

Financial Regulation: Weekly Update

28 December 2018

Regulation Unit

Highlights

Working group on risk-free assets consults on transition from EONIA to ESTER. ESMA consults on Central Securities Depositories Regulation. Spanish government finalises transposition of MIFID II. US Agencies approve a capital phase-in for new accounting standards.

GLOBAL

- ISDA publishes report on Benchmark fallback consultation

A majority of respondents preferred the “compounded setting in arrears rate” for the [RFR](#) and the “historical mean/median approach” for the spread adjustment. Other technical aspects and indicators will be evaluated in the near future.

EUROPE

- Working group on euro risk free rates consults on transition from EONIA to ESTER

Seeks [comments](#) on the different transition paths to ESTER and on the assessment of alternative ESTER-based structure methodologies that can serve as a fallback for Euribor-based contracts. Deadline: 1 Feb 2019.

- ESMA consults on Central Securities Depositories Regulation (CSDR) guidelines

Publishes two [consultation](#) papers seeking stakeholders’ views on “[settlement](#) fails reporting” as well as “[standardised](#) procedures and messaging protocols”. Deadline: 20 Feb 2019.

- EIOPA issues financial stability report

The [low yield](#) environment remains as a challenge, pressuring profitability. Exposure to sovereign and other new risks must be taken into account. Nevertheless, the insurance sector remains adequately capitalised.

- EIOPA publishes opinion on non-life cross-border insurance business of a long-term nature

Seeking to ensure the appropriate application of legal requirements and consistent supervisory practices by NCAs, the opinion [outlines](#) expectations on the calculation of technical provisions and cross-border business’ governance.

Creating Opportunities

Regulation Weekly – 28 December 2018

SPAIN

- Spanish Government issues Royal Decree to complete transposition of MIFID II

It completes the [transposition](#) of the Markets in Financial Instruments Directive (MiFID II). It is aimed at strengthening client protection in financial services and increasing confidence in entities providing these services.

- CNMV issues notification on short positions information

It will cease to publish aggregate short positions in listed shares in order to eliminate [information](#) asymmetry and follow the practice of other European authorities (which do not publish). Entry into force: 1 Jan 2019.

- CNMV publishes information requirement for investment management companies and vehicles

It [sets](#) further disclosure requirements for foreign EU management companies operating in Spain through a subsidiary and promotes electronic document filing and processing. Entry into force: 30 June 2019.

UNITED KINGDOM

- PRA and FCA issue joint statement on reporting of private securitisations

It sets out how the [authorities propose](#) that entities make available the necessary information on private securitisation to their competent authorities.

- PRA consults on Rulebook, BTS and BoE consults on resolution BTS in the context of *brexit*

The [consultation paper](#) sets out PRA's proposal for its Rulebook and Binding Technical Standards (BTS) and BoE's proposed additional BTS under BRRD. Deadline: 21 Jan 2019.

UNITED STATES

- Agencies approve a capital phase-in for the new Current Expected Credit Losses (CECL) accounting standard

The new [rule](#) provides an option for banks to phase in over 3 years the day-one effect of the application of these new accounting provisions. The final rule will entry into force: 1 April 2019.

- Agencies consult on a proposal to exclude community banks from the Volcker Rule

The [proposal](#) would exclude community banks with \$10 bn or less in consolidated assets and total trading assets and liabilities of 5% or less of consolidated assets from the restrictions of the Volcker Rule. Deadline: 20 Jan 2019.

Recent publications of interest (in English and Spanish):

- [Working Paper](#) Sovereign risk in the Eurozone and its treatment in banking regulation. December 2018
- [Working Paper](#) Policy priorities to promote financial development in the context of MI Trap. December 2018
- [Press Article](#) What will be the trends in financial regulation in 2019?. December 2018
- [Press Article](#) Central banks and sustainable finance: From exoticism to stoicism. November 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 and estimates at the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, but not independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding their accuracy, completeness or correctness.

Estimates this document may contain have been made in accordance with generally accepted methodologies and should be considered as forecasts or projections. Results obtained in the past, whether 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. Nor shall this document or its contents form the basis of any contract, commitment or decision of any kind.

With regard to investment in financial assets related to economic variables this document may cover, readers should be aware that in no circumstances should they base their investment decisions on the information contained in this document. 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. Its reproduction, transformation, distribution, public communication, provision, extraction, reuse, forwarding or use of any nature by any means or process is forbidden, except in cases where it is legally permitted or expressly authorised 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

Willians Ruiz
willians.ruiz@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

Colombia
Juana Téllez
juana.tellez@bbva.com

Peru
Francisco Grippa
fgrippa@bbva.com

Venezuela
Julio Pineda
juliocesar.pineda@bbva.com

Creating Opportunities

Regulation Weekly – 28 December 2018