

# Securities Lending for Spanish CISs

## 1. Form and nature of the Regulation

After years of waiting, Spain has opened the door to securities lending for investment funds with the introduction of [Order ECM/1155/2025, of 14 October](#) (the “Order”).

Although this practice has long been available in other EU markets, it had not been authorised in Spain until now. This long-awaited reform introduces a clear framework for eligible assets, collateral requirements, and enhanced control and transparency obligations for both managers and depositaries. As a result, Spanish funds can now improve portfolio efficiency and returns within a robust investor-protection regime, marking a significant step towards a more competitive and attractive fund market.

## 2. Scope and key participants

The framework applies to financial collective investment institutions (“**CISs**”) as set out in Chapter I, Title III of [Law 35/2003 of 4 of November](#), excluding alternative investment funds, which already had this flexibility. The eligible borrowers include supervised financial entities, central counterparties and central securities depositories established in EU or OECD member states with regulatory cooperation mechanisms with the CNMV.

## 3. Core operational principles

CISs may lend securities solely for efficient portfolio management, provided this aligns with each fund’s investment objectives and liquidity profile. Eligible assets include transferable securities, derivatives linked to them, and money market instruments, all of which must be unencumbered and freely transferable. Managers must be able to terminate lending at any time and ensure contracts allow for the immediate return of lent securities. Lending volumes must not compromise redemption capacity. Any legal form is permitted, including standardised agreements, but contracts must make the borrower liable in case of default or insolvency. Use of specialised agents for collateral management or reinvestment is allowed if costs are in line with market practice.

## 4. Transparency and investor information:

CISs must provide clear pre-contractual disclosure in fund documentation describing:

- the intention to engage in securities lending;
- related risks (counterparty, conflicts of interest, impact on returns);
- impact on the profitability of the CISs; and
- the fund’s policy on fees and cost allocation, including beneficiaries.

Furthermore, annual reports of the CISs must include information on exposures, counterparties, collateral composition as well as costs and fees.

## 5. Risk management and internal controls

Managers are required to integrate securities-lending risks fully within their internal risk and compliance frameworks. This includes defining procedures for counterparty selection and diversification, daily collateral valuation and continuous liquidity monitoring. Moreover, collateral must always exceed the value of lent asset and be revalued daily. The collateral issuer must not belong to the borrower's group. Acceptable collateral includes cash, deposits, high-quality public debt, listed equities and money-market CISs, subject to strict diversification and issuer independence rules.

## 6. Role of the Depositary

Depositaries assume a reinforced supervisory role. They are responsible for settlement, custody and monitoring of lending operations and must ensure compliance with the Order's requirements. Any shortfall in collateral or lack of reporting will be considered a material irregularity under Spanish regulation.

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