for in the CRR. In a second stage, Law 10/2014, 26th June, on supervision and solvency of credit institutions and Royal Decree 84/2015, of 13th February, which develops Law 10/2014, transposed the Capital Requirements Directive 2013/36/EU (CRD IV) and related regulatory framework. Those regulations establish the general legal regime for accessing the status of credit institutions, the adequacy of corporate governance and the supervisory and disciplinary tools to be used by the supervisor. They introduce improvements in the area of corporate governance and internal organization for banking groups. In relation to remuneration policies, they incorporate the provisions of CRD IV, the main purpose of which is to ensure that those policies are better aligned with their medium-term risks. In November 2015, Banco de España issued Circular 6/2015 which regulates certain aspects on remunerations and corporate governance reports of savings banks and provides for the obligations of banking foundations. The full adaptation of the Spanish legislation to the CRD IV-CRR framework has been completed by the approval of Banco de España Circular 2/2016 in February 2016. The main developments introduced by the Circular are, among others: (i) the use of the national option on public-sector entities exposures; (ii) the mandatory characteristics of the supervisory review and evaluation process to be performed by the competent authority; (iii) the implementation of the regulation on capital buffers, internal governance and remuneration policy; and (iv) the management of the risks related with concentration, securitization, market, interest rate of the banking book and liquidity. With regard to internal governance, the Circular also establishes the procedure for fit and proper assessment of senior officers both by institutions and the supervisor, and certain criteria for assessing their capacity to exercise good governance. On the other hand, the accounting Circular 4/2017 deals, among other things, with governance issues. Greater involvement of credit institutions' boards of directors is required, not only in approving accounting policies but also in the periodic monitoring of their implementation. This involvement is also required in the initial and periodic internal validation of the accounting methods used to estimate allowances and provisions. The role of internal audit and control functions is also strengthened, especially in respect of information systems and databases, the quality and coherence of which are essential for developing own methodologies for estimating allowances and provisions and for decision-making at all management levels. In addition to the above, Banco de España has endorsed the following EBA Guidelines on: (i) sound remuneration policies (EBA/GL/2015/22); (ii) common procedures and methodologies for the supervisory review and evaluation process (SREP) (EBA/GL/2014/13); (iii) ICAAP and ILAAP information collected for SREP purposes (EBA/GL/2016/10); (iv) credit institutions' credit risk management practices (EBA/GL/2017/06); (v) ICT risk assessment under the Supervisory Review and Evaluation Process (SREP) (EBA/GL/2017/05); (vi) for the

If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

16. Enhancing guidance to strengthen banks’ risk management practices, including on liquidity and foreign currency funding risks

Update and next steps

Highlight **main developments since last year’s survey**	**Planned actions** (if any) and expected commencement date
The response by the EU Commission is also applicable in Spain. Additionally, Banco de España has endorsed several EBA Guidelines (those reflected in letters vi) and vii) in the “Progress to date” chart).	

Relevant web-links

Web-links to relevant documents	The response by the EU Commission is also applicable in Spain. Royal Decree-law 14/2013, 29th November, on urgent measures to adapt Spanish legislation to the European Union framework regarding the supervision and solvency of financial institutions: https://www.boe.es/diario_boe/txt.php?id=BOE-A-2013-12529 Circular 2/2014, 31st January, exercising some regulatory options provided for in Regulation (EU) No 575/2013: https://www.boe.es/buscar/act.php?id=BOE-A-2014-1183 Law 10/2014, 26th June, on supervision and solvency of credit institutions: https://www.boe.es/boe/dias/2014/06/27/pdfs/BOE-A-2014-6726.pdf Royal Decree 84/2015, 13th February, which develops Law 10/2014: https://www.boe.es/boe/dias/2015/02/14/pdfs/BOE-A-2015-1455.pdf Circular 6/2015, of 17th November, on certain aspects of remunerations and corporate governance

17. Enhanced risk disclosures by financial institutions

G20/FSB Recommendations

Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington)

We encourage further efforts by the public and private sector to enhance financial institutions' disclosures of the risks they face, including the ongoing work of the Enhanced Disclosure Task Force. (St. Petersburg)

Remarks

Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS 7 and 13) or equivalent. Jurisdictions may also use as reference the recommendations of the October 2012 report by the Enhanced Disclosure Task Force on *Enhancing the Risk Disclosures of Banks* and *Implementation Progress Report by the EDTF (Dec 2015)*, and set out any steps they have taken to foster adoption of the EDTF Principles and Recommendations.

In addition, in light of the new IASB and FASB accounting requirements for expected credit loss recognition, jurisdictions should set out any steps they intend to take (if appropriate) to foster disclosures needed to fairly depict a bank's exposure to credit risk, including its expected credit loss estimates, and to provide relevant information on a bank's underwriting practices. Jurisdictions may use as reference the recommendations in the report by the Enhanced Disclosure Task Force on the *Impact of Expected Credit Loss Approaches on Bank Risk Disclosures (Nov 2015)*, as well as the recommendations in Principle 8 of the BCBS *Guidance on credit risk and accounting for expected credit losses (Dec 2015)*.

In their responses, jurisdictions should not provide information on the implementation of Basel III Pillar 3 requirements, since this is monitored separately by the BCBS.

Progress to date

- ○ **Not applicable**
- ○ **Applicable but no action envisaged at the moment**
- ○ **Implementation ongoing**
- ◉ **Implementation completed as of** 01.01.2013

If "**Not applicable**" or "**Applicable but no action envisaged…**" has been selected, please provide a brief justification

If "**Implementation ongoing**" has been selected, please specify

- ○ Draft in preparation, expected publication by
- ○ Draft published as of
- ○ Final rule or legislation approved and will come into force on
- ○ Final rule (for part of the reform) in force since

17. Enhanced risk disclosures by financial institutions

Progress to date

Issue is being addressed through

- ☑ Primary / Secondary legislation
- ☑ Regulation / Guidelines
- ☐ Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

The response by the EU Commission is also applicable in Spain.
EU endorsed IFRS 13 in 2013. EU has also endorsed IFRS 7 and its subsequent amendments, including modifications of IFRS 7 as a result of endorsement in November 2016 of IFRS 9 (comprising new disclosures on expected credit losses (ECL)). IFRS 7 has also been incorporated to national GAAP. Accounting Circular 4/2017 of Banco de España has replaced accounting Circular 4/2004. The main purpose of Circular 4/2017 is to adapt the accounting regime for Spanish credit institutions to the changes in the European accounting regulations derived from IFRS 9 and IFRS 15, amending the accounting criteria for financial instruments and ordinary income respectively as from 1 January 2018. Therefore, Circular 4/2017 applies the EU-IFRS framework, except in the case of specific issues where the Circular includes additional accounting criteria deriving from the Spanish Commercial Code (e.g. recording of holdings in joint ventures by specific accounting method or amortisation of intangible assets, including goodwill). Circular 4/2017 is also aligned with the ECB Guidance to banks on non-performing loans (March 2017). On December 2016, Banco de España issued Circular 7/2016 on the accounting specifications for banking foundations. Furthermore, Circular 2/2016 of Banco de España establishes the need for institutions to submit the document "Prudential relevant information" referred to in part eight of the CRR for verification by internal audit or external experts.

If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

17. Enhanced risk disclosures by financial institutions

Update and next steps

Highlight **main developments since last year's survey**

On 16 January 2018, EBA adopted guidelines on uniform disclosures under CRR as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds. These guidelines aim to increase consistency and comparability of the information on own funds and capital and leverage ratios disclosed by institutions during the transition to the full implementation of the new accounting standard. Banco de España has endorsed these guidelines. On 2 July 2019, Banco de España adopted EBA guidelines on disclosure of non-performing and forborne exposures. In July 2017 the CNMV issued some Guidelines on Audit Committees remarking amongst others the need for audit Committees to monitor closely the issuers' financial and non-financial risks management systems and the level of transparency and disclosures provided publicly to the market.

Planned actions (if any) and expected commencement date

In October 2017, the EU endorsed IFRS 16. This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. Adoption of IFRS 16 implies consequential amendments to other standards or interpretations of standards. IFRS 16 applies to annual reporting periods beginning on or after 1 January 2019. Accordingly, it is expected that the accounting Circular 4/2017 is amended to incorporate IFRS 16 and related changes. In this regard, Banco de España has published a draft Circular to amend Circular 4/2017. Such draft Circular has been subject to a public hearing procedure finalised on 13 July 2018.

Relevant web-links

Web-links to relevant documents

Spanish Code of Commerce: http://www.boe.es/buscar/act.php?id=BOE-A-1885-6627 Royal Decree 1159/2010, of September 17th, approving the Standards for the Preparation of Consolidated Financial Statements amending the National Chart of Accounts: http://www.boe.es/buscar/act.php?id=BOE-A-2010-14621 Circular 2/2016, of 2nd February, on supervision and solvency, completing the adaptation of Spanish law to CRD IV and CRR: http://www.boe.es/boe/dias/2016/02/09/pdfs/BOE-A-2016-1238.pdf Circular 7/2016, of 29th November 2016 developing the accounting specifications to be applied by banking foundations: https://www.boe.es/diario_boe/txt.php?id=BOE-A-2016-11483; Circular 4/2017, of 27th November, to credit institutions, on public and confidential financial reporting rules and formats: https://www.boe.es/buscar/doc.php?id=BOE-A-2017-14334 Guidelines on credit institutions' credit risk management practices and

18. Strengthening of national deposit insurance arrangements

G20/FSB Recommendations

National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)

Remarks

Jurisdictions that have not yet adopted an explicit national deposit insurance system should describe their plans to introduce such a system.

All other jurisdictions should describe any significant design changes in their national deposit insurance system since the issuance of the revised IADI *Core Principles for Effective Deposit Insurance Systems* (November 2014).

In addition, jurisdictions should indicate if they have carried out a self-assessment of compliance (based on IADI's 2016 Handbook) with the revised Core Principles:

- If so, jurisdictions should highlight the main gaps identified and the steps proposed to address these gaps;
- If not, jurisdictions should indicate any plans to undertake a self-assessment exercise.

Progress to date

- ○ **Not applicable**
- ○ **Applicable but no action envisaged at the moment**
- ○ **Implementation ongoing**
- ◉ **Implementation completed as of** 03.07.2015

If "**Not applicable**" or "**Applicable but no action envisaged…**" has been selected, please provide a brief justification

If "**Implementation ongoing**" has been selected, please specify

- ○ Draft in preparation, expected publication by
- ○ Draft published as of
- ○ Final rule or legislation approved and will come into force on
- ○ Final rule (for part of the reform) in force since

18. Strengthening of national deposit insurance arrangements

Progress to date

Issue is being addressed through

- [x] Primary / Secondary legislation
- [ ] Regulation / Guidelines
- [ ] Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

The response by the EU Commission is also applicable in Spain.
Additionally, Royal Decree 1464/2018, 21 December 2018, developing the Spanish Securities Market Act, amended, inter alia, Royal Decree 217/2008, of 15 February, on the legal rules governing investment firms and all other institutions that provide investment services. In this respect, with effects from 17 April 2019, the Spanish DGS will also cover deposits and temporary accounts by investment firms held in credit institutions for the account of their clients in case of insolvency of the relevant credit institution.

If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

18. Strengthening of national deposit insurance arrangements

Update and next steps

Highlight **main developments since last year's survey**	**Planned actions** (if any) and expected commencement date
The response by the EU Commission is also applicable in Spain.	The response by the EU Commission is also applicable in Spain.

Relevant web-links

Web-links to relevant documents	The response by the EU Commission is also applicable in Spain. The Guidelines on methods for calculating contributions to Deposit Guarantee Schemes: https://eba.europa.eu/documents/10180/1089322/EBA-GL-2015-10+GL+on+methods +for+calculating+contributions+to+DGS.pdf/fa336fb5-7264-4381-9eee-cb2144b489e9 The Guidelines on payment commitments: https://eba.europa.eu/documents/10180/1089310/EBA-GL-2015-09+Guidelines+on+DGS+payment +commitments.pdf/5f45f6ab-1696-40a7-85b1-682b12abd781 The Guidelines on stress tests for deposit guarantee schemes: https://eba.europa.eu/documents/10180/1472555/EBA-GL-2016-04+%28Final+report+on+GL+on+DGS+stress

19. Enhancing market integrity and efficiency

G20/FSB Recommendations

We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes)

Remarks

Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets.

Jurisdictions should indicate the progress made in implementing the recommendations:

- in relation to dark liquidity, as set out in the IOSCO Report on Principles for Dark Liquidity (May 2011).
- on the impact of technological change in the IOSCO Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011).
- on market structure made in the IOSCO Report on Regulatory issues raised by changes in market structure (Dec 2013).

Progress to date

- ○ **Not applicable**
- ○ **Applicable but no action envisaged at the moment**
- ○ **Implementation ongoing**
- ◉ **Implementation completed as of** 03.01.2018

If "**Not applicable**" or "**Applicable but no action envisaged…**" has been selected, please provide a brief justification

If "**Implementation ongoing**" has been selected, please specify

- ○ Draft in preparation, expected publication by
- ○ Draft published as of
- ○ Final rule or legislation approved and will come into force on
- ○ Final rule (for part of the reform) in force since

19. Enhancing market integrity and efficiency

Progress to date

Issue is being addressed through

- ☑ Primary / Secondary legislation
- ☑ Regulation / Guidelines
- ☐ Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

The response by the EU Commission is also applicable in Spain. The Market Abuse Regulation (MAR) entered into application on 3 July 2016 and the Markets in Financial Instruments Directive and Regulation (commonly referred to as the MiFID II framework, in application since 3 January 2018. The CNMV is the authority in charge of the supervision of securities markets. The aim of the CNMV is to ensure the transparency of Spanish securities markets and the correct formation of prices, as well as the protection of investors. To this end, one of the CNMV's five strategic lines of action is the Prioritisation of supervision and promotion of market transparency and integrity in a context marked by entry into force, application and implementation of the new European rules on market abuse (MAD/MAR), the extension of investor protection measures (MiFID II, PRIIPs, etc.) and new European regulations in other areas, such as CSDR, EMIR and the rules on prospectuses. The CNMV pays special attention to improving market transparency, the proper functioning of its infrastructures and compliance with the most important standards of conduct and investor protection

If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

19. Enhancing market integrity and efficiency

Update and next steps	
Highlight **main developments since last year's survey**	**Planned actions** (if any) and expected commencement date
The response by the EU Commission is also applicable in Spain.	As mentioned in section 10, the CNMV will increase the monitoring of aspects relating to technological developments in the markets, working to ensure that the technology used by market participants is resistant to cyber risks. The CNMV will continue encouraging the use of new technologies in capital markets without neglecting its oversight of the associated risks. Precisely in relation to cyber-security, and further to the work performed over recent years, the CNMV has analysed possible actions to improve cyber-security in the financial area and it has increased its participation in international working groups that are analysing this issue. It will also drive the adoption of measures by market infrastructure operators and the managers of supervised entities to raise standards in relation to cyber-security.

Relevant web-links	
Web-links to relevant documents	The response by the EU Commission is also applicable in Spain

20. Regulation and supervision of commodity markets

G20/FSB Recommendations

We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes)

We also call on Finance ministers to monitor on a regular basis the proper implementation of IOSCO's principles for the regulation and supervision on commodity derivatives markets and encourage broader publishing and unrestricted access to aggregated open interest data. (St. Petersburg)

Remarks

Jurisdictions should indicate whether commodity markets of any type exist in their national markets.

Jurisdictions should indicate the policy measures taken to implement the principles found in IOSCO's report on *Principles for the Regulation and Supervision of Commodity Derivatives Markets (Sep 2011)*.

Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the update to the survey published by IOSCO in September 2014 on the principles for the regulation and supervision of commodity derivatives markets.

Progress to date

- ○ **Not applicable**
- ○ **Applicable but no action envisaged at the moment**
- ○ **Implementation ongoing**
- ◉ **Implementation completed as of** 03.01.2018

If "**Not applicable**" or "**Applicable but no action envisaged…**" has been selected, please provide a brief justification

If "**Implementation ongoing**" has been selected, please specify

- ○ Draft in preparation, expected publication by
- ○ Draft published as of
- ○ Final rule or legislation approved and will come into force on
- ○ Final rule (for part of the reform) in force since

20. Regulation and supervision of commodity markets

Progress to date

Issue is being addressed through

- ☑ Primary / Secondary legislation
- ☑ Regulation / Guidelines
- ☐ Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

The response by the EU Commission is also applicable in Spain

If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

20. Regulation and supervision of commodity markets

Update and next steps	
Highlight **main developments since last year's survey**	**Planned actions** (if any) and expected commencement date
The response by the EU Commission is also applicable in Spain	

Relevant web-links	
Web-links to relevant documents	The response by the EU Commission is also applicable in Spain

21. Reform of financial benchmarks

G20/FSB Recommendations

We support the establishment of the FSB's Official Sector Steering Group to coordinate work on the necessary reforms of financial benchmarks. We endorse IOSCO's Principles for Financial Benchmarks and look forward to reform as necessary of the benchmarks used internationally in the banking industry and financial markets, consistent with the IOSCO Principles. (St. Petersburg)

Collection of information on this recommendation will continue to be deferred given the ongoing reporting of progress in this area by the FSB Official Sector Steering Group, and ongoing IOSCO work to review the implementation of the IOSCO Principles for Financial Benchmarks.

22. Enhancing financial consumer protection

G20/FSB Recommendations

We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes)

Remarks

Jurisdictions should describe progress toward implementation of the OECD's *G-20 high-level principles on financial consumer protection (Oct 2011)*.

Jurisdictions may refer to OECD's *September 2013 and September 2014 reports* on effective approaches to support the implementation of the High-level Principles as well as the *G20/OECD Policy Guidance on Financial Consumer Protection in the Digital Age*, which provides additional effective approaches for operating in a digital environment. The effective approaches are of interest across all financial services sectors – banking and credit; securities; insurance and pensions – and consideration should be given to their cross-sectoral character when considering implementation. In the case of private pensions, additional guidance can be found in the *Good Practices on the Role of Pension Supervisory Authorities in Consumer Protection Related to Private Pension Systems*

Jurisdictions should, where necessary, indicate any changes or additions that have been introduced as a way to support the implementation of the High-level Principles, to address particular national terminology, situations or determinations.

Progress to date

- ◯ **Not applicable**
- ◯ **Applicable but no action envisaged at the moment**
- ◯ **Implementation ongoing**
- ◉ **Implementation completed as of** April 2019 (full trans

If "**Not applicable**" or "**Applicable but no action envisaged…**" has been selected, please provide a brief justification

If "**Implementation ongoing**" has been selected, please specify

- ◯ Draft in preparation, expected publication by
- ◯ Draft published as of
- ◯ Final rule or legislation approved and will come into force on
- ◯ Final rule (for part of the reform) in force since

22. Enhancing financial consumer protection

Progress to date

Issue is being addressed through

- ☑ Primary / Secondary legislation
- ☑ Regulation / Guidelines
- ☑ Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

The response by the EU Commission is also applicable in Spain. Over the last years, there has been a comprehensive overhaul of the Spanish regulation on financial consumer protection. Please see below most relevant initiatives sorted by sector.
1. BANKING: Law 10/2014, of 26 June 2014, on the organization, supervision and solvency of credit institutions (Law 10/2014), which constitutes the general framework of credit institutions, specifically grants to the BdE the authority to supervise credit institutions and to impose, where appropriate, administrative sanctions. Furthermore, in relation to transparency and consumers protection rules, Law 10/2014 entitles the Minister of Economy and Competitiveness to lay down specific consumer protection and transparency rules and assigns the supervisory and sanctioning powers to the BdE. Order EHA/2899/2011, of 28 October 2011, on transparency and protection of customers of banking services. Circular 5/2012 of 27 June 2012, addressed to credit institutions and payment service providers, on the transparency of banking services and the responsible granting of loans, implements in an orderly manner, consistent with best market practice, the mandates contained in Order EHA/2899/2011. 1.1 Payment services: Royal Decree-Law 19/2018 of 23 November on payment services and other urgent financial measures; Royal Decree 712/2010, of 28 May 2010, on the legal regime governing payment services and payment institutions; Order EHA/1608/2010, of 14 June 2010, on transparency of the conditions and information requirements applicable to payment services; Law 18/2014, of 15 October, approving urgent measures for growth, competitiveness and efficiency, which introduces legal caps on interchange fees (such legislation is complemented by specific reporting requirements set forth in the Circular 1/2015, of 24 March, of the Banco de España); Royal Decree-Law 11/2015, of 2 October, to regulate applicable cash withdrawal fees in ATMs (this legislation introduces a new legal regime governing the application of cash withdrawals fees in ATMs and preventing double charging to ATM users. Such legal regime is complemented by specific reporting requirements set forth in the Circular 3/2016, of 21 March, of the Banco de España, addressed to ATM providers and card/payment instruments issuers, regarding cash withdrawal fees applied to ATM users); Royal Decree-law 19/2017, of 24 November, on payment accounts with basic features, payment account switching and comparability of fees, which partially transposes into Spanish law Directive 2014/92/EU of the European Parliament and of the Council, of 23 July 2014, on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features, and its implementing regulations (Payment Accounts Directive, "PAD"): Order ECC/228/2019, of 28 February, on basic payment accounts, the process for switching accounts and requirements on comparability of fees; Circular 2/2019 of 29 March, on requirements on the fee information document and payment accounts comparison websites; and Royal Decree 164/2019, of March 22, which establishes a free regime of basic payment accounts for persons in a situation of vulnerability or at risk of financial exclusion. 1.2 Consumer credit and mortgages: Law 16/2011, of 24 June 2011, on consumer credit agreements (competences are shared with national or autonomous regions organisms); Law 5/2019, of 15 March, on Real Estate credit agreements, and its implementing regulations: Royal Decree 309/2019, of 26 April, and Order ECE/482/2019, of 26 April, which transpose into Spanish law the Mortgage Credit Directive ("MCD"); Law 2/2009, of 31 March 2009, which regulates mortgage-backed loan or credit facility agreements and brokering services for loan or credit facility agreements

If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

22. Enhancing financial consumer protection

Update and next steps

Highlight **main developments since last year's survey**	**Planned actions** (if any) and expected commencement date
The response by the EU Commission is also applicable in Spain. Partial transposition of the PSD2 and full transposition of the PAD (see 1.1 above) • Full transposition of the MCD (see 1.2 above) Royal Decree-law 19/2017, of 24 November, on payment accounts with basic features, payment account switching and comparability of fees, (see 1.2 above). • Together with MiFID II, the MiFIR Regulation entered into force on January 3, 2018. MIFIR, which is directly applicable, introduces specific intervention powers for ESMA as well as for national supervisors, which will allow the temporary prohibition or restriction of advertising, distribution or sale of a product, instrument, activity or financial practice when certain conditions are met. • In addition, the PRIIPs Regulation (Packaged Retail and Insurance-Based Investment Products) is applicable in 2018. It affects a wide range of investment products marketed to retail investors and which will improve the information received by investors on more complex products. • The Regulation on benchmarks used in financial instruments and financial contracts, also applicable from January 2018 on, will also be a relevant factor for improved investor protection as it helps ensure that benchmarks produced and used in the European Union are reliable and representative. • The CNMV approved the Circular 1/2018 on warnings about financial instruments, with the purpose of increasing the protection of retail investors by reinforcing their informed consent and improving information transparency in the distribution of financial instruments. The Circular establishes three types of warnings that credit institutions and investment firms must issue to their clients:i) particular complexity warning comprising certain highly complex instruments with a high risk level (such as CF, binary optins, convertible debt, perpetual debt and, in certain cases, subordinated debt and OTC derivatives) that are not appropriate, in general, for widespread circulation among the retail public; ii) Warning on liability instruments eligible for internal recapitalisation (bail-in); iii) Warning about significant differences with respect to the instrument's value. • The CNMV conducted a review on the marketing of CFDs and other speculative products among retail investors. The weaknesses identified, together with the conclusions drawn from similar exercises carried out by other European authorities, led to the	The response by the EU Commission is also applicable in Spain. Finalisation of the full transposition into Spanish national law of the EU revised Payment Services Directive (2015/2366/EU). In the area of Alternative Dispute Resolution, the Government is studying the reform of the current institutional framework for investor protection and complaint handling services. This initiative was anticipated in the sixth additional provision of Law 5/2015 on Promoting Business Finance. In 2018 the Financial Education Plan will be renewed with a new strategy for the next four years. Banco de España is currently reviewing Circular 6/2010, of 28 September 2010, which regulates the advertising of banking services and products. In 2018, the Government consulted on a draft bill about policy measures to promote the digital transformation in the financial system. Such draft bill includes, among other measures, the establishment of a 'regulatory sandbox', where financial supervisors will be involved through different tasks and responsibilities. It is foreseen that such bill will be passed at some point in the next term of parliament.

Relevant web-links

Web-links to relevant documents	Legislation Banking: http://www.bde.es/bde/es/secciones/normativas/Regulacion_de_En/Estatal/Transparencia___1f9672d6c1fd821.html Securities: http://www.cnmv.es/Portal/legislacion/legislacion/tematico.aspx?id=8 Insurance: http://www.dgsfp.mineco.es/sector/Legislacion/ordenacionysupervision.asp Securities markets: http://www.cnmv.es/portal/Publicaciones/PublicacionesGN.aspx?id=23 Insurance: http://www.dgsfp.mineco.es/reclamaciones/ Financial education: http://www.finanzasparatodos.es/ http://www.cnmv.es/Portal/legislacion/legislacion/verDoc.axd?t=%7b320a9c28-cbd8-48d5-ad35-916cfbdb6538%7d https://www.esma.europa.eu/sites/default/files/library/esma35-43-1000_additional_information_on_the_agreed_product_intervention_measures_relating_to_contracts_for_differences_and_binary_options.pdf http://www.finanzasparatodos.es/gepeese http://www.cnmv.es/portal/Inversor/Indice.aspx http://www.dgsfp.mineco.es/Gaspar.asp

List of abbreviations used

CNMV: Comisión Nacional del Mercado de Valores (Spanish supervisory authority for securities, stock markets and investment services companies)
DGSFP: Dirección General de Seguros y Fondos de Pensiones (Spanish supervisory authority for insurance companies and pension funds)

Sources of recommendations

- Buenos Aires: G20 Leaders' Communique (27 November 2018)
- Hamburg: G20 Leaders' Communique (7-8 July 2017)
- Hangzhou: G20 Leaders' Communique (4-5 September 2016)
- Antalya: G20 Leaders' Communique (15-16 November 2015)
- Brisbane: G20 Leaders' Communique (15-16 November 2014)
- St Petersburg: The G20 Leaders' Declaration (5-6 September 2013)
- Los Cabos: The G20 Leaders' Declaration (18-19 June 2012)
- Cannes: The Cannes Summit Final Declaration (3-4 November 2011)
- Seoul: The Seoul Summit Document (11-12 November 2010)
- Toronto: The G-20 Toronto Summit Declaration (26-27 June 2010)
- Pittsburgh: Leaders' Statement at the Pittsburgh Summit (25 September 2009)
- London: The London Summit Declaration on Strengthening the Financial System (2 April 2009)
- Washington: The Washington Summit Action Plan to Implement Principles for Reform (15 November 2008)
- FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience (7 April 2008)
- FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System (2 April 2009)
- FSB 2009: The FSB Report on Improving Financial Regulation (25 September 2009)
- FSB 2012: The FSB Report on Increasing the Intensity and Effectiveness of SIFI Supervision (1 November 2012)