

Financial Regulation: Weekly Update

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Highlights

1. FSB publishes its 2019 resolution report
2. BCBS consults on guidelines for AML/CFT and prudential supervision, and on disclosure templates for sovereign exposure and market risk
3. ECB's private sector working group on euro risk-free rate issues recommendations on fallback provisions
4. EBA issues consultation on passport notifications, and report on asset quality
5. ESMA issues technical advice on the supervisory regime for third country CCPs

GLOBAL

■ FSB issues its 2019 resolution report

Highlights: i) CCP [resolution](#) is a priority (guidelines for consultation next 2Q 2020), ii) GSIBs resolvability improved by TLAC (challenges regarding internal TLAC, and liquidity in resolution), iii) challenges for insurance groups.

■ BCBS issues consultation on guidelines for prudential and AML/CFT supervision

[Recommends](#) establishing an effective system of cooperation and a supplementing annex with specific recommendations and descriptive examples to facilitate supervisory cooperation. Deadline: 6 Feb 2020.

■ BCBS consults on disclosure of sovereign exposures and market risk

Seeks views on: i) the [Pillar 3](#) templates for the voluntary disclosure of banks' sovereign exposures and ii) adjustments to the [market risk](#) templates. Deadlines: 14 Feb 2020.

■ BCBS publishes RCAP assessment for Argentina and China

Both Argentina and China are found to be [compliant](#) with the NSFR and the Large Exposures regime in the Regulatory Consistency Assessment Programme (RCAP).

■ IAIS issues global frameworks for supervision of international insurance groups

It [includes](#): i) a common framework with supervisory standards for international insurance groups, ii) an insurance capital standard, and iii) an holistic framework to assess and mitigate systemic risk.

EUROPE

■ ECB's private sector working group on euro risk-free rates issues recommendations

It recommends market participants to consider [fallback provisions](#) provided in the EONIA to €STR Legal Action Plan, as sufficient contingency to serve as fallback measures for €STR.

- **EBA issues consultation on draft RTS and ITS on passport notification**

It seeks to improve the [quality and consistency](#) of the information to be provided by credit institutions to home authorities when opening branches or providing services in other member states. Deadline: 13 Feb 2020.

- **EBA publishes reports on trends in asset quality in the EU**

The report shows that the efforts to improve EU's banks' [asset quality](#) have proven successful. NPL ratio declined to 3%, but dispersion across countries remains.

- **ESMA issues technical advice on supervisory regime for third-country CCPs (TC-CCP) under EMIR 2.2**

Three sets of advice to the Commission [detailing](#): i) how to specify criteria to determine if a TC-CCP is systemically important, ii) how to assess comparable compliance, and iii) fees to charge to TC-CCPs.

- **Council of the EU adopts legislative reforms within the Capital Markets Union**

The [reforms](#) include: i) a new category of benchmarks contributing to sustainable finance, ii) new framework for investment firms, iii) harmonised framework for covered bonds, iv) new rules for SME growth markets.

- **EBA publishes technical package on reporting framework 2.9.1**

It includes the [validation rules](#), the DPM data dictionary, and the XBRL taxonomy. The objective is to fix certain issues governing COREP Liquidity and FINREP.

- **EBA announces publication date for the 2019 EU-wide transparency exercise**

The 2019 risk assessment [report](#) and transparency exercise (with bank-level data) will be released on 29 Nov at 18:00 CET.

- **ESMA publishes double volume cap data and systematic internaliser calculations**

i) It updates the public register with the latest [DVC](#) data and calculations under MiFID II for the 1 Oct 2018 - 30 Sep 2019 period. ii) Data for [systematic internaliser](#) calculations for equity, equity-like instruments and bonds under MiFID II and MiFIR, for the period Apr-Sep 2019.

- **ESMA updates Q&As on the securitisation regulation**

Clarifies: i) how specific fields of the draft templates should be completed; and ii) STS notifications and [securitisation](#) repositories. Promotes consistent supervisory approaches and practices of securitisation regulation.

UNITED KINGDOM

- **PRA issues policy statement on technical provisions under Solvency II**

Following a previous consultation it provides: clarity on the consistency of Solvency I and [Solvency II](#) methodologies, and additional guidance for firms seeking to simplify the transitional recalculation methodology.

UNITED STATES

- **FRB consults on extension of compliance date for Single Counterparty Credit Limit rule for FBOs**

Extends 18 months initial [compliance dates](#) for FBOs subject to the SCCL rule (giving more time to foreign authorities to implement their versions of the rule). Deadline: 30 days after publication in the Federal Registry.

- **SEC announces extension of measure to facilitate MiFID research provisions**

Extends by 3 years the temporary [no action letter](#) related to MiFID research provisions, and allows broker-dealers to receive payments from firms subject to MiFID without being considered an investment adviser under US law.

- **Agencies consult on proposal regarding margin and capital requirements for covered swap entities**

Seeks [comments](#) on amendments to regulations requiring swap dealers and security-based swap dealers to exchange margin with their counterparties for swaps that are not centrally cleared. Deadline: 9 Dec.

- **Agencies publish final rule on simplifications to capital rules and on the Volcker Rule**

i) Allows banks not subject to advanced approaches to [implement](#) by 1 Jan 2020 the simplifications to capital rules previously finalised. ii) The amendments to tailor the [Volcker rule](#) to the bank's profile have been published and will be effective 1 Jan 2020 with compliance date 1 Jan 2021 (entities may voluntarily comply with the rule earlier)

- **Agencies publish final rule simplifying capital requirements for community banks**

Banks that meet [qualifying](#) criteria will be considered to be "well capitalized" category under the Prompt Corrective Action framework, and will not be subject to the generally applicable capital rule.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *Nueva ley de contratos de crédito inmobiliario: de la teoría a la práctica* (in Spanish). June 2019.
- [Press Article](#). *Provisions for non-performing loans: how much is enough?* August 2019.
- [Press Article](#). *Climate Change: Tempus Fugit*. September 2019.

Previous edition of our Weekly Financial Regulation Update in [English](#)

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