

Financial Regulation: Weekly Update

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Highlights

1. EBA issues statement to clarify the prudential treatment of own funds instruments
2. ESMA issues Trends, Risks and Vulnerability report for 2019
3. CNMV consults on draft guidelines regarding procedure of authorization of new entities
4. PRA issues statement regarding its consultation on supervising international banks
5. FRB consults on proposal of capital requirements for certain insurance companies

GLOBAL

▪ ISDA issues FAQs regarding EURIBOR reform

[18 Q&As](#) that try to explain the main concerns regarding the EURIBOR benchmark reforms, confirming that the EURIBOR definition is not changed due to methodology changes.

EUROPE

▪ EBA issues statement to clarify the prudential treatment of own funds instruments

Aimed at [preserving](#) a consistent & high quality capital base for EU institutions under the CRR, it will clarify the optimal treatment of 'legacy instruments' by mid-2020 - benefits of the grandfathering period expire by end 2021.

▪ ESMA issues Trends, Risks and Vulnerability report for 2019

The report [identifies](#) a deteriorating outlook for the asset management industry and continued very high market risk and volatility due to: i) trade tensions have triggered renewed volatility, ii) concerns over a no-deal Brexit remain.

▪ EBA issues revised list of ITS validation rules on supervisory reporting

It highlights ITS [validation rules](#) which have been deactivated either for incorrectness or for triggering IT problems. Data submitted in accordance with these ITS should not be formally validated against the set of deactivated rules.

▪ ESMA issues latest double volume CAP (DVC) data

Updates [DVC data](#) and calculations under MiFID II, for the period of 1 August 2018 to 31 July 2019.

SPAIN

▪ CNMV consults on draft guidelines regarding procedure of authorization of new entities

[Seeks](#) comments regarding its recommendations on good practices to facilitate and streamline authorisation processes. The guideline also aims to simplify the formal procedures for application files. Deadline: 30 Sep 2010.

UNITED KINGDOM

- **PRA issues consultation on Pre-Issuance Notification requirements**

Reflects the [adoption](#) of amendments via CRR II, makes improvements on the assessment of capital instruments before their issuance and simplifies CET1 capital structures set out in PRA's expectations. Deadline: 9 Dec 2019.

- **PRA issues statement regarding its consultation on supervising international banks**

It [contains](#) the final policy comprising amendments to the PRA Rulebook on Third Country Firms and Regulatory Reporting, reporting guidance and a revised Branch Return template. Reporting changes take effect in 1H2020.

UNITED STATES

- **FRB consults on proposal of capital requirements for certain insurance companies**

Seeks [comments](#) on the Building Block Approach which would require consolidating state-based capital requirements, making capital ratios comparable to banks'. Deadline: 60 days after publication in Federal Register.

- **OCC publishes CRA performance evaluation**

Issues performance [evaluations](#) under Community Reinvestment Act at August 2019 for OCC supervised institutions. 19 entities are rated satisfactory and 7 are rated outstanding.

Recent publications of interest (in English and Spanish):

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

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

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