

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 follow-up report on Basel III implementation. ECB issues statement on securitizations, report on banking supervision, and macroprudential bulletin. EC and ESMA issue statements on adjustments for Brexit contingency plans. ESMA issues guidelines on clearing obligations under EMIR Refit. BdE maintains the CCyB.

GLOBAL

- **BCBS publishes follow-up reports on Basel III implementation assessments**

Reviews [actions planned or taken](#) by member jurisdictions to address deviations from Basel standards identified in RCAPs.

- **IOSCO publishes work program for 2019**

[Focuses](#) on structural resilience, investor protection, innovation, capital formation. Also, adds priorities on crypto assets, market fragmentation, artificial intelligence and machine learning among other issues.

EUROPE

- **ECB to incorporate requirements of Securitization Regulation into Eurosystem collateral framework**

The [change](#) will come into effect three months after technical standards on disclosure requirements enter into force and when ESMA registers the first repository. For issuances prior to 1 Jan 2019 a 3-year grandfathering will apply.

- **ECB publishes annual report on banking supervision**

The [report](#) summarizes how the SSM has carried out its supervisory tasks during 2018 and include forward-looking remarks on the supervisory priorities of the SSM for 2019 and the ongoing preparations for Brexit.

- **ECB publishes macroprudential bulletin**

Includes [articles](#) on: i) protection of the taxpayers, ii) resilience of the European banking system, iii) analysis of the real estate markets, and iv) review of countercyclical capital buffer in the EZ.

- **EC issues statement on technical adjustment to the no-deal Brexit contingency measures**

It guarantees that [equivalence](#) decisions for CCPs and CSDs reflect the extension of art.50 period. Additionally, it will continue working with ESAs to ensure that the effect of measures for novation of OTC derivatives is preserved.

Creating Opportunities

- **EC consults on KID performance scenarios under the PRIIPs framework**

It requires [opinions](#) on the content and the calculation methodologies of the key information document (KID) for PRIIPs to be made available to retail investors. Deadline: 17 Apr.

- **ESMA issues statement updating its no-deal Brexit contingency measures**

Given the recent extension granted to the UK, it [updates](#) the corresponding dates for a potential no-deal scenario to 12 April (instead of 29 March).

- **ESMA issues statement on the clearing obligation under the new EMIR Refit**

It provides [guidance](#) to financial and non-financial counterparties to determine whether they are subject to the clearing obligation, and when they have to notify ESMA or the relevant competent authority.

- **ESMA issues notice on binary option prohibition and report on accounting enforcement activities**

i) It renews [prohibition](#) on the marketing, distribution or sale of binary options to retail clients. It applies from 2 April 2019 for a period of 3 months. ii) Annual report on the [enforcement](#) and regulatory activities of accounting enforcers in the EU.

- **ESMA issues and updates several Q&As**

i) First Q&As regarding [prospectus](#) regulation. ii) Updated Q&As on [investor protection](#) and intermediaries under MiFID II and MiFIR. iii) Updated Q&As on [commodity derivatives](#) topics under MiFID II and MiFIR.

- **OJEU publishes two delegated regulations**

i) In relation to the [exemption](#) of the Bank of England from the pre- and post-trade transparency requirements under MiFIR, and ii) regarding RTS specifying the details of SFTs to be [reported](#) to trade repositories.

- **EIOPA publishes reports on insurtech, cloud computing and information provided in pensions**

i) Includes [best practices](#) on licencing requirements, peer-to-peer insurance and proportionality. ii) Calls for a [homogeneous regulation](#) for cloud computing, and iii) determines [principles](#) for transparent, timely and clear information provision on pensions.

- **ESMA publishes translations of guidelines under EMIR**

Official [translations](#) of guidelines on position calculation by Trade Repositories.

UNITED KINGDOM

- **PRA issues Policy Statement on Financial Services Compensation Scheme (FSCS)**

[Sets out](#) the final rules for the FSCS's Management Expenses Levy Limit for 2019/2020. It did not receive any input to the previous consultation.

SPAIN

- **BdE maintains without changes the countercyclical capital buffer (CCyB) for 2Q2019**

Keeps CCyB at 0% for credit exposures to Spain. Decision consistent with indicators used to assess the systemic risk caused by credit growth. Remarks the need to carefully follow the evolution and projection of these indicators.

- **MINECO issues statement on the regulation of the basic payment accounts**

It presents the conditions under which some people may access these basic accounts for free (defining vulnerable groups and those at risk of exclusion).

- **CNMV consults on guidelines regarding investment firms' (IF) advisory activities**

Seeks to: identify key issues that IFs may consider to provide ancillary services; share with the sector the position of the CNMV, and determine the scope for the provision of these services. Deadline: 23 Apr.

- **CNMV issues statement on Initial Coin Offerings (ICO)**

Clarifies that it has not approved any prospect for ICOs. It has verified that some operations complied with art. 35.2 of the *Ley del Mercado de Valores*, meaning that they do not require prospects nor previous intervention of CNMV.

UNITED STATES

- **FRB issues document with additional information on its Stress Tests program**

To increase the transparency of the process, it gives information on: i) ranges of loss rates (projected using FED's models), ii) portfolios of hypothetical loans with loss rates projected, and iii) enhanced description of FED's models.

- **CFTC issues rules on de minimis exemption for swaps, no-deal Brexit, and ease regulatory burden**

i) Final rule for the de minimis exemption for swaps entered into by Insured Depository Institutions in connection with loans to customers. ii) Consults on provisions regarding the transfer of uncleared legacy swaps if there is a no-deal Brexit. Deadline: 60 days since publication in the Federal Registry. iii) Two final rule amendments to simplify registrants' obligations under the KISS initiative (Regulation 23.700 and Regulation 1.52).

- **OCC issues mortgage report, statement on confidentiality, and interagency examination procedures**

i) It shows an improvement in the performance of first-lien mortgages in the fourth quarter of 2018. ii) Statement reminding national banks that they are forbidden from disclosing non-public OCC information. iii) Recently developed interagency examination procedures for the Truth in Lending Act, and the Electronic Fund Transfer Act. These will come into effect on 1 April.

- **CFTC issues report on the impact of automated orders in futures markets**

Analyses how technology affects futures trading. Finds an increase in automatically placed orders, that are smaller and with shorter resting times (compared to manual orders). This increase did not lead to an increase in volatility.

Creating Opportunities

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](#).

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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