

# Financial Regulation: Weekly Update

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

17 May 2019

## Highlights

1. EU Council adopts Banking Package (“CRDV”)
2. EU Council adopts EMIR Refit
3. ECB risk free rate working group consults on legal implications of EONIA to €STR transition
4. ISDA launches two consultations on benchmark fallbacks
5. ECB amends monetary policy guidelines including reporting requirements for STS securitizations

## GLOBAL

- **ISDA issues two consultations on benchmark fallbacks to interbank offered rates (IBORs)**

[Consults](#) on i) [covering adjustments](#) that would apply to fallback rates in the event certain IBORs are permanently discontinued and ii) [another](#) relating to pre-cessation issues for LIBOR and certain other IBORs. Deadline: 12 July.

## EUROPE

- **EU Council adopts measures to reduce risk in the banking system**

On May 14 the Council [adopted](#) the final text of the Banking Package with amendments to the CRR, CRDIV, BRRD and SRMR. The texts are supposed to be published in the OJEU in June and enter into force 20 days later.

- **EU Council adopts updated rules for financial derivative products and clearing**

It [revises](#) the European Market Infrastructure Regulation (EMIR) addressed specifically to the functioning of OTC derivatives and small financial counterparties. Entry into force: 20 days after publication in the OJEU.

- **ECB Working group (WG) on euro risk-free rates seeks feedback on EONIA to €STR legal action plan**

The [WG](#) launches a [consultation](#) on the legal implications of the transition EONIA to €STR for new and legacy contracts and EONIA's discontinuation. Recommends switching to €STR as soon as possible. Deadline: 12 June.

- **ECB amends monetary policy implementation guidelines including STS reporting**

[Incorporates](#) transparency requirements under Securitisation into its collateral framework. Also harmonises definition of agencies, phases out use of rating tools and amends criteria for own-use of covered bonds.

- **ESMA issues opinions on national product intervention measures**

It publishes two [positive opinions](#) on intervention measures taken by Finanzmarktaufsicht (FMA) of Austria related to binary options and contracts for difference (CFDs).

## Creating Opportunities

- **ESMA publishes risk dashboard for 1Q 2019**

The overall [risk assessment](#) remains unchanged at high levels. Global trade tensions, uncertainty about the Brexit date and expectations of the monetary policy normalisation are the most important risk in the coming months.

- **ESMA publishes data for the systematic internaliser (SI) calculations**

[Publishes](#) SI calculations for equity, equity-like instruments and for bonds which will be mandatory from 24 May 2019. Data for SI calculations for derivatives and other instruments has been delayed until 2020 at the latest.

- **ESMA issues latest double volume cap (DVC) data under MIFID II**

[Updates](#) DVC data and calculations for the period 1 Apr. 2018 to 31 Mar. 2019. 53 new breaches: 42 equities for the 8% cap, applicable to all trading venues & 11 equities for the 4% cap, that applies to individual trading venues.

## SPAIN

- **FROB's annual accounts and report as well as National Resolution Fund's annual accounts for 2018**

[FROB](#) loss 905 €Mn, almost 5% less than in 2017. It is explained by the deteriorations registered by the accounting valuation of its investees. The National Resolution Fund earns 42,000 €, with a €4 mn of net worth.

- **CNMV authorises investment firm to operate new multilateral trading facility**

[Authorises](#) investment firm King & Shaxson Capital Markets S.V. to operate Dowgate Madrid, a new MTF operated in Madrid. It will be specialised in trading of public debt and derivative instruments.

## UNITED STATES

- **CFTC publishes Swap Data Repository proposal for comments**

It seeks [feedback](#) on the amendments to the SDR existing requirements to establish confirmation policies and procedures between counterparties and requirements for data accuracy. Deadline: 29 July 2019.

- **FRB requests comment on modifications to NSS operating hours**

It [consults](#) on modifications to operating hours of the National Settlement Service and Fedwire Funds Service, seeking to allow sufficient time for closing and cut-off. Deadline: 60 days after publication in the Federal Register

- **Fed approves final rule to reflect rulemaking authority transfer**

It passes the [amendments](#) which reflect the transfer for the Secure and Fair Enforcement of Mortgage Licensing Act from the FRB to the Consumer Financial Protection Bureau.

Read [here](#) our previous Weekly Financial Regulation Update.

## DISCLAIMER

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

Estimates this document may contain have been made in accordance with generally accepted methodologies and should be considered as forecasts or projections. Results obtained in the past, whether 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. Nor shall this document or its contents form the basis of any contract, commitment or decision of any kind.

With regard to investment in financial assets related to economic variables this document may cover, readers should be aware that in no circumstances should they base their investment decisions on the information contained in this document. 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. Its reproduction, transformation, distribution, public communication, provision, extraction, reuse, forwarding or use of any nature by any means or process is forbidden, except in cases where it is legally permitted or expressly authorised by BBVA.

## 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