

Financial Regulation: Weekly Update

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Highlights

1. BIS issues statement on benchmarks reform
2. EBA consults on G-SIIs methodology, submits additional analysis for Basel III Call for Advice and issues report on Pillar 3 disclosure
3. ECB issues report on financial integration and structures in the Euro area
4. MinEco consults on the transposition of directives promoting the integration of the European capital market
5. FRB approves Capital Stress Buffer rule to simplify its requirements for large banks

GLOBAL

■ BIS issues statement on benchmark rate reforms

It [monitors](#) and assesses issues related to benchmark reforms. Banks should expect greater supervisory scrutiny of contingency plans. Additional steps may be needed to ensure a smooth transition to alternative reference rates.

■ BIS publishes quarterly review of payment systems and publishes statement of most recent meeting

i) Looks at the [strengths and weaknesses](#) of the systems, the rapid technological change, and assesses new solutions. ii) [The Committee](#) reviews risks and vulnerabilities, and advanced supervisory initiatives and promotes Basel III implementation in a full, timely and consistent manner.

EUROPE

■ EBA issues consultation to update methodology to identify G-SIIs

It follows the revised framework for G-SIBs published by BCBS in July 2018 and the recent mandate given to the EBA to draft an additional [methodology](#) for the allocation of G-SII buffer rates to identified G-SIIs. Deadline: Jun 5, 2020.

■ EBA submits additional analysis for the Call for Advice on Basel III implementation

Includes [analysis](#) on the impact of the application of the output floor at an individual level and more granularity for equity exposures.

■ **EBA publishes report on Pillar 3 disclosures**

The [report](#) finds overall progress in institutions prudential disclosures, but there is still room for improvement in the communication of their risk profile in a comparable way, compromising the objective of market discipline.

■ **EBA issues report on RTS on professional indemnity insurance for mortgage credit intermediaries**

It [assesses](#) the information obtained from national authorities, from a sample of intermediaries and through desk-based research, and concludes that no amendments to the RTS are currently required.

■ **ECB issues report on financial integration and structures in the Euro area**

No increase observed in the integration of marketable [financial](#) instruments. It pushes for integration in capital markets, with scope for equity to play a greater role in funding and helping decarbonisation of EU economies.

■ **ESMA publishes results of the annual transparency calculations for equity and equity-like instruments**

To meet [requirements](#) under MIFID II / MIFIR, among others, it includes information on most relevant markets in terms of liquidity, average daily turnover, average value of the transactions and average number of transactions.

■ **EBA issues opinion on National Bank of Belgium's intention to extend macroprudential measures**

It does not object to the [extended deployment](#), by the NBB, of the proposed macroprudential measures to address the high level of systemic risk in Belgian banks' mortgage portfolios, and the vulnerabilities in the financial system.

■ **ESMA issues report on C6 energy derivatives and related obligations under EMIR**

It assesses the adequacy of mandating C6 energy [derivative contracts](#) subject to clearing obligation and margin requirements of EMIR.

■ **EBA updates list of institutions involved in the 2020 supervisory benchmarking exercise**

[Updated](#) list of institutions, which have a reporting obligation for the purpose of the 2020 EU supervisory benchmarking exercise.

SPAIN

■ **MinEco consults on transposition of directives promoting the integration of European capital markets**

[Directives](#) related to: i) issuance and supervision of covered bonds, and ii) cross-border distribution of collective investment undertakings. Both seek to enhance business and households' funding opportunities. Deadline: Mar 17.

■ **MinEco approves draft act on corporate governance of listed companies and their financing**

It includes measures to facilitate [access](#) to capital markets, contributing to their capacity to create jobs. It also allows them to know the identity of their investors, regulates proxies, and introduces "loyalty shares".

UNITED KINGDOM

- **PRA issues consultation on capital requirements and macroprudential buffers**

It proposes to update the [Pillar 2A](#) capital framework to take into consideration the additional resilience associated with higher macroprudential buffers in a standard risk environment. Deadline: Apr 30, 2020.

- **PRA issues supervisory statement on liquidity risks**

It updates the agency's approach to supervise [liquidity and funding](#) risks, setting its expectations regarding ILAAP, liquid assets buffers and Liquidity SREP, among others. Effective date: Mar 2, 2020.

UNITED STATES

- **FRB approves the Stress Capital Buffer rule**

It seeks to simplify [capital requirements](#) for larger banks, by integrating the stress test results with the non-stress capital requirements.

- **OCC consults on proposal to eliminate licensing requirements**

It seeks to update and clarify [licensing policies](#) and procedures in order to eliminate unnecessary requirements consistent with safe, sound, and fair operation of the federal banking system. Deadline: May 4, 2020.

- **FDIC and OCC issue CRA evaluation schedules**

They present the list of federal banks, national banks and savings associations, and state-chartered non-member banks selected for CRA evaluation for the second and third quarter of 2020 ([FDIC](#) and [OCC](#)).

- **FDIC and OCC issue the results for CRA compliance evaluations**

They contain the ratings of banks and savings institutions evaluated under the CRA during February 2020 and December 2019, respectively ([OCC](#) and [FDIC](#)).

- **CFTC clarifies cross-border regulatory commitments**

Amends its [regulations](#) codifying the agency's authority to terminate exemptive relief issued to foreign firms regarding the offer and sale of foreign futures and options to customers located in the US.

Recent publications of interest (in English and Spanish):

- [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.
- [Press Article](#). *Central Bank Digital Currencies: the cross-border dimension*. March 2020.

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

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