

# Financial Regulation: Weekly Update

Matías Cabrera, Inés Criado, Arturo Fraile, Hamza Jebari, Salvador Portillo, Ana Rubio, Victoria Santillana, Pilar Soler

February 28, 2020

## Highlights

1. ISDA issues results of consultation and consultation regarding fallbacks contracts
2. European Commission issues its interim report on the CMU
3. ESRB issues two reports regarding macroprudential policies
4. Bank of England issues consultation to support risk-free rate transition through a compounded SONIA
5. FDIC issues a guide to help FinTechs connect with bank

## GLOBAL

### ■ ISDA issues results of consultation and new consultation regarding fallbacks contracts

It publishes [results](#) to previous consultation on adjustments to fallbacks for derivatives referencing euro LIBOR and EURIBOR and [consults](#) on implementation of pre-cessation fallbacks for derivatives. Deadline: Mar 25, 2020.

## EUROPE

### ■ EC publishes interim report of the High Level Forum (HLF) on the Capital Markets Union

The report sets out a new vision for the future of the [CMU](#) and guide the work of the Forum in the coming months. HLF will seek to propose policy measures that will produce maximum impact on the ground (real “game changers”).

### ■ ESRB issues reports on macroprudential policies

i) Report on [level 1, 2 financial instruments](#) identifying three main areas where financial instruments measured at fair value can affect financial stability with a macroprudential impact. ii) [Report for the insurance sector](#) arguing that the review of Solvency II should reflect macroprudential considerations and proposes tools to be used.

### ■ EC publishes list of supervised entities

The [list](#) includes significant institutions directly supervised by the ECB and less significant institutions indirectly supervised by the ECB. The total number of significant supervised entities is 117 as of Jan 1, 2020.

## SPAIN

- **CNMV issues note on financial stability for January 2020**

It finds that the Spanish financial market [stress indicator](#) continues its downward trend in a macroeconomic context of deceleration. It also finds a slight rise in the indicator due to the 'coronavirus' but without a change in the trend.

## UNITED KINGDOM

- **BoE issues consultation to support risk-free rate transition through a compounded SONIA**

It seeks [comments](#) from sterling market participants on the daily SONIA compounded index and the usefulness of publishing a set of compounded SONIA period averages. Deadline: Apr 9, 2020.

- **PRA issues several statements on building societies, accountability and Pillar 2 capital**

i) Supervisory statement on the supervision of [building societies](#)' treasury and lending activities. ii) Supervisory statement to strengthen individual [accountability](#) in banking. iii) Statement of policy on its methodologies for setting [pillar 2 capital](#).

- **HM Treasury issues guidance on AML in overseas jurisdictions**

It advises about [risks](#) posed by unsatisfactory money laundering and terrorist financing controls in jurisdictions overseas with higher risk.

- **HM Treasury issues draft SI on OTC, CCPs and TRs under EMIR**

Statutory Instrument to provide [further details](#) on its approach to onshore this piece of EU law. It plans to lay this instrument before parliament in the spring.

- **BoE publishes policy statement on LIBOR and senior managers regime**

It provides the [final policy](#) on the previous consultation paper removing references to LIBOR and correcting and updating references on Senior Managers regime.

## UNITED STATES

- **FDIC releases new guide to help 'FinTechs' connect with bank**

It seeks to promote [innovation](#) in banking to meet growing consumer demand and better serve them, helping FinTech companies and others partner with banks through technical assistance, tech sprints, and pilot programs.

**Recent publications of interest (in English and Spanish):**

- [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.
- [Press Article](#). *Europe strengthens its financial supervision authorities*. February 2020.

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

**DISCLAIMER**

This document has been prepared by BBVA Research Department. It is provided for information purposes only and expresses data, opinions or estimations regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

Any estimations this document may contain have been undertaken according to generally accepted methodologies and should be considered as forecasts or projections. Results obtained in the past, either positive or negative, are no guarantee of future performance.

This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes.

BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents.

This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Nor shall this document or its contents form the basis of any contract, commitment or decision of any kind.

With regard to investment in financial assets related to economic variables this document may cover, readers should be aware that under no circumstances should they base their investment decisions on the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to take an appropriate investment decision.

The content of this document is protected by intellectual property laws. Reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process is prohibited, except in cases where it is legally permitted or expressly authorised by BBVA.

## This report has been produced by

Head of Financial Regulation  
Ana Rubio  
arubiog@bbva.com

Arturo Fraile  
arturo.fraile@bbva.com

Victoria Santillana  
mvictoria.santillana@bbva.com

Matías Daniel Cabrera  
matiasdaniel.cabrera@bbva.com

Pilar Soler  
pilar.soler.vaquer@bbva.com

Hamza Jebari Serroukh  
hamza.jebari@bbva.com

Salvador Portillo  
salvador.portillo@bbva.com

Inés Criado  
ines.criado@bbva.com