

Financial Regulation: Weekly Update

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Highlights

1. FSB issues reports on the implementation and effects of regulatory reform, on market fragmentation and on stablecoinss
2. BCBS issues report on the implementation progress of the Basel III reform
3. European Commission issues a consultation on the review of the benchmark regulation
4. EBA issues consultations on Pillar 3 disclosures, and on supervisory reporting changes, and opinion on the deadline for completing the Strong Customer Authentication migration
5. ECB's working group on euro risk-free rates issues recommendations to address the impact of the transition

GLOBAL

▪ FSB issues report on the implementation and effects of regulatory reforms

The [implementation](#) is progressing, but regulators and supervisors should promote the timely, full and consistent implementation of remaining reforms. Cross-border cooperation should be enhanced to monitor emerging risks.

▪ FSB issues note on regulatory issues of stablecoins

It sets the way [forward](#) on this issue: i) take stock of existing supervisory/regulatory approaches, ii) assess if these are adequate and effective, and iii) advise on possible multilateral response. Consultation expected in Apr 2020.

▪ FSB updates on market fragmentation work

The update develops four main areas [identified](#) in last report: i) deference processes in derivatives markets, ii) pre-positioning of capital and liquidity, iii) coordination and information sharing, and iv) market fragmentation as part of the evaluation of the reforms.

▪ FSB issues report on the implementation of OTC derivatives markets' reforms

Limited [progress](#) between Nov18 - Sep19. But improvements in: i) trade reporting, ii) central clearing, iii) margin requirements, iv) capital requirements, v) platform trading requirements and v) cross-border coordination.

▪ BCBS reports on Basel III implementation progress

As of Sep 2019, member jurisdictions have made further progress in adopting [Basel III standards](#), notably on IRRBB, NSFR and large exposures.

- **FSB and IMF publish report on data gap initiative**

Highlights [improvements](#) made in various types of banking, investment and financial market statistics. Challenges remain regarding the promotion of data sharing. Technical assistance and workshops will be conducted.

EUROPE

- **EC publishes a public consultation on the review of the EU Benchmark regulation**

[Seeks the views](#) on the functioning and effectiveness of the rules applicable to critical benchmarks. To review and submit a report to the European Parliament and to the Council by 1 Jan 2020. Deadline: 6 Dec.

- **ECB's private sector working group on euro risk-free-rates issue recommendations for the transition**

Analyses: i) general [considerations](#) and implications of the transition from EONIA to €STR, ii) implications of €STR-based fallback rates for EURIBOR, and iii) additional considerations for asset management and insurance.

- **EBA consults on Pillar 3 disclosures**

[New ITS](#) implements changes in CRR2 and aligns with international standards. They aim to reinforce market discipline and increase consistency and comparability of public disclosures. Deadline: 16 Jan 2020.

- **EBA issues consultation on supervisory reporting changes**

Consults on [revised ITS](#) on supervisory reporting related to CRR II (liquidity, leverage and large exposures) and Backstop Regulation (minimum loss coverage for future NPEs). Deadline: 16 Jan 2020.

- **EBA consults on guidelines on the application of structural FX provision**

Aims at setting a harmonized regulatory framework on the application of [structural FX provision](#). Identifies criteria to assist Competent Authorities in their assessment on nature and objective of an FX position. Deadline: 17 Jan 2020.

- **EBA publishes opinion on deadline for completing the Strong Customer Authentication migration**

It makes recommendations to NCAs and sets [the deadline](#) to migrate to SCA under PSD2 for e-commerce card-based payments to 31 Dec 2020. It also prescribes expected actions to be taken during the mitigation period.

- **EC issues RTS on transparency requirements for originators, sponsors and SSPE of securitisations**

[It specifies](#): i) what information must be disclosed and standardized templates for submitting that information and, ii) the information of Securitization Special Purpose Entity that shall be made available to various parties.

- **Council of the EU publishes the final texts of two proposals for sustainable finance regulation**

On [disclosures](#) relating to sustainable investments and sustainability risks, and on low carbon [benchmarks](#) and positive carbon impact benchmarks.

- **ESM publishes a Discussion Paper on completing banking union to support EMU**

[Proposes](#) a gradual approach to complete the banking union between 2021 and 2027, based on proposed stages of implementing an EDIS. Analyzes measures to create some type of European safe asset.

- **ESMA issues results from peer review on supervisory actions to enhance the quality of derivative data**

Identifies good [supervisory](#) practices by some NCAs and sets out plans to improve supervision of derivatives data quality under EMIR. Aims at reducing systemic and counterparty risk, and preventing future financial crises.

- **ESAs issue consultation on changes to key information documents for PRIIPs**

Aimed at [addressing](#) issues identified by stakeholders and supervisors, it seeks feedback regarding the amendments to existing rules underpinning the Key Information Document for PRIIPs. Deadline: 13 Jan 2020.

SPAIN

- **CNMV issues reports on corporate governance and board members' remuneration**

[Reflects](#) the degree of adherence to, and compliance with, the Good Governance Code recommendations, the presence of women on boards of directors and executive boards and board members' remuneration.

UNITED KINGDOM

- **PRA issues consultation paper on the supervision of liquidity and funding risks**

It sets out its [proposals](#) to update its approach to supervising liquidity and funding risk. These are expected to have a relatively low impact. Deadline: 17 Nov.

- **PRA issues policy statement on the reciprocation of large exposure measures**

It applies a tighter [large exposure](#) limit to UK G-SIIs and O-SIIs for exposures to certain French non-financial corporations, to reciprocate the same measure imposed by France.

- **BoE announces the date of publication of the results for the UK annual stress test**

Sets out [timetable](#) for the publication of UK annual stress test results, which will be released on 10 Dec. Results for individuals firms will not be published prior to this date.

- **FCA updates its expectations for firms on Brexit**

Updates [steps](#) to be taken by regulated firms in the event of a no-deal Brexit. Aims to ensure financial services are prepared to comply with post-exit MiFID transaction reporting, and EMIR trade reporting requirements.

- **PRA issues consultation paper on adjustments of loss absorbency under Solvency II**

It [proposes](#) amendments to the treatment of restricted T1 instruments. Deadline: 13 Jan 2020.

UNITED STATES

- **Agencies consult on two proposals**

Seek [comments](#) on a proposed Interagency Policy Statement on Allowances for Credit Losses. Additionally, they consult on a proposed Interagency Guidance on Credit Risk Review Systems. Deadline: 60 days after publication in the Federal Registry.

- **CFTC consults on two proposed rules**

It voted on the [proposed](#) amendment to regulation on Compliance Schedule Extension, and on amendments to the Margin Rules for Uncleared Swaps. Deadline: 60 days following publication in the Federal Register.

- **CFPB issues final Home Mortgage Disclosure Act rule to provide relief to smaller institutions**

It [extends](#) for two years the current temporary threshold for collecting and reporting data about open-end lines of credit under HMDA. It also clarifies partial exemptions from certain HMDA requirements.

Recent publications of interest (in English and Spanish):

- [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.
- [Press Article](#). *Climate Change: Tempus Fugit*. September 2019.

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

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