

Financial Regulation: Weekly Update. 15 July 2016

Matías Daniel Cabrera / Pablo Fernández / Pilar Soler

GLOBAL

- BIS revises simple, transparent and comparable (STC) securitisation framework

It includes additional criteria for [differentiating](#) the capital treatment for STC securitisations versus those with higher-risk underlying exposures.

EUROPE

- EBA updates on monitoring of Additional Tier 1 instruments

Includes new [provisions](#) on triggers, calls/repurchases/redemptions and write-down mechanisms. Also updates proposed draft standardised templates for AT1 instruments.

- EC on venture capital

Proposes [amendments](#) to the European Venture Capital Funds and the European Social Entrepreneurship Funds regulations to boost venture capital and social projects investments.

- ECB publishes guide on institutional protection schemes (IPs)

[Assesses](#) the eligibility of IPs to ensure coherence, effectiveness and transparency regarding the supervisory policy that will be applied.

- ESMA on central clearing delay for small counterparties and review of CRAs methodologies

i) [Proposes](#) a two-year extension to the phase-in period for central clearing of OTC derivatives for counterparties with limited volumes of derivatives and ii) [consults](#) on guidelines to validate and review Credit Rating Agencies' methodologies.

- EBA and ESMA update their respective risk dashboards

EBA [released](#) the results of a risk assessment questionnaire. [ESMA](#) explains that its outlook has changed due to the result of the Brexit referendum.

- ESMA issues guidelines on implementation of MAR and cross-selling practices

i) Market Abuse Regulation (MAR) guidelines [clarify](#) its implementation for persons receiving market soundings and on delayed disclosure of inside information, and ii) releases [translations](#) of the guidelines on cross-selling practices.

- EBA publishes second annual report on convergence of supervisory practices across EU

[Highlights](#) additional progress on convergence of supervisory practices, but identifies differences in additional capital requirements and their legal nature.

- ECOFIN conclusions on Basel reforms and tax avoidance rules

i) Council [notes](#) that they should not significantly increase capital requirements, and ii) new [rules](#) have been adopted to reduce disparities among national tax systems. Deadline for transposition: 31 Dec 2018.

- EC launches EU-US Privacy Shield on protection for transatlantic data flows

[Sets](#) out obligations for companies handling data, safeguards and transparency obligations on US government access to data, as well as mechanisms to protect individual rights.

- EIOPA announces final update of the XBRL reporting tool

The [update](#) aims to support reporting of small and medium sized companies and to ease the transition to market solutions. Schedule for Oct 2016.

- SRB publishes first Annual Report

[Outlines](#) SRB achievements mainly on resolution-related activities (e.g. draft resolution planning manual) and working arrangements (e.g. MoU with ECB).

- EBA publishes report on benchmarking of diversity practices

The representation of women within management bodies remains very low. In spite of the CRD IV's requiring [diversity](#) policies, only a limited number of institutions have adopted them.

UNITED KINGDOM

- FCA publishes annual report, competition report and consultation on crowdfunding

i) Overview of [work](#) done in key areas such as MiFID, MAD/MAR and the Senior Managers and Certification Regime; ii) summary of [activities](#) undertaken to promote competition, iii) [call for input](#) on areas to be considered in the review of crowdfunding rules.

SPAIN

- [CNMV on communicating abusive practices and suspicious orders and transactions](#)

Issues a [statement](#) on electronic means to be used for reporting such practices, orders and transactions, and has enabled two ways to do it: Cifradoc and open zone.

UNITED STATES

- [Federal Reserve extends for one year implementation of parts of the Volcker Rule](#)

[Insured depository institutions](#) are allowed to gradually divest prohibited investments such as hedge funds and private equity funds until 21 July 2017. This is the last extension.

Recent publications of interest (in English and Spanish):

[Flash](#). EBA clarifies use of 2016 EU-wide stress test results in the SREP process

[Regulation Watch](#). Setting a limit to leverage in banking. May 2016

[Financial Regulation Outlook](#). June 2016.

[Digital Economy Outlook](#). July 2016

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

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.

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. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

In 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 in 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. It is forbidden its reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process, except in cases where it is legally permitted or expressly authorized by BBVA.