

Financial Regulation: Weekly Update. 29 July 2016

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GLOBAL

- FSB publishes third annual report

Provides update on publications, annual accounts, and key activities (increasing resilience, ending too-big-to-fail, addressing evolving risks, etc.). Includes details on FSB's governance.

EUROPE

- EBA consults on resolution financing, connected clients, and credit risk management

i) [Reference](#) point for target level of national resolution financing arrangements: recommends change from covered deposits to total liabilities. Deadline 2 Sep, ii) Draft [guidelines](#) on treatment of connected clients for large exposures. Deadline 26 Oct; iii) Draft [guidelines](#) on credit institutions' credit risk management practices and accounting for expected credit losses. Deadline 26 Oct.

- ESRB publishes EU Shadow Banking monitor and methodological paper

Overviews [developments](#) in EU shadow banking system, assessing potential risks. Identified issues are: financial leverage, systemic interconnectedness and liquidity transformation.

- EBA issues update of NPLs in EU banking sector

Shows NPLs are still high, despite improvements. Areas to improve: provisioning, structural issues (judicial backlogs), and efficiency of secondary market to dispose of NPLs.

- EBA publishes guidelines on supervisors and statutory auditors communication

Includes framework and main elements for effective communication between supervisors and statutory auditors, to further convergence of existing different practices among MS.

- EBA publishes regulation technical standards (RTS)

i) Final draft RTS specifying [criteria](#) in the context of the Liquidity Coverage Ratio Delegated Act for the application of preferential treatment in cross-border intragroup credit or liquidity lines. ii) RTS specifying [requirements](#) for payment card schemes and processing entities.

- ESRB publishes 2015 annual report

Identifies four main risks to financial stability: i) a re-pricing of risk premia in global financial markets, amplified by low market liquidity ii) weakening of banks' and insurers' balance sheets iii) deterioration of debt sustainability in the sovereign, corporate and household sectors iv) shocks and contagion from the shadow banking sectors to the financial system.

- EC publishes report on remuneration rules for credit institutions and investment firms

It finds the rules generally effective regarding risk-taking behaviour, though in some cases they may be too costly to apply. This will be among the issues on revision of CRR and CRD.

- ESMA publishes implementing technical standards (ITS) and a warning

i) Final ITS on submission of information by national authorities on investigations conducted and sanctions imposed on their MS under MAR ii) ESMA warns about the sale of speculative products in the light of an increase in the marketing of these.

- EC launches a consultation on a potential pension framework in the CMU context

It aims to identify obstacles to the uptake of personal pension products, seeking views on how to address them, in order to secure adequate revenues for retirement. Deadline 31 Oct.

- EIOPA joins IAIS Multilateral Memorandum of Understanding (MMoU)

This international agreement sets a global framework for cooperation and information exchange among insurance supervisors laying down minimum standards for signatories.

- ESMA publishes 2015 report on prospectus activity

The number of prospectus approvals slightly decreased in 2015, most of those approved related to non-equity securities. Passporting activities remain stable.

- Published in OJEU Implementing and Delegated Regulations

i) Delegated Regulation on RTS on the clearing obligation ii) Implementing Regulation laying down ITS on the submission of information.

UNITED KINGDOM

- PRA proposes changes to parts of Rulebook and BoE consults on EDMC

PRA proposes changes on liquidity and funding, regulatory reporting, governing business, capital buffers and leverage ratio. BoE consults on the establishment of the Enforcement Decision Making Committee in order to fulfil HM Treasury's recommendations on transparency, effectiveness and speed, Deadline 21 Oct.

- [FCA publishes report on appointed representatives in the general insurance sector](#)

The [report](#) finds significant [shortcomings](#) in principal firms' understanding of their responsibilities for the appointed representatives and oversight of their activities.

UNITED STATES

- [Fed announces changes to policy on Payment System Risk \(PSR\)](#)

[Adopted](#) second posting time for forward same-day ACH transactions at 1:00pm to supplement 5:00pm posting time and therefore conform to same-day ACH service.

- [Agencies issue proposals to adjust thresholds for exempting small loans and some credits](#)

Fed, CFPB and OCC propose method to [adjust threshold](#) for exempting small loans from special appraisal requirements. Fed and CFPB propose method to adjust [thresholds for exempting](#) certain consumer credit and lease transactions.

- [Fed extends consultation period for proposed rulemaking for insurance companies](#)

Consultation period [extended](#) by one month to 16 Sep 2016 for proposed rulemaking on regulatory capital for systemically important and supervised insurance companies.

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](#)

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