

Financial Regulation: Weekly Update

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Highlights

NGFS issues first comprehensive report on climate change. EU Parliament approves legislative package for financial entities. BoE amends financial services legislation in the context of Brexit. PRA and FCA publish business plans for 2019/20. US Agencies consult on resolution planning and supplementing leverage ratio.

GLOBAL

- **NGFS releases its first comprehensive report on climate change as a source of financial risk**

It includes [6 recommendations](#): 4 for central banks and supervisors and 2 for policymakers. Climate-related risks are a source of financial risk, thus they fall within the mandates of central banks and supervisors.

EUROPE

- **EU Parliament approves numerous legislative packages for financial entities before the elections**

Parliament approves i) [rules to reduce risks to EU banks](#), ii) [ESAs reform](#), iii) [several key measures](#) to put in place the building blocks of the CMU including the harmonization of Covered Bonds and the EMIR Refit, among others.

- **EBA issues opinion on passport notifications regarding e-money**

[Publishes](#) opinion on the nature of passport notifications of payments institutions and electronic money institutions, using agents and distributors located in another Member State, with clarifications for national authorities.

- **EIOPA publishes decision to revise pension register**

Updates pension registers to include changes required by IORPs II Directive: i) register of IORPs [prudential provision](#), ii) register of [IORPs](#) and, iii) [Database](#) of pension plans and products in EEA.

- **ESMA publishes translations for guidelines on CCP APC margin rules measures**

Official [translations](#) of the guidelines apply to National Competent Authorities. Within two months, these NCAs should notify ESMA on whether they comply or they intend to comply.

- **EBA updates interactive single rulebook and Q&A tools**

It [aiming](#) to the integration of technical standards and guidelines regarding to the Mortgage Credit Directive (MCD) in the interactive single rulebook, also to submit Q&As regarding to MCD.

Creating Opportunities

SPAIN

- **BdE issues requirements regarding defects on the advertising of banking products**

Notifies [160](#) requirements to financial entities for the rectification of the advertising of banking products in 1Q 2019. The most common reasons for the requirements are related to computing of APR and unclear advertising.

UNITED KINGDOM

- **BoE amends the financial services legislation in the context of Brexit**

It issues a [policy statement](#) comprising the set of final EU Exit Instruments which are relevant to all firms authorised, regulated or supervised by PRA, BoE and FCA. Exit Instruments will start to apply on the 'exit day'.

- **PRA and FCA publish their business plan for 2019/20**

The [PRA](#) will focus on prudential standards, risk mitigation, capital and liquidity requirements, resolution plans, transition to UK regulatory framework from EU. Also, the [FCA](#) will focus on culture and governance, operational resilience of the UK financial system, AML-CFT, the future of regulation and the uses of data in consumers' interests.

- **BoE & PRA release a supervisory statement on the management of financial risks from climate change**

It aims at [fostering](#) banks' and insurers' approaches. Currently, few firms are taking a strategic approach that considers how actions today affect future financial risks.

- **HM Treasury consults on the transposition of the Fifth Money Laundering Directive**

Seeks [comment](#) on the amendment of the prevention of use of the financial system for the purpose of AML-CFT. The directive will ensure the UK adheres to international standards and the FATF. Deadline: 10 June 2019.

- **PRA consults on technical input for insurance stress test 2019**

It [seeks feedback](#) on any aspect of the stress test exercise for the largest regulated life and general insurers that will take place from July to September 2019. Deadline for comments: 31 May 2019.

UNITED STATES

- **Agencies consult on the revision of the supplementary leverage ratio**

They are requesting comments on the [proposal](#) to exclude central bank deposits from the supplementary leverage ratio for US banks predominantly engaged in custodial activities. Deadline: 60 days after publication in the Federal Register.

- **Agencies issues consultation on modifications to resolution plan requirements**

[Agencies](#) propose to reduce requirements for firms with less risk by decreasing the frequency of the submissions but to keep existing requirements for the largest firms. Deadline: 21 June 2019.

Creating Opportunities

- **FDIC consults on new approaches to resolution planning**

[Proposes](#) to change the \$50 billion threshold, tiering the requirements based on size, complexity, etc. and to replace submission of plans with periodic engagements. Deadline: 60 days after publication in the Federal Register.

- **CFTC issues final rule to provide exception to annual policy notice requirements**

It [removes](#) the requirement for retail foreign exchange dealers, commodity trading advisors and swap dealers among others, if certain conditions are satisfied. Effective date: 30 days after publication in the Federal Register.

Recent publications of interest (in English and Spanish):

- [Financial Regulation Outlook](#). January 2019
- [Working Paper](#). Digital transformation and finance sector competition. January 2019
- [Working Paper](#). Sovereign risk in the Eurozone and its treatment in banking regulation. December 2018
- [Press Article](#). Resilience of mortgage lending. January 2019
- [Press Article](#). What will be the trends in financial regulation in 2019? December 2018
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Previous issues of our Weekly Regulatory Update in [Spanish](#) and [English](#).

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