

How to create a Management Company in Spain



Spanish Management Companies (*Sociedades Gestoras de Instituciones de Inversión Colectiva* or *SGIIC*) will benefit from opportunities derived from UCITS IV in relation to the EU passport and may render cross-border services in other EU Member States.

Authorisation procedure

The application for the creation of a Management Company 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 5 months since the application form is completed.

Authorisation is accorded by the Minister of Economy and Finance prior favorable CNMV's report.

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

Supervisory authority and Regulatory Framework

The SGIIC are supervised by the CNMV.

The legal conditions governing the establishment of a SGIIC in Spain are laid down in the Law 35/2003, of 4 November, of Collective Investment Schemes (CIS) and the Royal Decree 1309/2005, of 4 November, which approves the CIS Regulation.

Management Companies services

- Discretionary portfolio management services
- Investment advice
- Distribution of own and third party's CIS

Capital and shareholders

The minimum share capital is 300,000 Euros, which will be subscribed and fully disbursed.

Management Companies must have additional own resources which are normally determined depending on the assets under management.

Management Companies shareholders may be either individuals or legal entities. They must meet commercial and professional honorability and have sufficient economic resources.

Requirements to carry out their activity

Management Companies will be incorporated as a public limited company (*Sociedad Anónima*). They will have sound administrative and accounting organisation. In addition, defined procedures and adequate internal control processes are required.

Central administration

The registered seat and central administration of a Management Company must be in Spain.

Members of the Board of Directors (at least 3) must evidence their commercial and professional honorability. Likewise they must be experienced and must have adequate knowledge. The aforementioned requirements will be also applicable to general managers.