

# Financial Regulation: Weekly Update

15 February 2019

Regulation Unit

## Highlights

EU ambassadors conclude CRDV negotiation. FSB issues its 2019 work programme. EMMI publishes summary of responses to Euribor consultation. EC issues list of countries with weak AML/CFT. EDPB issues opinion on data transfer. ESRB issues recommendations on reciprocation of large exposure limits. US Treasury issues statement on the US-EU Financial Regulatory Forum.

## GLOBAL

- [FSB issues its 2019 work programme](#)

Includes tentative [details](#) of the timetable of main publications for 2019 which will focus on the implementation and evaluation of the effects of reforms, and monitoring to identify and address new emerging risks to financial stability.

- [FSB publishes report on FinTech](#)

The [document](#) analyses market developments, potential financial stability implications of the FinTech sector, the possible impact of BigTech firms entering the financial markets, and the role of third party providers.

- [IOSCO publishes monitoring report on secondary and other market principles](#)

[Report](#) on IOSCO Standards Implementation Monitoring (SIM) finds that implementation is generally high across jurisdictions. It issues specific recommendations to several jurisdictions in order to mitigate the identified gaps.

## EUROPE

- [EU ambassadors endorse EU Council and EP agreement on the full package of risk reduction measures](#)

The [decision](#) concludes the technical phase of the negotiating process which started in 2016. A previous political agreement was reached in Dec. 2018. The package includes changes to the CRR, CRDIV, BRRD and SRMR.

- [EDPB issues opinion on draft Administrative Arrangement \(AA\) for the transfer of personal data](#)

It considers that [safeguards](#) presented in the AA are appropriate for the transfer of personal data between financial supervisory authorities from EEA and non-EEA countries not covered by a EC adequacy decision.

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- EMMI publishes summary of responses to its second consultation on Hybrid Euribor

It issues a summary of [stakeholder](#) feedback, a blueprint for the Hybrid Euribor methodology and a Q&A document. EMMI expects to file authorisation with the Belgian FSMA by 2Q19.

- EC releases updated list of third countries that are weak on AML/CFT

Identifies 23 third [countries](#) with deficiencies in their AML/CFT frameworks. EU banks and other entities covered will be required to apply increased checks on financial operations involving customers from these countries.

- ESAs publish recommendations on changes to the PRIIPS Key Information Document (KID)

Following a public consultation, the ESAs have decided not to propose any changes to the [KID](#) at this time, and to initiate a more comprehensive review including a consultation on the draft Regulatory Technical Standards.

- ESMA publishes thresholds below which an EU prospectus is not required

New [threshold](#) is €1 million, below which an offer does not require a prospectus. It could be increased to €8 million, if the Member States so decide (under certain conditions). Also includes information on national rules.

- ESRB recommends EU-wide reciprocation of France's 5% large exposure limit for highly indebted large NFCs

Proposes capping limit for exposures of SII in EU Member States to non-financial corporations (NFCs). It also aims to foster [macroprudential](#) policy and contributes towards the goal of the Single Market.

- European Council and EP reach agreement on PEPPs

The [agreement](#) sets out rules for the new Pan European Pension Product. It will standardise features and broaden saving options for retirement through portability, economies of scale and cross-border distribution.

- EIOPA issues Q&As on regulation

[Regarding](#): i) templates to submit information, ii) regional governments local authorities exposures, iii) templates for solvency and financial condition report, iv) internal models, v) variation analysis templates, vi) credit assessments.

## UNITED KINGDOM

- BoE publishes its Annual Report on supervision of FMIs

It sets out how the Bank exercised its [responsibilities](#) in the oversight of Financial Market Infrastructures (FMIs) during the last year. Additionally, it sets out its main priorities for 2019.

- PRA issues policy statement on fees and levies

It provides [feedback](#) to previous consultation, and sets final rules on periodic fees for designated investment firms and life insurers, among others.

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## UNITED STATES

- [US Treasury and EU authorities issue joint statement on the US-EU Financial Regulatory Forum](#)

The forum seeks to foster [dialogue](#) and cooperation between authorities. During the meeting, supervisory and regulatory developments were discussed. The next Forum meeting is expected to take place in the summer.

- [US Treasury issues statement on the EC's list of jurisdictions with AML/CFT deficiencies](#)

It raises [concerns](#) about the substance of the list, arguing that its development process is flawed. It states that it does not expect US financial institutions to take this list into account in their AML/CFT policies.

- [Agencies issue proposal on capital adequacy for community banking organisations](#)

Simplifies [capital framework](#) for community banks: if the *community bank leverage ratio* is 9%, it will be regarded as “well-capitalised” in the Prompt Corrective Action framework, and will not be subject to general capital rules.

- [CFTC publishes examinations priorities](#)

The 2019 [priorities](#) are applicable to registrants of the market oversight, swap dealer and intermediary oversight, and clearing and risk divisions. They establish surveillance practices and supervisory requirements.

- [OCC consults on amendments to stress testing rules for national banks and federal saving associations](#)

Implements [provisions](#) from the *Economic Growth, Regulatory Relief, and Consumer Protection Act*. Raises asset threshold (from \$10 billion to \$250 billion) for banks to be subject to company-run stress testing. Deadline: 14 Mar.

- [Agencies issue final rule on flood insurance reform provisions](#)

This requires regulated institutions to accept certain private [flood insurance](#) policies for the purposes of granting certain loans secured by improved real estate property located in special flood hazard areas.

- [FRB issues correction on historical dataset error used for its stress tests 2019](#)

The originally published [mortgage rate](#) for the fourth quarter 2018 was 4.6%. It has now been corrected to 4.8%.

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

- [Financial Regulation Outlook](#). January 2019
- [Working Paper](#). Digital transformation and finance sector competition. January 2019
- [Working Paper](#). Sovereign risk in the Eurozone and its treatment in banking regulation. December 2018
- [Press Article](#). Resilience of mortgage lending. January 2019
- [Press Article](#). What will be the trends in financial regulation in 2019? December 2018

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

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