

# Financial Regulation: Weekly Update

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## Highlights

1. EBA issues monitoring report on the implementation of LCR in the EU, and report on FinTech activities
2. ECB issues the recommendations from the euro risk-free interest rate working group
3. ESRB issues its 2019 EU non-bank financial intermediation risk monitor
4. ESMA updates Q&As, XML schema and validation rules for securitisation reporting
5. SEC issues statement regarding the LIBOR transition

## GLOBAL

### ■ IOSCO issues statement on liquidity risk management recommendations for investment funds

It explains why the Feb 2018 [recommendations](#) do indeed provide a comprehensive framework for regulators to deal with liquidity risks in investment funds.

## EUROPE

### ■ EBA issues report on the monitoring of the LCR implementation in the EU

It finds some [heterogeneity](#) on the application of certain provisions regarding operational deposits or retail deposits excluded from outflows, among other things. It provides some recommendations to improve the situation.

### ■ ECB publishes recommendations from euro risk-free rate working group

It [recommends](#): i) €STR plus a fixed spread of 8.5 basis points as the EONIA fallback rate, ii) when appropriate, not to enter new contracts referencing EONIA from 2 Oct 2019, iii) in existing contracts referencing EONIA (maturing after Dec 2021), replace EONIA or include robust fallback clause (similar for new contracts referencing EONIA).

### ■ ESMA updates Q&As, XML schema and validation rules for securitisation reporting

[Updates](#): i) Q&As clarifying different aspects, including how some specific fields in the templates should be completed. ii) reporting instructions and XML schema for the templates, iii) validation rules, which prohibit the submission of certain combinations of information.

### ■ EBA amends ITS on supervisory reporting and updates ITS for 2020 benchmarking exercise

i) It [seeks](#) further disclosure on non-performing exposures, forbearance and operating and administrative expenses. It also adapts reporting templates to IFRS16. ii) Includes [changes](#) and clarifications for market risk and credit risk benchmarking, reducing reporting requirements and aligning them to the Common Reporting.

- **EBA issues report on FinTech activities**

It presents the [main findings](#) of its analysis on the regulatory framework applicable to Fintechs, highlighting developments on their regulatory perimeter, regulatory status and authorisation approaches.

- **ESRB publishes EU Non-bank Financial Intermediation Risk Monitor 2019**

The [report](#) identifies risks and vulnerabilities related to liquidity, interconnectedness, leverage and procyclicality from both the entity-based and activity-based monitoring perspective, covering data up to end-2018.

- **EC' elected president issues its political guidelines**

Among other issues, it stresses the need to complete the [banking union](#) (with a common backstop to the Single Resolution Fund and EDIS) and the Capital Markets Union.

- **ESMA calls for evidence on certain investor protection topics**

It refers to the impact of the [inducements](#) costs and charges disclosure requirements under article 90 MiFID II. Includes collecting information on application of the rules that varies across Member States. Deadline: 6 Sep.

- **ESMA issues several consultations**

On: i) [Cost](#) of market data and consolidated tape. Deadline: 6 Sep. ii) [Disclosure](#) Guidelines under the PR. Deadline: 4 Oct. iii) [MiFID II](#) compliance function requirements. Deadline: 15 Oct. iv) [Guidelines](#) on performance fees under UCITS Directive. Deadline: 31 Oct.

- **ESMA issues report on sanctions and measures imposed under MiFID II by NCAs**

The [report](#) publishes data on sanctions and measures imposed under MiFID II in 2018, but it does not allow for the observation of clear trends in the imposition of sanctions and measures.

- **ESMA updates the European Single Electronic Format (ESEF) reporting manual**

Following [feedback](#) from market participants, it revises the manual to expand existing guidance published in 2017.

- **ESMA issues opinion on product intervention measures by the Czech Republic**

It adopts [opinion](#) related to the intervention of contracts for differences, concluding that the national measures are justified and proportionate. It states the need for concerted action across NCAs for taking intervention measures.

- **ESMA updates Q&As**

On: i) MIFID and MIFIR [market structure](#) and [transparency topics](#). ii) practical questions regarding [EMIR](#).

- **EIOPA issues two consultations**

On: i) [proportionality](#) of supervisory reporting and public disclosure. Deadline: 18 Oct. ii) [Harmonization](#) of National Insurance Guarantee Schemes. Deadline: 18 Oct.

## SPAIN

- **CNMV issues report on the situation of national and international financial markets**

[Reports](#): i) good performance of international securities markets, despite global trade tensions, ii) concerns for EU economic growth and Brexit, iii) Spanish financial markets had a lower stock price increase compared to the EU.

## UNITED KINGDOM

- **PRA consults on limits for large exposures to certain French non-financial corporations**

It sets out a proposal to apply a [tighter limit](#) for large exposures to some French non-financial corporations (reciprocating similar measures imposed by France). Deadline: 6 Sep.

- **HM Treasury issues financial ombudsman service's annual report**

The 2018-2019 report [presents](#): a strategic report, its financial performance, a report from the director, governance topics, and its financial statements.

## UNITED STATES

- **Agencies announce coordination reviews for certain foreign funds under Volcker Rule**

They [announce](#) that no action will be taken related to restrictions under the Volcker Rule for certain foreign funds for an additional two years.

- **SEC issues statement on LIBOR transition**

It highlights the [potential impact](#) and risks associated to the discontinuation and transition away from LIBOR. It also discusses, among other topics, alternative reference rates, and issues on the management of the transition.

- **Agencies consult on rule regarding the capital treatment of land development loans**

Clarifies the [treatment](#) of land development loans under the capital rules expanding the Sep 2018 proposal revising the definition of high volatility commercial real estate. Deadline: 30 days after publication in the Federal Register.

- **FDIC amends rules on recordkeeping requirements for deposit insurance determinations**

Seeks to [simplify](#) the process for making insurance determinations in the event a bank is placed into receivership. It allows for an optional 1-yr extension of the original compliance deadline and addresses several technical issues.

- **CFPB issues recommendations on financial exploitation, and report on third-party debt collections**

i) Urges financial institutions to report to the appropriate authority whenever there is suspicion that an [older adult](#) is the target or victim of financial exploitation. ii) It finds that 28% of [consumers](#) with a credit report on the Bureau's Consumer Credit Panel have at least one debt in collection by third-party debt collectors.

### 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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