

Financial Regulation: Weekly Update. 17 November 2017

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EUROPE

- Council approves final text for IFRS 9, creditor hierarchy and large exposures

Following trialogues, the [Council](#) has endorsed the final text for the three issues that were under fast track in the CRD V process. Next steps: final endorsement by the EP on Nov 20.

- EC consults on backstops for insufficient provisions for NPLs

It consults on the [introduction](#), design and calibration of a statutory prudential backstop for insufficient loan loss coverage for new loans that turn non-performing. Deadline: 30 Nov.

- ECB publishes two Opinions regarding the current regulatory reform

i) On [amendments](#) to CRR and CRD considering Pillar 2 refinements, IFRS 9, CET 1 deductions, leverage ratio or NSFR, among other issues, and ii) on [revisions](#) to the crisis management framework considering TLAC implementation, MREL, early intervention measures, or pre-resolution moratorium tools among other issues.

- ESMA publishes final report on MMF Regulation (MMFR)

[Includes](#) final versions of the technical advice, draft ITS, and guidelines on stress test scenarios carried out by MMF managers under the MMFR.

- EC consults on institutional investors and asset managers' duties regarding sustainability

It [aims](#) to inform the impact assessment process and will be considered in the EC's 1Q2018 action plan on [sustainable finance](#). Deadline: 22 Jan 2018.

- EBA publishes report on the implementation of its guidelines on O-SIIs

A majority of the authorities comply with the guidelines. It observes [some deviating practices](#) in some Member States, and recommends that they be corrected as soon as possible.

- EBA publishes final guideline on connected clients

It seeks to help firms identify [connections](#) among clients to determine whether they can be regarded as a single risk. It is based on economic dependencies and control relationships.

- [EC consults on delegated act regarding ESMA's fees](#)

It asks for [feedback](#) on a delegated regulation on the fees charged by ESMA to trade repositories (i.e. calculation, payment, and reimbursement among others). Deadline: 14 Dec.

- [EBA publishes two reports on the consistency of internal model outcomes](#)

It covers credit risk ([Low Default Portfolios](#)) and market risk. The analysis confirms that risk weight variability is mainly caused by fundamentals.

- [ESMA consults on calculation of derivative positions](#)

Consults on the future guidelines on the calculation of [derivative positions](#) by trade repositories under EMIR. Deadline: 15 Jan 2018.

- [ESMA clarifies endorsement regime for third-country credit rating](#)

[Clarifies and details](#) changes of the existing guidelines on application of the endorsement regimen under the CRA Regulation.

- [EBA updates list of CET1 instruments](#)

It presents the list of [capital](#) instruments that competent authorities have classified as common equity tier 1. It includes some new instruments since the May update.

- [EBA publishes a corrective update to DPM and XBRL taxonomy 2.7](#)

It corrects [technical errors](#) in the taxonomy that Competent Authorities use for the reporting of data under the ITS of supervisory reporting.

- [EC issues implementing regulation regarding templates under CRD IV/CRR](#)

It seeks to update the previous [implementing](#) regulation specifying the modalities whereby institutions are required to report information. It will be directly applicable from 1 Mar 2018.

- [ESMA issues two statements on Initial Coin Offerings \(ICOs\)](#)

It [alerts investors](#) to the high risk of losing all their invested capital due to the high degree of speculation and risk. It also asks firms involved in ICOs to comply with the legislation.

- [ESMA registers a new Credit Rating Agency](#)

It [registers](#) Kroll Bond Rating Agency Europe as a CRA under the CRAs regulation. The firm must comply with the corresponding requirements of the regulation.

- [ESMA updates Q&A under MiFID II and MiFIR](#)

It updates Q&As on i) [trading obligation](#) for shares, ii) [commodity derivatives](#), iii) [market structure](#) issues, iv) [data reporting](#), and v) [transparency](#).

SPAIN

- [BdE consults on guidelines regarding PAC and PAL](#)

It is [applicable](#) only to non-systemic institutions supervised by BdE. Proposes changes to the internal capital (liquidity) adequacy assessment processes (PAC and PAL). Deadline: 1 Dec.

- [CNMV authorises the application of the publication's regime under MiFIR](#)

It [authorises](#) the applicable regime for the deferred publication of the detail of transactions in non-equity instruments, under Article 11 of MiFIR.

UNITED KINGDOM

- [PRA consults on approval for the volatility adjustment under Solvency II](#)

It seeks [feedback](#) on proposals to clarify expectations regarding firms that seek approval from the supervisor to apply volatility adjustments. Deadline: 9 Feb 2018.

Recent publications of interest (in English and Spanish):

- [Regulation Watch](#). Banking Union: Half way there. November 2017
- [Press Article](#). COP23: time to walk the talk. November 2017
- [Financial Regulation Outlook](#). October 2017
- [Regulation Watch](#). European Commission withdraws Banking Structural Reform proposal. October 2017
- [Press Article](#). Moving towards a more selective and effective international banking regulation. October 2017

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

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