

Financial Regulation: Weekly Update

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Highlights

1. ESMA issues statement regarding Brexit, and consults on the treatment of third country firms under MiFIR and MiFID II
2. ECB issues the 2019 SREP requirements and a recommendation on dividend distribution policies
3. CMNV issues new procedure for communicating issuers' information
4. IOSCO publishes its 2020 annual work program
5. US Agencies consult on proposal to revise Volcker Rule covered fund provisions

GLOBAL

■ IOSCO publishes its 2020 annual work program

Provides an [update](#) on its efforts on AI and machine learning, market fragmentation, passive investing and index providers, and retail distribution and digitalization.

EUROPE

■ ESMA issues consultation on MiFIR and MiFID II regimes for third country firms

It seeks [comments](#) on its proposed draft technical standards regarding the provision of investment services and activities in the EU by third-country firms under MiFIR and MiFID II. Deadline: Mar 31, 2020.

■ ECB publishes 2019 SREP requirements

It is satisfied with the overall level of [capital adequacy](#). The overall SREP requirements and guidance for CET1 capital remained at 10.6%. Nevertheless, business model risk and low profitability remain areas of concern.

■ ECB issues recommendation on dividend distribution policies

Recommends credit institutions to establish [dividend](#) policies using conservative and prudent assumptions so that, after any distribution, they are able to satisfy the applicable capital requirements and the outcomes of the SREP.

■ ESMA issues statement regarding certain obligations following Brexit

[Seeks to clarify](#) governance and reporting obligations for UK entities following Brexit. It will continue monitoring the application of EU law in the UK, as well as preparation for the end of the transition period.

- **ECB issues risk report on less significant institutions**

It assesses the main risks and [vulnerabilities](#) of LSIs. It finds: continued consolidation, poor profitability, significant sovereign exposures, gradual move towards digitalisation, and comfortable liquidity and capital positions.

- **ESMA launches a common supervisory action with NCAs on UCITS liquidity risk management**

Based on quantitative data requested by NCAs from a large majority of the [UCITS](#) managers, assesses the risk faced by UCITS, aiming the supervisory convergence on liquidity risk management and protection of EU investors.

- **EIOPA issues annual report on the use of limitations and exemptions from reporting under Solvency II**

[Highlights](#): 1-year exemptions and limitations by NCAs create uncertainty and instability; large undertakings need to fill twice as many reporting templates than small ones; and additional risk-based thresholds are needed.

- **EIOPA publishes its 3Q19 Solvency II risk dashboard**

Shows [risk](#) exposures of the insurance sector remained stable, macro and market risks remain high, solvency ratios for groups and life undertakings declined but profitability and solvency risks continue at medium level.

SPAIN

- **CNMV issues new procedure for communicating issuers' information**

The [communications](#) of the issuers companies so far identified as Sensitive Information will be divided into two: i) Privileged Information Communication b) Communication of Other Relevant Information.

UNITED STATES

- **Agencies consult on proposal to revise Volcker Rule covered fund provisions**

Seeks to: [permit activities](#) of qualifying foreign excluded funds, revise exclusions from definition of covered funds, adopt new exclusions, and revise the definition of "ownership interest", among other issues. Deadline: Apr 1, 2020.

- **FRB issues rule on the determination of control of a banking organization**

It seeks to [simplify](#) and increase the transparency of the rules to determine if a company has control over a banking organization. Effective date: Apr 1, 2020.

- **CFTC adopts the NIST privacy framework**

The National Institute of Standards and Technology [framework](#) is a voluntary tool designed to improve privacy through enterprise risk management.

- **CFPB issues policy statement on prohibition on abusive act or practices**

It seeks to provide [clarification](#) on the principles it intends to apply regarding the prohibition on abusive practices.

■ **SEC publishes observations on cybersecurity and resiliency practices**

[Highlights](#) approaches in governance and risk management, data loss prevention, cybersecurity, resilience practices and controls that organizations have taken to safeguard against threats and respond in case of incident.

Recent publications of interest (in English and Spanish):

- [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.
- [Press Article](#). *U.S. banking regulation: a change in the trend*. January 2020.

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

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