

Financial Regulation: Weekly Update. 5 August 2016

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GLOBAL

- FSB releases reports on Nordic cross-border regulation and resolution cooperation

Presents key facts of Nordic experience, challenges faced by national authorities and remaining issues regarding Banking Union and crisis management and resolution.

EUROPE

- EBA and ECB release and analyze 2016 EU-wide stress test results of 51 banks

Results show improved resilience of the European banking sector. It is not a pass/fail exercise, but the results, **analyzed** by the ECB, will be fed into the SREP.

- EC consults on current macro-prudential framework

To **address** weaknesses, balancing national flexibility with central control. Consists of: general approach, regulatory instruments and institutional framework. Deadline: 24 Oct.

- EBA recommends introducing a 3% minimum Leverage Ratio (LR) requirement in the EU

Considers that impact on the provision of financing by credit institutions should be relatively moderate, and that in general the Basel LR standard fits well with the EU banking sector.

- EBA amends technical standards (ITS) on benchmarking of internal approaches

The amended **ITS** will assist the Competent Authorities in their 2017 assessment of internal approaches for both credit and market risks.

- EBA publishes indicators from 36 global systemically important institutions

As **stipulated** by the the Implementing Technical Standards and guidelines on disclosure rules. Covers 36 institutions whose leverage ratio exceeded €200bn by the end of 2015.

- EBA publishes list of designated resolution authorities

Under the EU framework, each Member State has to designate one or, exceptionally, more **Resolution Authorities** to apply resolution tools and powers to failing banks.

- EIOPA launches consultation on the Insurance Product Information Document (IPID)

The consultation [paper](#) provides draft Implementing Technical Standards to standardize the IPID's presentation format. Deadline: 24 Oct.

- EC to endorse ESAs' draft RTS on risk mitigation for non-centrally cleared OTC derivatives

The Commission will [endorse](#) EBA's, EIOPA's and ESMA's joint draft RTS with amendments for clarification, to ensure proportional application and to allow more time for implementation.

- Commission Decision published in OJEU

The Commission [Decision](#) on State aid granted by Italy to Banca Tercas finds the aid illegal and incompatible, requiring Italy to recover it.

UNITED KINGDOM

- PRA issues a statement on temporary modification of calculation of the leverage ratio (LR)

It invites [firms](#) to apply for a temporary [modification](#) allowing them to exclude claims on central banks from the LR calculation providing they hold matching deposits.

- FCA publishes second consultation on MiFID II implementation

Among other things it [covers](#) position limits, reporting for commodity derivatives, and systems and controls requirements. Deadline: 28 Oct.

- PRA consults on mortgage risk weights, systemic risk buffers, and reporting requirements

i) Proposes [changes](#) to IRB approach for calculating risk-weighted capital for residential mortgages. Deadline: 31 Oct; ii) [Consults](#) on draft statement of policy for the implementation of systemic risk buffers. Deadline: 28 Oct; iii) [Proposes](#) changes in reporting requirements to ensure operational continuity during resolution. Deadline: 28 Oct.

- FCA releases two finalised guidances under the Payment Accounts Regulations (PARs)

Both relevant to payment service providers (PSPs): i) guidance on the definition of 'payment account', ii) guidance on disclosures required to PSPs when offering [packaged accounts](#).

SPAIN

- BdE draft Circular on banks' accounting

[Amends](#) Circulars 4/2004 and 1/2013, clarifying certain accounting rules, simplifying reporting requirements and improving information on restructuring/refinancing operations.

UNITED STATES

- [FRB and FDIC extend deadline for submission of resolution plans](#)

The [agencies](#) allow 38 domestic and foreign banks to submit their plans one year later. New deadline: Dec 2017.

- [FRB, FDIC and OCC publish results of Q1-2016 Shared National Credit Review](#)

Level of [adversely rated assets](#) remained higher than in previous periods of economic expansion. Leveraged loans and oil and gas portfolio are the main drivers of high credit risk.

- [Agencies on exempting certain end users from and variation margin requirements](#)

FRB, OCC, FDIC, FHFA and FCA announced [final rule](#) exempting certain commercial and financial end users from margin requirements for certain non-cleared swaps.

- [Agencies on self-assessments by financial institutions on diversity policies and practices](#)

FRB, FDIC and OCC provide information on how to [submit self-assessments](#), based on standards introduced in 2015, in order to ensure transparency and strengthen diversity.

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](#). July 2016
- [Digital Economy Outlook](#). July 2016

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

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