

# Financial Regulation: Weekly Update

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## Highlights

1. EU Commission issues communication regarding Brexit preparedness
2. ESMA publishes simulation and guidance on liquidity stress tests for investment funds
3. EBA adds the securitisation regulation to its interactive single rulebook
4. PRA updates liquidity metric monitor tool
5. PRA consults on Insurance Special Purpose Vehicles

## EUROPE

### ■ EU Commission issues communication regarding Brexit preparedness

[Encourages](#) insurance firms and financial service operators that have not yet done so to finalise their preparatory and contingency measures by 31 Oct, including two time-limited equivalence decisions, to allow EU27 operators to transfer their contractual relationships to service providers that are allowed to carry out their activities within the EU27.

### ■ ESMA publishes stress simulation and guidance on liquidity stress tests for investment funds

i) [results](#) show that overall, most funds are able to cope with such extreme but plausible shocks. ii) [guidance](#) requires to stress test all assets and liabilities of investment funds, including redemption requests by investors, which are the most common source of liquidity risks. Applicable to AIFs and UCITS from 30 Sep 2020.

### ■ EBA adds the securitisation regulation to its interactive single rulebook and Q&As

The final technical standards and guidelines associated with the [STS securitisation regulations](#) will now be available to review on the website (full texts and articles). Also, the Q&A tool has been updated to include it.

### ■ EIOPA publishes monthly technical information

Relevant [risk free rate](#) term structure for the month of August 2019 and Symmetric adjustment of the [equity capital charge](#) with end-August data.

## UNITED KINGDOM

### ■ PRA updates liquidity metric monitor tool

Provided to firms for [informational](#) purposes only, the tool provides estimates of the Basel III LCR and NSFR. It is designed to demonstrate metrics calculated using the information from firms' regulatory reporting of their liquidity.

- **PRA consults on Insurance Special Purpose Vehicles**

It sets out its [approach](#) and expectations in relation to the authorisation and supervision of ISPVs, providing clarity on the applicable prudential standards contained in the Solvency II Directive. Deadline for comments: 3 Dec 2019.

## UNITED STATES

- **FDIC issues CRA evaluation schedule**

Presents the list of [institutions](#) scheduled for Community Reinvestment Act examination for the fourth quarter of 2019 and the first quarter of 2020.

### Recent publications of interest (in English and Spanish):

- [Press Article](#). *Provisions for non-performing loans: how much is enough?* August 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* (in Spanish). June 2019.

Previous edition of our Weekly Financial Regulation Update in [English](#).

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