

Weekly Regulation Update

Financial Systems and Regulation

SPAIN

- **The Inland Revenue consults on the introduction of the FATCA agreement with the US**

Purpose: reporting foreign accounts held by US citizens in Spanish territory to the United States. Due by: 06/05. Coming into force: 01/07.

EUROPE

- **The EBA publishes methodology and scenarios for the 2014 stress test**
It has presented the **methodology and macroeconomic scenarios** which will be applied by national authorities in the stress test this year (see **Q&As**).

- **The ECB gives six to nine months to cover capital shortfalls following the AQR/stress test**

Banks **will have to** cover their AQR and baseline stress test scenario in six months with CET1 instruments. For the stress test risk scenario they have nine months and are also allowed to use high-quality convertible instruments.

- **The ECB publishes the operating rules for the Single Supervisory Mechanism**

This includes: (i) methodology for identifying the institutions which will be directly supervised and (ii) norms for the cooperation between the ECB and national supervisors. The ECB has also published two sets of rules (**I** and **II**) on its sanctioning powers.

- **European Court of Justice throws out the appeal lodged by the United Kingdom against the FTT**

UK wanted to **cancel the reinforced cooperation** begun in 2013 by 11 MS to establish a Financial Transactions Tax (FTT) in their territories.

- **Commission and ECB: new reports on financial integration (2013)**

Financial fragmentation remains high. They recommend: (i) effective introduction of banking union and (ii) continuing with national reforms (See **CE** and **ECB** reports).

- **The EBA publishes action plans for colleges of supervisors in the EU**

For 2014, among others, aims include reaching joint decisions on capital and liquidity levels, assessing recovery plans and improving joint risk.

- **Commission requests technical advice from ESMA on EMIR, MiFIR and MiFID**

Regarding **delegated and implementing acts**. The purpose is to continue improving how the financial system works and to increase consumer protection.

- **Council presents final BRRD text**

The **Banking Recovery and Resolution Directive** (BRRD), passed last week in the parliament, comes into force in 01/2015 (bail-in in 02/2016). The next official publication is expected after the formal final approval by the Council.

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UNITED KINGDOM

- **BoE publishes details of stress tests for 2014**
Including the **main elements** of the exercise as well as guidelines for banks.
- **New rules for mortgages come into force**
Borrowers will receive help from an **advisor** before they ask for a mortgage and will have greater certainty about whether they will be able to afford it.

GLOBAL

- **BIS presents its final report on point of sale (POS) disclosure**
It sets out **8 recommendations** for aligning POS regulatory differences on savings and investment products in the insurance, banking and securities sectors.

Recent publications of interest:

- **Regulation Watch**: Multiple Point of Entry resolution strategy: a natural approach for decentralised retail banking groups
- **Regulation Outlook** from April 2014.

Earlier editions of our *Weekly Regulation Update* in **Spanish** and in **English**.