Regulation Outlook

October 2014
Financial Systems and Regulation Area

- High Quality Securitizations (HQS): EU first regulatory actions
- The European Commission publishes the final version of the Liquidity Coverage Ratio (LCR) Delegated Act: LCR, a key part of the regulatory framework.
- No surprise in the ECB comprehensive assessment: Publication of results completes a major step for a functioning Banking Union.
- From shadow banking to translucent banking: Good progress, but still much to be accomplished
- Financial crowdfunding: First regulatory steps in Europe

Index

Summary

High Quality Securitisation: EU first regulatory actions

COM adopts two delegated acts that include provisions on HQS. The COM has adopted, on 10 October, detailed prudential rules for banks (Liquidity Coverage Ratio - LCR) and insurance companies (Solvency II directive) that consider a preferential treatment for securitisations that meet some criteria of quality and rating. These two delegated regulations have been sent to the Parliament and the Council for scrutiny and, if no objection is raised, they will become mandatory after publication in the Official Journal.

European Commission publishes the final version of the Liquidity Coverage Ratio (LCR) Delegated Act

LCR, a key part of the regulatory framework. On 10 October 2014, the European Commission (EC) published the final version of the LCR Delegated Act. Now, the European Parliament and the European Council have six months to present amendments to this final version which will come into force in October 2015. The LCR together with the NSFR represent a milestone in the building up of the Pillar 1 liquidity framework within the European Union. While the NSFR represents a more structural, or long-term, ratio, the LCR measures the liquidity position of a bank under stressed conditions.

No surprise in the ECB comprehensive assessment

Publication of results completes a major step for a functioning Banking Union. On 26 October the ECB published the results of the comprehensive assessment, which included an asset quality review (AQR) and a stress test. The AQR, in which banks were required to meet an 8% common equity tier 1 (CET1) ratio, revealed a capital shortfall of EUR5bn distributed among 16 banks. In the stress test banks were required to hold an 8% CET1 ratio in the baseline scenario and a 5.5% CET1 ratio in the adverse scenario. The overall capital shortfall in the comprehensive assessment stood at EUR24.6bn, concentrated in Italy (EUR9.7bn/0.8% RWA) and Greece (EUR8.7bn/4.2% RWA).

From shadow banking to translucent banking

Good progress, but still much to be accomplished. In April 2011, for the first time, the Financial Stability Board (FSB) tackled shadow banking directly, scoping its issues. On 14 October, the FSB finished its regulatory framework for haircuts on non-centrally cleared securities financing transactions (SFTs). Although some progress has been made, there is still a long way to go before shadow banking is adequately identified and regulated.

Financial crowdfunding

First regulatory steps in Europe. The first steps in regulating financial crowdfunding have been taken by some EU Member States, to foster this new form of financing while adequately protecting investors. However, a pan-European approach is necessary, to develop a single cross-border market and to fulfil the potential of financial crowdfunding as a complementary source to traditional funding, in particular for SMEs and start-ups.

1 High Quality Securitisation: EU first regulatory actions

COM adopts two delegated acts

The COM adopted on 10 October detailed prudential rules for banks (Liquidity Coverage Ratio - LCR) and insurance companies (Solvency II directive) that consider a preferential treatment for securitisations that meet some criteria of quality and rating. These two delegated regulations have been sent to the Parliament and the Council for endorsement and, if no objection is raised, they will become mandatory after publication in the Official Journal.

LCR and Solvency II: Common criteria for the definition of HQS

Under the reviewed rules, certain securitisations positions, only the most senior tranches,will be **eligible for a more proportionate and risk sensitive prudential treatment**, provided that they meet a set of eligible criteria that are detailed in those regulations. In the case of **LCR**, only certain HQS will count for the liquidity buffer (see Table 1), mandatory for banks starting in October 2015. The range of eligible ABS being considered in the EU is broader than that recommended by Basel (only RMBS). For **insurance companies**, investing in certain HQS (Type 1) will be subject to much lower capital charges than investing in any other asset backed security (Type 2), starting in 2016.

Table 1
Preferential treatment for HQS

LCR: Inclusion in the liquidity buffer (Tier 2B, capped at 15% of the buffer)		Solvency II: risk charges under standard formula (per year of modified duration)		
Type	**Haircut**	**Rating**	**Type 1**	**Type 2**
Residential mortgages	25%	**AAA**	2,1%	12,5%
Auto loans	25%	**AA**	3%	13,4%
SME loans	35%	**A**	3%	16,6%
Consumer loans	35%	**BBB**	3%	19,7%

Source: BBVA Research based on COM delegated acts

Both regulations share **general eligible criteria. Those common** criteria may be seen as the core elements of the definition of HQS. In particular, the common elements envisaged in both regulations refer to: i) structural features; ii) underlying assets characteristics; iii) underwriting process, and iv) transparency features. Both regulations require maximum seniority, that ensures enhanced credit quality compared to that of the underlying portfolio. As the purpose is different in each regulation, some **specific criteria** have been added in LCR provisions to favour that HQS instruments are also highly liquid. For instance, tradability on generally accepted repurchase markets and a minimum rating requirement of AA-. This rating requirement is more demanding than the BBB- considered for Type 1 under Solvency II.

EBA launches a consultation on HQS

The European Banking Authority issued a discussion paper on high quality securitisation, following the formal request by the European Commission for advice. The paper sets out detailed criteria to define HQS instruments and considers that they should be granted lower capital charges in banking requirements. The EBA also calls for a cross-sector revision of current regulations. The consultation period ends on 14 January, and the final advice to the COM is intended to be delivered in 2Q2015.

Assessment

We welcome this regulatory action as a first step to promote robust securitisation and differentiation in the market. For that, the approach taken of aligning HQS definition across financial sectors is fully recommended. Nevertheless, we consider that the adopted criterion of differentiating only the most senior tranches of robust securitisation structures should be extended proportionately to all the tranches of those structures, if we want those transactions to be revived.

Important initiatives are underway, at both the European and international levels (IOSCO/BCBS) to define HQS and review their prudential consideration. Probably, after completion of the global standards, European recently adopted regulation may need to be reviewed.

2 The European Commission publishes the final version of the LCR Delegated Act

LCR, a key part of the regulatory framework

The aim of the LCR is that financial institutions should maintain a sufficient level of liquid assets to withstand the excess of liquidity outflows over inflows that could be expected to accumulate over a 30-day stressed period. The LCR will be mandatory, on a consolidated basis, from October 2015 (i.e. at 60%), which is later than expected, and the phase-in period will finish by January 2018 (i.e. 100%), one year in advance of Basel III requirements.

Liquidity buffer (numerator)

The Delegated Act defines three levels (Level 1, 2A and 2B) of assets according to their liquidity properties. Apart from some operational requirements, the Delegated Act requires some general features to be fulfilled by liquid assets included in the buffer (i.e. not issued by the credit institution itself or by a financial institution, with the exception of covered bonds and ABS).

Figure 1
Haircuts, caps and floors to different liquid assets

Level 1	Coins and Central Banks		0%	Min. 60%	Min. 3%
	Sovereigns Member States and Thrid countries	All Member States: Third countries AA-			
	Covered Bonds	> €500mn: AA- or 10%RW; 2%OC	7%		
Level 2A	Sovereigns and sub-nationals (thrid countries)	>A- or 20% RW	15%	Max. 40%	
	Sub nationals (EU)	>A- or 20% RW			
	Covered Bonds	> €250mn: A- or 20%RW; 7%OC			
	Covered Bonds Thrid countries	AA- or 10%RW; 7% OC			
	Corporates	> €250mn, A- up to years tenor			
Level 2B	ABS (RMBS (LTV>80%, LTI <45%); Auto)	AA- senior tranche; €100mn; average life<5yr	25%		Max. 15%
	ABS (SME, consumer)	AA- senior; €100mn; average life <5year	35%		
	Corporates	> €250mn; BBB- up to years	50%		
	Equity	Major indices			
	Covered Bonds	> €250mn; no rating; 10% OC	30%		
	Liquidity facilities by ECB	Comminent fee			

Source: BBVA Research

Net liquidity outflows (denominator)

The Delegated Act clearly separates the net outflows coming from retail financing from the wholesale financing. Regarding **retail deposits**, the Delegated Act applies a 5% outflow rate for stable deposits and recognises the possibility of applying a reduced outflow rate (i.e.: 3%) when deposits are covered by a Deposit Guarantee Fund (DGF) under certain conditions. These conditions (i.e. available financial means, ready access to funding, etc.) are in line with Basel recommendations. However, the Delegated Act defines higher outflows for other retail deposits (i.e.: >EUR500k, internet-only account, 30 days, etc.). Regarding **wholesale financing** the Delegated Act differentiates between secured and unsecured financing being the treatment, in general, more benign to secured financing.

Assessment

The publication represents a decisive step in the building up of the liquidity framework within the European Union. The treatment of covered bonds and ABS has been positive. In addition to this, the final ratio recognises the stability of retail financing. However, the possibility of applying a reduced rate is still too limited. Finally, the final version requires a consolidated ratio by reporting currency, which is not consistent with the specificities of the decentralised liquidity management model, and cannot be used to assess the liquidity position of financial institutions with this model.

3 No surprise in the ECB comprehensive assessment

Publication of results completes a major step for a functioning Banking Union.

On 26 October the ECB published the results of the comprehensive assessment, which included an asset quality review (AQR) and a stress test. The AQR, in which banks were required to meet an 8% common equity tier 1 (CET1) ratio, revealed a capital shortfall of EUR5bn distributed among 16 banks. In the stress test banks were required to hold an 8% CET1 ratio in the baseline scenario and a 5.5% CET1 ratio in the adverse scenario. The overall capital shortfall in the comprehensive assessment stood at EUR24.6bn, concentrated in Italy (EUR9.7bn/0.8% RWA) and Greece (EUR8.7bn/4.2% RWA).

Capital shortfalls total EUR24.6bn (25 entities) but fall to EUR9.5bn (13 entities) after considering capital raised in 2014

From the 25 entities that failed, 12 are technical failures, as they have raised sufficient capital in 2014 to cover the shortfall. This shows that the AQR/stress test was a success in triggering pre-emptive capital increases. The rest of failures are four banks from Italy, two from Greece, two from Slovenia and one each from Austria, Belgium, Cyprus, Ireland and Portugal. These 13 banks' assets account for 4% of total examined banks' assets. No global systemically important bank displays capital shortfalls as the latter are concentrated in small to mid-sized banks.

The AQR prompts EUR47.5bn adjustments to provisions and EUR136bn in problematic exposures

The ECB worked to harmonize asset quality metrics as non-performing exposures (NPE) definitions vary across countries and a reasonable level of standardization was required so that results were comparable. Thererefore NPE were increased by EUR135.9bn. On average 12% of debtors were reclassified as NPE (only 7% in Spain). The AQR resulted in P&L adjustments of EUR47.5bn (EUR33.8bn post tax), most of them resulting from individually assessed provisions (EUR26.8bn) and collectively assessed provisions (EUR16.2bn). Fair value exposures were only adjusted by EUR4.6bn.

Spanish banks among the best performers

Spanish banks displayed very good results as the AQR identified a low volume (EUR2.2bn) of necessary adjustments (14 basis points (bps) of CET1, the lowest in Europe) and the resilience of banks' capital to the stress test was very high. In the adverse scenario, the median decline in the CET1 ratio was 400 bps with Spanish banks the second best performers (159bps reduction) after Estonia. In addition the system displays large cushions to absorb shocks and therefore after the adverse scenario, the average excess of CET1 was 347bps. Only one Spanish bank, Liberbank, shows a capial shortfall (EUR32 million in the AQR), which was already addressed during 2014 with a capital increase of EUR575 million.

The exercise facilitates balance sheet repair, transparency and consistency

With the publication of results, one of the major steps for a functioning Banking Union is completed. Our overall assessment is positive as this unprecedented exercise: (i) provides a sharp increase in transparency which enables market participants to have a much better picture of the health of the European banking sector; (ii) shows that the European banking sector is resilient to an adverse economic scenario and (iii) displays very manageable capital needs (€9.5bn), showing the exercise has been a success in triggering pre-emptive capital increases.

4 From shadow banking to *translucent* banking

Good progress, but still much to be accomplished

In April 2011, for the first time, the Financial Stability Board (FSB) tackled shadow banking directly, scoping its issues. On 14 October, the FSB finished its regulatory framework for haircuts on non-centrally cleared securities financing transactions (SFTs). Although some progress has been made[1], there is still a long way to go before shadow banking is adequately identified and regulated.

An overall view

In October 2011 the initial recommendations of the FSB were endorsed by the G20. The strategy was aimed at creating a monitoring framework to track developments outside the banking system and working on policies to strengthen oversight and regulation. For that, five workstreams (WS) were created: banks' interactions with shadow banking entities (WS1), Money Market Funds (MMFs) (WS2), other shadow banking entities (WS3); securitisation (WS4) and securities lending and repos (WS5). Until now, some progress has been made: i) banks' exposure to a shadow banking entity cannot exceed 25% of the bank's Tier1 capital; ii) money market funds and securitisations are in the recommendations phase and under monitoring; iii) information sharing related to other shadow banking entities, such as hedge funds, is being promoted, and iv) a regulatory framework has just been established for non-centrally cleared SFTs.

Table 1
A timeline of shadow banking main milestones

Date	Landmark
October 2011	**The FSB** strategy was endorsed by G20: initial recommendations with a work plan (five workstreams created)
March 2012	**The EC** published its Green Paper on Shadow Banking
October 2012	**IOSCO** launched its final report on Policy Recommendations for Money Market Funds (MMFs)
November 2012	**The FSB** published three consultations: (i) Strengthening Oversight and Regulation of Shadow Banking Entities;(ii) Overview of Policy Recommendations and (iii) Risks in Securities Lending and Repos
August 2013	**The FSB** published two policy frameworks for: i) Addressing shadow banking risks in securities lending and repos and ii) Strengthening oversight and Regulation of Shadow Banking Entities
September 2013	**The EC** proposed a European framework designed for money market funds (MMFs)
November 2013	**The FSB** launched Quantitative Impact Study (QIS2) on proposed regulatory framework for haircuts on SFTs
January 2014	**The EC** published its proposal on transparency of SFTs (possible political agreement in 2H15)
June 2014	**The ECB** published its opinion on EC's proposal on transparency of SFTs
October 2014	**The FSB** has published a regulatory framework for haircuts on non-centrally cleared SFTs
October 2014	**The FSB** will publish its annual Global Shadow Banking Monitoring Report
November 2014	**The FSB** will propose standards and processes to enhance transparency on SFTs
2015. Not specified	**The FSB** will launch a peer review on the national implementation of the high-level policy framework
End 2017. Expected	**FSB member** authorities will implement the regulatory framework for Haircuts on Non-centrally Cleared SFTs

Source: BBVA Research based on FSB, IOSCO, ECB and EC

Some light provided by the ECB, the IMF and the FSB

On 24 June, the ECB published its opinion broadly supporting the EC's proposal on transparency of SFTs, and it considers that the EC's initiative will foster financial stability in the EU[2]. Moreover, in an article on *structural features of the wider euro area financial sector* (October 2014), it shows that the size of non-bank euro area entities has significantly increased, especially if compared with the bank sector. This piece also serves for the regular monitoring of the risks of euro area non-banks with the bank sector.

On 1 October, Chapter 2 of the IMF's Global Financial Stability Report (GFSR) examined *Shadow banking around the globe.* Among other things, it points out that a macroprudential perspective would be very helpful to mitigate the risks of non-bank entities and activities.

The FSB has launched the first regulatory framework on collateral rules for SFTs, that also intends to *capture* non-bank to non-bank transactions[3] with the aim of mitigating excessive leverage and marking out the volatility.

1: A short summary can be found in *Shadow banking: into the light* in the Regulation Outlook of March 2014.
2: The ECB made specific observations in four areas: (i) exemption for central bank transactions from transparency and reporting obligations; (ii) clarification of the EC's power to amend the list of exemptions; (iii) rehypothecation, and (iv) modalities for the reporting of data on SFTs
3: The FSB has also asked for comments to apply numerical haircut floors to non-bank to non-bank transactions (Deadline: 15 Dec 2014)

5 Financial crowdfunding

First regulatory steps in Europe

The first steps in regulating financial crowdfunding have been taken by some EU Member States, to foster this new form of financing while adequately protecting investors. However, a pan-European approach is necessary, to develop a single cross-border market and to fulfil the potential of financial crowdfunding as a complementary source to traditional funding, in particular for SMEs and start-ups.

Crowdfunding: financing alternative taking off

Crowdfunding represents an alternative of financing in which the funds are obtained from many small investors instead of a unique source, diluting risks among the “crowd”. The activity is underpinned by web-based platforms that facilitate the matching between investors and entrepreneurs or borrowers in a digital relationship.

Crowdfunding platforms have flourished in the last few years, due to the technological progress and the shortage of funding from traditional sources. Although this intermediation may fall within the concept of shadow banking, as it involves potentially higher solvency and liquidity risks for investors, if properly directed, crowdfunding has great potential as a complement to the traditional financial sector, helping SMEs and start-ups to raise funds for their projects and thus contributing to economic growth.

Regulatory framework in Europe: fragmented markets

Some early-adopter Member States — Italy, UK, France, Germany and Spain — have taken regulatory action on financial return crowdfunding (mainly crowdlending and equity crowdfunding) with the aim of encouraging this new source of funding while protecting retail investors. In general, those rules establish an official registry of platforms, distinguish between different business models, and set disclosure requirements and investment limits in order to protect investors. However, there are significant differences between countries. In particular, the investment limits are heterogeneous regarding both quantities and on whom they are imposed (the issuer or the investor) and how they are defined: per platform, per investment.

Moreover, recently approved Spanish regulation has imposed the same regulations on both lending-based and equity crowdfunding, while the general approach has been to place tighter restrictions on the equity model.

Regulatory action is welcome, to build market confidence and to foster competition through transparency and standardisation. Yet country-specific approaches inhibit crowdfunding from cross-border development, creating market fragmentation in Europe. Thus, a common regulatory framework would be welcome to create a single crowdfunding market in the EU, through which to obtain a critical mass for this new form of financing as a complement to more traditional forms.

Main regulatory actions around the world in 2014

	Recent issues	Upcoming issues
Global	On **15 and 25 Sep FSB and BCBS** reviewed last years' **financial reforms** and pending objectives On **26 Sep FSB** launched consultation on **cross-border resolution** On **30 Sep FSB** published a report on **enhanced disclosure** (EDTF) On **30 Sep FSB-IOSCO** published reports on **FX benchmarks** On **06 Oct BIS** launched consultation on simpler approaches for **operational risk** On **10 Oct BCBS** launched consultation on **corporate governance principles** On **10 Oct BIS** published report on reform of **OTC derivatives** On **11 Oct** 18 major banks agreed on **ISDA resolution stay protocol** On **14 Oct FSB** published regulatory framework for **haircuts on securities financing transactions** **On 15 Oct FSB** updadted **Key Attributes** for effective resolution regimes On **27 Oct FSB** published a report on **cross-border** consistencies of **structural reforms**	**On 15 Nov Australia will host the G20 Leaders Summit** **FSB** is expected to publish **new G-SIB list on Nov 2014** **Basel III** Regulatory consistency Assessment Programme **(RCAP)** will be issued on **Dec 2014**
EUROPE	**On 30 Sep EC** adopted ITS on the **disclosure of values** used to identify global systemically important institutions **(G-SIIs)** **EBA** launched **8 consultations on resolution** in the context of the BRRD On **02 Oct ECB** published details of two **asset purchase programmes** On **03 Oct EBA** launched consultation on provision of **group financial support** On **09 Oct Council and EP declassified** directives of negotiation of **TTIP** On **10 Oct EC** adopted Delegated Acts on the **liquidity coverage requirement** and the **leverage ratio** On **08 Oct** EC adopted Delegated Regulation on the provisional system of instalments to cover the **administrative expenditures of the SRB** On **08 Oct EC** adopted Delegated Regulation on methodology to **identify G-SIIs and subcategories** of G-SIIs On **14 Oct EBA** launched consultation on simple, standard and transparent **securitisation** On **14 OctEU Council** published compromise texts on a proposal for **revision of Payment System Directive** and a **regulation on interchange fees for card-based payments** On **17 Oct EC** adopted Delegated Regulation on calculation of positions for legal entities within a group with **long/short positions** in relation to a particular issuer On **18 Oct** an **ECB decision** on **separation** between the monetary policy and supervision functions of the ECB was published in the OJEU On **21 Oct EC** adopted a delegated act and a proposal for a Council immplenting act on **contributions of banks to national resolution funds and to the Single Resolution Funds** On **22 Oct EP gave its support to the new EC**, after hearings of Commissioners in october.Council appointed the EC on 23/10. On **23 Oct ECB** launched consultation on **reporting of supervisory financial information** On **23 Oct EBA** updated the list of identified **financial conglomerates** On **24 Oct** the OJEU publsihed a **EC** Delegated Regulation on minimum amount of the **professional indeminity insurance** to be held by credit intermediaries. On **26 Oct ECB** published the results of the **comprehensive assessment** and **EBA results** of the **EU-wide stress test**	On **01 Nov** the **new European Commission** will start its term of office On **04 Nov** the **SSM** will become fully operational On **01 Dec Donald Tusk** will take office as European Council President

Continued on next page

(cont)	Recent issues	Upcoming issues
MEXICO	On **09 Sep Condusef, following the CNBV,** issued rules on publication of **imposed sanctions**, alligned with the recent Financial Reform On **03 Oct Banco de Mexico** issued rules requiring all financial entities to adhere to the **general credit bureau framework**, and to periodically report to at least one bureau On **17 Oct** Banco de Mexico and CNBV set up the **Banking Liquidity Regulation Committee**	CNBV and Banco de Mexico will continue to develop the **Basel III liquidity regime**. The LCR framework expected to be published and effective in early 2015
LATAM	On **01 Oct** the **Venezuelan banking regulator** indefinetely differed a 1% increase of mimimum capital-to-assets ratio, initially scheduled for Dec 2014. On **07 Oct Argentina** increased **contribution rate paid by banks** to the Deposit Insurance Fund and the amount of coverage for small investors. On **21 Oct Colombia** introduced a **simplified banking license** that allows money transfers and payments and to receive virtual deposits but not to offer loans. On **27 Oct** the **Venezuelan banking regulator** set caps to the amounts banks are allowed to lend each other at the interbank market.	**In Colombia** the **Ministry of Finance** is discussing allowing insurance companies to offer their services through banking correspondents
USA	**FDIC and Bank of England** met to coordinate **resolution of G-SIBs** **CFPB** increases **disclosure requirements** for **credit card** issuers On **22 Oct Federal Agencies** approve final **risk retention** rule in securitisations On **23 Oct Fed** released **supervisory scenarios** for 2015 capital planning and stress testing	**Fed** about to decide on a range for a **tougher capital surcharge** imposed on **large US banks** than required by international regulators. Regulators expect to finalize this year a **mortgage regulation** under Dodd-Frank reform law **Commodity Futures Trading Commission** will examine banks that are altering **parameters of overseas swaps** to avoid Dodd-Frank rules
TURKEY	On **03 Oct** a new regulation brought **caps on fees and commissions** of the credit cards, retail lending loans and deposits. On **21 Oct Central Bank of Turkey** will provide further support to **core liabilities** in order to spur balanced growth and domestic savings. On **22 Oct credit card receivable interest rates** to be indexed to average sector GPL rates as published by CBRT	
ASIA	On **15 Sep, Chinese** regulators set a limit for **bank deposits** at the end of every month at 3% of average daily level during that month	On **26 Oct**, **The Hong Kong Exchange** announced that the start of the stock-trading link with Shanghai would be postponed until further notice.

Source: BBVA Research

Abbreviations

AIFMD	Alternative Investment Fund Managers Directive	**FROB**	Spanish Fund for Orderly Bank Restructuring
AQR	Asset Quality Review	**FSAP**	Financial Sector Assessment Program
BCBS	Basel Committee on Banking Supervision	**FSB**	Financial Stability Board
BIS	Bank for International Settlements	**FTT**	Financial Transactions Tax
BoE	Bank of England	**IAIS**	International Association of Insurance Supervisors
BoS	Bank of Spain	**IASB**	International Accounting Standards Board
BRRD	Bank Recovery and Resolution Directive	**IHC**	Intermediate Holding Company
CCAR	Comprehensive Capital Analysis and Review	**IIF**	Institute of International Finance
CCP	Central Counterparty	**IMF**	International Monetary Fund
CET	Common Equity Tier	**IOSCO**	International Organization of Securities Commissions
CFTC	Commodity Futures Trading Commission	**ISDA**	International Swaps and Derivatives Association
AMC	Company for the Management of Assets proceeding from Restructuring of the Banking System (Bad bank)	**ITS**	Implementing Technical Standard
CNMV	Comisión Nacional de Mercados de Valores (Spanish Securities and Exchange Commission)	**Joint Forum**	International group bringing together IOSCO, BCBS and IAIS
COREPER	Committee of Permanent Representatives to the Council of the European Union	**LCR**	Liquidity Coverage Ratio
CPSS	Committee on Payment and Settlement Systems	**LEI**	Legal Entity Identifier
CRA	Credit Rating Agency	**MAD**	Market Abuse Directive
CRD IV	Capital Requirements Directive IV	**MiFID**	Markets in Financial Instruments Directive
CRR	Capital Requirements Regulation	**MiFIR**	Markets in Financial Instruments Regulation
CSD	Central Securities Depository	**MMFs**	Money Market Funds
DGSD	Deposit Guarantee Schemes Directive	**MoU**	Memorandum of Understanding
DFA	The Dodd–Frank Wall Street Reform and Consumer Protection Act	**MPE**	Multiple Point of Entry
EBA	European Bank Authority	**MS**	Member States
EC	European Commission	**NRAs**	National Resolution Authorities
ECB	European Central Bank	**NSAs**	National Supervision Authorities
ECOFIN	Economic and Financial Affairs Council	**NSFR**	Net Stable Funding Ratio
ECON	Economic and Monetary Affairs Committee of the European Parliament	**OJ**	Official Journal of the European Union
EFSF	European Financial Stability Facility	**OTC**	Over-The-Counter (Derivatives)
EIOPA	European Insurance and Occupational Pensions Authority	**PRA**	Prudential Regulation Authority
EMIR	European Market Infrastructure Regulation	**QIS**	Quantitative Impact Study
EP	European Parliament	**RRPs**	Recovery and Resolution Plans
ESA	European Supervisory Authority	**RTS**	Regulatory Technical Standards
ESFS	European System of Financial Supervisors	**SCAP**	Supervisory Capital Assessment Program
ESM	European Stability Mechanism	**SEC**	Securities and Exchange Commission
ESMA	European Securities and Markets Authority	**SIB (G-SIB, D-SIB)**	Global-Systemically Important Bank, Domestic-Systemically Important Bank
ESRB	European Systemic Risk Board	**SIFI (G-SIFI, D-SIFI)**	Global-Systemically Important Financial Institution, Domestic-Systemically Financial Institution
EU	European Union	**SII (G-SII, D-SII)**	Systemically Important Insurance
EZ	Eurozone	**SPE**	Single Point of Entry
FASB	Financial Accounting Standards Board	**SRB**	Single Resolution Board
FBO	Foreign Bank Organisations	**SREP**	Supervisory Review and Evaluation Process
FCA	Financial Conduct Authority	**SRF**	Single Resolution Fund
FDIC	Federal Deposit Insurance Corporation	**SRM**	Single Resolution Mechanism
Fed	Federal Reserve	**SSM**	Single Supervisory Mechanism
FPC	Financial Policy Committee	**UCITS**	Undertakings for Collective Investment in Transferrable Securities Directive

This report has been produced by:

Chief Economist for Financial Systems & Regulation
Santiago Fernández de Lis
+34 91 5379852
sfernandezdelis@bbva.com

Chief Economist for Regulation and Public Policy
Maria Abascal
maria.abascal@bbva.com

Tatiana Alonso
tatiana.alonso@bbva.com

Arturo Fraile
arturo.fraile@bbva.com

Rosa Gómez Churruca
Rosa.gómezc@bbva.com

Lucía Pacheco
lucia.pacheco@bbva.com

Chief Economist for Recovery and Resolution Policy
José Carlos Pardo
josecarlos.pardo@bbva.com

Victoria Santillana
mvictoria.santillana@bbva.com

Head of Supervisory and Regulatory Affairs-Frankfurt Office
Matías Viola
matias.viola@bbva.com

Chief Economist for Financial Inclusion
David Tuesta
david.tuesta@bbva.com

BBVA Research

Group Chief Economist
Jorge Sicilia Serrano

Developed Economies Area
Rafael Doménech Vilariño
r.domenech@bbva.com

Spain
Miguel Cardoso Lecourtois
miguel.cardoso@bbva.com
Europe
Miguel Jiménez González-Anleo
mjimenezg@bbva.com
US
Nathaniel Karp
Nathaniel.Karp@bbva.com

Emerging Markets Area
Alicia García-Herrero
alicia.garcia-herrero@bbva.com

Cross-Country Emerging Markets Analysis
Alvaro Ortiz Vidal-Abarca
alvaro.ortiz@bbva.com
Asia
Le Xia
le.xia@bbva.com
Mexico
Carlos Serrano Herrera
carlos.serranoh@bbva.com
LATAM Coordination
Juan Manuel Ruiz Pérez
juan.ruiz@bbva.com
Argentina
Gloria Sorensen
gsorensen@bbva.com
Chile
Jorge Selaive Carrasco
jselaive@bbva.com
Colombia
Juana Téllez Corredor
juana.tellez@bbva.com
Peru
Hugo Perea Flores
hperea@bbva.com
Venezuela
Oswaldo López Meza
oswaldo.lopez@bbva.com

Financial Systems and Regulation Area
Santiago Fernández de Lis
sfernandezdelis@bbva.com

Financial Systems
Ana Rubio
arubiog@bbva.com
Financial Inclusion
David Tuesta
david.tuesta@bbva.com
Regulation and Public Policy
María Abascal
maria.abascal@bbva.com
Recovery and Resolution Strategy
José Carlos Pardo
josecarlos.pardo@bbva.com
Supervisory and Regulatory Affairs Frankfurt Office
Matías Viola
matias.viola@bbva.com

Global Areas

Economic Scenarios
Julián Cubero Calvo
juan.cubero@bbva.com
Financial Scenarios
Sonsoles Castillo Delgado
s.castillo@bbva.com
Innovation & Processes
Oscar de las Peñas Sánchez
oscar.delaspenas@bbva.com

Contact details

BBVA Research
Paseo Castellana, 81 – 7th floor
28046 Madrid (Spain)
Tel.: +34 91 374 60 00 and +34 91 537 70 00
Fax: +34 91 374 30 25
bbvaresearch@bbva.com
www.bbvaresearch.com