Regulation Outlook

February 2015
Financial Systems and Regulation Area

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Summary

The Green Paper on Capital Markets

Getting deeper integrated EU markets to promote growth. On February 18 the Commission presented a Green Paper on building a Capital Markets Union by 2019. The goal of this flagship initiative is to develop deeper and broader EU capital markets to provide Europe with the financial muscle it needs to grow competitively in the global economy. The project, with a new web, will be developed under a multipronged strategy covering several capital market segments, from securitizations and covered bonds, to private placements and long term finance. It will also include some cross-sector measures. The proposed approach will promote market-driven initiatives in order to minimize the scope for new regulation, and highlights the critical role of banks in capital markets. An action plan will be presented in the second half of 2015.

Bank Structural Reform: Where do we stand?

A difficult compromise on the horizon. On January 2014, the European Commission’s (EC) proposal was released. On November 2014 the European Central Bank (ECB) issued its preliminary opinion and on January 2015 the European Parliament rapporteur (Mr. Hökmark) did the same. Both of them support the prohibition of prop trading while introducing some flexibility towards the separation of activities. There is still a lot of uncertainty about final result as negotiations within the Council have not finished yet, although the approval of this reform is included as a priority under the Latvian Presidency.

Single Supervisory Mechanism

A new kid in town. The SSM has, since November 2014, been the main supervisor within the eurozone. Its appearance implies a remarkable change in the supervisory domain that affects not only National Competent Authorities (NCAs) but also financial institutions. This new player, together with the implementation of the single rule book, will ensure homogenous supervisory practices for all financial institutions located in the Monetary Union.

The next step on resolution

TLAC and MREL: The consequences of breaching the minimum requirement. Despite having the same purpose, both ratios imply heterogeneous consequences and penalties when breaching them. On the one hand, breaching the TLAC is equivalent to a breach of the capital requirement and thereby it triggers distribution restrictions. On the other hand, breaching the MREL does not imply any automatism but opens discussions between authorities and the institution. Whether or not the capital buffers are included in the determination of both the MREL and TLAC is key.

Virtual currencies

Regulating the disruption. Virtual currencies have emerged as one of the most interesting areas of disruption in financial services. Innovation does not only appear in the creation of “new types of money” but in the emergence of related online businesses and the technology behind them.

1 The Green Paper on Capital Markets

Getting deeper integrated EU markets to promote growth

On 18 February the Commission presented a Green Paper on building a Capital Markets Union by 2019. The goal of this flagship initiative is to develop deeper and broader EU capital markets, to provide Europe with the financial muscle it needs to grow competitively in the global economy. The project, with a new web, will be developed under a multipronged strategy covering several capital market segments, from securitisations and covered bonds, to private placements and long term finance. It will also include some cross-sector measures. The proposed approach will promote market-driven initiatives in order to minimise the scope for new regulation, and highlights the critical role of banks in capital markets. An action plan will be presented in the second half of 2015.

Why does the EU need a CMU and what for? Job creation, investment and economic growth are Europe's top priorities for the coming years. A well designed CMU can contribute to these objectives by helping develop broader, deeper and more integrated EU capital markets. The CMU project rests on two pillars: developing certain capital markets and integrating the EU markets through the removal of existing legal barriers. By reducing financial fragmentation and diversifying financing sources that are complementary to bank financing, the CMU project will improve access to finance for the economy (especially SMEs, long term projects and start-ups). The idea is not new, as the free movement of capital is in the DNA of the EU: the final goal is to deepen the Single Market for capital for the 28 EU Member States.

Will the CMU call for a new super-regulator as in the banking union? No, it will not. Contrary to the banking union, the centralisation of decision powers at the EU level is not needed here on a general basis, at least for now. Alongside the CMU process, the transfer of certain supervisory powers to the EU level seems advisable (as is already the case for credit rating agencies, for example, under ESMA's oversight) but this should not stand as a precondition for the CMU to advance. A credible CMU can be achieved through regulatory harmonisation, enhanced standardisation and increased cooperation under the coordination of EU authorities. Both projects (i.e. the banking union and the capital markets union) are different in nature and scope.

What initiatives are being proposed in the Green Paper?

- **Early priorities:** i) implementing the EU Long-term Investment Funds (ELTIF) Regulation to encourage its take-up; ii) building a high-quality securitisation market in the EU, and iii) widening the SMEs and mid-caps investor' base by: i) creating a common credit scoring on SMEs: ii) developing EU private placement markets, and iii) reviewing the prospectus Directive. These measures are "quick winners" to improve access to finance in the short term, and some of them were already mapped in the Investment Plan for Europe. On 18 February, the Commission also tabled two technical consultations: one on the new framework for high-quality securitisations and another one to review the Prospectus directive.
- **Long-term measures to develop and integrate markets:** these entail a more structural change towards: i1) removing barriers to increasing access to finance; ii) widening sources of finance, and iii) improving the investment environment, including a number of cost-cutting measures and changes to national legal frameworks dealing with insolvency, taxation and accounting. The development of certain markets and products, such as crowd-funding, covered bonds or *peer-to-peer lending* will also be pursued in the medium to long term.

Assessment. The CMU project is timely and welcome, although it will take time until tangible results can be observed. The Green Paper is still very general and does not enter into very concrete issues. Nevertheless, it is positive as it will help in creating stronger and deeper EU capital markets, increasing access to finance in the EU while driving a structural change towards a more balanced funding pattern and lowering funding costs. Banks will remain a critical part of the capital markets as issuers, investors and intermediaries and will continue to be pivotal in credit intermediation. The strategy of promoting market-driven initiatives and the enforcement of competition and single-market laws is also welcome. It will reduce the regulatory burden, preserve the level playing field and foster innovation. The action plan should present a well-articulated, multi-pronged strategy and, once approved, the authorities should stick to it.

Next steps: The aim is to put in place the foundations of the CMU by 2019. The consultation on the Green Paper as well as that on securitisation and on the prospectus regime will run until 13 May 2015. The conclusions will be discussed in a conference in June and an **action plan** for 2015-19 will be issued later in 2015.

2 Bank Structural Reform: Where do we stand?

A difficult compromise on the horizon

In January 2014, the European Commission's (EC) proposal was released. In November 2014, the European Central Bank (ECB) issued its preliminary opinion and in January 2015 the European Parliament rapporteur (Mr. Hökmark) did the same. Both of them support the prohibition of proprietary trading while introducing some flexibility towards the separation of activities. There is still a lot of uncertainty about the final result as negotiations within the Council have not finished yet, although the approval of this reform is included as a priority under the Latvian Presidency.

A review of the EC proposal

The EC proposal is a mix between the US Volcker Rule (prohibition of proprietary trading) and the recommendation of the EU High Level Expert Group or Liikanen Report (separation affecting market making). It imposes both: i) prohibition of proprietary trading and investments in hedge funds, and ii) potential separation of trading activities. Only the UK reform is stricter than the EC proposal, since the Vickers reform would imply, in most of cases, an automatic and strict functional separation of nearly all investment activities applied to nearly the whole banking sector. The key points in the EC proposal are:

- **Prohibition of activities**: Proprietary trading, investments and participations in hedge funds and investments and participations in entities that undertake previous activities.
- **Separation of trading activities including market making, risky securitisation and complex derivatives**: The separation is set as the only measure available for the supervisor when the assessment undertaken by authorities reveals a certain number of metrics being exceeded.
- **Scope**: G-SIBs and credit institutions meeting certain thresholds for three consecutive years. The Commission may exempt from this regulation foreign subsidiaries of European banks and European branches of foreign banks if they are subject to equivalent separation rules.

ECB position

The ECB welcomed the proposal, considering that it provides important steps towards strengthening the resilience of the financial systems and enhances the resolvability of financial institutions in Europe.

The ECB supports the prohibition of proprietary trading, but has a much more nuanced stance regarding the separation of activities as it is seen as one measure in the toolkit but not necessarily the only measure to be applied. The ECB also highlights the importance of market-making activities, by suggesting the need to allowing these activities in the Core Credit Institution (CCI) under authorisation when they do not pose a threat to the financial stability of the CCI or to the whole or part of the Union's financial system. Moreover, it supports the need for a certain degree of discretion when making this decision, as some qualitative judgement should be applied. Finally, the ECB positions itself against the possibility of granting Member States waivers to the application of this Regulation (the so call derogation clause), as it considers it incompatible with the aim of creating a level playing field.

Hökmark report

The rapporteur of the European Parliament, Gunnar Hökmark, has presented a report that can be considered more flexible that the EC proposal. One of the main issues is the greater link with resolution and the recognition of a variety of measures already adopted to address the too big to fail problem. Under this approach, the authority would have at its disposal a series of measures to use if it considers an entity may have resolvability problems. Also in line with the ECB's position, the Hökmark report aimed at preserving market making on the grounds that it is key for the efficient functioning of financial markets, an objective aligned with the more recent proposals for Capital Market Union. Ultimately, the report recognised the benefits derived from the existence of large universal banks.

Next Steps

Vote in Parliament is scheduled for 23 March. Although an agreement between Council and Parliament is expected by June 2015, the coming months are crucial to striking a deal in trialogues. The timetable seems a little bit tight, as the positions of Council and Parliament are currently far away from each other. They have to converge, first internally within each institution, and then between themselves. If negotiations are eventually successful, then the starting dates for enforcement would be in 2017 for the prohibition of prop trading and 2018 for the separation of activities.

3 Single Supervisory Mechanism (SSM)

A new kid in town

The SSM has, since November 2014, become the main supervisor within the eurozone. Its creation implies a remarkable change in the supervisory domain that affects not only National Competent Authorities (NCAs) but also financial institutions. This new player, together with the implementation of the single rule-book, will ensure homogenous supervisory practices for all financial institutions located in the Monetary Union.

One of the main pillars of the banking union

The SSM is one of the main pillars of the banking union, and its launch represents an event only comparable in significance with the launch of the single currency. In fact, the SSM is one of the world's biggest supervisors, with more than EUR20trn of assets under its direct surveillance, covering c.80% of the banking assets of the eurozone.

Before it came into force on 4 November 2014, some necessary measures were taken to ensure its proper functioning. First, new regulations (SSM Regulation and SSM Framework Regulation) transferred the supervisory powers from NCAs to the ECB, which ruled on the relationship between them. Second, the required resources to implement supervision were hired, with the recruiting, in record time, of almost 1,000 people comprising bank examiners and staff. And finally, a comprehensive assessment was pursued to eliminate the legacy assets issue, and ensuring therefore that financial institutions that are covered by the SSM enjoy adequate financial conditions.

Organisation features

From an organisational standpoint, the SSM is formed of four Directorates-General (DGs). DG-I and DG-II are involved in the direct supervision of significant financial institutions, those that exceed certain quantitative thresholds and/or are relevant for their domestic financial systems. DG-III will be in charge of indirect supervision (i.e. of those financial institutions that remain under the supervision of NCAs).Finally, DG-IV will be responsible for horizontal functions. In other words this Directorate-General would ensure the homogeneity of supervisory practices.

Main challenges ahead

The SSM faces a future with numerous challenges. First, the SSM should create a unique and real single supervisory culture that ensures the highest quality of supervisory practices and a homogenous application of them across the eurozone. This means that the SSM should import the best practices from every country that belongs to the SSM, and not just from one specific country. This homogeneity will ensure the proper treatment of financial institutions, independent of their geographical location. The publication of the SSM Guidelines was a decisive step in this regard. Second, a proper coordination between NCAs and the ECB is a must. From a practical standpoint, the effective supervision will be implemented by the Joint Supervisory Teams (JSTs) which are formed by ECB and NCA representatives. Both the ECB and the NCAs form the SSM, which will be a single supervisor and not an additional one. Third, a proper separation of functions is also required. Now, not only monetary policy but also supervision remain under the ECB's control. Even if the SSM is completely independent of the monetary policy function, the final decision-maker in supervision will still be the Governing Council. As such, there should be adequate firewalls in place that will obviate interference between both duties, while at the same time exploiting the synergies. Finally, the SSM should seek a proper balance between micro- and macro-prudential policies. The latter are still, to a large extent, under the NCAs´ responsibility, and should be coordinated at a European level, but the supervisor should avoid using macro-prudential tools just to impose harsher capital requirements.

Assessment

The SSM represents an important event in the building of the European project, carrying enormous advantages such as reducing financial fragmentation going forward. In addition, the SSM will promote a smooth integration of the NCAs with the ECB. Furthermore, the SSM will ensure homogenous supervisory practices across the Monetary Union, and the same supervisory measures/tools for financial institutions will be implemented independently from the location of their corporate centres. As a result, the SSM represents a decisive step towards achieving the necessary "level playing field".

4 The next step on resolution

TLAC and MREL: The consequences of breaching the minimum requirement

Despite having the same purpose, both ratios imply heterogeneous consequences and penalties when they are breached. On the one hand, breaching the TLAC is equivalent to a breach of the capital requirement and thereby it triggers distribution restrictions. On the other hand, breaching the MREL does not imply any automatism but opens discussions between authorities and the institution. Whether or not the capital buffers are included in the determination of the MREL and TLAC is key.

In November 2014, the FSB and the European authorities published the main features of their new loss-absorbing ratios, TLAC and MREL respectively. Despite having the same purpose, both ratios have significant divergences, which imply heterogeneous consequences and penalties when a bank breaches them. The introduction of both requirements has challenged the foundations of senior debt and may also be a burden for shareholders and AdT1 investors, as they must monitor the risk of cancelling dividends or coupon payments due to the capital penalties.

From a TLAC standpoint, the FSB's proposal states that "*A breach or likely breach of minimum TLAC should be treated as severely as a breach or likely breach of minimum capital requirements",* that is to say, **breaching the TLAC will trigger a resolution process and capital distribution will be restricted in advance.** The rationale is that the capital buffer is set above the minimum TLAC, and only CET1 in excess of the capital and TLAC requirement can count towards capital buffers. If maturing TLAC debt is not renewed, **a bank will breach its capital buffer first,** and will suffer distribution penalties as long as the capital buffer is eroded.

Conversely, neither the BRRD nor the EBA mentions anything about the implications of breaching the MREL. Based on the MREL features proposed by the EBA, it seems that **European authorities would like to avoid any automatism in the event of breaching the minimum requirement**. The main reason behind this argument is that the capital buffers are included in the criteria for determining the MREL, and are not above them as is the TLAC. This approach recognises that **breaching the MREL may not necessarily be due to financial weaknesses in an institution, but could be attributable to a market systemic problem**.

For example, case 4 in Table 1 shows this situation, as the entity would be breaching the MREL but not the capital ratios. This scenario may occur when the institution cannot roll over its debts, while having a large amount of capital. The reasons underlying the closure of markets may be very different, and authorities should carefully analyse them in order to decide whether or not to impose penalties. We can envisage three different scenarios that could lead to this challenging situation: i) a bank-idiosyncratic crisis which impedes the institution's access to the market; ii) a systemic crisis in which capital markets are almost closed for banks regardless of their financial strength (e.g. eurozone periphery in 2012), and iii) an investor-idiosyncratic crisis which limits the investor base of the loss-absorbing liabilities, and impairs market appetite for this kind of instrument. Only the first scenario could result in capital restrictions being imposed by the competent authority.

Table 1

Breaching capital and/or MREL scenarios and penalties

	Case 1	Case 2	Case 3	Case 4	Case 5
Breaching the capital buffers?	No	Yes	Yes	No	Yes
Breaching the minimum capital requirements?	No	No	Yes	No	Yes
Breaching the MREL?	No	No	No	Yes	Yes
Develop a capital restoration plan	-	Yes	Yes	-	Yes
Develop a MREL restoration plan	-	-	Yes	Yes	Yes
Distribution restrictions	-	Yes	Yes	Case-by-case analysis	Yes
Triggering early intervention	-	Probably	Yes	Case-by-case analysis	Yes
Triggering resolution	-	.	Yes	-	Yes

Source: BBVA Research

5 Virtual currencies

Regulating the disruption

Virtual currencies have emerged as one of the most interesting areas of disruption in financial services. Innovation does not only appear in the creation of "new types of money" but in the emergence of related online businesses and the technology behind them.

Virtual currencies landscape

The term "virtual currency" refers to a medium of exchange that is issued and circulates in some digital niche market, operates like money in certain circumstances and is being exchanged into and from fiat currencies. There is much debate about whether virtual currencies are really currencies, taking into account the **difficulties they face in properly achieving the last two of the three fundamental characteristics of money:** to serve as a medium of exchange, and especially to become a unit of account and a store of value. Their rates are still extremely unstable, and prices can fluctuate by hundreds of euros in the space of days. Furthermore, there are different types of virtual currencies depending on how and by whom they are issued, which makes it more difficult to clarify the potential regulatory approach to them. Bitcoin, the most important virtual decentralised currency in terms of market capitalisation, is issued by any user through the 'mining' process and has no centralised repository. By contrast, there are centralised virtual currencies schemes, like XRP, the currency of the Ripple Network, where a single administrator issues and redeems units of the currency. In any case, it is important to underscore that neither decentralised nor centralised virtual currencies are legal tender in any jurisdiction.

New online businesses and start-ups are flourishing around virtual currencies offering services, such as holding wallets, storing "money", helping in transferring of funds and trading or just converting traditional currencies in and out of virtual currencies and so allowing easy access to the virtual currencies' networks. These businesses remain unregulated and consumers have practically no chance to recover their lost funds when incidents occur. For example, Mt. Gox, the first world's leading exchange for trading bitcoins filed for bankruptcy after reporting that it had lost more than $460 million. More recently, the European exchanger Bitstamp was exposed to a cyber-attack in January 2015 that resulted in the loss or 19,000 bitcoins.

Current regulation approach to virtual currencies

Regulators from all over the world are exploring how to regulate virtual currencies and related businesses as they raise concerns in the areas of consumer protection, marketplace stability, law enforcement and even monetary policy.

- The first approach from authorities has been to **alert the consumers about the risks** that are entailed in trading, converting and holding virtual currencies and other virtual currency-based investment products because of the high volatility in prices, the uncertainty of their acceptance and the possibility of losing "coins" stored in files or maintained in virtual wallets. Regulators have also disclosed risks related to the holders´ anonymity, which is an open door to activities such as money laundering and terrorist financing.
- Most regulators, including the European Banking Authority (EBA), are **pressing banks to close virtual currency-related accounts**, at least until the referred risks are properly mitigated. With a more restrictive regulatory stance, China's central bank has barred financial institutions from buying and selling bitcoins and merchants from pricing products in this currency.
- The tax authorities of Japan, Australia, Finland, Sweden and the USA, among others, **have addressed the tax implications of virtual currencies** increasing in value, treating them as property or assets.
- Moreover, the Financial Crime Enforcement Network, FinCEN, in the USA, has determined that **certain types of digital currency companies are considered as Money Transmitters**, meaning that they will have to seek a licence, comply with anti-money laundering programmes and be subjected to supervision. They will also have to comply with prudential requirements to guarantee the viability and sustainability of their business. This comprehensive approach, that is also being followed by Canada, provides a framework in which all legitimate users and businesses are able to operate within the legal system.

More regulatory activity is expected in the following months, to the extent that virtual currencies and related businesses are increasing their scope around the world.

Main regulatory actions around the world over the last month

	Recent issues	Upcoming issues
GLOBAL	On **29 Jan FSB** published its first **Annual Report.** On **29 Jan ISDA** published a report on implementation of **objectives in OTC derivatives markets.** On **02 Feb BCBS** launched a consultation on **accounting for expected credit losses.** On **05 Feb the Joint Forum** launched a consultation on **credit risk management** across sectors. On **24 Feb IOSCO** published a report on **prudential standards** in the securities sector. On **25 Feb IOSCO** published a review of implementation of **financial benchmark** principles	**FSB** will review its **representation structure** to better capture emerging market and developing economies. In **Nov Turkey** will host the **G20 Leaders summit** in Antalya.
EUROPE	On **27 Jan ECON** approved the proposed Regulation on **interchange fees for card-based payment transactions**, agreed between EP and Council on 17 Dec 2014. On **28 Jan ECB** issued a recommendation on **dividend distribution policies.** On **30 Jan EC** adopted regulatory technical standards for **own funds requirements** for institutions under CRR. On **03 Feb ESMA** launched a **consultation** on competition and conflicts of interest in **Credit Rating Agency** industry. On **03 Feb ESMA** published a Delegated Act on the **Market Abuse Regulation.** On **04 Feb ECON** tabled **amendments** to the regulations on reporting and transparency of **SFTs** and on **banking structural reforms.** On **04 Feb ECB** published an opinion on **CET1 capital of credit institutions** in the CRR framework. On **09 Feb EBA** published an analysis of the **implications of regulatory measures on banks**' business models. On **10 Feb the Council** endorsed an agreement with EP on the proposed **Anti-Money Laundering Directive.** On **10 Feb EC** published an overview of EU's positions on **regulatory cooperation** in the Transatlantic Trade and Investment Partnership **(TTIP).** On **13 Feb COREPER** agreed a Council's negotiating stance on the Regulation on **indices used as benchmarks.** On **13 Feb the Council** amended the EU **parent-subsidiary Directive** to prevent **tax evasion.** On **17 Feb EBA** published an **opinion on the definition of eligible capital.** On **18 Feb CE** published a **Green Paper** on first measures towards the **Capital Markets Union**. It also published **two consultations** on the revision of the p**rospectus** regime and on a framework for **high quality securitisation** On **18 Feb ESMA** published a consultation paper on **implementation of MIFiD/MIFiR.**	In **1H 2015** several legislative proposals are expected to be adopted: MMFs, indices used as benchmarks, payment services directive, long-term shareholder engagement, reporting and transparency of SFTs and a revision of the general data protection regulation. In **March EC** will present **legislative and non-legislative measures** to fight **tax evasion** and aggressive tax planning. In **2H 2015 EC** will publish an **action plan** on **Capital Markets Union.**
MEXICO	On **09 Jan** CNBV issued rules on the **ring-fencing regime, living wills and capital assessments** under supervisory models. On **09 Jan** CNBV modified the **Mutual Funds Rulebook** to introduce authorised electronic trading platforms; non-discriminatory practices in fund distribution, electronic information disclosure and continuity requirements. On **09 Jan** the Supervisory Commissions for Banking, Securities, Insurance and Retirement Funds issued joint rules on financial information and audit for financial group holding companies.	**COFECE**, the economic competition watchdog, will investigate into **anticompetitive practices** on the **generation, processing and commercialisation of credit information**. Results to be published in 4Q 2015.

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cont.		Upcoming issues
LATAM	On **27 Jan** the **central bank of Peru** set foreign currency-denominated credit target reductions to be accomplished this year. Financial institutions that fail to meet them will have their USD reserve requirements increased. On **10 Feb the central bank of Argentina** modified conditions of LEBACs in USD: spreads captured by banks and minimum rate perceived by investors increased slightly.	In **Colombia** the Superintendence is studying the implementation of a **scheme of stress test** for banks. Currently in a consultation stage.
USA	On **20 Jan the Supreme Court** backed **Fed's rule on debit interchange fee cap**, and declined a challenge by the retail industry.	In **2015**, regulators expect banks to step up standards for **governance, consumer protection**, **third-party risk management, cyber security, credit quality and anti-money laundering**.
	On **26 Jan the Fed** presented a strategy to improve the **US payment system.**	**The Fed** will publish results of banks' **supervisory stress tests on 05 Mar**, and the results of Comprehensive Capital Analysis and Review **(CCAR) on 11 Mar**.
	On **27 Jan CFPB** issued the **Compliance Bulletin** 2015-01 to remind supervised financial institutions, including nonbank companies, of existing requirements on **confidential supervisory information**. On **20 Feb** Federal bank agencies launched a **consultation on interagency efforts to reduce regulatory burden.**	The **CFPB** plans to review how banks use credit agency data in granting consumer checking accounts.
TURKEY	On **23 Jan** CBRT decided to apply an annual commission on required reserves and two days' notice accounts denominated in Euro held by banks and finance companies with the Central Bank. On **16 Feb** BRSA broadened the scope of export loans in which general provisioning requirement is already 0%.	
ASIA	On **19 Jan China Banking Regulatory Commission** launched a consultation on draft rules to ban company-to-company loans between banks and companies. On **20 Jan China Banking Regulatory Commission** established a division to oversee **trust companies** to curb Chinese shadow banking activities. On **22 Jan PBoC** allowed the country's insurers to issue bonds with minimum maturities of five years in the **interbank market.**	
	On **07 Feb the Indian Government announced an aggregate capital infusion** of USD1.1bn in nine domestic public banks to help them meet tighter global capital requirements.	

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

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