

Financial Regulation: Weekly Update

14 September 2018

Regulation Unit

Highlights

ESAs issue report on risk and vulnerabilities of the financial sector. ESMA issues MiFID II compliance table (only for some provisions of it). ECB receives recommendation from private sector on ESTER. UK Treasury consults on the transposition of the EU Bank Creditor Hierarchy Directive. US Agencies confirm the role of supervisory guidance.

EUROPE

- [ESAs issues report on Risks and vulnerabilities in the EU financial system](#)

Highlights risks as potential [sources of instability](#): i) abrupt yield increases could generate substantive asset price volatility, ii) repricing of risk premia and potentially increasing interest rates could affect financial institutions and generate a contagion effect, and iii) Brexit uncertainties (preparation for a no-deal scenario) and trade policy risks.

- [ECB receives recommendation on euro risk-free rate](#)

After having launched a public consultation on the alternative euro risk-free rate, the private sector working group [recommends](#) the replacement of EONIA by the new euro short-term rate (ESTER).

- [EBA issues revised NPL data templates and list of validation rules on supervisory reporting](#)

i) Update of the [standardised templates](#) aimed at facilitating NPL sale transactions throughout the EU. ii) Updates [validation rules](#) in its Implementing Technical Standards highlighting those that have been deactivated.

- [ESMA issues compliance table for guidelines on product governance under MiFID II](#)

The [table](#) shows which competent authorities of the different member states comply or intend to comply with ESMA guidelines on product governance.

UNITED KINGDOM

- [UK Treasury consults on the transposition of the EU Bank Creditor Hierarchy Directive](#)

[Consultation](#) to seek feedback on the upcoming transposition of a European Directive which modifies the insolvency hierarchies and introduces a new class of debt dubbed senior non-preferred. Deadline: 10 Oct.

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UNITED STATES

- [Agencies issue statement reaffirming the role of supervisory guidance](#)

They confirm that [supervisory guidance](#) does not have the same force and effect as law, but rather presents supervisors' expectations and views. Enforcement actions will not be taken based on supervisory guidance.

- [FRB, FDIC and OCC issue interim final rule regarding examination cycles](#)

It allows [qualifying](#) 1- and 2-rated banks with total assets lower than \$3 billion to be eligible for an 18-month examination cycle (instead of a 12-month cycle).

- [OCC consults on proposal to enhance flexibility for federal saving associations](#)

Proposed rule to provide more flexibility, allowing savings [associations](#) with less than \$20 billion in consolidated assets to operate with national bank powers without the need to change their charter. Deadline: 60 days from publication in Federal Register.

- [FRB approves amendments to Regulation CC](#)

Final [amendments](#) to update Regulation CC (which governs funds availability and collection of cheques) in order to reflect the evolution of the cheque collection system (from paper-based to electronic). Effective date: 1 Jan 2019.

- [FDIC consults on the treatment of reciprocal deposits](#)

Proposed rule to exempt some [reciprocal deposits](#) from being considered as brokered deposits, for certain well-capitalized and well rated institutions. Deadline: 30 days from publication in Federal Register.

- [BCFP issues updated FCRA model disclosures to add information for consumers](#)

[Interim rule](#) to incorporate the new information to the notice of rights needed when consumers receive the summary of rights as required by FCRA section 609 through the amendment of existing model forms. Effective date: 21 Sep.

- [OCC updates Comptroller's Handbook Booklet on deposit-related credit](#)

The [revised version](#) adds, among others, general guidance on risks associated with deposit-related credit products and incorporates Dodd-Frank reform's prohibition of unfair, deceptive or abusive practices.

- [OCC releases CRA evaluations for 16 national banks and federal saving associations](#)

Issues monthly [performance evaluations](#) for August 2018. List contains national banks and federal savings association: 14 are rated satisfactory and 2 are rated outstanding.

- [CFTC and Monetary Authority of Singapore sign arrangement to cooperate on FinTech cooperation](#)

The [arrangement](#) seeks to foster greater cooperation in FinTech, focuses on information sharing on FinTech market trends and developments.

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](#). How prepared are European banks to comply with MREL? August 2018
- [Regulation Watch](#). From words to action: Recent regulatory reforms in the U.S. June 2018
- [Financial Regulation Outlook](#). June 2018
- [Banking Outlook](#). August 2018

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

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