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Summary

Final guidance on funding in resolution and operational continuity

Further advice on resolution planning. In August, the FSB published two documents that complement its Key Attributes and provide guidance on two key issues for resolution planning: funding of a G-SIB in resolution, and arrangements to support operational continuity in resolution. These very general principles present few changes compared to the 2015 consultation documents.

Implementation and effects of the regulatory reform

Report to G20 leaders. The Basel Committee and the FSB, published two reports for G20 leaders informing them on the progress and the effects of the financial regulatory reform. These cover aspects such as the degree of implementation of the Basel III framework, the challenges to complete the reforms, and the identification of issues that might require greater attention in the future.

EU reforms in the aftermath of Brexit

A wake-up call for the EU. The EU should fill in the existing gaps in its current architecture to enhance its resilience. This could be done at different speeds, with the Eurozone leading the process. Not only do we need to complete ongoing projects like the Banking Union, but the EU's fiscal dimension must be enhanced as well.

Decline in correspondent banking relationships

Unintended consequences. The decline in correspondent banking is one of unintended results from the financial crisis and the regulatory reform. The main concern is that it may negatively affect the flow of international payments encouraging the use of underground alternatives. The FSB has progressed on last year's proposed action plan, but a relief in the negative trend is yet to be achieved.

1 Final guidance on funding in resolution and operational continuity

Further advice on resolution planning

In August 2016, the FSB published two documents complementing its Key Attributes[1] to provide further guidance on two important issues regarding resolution planning: funding of a G-SIB in resolution, and arrangements to support operational continuity in resolution. These very general principles incorporate few changes compared to the 2015 consultation documents.

The document on "**Temporary funding to support the orderly resolution of a G-SIB"** lays out guiding principles to ensure that banks have enough liquidity to maintain the continuity of critical functions in resolution without the need for bailouts. The interaction of Emergency Liquidity Assistance (ELA) or Lender of Last Resort facilities, provided to solvent banks on a going concern basis by Central Banks, and funding in resolution is missing. According to the FSB, in resolution, G-SIBs must first rely on their own means, or on private sector sources of funding. Ex-ante preparation is crucial for this. Resolution plans should outline how to attract private sources of funding. If access to market funding is temporarily unavailable and there are financial stability concerns, a public-sector backstop mechanism[2] with sufficient capacity to support the resolution of multiple G-SIBs simultaneously, should be accessible. There should be elements to minimize moral hazard in such cases: i) G-SIBs should be adequately recapitalized (through the application of resolution tools including bail-in) before using public funding; ii) funding should be secured on sound collateral; iii) interest rates should be set at a level that creates incentives to return to the private market; iv) the term should not be longer than necessary to achieve an orderly resolution; v) the G-SIB should be the focus of increased supervision. Furthermore, any losses suffered by the public sector funding mechanism should be recoverable from the failed G-SIB's shareholders and unsecured creditors. Finally, cross border cooperation is crucial. Home and host authorities should cooperate, share information and set up a clear division of funding and liquidity responsibilities. For SPE banks, the home authority is responsible for coordinating liquidity provision, whereas for MPE banks this role corresponds to the host authority. Compared to the consultation, the final guidance acknowledges that regulatory reforms have had a positive impact on the quality and quantity of G-SIBs' liquidity resources and that the development of resolution regimes and TLAC contribute to a reduction in the moral hazard posed by G-SIBs.

The **"Guidance on Arrangements to Support Operational Continuity in Resolution"** seeks to facilitate the resolvability of G-SIBs by ensuring operational continuity of their critical shared services (CSS) such as IT infrastructure and software-related services necessary to maintain banks' critical functions[3]. The FSB principles allow G-SIBs to use any combination of three service delivery models, in line with their resolution strategy: a division within an "in-house" regulated entity providing services to other entities inside the group, a dedicated intra-group service company, or a third-party service provider (outsourced). The FSB proposes several arrangements to support operational continuity both in the stabilization phase of the resolution as well as in the restructuring phase: i) firms' Service Level Agreements (agreements with external or internal providers) should remain valid and enforceable in resolution; ii) Management Information Systems should allow for timely reporting on the provision of CSS; iii) providers of CSS should have sufficient financial resources to facilitate operational continuity of critical functions in resolution; iv) pricing structures set on an

1: FSB's Key Attributes of Effective Resolution Regimes for Financial Institutions (2011).
2: Resolution and/or deposit insurance funds, resolution authorities, Central Banks and Finance Ministries.
3: Examples of critical functions: deposit taking, payments, clearing, custody, etc.

arm’s length basis; v) banks should have sufficient operational capacity (including key employees) to support the restructuring phase; vi) CSS should have their own governance structure and clearly defined reporting lines. Compared to the consultation, the FSB has decided to soften and clarify some aspects regarding financial resources, pricing structures, governance or operational resilience related to CSS providers.

All in all the FSB provides very general, reasonable, flexible and much needed guiding principles that complement its Key Attributes from 2011 and that should now be implemented nationally in order to enhance the resolvability of G-SIBs and other banks.

2 Implementation and effects of regulatory reform

Report to G20 leaders

Prior to the G20 summit of 4 and 5 September, both the Basel Committee and the FSB published reports to inform G20 leaders on the progress and the effects of the financial regulatory reform. These reports cover aspects such as the degree of implementation of the Basel III framework, the challenges to complete the reforms, and the identification of aspects that might require greater attention in the future.

Basel Committee report on the implementation of the Basel III framework

This is the Committee's seventh report to update G20 leaders on the state of implementation of the regulatory reforms in the framework of Basel III. The report contains the result of the Regulatory Consistency Assessment Programme, which includes: i) implementation monitoring of the Basel standards; and ii) consistency assessment of the prudential regulations at national level and analysis of results.

- On the **adoption of the Basel standards**, there has been notable progress in both: member states and other jurisdictions. Among the former, all have adopted the basic elements of the Basel III framework such as the risk-adjusted capital requirements, the capital conservation buffer and the short-term liquidity requirement. Progress also continues to be made on the implementation of other standards such as the leverage ratio, the counter-cyclical buffer and the NSFR. For non-member jurisdictions, there has been a significant increase in the number of them adopting the basic elements of the framework. It is expected that by the end of 2016 these elements will have been adopted by 64 countries.
- There are other requirements for which a later implementation date has been established. For example: i) margin requirements for non-centrally cleared derivatives; ii) the revised Pillar 3 framework; and iii) the standardised approach for measuring counterparty risk. The jurisdictions are striving to meet the deadlines set, although some are reporting difficulties in their transposition, deriving both from national legislative processes, and from the significant challenges involved in adapting information systems to the new requirements.
- On the **monitoring of results and their consistency**, the report shows that institutions have continued to strengthen both their capital bases and their buffers of liquid assets. Thus the average capital ratio for internationally active banks was above 12.5% in 2015, contributing to a greater reduction in the capital deficit. The leverage ratio also shows improvement, increasing to 5.2% from 5% in December 2014. As for liquidity, the average short-term ratio stands at 123.6%, and the stable funding ratio at 111.9%.

FSB report on implementation and effects of the regulatory reforms

This is the second annual report to the G20 on the implementation and effects of the reforms. It covers progress on implementation and the effects of the reforms, while highlighting areas that need to be monitored in the future.

- Further progress has been made on the implementation of measures in the four main areas of the reform plan:
    i. **Financial institutions are increasingly resilient**. The implementation of the Basel III capital and liquidity framework has been carried out generally on time, although there are still discrepancies in some advanced economies between national and Basel standards.

ii. Measures have been adopted regarding **systemically important institutions**: processes have been put in place for identifying G-SIBs, and regulatory standards have been developed for them (requirements for absorption of losses and more intensive supervision). However, more work still needs to be done on constructing effective resolution regimes.

iii. The **reform of the derivatives market** is under way: the areas of capital and reporting requirements are the furthest advanced but much work remains to be done. One of the main challenges is to eliminate barriers on the full reporting of trade information to trade repositories and supervisors' access to it.

iv. Lastly, on the **shadow banking system**, the main reforms agreed are aimed at identifying and supervising entities, money market funds and securitisation transactions. Nevertheless, few steps have been taken in this direction so far.

- Regarding the **effects of the reforms, the report stresses that in general they have been positive**. Financial institutions are more resilient than in the past, although they are engaged in a process of redefining their structure and business model as a consequence of the new environment in which they operate, and in search of appropriate profitability. Apart from this, the financial system has shifted towards greater dependence on markets and less on banks. Non-financial intermediation has increased in several advanced economies. However, it is important to bear in mind that this new structure may also be a source of new vulnerabilities.
- Lastly, looking ahead, the report identifies **three main areas that will require monitoring**:

i. Market liquidity: in the past year concerns have been expressed regarding the liquidity of fixed income markets, although there is not sufficient evidence to state that it has actually deteriorated. Moreover, these concerns arise at a time when financing is becoming increasingly market-based.

ii. Effects of the reforms on emerging market and developing economies (EMDEs), concerning possible unintended consequences deriving from the implementation of the reforms. Some jurisdictions have expressed concerns that the secondary effects of the reforms might reduce the presence and activities of global banks in the region.

iii. An open, globally integrated financial system. The reforms have helped to prevent market fragmentation. The securities market continues to integrate, and the reform of the derivatives market has not led to a disruption on the global market for these products. It is necessary to continue working on monitoring the effects of the reforms on financial integration, while promoting international cooperation among members.

Challenge ahead

Now, at a time in which the implementation of the Basel III framework is well advanced in a great number of jurisdictions, the main challenge for the future is the finalisation and implementation of the review of this framework (the so-called BIS IV by the industry). The thigh deadline set by the Committee (end-2016) is challenging and there remains uncertainty regarding the final design and calibration of the main proposals. The FMI has recently stated that it is better to reach an agreement, even if takes more time than risk dilution or withdrawal to meet the proposed reforms.

3 EU reforms in the aftermath of Brexit

A wake-up call for the EU

The EU needs to complete its unfinished structure to enhance its resilience. This could be done at different speeds with the Eurozone leading the process. The EU should fill in the existing gaps in the current EMU architecture. Ongoing projects such as the Banking Union must be completed, but the fiscal dimension must be enhanced as well. The 5-presidents report must be a beacon guiding any reform.

After the Brexit Referendum economic and political uncertainty has risen. Despite the fact that the effects on the EU have been milder than in the UK, **Brexit is not just a British problem** The connection of citizenship with the EU project seems to have been lessened, and **economic concerns** (low recovery after the crisis) as well as **social concerns** (immigration crisis) could be **behind such discontent**. Brexit should be an opportunity to make the reforms needed in the EU, to provide a stronger foundation enhancing the efficiency of our institutions, to achieve a better integration focusing on the most essential issues for our citizens. In this regard, the EU-27 informal meeting released the **Bratislava Roadmap** reflecting some of the main citizens' concerns: **migration** and external borders, internal and external **security**, and **economic and social development**.

However, more is needed. Despite the fact that these are indeed important matters and would help to mitigate the rise of populist parties, the EU needs to **finalize its incomplete architecture** in order **to strengthen its integrity**. The last financial crisis has shown the consequences of the current structure's deficiencies, casting doubts on growth prospects. Reforms are needed to restore EU citizens' confidence, to complete the single market, unlock growth potential, and enhance the EU's resilience to future crises.

Completing the EMU. A **two-speeds Europe** could be a solution to further the integration process. At the EU level, issues on security, defence, external border and migration provide ample room for integration. **At the Eurozone level, a higher degree of integration should be pursued**. Completing the EMU is of paramount importance in providing for the resilience of the Eurozone whose integrity is still vulnerable to external shocks. A key priority for the correct functioning of the EMU is to **complete the Banking Union**. Currently, it still does not have its third pillar, i.e. a European Deposit Insurance Scheme. **The EDIS proposal should be reinvigorated**; otherwise the single currency would not be truly "single" as the actual value of deposits would depend on who the guarantor is. Similarly, the **Capital Markets Union should be a priority as well**, since it would help SMEs get alternative sources of funds when the banking channel is under stress, reducing market fragmentation. Finally yet importantly, the **EMU's fiscal capacity should be strengthened** to reduce the severity of future crises (e.g. via a central mechanism to cushion large macro-shocks). As many prominent economists suggest coupling **a decentralized fiscal policy with a central monetary authority could lead to severe problems**. While the process leading towards a fully developed fiscal union should be gradual, there is plenty of room for intermediate steps, which should not be arbitrarily delayed. One alternative is to create a **strong authority with fiscal and macroeconomic oversight attributions** that sets a common fiscal policy to pursue a sustainable growth path (alleviating the currently exhausted monetary policy). Regardless of its final form, any fiscal capacity should have a **shock absorbing mechanism** which is open to all its members, **with an automatic nature** to make it effective and credible. Some alternatives, as suggested by the Slovak Presidency in a recent document, are the creation of a European Unemployment Insurance Scheme, a "Rainy Day" fund or a Common Investment fund. However, there are **other dimensions to improve** in the fiscal area that could be pursued independently, and would help build the path towards a genuine fiscal union: a common fiscal stance, the creation of Eurobonds for EU-projects, a better **implementation and enforcement of fiscal rules**, and the harmonization of fiscal standards.

4 Decline in correspondent banking

Unintended consequences

The decline in correspondent banking relations is one of the unintended negative impacts of the global regulatory reform.[4] However, until now no macroeconomic consequences have been identified as resulting from this decline. The main concern is that it may negatively affect the flow of international payments encouraging the use of underground alternatives, with negative consequences for growth, financial inclusion and financial stability. This is especially relevant for emerging markets, as domestic banks depend on correspondent banks for clearing international payments.

Advancing the FSB's proposed action plan

The recent FSB progress report focuses on the progress made in the four areas included in last year's agreed action plan by G20 leaders.

Regarding the first element of the action plan, to **further examine the dimensions and implications of the issue**, the Committee on Payments and Market Infrastructures (CPMI) released in July a study analysing and quantifying the problem by using the SWIFT transactions database. The study concludes that there is a clear decline in the number of active correspondent banks across regions. Since the volume of payments between 2011 and 2015 increased, the activity of correspondent banks has become more concentrated. It also highlights that the impact has been heterogeneous among countries with Europe suffering the greatest decline in absolute terms. Africa presents a mixed picture. Correspondent banking fell in America with the exception of Central America, and Asia saw a decline until 2012, increasing afterwards. The FSB has recognized the need for data in order to analyse the causes and consequences of the decline in correspondent banking, identify the concentration of correspondent banking in specific markets, and identify changes in the structure of correspondent banking.

The second element of the action plan is to **clarify regulatory expectations**. Regarding the latter, more guidance from the Financial Action Task Force (FATF) in cooperation with BCBS anti-money laundering and countering the financing of terrorism (AML/CFT) Expert Group, is fundamental. Work has progressed on several of the main issues, such as, the definition of correspondent banking, the level of due diligence to be conducted on the respondent bank and its clients and how to mitigate risks associated with indirect relationships. Other main issues include, building trust with local supervisors and the process of termination of correspondent relationships allowing for due diligence concerns to be solved prior to termination, and allowing for sufficient time for new correspondent banking relationships to be established.

The third element of the action plan corresponds to the **capacity for building within jurisdictions that are home to affected respondent banks**. Here the FSB highlights that the Correspondent Banking Coordination Group (CBCG) set up in May 2016 is coordinating the resources available to address technical assistance for developing AML/CFT frameworks in the most affected jurisdictions. Additionally, it also encourages a constant dialogue between public and private sectors, trying to coordinate technical assistance from national and international institutions.

The fourth and final element included in the action plan, is the **strengthening of tools for due diligence by correspondent banks**, for which the recommendations presented in the CPMI correspondent banking report are highlighted. The first recommendation in the CPMI report is to improve Know Your Customer (KYC) utilities by standardizing information requirements and clarifying regulatory expectations. The second

4: The Financial Stability Board released at the end of August, before the G20's Leaders' Summit in Hangzhou, a progress report on the assessment of correspondent banking which is due by the end of the year.

recommendation is to promote the use of Legal Entity Identifiers (LEI) in correspondent banking and to map it onto other identifiers such as the Business Identifier Code (BIC). The third recommendation is to explore ways to tackle information-sharing obstacles and identify any potential best practices. The fourth recommendation is to improve the quality of information in payment messages in order to reduce the number of requests for additional information. The fifth recommendation is to allow for the LEI to be included in the current relevant payment messages on an optional basis and help stakeholders develop a common market practice. Finally, the FSB includes an additional recommendation in which the involvement of the public sector in other technical solutions should be enhanced in countries facing severe loss of correspondent banking services.

The solution will take time

From the FSB report, we deduce that **much has been done to understand the decline in correspondent banking, but relieving the negative trend is yet to be achieved**. More and better-consolidated information is being collected, and the problem is better understood, but the solutions will take time to be implemented, as this requires the coordination of multiple jurisdictions and the establishment of new global best practices.

Main regulatory actions around the world over the last months

	Recent issues	Upcoming issues
GLOBAL	**On 31 May IOSCO** issued survey report on audit committee oversight of auditors **On 01 June IOSCO** and **IFRS** announced a Statement of Protocols to promote transparency within capital markets **On 06 June FSB** released guidance on resolution planning for SIIs **On 07 June IOSCO** issued Statement on Non-GAAP Financial Measures to assist issuers in providing clear disclosure for investors **On 16 June BCBS** published implementation assessments on frameworks for SIBs **On 22 June FSB** published recommendations to address structural vulnerabilities from asset management activities **On 22 June IOSCO** issued statement with priorities in the asset management industry **On 26 June BCBS** published its 2015/16 Annual Report **On 28 June ISDA** published the German Jurisdictional Module, within the ISDA Resolution Stay Jurisdictional Modular Protocol **On 28 June CPMI-IOSCO** published Third update to Level 1 assessment report, on the monitoring of Principles for financial market infrastructures **On 29 June CPMI-IOSCO** released guidance on cyber resilience for financial markets **On 11July BCBS** published an updated standard for the regulatory capital treatment of securitisation exposure, including STC **On 14 July ISDA** published a protocol for the Bail-in Article 55 of the BRRD **On 19 July FSB** published a report on the implementation of recommendations to reform major interest rate benchmarks **On 21 July the FSB** met in Chengdu **On 25 July FSB** published its 2015/16 Annual Report	In **Sep 2016 China** will host the **G20** Leaders' **Summit** in Hangzhou In **2016 BCBS** will finalise its review of internal models and calibration of leverage ratio applicable in Jan 2018
EUROPE	**On 01 June EC** issued Commission Delegated Regulation specifying on application of write-down or conversion powers is necessary under Article 44(3) of the BRRD has been published in OJEU **On 01 June ESMA** published responses to consultation on future MAR list of information on commodity and spot markets **On 02 June ESMA** published Statement financial firms of their responsibility to act in their clients' best interests when selling bail-in-able financial instruments **On 02 June EC** adopted three sets of draft (RTS) under MiFID2 and MiFIR: draft RTS 13, draft RTS 14, draft RTS 16 **On 02 June EC** launched consultation on barriers to the cross-border distribution of investment funds, including AIFs and UCITS funds, across the EU **On 02 June EC** issued Communication on collaborative economy which providing guidance to MS to promote it **On 02 June EC** adopted proposal to incorporate ESAs into EEA Agreement **On 02 June the EU and the United States** have signed an 'umbrella' agreement on the protection of personal data **On 02 June EBA** published decision on data for supervisory benchmarking **On 03 June EC** Implementing Regulation on the calculation of technical provisions and basic own funds for reporting with from 31 March until 29 June 2016 in accordance with the Solvency II Directive published in OJEU **On 06 June EC** adopted four Delegated Regulations under MiFID2 setting out RTS (i) on requirements to ensure fair and non-discriminatory co-location services and fee structures; (ii) on the level of accuracy of business clocks; (iii) on the data to be published by execution venues on the quality of execution of transactions; (iv) on the annual publication by investment firms of information on the identity of execution venues and on the quality of execution **On 06 June ESMA** issued a report on order duplication and liquidity measurement in EU equity markets **On 06 June ESMA** and **the US CFTC** have signed a memorandum of understanding under EMIR **On 07 June EP**'s plenary session has approved the E's proposal to delay the application of MiFID2/MiFIR by one year **On 07 June EC** adopted a draft Delegated Regulation setting out RTS on information on financial contracts and the circumstances in which the requirement should be imposed under the BRRD **On 08 June ESMA** published its Final Report and draft RTS for the European Long-Term Investment Fund Regulation (ELTIF) **On 08 June Coreper** agreed a stance on new rules on prospectuses **On 08 June EC** Implementing Regulation extending transitional periods related to own funds requirements for exposures to CCPs under the CRR and EMIR **On 09 June EC** launched a public consultation on the Financial Conglomerates Directive and its implementation to date **On 08 June EC** Implementing Regulation extending transitional periods related to own funds requirements for exposures to CCPs under the CRR and EMIR	In **Oct 2016 EBA** will publish reports on the implementation of the MREL In **2016 the EC** will present concrete legislative proposals on the Digital Single Market In **2016 EU institutions** will start working on the design of a common fiscal backstop for the SRF In **2016 the EC** will bring forward a legislative proposal on TLAC

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Main regulatory actions around the world over the last months (cont.)

	Recent issues	Upcoming issues
EUROPE	**On 09 June EC** launched a consultation on Financial Conglomerates Directive **On 10 June the EU Council Presidency** published its proposal for a general approach with regard to the proposed Regulation on MMFs **On 10 June EC** Implementing Regulation laying down ITS on content of the description of group financial support agreements in accordance with the BRRD has been published in OJEU **On 10 June EC** Delegated Regulation on clearing obligation under EMIR **On 13 June EBA** publishes final draft RTS on specialised lending exposures **On 13 June EC** adopted three Delegated Regulations (RTS 3, RTS 5, RTS 8)that set out RTS under MiFIR and MiFID2 **On 14 June ESMA** updated its list of recognised CCPs based in third countries **On 15 June ESMA** published its Annual Report for 2015 **On 15 June EBA** published its 2015 Annual Report **On 17 June Council of the EU** adopted amending Directive and amending Regulation on a one-year postponement of the transposition and application deadlines for MiFID2 and MiFIR **On 17 June** Commission Implementing Regulation laying down ITS on identification and transmission of information by competent authorities and resolution authorities to the EBA under the BRRD published in OJEU **On 17 June EC** six Commission Regulations setting out RTS under MAR **On 17 June ESMA** issued Opinion in response to the EC on intended changes on a draft ITS on disclosure of inside information under the MAR **On 21 June Council of the EU** agreed on a draft Directive intended to prevent tax avoidance by large companies **On 23 June ESMA** published responses to DP on UCITS share classes **On 28 June EP**'s plenary session adopts a resolution on the decision to leave the EU resulting from the UK referendum **On 29 June EC** a Regulation amending CRR on exemptions for commodity dealers has been published in OJEU **On 29 June EC** Regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds has been published in OJEU **On 29 June EC** published a report on the appropriateness of Article 3(1) of the Financial Collateral Directive (Directive 2002/47/EC - FDC) with regards to formal acts required to provide credit claims as collateral **On 29 June EBA** launches consultation on Guidelines on disclosure requirements for the EU banking sector **On 30 June EP Representatives Committee** an agreement with the EP on institutions for occupational retirement provision **On 01 July EC** adopted rules to fight insider dealing and market manipulation **On 06 July ECB** published list of less significant institutions **On 07 July EC** issued proposal to amend Anti-Money Laundering Directive **On 12 July The Council** found that Portugal and Spain have not taken effective action to reduce their excessive deficits **On 12 July Council of the EU** EU and Monaco signed an agreement aimed at improving tax compliance by private savers, contributing to efforts to clamp down on tax evasion **On 13 July EC** published framework for cross-border cooperation on audit supervision **On 13 July ESMA** consults on proposed central clearing delay for small financial counterparties **On 13 July ECB** published guide on assessing the eligibility of IPSs **On 13 July the SRB** published its first Annual Report. **On 14 July EC** launched rules to support investment in venture capital and social enterprises **On 14 July EC** published responses to consultation on retail financial services **On 15 July EBA** launched data collection to support the new prudential framework for investment firms **On 19 July EBA** launched public consultation public on the MREL **On 20 July EC** accepted commitments by ISDA and Markit on CDSs **On 21 July EBA** published final draft RTS on assessment methodology **On 22 July EBA** provided updates on NPLs in EU banking sector **On 25 July EBA** consults on target level of resolution financing arrangements **On 25 July ESRB** published its Annual Report	

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Main regulatory actions around the world over the last months (cont.)

	Recent issues	Upcoming issues
EUROPE	**On 26 July EBA** published guidelines on communication between supervisors and statutory auditors **On 26 July EBA** launched consultation on credit risk management practices and accounting for expected credit losses	
MEXICO		**The CNBV** is expected to issue special accounting standards that will allow banks leeway in provisioning credits to clients and regions affected by the financial hardship experienced by Pemex. **The CNBV** is expected to issue its leverage ratio rules, in line with the international standards according to a public review.
LATAM	**On 06 June, Peruvian Government** issued a law that allows people using up to 25% of their private pension fund for the initial fee on the purchase of a first home or prepay the loan of their first house. **On 23 June, the Central Bank of Argentina** announced on, that it would raise the ratio of Net Position in Foreign Currency to Equity to 15% for spot and would remove the limit on positive exposure to term positions. **On 30 June, the National Monetary Council of Brazil** approved a resolution adopting FSB recommendations regarding the preparation and implementation of recovery plans for systemically important financial institutions. **On 01 July, the Central Bank of Argentina** adapted local Minimum Capital Requirements to the Basel rule on Liquidity Coverage Ratios as of end July 2016. Also, to comply with Basel regulations on capital requirements, the Central Bank ruled that exposure to the national government in foreign currency (100% ceiling) will now require 150% risk weight if the sovereign rating is below B-	**Colombian Congress** is studying a legislative reform that forbids charges for ATM withdrawals for accounts with average monthly transactions lower than three minimum monthly wages **The Government of Colombia** will present a decree that modified the mandatory pension fund investment regime, modifying the limits for alternative investments
USA	**On 03 June Fed** launched a consultation on capital standards for insurance companies **On 10 June Fed and FDIC** permitted 84 firms to file reduced content resolution plans **On June CFTC** approved amendments to final rule relating to swap data recordkeeping **On 17 June Agencies** issued host state Loan to deposit Ratios **On 17 June federal regulatory agencies** issued statement on new accounting standard on financial instruments **On June the FSOC** released 2016 annual report **On 22 June** FDIC adopted Proposed Rulemaking to remove references to credit ratings form the FDIC's International Banking Regulations **On 23 June FRB** released stress test results for 33 largest bank **On 29 June Fed** released Comprehensive Capital Analysis and Review **On 07 July Fed** extended for one year implementation of certain parts of the Volcker Rule **On 21 July Fed** announced changes to part II of the Fed Policy on Payment System Risk **On 22 July Agencies** issued proposal on method to adjust threshold for exempting small loans from special appraisal requirements **On 22 July Fed and CFPB** issued proposal on method to adjust thresholds for exempting certain consumer credit and lease transactions	Regulators are working to **complete some of the pending reforms outlined by the Dodd-Frank Act** before the next administration takes office (2017) The **Consumer Financial Protection Bureau** expects to issue final rules **on consumer protection for prepaid cards** in the spring of 2016 and on mortgage servicing by mid-2016 The **SEC will** publish a notice of proposed rule-making for **fiduciary standards** in Oct. 2016.
TURKEY		**The Central Bank of Turkey** stated that the FSC will study regulations on CAR so as to prevent the negative impacts on banks of the new regulation and to conserve FX liquidity reserves Draft" regulation regarding auto-enrolment in the private pension system will require the participation of all employees aged 45 or less for six months. After the lock-up period, employees will be granted the option of leaving.
ASIA		China may be considering the establishment of a new cabinet office to co-ordinate financial and economic policy. The new cabinet would fall under the State Council

Source: BBVA Research

Abbreviations

AIFMD	Alternative Investment Fund Managers Directive
AMC	Company for the Management of Assets proceeding from Restructuring of the Banking System (Bad bank)
AQR	Asset Quality Review
BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements
BoE	Bank of England
BoS	Bank of Spain
BRRD	Bank Recovery and Resolution Directive
CCAR	Comprehensive Capital Analysis and Review
CCB	Counter Cyclical Buffer
CCP	Central Counterparty
CET1	Common Equity Tier 1
CFTC	Commodity Futures Trading Commission
CNMV	Comisión Nacional de Mercados de Valores (Spanish Securities and Exchange Commission)
COREPER	Committee of Permanent Representatives to the Council of the European Union
CPSS	Committee on Payment and Settlement Systems
CRA	Credit Rating Agency
CRD IV	Capital Requirements Directive IV
CRR	Capital Requirements Regulation
CSD	Central Securities Depository
DFA	The Dodd–Frank Wall Street Reform and Consumer Protection Act
DGSD	Deposit Guarantee Schemes Directive
EBA	European Bank Authority
EC	European Commission
ECB	European Central Bank
ECOFIN	Economic and Financial Affairs Council
ECON	Economic and Monetary Affairs Committee of the European Parliament
EDIS	European Deposit Insurance Scheme
EIOPA	European Insurance and Occupational Pensions Authority
EMIR	European Market Infrastructure Regulation
EP	European Parliament
ESA	European Supervisory Authority
ESFS	European System of Financial Supervisors
ESM	European Stability Mechanism
ESMA	European Securities and Markets Authority
ESRB	European Systemic Risk Board
EU	European Union
EZ	Eurozone
FASB	Financial Accounting Standards Board
FBO	Foreign Bank Organisations
FCA	Financial Conduct Authority
FDIC	Federal Deposit Insurance Corporation
Fed	Federal Reserve
FPC	Financial Policy Committee
FROB	Spanish Fund for Orderly Bank Restructuring
FSAP	Financial Sector Assessment Program
FSB	Financial Stability Board
FTT	Financial Transactions Tax
G-SIB	Global Systemically Important Bank
G-SIFI	Global Systemically Important Financial Institution
IAIS	International Association of Insurance Supervisors
IASB	International Accounting Standards Board
IHC	Intermediate Holding Company
IIF	Institute of International Finance
IMF	International Monetary Fund
IOSCO	International Organization of Securities Commissions
ISDA	International Swaps and Derivatives Association
ITS	Implementing Technical Standard
Joint Forum	International group bringing together IOSCO, BCBS and IAIS
LCR	Liquidity Coverage Ratio
LEI	Legal Entity Identifier
MAD	Market Abuse Directive
MiFID	Markets in Financial Instruments Directive
MiFIR	Markets in Financial Instruments Regulation
MMFs	Money Market Funds
MoU	Memorandum of Understanding
MPE	Multiple Point of Entry
MREL	Minimum Requirement on Eligible Liabilities and own Funds
MS	Member States
NRAs	National Resolution Authorities
NSAs	National Supervision Authorities
NSFR	Net Stable Funding Ratio
OJEU	Official Journal of the European Union
OTC	Over-The-Counter (Derivatives)
PRA	Prudential Regulation Authority
QIS	Quantitative Impact Study
RRPs	Recovery and Resolution Plans
RTS	Regulatory Technical Standards
SCAP	Supervisory Capital Assessment Program
SEC	Securities and Exchange Commission
SIB (G-SIB, D-SIB)	Global-Systemically Important Bank, Domestic-Systemically Important Bank
SIFI (G-SIFI, D-SIFI)	Global-Systemically Important Financial Institution, Domestic-Systemically Financial Institution
SII (G-SII, D-SII)	Systemically Important Insurance
SPE	Single Point of Entry
SRB	Single Resolution Board
SREP	Supervisory Review and Evaluation Process
SRF	Single Resolution Fund
SRM	Single Resolution Mechanism
SSM	Single Supervisory Mechanism
TLAC	Total Loss Absorbing Capacity
UCITS	Undertakings for Collective Investment in Transferrable Securities Directive

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