

Financial Regulation: Weekly Update

15 June 2018

Regulation Unit

Highlights

EBA issues consultation and opinion regarding SCA and CSC under PSD2. SRB receives final Valuation 3 report on resolution of Banco Popular. BdE adopts a series of guidelines issued by EBA. BoE publishes several policy statements on resolution and MREL. Finally, FRB publishes final rule on limits to concentration risks.

EUROPE

- [EBA consults on SCA and CSC under PSD2, and publishes opinion on the issue](#)

Consultation to [clarify issues](#) identified by market participants in relation with the RTS on strong customer authentication (SCA) and common and secure communication (CSC). Deadline: 13 Aug. Issues [opinion](#) on the implementation of the corresponding RTS for SCA and CSC.

- [SRB receives Valuation 3 report on resolution of Banco Popular](#)

[The report](#) has been drawn up by an independent valuer (Deloitte) to ensure compliance with the 'no creditor worse off' principle during resolution. SRB will communicate the expected timeline by mid-July and will issue a consultation.

- [ESMA issues annual report on supervisory measures and penalties under EMIR](#)

Focuses on [supervisory actions](#) undertaken by National Competent Authorities (NCAs) when monitoring compliance with EMIR by market participants. The report aims to help to identify best practices.

- [EBA issues revised list of ITS validation rules on supervisory reporting](#)

Highlights ITS [validation rules](#) which have been deactivated for triggering IT problems or for incorrectness. Data submitted following these ITS should not be validated using deactivated rules.

- [EC publishes summary of responses to supervisory reporting consultation](#)

It [presents](#) the main results from the consultation on fitness check on supervisory reporting that finished last March. Some recommendations may be issued in the second half of 2019, for consideration by the following EC.

SPAIN

- BdE adopts a series of EBA's guidelines as its own

Guidelines adopted: i) guidelines on internal governance, ii) on the assessment of the suitability of members of the management body, iii) on the application of the definition of default, iv) on connected clients, and v) on supervision of significant branches. Also adopts two recommendations: on the coverage of entities in a group recovery plan, and on the outsourcing to cloud service providers.

- BdE publishes annual report on the oversight of Financial Markets Infrastructures

Includes monitoring activities performed by BdE and main changes in: i) payment systems, ii) instruments and other payment agreements and iii) post-contract infrastructure.

UNITED KINGDOM

- BoE publishes several policy statements regarding resolution and MREL

i) Update of its MREL policy (to include several issues regarding Internal MREL), ii) update of the indicative minimum MREL requirements for banks, iii) policy on valuation capabilities to support resolvability, iv) update on resolution planning and v) MREL reporting.

- PRA publishes policy and supervisory statement on algorithmic trading

They provide feedback to a previous consultation, and set the supervisor's expectation on the firm's risk management and governance of algorithmic trading applicable from 30 Jun.

- PRA publishes 2018 annual report

It includes information regarding its activities for the Mar 2017 - Feb 2018 period. The public can submit comments on the report until 28 Sep 2018.

UNITED STATES

- FRB approves final rule on concentration risks

It seeks to prevent excessive concentrations of risks between large banks and their counterparties (e.g. GSIB exposure to other GSIB can not exceed 15% of Tier 1 capital). This apply from Jan 2020 to GSIBs, and Jul 2020 to all other firms.

- [Agencies issue interagency policy statement](#)

After the Federal Financial Institutions Examination Council [rescinded](#) its 1997 policy statement on interagency coordination, the federal banking agencies issued a new statement to coordinate their formal corrective actions.

Recent publications of interest (in English and Spanish):

- [Press Article](#). Regulatory reform in the USA: From words to deeds
- [Press Article](#). SSBS: Low risk without mutualisation? June 2018
- [Regulation Watch](#). From words to action: Recent regulatory reforms in the U.S. June 2018
- [Regulation Watch](#). Europa | Liquidez en resolución. Mayo 2018
- [Financial Regulation Outlook](#). April 2018
- [Banking Outlook](#). May 2018

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

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