

Financial Regulation: Weekly Update

10 August 2018

Regulation Unit

Highlights

FSB issued consultation on the clearing of OTC derivatives, and a report on CCP interdependencies. SRB issued non-confidential version of the “valuation 3” report for the resolution of Banco Popular. EBA updated information to identify GSIs. FCA consults on the role and tools of the Global Financial Innovation Network.

GLOBAL

- FSB consults on incentives to clear OTC derivatives, and issues report on CCP interdependencies
- i) [Consultative](#) document (with 14 questions), issued jointly with BCBS, CPMI and IOSCO, evaluating how the regulatory reform affected incentives to clear OTC derivatives. Deadline: 7 Sep. ii) [Second report](#) on CCPs interdependencies. It finds continued interdependence and interconnections among CCPs.

EUROPE

- SRB publishes non-confidential version of Banco Popular “valuation 3” report

It does not intend to [compensate](#) shareholders and creditors. The report concludes that they would not have received better treatment in a normal insolvency process. Registration for “right to be heard” process open 14 Sep.

- EBA updates data used for the identification of G-SIs

Publishes 12 indicators and updates the [underlying data](#) end-2017 for the 35 largest institutions in the EU. These data contribute to the identification of Global Systemically Important Institutions by BCBS & FSB.

- ESMA issues Double Volume Cap (DVC) data

Updates public register with the latest set of DVC data under MiFID II. There are 308 [new breaches](#): 246 equities for the 8% cap applicable to all trading venues, and 62 equities for the 4% cap for individual trading venues.

- ESMA publishes new data on bond liquidity

[New data](#) for bonds subject to the pre- and post-trade requirements of the MiFID II and MiFIR. There are currently 466 liquid bonds subject to MiFID II transparency requirements.

Creating Opportunities

Regulation Weekly – 10 August 2018

- ESMA issues clarifications on clearing and trading obligation for pension scheme arrangements (PSA)

The [statement](#) is aimed at avoiding disruption to certain PSAs which may face potential challenges related to the 17 Aug expiry of temporary exemption from the clearing and trading obligations introduced by EMIR.

- ESMA publishes an updated version of the TTC under MiFID II/MiFIR

The [update](#) relates to transitional transparency calculations (TTC) for: equity derivatives, equity and equity-like instruments, and tick size band assessment.

- EBA updates XBRL taxonomy

Publishes a [corrective update](#) to the XBRL taxonomy that authorities must use for reporting data under the ITS for reference dates of 31 Dec onwards.

- EIOPA publishes monthly technical information

i) Relevant [risk-free interest rate term](#) structures for the month of July, ii) also updates the symmetric adjustment of the [equity capital charge](#) with July-end data.

- EIOPA joins the Sustainable Insurance Forum

International network of [insurance supervisors](#) working together to develop supervisory practices which deal with the challenges faced by the insurance sector as a consequence of climate change risks.

UNITED KINGDOM

- UK Treasury publishes documents related to financial services legislation post-Brexit

It presents [secondary](#) legislation that seeks to ensure that the UK will have an operational legal framework for the financial services industry in Mar 2019, regardless of the outcome of the negotiations with the EU.

- FCA issues joint consultation to explore the opportunities of a Global Financial Innovation Network

The [collaborative effort](#) seeks to obtain feedback on the mission statement, main functions and priorities of the Global Financial Innovation Network. Deadline: 14 Oct.

- BoE issues policy statement regarding the Enforcement Decision Making Committee

It makes final [amendments](#) to the approach on enforcement actions (statutory statements of policy and procedures).

UNITED STATES

- [FDIC and OCC release Community Reinvestment Act evaluations](#)

i) Monthly update of state [non-member banks](#) assessed for compliance with the CRA. ii) List of [national banks](#) and federal saving associations subject to CRA evaluation (30 rated satisfactory and 10 outstanding).

- [CFTC proposes new rules for Foreign Clearing Organizations to Obtain DCO Registration Exemption](#)

Aimed at simplifying the existing process for clearing organizations outside the US, the [new rules](#) exempt such organizations from registering as DCO under certain conditions in accordance with the Commodity Exchange Act.

Recent publications of interest (in English and Spanish):

- [Press Article](#). La integración de la sostenibilidad en el sistema financiero. July 2018 (only in Spanish)
- [Press Article](#). Completing the Banking Union is a priority. 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](#). August 2018

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

DISCLAIMER

This document has been prepared by BBVA Research Department, it is provided for information purposes only and expresses data, opinions or estimations regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

Estimations this document may contain have been undertaken according to generally accepted methodologies and should be considered as forecasts or projections. Results obtained in the past, either positive or negative, are no guarantee of future performance.

This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes.

BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents.

This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

In regard to investment in financial assets related to economic variables this document may cover, readers should be aware that under no circumstances should they base their investment decisions in the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to take an appropriate investment decision.

The content of this document is protected by intellectual property laws. It is forbidden its reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process, except in cases where it is legally permitted or expressly authorized by BBVA.

Regulation

Lead Economist
Ana Rubio
arubiog@bbva.com

Arturo Fraile
arturo.fraile@bbva.com

Victoria Santillana
mvictoria.santillana@bbva.com

Matías Daniel Cabrera
matiasdaniel.cabrera@bbva.com

Pilar Soler
pilar.soler.vaquer@bbva.com

Javier García Tolonen
javierpablo.garcia@bbva.com

Álvaro Romero Mateu
alvaro.romero.mateu@bbva.com

Salvador Bekiaropoulos Donate
salvador.bekiaropoulos@bbva.com

BBVA Research

Chief Economist BBVA Group
Jorge Sicilia Serrano

Macroeconomic Analysis
Rafael Doménech
r.domenech@bbva.com

Digital Economy
Alejandro Neut
robertoalejandro.neut@bbva.com

Global Macroeconomic
Scenarios
Miguel Jiménez
mjimenezg@bbva.com

Global Financial Markets
Sonsoles Castillo
s.castillo@bbva.com

Long-Term Global Modelling and
Analysis
Julián Cubero
juan.cubero@bbva.com

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

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

Digital Regulation and Trends
Álvaro Martín
alvaro.martin@bbva.com

Regulation
Ana Rubio
arubiog@bbva.com

Financial Systems
Olga Cerqueira
olga.gouveia@bbva.com

Spain and Portugal
Miguel Cardoso
miguel.cardoso@bbva.com

United States
Nathaniel Karp
nathaniel.Karp@bbva.com

Mexico
Carlos Serrano
carlos.serranoh@bbva.com

Middle East, Asia and
Big Data
Álvaro Ortiz
alvaro.ortiz@bbva.com

Turkey
Álvaro Ortiz
alvaro.ortiz@bbva.com

Asia
Le Xia
le.xia@bbva.com

South America
Juan Manuel Ruiz
juan.ruiz@bbva.com

Argentina
Gloria Sorensen
gsorensen@bbva.com

Chile
Jorge Selaive
jselaive@bbva.com

Colombia
Juana Téllez
juana.tellez@bbva.com

Peru
Hugo Perea
hperea@bbva.com

Venezuela
Julio Pineda
juliocesar.pineda@bbva.com