

Financial Regulation: Weekly Update. 11 December 2015

Georgi Ivanov / Lucía Pacheco / Pilar Soler

GLOBAL

- BCBS publishes second consultative document on the standardised approach for credit risk

It [reintroduces](#) the use of external ratings for banks and corporates, and includes alternative approaches for jurisdictions that do not allow use of external ratings. Deadline: 11 Mar.

- FSB publishes on the disclosure of bank risk and financial risks in relation to climate change

i) Reports on: [progress in implementing](#) principles and recommendations, the impact of [expected credit loss approaches](#) and [emergency liquidity assistance](#). ii) [Establishes](#) a task force for greater transparency in relation to risks associated with climate change.

- BIS publishes its quarterly review focussing on the calm as we await lift-off

[Highlights](#) calmer markets in October after the turbulence in August and the imminent lift-off of the policy rate in United States. Includes a section on calibrating the leverage ratio.

EUROPE

- EC publishes green paper on retail financial services

[Consults](#) on creating a stronger European market via a bigger choice of better products, and more tightly-meshed markets with more competition. Deadline: 18 Mar.

- Single Resolution Board (SRB) on bridge financing and its work programme 2016

Council approves [bridge financing](#) mechanism for the Single Resolution Fund (SRF) via national credit lines to the SRB from member states. Publishes work programme [focussing](#) on developing resolution plans and manuals, boosting cooperation between authorities, managing the SRF and capacity building.

- ECOFIN agreement on financial transaction tax (FTT) and securitisation

[Highlights](#) agreement among 10 member states on share and derivative transactions to be included in the FTT. Next step is to define rates before June 2016. Also confirms the Council's position regarding securitisation.

- ECB publishes volume III on the legal framework for banking supervision

Contains the most significant legal acts for banking supervision that have been adopted by the ECB and other EU institutions.

- EBA publishes two consultations in relation to payments and reports on cloud services

Consults on: i) customer authentication and secure communication under PSD2, and ii) separation of payment card schemes and processing entities under the Interchange Fee Regulation (deadlines: 8 Feb, 8 Mar). Informs on recommendations by ENISA on the secure adoption of cloud services in the banking sector.

- EBA publishes comparative report on scenarios in recovery plans

Analyses 19 recovery plans in the EU and suggests areas for improvement including the severity and impact of certain scenarios.

- Council confirms agreement with the EP on manipulation of market benchmarks

Agrees new rules aimed at ensuring greater accuracy and integrity of benchmarks in financial instruments. Pending formal adoption by the EP and the Council.

- EC requests that 10 Member States transpose the Deposit Guarantee Schemes Directive (DGSD)

Formally requests transposition within two months (original deadline: 3 Jul 2015) and says that it is a precondition for the future use of the European Scheme proposed by EC on 24 Nov.

- ESAs publish on financial advice, FINREP and financial stability

i) Consult on automation in financial advice (deadline: 4 Mar). ii) EBA consults on amendments in reporting financial information (FINREP) in line with IFRS 9 (deadline: 8 Mar). iii) EIOPA publishes its second biannual report on financial stability in the insurance and pension fund sectors of the EEA.

- Three countries notify the ESRB on the introduction of macroprudential instruments

i) The central banks of Estonia, Ireland and Luxembourg's authority set the counter-cyclical capital buffer at 0% (will apply from 1 Jan). ii) Estonia's central bank identifies two other systemically important institutions (O-SIIs) and will decide the buffer for these on 1 Sep 2016.

- EC delegated decision published in the OJEU on equivalencies under Solvency II

Establishes provisional equivalency for 10 years (from 1 Jan 2016) of insurer regimes in Australia, Bermuda, Brazil, Canada, Mexico and USA. In effect: 29 Dec.

SPAIN

- [Bank of Spain publishes financial stability review](#)

Covers: i) single supervisory mechanism; ii) BIS bank statistics; iii) Central Counterparty clearing house resolution, and iv) analysis of the loan portfolio and RWAs in European banks.

- [CNMV adopts guidelines on obligated simplification of information in resolution](#)

Simplified [requirements](#) that the supervisor and the resolution authority can impose on recovery and resolution plan, and resolvability assessment.

- [Official State Gazette publishes on Solvency II and corporate governance of bank foundations](#)

i) Royal Decree [completes](#) adaptation of the insurance sector to the Solvency II Directive (effective: 1 Jan 2016) and ii) Ministerial Order (MINECO) regarding the annual [corporate governance](#) report and accounting obligations for bank foundations (effective: 5 Dec).

UNITED KINGDOM

- [PRA publishes on the leverage ratio](#)

Set of [rules](#) on implementing the leverage ratio framework in the United Kingdom, including reporting templates and instructions.

- [PRA publishes statement of policy on impediments to resolvability and consult on MREL](#)

i) [Guide](#) to exercise its authority on the impediments to resolvability and ii) [consult](#) on standards for minimum requirement for own funds and eligible liabilities (MREL). Deadline: 11 Mar 2016.

- [PRA grants Solvency II internal model approvals](#)

Authorises [19 insurers](#) to use internal models in part or wholly from 1 Jan 2016.

- [FCA publishes on the mortgage sector, savings accounts and capital requirements](#)

i) Consults on [competition](#) and barriers to entry in the mortgage sector (deadline: 18 Dec); ii) rules on [improving the information](#) provided for consumers on savings accounts, and iii) final rules on [capital requirements](#) for personal investment firms (in effect: 30 Jun 2016). More amendments will be made on 1 Sep 2016.

- [Treasury consults on re-scoping of the bank levy](#)

From January 2021 the [scope](#) will shift from a global to a UK balance sheet basis. Deadline: 4 Mar 2016.

UNITED STATES

- [Fed adopts bank solvency regulations for specific institutions](#)

[Final](#) rule provides examples for applying the capital framework to depository institution holding companies that are not organised as traditional stock corporations. Comes into effect: 1 Jul 2016.

Recent publications of interest (in English and Spanish)

- [Financial Regulation Outlook](#). December 2015
- [Banking Outlook](#). December 2015
- [Press article](#). A European Guarantee Fund Deposits
- [Press article](#). G20 Antalya: Just another summit meeting?
- [Regulation Flash](#). Proposal for a European Deposit Insurance Scheme
- [Regulation Watch](#). Fed confirms methodology to set higher capital requirements for G-SIBs

Previous editions of our Weekly Regulation Update in [Spanish](#) and [English](#)

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