

Financial Regulation: Weekly Update

6 July 2018

Regulation Unit

Highlights

BCBS revises the GSIB assessment methodology, and issues technical amendment to NSFR. EBA publishes ITS package for benchmarking exercise. ESMA clarifies clearing obligations for PSAs. CNMV approves Circular on periodic reporting by issuers. PRA consults on proposal for leverage ratio framework. FRB and FDIC consult on resolution plan guidance.

GLOBAL

- [BCBS publishes revised assessment methodology for G-SIBs](#)

It [incorporates](#) two proposals from the consultation: introduction of a trading volume indicator and extension of the consolidation scope to include insurance activities. It is expected to be implemented in 2021, using 2020-end data.

- [BCBS issues technical amendment to NSFR](#)

Focuses on the treatment of extraordinary [monetary policy](#) operations, and allows a reduced required stable funding factor for central bank claims with maturity of more than six months.

- [FSB issues a consultation on Cyber lexicon](#)

Introduces [common lexicon](#) for FSB bodies, authorities and private sector participants. First draft has 50 core terms related to cybersecurity and cyber resilience. To be delivered at the Buenos Aires G20 summit. Deadline: 20 Aug.

- [IOSCO consults on proposed good practices for commodities storage and delivery](#)

Seeks feedback on how the practices could affect [derivatives prices](#). These practices seek to assist storage infrastructures and supervisors to create a frame based on best practices and self-correction. Deadline: 29 Aug.

EUROPE

- [EBA publishes updated ITS package for 2019 benchmarking exercise](#)

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[Update](#) to its ITS on benchmarking of internal approaches based on the consultation paper that was published on 18 Dec 2017 and which includes changes to the market and credit risks portfolios.

- [ESMA publishes 2017 annual report](#)

[Sets out](#) objectives, activities and key achievements. Its key priorities are: supervisory convergence (MiFID II and MiFIR), assessing risks, single rulebook (CMU and Benchmarks) and direct supervision (CRA and TRs).

- [ESMA issues clarifications on the clearing obligation for pension scheme arrangements \(PSAs\)](#)

Aims to avoid disruption to certain PSAs who may face [potential challenges](#) clearing their OTC derivative contracts on 17 Aug (the date when the exemption from the clearing obligation expires).

- [EBA issues two thematic reports on the impact of Fintech and the risks and opportunities arising from it](#)

The first [report](#) assesses the impact of fintech on incumbent credit institutions. The second report analyses microprudential risks that may arise from the use of new technologies to financial activities.

- [EIOPA issues opinion on duties following Brexit, and submits RTS on professional indemnity insurance](#)

i) It recommends [national authorities](#) remind insurance undertakings and intermediaries of their duty to inform their customers of the potential impact of Brexit. ii) As required by the Insurance Distribution Directive, a [draft RTS](#) is sent to the EC to adapt the base euro amounts for professional indemnity insurance.

- [EIOPA publishes monthly technical information for Solvency II with data at end-June 2018](#)

Updates i) relevant [risk-free](#) interest rate term structure, and ii) [symmetric](#) adjustment of the equity capital charge.

SPAIN

- [CNMV signs cooperation agreement with Ibero-American market supervisors to promote Fintech projects](#)

The purpose of this [agreement](#) is to share information and knowledge so as to improve the Fintech ecosystem, for example by testing regulatory sandboxes.

- [CNMV approves the Circular on periodic reporting by issuers](#)

It adapts the forms for [periodic financial reporting](#) by companies with securities traded on regulated markets to the changes introduced by IFRS 9 and IFRS 15, and deletes or clarifies some paragraphs of the regulation.

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UNITED KINGDOM

- PRA consults on proposal regarding leverage ratio framework

It seeks to apply [leverage](#) requirements on a sub-consolidated basis to ring-fenced institutions whose group is required to apply this requirement on a consolidated basis. Deadline: 25 Sep.

- FCA publishes list of firms accepted for the sandbox

This is the [fourth cohort](#) of firms whose applications were accepted to begin testing in the sandbox. 69 applications were received, and only 29 firms were accepted.

- PRA consults on expectations for ERM portfolios and issues policy statement on SM&CR for insurers

i) It sets the supervisor's [expectation](#) regarding firms investing in Equity Release Mortgage (ERM) portfolios under Solvency II. Deadline: 30 Sep. ii) Policy statement providing [final rules](#) for the extension of the Senior Managers and Certification Regime (SM&CR) to insurers to strengthen their individual accountability.

UNITED STATES

- FRB and FDIC consult on resolution plan guidance and announce extension of resolution plan filing deadline

i) The revised guidance [updates](#) the supervisors' expectations on the treatment of derivatives and trading activities, and payment, clearing and settlement activities. Deadline: 60 days. ii) The deadline to complete the [resolution plan](#) for 14 domestic firms is extended by one year (to 31 Dec 2019).

- OCC publishes results from CRA evaluations

Consists of 20 Community Reinvestment Act [evaluations](#) that became public in June, with 17 banks rated satisfactory and 3 outstanding.

Recent publications of interest (in English and Spanish):

- [Press Article](#). Completing the Banking Union is a priority. June 2018
- [Press Article](#). Regulatory reform in the USA: From words to deeds. June 2018
- [Regulation Watch](#). From words to action: Recent regulatory reforms in the U.S. June 2018
- [Regulation Watch](#). Europe | Funding before and in resolution. May 2018
- [Financial Regulation Outlook](#). June 2018
- [Banking Outlook](#). May 2018

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

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