

## Financial Regulation: Weekly Update. 27 March 2015

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### SPAIN

- BoS approves the Market Conduct and Complaints Department's first supervisory programme

It specifies the supervisory inspection and tracking procedures for 2015, in compliance with the obligation laid out in law LOSS (Article 55).

- Mineco indicates the advantages of protection measures for mortgage debtors

It has helped over 31,500 families; this number is expected to grow as the definition of beneficiaries has been extended under the Second Chance royal decree.

### EUROPE

- Official start of the Single Resolution Board (SRB) in Brussels

While operative since January, it held its 1st Plenary Session on 25 March. Priorities were set for 2015, during which time it will only have preventative powers. It will assume full resolution powers on 1 Jan 2016, which is when bail-in comes into force.

- New ECB regulation on reporting to the supervisor for less significant banks

It lays out a basic set of financial information that must be reported to the national authorities in the case of less significant banks, and also for significant ones with a non-consolidated basis.

- Parliament on banking exposure to home sovereign debt

It carries out an analysis looking at the net position of sovereign debt over all institutional assets and weighting it depending on the importance of each bank in the country.

- Parliament on the Juncker Plan's strategic investment fund (EFSI)

It has published amendments to the Commission's proposal for a regulation to set up the European Fund for Strategic Investments (EFSI), the European Investment Plan's main vehicle. Next steps: agreement with co-

legislators (June) and launch of EFSI (summer).

- **Parliament backs transparency in securities financing transactions**

The Commission published the proposal on 29 Jan 2015 to increase transparency and reduce risks. Next step: plenary vote scheduled for 7 May.

- **ESRB reports on systemic risk**

It publishes a risk dashboard and a summary note which highlight systemic risk, although risk aversion and volatility are higher than 2014 levels.

- **ESMA launches two calls for evidence about disclosure requirements for complex and structured instruments**

i) Structured Finance instruments (SFIs) originated and/or traded on a private and/or bilateral basis (deadline: 20 May) and ii) Complex debt instruments and structured deposits in MiFID II (open to: 15 Jun).

- **Other documents of interest published by ESMA**

i) Revised work programme for 2015; ii) Guidelines for information to be submitted by credit rating agencies, and iii) Call for expression of interest in renewing the membership of the Consultative Working Group for ESMA's Investor Protection & Intermediaries Standing Committee.

- **EIOPA reports on risks in the insurance sector and other issues**

i) Risk dashboard (with information to 2014); ii) forthcoming discussion paper on investments in infrastructure projects and iii) report on supervisory improvements in reviewing internal models (Solvency II)

- **Regulations published in the Official Journal of the EU (OJEU)**

Covering i) own funds requirements based on fixed overheads and ii) technical Solvency II standard with regard to: (ii.a) procedure concerning the approval of an internal model for the group, (ii. b) the process of reaching a joint decision on the application to use a group internal model, (iii. c) setting up special purpose vehicles for the cooperation and exchange of information between supervisory authorities, (iii. d) the supervisory approval procedure to use undertaking-specific parameters, (iii. e and iii.f) procedures to be used for granting supervisory approval for the use of ancillary own-fund items and of the application of a matching adjustment.

## UNITED KINGDOM

- PRA publishes rules on accountability regimes for senior management and Solvency II

(i) 1st set of rules on accountability for senior managers and insurance managers (will come into force from 7 Mar 2016) and ii) final rules on the implementation of Solvency II in the UK (into force from 1 Jan 2016)

- FCA launches four discussions on MiFID II, transparency, pensions and insurance

i) Developing the approach to implementing conduct of business and organisational requirements in MiFID II (open to: 26 May. There will subsequently be a formal consultation); ii) implementation of the Transparency Directive (open to: 20 May); iii) Recommendations for pension plan options (open to: 8 May), and iv) proposals for the insurance sector: banning opt-out selling and supporting informed decision-making for add-on buyers (open to: 25 June)

- Other FCA publications for mortgage lending and pension plans

i) Governance over mortgage lending strategies with a focus on the customer's interests and ii) final retirement income report with recommendations for the pension plan market

- Government and institutions reach an agreement on how to minimise the impact of branch closures

A protocol has been put in place requiring institutions to work with local communities before closing a branch office and to provide satisfactory alternatives.

- Memorandum of understanding between the Payment Systems Regulator (PSR), the BoE, FCA and PRA

It aims to promote competition and innovation and ensure that payment systems respond to the needs of consumers..

## UNITED STATES

- The Fed and FDIC's feedback on the resolution plans of three institutions

They point out that the plans reveal a number of weaknesses and are not credible, going on to indicate measures that the institutions need to implement by December in order to contain the problem.

- FED and FDIC adjust the deadline for presenting resolution plans

As of 2016, 31 December is the new deadline for certain non-bank institutions.

- Fed publishes a report on consumers accessing financial services via mobile phones

This form of accessing financial services continued to increase in the US in 2014 and is changing consumption patterns. Their use as a payment method also grew.

## GLOBAL

- IOSCO reviews the rating agencies' code of conduct

The new code brings in improvements to enhance the integrity of credit rating processes, manage conflicts of interest, provide transparency and protect confidential information.

Recent publications of interest:

Financial Regulation Outlook. March 2015

Regulation Watch: TLAC QIS: the next milestone in designing the optimal loss-absorbing framework

Regulation Watch: completing banking union

Regulation Flash: First step towards a Capital Markets Union

Earlier editions of our "Financial Regulation: Weekly Update" in Spanish and in English.

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