

# Financial Regulation: Weekly Update. 16 December 2016

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## GLOBAL

- [BCBS completes review of all its members' risk-based capital frameworks](#)

[Reports](#) for Indonesia, Japan and Singapore are published. This review process is aimed at ensuring full, timely and consistent implementation of the risk-based capital framework.

- [IMF concludes statement of the 2016 official staff visit to Spain](#)

[Financial sector](#) has gained strength, better asset quality and stronger capital but NPLs remain sizeable. Recognises challenges arising from low profitability and new regulation.

- [FSB consultation paper on TCDF disclosures](#)

Task Force on Climate-related Financial Disclosures sets out [recommendations](#) for consistent, comparable, reliable, clear and efficient climate-related disclosures. Deadline: 12 Feb 2017

- [FSB on proposed guidance to support resolution planning and promote resolvability](#)

i) [Principles](#) of internal TLAC for G-SIBs, and ii) [set](#) of arrangements to support continued access to FMI by a firm in resolution. Deadline: 10 Feb 2017.

- [IOSCO on the implementation and disclosure related to the new IFRS standards](#)

It highlights the importance of the [implementation process](#) by issuers and their audit committees, and of the disclosure of possible impacts of adopting of new standards.

## EUROPE

- [EBA releases final report on MREL](#)

The [report](#) contains recommendations for amending the MREL framework. It also provides an estimate of the shortfall of 133 banks and an assessment of MREL macroeconomic benefits.

- [ECB publishes supervisory priorities for 2017](#)

[Core priorities](#) remain: i) business model and profitability risks, ii) credit risk and iii) risk management.

Emphasis on effects stemming from economic and political environment.

- ECB publishes outcome of SREP 2016 and methodology booklet

i) Reveals stable capital demand, imposing measures on liquidity and governance. Also, the SSM publishes recommendation on dividend distribution and variable remuneration and ii) summarizes SREP 2016 legal basis, methodology and current state of play.

- EBA publishes final guidelines on revised Pillar 3 (RPF) disclosure requirements

They cover the entire content of RPF requirements, except securitisation requirements, which are under discussion. They apply to G-SIIs and O-SIIs.

- EBA on cooperation and exchange of information under P2D2 and ITS rules

i) Harmonised framework for cooperation and exchange of information between Competent Authorities facilitating cross-border provision of payment services in the EU market. ii) Revised list of validation rules for Implementing Technical Standards (ITS) on reporting.

- Council approves the EU's legislative priorities for 2017

Includes completing the Banking Union, creating safer and more transparent markets for securitisation and improved prospectuses for securities.

- ESAs publish the list of Identified Financial Conglomerates 2016

Updates the list of financial conglomerates, shows 79 conglomerates with the corresponding Coordinators and Competent Authorities.

- EIOPA on 2016 stress test and effective dialogue between supervisors and auditors

i) Results show significant challenges for the EU insurance sector. Identified vulnerabilities will be monitored by competent authorities, and ii) Final guidelines include a set of provisions to be applied by supervisors in their dialogue with statutory auditors. Applicable by May 2017.

- EC Implementing Regulation published in OJEU

The regulation extends the transitional period relating to own funds requirements for exposures to CCPs by an additional 6 months: until 15 Jun 2017.

## SPAIN

- Bank of Spain maintains countercyclical buffer at 0%

Gap between credit and GDP shows a value of -62pp, far away from the the 2pp level established by the Bank of Spain as a reference for a potential activation of the buffer.

- Bank of Spain issues circular regarding Banking Foundations

It develops [accounting specificities](#) for banking foundations and establishes individual reserved statements to be reported on an annual basis.

- [CNMV issues actions in the context of Brexit and circular on fees and standard contracts](#)

i) [Battery of measures](#) to facilitate the relocation of business for UK-based entities, and ii) [circular](#) on the minimum content of standard contracts and informative fees brochures.

## UNITED KINGDOM

- [PRA issues several publications on regulatory reporting](#)

i) Consults on amendments to PRA's notes to the [Mortgage Lenders & Administrators Return \(MLAR\)](#) and [IFRS 9](#) reporting requirements (Deadline: Mar 2017), ii) final rules for new reporting requirements relating to [balance sheet and P&L](#), and iii) updates guidelines for completing [regulatory reports](#) to include the previous amendments.

- [PRA publishes supervisory statement on liquidity and funding risk](#)

Defines PRA [approach](#) to the supervision of liquidity and funding risk, covering its expectations in relation to ILAAP, L-SREP liquid asset buffers, collateral and reporting.

- [PRA notifies on UK's G-SIIs and level of capital buffers applied](#)

[Identifies](#) four global systemically important institutions and their required levels of capital buffers.

- [FCA consults on Financial Services Compensation Scheme \(FSCS\) rules](#)

Regarding [funding](#) and coverage of the FSCS and on a number of specific changes to its scheme rules. Deadline: 31 Mar 2017.

## UNITED STATES

- [FRB publishes final rule on TLAC and LTD](#)

The [rule](#) will apply to US G-SIBs and IHCs of foreign G-SIBs with more than \$50bn in the US from 1 January 2019 on.

- [FRB announces the approval of technical amendments to its rule that identifies G-SIBs](#)

Clarify that entities should [scale](#) the values of their surcharge scores to USD billions and must calculate them using year-end data, reporting underlying data on a quarterly basis.

- [FRB and FDIC update on resolution plans of 5 G-SIBs](#)

4 of them adequately remedied deficiencies. [Resolution plan](#) of another is still deficient and will face restrictions while a revised 2015 resolution plan is submitted.

- [FRB on investments in illiquid funds under Volcker Rule](#)

[Additional details](#) regarding how banking entities may seek an extension to conform their investments in funds that qualify as illiquid funds to the requirements of the Volcker Rule.

Recent publications of interest (in English and Spanish):

- [Flash](#). Global | 2016 G-SIBs List. November 2016
- [Regulation Watch](#). New package of banking reforms. November 2016
- [Regulation Watch](#). Europe: TLAC implementation and MREL review. November 2016
- [Financial Regulation Outlook](#). October 2016
- [Digital Economy Outlook](#). October 2016

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

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