

Financial Regulation: Weekly Update

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Highlights

1. EBA consults on draft RTS on treatment of non-trading book positions under FRTB
2. EBA issues report on trends of big data and advanced analytics
3. ESRB issues report on the mitigation of procyclicality in margins and haircuts in derivatives markets and securities
4. CNMV issues statement on discretionary treasury stock transactions
5. OCC issues request for input regarding CRA reform

EUROPE

▪ EBA consults on the treatment of non-trading book positions under FRTB

Consults on the calculation of [capital requirements](#) of non-trading book positions subject to foreign exchange risk or commodity risk under FRTB standardized and internal model approaches. Deadline: Apr 10, 2020.

▪ EBA issues report on trends of Big Data and Advanced Analytics

[It finds](#) growing interest in BD&AA solutions and simpler algorithms. Highlights the need to ensure that BD&AA solutions integrate "elements of trust" and to develop "Ethical Guidelines for Trustworthy AI".

▪ EBA issues report on application by competent authorities of its RTS on material risk takers

[It finds](#) they have properly applied the RTS on the criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile.

▪ ESRB issues report on the mitigation of procyclicality in derivatives markets and securities

[Analyzes](#) different policy options to address systemic risk arising from the procyclicality associated with margin and haircut practices and to increase the resilience of market participants.

▪ ESMA issues report on EU Alternative Investment Funds

It [provides](#) a sector breakdown and analyzes the liquidity risk, supporting NCAs in their supervision of AIFs, and strengthening supervisory convergence throughout the EU.

▪ OJEU publishes regulation on certain international accounting standards

Adopts [International Accounting Standards](#) (IAS) 39 on recognition and measurement of capital instruments, International Financial Reporting Standard (IFRS) 7 on disclosure, and IFRS 9.

SPAIN

- **CNMV issues statement on discretionary treasury stock transactions**

It [determines](#) that previous criteria on discretionary treasury stock transactions is barely compatible with MAR. Hence it considers these criteria no longer valid, rendering them ineffective.

- **CNMV consults on amendment to the code of good governance of listed companies**

Reform [seeking](#) to reinforce controls to avoid possible irregular practices, and updates the approach to diversity on the executive board by encouraging a higher number of female executives on the boards. Deadline: Feb 14, 2020.

UNITED KINGDOM

- **FCA and BoE issue statement on LIBOR transition**

Encourage market makers to change the market convention for sterling interest rate swaps from [LIBOR](#) to SONIA (the Sterling Overnight Index Average) in Q1 2020 to reduce the risks derived from creating new LIBOR exposures.

- **PRA consults on management expenses levy limit for the FSCS**

It sets the [maximum amount](#) that the Financial Services Compensation Scheme can levy on financial firms for management expenses: £83.2 million for 2020/21. Deadline: Feb 17, 2020.

UNITED STATES

- **OCC issues request for input regarding the Community Reinvestment Act reform**

The reform to make the [framework](#) more objective, transparent, consistent and easy to understand. Particularly, it requests bank-specific data and information to supplement currently available data. Deadline: Mar 10, 2020.

- **FDIC and OCC issue statement on cybersecurity risk**

Guidance presenting a series of [principles](#) for a sound cybersecurity risk management, including: i) response and resilience capabilities, ii) authentication, and iii) system configuration.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *The Banking union: something's at play*. November 2019.
- [Press Article](#). *Completion of Basel III: The final twist to banking regulation?* December 2019.
- [Press Article](#). *¿Cuáles serán las claves para la regulación financiera global en 2020?* January 2020.
- [Press Article](#). *Las prioridades de la nueva Comisión Europea*. January 2020.

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

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