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Member Report: SPAIN

1. ECONOMIC AND FINANCIAL BACKGROUND

Table 1: Key Economic and Financial Indicators*		
	2015	**2016**
Population (millions)	46.450	46.446
GDP (EUR billion)	1,076	1,114
Real GDP growth (%)	3.2	3.2
Inflation rate (%)	0.0	1.6
Unemployment rate (%)	20.9	18.63
Stock market capitalisation (EUR billion)	677.7	669.0
Stock market capitalisation (% of GDP)	63.0	60.1
Bond market capitalisation (EUR billion)	1,396	1,417
Bond market capitalisation (% of GDP)	129.7	127.2
Household gross savings ratio (%)	8.2	7.7
Household financial wealth (EUR billion)	2,062	2,090
Average per capita financial wealth (EUR)	44,392	44,996

** Households include non-profit institutions serving households*

In 2016, the Spanish economy consolidated the trend initiated in 2014, and GDP expanded 3.2%, the same as last year, and higher growth than most of countries in the euro area. GDP expansion was encouraged by the sharp decline of unemployment.

After thirteen quarters of growth in a row, Spanish economy has recovered the loss of activity suffered during previous years (2008-2012) of economic crisis.

Although household disposable income increased during this year (2.5%), gross savings ratio dropped to 7.7% of gross disposable income in 2016 (8,2% in 2015), since the growth in consumption expenditure was 3.0%.

Financial position of Spanish households improved in 2016 for the fourth year in a row, due to a combination of lower indebtedness and higher households' income (in a context of falling energy prices, income tax cuts and recovery of the labor market).

2. DATA ON FUNDS UNDER MANAGEMENT AND PORTFOLIOS

Table 2: Net Assets by the Fund Industry in Spain (EUR billion)					
	2012	**2013**	**2014**	**2015**	**2016**
Home-domiciled UCITS & AIF	150.4	185.5	229.2	254.4	268.5
Funds domiciled abroad and promoted by national providers	1.2	2.0	3.0	4.0	5.0
Foreign-domiciled funds promoted by foreign providers	53	65	90	118	125
Total AuM	204.6	252.5	322.2	376.4	398.5

Table 3: Home-domiciled UCITS & AIF Assets by Fund Type (EUR billion)		
	2015	**2016**
Equity funds	41.51	43.06
Bond funds	70.06	82.46
Multi-asset funds	100.01	96.13
Money market funds	8.13	9.59
Guaranteed/protected funds	21.45	22.86
Absolute Return Innovative Strategies (ARIS) funds	11.17	12.33
Real estate funds	0.42	0.38
Other funds	1.61	1.72
Total	254.37	268.51
of which:		
ETFs	0.45	0.31
Funds of funds		
Institutional funds		

The collective investment industry continued the growth trend initiated in 2013 and increased its assets under management by 5.9% to 398.5 EUR billion (22 billion higher than in 2015), reaching a historic high in Spain. In only four years, the industry has doubled its assets under management.

As in 2015, the low interest rates scenario is benefiting collective investment industry, and this has induced investors to look for more profitable investment alternatives than low-earning bank deposits.

At the end of 2016, domestic UCITS&AIF assets under management amounted to 268.5 EUR billion. It represented a rise of 5.6 percent (14.14 billion higher than in 2015). This growth was based on both UCITS Market and AIF Market growth, increasing 8 and 6 EUR billion respectively.

Table 4: Number of Funds		
	2015	**2016**
Home-domiciled UCITS	1,505	1,656
➢ **Funds**		
➢ **Units**		
➢ **Classes**		
Home-domiciled AIF	787	747
Foreign funds registered for sales	880	941

The restructuring process of the Spanish banking system, with mergers and integrations of financial institutions and consequently of their management companies, appears to have concluded. In fact, the number of domestic schemes registered in 2016 reached 2,403 (significantly more than the 2,292 registered at the end of 2015). Moreover, registrations of foreign-domiciled UCITS promoted by foreign providers rose by 61 to 941 schemes.

Table 5: Main Assets of Households (*) (EUR billion)					
	2012	**2013**	**2014**	**2015**	**2016**
Currency & deposits	841.1	863.0	850.6	847.9	860.8
Debt securities	71.6	49.1	33.1	34.9	36.1
Quoted shares	117.4	169.7	166.2	150.9	155.3
Life & pension funds (1)	263.5	282.6	311.7	313.5	332.9
Investment funds					
➢ **Direct ownership**(2)	117.9	176.5	219.8	251.0	263.8
➢ **Via life ins, policies**	-	-	-	-	-
Other (3)	360.4	393.8	404.9	463.8	441.0
Total financial assets	1,771.9	1,934.7	1,986.3	2,062.0	2,089.9
Non-financial assets	-	-	-	-	-

(*) Data relate to households including non-profit institutions serving households.

(1) Pension funds included for 2012: 115 bn; 2013: 123 bn; 2014: 132 bn; 2015: 136 bn; 2016: 139 bn.

(2) Excluding investment funds owned by companies.

(3) Non-quoted shares included for 2012: 202 bn; 2013: 259 bn; 2014: 263 bn; 2015: 315 bn; 2016: 293 bn.

3. KEY TRENDS IN FLOWS AND ASSETS UNDER MANAGEMENT

The uncertainty and high market volatility of the first months of the year increased investors risk aversion and shifted investment preferences with respect to prior years towards more conservative options (bonds and guaranteed funds). In fact, in UCITS&AIF market as a whole, the largest inflows corresponded to bond funds (11,028 EUR million) and guaranteed funds (3,457 million), while net outflows were registered in multi-assets funds (3,003 million).

Investment volume of foreign-domiciled funds marketed in Spain also grew for the fifth consecutive year. In 2016, net assets of these institutions increased by 5.9 percent to EUR 125 billion.

The rise in assets owed almost entirely to net sales, exceeding 14 EUR billion. So, net sales contributed to the increase in assets by 99.6%.

Table 6: Home-domiciled UCITS & AIF Net Sales by Fund Type (EUR billion)		
	2015	**2016**
Equity funds	9,232	561
Bond funds	-11,430	11,028
Multi-asset funds	28,597	-3,003
Money market funds	-156	1,514
Guaranteed/protected funds	-6,560	3,457
Absolute Return Innovative Strategies (ARIS) funds	4,396	687
Real estate funds	-1	
Other funds	107	-44
Total	24,185	14,200
of which:		
ETFs	99	-124
Funds of funds		
Institutional funds		

Table 7: Net Asset Acquisition by Households (*) (EUR billion)					
	2012	**2013**	**2014**	**2015**	**2016**
Currency & deposits	3.2	22.0	-12.4	-2.7	12.9
Debt securities	-24.7	-37.7	-25.3	-2.3	-1.4
Quoted shares	24.0	-2.6	-10.6	-13.5	-1.9
Life & pension funds	2.6	7.8	13.7	2.9	12.7
Investment funds	-8.8	20.7	34.7	33.7	16.8
Other	-30.6	-30.4	-6.1	17.9	13.6

(*) Data relate to households including non-profit institutions serving households.

The total financial assets held by households increased to 2,090 billion, all-time high. The pattern of investment was similar to 2015 with households holding their preferences towards investment funds.

TRENDS IN FLOWS AND ASSETS UNDER MANAGEMENT: 2017

Assets under management in mutual funds increased by 5.9% in the first half of 2017 to 286.2 billion euros, higher than the increase experienced during 2016 (5.6%). In the same sense, net sales have been positive in every month, 12,337 million euro accumulated until June 2017.

The good performance of financial markets has contributed to decrease the risk aversion of Spanish unitholders, who have changed preferences towards equity exposure funds, in contrast to the behavior of investors last year. Until June, equity exposure funds has experienced inflows higher than 15 billion euro, whereas bond funds and guaranteed funds have registered outflows of more than 4 billion euro.

Table 8: Key trends in flows and assets under management 2017		
	2016	**June 2017**
NET ASSETS (billion euro)		
Home-domiciled UCITS&AIF	268.5	286.2
Total Net Assets	**268.5**	**286.2**
NET SALES (million euro)		
Home-domiciled UCITS&AIF	14,200	12,337
Total Net Sales	**14,200**	**12,337**

4. PRODUCT DEVELOPMENTS

A) Review of category of complex products

MIFID II and the draft texts incorporating the Directive to national law, establish that all non-harmonized CIS are considered to be automatically complex, the distribution of which will require the prior performance of a convenience test.

This will affect a large base of Spanish non-UCITS retail funds, in particular, guaranteed funds and fixed income defined return funds whose aim is to preserve the capital invested and which are mainly distributed among risk-averse retail investors. These kind of funds, are low risk funds and have been designed to be non-complex instruments and differ from UCITS only in terms of diversification limits, but which would otherwise easily qualify as non-complex instruments.

B) ESMA final Opinion on UCITS share classes

The purpose of this document is to establish a common legal framework for UCITS share classes, given the lack of a class concept in the Directive itself. To this end, ESMA has established four general principles UCITS must comply when they establish share classes:

1.-Common investment objective: All classes of the same fund (or sub-fund) must have a common investment objective, which is reflected in the investment in a common set of assets. For this reason, ESMA considers that setting specific hedges for a class, other than those related to exchange rate risk, is not compatible with this principle.

2. Non-contagion: UCITS managers must establish appropriate operating procedures to minimize the potential adverse impact that the specific characteristics of one share class may have on others. The fact that there is no segregation of assets between classes determines that, for example, if derivatives are used to hedge the currency-risk of a class, these derivatives will form part of the common pool of assets. To avoid this, ESMA specifies certain operational principles to follow in those cases.

3.-Predetermination: All the characteristics of a class must be established since its inception, so that the investor knows the risks/characteristics of a particular class before investing in it.

4.-Transparency: The existence and nature of different classes of shares of the same fund must be made known to all fund investors.

Given that ESMA limits the possibility of specific hedges with derivatives to currency-risk, share classes that hedge other risks with derivatives (duration or volatility, among others) are considered not compliant with the principles established in UCITS to constitute share classes. Therefore, ESMA establishes that these classes must be closed to new investors within a period of 6 months as of the publication of the opinion, and for additional investments by existing investors, within 18 months of the publication of the opinion.

C) MMF Regulation at EU level

This Regulation will impact all MMFs managed, marketed or based in the EU. Although it was published on the OJ on the 30th of June 2017, its application was not to be immediate. Accordingly, the regulation will apply to any new MMFs as of next June 2018; though for existing MMFs in the EU there will be an 18 month transitional period (December 2018).

The Regulation will change the MMF landscape for investors in EU-domiciled MMFs, providing new categories of funds and criteria by which they have to abide. Indeed, there will be three MMF categories, depending on the way in which the assets are valued in the portfolio: MMF of variable net asset value (VNAV), MMF with low volatility NAV (LVNAV), MMF of public debt of constant net asset value (CNAV). There will be also, two types of MMF, depending on the term of their portfolios: Short term (possible in all three categories), Standard (only possible for VNAV).

For that matter, it is possible that it is necessary to modify certain rules of the Spanish regulatory framework of CIS to adapt it to this Regulation to incorporate the new categories of MMF and eliminate discrepancies on eligible assets and maturity of the assets, since, as established in the Regulation itself, Member States cannot impose more restrictive conditions.

5. REGULATORY AND SELF REGULATORY DEVELOPMENTS (INCLUDING TAX)

Additionally to the developments mentioned in section 4, the main regulatory developments, with direct or indirect impact on fund and/or asset management, are:

A) Fund Distribution

- MiFID II

  The Ministry of finance has opened to public hearing the texts for the transposition of MIFID II in Spain, until the 18th of September 2017. The transposition is carried out by means of a Draft Law and a Draft Royal Decree that includes regulatory development. Among the most relevant issues, we highlight those relating to:

- Incentives. As you may recall, the Directive provided for an open list of three legitimate cases in which the payment of incentives in the distribution of financial instruments was admitted. However, the draft text not only does not support a new case, as requested from the whole financial industry, it seems to, also, close the list. Thus, the draft texts do not enable any other distribution model, which will be detrimental for the distribution of CIS in Spain.

- Research analysis costs. At the request of INVERCO, and subject to certain requirements, it is introduced as a general rule the possibility that CIS bear the costs research fees, a possibility that until now was only allowed when this service was remunerated in combination to the brokerage commission.

- <u>Other amendments to the Spanish CIS Law</u>

  - Omnibus accounts: It allows the application of the omnibus accounts to the pre-existing positions of the investors, Law 16/2013 of October 29 introduced the omnibus accounts but did not allowed their use for those participants already registered in the Manager's registry.

  - Hardening of the penalty system of the CIS Law: the maximum amounts of sanctions increase significantly.

- <u>CNMV Technical Guides on knowledge and experience of financial institutions staff providing information and/or advising clients</u>

  On June 27, 2017, CNMV published the Technical Guide on knowledge and skills of financial institutions staff providing information and /or advising clients.

  The purpose of this Technical Guide is to establish, in compliance with MiFID II (Directive 2014/65), the criteria on the knowledge and skills to be provided by staff providing information and / or advising clients by account of those entities, in a manner in which said knowledge and competences must be evaluated, and how to prove their compliance with the CNMV. The aforementioned Guide would therefore apply to Management companies to the extent that they provide investment services subject to MiFID rules.

  For that matter, it is worth mentioning the flexible approach adopted by CNMV regarding the validation of employee knowledge, for which three possibilities are foreseen: (i) a title or certification of a list to be prepared by CNMV (ii) another external qualification, under the responsibility of the entity to verify the equivalence of the training and the evaluation with the requirements of the Guide; or (iii) an internal qualification of the entity that meets the requirements of the Guide.

- <u>Technical guide on reinforcement of transparency of investment funds with an specific objective of return beyond 3 years</u>

  CNMV has approved this Technical Guide with the aim of strengthening investor protection and that its consent is duly informed. To this end, it is proposed to include a series of warnings in the KID and in all commercial documentation of the fund, to include under the following circumstances:

  - At any event: "The long-term investments made by the fund are exposed to a high market risk so that repayments made before maturity can result in significant losses for the investor."
  - If there are not at least 4 liquidity windows per year: "It is noted that the fund's objective expires on the ... and that any reimbursement made before that date will bear a repayment commission of ...%, except if ordered in any way of the ... specifically scheduled dates."
  - If the commercialization period lasts more than one month: "During the initial trading period the fund is allowed not to value a part of its operations, so it may be the case that the net asset value of the shares undergoes a relevant variation the first valuation day (xx-xx-xx) ".

  The Guide also provides that "when certain transactions are not being valued during the initial trading period and whenever there are latent losses, the management company and the entities of its group that participate in the commercialization of the fund, should not carry out further marketing activities than those which would have been conducted in the absence of such a circumstance.

- Communication of CNMV on the distribution to clients of CIS share classes and clone funds

  CNMV issued on October 2016 a communication in which the supervisor identified certain practices regarding the distribution to clients of CIS with share classes with same investment policy and different economic conditions and clone funds, in which the collection of incentives, implied not acting in the best interest of the unit holder and, consequently, that those practices were not compliant with the rules of conduct. Due to the impact on distribution of national and foreign CIS, INVERCO requested CNMV clarification on some of the points raised by this communication.

B) Tax rules

No major legislative changes have come into force. Please find below, a brief review of the main tax related regulation approved:

- Draft Order modifying model 187, of the annual informative declaration on operations with CIS

  The purpose of the amendment is to incorporate into the model the information regarding the merger of SICAVs and investment funds and the application (or non-application) of the tax deferral regime. The Order will be applicable, for the first time, for the declarations corresponding to 2017 that will be presented in 2018.

- Draft Order approving Form 232

  This form will be used for informative declarations regarding related transactions, as well as transactions and financial situations related to countries or territories considered tax havens.

- Order HFP/1978/2016, of December 28, approving form 231, “Country-by-Country Report Return”.

  This is the form through which entities obliged to submit this information (“Country-by-Country Report”) must fulfill this obligation in Spain. Any entity resident in Spain that forms part of a group obliged to file the Country-By Country Report must also provide online (on the form established for the purpose a few days ago by the Tax Agency on its website) the identification, country or territory and status of the entity that prepares and files this information.

  The information required is that set forth in article 14 of the Corporate Income Tax Regulations, and will include, with respect to the tax period of the parent, on an aggregate basis for each country or jurisdiction and in euros.

- Royal Decree 596/2016, of 2 December, for the modernization, improvement and promotion of the use of electronic means in the management of the Value Added Tax (VAT).

  Taxpayers who file VAT returns on a monthly basis will be required to apply this regime as from 1 July 2017, by means of which they will be obliged to electronically keep the Spanish VAT books through this new “Immediate Submission of Information” (ISI) system. This electronic keeping is achieved through the electronic submission of information of the VAT books, extended for these monthly taxpayers. The ISI will be optional for other taxpayers.

  Under the new system, the information related to all invoices issued or received, customs documents and accountancy documents, if any, must be transmitted electronically and almost immediately to the Spanish Tax Authorities (the STA), so that the STA have all of the information relating to the operations carried out by VAT taxpayers in real time. The ISI impacts all invoices, either complete or simplified. The ISI aim is to provide the STA with all the relevant information about invoices issued and deductible VAT on invoices received. This information will allow the STA to have a greater control of VAT and the transactions performed, as well as to help taxpayers with the preparation of the VAT returns.

The enforcement of this Royal Decree is compulsory as of 1 July 2017. However, taxpayers subject to the ISI will have to provide the electronic information about their VAT books corresponding to the period between 1 January 2017 and 30 June 2017 during the period between 1 July and 31 December 2017, so that the complete information should be compiled as of 1 January 2018.

- Order HAP/1695/2016, of 25 October, establishing the reporting template “modelo 289” for the mandatory automatic exchange of financial accounts information in tax matters.

  The main purpose of the Order is to specify certain aspects of Royal Decree 1021/2015 of 13 November, which establishes the obligation to identify the tax residence of persons who hold title to or control of certain financial accounts and to inform (Hereinafter "Royal Decree 1021/2015"), which establishes the obligation of financial institutions to identify the residence of persons who hold the ownership of certain financial accounts and, In the event that such residence corresponds to certain jurisdictions, the obligation to communicate certain information about them to the Tax Agency.

  This Royal Decree, together with the previous amendment of the Agencia Tributaria (Tax authority) through Law 34/2015, and the Draft Order constitute the incorporation into the Spanish legal order of Directive 2014/107 / EU and the Multilateral Agreement of Competent Authorities of the OECD.

  In relation to the Collective Investment Schemes, although the Draft Order did not include any express provision in this respect, the Order, on the proposal of the Association, has included a Single Additional Provision in which the same treatment is granted to them in FATCA.

C) Other Relevant Regulations

- PRIIPS (Regulation EU No 1286/2014 of the European Parliament and of the Council, of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs)

  The Regulation on key information documents for packaged retail and insurance-based investment products (hereinafter “PRIIPs”) introduces a key information document (KID – a simple document giving key facts to investors in a clear and understandable manner) covering not only collective investment schemes but also other ’packaged’ investment products offered by banks or insurance companies.

  According to this regulation, it is necessary to make a Key Information Document (KID) which includes information about investment products in an easy and brief way, in order to make a comparative with other products. This KID will be produced by investment product manufacturers and provided to retail customers when they are considering buying investment products (a transitory period of 5 years in which this regulation will not be applied to the UCITs and Non UCITs Funds has been introduced). To the extent that SICAVS and non-UCIT funds in Spain must also prepare a KID in accordance with UCITS rules, the temporary exemption provided for in Article 32.2 of Regulation 1286/2014 also applies to them and, therefore, PRIIPS KID should not be available until January 1, 2020.

  When such products have funds as underlying investments (as in the case of unit-linked), it forces management companies to provide certain information to the insurer (transaction costs, performance scenarios or risk indicators), and the exchange of certain information which might be difficult to obtain whenever the insurer and the management company do not belong to the same group. INVERCO has been working with a Group of experts, in order to develop a template for the information to be exchanged between the management companies and product suppliers PRIIPS offering retail investors to choose between different investment options (MOP).

- EMIR (Regulation EU No 648/2012 of the European Parliament and of the Council, of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.

  In relation to EMIR is worth mentioning, with regard to risk mitigation techniques, the exchange of variation margin, since it had a special impact in certain type of Spanish funds.
  The variation margin obligation has had a special impact on those funds with a specific objective of profitability, guaranteed or not, insofar as they are generally structured on two non-centrally cleared OTC derivatives. Variation margin is applicable from the very first day on which the OTC derivative is

celebrated, so that these funds faced the problem that during the period of their commercialization they could not have enough cash to comply with the obligation to deliver the corresponding guarantee required by the variation margin obligation.

This problem was examined by the Association along with CNMV. For this purpose, the CNMV endorsed three different alternatives.

- Regulation (EU) 2016/1011 of the European Parliament and of the Council, of 8 June 2016, on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014

  The Benchmarks Regulation has already entered into force and the majority of its provision will be applicable as of January 2018. FIA and UCITS users are supervised entities according to Art. 3.19 and 3.7.e) Benchmarks Regulation.

  Since the Spanish regulator (CNMV) requires to include an index in many investment Funds' prospectus as a reference for their performance (even if they do not to replicate/reproduce said index), therefore this regulation may lead to:

  - Certain indexes that are being indicated in the prospectus without charge, might end up being considered crucial or significant.
  - An increase of costs applied to investors through management fee/charge.
  - More time and resources spent by the management companies in order to select or not a particular index.

6. CORPORATE GOVERNANCE - MAJOR DEVELOPMENTS

The main rules are the ones concerning remuneration policies which in Spain have been imposed for both non UCITS and UCITS managers by the amendment of the Spanish Collective Investment Institutions Act transposing the AIFMD.

CNMV established in its communication of 28 December 2016 that it will apply the principle of proportionality in UCITS in terms of the criteria set out in the remuneration policies Guidelines under AIFMD.

As stated in the communication itself, this implies, on the one hand, the possibility of not applying certain rules, such as partial deferral or payment of part in financial instruments, and, on the other hand, an application adapted to the characteristics of each entity of the principle of equilibrium between the fixed and variable components of remuneration, i.e. the principle that the fixed component must constitute a sufficiently relevant part of the total remuneration. In this respect, the CNMV considers that this principle of balance, in the area of the managers, is compatible with the possibility that the variable part of the remuneration can exceed twice the fixed remuneration.

At EU level, the Revision of the Shareholders' Right Directive (SRD II) was published 20th of June 2017, with Member States set to transpose the Directive into national law within 24 months of its entry into force. Although, Spanish Collective Investment Institutions are already obliged to have a policy on voting rights which is mainly aimed at transparency, the revised directive could have a significant impact on the relationship between institutional investors and asset managers.

7. FUND GOVERNANCE

Audit law (Law 22/2015 of, July 20th, of Auditing) establishes the obligation of Public Interest Companies to have an Audit Committee (with some exemptions established in the legislation).
Management Companies of investment funds which are Public Interest Entities (if they exceed certain thresholds) must have an Audit Committee provided the exemption included in the legislation does not apply.

On June 27, 2017, CNMV published the Technical Guide on Audit Committees. This Guide contains principles, recommendations and criteria for the proper functioning of audit committees. It is directed mainly to those Management Companies of Collective Investment Schemes and Pension Fund Management considered Entities of Public Interest (EIP) that are required to have an Audit Committee since they cannot apply the exemption of small / medium companies.

Besides, CNMV has also published on January 2017 a Technical Guide on related-party transactions carried out by Management Companies, which sets out a series of criteria that CNMV will take into account during its supervising activities in relation to internal procedures concerning related-party transactions.

8. OTHER MAJOR ISSUES AND DEVELOPMENTS

INVERCO has participated in all the regulatory initiatives launched during the public period. The main topics have been referred to the analysis and potential impact on the industry of several regulatory proposals, currently under negotiation.

- In the domestic field, the main activities have been (i) the involvement in the implementation process of the MIFID II to Spanish legislation (ii) the variation margin obligation and its impact in some Spanish funds (iii) the transposition of IORP II Directive

- Regarding international issues, the most relevant matters have been:

    - MIFID II, in particular Level 2 legislation on the classification of FIAs as complex products, the inducements scheme, investment research, target market and transaction reporting.
    - PRIIPs Regulation
    - EMIR Regulation
    - IORP II Directive

- Themes and Issues discussed in conferences & workshops organized by your association

    - Increase the assets of investment funds
    - Investment funds as alternative to deposits
    - SICAV: proposal by political parties
    - New perspective of the investment funds industry
    - Collaborations with magazines and newspapers

- Topics covered in educational seminars & training courses organized by your association

    - "INVERCO Observatory" (http://www.observatorioinverco.es/ was created by INVERCO with the purpose of spreading and explaining characteristics and advantages of Investment Funds and Pension Plans. The Observatory undertook the following activities during 2016-2017:

        - Surveys on the following issues:

            - Survey on Fund preferences
            - Survey on the perception of Asset Managers in relation to different aspects: prospects for 2017, situation of the industry, creation of new products, financial education and the profile of unit holders.

        - Guidelines and Frequently Asked Questions documents (FAQ) about Investment and Pension Funds.
        - Didactic sessions with the financial specialized media.

    - Regarding financial education, many actions are underway from both sides, at a public level and in the private sector. All financial institutions are engaged to attain this common goal, since sound financial education enhances the well-being of society as a whole, by favouring the proper management of personal finances, making well-informed decisions and reducing the risk of financial exclusion, excessive debt or consumption of inadequate financial products.

INVERCO has also joined this objective and among the different actions foreseen for this year 2017, there will be a blog, education campaigns that aim to ease the understanding of financial concepts, an online video contest and social talks as well as several infographics. Besides these proposals, INVERCO has signed an agreement with all three National Supervisor Authorities (Bank of Spain, CNMV and DGSFP) through which our members can adhere to promote joint actions for achieving this overarching goal.

- Moreover, INVERCO publishes several periodical reports regarding statistical data, to allow an accurate update of the industry situation. There is a quarterly newsletter which keeps informed the members with the latest regulations news, as well as reports that deal with assets, investors, subscriptions, redemption, fees, yields, etc. Moreover two guides have been made by INVERCO related to the impact of MIFID II on management funds and 100 Q&A about Occupational Pensions.