

Financial Regulation: Weekly Update 12 June 2015

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SPAIN

- Congress passes the transposition of the Bank Recovery and Resolution Directive in Spain

Law on recovery and resolution of credit institutions passed. It transposes two EC directives on this matter into Spanish law. Pending publication in Official State Gazette.

EUROPE

- EBA publishes technical advice on contributions to the Single Resolution Fund

Gives its opinion on: i) indicators to identify the phase of the business cycle and the risk of pro-cyclicality to variations in contributions, and ii) three EC delegated acts.

- ECB publishes an opinion on transposition of the BRRD in Spain

Assesses separation of preventive and executive resolution functions between Bank of Spain and FROB, positively highlighting the requirements for cooperation between them.

- ESAs consult on OTC derivatives and best practices among service providers

i) Draft Regulatory Technical Standards (RTS) regarding margin requirements for derivative transactions not subject to central clearing (open to: 10 Jul). ii) ESMA on the impact of best practices principles on providers of services including advice, research and voting analysis (proxy advisory industry - open to: 27 Jul).

- EBA on prudential treatment of operational risk

Preliminary technical standards on applicable criteria for permitting the use of advanced modelling in calculating capital. Effective: 20 days after publication in OJEU.

- EP postpones voting on the TTIP (Transatlantic Trade and Investment Partnership)

To allow the amendments (numbering over 200) presented to be deliberated further by the Committee on International Trade (debate scheduled for 15-16 Jun).

- EC approves delegated acts under Solvency II on third country equivalence

Grants Switzerland full equivalence and Australia, Bermuda, Brazil, Canada, Mexico and the US equivalence only for solvency calculation. Next step: scrutiny by EP and Council.

- Council and EP conclude negotiations on European fund for strategic investments (EFSI)

Trilogues finish and Permanent Representatives Committee (Coreper) approves final text of the compromise agreement on behalf of the Council. Next step: approval by EP (24 Jun) and enter into force (expected in Jul).

- EC grants pension funds a further two-year exemption from central clearing requirements

Extended until 16 Aug 2017, based on a delegated act approved on 5 Jun in accordance with EMIR (European Market Infrastructure Regulation).

- Two more relevant publications from ESAs

i) Highlights from ESAs' joint consumer protection day: conduct risk, increasing digitalisation of financial services and challenges in banking, securities, insurance and pensions. ii) ESMA publishes its 2Q15 risk dashboard for securities markets: market risk increased while contagion, liquidity, and credit risk remained high but stable.

- Council and EC update on payments services

Council publishes final compromise text on payment services directive (next step: voting in EP plenary). EC announces entry into force of and informs on regulation on interchange fees in card transactions.

- Four publications in the Official Journal of the EU

i) Regulation on insolvency proceedings, ii) Implementing regulation on own funds requirements for exposures to central counterparties; iii) directive on preventing money-laundering and iv) information accompanying transfers of funds.

UNITED KINGDOM

- PRA publishes two documents on liquidity and supervisory approach

Publishes: i) final rules to accommodate the EC's delegated act with regard to the liquidity coverage ratio (LCR) (effective 1 Oct) and ii) informs on the supervisory approach for liquidity and funding risks.

- Fair and Effective Markets Review publishes Final Report

Contains 21 recommendations to help restore trust in the wholesale Fixed Income, Currency and Commodity (FICC) markets.

- FCA publishes two final rules on mortgages and pension funds

On: i) Buy-to-let mortgages in relation to implementing the Mortgage Credit Directive (effective: 21 Mar 2016) and ii) pension transfers: affecting financial advisory firms, pension providers and professional retirement plans (effective: 8 Jun).

UNITED STATES

- [FSOC gives further details on supervised nonbank financial companies](#)

Publishes six quantitative thresholds which will be calculated quarterly to identify a set of companies that merit further evaluation by the FSOC and subject to active review in stage 2.

GLOBAL

- [BCBS proposes changes in the prudential treatment of interest-rate risk](#)

Consults on management, capital requirements and supervision of interest rate risk for the full set of activities except the trading book. Open to: 11 Sep.

- [IOSCO publishes good practices on reducing reliance on CRAs \(Credit Rating Agencies\)](#)

Publishes eight good practices to avoid over-reliance in the asset management industry, bearing in mind the 2010 report by the FSB,

- [FSB on identifying systemically institutions \(G-SIFIs\) and compensation practices](#)

i) Responses received to the consultation on a methodology to identify Non-Bank Non-Insurer (NBNI) G-SIFIs will be published on 15 Jun. ii) Workshop on compensation practices focussing on governance, alignment of compensation and risk, and conduct issues.

- [FSB Regional Consultative Group \(RCG\) for the Americas met in Mexico on 28 May](#)

Members were updated on FSB's work plan and regulatory policy priorities. New co-chairs for the group: C. Wilkins, (Bank of Canada) and D. Worrell (Central Bank of Barbados).

Recent publications of interest (in English and Spanish)

- [Financial Regulation Outlook May 2015](#)
- [Digital Economy Outlook. May 2015](#)
- [Regulation Watch: Funding in Resolution: the lender of last resort function in the new resolution framework](#)
- [Situación Banca. Segundo Trimestre 2015](#)

Previous Weekly Regulation Updates in [Spanish](#) and [English](#).

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