

# Financial Regulation: Weekly Update

11 October 2018

Regulation Unit

## Highlights

FSB issues report on crypto-assets. EBA updates its risk dashboard. Council of the EU adopts conclusions on climate change and anti money laundering directive. EC adopts delegated acts on supervisory reporting. UK Treasury issues documents and Statutory Instruments preparing for Brexit. US Agencies issue final Swap Margin Rule.

## GLOBAL

- [FSB issues report on implications of crypto-assets for financial stability](#)

[Assesses](#) primary risks, concluding that crypto-assets should not be considered as common means of payment as they lack key attributes of sovereign currencies. So far, they do not imply material risk to global financial stability.

## EUROPE

- [EBA updates risk dashboard](#)

It [shows](#) high capital ratios and a better overall quality of loan portfolio with sustained improvements in NPLs management. ROE has risen since 1Q but profitability remains a key challenge for the EU banking sector.

- [Council adopts a new anti money laundering Directive](#)

[Rules](#) include: i) definition of criminal offences and sanctions; ii) possibility of holding legal entities liable for certain money laundering activities; iii) removing obstacles to cross-border judicial and police cooperation. Once it is published in the OJEU, member states have up to 24 months to transpose it into national law.

- [Council of the EU adopts conclusions on climate change](#)

Stresses the [urgency](#) to anticipate and mitigate climate-related (financial) risks. Highlights that low-emissions and climate resilient economic growth are compatible (GDP grew 53% and emissions drop 22.4% during 1990-2016).

- ESMA updates public register with double volume cap data under MIFID II

It seeks to limit the amount of [dark trading](#) in equities under the reference price waiver and the negotiated transaction waiver.

- EC adopts delegated acts on banking prudential requirements on supervisory reporting

The [amendments](#) implement Technical Standards on Supervisory Reporting and include 10 annexes to modify reporting templates. The amended requirements will apply as of 31 Dec 2018 (reporting framework v2.8).

- EIOPA publishes monthly technical information

Relevant [risk free rate](#) term structures for the month of September.

## SPAIN

- CNMV publishes statement on the transparency of information provided to investors

In order to improve investors' [information](#), it considers necessary the application of certain criteria regarding: the document with key information for the investor, and public and periodic information on the degree of discretion in asset management.

- CNMV approves circular regarding templates for confidential information

[Updates](#) templates for confidential information to incorporate MIFID II related matters. The new information to be provided refers only to activities carried out from 1 Jan 2019.

## UNITED KINGDOM

- HM Treasury issues drafts Statutory Instruments (SI) and other Brexit related documents

They seek to adapt EU legislation into UK Law. The documents cover a wide range of topics: SI regarding the [BRRD](#); SI on Markets in [Financial Instruments](#) (MiFIR and MiFID); proposal to grant UK regulators temporary [transitional powers](#); guide on the approach to regulations regarding the [ESAs](#) and the ESRB; and SIs regarding regulations for [investment](#) funds, insurance companies ([Solvency II](#)), credit rating [agencies](#), and trade [repositories](#).

- FCA consults on its approach ahead of Brexit

Two consultation setting [proposals](#) for the case of a departure without a transition period: i) Amendments to the FCA Handbook and Binding Technical Standards, and ii) Temporary Permissions Regime. Both deadlines: 7 Dec.

## Creating Opportunities

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- BoE's Financial Policy Committee maintains UK countercyclical capital buffer at 1%

It will conduct a comprehensive assessment of the [resilience](#) of the UK banking system in the 2018 stress test and review the adequacy of the 1% CCyB rate at its meeting on 28 Nov.

- FCA consults on new rules for open-ended funds investing in illiquid assets

It proposes [measures](#) to: suspend trading in certain cases; require managers to prepare contingency plans for liquidity problems; and disclose more information about liquidity risks, among other issues. Deadline: 31 Jan 2019.

- BoE releases timetable for annual stress test publication

The annual [stress test results](#) will be published in the Financial Stability Report on the next 5 of December. Until that date, there will be no publication on individual firms' results.

- FCA and Securities and Futures Commission sign MoU on mutual recognition of funds

It sets a [framework](#) for cooperation regarding the cross-border offering of eligible Hong Kong public funds and United Kingdom retail funds.

## UNITED STATES

- Agencies publish final Swap Margin Rule (on minimum margin and capital requirements)

Affects registered [swap dealers](#), major swap participants, security-based swap dealers, and major security-based swap participants. It clarifies that legacy swaps are not subject to the Rule if they are amended solely to conform to the Qualified Financial Contracts Rules.

- CFTC approves rules to simplify regulatory obligations for CPOs and CTAs

They codify staff [advisories](#) and no-action letter relief, streamline some registration requirements, and harmonize some rules with comparable regulators for Commodity Pool Operators and Commodity Trading Advisors.

- FDIC issues list of banks examined for CRA compliance

List of state [nonmember](#) banks evaluated for compliance with CRA in July 2018.

## Recent publications of interest (in English and Spanish):

- [Press Article](#). La integración de la sostenibilidad en el sistema financiero. July 2018 (only in Spanish)
- [Regulation Watch](#). How prepared are European banks to comply with MREL? August 2018
- [Financial Regulation Outlook](#). October 2018
- [Banking Outlook](#). August 2018

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

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