

Financial Regulation: Weekly Update. 30 September 2016

Matías Daniel Cabrera / Pablo Fernández / Pilar Soler

GLOBAL

- BIS publishes guidance on regulation and supervision of institutions

Identifies 19 Core Principles, which require additional [guidance](#) for their application to the supervision of financial institutions, and specifies essential and additional criteria.

EUROPE

- EBA harmonises the definition of default throughout the EU

EBA [publishes](#) guidelines specifying the application of the definition of default throughout the EU, final RTS on materiality threshold of past due credit obligations, and an impact study.

- ESMA consults on future rules for financial benchmarks

ESMA [asks](#) stakeholders to comment on proposed RTS/ITS applicable to benchmark contributors, administrators and national competent authorities. Deadline: 2 Dec.

- ESRB publishes risk dashboard

Marketbased [indicators](#) of systemic risk have stabilised at somewhat elevated levels after sharp increases over the past months. Bank profitability improved slightly.

- ESMA updates list of recognized third-country CCPs

The [update](#) includes ICC Clear Credit LLC (ICE) and Minneapolis Grain Exchange Inc. (MGEX). According to EMIR, recognition is necessary to operate in the European Union.

- EBA publishes final guidelines on remuneration of sales staff

They provide a [framework](#) for credit institutions on remuneration policies and practices aiming at reducing risk of mis-selling, reducing conduct costs and protecting consumers.

- BRRD's level 2 state of implementation

The EU Commission publishes updated state of play of the BRRD's [RTS](#) and [ITS](#). 6 RTS completed, 3 are

work in progress. 3 ITS completed, 1 not yet started.

- [Decision and Commission Implementing and Delegated Regulations published in OJEU](#)

i) [Decision](#) on Rules of Procedure of the ECB ii) [Commission Delegated Regulation](#) on RTS for information on financial contracts regarding recovery and resolution iii) [Commission Implementing Regulation](#) amending regulation on templates and instructions regarding prudential requirements for credit institutions.

UNITED KINGDOM

- [PRA on Financial Services Compensation Scheme \(FSCS\) deposits class](#)

i) [Statement of Policy](#) on methodology for calculating risk-adjustment for DGS member contributions to FSCS, ii) [Policy Statement](#) with feedback on previous consultation on FSCS.

- [FCA publishes consultation paper on MiFID II](#)

[Proposals](#) on: inducement and research rules, disclosure requirements, requirements for financial advisers and providers responsibilities towards customers. Deadline: 4 Jan. 2017.

- [PRA publishes documents on strengthening accountability](#)

i) [Policy statement](#) with feedback on previous consultation. Includes rules and templates on regulatory references, ii) Supervisory statements updating PRA's approach to reinforce accountability in [banking](#) and [insurance](#), iii) [Consultation](#) on amending Senior Managers and Certification Regime and the Senior Insurance Managers Regime. Deadline: 9 Jan 2017.

- [PRA publishes a policy statement \(PS\) and a consultation paper \(CP\) on remuneration](#)

i) [PS](#) providing feedback to [CP](#) "Buy-outs of variable remuneration" and final rules on the issue, ii) [CP](#) proposing: to consolidate existing remuneration statements, to confirm firms adherence to EBA guidelines and to provide guidance on remuneration. Deadline: 28 Nov.

- [PRA issues buy-to-let underwriting standards expectations](#)

PRA's expectations of [minimum standards](#) for firms on underwrite buy-to-let mortgage contracts. Also clarifies the application of SME supporting factor to these mortgages.

- [PRA issues consultation paper on whistleblowing](#)

[Amends](#) rules requiring firms to inform workers of PRA and FCA whistleblowing services. The proposals do not apply to UK branches of EEA deposit-takers. Deadline: 9 Jan 2017.

SPAIN

- [BdE keeps countercyclical capital buffer rate at 0%](#)

Bank of Spain has [decided](#) to maintain on 0% the countercyclical capital buffer (CCyB) rate applicable to credit exposure on Spain throughout 4Q2016.

- [CNMV issues reports on Corporate Governance and on board members' remuneration](#)

i) High degree of compliance among issuing entities with CNMV's sound [governance](#) rules. Still room to improve on transparency, and ii) [Report](#) gathers aggregate information on board remuneration policies of listed companies.

UNITED STATES

- [FED invites public comments on proposed rules](#)

i) [Comments](#) on rule to strengthen requirements on physical commodity activities of financial holding companies. Deadline: 90 days after publication in Federal Register, ii) [Comments](#) on rule modifying its capital plan and the stress test rules for 2017. Deadline: 25 Nov.

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](#)

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.