

Financial Regulation: Weekly Update

1 June 2018

Regulation Unit

Highlights

EBA and ESMA issue a joint communication on financial instruments used for resolution held by retail investors. EBA issues ITS on supervisory disclosure. ESMA issues guide regarding anti-procyclicality margin measures for CCPs. CNMV adopts guidelines to assess suitability of management body members. Finally, FRB issues proposal to amend the Volcker Rule.

GLOBAL

- [IOSCO publishes report on the use of behavioural sciences and financial literacy](#)

According to the [report](#), behavioural insights and financial literacy may help to educate investors to make better financial decisions.

EUROPE

- [EBA and ESMA issue joint communication on retail holders of debt financial instruments in resolutions](#)

[Agencies](#) warn institutions, markets, and resolution authorities that retail holdings of debt financial instruments subject to the BRRD may raise consumer protection issues and affect the practical application of resolution tools.

- [EBA publishes final ITS on supervisory disclosure](#)

It [specifies](#) format, structure, content and publication date of supervisory information to be disclosed. The objective is to enhance transparency and ensure consistency.

- [SRB publishes approach to Critical Functions](#)

It [specifies](#) the approach taken by the SRB to identify critical functions. A separate document on the approach followed by the SRB on the Public Interest Assessment will be published later this year.

- [ESMA issues guidelines on anti-procyclicality margin measures for CCPs](#)

In order to [guarantee](#) a uniform application of EMIR by national competent authorities, it seeks to establish efficient and consistent supervisory practices to limit the degree of procyclicality of CCP margins.

Creating Opportunities

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- ESMA adopts final measures on CFDs (Contract for Differences) and binary options for retail investors

Announces: i) The prohibition on the marketing, distribution and sale of binary options from 2 Jul, ii) and restrictions on CFDs from 1 Aug: leverage limits according to the volatility of the underlying, margin close out rule (at 50% of minimum required margin), among other measures.

- EC issues draft delegated regulation for UCITS and AIFs

It amends the corresponding delegated regulations on issues regarding safe-keeping duties of [UCITS](#) and [AIF](#) clients' assets. Feedback until: 26 Jun.

- EC adopted proposal to establish a Reform Support Programme & European Investment Stabilisation Function

For the next long-term EU budget 2021-2027 the EC has adopted two proposals ([Reform Support Programme & European Investment Stabilisation Function](#)). The former to support priority reforms in Member States (€25 billion budget), and the latter to stabilise public investment and economic recovery in cases of significant economic shocks (up to €30 billion for loans).

- ESMA publishes latest data on credit rating agencies performance

Publishes semi-annual [statistical data](#) on the performance of credit ratings. Allows investors to assess performance and reliability of credit ratings for different CRAs, assets classes, etc. for the Jan 2016-Dec 2017 period.

- ESMA publishes Q&A on several topics

i) On [investor protection](#), ii) on [MIFIR data reporting](#), iii) on [benchmarks](#) regulation, iv) on [UCITS](#), v) on [transparency and market structures](#) topics, vi) on [EMIR](#), vii) on [CSDR](#), viii) on [short-selling](#) regulation.

SPAIN

- CNMV adopts EBA and ESMA guidelines to assess suitability of management body members

The [guidelines](#) aim to harmonise and improve suitability assessments and ensure sound governance arrangements in line with CRD IV and MiFID II.

UNITED KINGDOM

- PRA issues Supervisory Statement on financial management and planning by insurers

It sets out the supervisor's [expectations](#) regarding the development of risk appetite statements, their application on business and financial plans, and on the assessment of capital distribution plans.

UNITED STATES

- FRB proposes changes to Volcker Rule and ask for comments

It seeks to [simplify](#) compliance requirements focusing mainly on firms that do most of the trading (firms with modest trading would have fewer requirements). Deadline: 60 days.

- FDIC issues CRA examination schedules

Presents the list of [institutions](#) scheduled for Community Reinvestment Act examination for the third and fourth quarters of 2018.

Recent publications of interest (in English and Spanish):

- [Press Article](#). Liquidity or moratorium? March 2018
- [Regulation Watch](#). Europe | Funding before and in resolution. May 2018
- [Financial Regulation Outlook](#). April 2018
- [Digital Economy Outlook](#). March 2018
- [Banking Outlook](#). May 2018

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

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