Regulation Outlook

September 2014
Financial Systems and Regulation Area

- The role of loss-absorbing debt: banks should be viable, albeit resolvable.
- Single Supervisory Mechanism (SSM) “ready to fly”: One of the most important events since the launch of the euro.
- New European data protection framework: Harmonisation and innovation.
- EBA on Basel III Monitoring Exercise: On track.
- Global initiatives to promote robust ABS gain momentum: Europe to decide whether to accommodate its pace to global progress.
- New structure of the European Commission: Greater emphasis on financial regulation.

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Summary

The role of loss-absorbing debt

Banks should be viable, albeit resolvable. Since the beginning of the crisis, the authorities have been searching for the optimal regulatory formula which would allow those systemic banks not only to be viable by means of capital requirements, but also, in the event of problems, to be efficiently resolved. The new “loss-absorbing capacity” debt, together with the bail-in tool, is the cornerstone of the new resolution regime. An optimal combination of capital with resolution requirements aligned with different business models will make it possible to reach the goal of having a strengthened and more resilient financial system.

Single Supervisory Mechanism (SSM) “ready to fly”

One of the most important events since the launch of the euro. The SSM, one of the main pillars of the Banking Union, will become effective on 4 November 2014. This event considered in isolation will not change the daily life of European citizens, but in combination with other pillars of the Banking Union is as important as the launch of the common currency.

New European data protection framework

Harmonisation and innovation. EU Member States need to harmonise their current data protection laws to enhance innovation and create business opportunities across Europe, while protecting individual privacy and ensuring a level playing field in a borderless digital environment. The new proposal on European Data Protection Regulation (January 2012) is under pressure from many sectors and from regulators outside Europe, delaying its approval. The financial sector faces data protection rules and other duties when dealing with financial data, hindering its capacity to obtain value from data and share the added value with society. A more flexible and harmonised regulatory environment is required, to avoid constraining the sector’s development.

EBA on Basel III Monitoring Exercise.

On track. On 11 September, the EBA (at European level) and the BCBS (at global level), both published their 6th Basel III Monitoring Report, using data as of December 2013. Overall, there has been an improvement in capital, leverage and liquidity compared aligned with the March report (using data as of June 2013). The EBA estimates a capital shortfall of EUR11.6bn for a 7% CET1 of Group 1 banks, which means a decrease of 68% compared with the previous publication.

Global initiatives to promote robust ABS gain momentum

Europe to decide whether to accommodate its pace to global progress. Europe faces the decision on whether to accommodate its plans to the pace of those initiatives to favour global consistency or, on the contrary, to take the lead in the design and implementation of measures to promote the recovery of robust securitisation markets in Europe, leaving the door open to further convergence in the future. Given the good progress of the IOSCO-BCBS initiative, a general alignment with global recommendations looks reasonable, without significant delays to European plans. But Europe should take the lead concerning implementation of the required regulatory changes. The new Commission will have a decisive influence on the future course of action.

New structure of the European Commission

Greater emphasis on financial regulation. On 10 September, President-elect Juncker revealed the final portfolio distribution and structure of the new Commission. The portfolio of Financial Stability, Financial Services and Capital Markets Union, to be headed by Jonathan Hill, has been created to centralise financial regulation and relationships with the European Supervisory Authorities (ESAs), European Systemic Risk Board (ESRB) and Single Resolution Board. The new Commission will take office in November 2014.

1 The role of loss-absorbing debt

Banks should be viable, albeit resolvable

Since the beginning of the crisis, the authorities have been searching for the optimal regulatory formula which would allow those systemic banks not only to be viable by means of capital requirements, but also, in the event of problems, to be efficiently resolved. The new "loss-absorbing capacity" debt, together with the bail-in tool, is the cornerstone of the new resolution regime. An optimal combination of capital with resolution requirements aligned with different business models will make it possible to reach the goal of having a strengthened and more resilient financial system.

In the last few months, financial regulation around resolution has been making progress in providing the authorities with a series of instruments and competences to deal with banking crises in a preventive manner as well as minimising taxpayer exposure in the event of banking failures. As the central premise of the new regulation framework, any banking rescue will have to be supported in the first instance by shareholders and private creditors through the instrument known as bail-in.

Loss-Absorbing Capacity Debt

In order for this new banking resolution philosophy to be effective, banks must, at all times, have enough liabilities to absorb losses ("Loss-Absorbing Capacity-LAC"). This new concept means that when a bank is unviable, these liabilities will be used to recapitalise the institution and guarantee the maintenance of those critical functions which are inherent to financial intermediation and the provision of deposits and lending.

But what does capacity to absorb losses mean? Cases such as the recapitalisation of the Cypriot banking system in 2013 have shown that inflicting losses on depositors has a serious cost in terms of financial stability. Liabilities which are guaranteed or have some kind of legal or operating impediment to being converted into shares should be excluded from this definition. This group includes not only all the deposits covered by the Deposit Guarantee Fund, but also guaranteed and short-term maturity liabilities.

Impacts on banks, investors and supervisors

As a result, the list of instruments that the authorities can use is restricted to capital instruments and senior debt. While the first have already been used in the past in several European countries, the entry of senior debt in this new group is something really new, for financial institutions, investors and supervisors.

- For banks, introducing the "loss-absorbing in case of resolution" characteristic into senior debt, and establishing a minimum requirement, will imply significant changes in the way in which banks design their financing structures, affecting their cost. In addition, a standard route map for resolution procedures would encourage banks in different jurisdictions to abide by similar rules.
- Investors in senior debt would, in turn, be more likely to suffer losses, which would be reflected in lower ratings for these instruments and the consequent demand for higher profitability. But this new debt characteristic implies that investors would focus more on banks' fundamentals, encouraging positive discrimination between issuing entities, the rupture of the sovereign-banking link and, in short, increasing market discipline throughout the sector.
- Finally, supervisors are going to play an important role. In the past, most of the responsibility in debt issues was borne by the market authorities. Now, it is the supervisors who should make sure that banks have sufficient loss-absorbing capacity instruments at all times, with characteristics which do not prevent them from being turned into shares or the application of haircuts if necessary.

This new global concept of "loss absorption" will be approved in the November meeting of the G-20, followed by a consultation and callibration period. An optimal design of these new requirements will be critical to ensure resolvability without unduly penalizing financial intermediation.

2 Single Supervisory Mechanism (SSM) "ready to fly"

One of the most important events since the launch of the euro

The SSM, one of the main pillars of the Banking Union, will become effective on 4 November 2014. This event considered in isolation will not change the daily life of European citizens, but in combination with the other pillars of the Banking Union is as important as the launch of the common currency.

New institutional framework

The building up of the SSM entails significant changes in the supervisory domain across the European Union. Significant financial institutions[1] of participant Member States will be supervised by a sole supervisor instead of 18 national authorities, which will still play a considerable role once the SSM starts. Apart from the direct supervision, the SSM will also be responsible for the indirect supervision of around 3,500 less significant institutions. In this latter case, National Competent Authorities (NCA) would remain as the direct supervisors.

As such, more than 120 financial institutions would be covered directly by the SSM, representing more than 80% of the aggregate balance of the eurozone (i.e.: as of June 2014, total assets are in the EUR20trn area[2]). As a result of this, the SSM would be one of the world's biggest supervisors in terms of assets under supervision.

NCAs will still play a significant role not only in the supervision of less significant institutions but also in the supervision of significant entities. In this regard, it is imperative to clearly define the cooperative framework between the NCA and the ECB. This relationship has already been outlined by the SSM Framework Regulation, framing a clear coordination mechanism between NCAs and the ECB.

From a practical point of view, the Joint Supervisory Teams (JST) will stand at the heart of this supervisory activity. The JST will be formed by representatives of the ECB and NCAs, and they will be responsible for the effective implementation of supervision but still with a remarkable support from NCA staff.

Searching for a common supervisory culture

From an organisational point of view, the SSM will be formed by four Directorates General, two (i.e. DG I and DG II) covering the direct supervision of significant financial institutions. The third one (i.e. DG III) will be in charge of the indirect supervision of less-significant entities. And, finally, DG IV will implement horizontal functions and will try to give consistency to supervisory practices within participant Member States, to ensure a level playing-field and homogeneity in supervision.

In this regard, one of the main challenges of the SSM would be to create a single supervisory culture that ensures the highest degree of supervisory standards. This does not mean to impose the supervisory practices of a single country. On the contrary, it implies the definition and importing of the best practices from different jurisdictions. The publication of the Supervisory Guidelines will be an important first step in this direction.

Release of comprehensive assessment results as a pre-requisite

During 2014, the European financial sector has been involved in an extraordinary exercise, the comprehensive assessment, to recover its credibility. The release of the results of this exercise at the end of October could be seen as the kick-off for the effective functioning of the SSM under the maximum guarantees.

1: A financial institution will be classified as significant or less significant bearing in mind, among other factors, its size and importance for the domestic financial system.
2: Sabine Lautenschläger. Handelsblatt Konferenz. September 3rd 2014: "Countdown to November: European Supervision ready for lift"

3 New European data protection framework

Harmonisation and innovation

EU Member States need to harmonise the current data protection laws to enhance innovation and create business opportunities across Europe, while protecting individual privacy and ensuring a level playing field in a borderless digital environment. The new proposal on European Data Protection Regulation (January 2012) is under pressure from many sectors and from regulators outside Europe, delaying its approval.

The financial sector faces data protection rules and other duties when dealing with financial data, hindering its capacity to obtain value from data and share the added value with society. A more flexible and harmonised regulatory environment is required to avoid constraining the sector's development.

New digital environment requires a modern European data protection regulatory framework

- **Data is becoming a new "raw material"** as Big Data technologies develop tools to obtain value from the enormous volumes of information generated by the digital society. Public organisations, researchers and private firms profit from improvements in competitiveness, efficiency, productivity and real time decision-making processes that nimble data treatment may bring. **Innovative data-driven businesses are flourishing,** offering new data-based products and services.
- Among the amounts of digital information, **personal data** generated from preferences, tracking, digital footprints, internet browsing patterns, social media, etc. **become a commodity as they enhance the ability to profile.**
- The current Directive 95/46/EC on the protection of personal data and its piecemeal adoption by Member States **fail to offer an environment in which European firms may obtain value from the digital data** while protecting fundamental rights.
- The new regulatory proposal on data protection **introduces new concepts for the digital era**, such as pseudonymous data, privacy by design, certifications, risk-analysis approach and new mechanisms allowing international transfers of personal data.
- Efforts have been made to find a delicate balance between protecting consumer rights and supporting innovation and the development of data-based businesses. **Although perhaps not all aspects of data processing have been addressed to satisfy all parties, a lengthy regulatory process helps nobody. It should also borne in mind, that technical rules and processes may be implemented through the European Data Protection Supervisor once the general rule kicks in.**

The value of transactional data

- Financial data and at its core, transaction data are very rich in information about preferences and customer behaviour, and have long been used in credit scoring and fraud prevention. New technologies increase the returns of these processes, but this source of quality data has further elements that are enhanced when shared.
- Profiling and sharing data are the main innovation drivers in the payment sector. **Non-bank players are taking advantage of the use of transaction data** to create new user experiences in payments, tempting customers with products from third parties that suit their needs.
- However, the **banking sector is subject not only to personal data norms but also specific regulation** that imposes obligations in the treatment of financial and transactional data (Consumer Credit Directive, Payment Services Directive, Anti-money Laundering Directive, banking secrecy rules and national laws and regulations among others). Furthermore, strict supervision when dealing with such new technologies as cloud computing hinders the financial sector's capacity to compete in the digital environment.
- **Profiling and sharing data in the financial sector can happen without violating client trust or avoiding the banks' responsibilities, but the regulatory approach must be more flexible.**

4 EBA on Basel III Monitoring Exercise

On track

On 11 September, the EBA (at European level) and the BCBS (at global level), both published their 6th Basel III Monitoring Report, using data as of December 2013. Overall, there has been an improvement in capital, leverage and liquidity aligned with the March report (using data as of June 2013). The EBA estimates a capital shortfall of EUR11.6bn for a 7% CET1 of Group 1 banks, which means a decrease of 68% compared with the previous publication.

Takeaways from the EBA exercise

Capital: As it is showed in chart 1, for Group 1 (G1) banks[3], average CET 1 capital ratio would decline from 12.4% under current rules to 10.1% under Basel III fully loaded, so the CET 1 shortfall would be EUR11.6bn under a 7% requirement versus EUR36.3bn estimated in the previous 2014 March report with data as of June 2013. The capital fall under Basel III is driven both by a stricter capital definition and by RWAs increasing. In short, banks continue to strengthen their capital base across time; i.e.: G1 banks have increased their fully loaded Basel III capital ratio from the 6.5% of the April 2012 first report[4] to 10.1%.

Liquidity: Chart 3 indicates that the average LCR is 107% for G1 banks, with over 70% of banks already above the 100% requirement, resulting in an overall LCR shortfall of EUR154bn (EUR124.5bn for G1). Over the past years, banks have steadily improved their LCR by increasing High Quality Liquid Assets (HQLA) and reducing net outflows.

Leverage: Banks have significantly increased their ratios since previous exercises, partly due to the recalibration of the ratio in January 2014. Average leverage ratios are 3.7% for G1 banks[5]. The new combined capital shortfall to meet both a risk-based capital ratio of 8.5% and a 3% leverage ratio shows that G1 banks would need to raise EUR52.9bn[6].

Chart 1
Group 1 Capital CET1 ratio. (%)

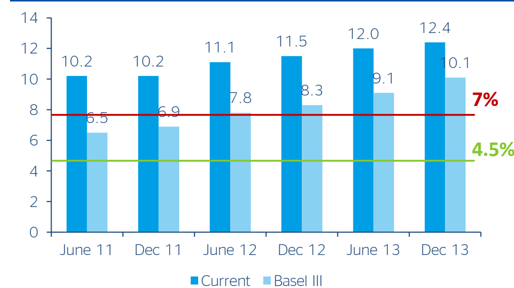


Chart 2
Group 2 Capital CET1 ratio (%)

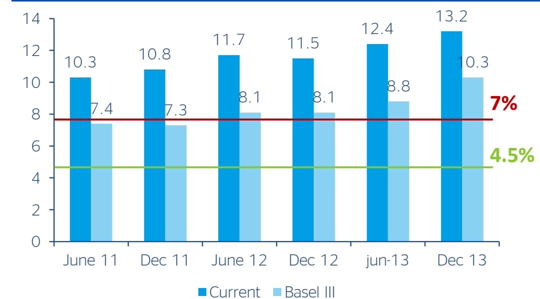


Chart 3
LCR

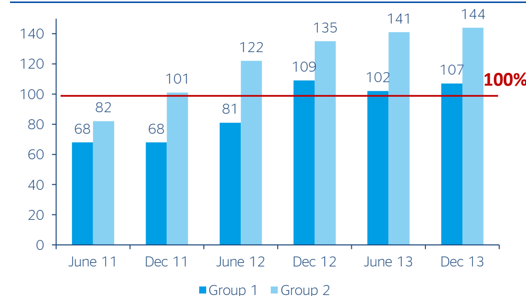
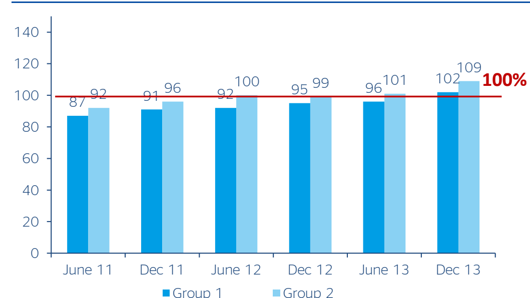


Chart 4
NSFR



Source: BBVA Research based on EBA

3: A sample of 151 banks divided into two groups: i) Group 1 covers 42 international banks (two Spanish banks) with more than EUR3bn of Tier 1 capital and internationally active and ii) Group 2 banks inlcudes the remaining 109 banks (four Spanish banks).
4: Sample has slightly changed over time. Participation is on a voluntary basis.
5: 4.5% for G2.
6: and EUR20.5bn for G2.

5 Global initiatives to promote robust ABS gain momentum

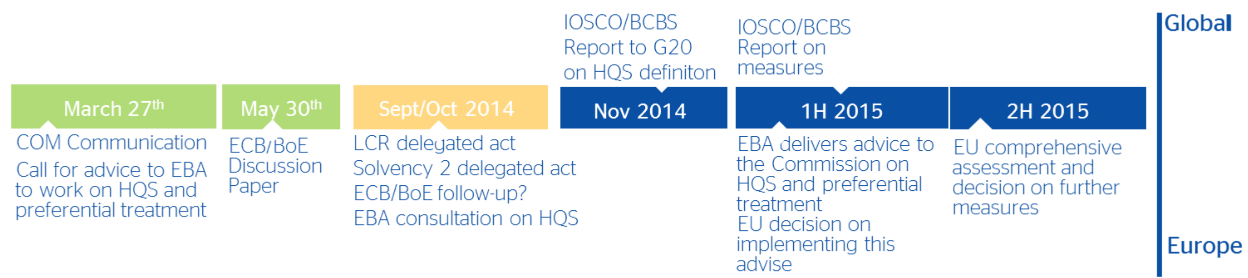
As the global initiatives to promote robust securitisation markets gain momentum, Europe faces the decision on whether to accommodate its plans to the pace of global proposals or, on the contrary, to take the lead in the design and implementation of measures to promote the recovery of robust securitisation markets in Europe, leaving the door open to further convergence in the future. A general alignment with global recommendations looks achievable now, without significant delays in European plans, if expected calendar for global initiatives is met. But Europe should take the lead concerning implementation of the required regulatory changes. The new Commission will have a decisive influence on the future course of action.

Following the G20's mandate to re-establish sustainable securitisation markets, a newly created BCBS/IOSCO task force undertook in July a survey of ABS markets worldwide, requiring the opinion of market participants and of regulatory authorities on developments in securitisation markets.

As the survey underscored, the main issue being considered is the identification of hurdles to the development of ABS markets, in order to assess the convenience of global recommendations to overcome those hurdles. As in Europe, the first step is the identification of criteria for simple and transparent structures, in order to promote the development of a more standardised marketable product that would encourage investors to buy. The second step would be to recommend actions, to the extent that they are considered necessary.

The expected calendar is quite ambitious, starting with a report to G20 leaders at the Brisbane summit in November, mainly focused on criteria to define simple and transparent ABS. A final and more comprehensive report, including recommended actions, is expected to be delivered to the G20 in 1H 2015.

Figure 1
Expected roadmap on regulatory initiatives for securitisation



Source: BBVA Research

Accommodating the European roadmap to the global initiatives' calendar?

Europe is anticipating to some extent the final outcome of the ongoing initiatives related to ABS in the legislation currently under development on two particular areas: the liquidity coverage ratio, mandatory for banks from 2015, and Solvency II, mandatory for insurance companies from 2016. In the delegated acts, to be adopted by the Commission in September or October, a certain preferential treatment is being considered for simple and transparent securitisations. Further modifications could be required in the future if EU/global final criteria for the definition and for regulatory consideration diverge from those of the delegated acts. Moreover, in early September the ECB clarified that the programme to buy simple and transparent ABS, starting in October, will include not only loans to SMEs but also residential mortgage-backed securities and covered bonds.

The EBA, following a call for advice from the Commission, is well advanced in its work to define simple and transparent securitisation structures, alongside additional criteria for underlying credit risk for potential regulatory recognition. Public consultation is expected in October and the final advice to the Commission will possibly be delivered in 1H 2015, following the publication of the IOSCO/BCBS proposals. It will be in the hands of the new Commission whether to make a rapid decision in relation to EBA proposals and the speed of implementation in Europe. But additionally, a comprehensive assessment of the state of play of the ABS regulatory framework, in order to decide if further measures are necessary, should be carried out without much delay by EU authorities.

6 European Commission: New structure, new goals?

Greater emphasis on financial regulation

On 10 September, President-elect Juncker revealed the final portfolio distribution and structure of the new Commission. The portfolio *Financial Stability, Financial Services and Capital Markets Union*, to be headed by Jonathan Hill, has been created to centralise financial regulation and the relationships with the European Supervisory Authorities (ESAs), European Systemic Risk Board (ESRB) and Single Resolution Board. The new Commission will take office in November 2014.

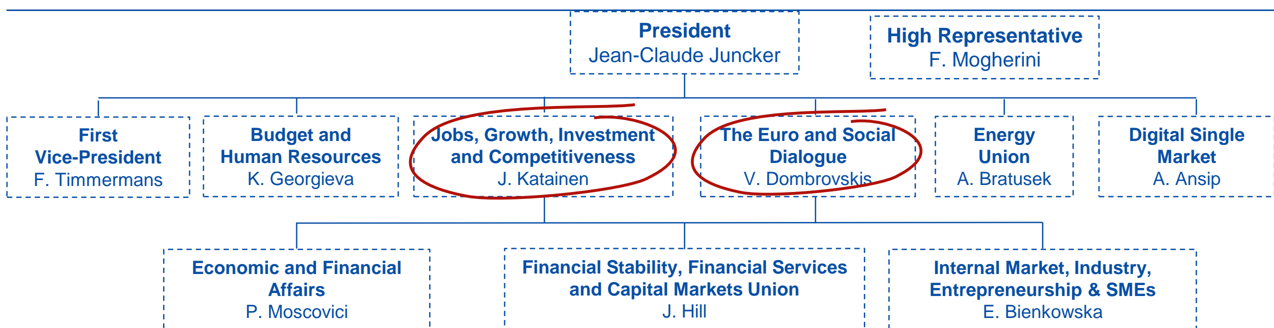
General remarks

- The Commission will have 7 **Vice-presidents** (six in addition to the EU High Representative). In line with a new transversal structure aimed at eliminating the silo culture, each of them will lead a priority project and for that they will coordinate the work of several Commissioners.
- **Transparency** and enhanced **partnership with national Parliaments** are the guiding principles of this new EU Commission.
- **Next steps**: Commissioners to appear in hearings before parliamentary committees between 29 September and 07 October. The European Parliament will vote on the approval of the Commission as a whole on 22 October.

New regulatory portfolio: Financial Stability, Financial Services and Capital Markets Union

This new portfolio, under the British **Jonathan Hill**, will contribute above all to projects coordinated by the *Vice-presidents of Jobs, Growth, Investment and Competitiveness (Jyrki Katainen)*, and *Euro and social Dialogue (Valdis Dombrovskis)*. The new portfolio **centralises all the responsibilities on financial regulation**. It assumes the bulk of the competences of the *former Internal Market and Services* and some of the tasks of *Economic and Financial Affairs*, notably those related to financial integration and regulation. However, competences concerning the euro and the European Stability Mechanism will remain under ECFIN's remit. Moreover, Hill will be responsible for the relationships with ESAs, ESRB and Single Regulation Board.

Figure 1
The new shape of the Commission and relevant financial portfolios



Source: BBVA Research

- **Priorities of the new portfolio:**

1. Improvement of the investment environment and creation of long-term financing opportunities
2. Ensuring complete implementation of the regulatory framework
3. Protection of investors and consumers of retail financial services
4. Ensuring timely implementation of Banking Union and Single Resolution Board
5. Reviewing the supervisory framework (ESRB and ESAs), especially in their interaction with SSM and SRM, and the financing of the three ESAs which will be provided by the private sector
6. Establishment of an integrated Capital Markets Union by 2019
7. Ensuring safety and modernisation of electronic payments systems

Main regulatory actions around the world in 2014

	Recent issues	Upcoming issues
GLOBAL	On **20/08 FSB** published comments to its Foreign Exchange Benchmarks consultative report, published on July 2014	**On 15/11 Australia will host the G20 Leaders Summit**
	On **01/09 BIS** renamed the Committee on Payment and Settlement Systems (CPSS) as the **Committee on Payments and Market Infrastructures (CPMI)** On **11/09 BIS** published 6th **Basel III Monitoring report for global banks** as of 12/2013	
	On **18/09 FSB plenary** met to **review priorities** on financial regulation before Brisbane	
EUROPE	On **30/07** the **SRM Regulation** was published in the OJEU. It came into force on 19/08.	On **10/2014 Council** is expected to formally approve the Regulation on **PRIIPs** and its publication in the OJEU is expected for 11/2014
	On **07/08 EBA** launched consultation on guidelines for the supervisory review and evaluation process **(SREP)**	On **10/2014 ECB** will publish results of the **comprehensive assessment** of euro area banks
	On **08/08 ECB** published Comprehensive Assessment Stress Test Manual	On **11/2014** the **new EC** will start its term
	On **20/08 EBA** published final templates for 2014 EU-wide stress test On **28/08** a Directive on coordination of laws, regulations and administrative provisions relating to **UCITS** was published in OJUE	On **11/2014** the **SSM** will become fully operational On **12/2014 D. Tusk** will take office as European Council President
	On **28/08** the **Payments Accounts Directive (PAD)** was published on the OJUE	
	On 22/08 ESMA published an opinion on application of **CESR guidelines on MMFs** by national authorities	
	On **30/08** D. Tusk was elected as **European Council President** and F. Mogherini as **EU High Representative**	
	On **04/09 ECB** published final list of 120 **significant credit institutions** it will directly supervise from 04/11	
	On **05/09 Council of the EU** published a compromise proposal on the **Multilateral Interchange Fees Regulation**	
	On **08/09** EC launched a consultation on **cross-border mergers and divisions**	
	On **10/09** President-elect Juncker unveiled his team and the new shape of the next **European Commission. New regulatory portfolio: Financial Stability, Financial Services and Capital Markets Union (J. Hill)**	
	On **11/09 EBA** published 6th **Basel III Monitoring exercise** for EU banks as of 12/2013	
	On **11/09 Council of the EU** published compromise proposal on **indices used as benchmarks**	
MEXICO	On **09/07** changes were made to Rating Agencies rules, stemming from the Financial Reform	**CNBV and Banco de Mexico** continue to develop the **Basel III liquidity regime**, and plan to launch a consultation. The regime is expected by 01/2015
	On **09/07** the new **Financial Entities Bureau** rules were published	**CNBV**'s rules for **Investment Advisors** should be published soon. The rules establish a public registry, along with minimum standards for business practices and conduct.
	On **09/09 Condusef** issued rules for the disclosure of sanctions imposed on financial entities	
LATAM	On **25/07 Central Bank of Brazil** launched a consultation on the creation of liquidity coverage ratio and leverage ratio indicators, in line with the Basel III framework	
	Brazil reduced reserve and capital requirements to stimulate credit	
	On **08/08 Peru** reduced reserve requirements for deposits in domestic currency	
	On **03/09 Argentina** reduced net global position in foreign currency allowed for banks	

Continued on next page

(Cont.)	Recent issues	Upcoming issues
USA	On **15/08 Fed** provided additional guidance for the **resolution plans** of 117 U.S. banks with less than $100bn in total assets and foreign banks with less than $100bn in US non-bank assets New reporting requirements for collateral and valuations based on **OTC derivative**s took effect under EMIR On **03/09 Fed, FDIC and OCC** published final rules on **liquidity coverage ratio and leverage ratio**.	**CFPB** is considering writing new rules for overdraft fees **FICO** about to announce changes in the way credit scores are calculated, expected to result in higher scores for consumers.
TURKEY	On **14/08 Turkey** restricted foreign currencies that can be maintaiend for **liquid reserves** to US dollar. On **14/08 Turkey** published Draft Legislation on **net fees and commissions** of credit cards, consumer and mortgage loans and depposit accounts	**Participation banks (Islamic finance)** will offer overdraft accounts and direct debiting systems to its customers, in response to BRSA report. Auto-enrollment program to the **pension fund system** for new employees might be approved
ASIA	On **24/07 China** may implement a new measure in which licences would only be granted to **public credit reference** agencies that share their information On **12/08**, **China** issued new guidelines for insurance companies to curb the use of insurance products for money-laundering On **07/09 Hong Kong** announced that it would lift daily **Chinese Yuan conversion limits** of CNY20,000 for the city's residents On **15/09, Chinese** regulators set a limit for **bank deposits** at the end of every month at 3% of the average daily level during that month. The **Reserve Bank of India** allowed foreign banks to issue **rupee-denominated loans**, to reduce rupee funding costs for companies	

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	The Dodd–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 Transferrable Securities Directive

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This report has been produced by:

Chief Economist for Financial Systems & Regulation
Santiago Fernández de Lis
+34 91 5379852
sfernandezdelis@bbva.com

Chief Economist for Regulation and Public Policy
Maria Abascal
maria.abascal@bbva.com

Tatiana Alonso
tatiana.alonso@bbva.com

Saïfeddine Chaïbi
saifeddine.chaibi@bbva.com

Arturo Fraile
arturo.fraile@bbva.com

Rosa Gómez Churruca
Rosa.gómezc@bbva.com

Lucía Pacheco
lucia.pacheco@bbva.com

Chief Economist for Recovery and Resolution Policy
José Carlos Pardo
josecarlos.pardo@bbva.com

Victoria Santillana
mvictoria.santillana@bbva.com

Head of Supervisory and Regulatory Affairs-Frankfurt Office
Matías Viola
matias.viola@bbva.com

Chief Economist for Financial Inclusion
David Tuesta
david.tuesta@bbva.com

BBVA Research

Group Chief Economist
Jorge Sicilia Serrano

Developed Economies Area
Rafael Doménech Vilariño
r.domenech@bbva.com

Spain
Miguel Cardoso Lecourtois
miguel.cardoso@bbva.com

Europe
Miguel Jiménez González-Anleo
mjimenezg@bbva.com

US
Nathaniel Karp
Nathaniel.Karp@bbva.com

Emerging Markets Area
Alicia García-Herrero
alicia.garcia-herrero@bbva.com

Cross-Country Emerging Markets Analysis
Alvaro Ortiz Vidal-Abarca
alvaro.ortiz@bbva.com

Asia
Le Xia
le.xia@bbva.com

Mexico
Carlos Serrano Herrera
carlos.serranoh@bbva.com

LATAM Coordination
Juan Manuel Ruiz Pérez
juan.ruiz@bbva.com

Argentina
Gloria Sorensen
gsorensen@bbva.com

Chile
Jorge Selaive Carrasco
jselaive@bbva.com

Colombia
Juana Téllez Corredor
juana.tellez@bbva.com

Peru
Hugo Perea Flores
hperea@bbva.com

Venezuela
Oswaldo López Meza
oswaldo.lopez@bbva.com

Financial Systems and Regulation Area
Santiago Fernández de Lis
sfernandezdelis@bbva.com

Financial Systems
Ana Rubio
arubiog@bbva.com

Financial Inclusion
David Tuesta
david.tuesta@bbva.com

Regulation and Public Policy
María Abascal
maria.abascal@bbva.com

Recovery and Resolution Strategy
José Carlos Pardo
josecarlos.pardo@bbva.com

Supervisory and Regulatory Affairs Frankfurt Office
Matías Viola
matias.viola@bbva.com

Global Areas

Economic Scenarios
Julián Cubero Calvo
juan.cubero@bbva.com

Financial Scenarios
Sonsoles Castillo Delgado
s.castillo@bbva.com

Innovation & Processes
Oscar de las Peñas Sánchez
oscar.delaspenas@bbva.com

Contact details

BBVA Research
Paseo Castellana, 81 – 7th floor
28046 Madrid (Spain)
Tel.: +34 91 374 60 00 and +34 91 537 70 00
Fax: +34 91 374 30 25
bbvaresearch@bbva.com
www.bbvaresearch.com