

# Financial Regulation: Weekly Update

14 December 2018

Regulation Unit

## Highlights

BIS completes the revision of the Pillar 3 framework and consults on leverage ratio window-dressing. EP asks Commission and Member States to intensify their plans for a no-deal *brexit* scenario. ECB updates list of entities. EBA publishes final guidelines on STS securitisations. HM Treasury continues to release Statutory Instruments in the context of *brexit*.

## GLOBAL

- [BIS publishes updated Basel III disclosure requirements](#)

[Updates](#) disclosure requirements and completes Pillar 3 framework by incorporating Dec. 2017 Basel III post-crisis regulatory reforms and includes new requirements on asset encumbrance and capital distribution constraints.

- [BIS consults on disclosure requirements to address leverage ratio window-dressing](#)

In [response](#) to current regulatory arbitrage, banks will need to report the leverage ratio using daily averages. Includes disclosure requirements for SFTs, derivatives and central bank reserves. Deadline: 13 Mar. 2019.

- [ISDA publishes 2018 benchmarks supplement protocol](#)

It aims [to help](#) market participants incorporate the ISDA Benchmarks Supplement of Sept. 2018, which specifies events and fallbacks for certain IBORs, into their interest rate, FX, equity and commodity derivatives transactions.

## EUROPE

- [EP announcement on \*brexit\* agreement](#)

[Reiterates](#) that without a backstop there would be no consent to the agreement. Concerned about UK Parliament's ratification, calls on the Commission and Member States to intensify their work on planning for a no-deal *brexit*.

- [ECB updates the list of supervised entities](#)

[The list](#) includes: significant Institutions and less significant institutions. The total number of significant supervised entities is 119 as of 1 January 2019. Includes changes related to *brexit*.

## Creating Opportunities

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- [EBA publishes final guidelines on the STS criteria in securitisation](#)

Applicable from 15 May 2019, the [guidelines](#) provide a harmonised interpretation of the criteria for the securitisation to be eligible as simple, transparent and standardised (STS) on a cross-sectoral basis throughout the EU.

- [EP releases political agreement on Cybersecurity](#)

Introduces a new [cybersecurity](#) certification scheme, enhances consumer protection and includes procedures for companies. ENISA's powers will be reinforced to prepare the EU for a crisis response to cyberattacks.

- [EIOPA publishes an evaluation report on the Structure of European Insurance Intermediaries Markets](#)

[Confirms](#) the disparities among local distribution channels and definitions adopted at national level. Registration and reporting frameworks vary amongst Member States, contributing to its diversity in terms of size.

- [EBA issues consultation on guidelines on Information Communication Technology \(ICT\) and security risks](#)

[Focuses](#) on mitigating all ICT risks, for all financial institutions. Especially on governance, risk assessment process, information security requirements, ICT operational management. Deadline to respond: 13 Mar 2019.

## SPAIN

- [BdE publishes Semiannual Financial Stability Review](#)

[Articles](#) on: The relationship between volume of NPLs and credit allocation. New credit standards in Portugal. An overview of PSD2. Risks of para-currencies. Impact of interest rates in banks' profitability and household defaults.

## UNITED KINGDOM

- [FCA proposes changes to boost retail investment in patient capital](#)

Consults on [changes](#) to address barriers to retail investment in long-term capital, maintaining an appropriate protection. Also explores the potential use of already authorised funds for these purposes. Deadline: 28 Feb 2019.

- [HM Treasury issues draft Statutory Instruments in the context of \*brexit\*](#)

Draft amendments to retained EU law and UK legislation related to [investment funds](#), [financial services](#), [mortgage credit](#) and [securities, prospectus and transparency](#), to be laid under the European Union (Withdrawal) Act 2018.

- [PRA publishes approach to the implementation of the systemic risk buffer \(SRB\)](#)

[The Statement of Policy](#) updates the PRA's framework for the SRB and is relevant to ring-fenced bodies as well as large building societies with more than £25bn in deposits and shares. Effective from 13 Dec. 2018.

## Creating Opportunities

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- [FCA and PRA issues consultation on mortgage reporting requirements](#)

[Focused](#) on data gaps which limit understanding of conduct and competition harms in the mortgage market. Applies to mortgage lenders, home finance administrators and other entities. Deadline: 22 Mar. 2019

- [PRA issues Policy Statement on equity release mortgages \(ERM\) under Solvency II](#)

[Publishes](#) two documents in relation to Solvency II: i) Policy Statement with feedback to consultation on ERMs and ii) final Supervisory Statement on Matching adjustment – illiquid unrated assets and ERMs.

## UNITED STATES

- [Treasury issues bilateral agreement with UK on prudential measures regarding insurance and reinsurance](#)

The [arrangement](#) would provide regulatory certainty and market continuity consistent with the 2017 US-EU covered agreement following *brexit*.

- [CFTC consults on Crypto-assets](#)

It [seeks to understand](#) the similarities and distinctions between Ether and Bitcoin. It also analyses how virtual currencies work; their mechanics, risks and opportunities. Deadline: 11 Feb 2019.

## Recent publications of interest (in English and Spanish):

- [Press Article](#). SMEs and market financing: Myth or reality? November 2018
- [Press Article](#). European banks and the challenge of MREL. October 2018
- [Regulation Watch](#). Global | 2018 G-SIBs list: the three key changes. November 2018
- [Working Paper](#). Policy priorities to promote financial development in the context of Middle Income Trap. December 2018

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

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## Creating Opportunities

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