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Regulation Outlook

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Summary

Promoting robust securitisation in EU

ECB/BoE propose policy options to be discussed. ECB/BoE issued a joint discussion paper on 30 May that summarises what went wrong during the financial crisis, the steps already taken to address identified shortcomings and the potential benefits of restoring securitisation as a complementary long-term funding channel for the real economy. Moreover, it provides a more detailed analysis of the current hurdles to a well-functioning securitisation market in Europe, and presents a range of possible measures that would help to overcome those barriers and promote robust securitisation activity. Comments to be sent by 4 July.

Resolution fund's contributions in the BRRD and SRM

Discussion topics regarding the calculation of contributions. The Bank Recovery and Resolution Directive (BRRD) sets up the resolution fund as a complementary tool to ensure the effective application of the resolution process. It has a target level of 1% of the total amount of covered deposits and it will be constituted from contributions from all banks in the Member States. Moreover, this fund is conceived as a private backstop only after an 8% bail-in has already been applied to cover losses.

SSM published consultation for supervisory fees

An overview. The Single Supervisiory Mechanism (SSM) has recently published a consultation on the computation of the supervisory fees to be paid to fund the SSM. The main features of this consultation are: i) financial institutions to be charged the supervisory fees will be those under the SSM's supervision; ii) the scope of the supervisory fees covered by the consultation relates to supervisory activities carried out by the ECB alone; iii) significant financial institutions should face higher charges than non-significant banks; iv) the calculation would be made at a consolidated level; iv) subsidiaries in third countries would also be charged a fee, but they would be treated separately.

Macro-prudential regulation

Prevention is better than cure. The implementation of macro-prudential measures is just starting. The policy-making is a trial and error process. Coordination plays a key role, as does the right balance between national and European institutions. Next November will mark a milestone, when the European Central Bank (ECB) fully assumes its supervisory tasks through the Single Supervisory Mechanism (SSM), and with them, macro-prudential responsibilities. However, there is still a lot of work to do in macro-prudential regulation.

EC review of regulation agenda

Qualitative assessment of the reform. On 15 May, the European Commission (EC) released an economic review of the European financial regulation agenda. The document provides a review of every single regulatory initiative, but does not estimate the cumulative quantitative impacts of the reform. Main conclusion: the financial reform imposes new costs on financial intermediaries (new compliance costs and adjustments), but those are more than offset by the economic benefits. The implicit subsidy issue is still not resolved, despite the Bank Recovery and Resolution Directive (BRRD) opening the door to the adoption of further and more intrusive regulations such as structural reforms.

Transparency on EU core capital

EBA discloses the list of included instruments. As part of the post-crisis regulatory agenda, greater transparency was considered to be key to the restoration of confidence. In the new EU prudential regulation (CRR), that came into force in January 2014 as part of Basel III implementation, a wider disclosure of the form and nature of regulatory capital has been considered for the purpose of strengthening market discipline. As part of this disclosure, the European Banking Authority (EBA) has published, for the first time, the list of capital instruments across the EU that national supervisory authorities have classified as Common Equity Tier 1 (CET1) and is committed to updating it on a regular basis.

1 Promoting robust securitisation in EU

ECB/BoE propose policy options to be discussed

Based on the previous short joint paper released in April, ECB/BoE have issued a discussion paper on 30 May that summarises what went wrong during the financial crisis, the steps already taken to address identified shortcomings and the potential benefits of restoring securitisation as a complementary long-term funding channel for the real economy. Moreover, it provides a more detailed analysis of the current hurdles to a well-functioning securitisation market in Europe and presents a range of possible measures that would help to overcome those barriers and promote robust securitisation activity. Comments to be sent by 4 July.

Range of measures to set a robust standard for securitisation

The proposed reform of the EU securitisation market requires complementary measures to promote the standardisation of a product that is simple and transparent to investors, to provide the right incentives for banks to originate this product and to investors to invest in it. With this aim, the paper introduces the concept of **'qualifying securitisation', which is defined as a security whose risk and pay-off can be consistently and predictably understood,** and a range of measures summarised in the following table.

Table 1
Policy options

Issue	Potential measures to discuss	Potential benefits
'Qualifying securitisation' refers to entire transactions	**Develop high-level principles:**	
	1. Underlying Assets: simple credit claims or receivables, availability of underlying asset performance, primary obligors, granularity of pools, only current in payment and self-liquidating	Market standard that could benefit of greater liquidity
	2. Structure: plain vanilla. True sale (not synthetic),	Increase confidence
	3. Transparency: sufficient initial and ongoing data and information for investors, clarity in relation to servicing responsibilities and counterparties	Less prone to generate systemic risks
	4. External parties: two external ratings required	
Review regulatory treatment	• **Preferential regulatory capital and** liquidity consideration for some/all tranches	Eliminate regulatory bias and set proper incentives for originators and investors
	• **Adjust haircuts** for central bank operations	
Improve disclosure and standardisation	• Improve access to information by investors: **Loan-level Data Warehouses, Credit Registers**	Facilitate investors' risk assessment
	• Simplify/standardise prospectus and disclosure (single portal)	
	• **Benchmark indices** of underlying borrower/loan and tranche performance	
Credit rating agencies	**Complement overall ratings** with information on the effect on that rating of setting **the sovereign cap** at higher levels	Improve understanding of the impact of sovereign caps on ABS rating
Ancillary facilities	For securitisation vehicles, facilitate bank accounts that fall outside the account provider's insolvency estate	Mitigate concentration in few counterparties (higher-rated)

Source: BBVA Research

Assessment

This is a positive contribution to the path initiated by the EC on 27 March. Following a mandate by the EC, the EBA is currently working on this definition and this paper **provides valuable ideas.** It clarifies that the focus of the political action should not be restricted to the most senior tranches but should apply to the **entire transaction.**

We also regard favourably the ECB/BoE consideration of a broader range of policy options. We believe that it is very important that all interested parties take active part in this discussion, to agree in the short term on workable measures that are cost efficient.

We consider that it is important to move forward in the creation of a favourable environment for robust securitisations, even if we are of the opinion that favourable macroeconomic factors would also be required to encourage a substantial recovery of European ABS markets.

2 Resolution fund's contributions in the BRRD and SRM

Discussion topics regarding the calculation of contributions

The Bank Recovery and Resolution Directive (BRRD) sets up the resolution fund as a complementary tool to ensure the effective application of the resolution process. It has a target level of 1% of the total amount of covered deposits and it will be constituted from contributions from all banks in the Member States. Moreover, this fund is conceived as a private backstop only after an 8% bail-in has already been applied to cover losses.

Article 103 (7) of the BRRD and Article 66 (3a) of the SRM Regulation establish that an institution's contributions should reflect the risk of loss that it poses to the relevant fund. This risk adjustment of contributions is the subject of the Commission Delegated Act.

The **risk adjustment definition of contributions to the resolution fund** should respect the following principles: 1) **Universality:** all banks should contribute to the resolution fund while respecting the principle of proportionality in its application, 2) **European target level:** in the context of SRM, the target level must be fixed at the European level – no national caps, and 3) **Methodology of calculation:** there are currently three main topics under discussion in relation to the methodology of calculation of individual contributions to the resolution fund.

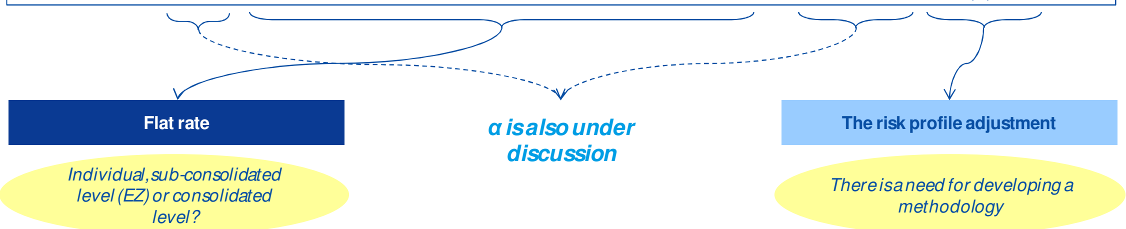
Figure 1
Calculation of contributions to the resolution fund under the BRRD and SRM

Alternative 1: Multiplicative factor

$$\text{Contribution}_i = \frac{\text{Total liabilities}_i - \text{Own funds}_i - \text{Covered deposits}_i}{\sum_{I=1}^{N} (\text{Total liabilities}_i - \text{Own funds}_i - \text{Covered deposits}_i)} * \beta$$

Alternative 2:: Additive factor

$$\text{Contribution}_i = \alpha * \frac{\text{Total liabilities}_i - \text{Own funds}_i - \text{Covered deposits}_i}{\sum_{I=1}^{N} (\text{Total liabilities}_i - \text{Own funds}_i - \text{Covered deposits}_i)} + (1-\alpha) * \frac{r_i}{\sum_{I=1}^{N} r_i}$$



Source: BBVA Research

- **Individual contribution:** There are legal and economic reasons for supporting contributions at individual entity level. First, the BRRD (art. 103) states that it should be calculated at individual level. Second, it should be consistent with the MREL ratio, which will be applied at the level of the individual legal entities. Moreover, the resolution fund will not cover liabilities from subsidiaries located in third countries. Thus, these liabilities should not count for the contribution. Finally, calculating contributions on an individual basis would better reflect the future reality of contributions in case of resolution.
- **Prominence of the flat part:** The flat part must be the basis for individual contributions and the adjustment for the risk profile shall be applied as an add-on. Relying on the flat element would limit volatility, and credit institutions and authorities would be better able to predict contributions.

Comprehensive, comparable, transparent and simple risk profile methodology: Risk profile indicators should be as transparent, homogenous and comparable as possible. For that reason, it is important to use ratios that are already being reported in common templates as FINREP & COPERP and are widely used by all parties (institutions, authorities, etc.).

3 SSM published consultation for the supervisory fees

An overview

The Single Supervisory Mechanism (SSM) has recently published a consultation on the computation of the supervisory fees to be paid to fund the SSM. **The main features of this consultation worth mentioning are as follows:** i) **financial institutions** to be charged the supervisory fees will be those under the SSM's supervision; ii) the **scope** of the supervisory fees covered by the consultation relates to supervisory activities carried out by the ECB alone, and not those by National Competent Authorities (NCA); iii) **significant financial institutions** should face higher charges than non-significant banks; iv) the calculation would be pursued at a consolidated level and not on an individual basis.

For 2014 and 2015 the estimate of the total supervisory fees would be **€300mn (€40mn for the last two months of 2014 and €260mn for 2015).** These fees should fund all the supervisory activities of the ECB, covering the newly created directorates.

Factors and methodology in computing the fees payable

The factors used to determine the fee charged to each financial institution would be two-fold. On the one hand, the **significance of the financial institution** would be assessed and on the other its risk profile. Both factors would have, in principle, equal weighting of 50% in the calculation. The significance of the financial institution will be measured by considering the **total assets of the bank, but excluding the assets of subsidiaries outside the jurisdiction of a participating Member State.** Regarding the **measurement of the risk profile, the Total Risk Exposure** would be taken into account as well as the level of Risk Weighted Assets (RWA).

To compute the fees, the SSM will follow a two-step process. First, the amount to be faced by significant and non-significant entities will be determined. For 2014 and 2015 significant entities would have to pay an aggregate €255mn, while the total burden for non-significant entities would be roughly €45mn. The computation of individual fees would have two components. On the one hand, there would be **a minimum fee component.** This would be 10% of the total costs for both significant and non-significant entities. Balancing that, there would be **a variable fee component.** This would be calculated by applying 50% to the relative exposure of the financial institution vis-à-vis the rest of its group (significant or non-significant) in terms of assets and total risk exposure respectively.

According to SSM estimates, the fees that significant entities would have to face would range between €150,000 and €15mn. Meanwhile for non-significant entities this range would be between €2,000 and €210,000.

Next steps and preliminary assessment

The SSM will hold a public hearing on 24 June and the consultation would finish on 11 July. This public consultation represents another step towards the building up of the new supervisory mechanism and it enhances transparency in the process. Even, if this publication is welcome there are still some uncertainties that should be unveiled in the coming future; for instance, the precise computation of the risk profile. This is of utmost importance and it should not be based solely on risk-weighted assets to ensure a proper level playing field. In a nutshell, the SSM is taking decisive steps to be effective in November 2014 being the definition of the methodology of the fees to be charged one of these required measures.

4 Macro-prudential regulation

Prevention is better than cure

The implementation of macro-prudential measures is just starting. The policy-making is a trial and error process. Coordination plays a key role, as does the right balance between national and European institutions. Next November will mark a milestone, when the European Central Bank (ECB) assumes its micro-supervisory tasks through the Single Supervisory Mechanism (SSM), and with them, some macro-prudential responsibilities. However, there is still a lot of work to do in macro-prudential regulation. This will be a key issue on the regulatory agenda in the months to come.

Main takeaways from recent European experiences: a trial and error exercise

Macro-prudential policy in Europe is still in an early stage. Many European authorities are beginning to take the first round of measures and it seems that each authority follows its own path, in a learning by doing process.After analysing some recent published reports (ECB[1] and the European Systemic Risk Board, ESRB[2]), these are the main takeways:

- The countries implementing macro-prudential measures in a more active way are the ones that are in the upswing of the cycle.
- Most of the implemented measures are aimed at halting excessive credit growth in the housing and mortgage market - loan-to-value (LTV), loan-to-income (LTI) and debt-service-to-income (DSTI) caps - and at addressing disproportionate lending in foreign currency and exchange rate risk. Athorities tend to adopt the maximum limit of the tool instead of calibrating the parameters which may be interpreted as a trial and error process.
- It should be noted that differences in calibration allowed by national flexibility measures and national laws could lead to regulatory inconsistencies and to a fragmentation in capital rules in Europe.
- Two recent examples to be mentioned are Belgium and Sweden. Belgium has recently set a 5% Risk Weights (RWs) add-on for retail exposures secured by residential immovable property for Internal Rated Based banks (instead of reviewing IRB models). Sweden has established a systemic risk buffer of 3% plus 2% under Pillar II to circumvent the requirement for EC authorisation.

In a continuously evolving and interconnected framework, the success of the tools is subject to two[3] main variables: the ability of the financial actors to bypass the implemented measures and the capacity of the non-affected entities to use their competitive advantage; for example, by shifting activities from the regulated sector to the less-regulated shadow banking. Therefore, macro-prudential policies must consider spill-over effects and promote EU policies to minimise regulatory arbitrage and avoiding efficiency losses.

As stated by Mr. Constancio, "financial regulation should be decided from a macro-prudential perspective" and "regulation is the first instrument of macro-prudential policy"[4].

Table 1
Examples of countries applying macro-prudential measures

CCB	Sectoral RWs	LTV or DSTI limits
Sweden. Planned for 2014	**Sweden**. Floors for mortgages. 05/2013 & 3Q14	**France**. Monthly data request of LTV & DSTI
Denmark. Planned for 2015		**Sweden**. LTV cap. Since 2011
Bulgaria. Expected for 06/2014	**Belgium** .5% add-on RWs for real estate for IRB banks in 05/2013 & for retail exposures secured by residential property for IRB banks (EBA agrees 05/2014)	**Netherlands**. LTV reduction until 2018 & LTI strict limits already introduced
Croatia. Since the beginning 2014		
Czech Republic. 2014		**Cyprus**. LTV caps. Since 2003
Hungary. Since 01/2016		**Lithuania**. LTV & DSTI limits. Since 2011
Latvia. 2014	**Slovakia**. Cap for commercial real estate. 2014	
Lithuania. 2015		**Romania**. LTV limits. Since 2011

Source: ESRB. As of 04/30/14. Current or near future implementation of macro-prudential instruments

1 ECB, Financial Stability Review, May 2014
2 ESRB response to the call for advice by the European Commission on macro-prudential rules in the CRD/CRR, April, 30th, 2014
3 Banque de France ; Financial Stability Review; Nº 18; April 2014. European macro-prudential policy from gestation to infancy. I. Angeloni.
4 ECB, Making macro-prudential policy work. Speech by Vítor Constâncio, Vice-President of the ECB, at high-level seminar organised by De Nederlandsche Bank,10 June 2014

5 EC review of regulation agenda

Qualitative assessment of the reform

On 15 May, the European Commission (EC) released an economic review of the European financial regulation agenda. The document provides a review of every single regulatory initiative, but does not estimate the cumulative quantitative impacts of the reform. Main conclusion: the financial reform imposes new costs on financial intermediaries (new compliance costs and adjustments), but those are more than offset by the economic benefits. The implicit subsidy issue is still not resolved, despite the Bank Recovery and Resolution Directive (BRRD) opening the door to the adoption of further more intrusive regulations such as structural reforms.

The regulatory reform was needed

The severity of the crisis was mainly due to the existence of misaligned incentives and several deficiencies in the financial system, along with shortcomings in the regulatory and supervisory framework. The global financial system had grown significantly in size and become highly interconnected with high leverage, active balance sheet expansion and an increased dependence on short-term wholesale funding.

The reforms provide multiple economic benefits

These are: (i) financial stability; (ii) financial integration; (iii) market integrity and confidence; and (iv) efficiency of the markets.

Complementarity of reforms

No single reform would have been enough to reach these four objectives. The large number of measures is a reflection of the large number and severity of the underlying problems detected in financial markets. The combination of measures helps to achieve the four objectives more effectively and at a lower cost, and creates positive synergies.

Costs and net impact of the reforms

The reforms impose new costs on financial intermediaries by introducing new compliance costs and requiring adjustments, but those are more than offset by the benefits. Authorities have tried to minimise the costs of the transition by adopting longer phasing-in periods.

Too-big-to-fail banks still benefit from the advantages of the implicit subsidy

Despite the BRRD, this issue is not resolved. The EC provides estimates of the implicit subsidy, that was c.€72bn-95bn in 2011 and c.€59bn-82bn in 2012 (sample: 112 EU banks, 60-70% of all EU banking assets). The reduction of the implicit subsidy will be a key objective of further reforms; this opens the door to the adoption of intrusive additional regulations such as structural reforms.

There is a need for on-going monitoring to assess the effectiveness and market impacts of the reform, and to identify new risks that require policy actions.

Assessment

The document only provides a qualitative analysis of the impacts of the reform. Now that we are entering the implementation phase of the reform, it is important that authorities estimate the quantitative cumulative impacts of the whole set of measures before adopting additional regulations. In order to support the economic recovery, it is now key to provide enough room for the banking industry to fulfil its social functions and provide credit to the real economy. Therefore, the need for further regulations must be clear before taking any further action, since new regulations impose new burdens on the financial industry with significant side-effects on the real economy.

6 Transparency on EU core capital

EBA discloses the list of included instruments

As part of the post-crisis regulatory agenda, greater transparency was considered to be key to the restoration of confidence. In the new EU prudential regulation (CRR), that came into force in January 2014 as part of Basel III implementation, a wider disclosure of the form and nature of regulatory capital has been considered for the purpose of strengthening market discipline. As part of this disclosure, the European Banking Authority (EBA) has published, for the first time, the list of capital instruments across the EU that national supervisory authorities have classified as Common Equity Tier 1 (CET1) and has committed itself to updating it on a regular basis.

Diversity of instruments behind CET1

The list provides a **comprehensive overview of all the forms of core capital instruments recognised as such by the national authorities of each Member State as of 28 June 2013,** the day that the new EU prudential regulation came into force, setting up the new definition of the core elements of capital available to absorb unexpected losses.

For all EU members, shares with full voting rights are included in the list, being fully compliant with the eligibility criteria of CRR. Additionally, other instruments are included, some of them fully eligible under the new criteria and others that are not, but all benefiting from the temporary grandfathering provisions of CRR to continue counting as CET1. The diversity of instruments, of greater relevance in some jurisdictions than others, match to a great extent the diversity of legal forms under which institutions within the EU are operating and the specificities of national legal frameworks to issue capital instruments. **This diversity should not be worrisome as long as the loss-absorbency capacity is comparable,** and for this to be achieved the EBA's monitoring of quality is crucial.

Table 2
CET1 instruments (excluding cooperative societies)

	Instruments considered fully eligible by national authorities	Voting rights
France	Ordinary shares	Full
Germany	Ordinary shares; share capital; share capital of the partners; shares of the general partners in the paid-up capital of a limited partnership; shares of partnership limited by shares	Full
	Silent participation; shares in the paid-up endowment capital	Full/Fewer/None
	Limited partner's shares in the paid-up capital of a limited partnership	None
Italy	Ordinary shares	Full
Portugal	Ordinary shares; Institutional capital (Mutuals)	Full
Spain	Common shares	Full
UK	Ordinary shares; deferred shares (building societies); partnership capital; limited partnership capital; limited liability partnership capital	Full
	Ordinary shares	Fewer

Source: BBVA Research

Consistency of EU CET1 with Basel III?

The Basel Committee's preliminary assessment of EU regulatory consistency with Basel III, carried out in 2012, raised the inconsistency of the EU's definition of CET1 capital with Basel III, based on the appreciation that, even if it met all Basel criteria to assure the highest loss absorbency, it did not specify that the criteria must be met with "common shares". The Committee did not take into consideration the existing hurdle to include in CRR a reference to "common shares", as the absence of harmonisation of company law in the EU prevents there being a common definition of "common shares".

Even if at this stage EBA has not monitored the quality of instruments included in the list, relying exclusively on national authorities' decisions, following the CRR mandate it will start its duty of continuously monitoring the quality of own funds and assessing, in particular, whether instruments issued after 28 June 2013 meet CRR eligibility criteria to be classified as CET1 capital. Where there is evidence that a newly issued instrument does not comply, the EBA will notify the European Commission to take action on the matter.

We consider that these provisions should help to answer the reservations expressed in the preliminary assessment, but uncertainty remains on the final outcome (the tentative publication date for the Basel Committee's next assessment report on EU: September 2014).

Main regulatory actions around the world in 2014

	Recent issues	Upcoming issues
GLOBAL	On **12 May the FSB** published its final thematic peer review on reducing reliance on credit rating agencies.	On 15 November Australia will host the G20 Leaders Summit.
EUROPE	On **6 May** the Council formally approved the **BRRD.**	Between **May and July** the Council should formally approve all the remaining legislation voted by **the European Parliament in the last Plenary Session.**
	On **13 May** the Council formally approved the **MIFiR/MIFiD II** package.	In **June** the Council of the EU is expected formally to approve the Directive on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features.
	On 21 May 26 Member States signed the intergovernmental agreement for the **Single Resolution Fund.**	**In November** the ECB should directly supervise European credit institutions' **SSM**, after publication (October) of **the results of the comprehensive assessment** of the banking sector.
	On **10 June** Eurogroup reached a political understanding on the operational framework of the ESM direct recapitalisation instrument.	
MEXICO	On **15 May** the Derivative's market rules were amended to allow for central counterparty clearing of all standardised contracts, and for the recognition in the applicable regulation of electronic trading platforms.	New rules that would allow Mexican stock exchanges to set up agreements with domestic and foreign exchanges to facilitate the trade of their respective securities should be published and come into force in the near future.
	On **19 May** the banking prudential rulebook was revised to update the approach to Liquidity Risk management, along with general changes to the Risk Management regime, in line with FSB recommendations.	The Basel III liquidity regime, a joint rule by CNBV and Banco de Mexico, continues under development and has not been submitted for public consultation. It is still expected to be in place by **January 2015**.
	On **19 May** the securities rulebook was amended to require that trusts that issue "Certificados bursátiles fiduciarios inmobiliarios" (equivalent to U.S. REITs) meet a new maximum debt cap and debt-coverage ratio.	
LATAM	On **5 May** Brazil implemented a **new credit portability system,** to reduce the number of procedures and the costs for borrowers of transferring their debt from one financial institution to another	**In the first half of 2014 Brazil**'s Supreme Court will deliberate whether banks should **reimburse depositors for the losses** stemming from **anti-hyperinflation** policies adopted in the 1980s and 1990s. "The negative impact on the financial system and the economy is potentially huge."
USA	**On 4 April** Federal Bank Regulatory Agencies sought comment on the interagency effort to **reduce regulatory burden.**	**By 1 July** the **FDIC** should have adopted a final rule to implement section 210(r) of the **D-F Ac**t which would **prohibit entities** that have contributed to the failure of a ''**covered financial company**'' from buying a covered financial company's assets from the FDIC.
		Credit cards in the US will soon feature embedded **fraud-prevention microchips,** as major credit card companies push banks and merchants to convert to EMV technology by **October 2015.**
		Compliance with the BCBS's principles for risk aggregation and reporting for GSIBs: **by the start of 2016,** these principles must be fully implemented by the banks.
		The **US Supreme Court** agreed to resolve a disagreement over how to **interpret** a legal provision that allows borrowers to **rescind their mortgage loans.**
TURKEY	The regulation **came into force which cancels instalment payments** for telecommunication, jewellery and food & oil purchases on **corporate credit cards** (still valid for remaining cards).	SDIF: Potential inclusion of commercial deposits under the Saving Deposit Insurance Fund scheme coverage.
		At the last **Monetary Policy** meeting of the central bank, members evaluated the possibility of paying **interest for the portion of banks' reserve requirements** held in TL. CBRT has not been paying interest since late 2010 (5% at that time).
ASIA	On **1 May China** proposed to regulate **informal bond market makers** by setting up rules on their operating conditions and promotion to formal market-making status.	The Financial Services Authority of **Indonesia** wants the government to allow **state-owned banks to cut their dividend** payments in order to strengthen their capital, in preparation for economic integration within the ASEAN Economic Community **in 2015.**
		Hong Kong is reported to be pushing for a **capital reserve requirement** of 3.5%.

Source: BBVA Research

Abbreviations

AIFMD	Alternative Investment Fund Managers Directive	**FROB**	Spanish Fund for Orderly Bank Restructuring
AQR	Asset Quality Review	**FSAP**	Financial Sector Assessment Program
BCBS	Basel Committee on Banking Supervision	**FSB**	Financial Stability Board
BIS	Bank for International Settlements	**FTT**	Financial Transactions Tax
BoE	Bank of England	**IAIS**	International Association of Insurance Supervisors
BoS	Bank of Spain	**IASB**	International Accounting Standards Board
BRRD	Bank Recovery and Resolution Directive	**IHC**	Intermediate Holding Company
CCAR	Comprehensive Capital Analysis and Review	**IIF**	Institute of International Finance
CCP	Central Counterparty	**IMF**	International Monetary Fund
CET	Common Equity Tier	**IOSCO**	International Organization of Securities Commissions
CFTC	Commodity Futures Trading Commission	**ISDA**	International Swaps and Derivatives Association
AMC	Company for the Management of Assets proceeding from Restructuring of the Banking System (Bad bank)	**ITS**	Implementing Technical Standard
CNMV	ComisiónNacional de Mercados de Valores (Spanish Securities and Exchange Commission)	**Joint Forum**	International group bringing together IOSCO, BCBS and IAIS
COREPER	Committee of Permanent Representatives to the Council of the European Union	**LCR**	Liquidity Coverage Ratio
CPSS	Committee on Payment and Settlement Systems	**LEI**	Legal Entity Identifier
CRA	Credit Rating Agency	**MAD**	Market Abuse Directive
CRD IV	Capital Requirements Directive IV	**MiFID**	Markets in Financial Instruments Directive
CRR	Capital Requirements Regulation	**MiFIR**	Markets in Financial Instruments Regulation
CSD	Central Securities Depository	**MMFs**	Money Market Funds
DGSD	Deposit Guarantee Schemes Directive	**MoU**	Memorandum of Understanding
DFA	TheDodd–FrankWall Street Reform and Consumer Protection Act	**MPE**	Multiple Point of Entry
EBA	European Bank Authority	**MS**	Member States
EC	European Commission	**NRAs**	National Resolution Authorities
ECB	European Central Bank	**NSAs**	National Supervision Authorities
ECOFIN	Economic and Financial Affairs Council	**NSFR**	Net Stable Funding Ratio
ECON	Economic and Monetary Affairs Committee of the European Parliament	**OJ**	Official Journal of the European Union
EFSF	European Financial Stability Facility	**OTC**	Over-The-Counter (Derivatives)
EIOPA	European Insurance and Occupational Pensions Authority	**PRA**	Prudential Regulation Authority
EMIR	European Market Infrastructure Regulation	**QIS**	Quantitative Impact Study
EP	European Parliament	**RRPs**	Recovery and Resolution Plans
ESA	European Supervisory Authority	**RTS**	Regulatory Technical Standards
ESFS	European System of Financial Supervisors	**SCAP**	Supervisory Capital Assessment Program
ESM	European Stability Mechanism	**SEC**	Securities and Exchange Commission
ESMA	European Securities and Markets Authority	**SIB (G-SIB, D-SIB)**	Global-Systemically Important Bank, Domestic-Systemically Important Bank
ESRB	European Systemic Risk Board	**SIFI (G-SIFI, D-SIFI)**	Global-Systemically Important Financial Institution, Domestic-Systemically Financial Institution
EU	European Union	**SII (G-SII, D-SII)**	Systemically Important Insurance
EZ	Eurozone	**SPE**	Single Point of Entry
FASB	Financial Accounting Standards Board	**SRB**	Single Resolution Board
FBO	Foreign Bank Organisations	**SREP**	Supervisory Review and Evaluation Process
FCA	Financial Conduct Authority	**SRF**	Single Resolution Fund
FDIC	Federal Deposit Insurance Corporation	**SRM**	Single Resolution Mechanism
Fed	Federal Reserve	**SSM**	Single Supervisory Mechanism
FPC	Financial Policy Committee	**UCITS**	Undertakings for Collective Investment in Transferable Securities Directive

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