

# Financial Regulation: Weekly Update

26 October 2018

Regulation Unit

## Highlights

EMMI consults on the hybrid methodology for EURIBOR. EBA and EC publish their 2019 work programmes. EBA announces timing for publication of 2018 EU-wide stress test. ECB issues list of supervised entities. BoE issues a package of communications and consultations regarding Brexit. UK Treasury issues Statutory Instruments preparing for Brexit.

## GLOBAL

- [FSB reviews financial vulnerabilities and deliverables for G20 Summit](#)

Global growth remained solid but uneven across economies. Some [reports](#) are expected for the G20 summit: on implementation of the regulatory reform, on infrastructure financing and on incentives to centrally clear OTC derivatives, among others.

- [ISDA issues white paper on clearing incentives, systemic risk and margin requirements](#)

Based on internal analysis and policy-makers studies it [suggests](#): that initial margins should not be required to counterparties with little systemic risk, and ii) the role of margins as clearing incentive should be recalibrated.

## EUROPE

- [EMMI issues second consultation on the hybrid methodology for EURIBOR](#)

It presents a [summary](#) of the main findings during the testing phase for the hybrid EURIBOR. It also provides details on its proposals for different methodological parameters. Deadline: 30 Nov.

- [EBA publishes work programme for 2019](#)

[Defines](#) strategic areas: Basel III implementation, financial innovation risks, collection and analysis of data, EBA relocation, and enhanced loss-absorbing capacity.

- [EC publishes work programme 2019](#)

[Focuses](#) on: some new initiatives (investment plan, sustainability, artificial intelligence...), review of existing legislations, a large number of pending priority proposals for adoption before the European elections, and suggests withdrawing or repealing 17 pending proposals or existing laws. Brexit is among the pending issues.

## Creating Opportunities

Regulation Weekly – 26 October 2018

- EBA announces timing for publication of 2018 EU-wide stress test

Individual [results](#) for participating banks, together with detailed balance sheets and exposure data will be published on 2 Nov 2018.

- ECB issues list of supervised institutions

Presents banks that are [significant](#) (and directly supervised by the SSM) and less significant. As of 1 Sep 2018, the number of significant supervised entities is 118.

- ESAs issue letter to EFRAG on IFRS 17

They [highlight](#) the importance of completing and making more transparent the endorsement process of IFRS 17 (and replacing IFRS 4) in relation to European Financial Reporting Advisory Group's dialogue with the IASB.

- EIOPA issues report on IFRS 17 and its risk dashboard

i) It supports the application of [IFRS 17](#) for insurance contracts, as it will enhance transparency and comparability, and financial stability. However, it also highlights some concerns regarding the standard. ii) The second quarter [risk dashboard](#) shows largely unchanged risk in the EU insurance sector.

## SPAIN

- CNMV issues its quarterly Bulletin

It [includes](#) a report on the situation of national and international securities markets, and two articles: on Spanish households' savings and investment decisions, and on Spanish non-financial companies in capital markets.

## UNITED KINGDOM

- BoE issues a package of communications and consultations regarding Brexit

The [package](#) includes among others: i) Joint [consultation](#) with PRA on the general approach to guarantee a functioning framework following Brexit; ii) PRA [consultation](#) on Binding Technical Standards (BTS) to be transposed into UK Law; iii) BoE consultation on rules and BTS regarding Financial Market [Infrastructures](#); iv) BoE consultation on changes to BTS regarding resolution; v) Information for firms on the Temporary [Permissions Regime](#), and vi) Information for incoming market infrastructures. All deadlines: 2 Jan 2019.

- HM Treasury issues several SI preparing for Brexit

Statutory Instruments regarding: i) [ring-fenced](#) bodies, ii) financial [conglomerates](#), iii) OTC [derivatives](#), CCPs and trade repositories, and iv) central securities [depositories](#).

- [PRA consults on changes to its Rulebook and on fees for non-UK CCPs](#)

i) [Proposes](#) changes to chapters 2-7 of its rulebook (from reporting, ring-fencing, to depositors protection among others). Deadlines: 22 Nov for chapter 2, and 22 Jan 2019 for chapters 3 to 7. ii) Proposal for fees for application for [recognition](#) of non-UK CCPs (before and after Brexit). Deadline: 2 Jan 2019.

## UNITED STATES

- [FRB issues information relevant for reserve requirements](#)

[Announces](#) the annual indexing of two amounts needed to determine reserve requirements: the requirement exemption amount (first \$16.3 million) and the low reserve tranche (from \$16.3 million to \$124.2 million).

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

- [Press Article](#). European banks and the challenge of MREL. October 2018
- [Press Article](#). *La integración de la sostenibilidad en el sistema financiero*. July 2018 (only available 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](#).

## DISCLAIMER

This document has been prepared by BBVA Research Department, it is provided for information purposes only and expresses data, opinions or estimations regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

Estimations this document may contain have been undertaken according to generally accepted methodologies and should be considered as forecasts or projections. Results obtained in the past, either positive or negative, are no guarantee of future performance.

This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes.

BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents.

This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

In regard to investment in financial assets related to economic variables this document may cover, readers should be aware that under no circumstances should they base their investment decisions in the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to take an appropriate investment decision.

The content of this document is protected by intellectual property laws. It is forbidden its reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process, except in cases where it is legally permitted or expressly authorized by BBVA.

## Regulation

**Lead Economist**  
Ana Rubio  
arubiog@bbva.com

**Arturo Fraile**  
arturo.fraile@bbva.com

**Victoria Santillana**  
mvictoria.santillana@bbva.com

**Matías Daniel Cabrera**  
matiasdaniel.cabrera@bbva.com

**Pilar Soler**  
pilar.soler.vaquer@bbva.com

**Javier García Tolonen**  
javierpablo.garcia@bbva.com

**Willians Ruiz**  
willians.ruiz@bbva.com

**Salvador Bekiaropoulos Donate**  
salvador.bekiaropoulos@bbva.com

## BBVA Research

**Chief Economist BBVA Group**  
Jorge Sicilia Serrano

**Macroeconomic Analysis**  
Rafael Doménech  
r.domenech@bbva.com

**Digital Economy**  
Alejandro Neut  
robertoalejandro.neut@bbva.com

**Global Macroeconomic Scenarios**  
Miguel Jiménez  
mjimenezg@bbva.com

**Global Financial Markets**  
Sonsoles Castillo  
s.castillo@bbva.com

**Long-Term Global Modelling and Analysis**  
Julián Cubero  
juan.cubero@bbva.com

**Innovation and Processes**  
Oscar de las Peñas  
oscar.delaspenas@bbva.com

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

**Digital Regulation and Trends**  
Álvaro Martín  
alvaro.martin@bbva.com

**Regulation**  
Ana Rubio  
arubiog@bbva.com

**Financial Systems**  
Olga Cerqueira  
olga.gouveia@bbva.com

**Spain and Portugal**  
Miguel Cardoso  
miguel.cardoso@bbva.com

**United States**  
Nathaniel Karp  
nathaniel.Karp@bbva.com

**Mexico**  
Carlos Serrano  
carlos.serranoh@bbva.com

**Middle East, Asia and Big Data**  
Álvaro Ortiz  
alvaro.ortiz@bbva.com

**Turkey**  
Álvaro Ortiz  
alvaro.ortiz@bbva.com

**Asia**  
Le Xia  
le.xia@bbva.com

**South America**  
Juan Manuel Ruiz  
juan.ruiz@bbva.com

**Argentina**  
Gloria Sorensen  
gsorensen@bbva.com

**Colombia**  
Juana Téllez  
juana.tellez@bbva.com

**Peru**  
Francisco Grippa  
fgrippa@bbva.com

**Venezuela**  
Julio Pineda  
juliocesar.pineda@bbva.com

## Creating Opportunities

Regulation Weekly – 26 October 2018