

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

1. FSB issues compensation progress report
2. EBA issues consultation on draft guidelines on loan origination and monitoring
3. SRB issues documents following its industry dialogue meeting
4. European Commission publishes reports on climate finance and guidelines on corporate climate-related information
5. BdE keeps the countercyclical capital buffer at 0% for 3Q2019

GLOBAL

▪ FSB publishes compensation progress report

Highlights: i) boards appear more active, ii) compensation arrangements have longer time horizons, iii) tools to address conduct risk, iv) the challenge of compensation policies effectiveness in balancing risk and reward.

▪ IOSCO issues report on cyber task force

Serving as a resource for financial market regulators and firms, it raises awareness of existing international cyber standards and frameworks and encourages the adoption of good practices for cyber risk protection.

EUROPE

▪ EBA consults on draft guidelines on loan origination and monitoring

The guidelines aim to ensure that institutions have robust and prudent standards for credit risk taking, management and monitoring, and that newly originated loans are of high credit quality. Deadline: 30 Sep.

▪ SRB publishes documents following its 8th industry dialogue

Publishes presentations on MREL and how it will be affected by the recent approval of the capital requirements regulation 2, expectations for banks on resolvability, and SRB resolution planning.

▪ EC publishes reports on climate finance and guidelines on corporate climate-related information

Reports on: i) taxonomy for sustainable activities, ii) green bonds standards, iii) climate benchmarks and benchmarks' ESG disclosures. Guidelines on the reporting of climate-related information.

▪ Council of the EU agrees two reforms under CMU framework

It adopts rules for creating a Pan-European Pension Product (PEPP) and enhances the regulatory framework of investment funds, facilitating their cross-border distribution. Entry into force: 20 days after publication in the OJEU.

- **ESRB issues report on Exchange traded funds (ETFs)**

[Presents](#) the main channels through which ETFs have the potential to affect systemic risk, especially regarding order flows in periods of stress and exposures of financial institutions to ETFs and their reliance to manage liquidity.

- **ESMA publishes 2018 annual report**

[Reviews](#) its achievements against its 2018 priorities and objectives in meeting its mission of enhancing investor protection and promoting stable and orderly financial markets in the European Union.

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

The [opinions](#) relate to the actions taken by National Authorities from Italy, Portugal, Ireland and Luxembourg. The measures taken are found to be proportionate and justified.

- **OJEU updates exemptions to pre and post-trade transparency requirements under EMIR**

[Adds](#) the People's Bank of China to the list of exempted Central Banks from the pre- and post-trade transparency requirements under MiFIR. Enters into force on 10 Jul.

- **ESMA updates Q&As and publishes translation of guidelines**

i) Q&As on [CSDR](#) and [EMIR data reporting](#). ii) [Translation](#) of its guidelines on non-significant benchmarks under the Benchmarks Regulation.

- **EIOPA, ECB and NCAs agree on standards for supervisory and statistical reporting**

The [common minimum standards](#) align expectations for the level of quality of data reported by (re)insurance undertakings. Among others they include information about timelines, synchronisation and request for revisions.

- **EIOPA publishes annual report for 2018 and re-publishes monthly technical information**

i) Annual [report](#) taking stock of 2018 achievements and financial performance, among others; ii) Re-publishes [information](#) on the Icelandic Krona and updates the relevant risk-free interest rate term structure for May.

SPAIN

- **BdE maintains without changes the countercyclical capital buffer (CCyB) for 3Q2019**

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

- **CNMV publishes 2018 annual report**

[Highlights](#) its activities on MIFID II / MiFIR implementation, and work related with the Brexit plan. It also includes, among others, information on fines, disciplinary proceedings initiated and proceedings concluded.

- **MINECO consults on pension funds disclosure**

It [seeks comments](#) on draft of ministerial order that sets out the quantitative information models that pension fund management entities have to provide to the authorities (EIOPA, ECB and DGSFP). Deadline: 2 Jul.

UNITED KINGDOM

- **PRA issues Policy Statement regarding Pillar 2 liquidity**

It provides feedback to previous consultation, updating the [Pillar 2 Liquidity](#) framework (reporting, PRA's approach to supervise liquidity risk, guidelines on regulatory reports, among others).

- **FCA issues communication regarding the results from Defined Benefit transfers survey**

It warns that firms should strengthen their rules on [pension transfer](#) advice (too much advice is not of an acceptable standard). It will start writing to firms where potential harm has been identified, with the actions they should take.

UNITED STATES

- **Agencies issue final rule on reporting requirements for small institutions**

It streamlines regulatory [reporting requirements](#) for insured depository institutions with less than \$5 billion in assets, that do not engage in complex or international activities.

- **Agencies issue list of geographies under CRA**

It is the 2019 list of [distressed or underserved](#) nonmetropolitan middle-income geographies where revitalization activities are eligible to receive CRA consideration.

- **SEC consults on the harmonization of private securities offering exemptions**

It seeks [comments](#) on ways to simplify, and improve the exempt offering framework, expanding investment opportunities but maintaining investor protection. Deadline: 90 days from publication in the Federal Register.

- **FRB consults on technical update to Freedom of Information Act (FOIA)**

Regarding [technical](#) updates to its FOIA procedures, as well as on changes to improve the efficiency of rules for the disclosure of confidential supervisory information. Deadline: 60 days from publication in the Federal Register.

- **OCC issues report on trading revenues and guidance on higher LTV lending in some communities**

i) First quarter report highlighting high [concentration](#) of derivatives in 4 large banks, and concentration in interest rate derivative products. ii) Risk management guidance for higher [Loan to Value lending](#) in communities targeted for revitalization.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *To complete the Banking Union, it is also necessary to harmonize bank insolvency regimes*. May 2019.
- [Press Article](#). *New package of banking reforms to prevent crises*. June 2019.
- [Press Article](#). *Nueva Ley de Contratos de Crédito Inmobiliario: de la teoría a la práctica* (only in Spanish). June 2019.

Previous edition of our Weekly Financial Regulation Update in [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