



corporate governance

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THE CNMV APPROVES NEW STANDARD FORMS FOR THE ANNUAL CORPORATE GOVERNANCE REPORT AND FOR THE ANNUAL REMUNERATION REPORT

On June 24, 2013, the following Circulars were published in the Official State Gazette:

- [Circular 4/2013](#), of June 12, 2013, establishing the standard forms for the annual report on remuneration (“ARR”) of the directors of listed companies and of the members of the boards of directors and control committees of savings banks issuing securities admitted to trading on official securities markets (“**Circular 4/2013**”)
- [Circular 5/2013](#), of June 12, 2013, establishing the standard forms for the annual report on corporate governance (“ACGR”) of listed companies, savings banks and other entities issuing securities admitted to trading on official securities markets (“**Circular 5/2013**”)

These Circulars are issued under: (i) Sustainable Economy Law 2/2011 and Royal Decree-Law 11/2010, of July 9, 2010, on governing bodies and other aspects of the legal regime governing savings banks, which imposed new corporate governance obligations on listed companies (*sociedades anónimas*) and savings banks, respectively; and (ii) Order ECC/461/2013, of March 20, 2013, determining the contents and structure of the annual corporate governance report, the annual remuneration report, and other disclosure instruments of listed companies, savings banks and other entities issuing securities admitted to trading on official securities markets. This Order gave the Spanish National Securities Market Commission (“CNMV”) the power to define the details of the contents and structure of both reports, establishing standard forms or models on which the different entities should publicly release such reports. These two Circulars are the result of the CNMV exercising this power.

Both Circulars entered into force on the day following their publication in the Official State Gazette, although they will apply to ARR that must be put to a vote at annual shareholders’ meetings or at annual general assemblies held on or after January 1, 2014, and to ACGRs to be filed by entities on or after January 1, 2014.

The Circulars contain the following standard forms:

■ **Circular 4/2013**

- Schedule I: Standard-form ARR on directors of listed companies
- Schedule II: Standard-form ARR on members of the boards of directors and control committees of savings banks

■ **Circular 5/2013**

- Schedule I: Standard-form ACGR on listed companies

In this regard, note that rule one.2 of the Circular establishes that companies that do not comply with certain recommendations of the Unified Good Governance Code for listed companies need not fill out certain sections of the form, without prejudice to chapter “G” of the ACGR including the appropriate explanations where the company does not follow, or only partly follows, the recommendations.

- Schedule II: Standard-form ACGR on other entities—except savings banks—that issue securities traded on official markets
- Schedule III: Standard-form ACGR on savings banks that issue securities admitted to trading on official securities markets

In this case, note that rule three.2 of the Circular establishes that savings banks that do not issue equity units traded on official securities markets need not fill out certain sections of the form.

In the case of both ARRs and ACGRs, the report contents comply with the provisions of Order ECC/461/2013, the main new features of which were discussed in our [Update](#) on that Order.

Both Circulars indicate that entities must heed the accompanying instructions for filling in the forms.

Circular 5/2013 repeals:

- (i) rules 1.1, 1.2 and 2, as regards the provisions established for ACGRs, and rules 3, 4, 5 and 6 of CNMV Circular 1/2004 on listed companies and other entities issuing securities admitted to trading on official securities markets and other disclosure instruments of listed companies;

- (ii) CNMV Circular 4/2007 amending the standard-form ACGR on listed companies; and
- (iii) rules 1.1, 1.2 and 2, 3, 4 and 5 and additional provisions one and two of CNMV Circular 2/2005 on the ACGR and other information of savings banks.

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