

# Financial Regulation Outlook 1Q19

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## Regulatory authorities' work programmes for 2019

2019

will be an interesting year in the field of financial regulation marked by two trends:



The capacity to respond globally to the challenge posed by domestic initiatives, tending towards less regulation and cooperation in the absence of a sense of urgency after the crisis



At European level, the impact of the electoral calendar on the various initiatives which are underway

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## Last steps in the negotiation of the CRD V

- After more than two years the negotiation process seems to be coming to an end
- A political agreement has been reached between the Council and the Parliament covering a significant part of the package
- Next steps include voting of the missing parts in the Council and the whole package in the Parliament

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## CRD V negotiation: Resolution issues

- The package represents a significant step towards achieving risk reduction in the EU
- Amends MREL by introducing TLAC features such as the subordination requirement
- New requirements are tougher than those agreed at international level

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## Contingency measures for a no-deal Brexit

- The uncertainty surrounding the ratification of the Brexit deal is not helping to reduce the possibility of a cliff-edge scenario
- Given this setting, the European Commission has implemented its "no-deal" Contingency Action Plan, including a section for financial services
- Among other issues, the plan includes a 12-month equivalence decision to prevent the disruption of derivative clearing in CCPs, and two delegated regulations to facilitate the novation of OTC derivatives for 12 months

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## Habemus a Macroprudential Authority in Spain



The creation of the Authority and the establishment of new macroprudential tools area major milestone to strengthen the stability of the Spanish financial sector



For macroprudential policies to work properly, it is necessary that the same risks are equally regulated, regardless of the sector or the agent that originates such risks



The use of macroprudential tools to limit credit growth only in the banking sector could lead to regulatory arbitrage

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## Trends in digital regulation

2018

In 2018 authorities laid the foundations for the digital regulation of the financial sector:

- Definition of high-level strategies to face the digitisation challenge in the EU, the U.S. and Mexico
- At global level, calls for enhanced coordination intensified
- Cybersecurity, data privacy and the power of bigtech companies remained key priorities

2019

In 2019 authorities will implement the action plans designed in 2018

