

# Financial Regulation: Weekly Update

Salvador Bekiaropoulos, Matías Cabrera, Arturo Fraile, Javier García, Ana Rubio, Willians Ruiz, Victoria Santillana, Pilar Soler  
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## Highlights

BCBS issues report on the interaction of regulatory instruments, and on crypto-assets. ECB issues statements on euro short-term rate. EU Council and Parliament agree on EMIR revision for CCP supervision. EBA issues clarification on API under PSD2 and report on high earners. FCA issues statements preparing for a no-deal Brexit.

## GLOBAL

- **BCBS publishes report on the interaction of regulatory instruments**

Summarises results of a survey aiming to test the [impact of regulatory instruments](#) and provides an indication of the interaction among those instruments and the problems created by the complexity of the BIS III framework.

- **BCBS issues statement on crypto-assets**

It sets out its [prudential expectations](#) related to banks' exposures to crypto-assets and related services, for those jurisdictions that do not prohibit such exposures and services.

- **CPMI and IOSCO updates report on the implementation of payment, clearing and settlement standards**

[Progress](#) has been made on jurisdictions that, by July 2018, had not completely adopted the standards. Thus, 23 of the 28 jurisdictions have already adopted measures for all financial market infrastructure types.

## EUROPE

- **ECB announces start date of euro short-term rate as well as recommendations of the working group**

It [will publish €STR](#) on 2 Oct 2019, and will compute a spread €STR-EONIA. Also [publishes](#) recommendations of the ERFW WG: i) modify EONIA methodology to become €STR + spread, ii) OIS quotes methodology to calculate €STR-based forward-looking term structure as Euribor fallback, iii) new focus on adopting €STR and further analyzing Euribor fallbacks. Finally, [communicates](#) rebranding ESTER into €STR.

- **EU Council and Parliament reach provisional deal on EMIR revision regarding CCP supervision**

It establishes a CCP [supervisory](#) committee within ESMA to ensure closer cooperation between national authorities and central banks. It also strengthens the recognition and supervision process for third country CCPs.

- **EBA issues report on the convergence of supervisory practices**

The report aims at fostering comparable [supervisory approaches](#) within the single market. The report finds that in 2018, there was good progress in the convergence, but recognises that there are still some remaining challenges.

## Creating Opportunities

- **ESAs propose amendments to KID for PRIIPs to clarify application to investment funds**

Clarifies the [application of KID](#) to Multi Option Products in which investment funds are offered as underlying investment options to a PRIIP. The aim of the amendments is to provide legal certainty to market participants.

- **EBA issues revised list of ITS validation rules on supervisory reporting**

It highlights ITS [validation rules](#) which have been deactivated either for incorrectness or for triggering IT problems. Data submitted in accordance with these ITS should not be formally validated against the set of deactivated rules.

- **EBA publishes clarifications to issues raised by its working group on APIs under PSD2**

It includes [clarifications](#) regarding the reliability of testing platforms, alignment of functionalities between Application Programming Interface (API) schemes and identification of entities for testing purposes.

- **EBA issues report on high earners in EU banks for 2017**

It shows that the number of [high earners](#) (remuneration of more than EUR 1 million) slightly increased between 2016 and 2017. The average ratio between variable and fixed remuneration fell in the same period.

- **ECB updates AnaCredit's list of legal forms and list of national identifiers**

It [updates](#) the annexes that provide additional information relevant for reporting agents, such as lists of country-specific national identifiers and legal forms and which is part of the Anacredit reporting requirements.

- **EC and CFTC issue joint statement on the revision of EMIR on CCP supervision**

It states that the EU will shortly launch a [consultation](#) process on secondary legislation regarding the recent EMIR amendments. The CFTC states its intention to participate in such consultation.

## SPAIN

- **ICAC issues resolution on the improvement of enterprises' financial information**

It sets out [rules](#) for the presentation of financial instruments and the accounting treatment for equity transactions, share capital changes or mergers and divisions. New rules will be applicable from 1 Jan 2020.

- **CNMV and the General Police Department publish agreement on fight against financial fraud**

It creates a cooperation framework to fight against the [illegal activities](#) arising from new technologies and digital trends in the financial sector.

## UNITED KINGDOM

- **FCA issues statements on MiFID and benchmark regulation and EMIR in no-deal Brexit**

i) Statement to clarify its approach regarding [MiFID position limits](#), post-trade transparency, derivative trading obligation, and benchmark regulation in a no-deal Brexit. ii) Statement to explain how [Trade Repositories](#) and their counterparties (including CCPs) should act to guarantee they comply with EMIR in a no-deal Brexit.

## Creating Opportunities

- **PRA consults on update to the Pillar 2 capital framework**

[Proposes](#) to clarify its approach to assessing weakness in risk management and governance, explain the process for updating the benchmarks used to calculate the Pillar 2A requirement for credit risk. Deadline: 13 Jun.

- **PRA issues policy statement on credit risk mitigation**

It provides feedback to [responses](#) on previous consultation, and sets final policy regarding the eligibility of guarantees as unfunded credit protection. The changes will be applicable from 13 Sep.

- **PRA and FCA hosted the first meeting of the Climate Financial Risk Forum (CFRF)**

It aims at building capacity and sharing best practices to [improve](#) the financial sector capacity response to climate-related financial risks. It also includes banks, insurers, asset managers and other private sector agents.

- **PRA issues policy statement on own fund availability under Solvency II**

It provides feedback on previous consultation, and sets its [expectations](#) for the assessment of the availability of own funds to cover the group Solvency Capital Requirement.

## UNITED STATES

- **Agencies issue revision to consolidated reports of condition and income and other regulatory reports**

The [revision](#) addresses changes in the Call Report and three FFIEC reports related to the accounting for credit losses in accordance with ASU 2016-13. Reporting changes will be phased in from 31 Mar 2019 to 31 Dec 2022.

- **CFPB issues report on supervisory activities**

It presents [supervisory activities](#) completed between June 2018 and November 2018, including findings regarding automobile loan servicing, deposits, mortgage servicing, and remittances.

- **CFTC and MAS issue joint statement on the recognition of derivatives Trading Venues (TV)**

Mutual [recognition](#) which exempts Monetary Authority of Singapore's regulated TVs from requirements to register with the CFTC as swap execution facilities (and CFTC's regulated TVs from MAS's recognition requirements).

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

## Creating Opportunities

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## This report has been produced by

Head of Financial Regulation  
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