

Financial Regulation: Weekly Update. 4 August 2017

Matías Daniel Cabrera / Pilar Soler / Alvaro Romero
04 Aug 2017

EUROPE

- EP approves amendments for IFRS 9 fast track within the CRD V review

Advocates a [dynamic](#) approach and a phase-in starting at 0.9 for 2018. Next steps: trilogues are expected to begin in Sep so that a final rule can be approved by year-end.

- EBA publishes reports showing banks' funding plans are optimistic

The two [reports](#) on 155 banks' 3-year funding plans and asset encumbrance forecast an increase in lending, deposit taking and debt issuance. But NPLs remain a drag on growth.

- ESRB publishes annual report and identifies four systemic risks in the EU financial system

i) [A re-pricing of risk premiums](#) in global financial markets, ii) weaknesses in balance sheets of banks, insurers and pension funds, iii) debt sustainability challenges, and iv) shocks from the non-bank financial sector to the financial system.

- EBA consults on fraud reporting requirements under PSD2

Defines reporting requirements on [fraudulent payment transactions](#) ensuring that data provided to the EBA and the ECB are comparable and reliable. Deadline 3 Nov.

- EBA updates list of Public Sector Entities (PSEs) for calculating capital requirements

These PSEs can [be treated](#) as regional or central governments and local authorities when calculating capital requirements under the standardised approach.

- EBA issues opinion on Finnish macroprudential measures

They include a credit institution-specific [minimum level of 15%](#) for the average risk weight on residential mortgage loans applicable to credit institutions using the IRB approach.

- EIOPA publishes first quarter 2017 risk dashboard

All risks remains constant, with two exceptions: i) liquidity and funding risks decrease, and ii) profitability and solvency risks increase

UNITED STATES

- FRB consults on corporate governance and rating system for large financial institutions

i) Proposal to refocus its expectations for largest firms' boards of directors on their core responsibilities, ii) proposal to better align the Board's rating system for large firms. Deadline: 3 Oct.

- FRB, FDIC and OCC publish review of Shared National Credit

Risks remain high due to highly leveraged distressed firms in the oil and gas sector, but underwriting and risk management practices continue to improve in most large banks.

Recent publications of interest (in English and Spanish):

- Financial Regulation Outlook. July 2017
- Regulation Watch. CMU Mid-Term Review Action Plan. June 2017
- Regulation Watch. Reflection paper on the future of the Eurozone. June 2017
- Press Article. Quo Vadis, Europe?. August 2017
- Press Article. The four "Cs" of the Hamburg G20. July 2017
- Press Article. The US reviews its banking regulation. July 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.