

Financial Regulation: Weekly Update

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Highlights

1. EBA publishes its roadmap and timelines on the package with risk reduction measures and consults on draft ITS on supervisory reporting requirements for market risk
2. ECB publishes its financial stability review
3. FSB publishes its 2019 G-SIB list
4. ISDA publishes report following its consultation for benchmark fallback adjustments
5. BCBS publishes report on open banking and application programming interfaces

GLOBAL

▪ FSB publishes 2019 list of Global Systemically Important Banks (G-SIBs)

The 2019 list of [G-SIBs](#) uses end-2018 data and an assessment methodology designed by the BCBS. One bank has been added to the list, so the overall number of G-SIBs increases from 29 to 30.

▪ ISDA publishes report on results of final parameters for benchmark fallback adjustments

Following the [results](#), it will amend the 2006 ISDA Definitions to incorporate fallbacks with adjustments for new IBOR trades and publish a protocol. Both are expected by the end of 2019, with implementation in 2020.

▪ BCBS publishes report on open banking and application programming interfaces (APIs)

Monitors [trends](#) on jurisdictions, discussing implications for banks and supervision. Among other things, it finds that traditional banking is evolving into open banking but operating banking frameworks vary across jurisdictions.

EUROPE

▪ EBA publishes roadmap and timelines on the risk reduction measures package

[Mandates](#) are focused in the areas of: i) governance and remuneration; ii) large exposures; iii) resolution and iv) reporting and disclosure. They provide an understanding of the mandates combined with some policy guidance.

▪ EBA consults on draft ITS on supervisory reporting requirements for market risk (MKR)

[Includes](#) thresholds template (trading book size and volume of business subject to MKR) and summary template (reflects own funds requirements under 'Alternative Standardised Approach' for MKR). Deadline: 7 Jan 2020.

▪ ECB publishes its 2020 financial stability review

[Highlights](#): i) need for monitoring and taking targeted macroprudential actions due to excessive risk-taking in some countries; ii) the increasing resilience of banks despite their limited profitability; and iii) the low interest rates effects.

- **EIOPA publishes second annual European insurance sector overview**

Based on the Solvency II annual report, it provides an easy-to-use and accessible [overview](#) of the European insurance sector, but it does not contain analysis or policy messages.

UNITED KINGDOM

- **FCA publishes Q&A on conduct risk during LIBOR transition**

It [outlines](#) its expectations: i) firms have a strategy in place and take necessary action during LIBOR transition, ii) customers are treated fairly by following their rules and guidance. Encourages firms to consider the Q&A.

UNITED STATES

- **Agencies issue final rules regarding leverage, counterparty credit risk for derivatives, and HVCRE**

i) Final rule which allows banks engaging in [custody services](#) to exclude qualifying deposits at certain central banks from the supplementary leverage ratio. ii) Final rule which implements the standardized approach for measuring [counterparty credit risk](#) for derivatives. iii) Final rule clarifying several issues regarding the definition and treatment of high volatility commercial real estate ([HVCRE](#)) exposures. Effective date (for all three rules): 1 Apr 2020.

- **FRB publishes information for the calculation of reserve requirements for 2020**

It announces the amounts exempt from [reserve requirements](#), and required ratios for subsequent tranches. The new values are based on the growth in total reservable liabilities and net transaction accounts.

- **FRB publishes its financial stability report**

Reviews [vulnerabilities](#) related to asset valuation pressures, businesses and households borrowing, financial sector leverage, and funding risks. It also analyses the near-term risks that could interact with these vulnerabilities.

- **OCC and FDIC issue consultations regarding federal interest rate authority**

Request comments on rules that seek to clarify the law governing interest rates that [federal](#) and [state](#) banks charge to clients when there is a loan transfer. Deadline: 60 days after publication in the Federal Register.

- **CFPB consults on mortgage disclosure rule and issues requirements for mortgage loan originators**

i) Seek [comments](#) on the feasibility and effectiveness of the proposed assessment plan on the mortgage disclosure rule. Deadline: 21 Jan 2020. ii) [Interpretive](#) rule clarifying screening and training requirements for financial institutions which employ loan originators with temporary authority. Effective date: 24 Nov 2019.

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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