

# How to set up an Investment Adviser in Spain



**Spanish Investment Advisers (*Empresas de Asesoramiento Financiero* or *EAFI*) are individuals or legal entities exclusively authorised to carry out investment advice and/or ancillary services. Investment Advisors may benefit from the EU passport and render cross-border services in other EU Member States by means of establishing a branch or through the freedom to provide services (no appointing agents is possible).**

## Authorisation procedure

The application for the creation of an Investment Advisor must be submitted with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores* or *CNMV*). The process may legally take a maximum of 6 months since the application form is completed. If no official reply is formulated within the aforementioned period, the application will be deemed rejected.

Once the authorisation is granted, the Investment Adviser must be incorporated into the Spanish Mercantile Registry (*Registro Mercantil*). Afterwards it must be incorporated into the Special Registry of the CNMV.

## Supervisory authority

Investment Advisors in Spain are supervised by the Spanish Securities Market Commission (CNMV).

## Regulatory framework

The legal conditions governing the establishment of a Investment Advisor in Spain are laid down in the Royal Decree 217/2008, of 15 February, on Investment Firms and by the CNMV Circular 10/2008, 30 December, on EAFI.

## Capital and shareholders

Investment Advisors which are legal entities must have a minimum share capital of 50,000 Euros or; professional civil liability insurance which covers all the EU territory, or other guarantee to face any liability derived from professional negligence, with a minimum cover of 1 million Euros for damage claim and a total of 1.5 million Euros for all claims; or a combination of professional civil liability insurance and share capital.

Investment Advisors who are individuals must just subscribe the aforementioned insurance.

## Requirements to carry out their activity

Investment Advisors will have sound administrative and accounting organisation. Defined procedures and adequate internal control processes are required.

## Central administration

Investment Advisors which are legal entities may either have a Board of Directors or a sole administrator.

The administrators or the majority of the members of the Board of Directors must evidence their commercial and professional honorability. Likewise they must be experienced and have adequate knowledge to carry out their functions.