

Financial Regulation: Weekly Update. 23 June 2017

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GLOBAL

- FSB issues consultation on the use of compensation tools to address misconduct

The objective is to [elaborate a framework](#) for supervisors and firms to consider how to use compensation practices and tools to reduce misconduct risk. Deadline: 30 Aug.

- BCBS publishes report on countercyclical capital buffer practices

It shows how jurisdictions used the versatility of the [CCyB policy](#) based on a survey and highlights the importance of implementing the basel standards related to CCyB policies.

- IOSCO issues report on order routing incentives as part of effort to protect investors

The report examines the [regulatory conduct requirements](#) for brokers or firms to manage conflicts of interest associated with routing orders and obtaining best execution.

EUROPE

- European Council endorses procedural arrangements for relocation of EU agencies

It sets [criteria and rules](#) for the reallocation of EMA and EBA after Brexit. The deadline for submitting offers is 31 July, and the final decision will be taken in Nov 2017.

- ECB publishes Emergency Liquidity Assistance (ELA) agreement

To enhance transparency, it sets [rules](#) to provide central bank money to solvent banks with temporary liquidity problems, beyond normal Eurosystem monetary policy operations.

- EC proposes new transparency rules for tax planning intermediaries

[Proposal](#) aims to tackle aggressive tax planning by increasing scrutiny of previously-unseen activities of tax planners and advisers. It would enter into force on 1 Jan 2019.

- EBA issues consultation on the treatment of Structural FX

[Analyses](#) the rationale for the current treatment of structural positions, and inconsistencies between treatments in CRR and its revision in CRR2 proposal. Deadline: 22 Sep.

- EBA launches CVA monitoring exercise and publishes draft amending technical standards

i) It has decided to put on hold draft guidelines on CVA risk given continuing developments at international

level. Instead, focus is placed on [monitoring](#) and impact assessment; ii) It has also published proposed [amendments](#) for determining proxy spread for CVA risk.

- ESMA issues consultation on trading obligations for derivatives under MiFIR

It seeks [views](#) on liquidity analysis for interest rates derivatives, how to phase-in trading obligations, the approach for instrument registry, and cost-benefit analysis. Deadline: 31 Jul.

- ECB decides to develop service for the settlement of instant payments

TARGET [instant payment](#) settlement (TIPS) will allow citizens and firms in the euro area to make payments via banks in a few seconds. Starts operating in November 2018.

- OJEU publishes delegated regulation and implementing regulation

i) Supplementing [MiFID](#) in relation to information to be notified by investment firms, market operators and credit institutions, and ii) on the format of [position reports](#) by investment firms and market operators.

- OJEU publishes Commission's implementing regulation on insolvency proceedings

The Regulation establishes the forms used to serve notice to foreign creditors of the opening of [insolvency proceedings](#). Enters into force on 26 Jun.

SPAIN

- Council of Ministers issues Royal Decree Law on credit cooperatives and senior non-preferred debt

[It seeks to](#): i) Improve governance, strengthen capital instruments and create mechanisms to protect credit cooperatives, and ii) create a new category of liabilities to fulfil MREL, a senior non-preferred debt whose priority order is lower than other ordinary credits but higher than subordinated debt.

UNITED KINGDOM

- PRA issues policy statement on risk weights for residential mortgages

After consultation, issues Policy Statement with final [amendments](#) for the calculation of Risk Weights for residential mortgages under IRB.

- PRA issues consultation on recovery planning and disclosure compliance

i) New [framework](#) for resolution planning, including proposal to clarify expectations for groups with ring-fenced bodies. Deadline: 21 Sep; ii) Proposes [thresholds](#) and criteria for waiving requirements on disclosure of collateral for exposure to CCR. Deadline: 21 Aug.

- FCA reminds firms needing MiFID II authorisation to submit applications now

Asks firms to [submit applications](#) for authorisation as soon as possible. If they do not apply before 3 Jul they might not get the authorisation by 3 Jan 18. Warns about consequences.

- [FCA seeks input on consumer access to insurance](#)

It asks for views on the [challenges](#) to providing travel insurance for consumers affected by cancer. The objective is to understand differences in premiums quoted. Deadline: 15 Sep.

UNITED STATES

- [FED releases results of banks stress tests](#)

According to the [exercise](#), the 34 largest bank holding companies have strong capital reserves, and retain their ability to lend to the real economy during a severe recession.

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](#).

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