

Financial Regulation: Weekly Update. 16 June 2017

Matías Daniel Cabrera / Pilar Soler / Alvaro Romero

GLOBAL

- [IOSCO Task Force issues report on regulation of wholesale market conduct](#)

The [report](#) identifies the tools used by market regulators to minimize misconduct risk arising from particular characteristics of wholesale markets (professional counterparties).

EUROPE

- [Council agreement on creditor hierarchy, IFRS9 and large exposures](#)

[Agreement](#) on: i) ranking of unsecured debt instruments in insolvency proceedings; ii) phase in the regulatory capital impact of IFRS9; iii) a phase-out of provisions on the large exposures limit. Next steps: EP needs to reach an agreement before trilogues can begin.

- [EC proposes amendments to EMIR in relation to Central Counterparties \(CCPs\)](#)

Proposes a new [supervisory](#) mechanism in ESMA to supervise CCPs. Also, proposes to classify CCPs into systemically important or not, with different requirements.

- [ECB and the Office of Financial Research \(OFR\) sign a Memorandum of understanding](#)

Aimed at [cooperating and exchanging information](#) with a view to fostering data quality and accessibility so as to improve financial markets and systemic risk assessment.

- [ESAs publish each of their annual reports for 2016](#)

Highlights: i) [EBA](#): work done on the single rulebook and on other regulatory reforms, ii) [ESMA](#): continuing efforts to enhance investor protection and orderly financial markets and iii) [EIOPA](#): work towards supervisory convergence in Europe.

- [ECB releases its Third Macroprudential Bulletin](#)

Main [issues](#): ECB floor methodology for capital buffer for OSIIs, stress-test quality assurance from a top-down perspective and exposure of EDIS to bank failures and benefits of risk-based contributions.

- [ECB issues two opinions on macroprudential tools](#)

i) To the National Bank of Belgium (NBB) [draft law](#) which among other things introduces the senior non-preferred debt and empowers the NBB as macroprudential supervisor to impose funding and capital

requirements, ii) to the Austrian Ministry of Finance's measures to limit systemic risk in [real estate financing](#).

- ESMA issues Risk dashboard for the 1st quarter

Overall risks [remain stable](#) from 4Q16. The main concerns as sources of risk are the Brexit negotiations and the election calendar in the EU.

- EBA issues revised list of Implementing Technical Standards (ITS) validation rules

Revised [list](#) of rules on supervisory reporting, highlighting those which have been deactivated either for incorrectness or for triggering IT problems.

- OJEU publishes one delegated regulation and two implementing regulations

i) Regarding the list of exempted entities in [EMIR](#), ii) ITS regarding [consultation](#) between competent authorities and iii) ITS on [cooperation agreements](#) in respect of trading venues.

SPAIN

- BdE publishes report on financial & banking crisis in Spain

Report explains the [financial crisis](#) until 2014, and shows the starting situation of the financial sector, regulatory framework and macroeconomic environment during 2000-2007.

UNITED KINGDOM

- FCA provides update on regulatory sandbox

Updates [list of firms](#) of the second cohort. The firms in second cohort are from different geographical areas and sectors, whereas firms in first cohort are mainly based in London.

- PRA consults on accountability in banking and insurance and reporting

i) Proposes [amendments](#) to the Senior Managers Regime for both banks and insurers, ii) proposes minor changes to [templates](#) and reporting instructions.

- PRA consults on data collection of risk sensitivities under Solvency II

Consults on PRA's proposed [expectations](#) for the reporting of sensitivities of solvency positions to key market risks by firms with material exposure to market risk.

UNITED STATES

- Treasury publishes first report on core principles of financial regulation

[Report](#) reviews U.S. financial regulatory framework for depository institutions and proposes recommendations that simplify regulation and promote access to capital.

Recent publications of interest (in English and Spanish):

- [Regulation Watch](#). CMU Mid-Term Review Action Plan. June 2017
- [Regulation Watch](#). Reflection paper on the future of the Eurozone. June 2017
- [Press Article](#). Brexit storm clouds. May 2017
- [Financial Regulation Outlook](#). April 2017
- [Digital Economy Outlook](#). April 2017
- [Press Article](#). Creating Green Opportunities. March 2017

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.