

Financial Regulation: Weekly Update

18 May 2018

Regulation Unit

Highlights

BCBS and IOSCO issue criteria to identify STC securitisations, and standards for their capital treatment. EIOPA launches EU-wide stress test. CNMV consults on disclosure models for financial reports. BdE consults on draft circular regarding the comparability of fees. Finally, U.S. agencies issue proposed rulemaking regarding Current Expected Credit Losses.

GLOBAL

- BCBS-IOSCO publish criteria for identification and standards for capital treatment for STC securitisations

i) Issue [criteria](#) for identifying simple, transparent and comparable (STC) securitisation (which are short-term), taking into account the characteristics of asset-backed commercial paper conduits. ii) Issue the standard for [capital treatment](#) for STC securitisations, setting out guidance and requirements for the purpose of applying preferential regulatory capital treatment for banks acting as investors or sponsors.

EUROPE

- EIOPA launches the fourth EU-wide Insurance stress test

Aims to assess [vulnerabilities](#) of the EU insurance sector, raise awareness of potential threats to financial stability and increase transparency by requesting voluntarily disclosure of results. 42 groups participate.

- ESRB publishes adverse scenario for EIOPA's stress test exercise

The test includes 3 [scenarios](#), EIOPA requested the ESRB to provide two adverse macro-financial scenarios. The ECB has developed the narrative and methodology and calibrated the adverse scenarios for this exercise.

- ECB issues opinion on the Central Bank Bill 2018

The law confers on the Central Bank of Ireland (CBI) the power to [impose sanctions](#) and conduct inquiries into the suspected provision of false or misleading information to the CBI. ECB believes that it may be useful to further examine whether there are specific gaps in the CBI's powers to sanction financial services providers.

SPAIN

- CNMV opens public consultation on draft for new disclosure models for financial reports

The draft aims to adapt new accounting standards (IFRS 9 & IFRS 15) in the disclosure of [financial reports](#) by stock-market firms, also aims to do technical adjustments to improve comprehension. Deadline: 31 May.

- BdE issues public consultation on a draft circular regarding the comparability of fees

Concerning requirements of document informing on [fees](#), fees status, websites for comparison of payment accounts. It modifies circular 5/2012 on transparency of banking services. Deadline: 28 May.

UNITED STATES

- [Agencies issue proposal for rule regarding Current Expected Credit Losses \(CECL\)](#)

It adjusts [definitions](#) in the capital and non-capital rules regarding the CECL standard. Provides the option of a transitional framework for banks suffering a capital reduction as a consequence of the standards.

- [CFTC consults on changes to Margin Rule for the swap market](#)

Seeks to [reduce](#) burden by amending uncleared swaps margin requirements for swap dealers and major swap participants. Small changes to simplify and align the rules between CFTC and prudential regulators. Deadline: 60 days.

- [Federal Financial Institutions Examination Council issues CDD and BO requirements](#)

The rule [clarifies](#) Customer Due Diligence (CDD) requirements for financial institutions and establishes new requirements on the identification and verification of Beneficial Ownership (BO) of legal entity customers.

- [OCC issues new handbook regarding the MLA](#)

The [handbook](#) will be used to assess the compliance with the Military Lending Act (MLA). It replaces previous procedures and takes into consideration a broader range of consumer credit products.

Recent publications of interest (in English and Spanish):

- [Press Article](#). Liquidity or moratorium? March 2018
- [Press Article](#). Sustainable finance: less and less green. March 2018
- [Financial Regulation Outlook](#). April 2018
- [Digital Economy Outlook](#). March 2018
- [Banking Outlook](#). February 2018

Previous editions of our Weekly Regulatory Update in [Spanish](#) and [English](#).

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