

# Financial Regulation: Weekly Update

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## Highlights

1. BCBS issues information on the assessment of G-SIBs, guidelines on sectoral CCyB, and consultation on CVA
2. BCBS and BCG issue statement on proportionality within the Basel framework
3. EBA issues consultation in ITS regarding MREL and TLAC disclosure and reporting
4. Council of the EU adopts position regarding NPL enforcement mechanisms
5. BdE updates its list of systemic entities and sets their capital buffers

## GLOBAL

### ■ BCBS publishes information on the assessment of G-SIBs

Includes: i) denominators of 12 high-level indicators to calculate scores, ii) 12 high-level indicators used to calculate denominators (by bank), and iii) cut-off score to identify G-SIBs and thresholds to allocate G-SIBs to buckets.

### ■ BCBS consults on revisions to the credit valuation adjustment (CVA) risk framework

Proposes targeted revisions to the [CVA framework](#) published in Dec 2017 with the objective to align it to the new market risk and CCP frameworks. Deadline: 25 Feb 2020.

### ■ BCBS publishes guidelines on operationalization of sectoral CCyB (SCCyB)

Seeks to support the implementation of a [SCCyB](#) on a consistent basis across jurisdictions, but the principles are not included in the Basel standards (only applicable for jurisdictions that choose to implement them voluntarily).

### ■ FSB updates framework for haircuts on non-centrally cleared securities financing transactions

The document [sets](#) out a revised framework with new elements: i) qualitative standards for methodologies, and ii) numerical haircut floors and its implementation of the framework through the FSB process.

### ■ BCBS and BGC issue statement on proportionality

They support the use of [proportionality](#) in the implementation of the Basel framework. A proportionate framework should not reduce the resilience of banks, but reflect differences in risk and complexity across banks and markets.

### ■ FSB publishes final report on the effects of the regulatory reform on SME financing

The evaluation [finds](#) no material and persistent negative effects on SME financing in general, although there is some differentiation across jurisdictions and the effects are generally found to be temporary.

## EUROPE

- **EBA issues consultation on disclosure and reporting of MREL and TLAC**

It introduces a set of [harmonized](#) reporting and disclosure requirements, following an integrated approach and, in the case of disclosures, aligned with Basel Pillar 3 standards. Deadline: 22 Feb 2020.

- **Council of the EU adopts position on a new mechanism for out-of-court enforcement on NPL**

[Proposal](#) for a common framework and minimum requirements for out-of-court mechanism to recover the value from loans guaranteed with collateral in the event the borrower is not able to pay it back. Only for business loans.

- **EBA issues guidelines on Information and Communication Technology and security risk management**

Sets [requirements](#) for credit institutions, investment firms and PSPs on mitigation and management of their ICT and security risks, and ensures a consistent approach across the single market. Entry into force: 30 Jun 2020.

- **ESMA publishes its risk dashboard for the 3Q 2019**

It finds that [market risks](#) remain very high (due to lower growth outlook, Brexit uncertainties, US-China trade tensions and geopolitical risks). Credit risks still elevated with deteriorating corporate debt quality.

- **EIOPA issues Q&As on Solvency II**

[Answers](#) to questions related to Solvency II Directive on insurance and reinsurance subjects.

## SPAIN

- **BdE updates its list of systemic entities and establishes their capital buffers**

It updates the list of Spanish banks classified as [G-SIIs or O-SIIs](#), with their corresponding systemic importance scores. It sets the corresponding capital buffer to each bank (in terms of CET1). No changes from previous list.

## UNITED STATES

- **FRB publishes its supervision and regulation report**

It provides an [overview](#) of trends in the banking sector, market indicators of industry conditions, current areas of focus for policy work (regulatory developments and pending rules), and information on supervisory programs.

- **CFTC simplifies rules for asset managers**

It seeks to harmonize CFTC and SEC regulations for [asset managers](#), by exempting certain commodity trading advisors and commodity pool operators from meeting specific registration requirements.

- **SEC issues consultation on the use of derivatives**

It seeks to enhance regulation of the use of [derivatives](#) by investment companies, providing an updated and comprehensive approach to funds' derivatives use. Deadline: 60 days after publication in the Federal Register.

- **OCC publishes final rule on other real estate owned (OREO) activities**

Clarifies the existing [OREO](#) rule for national banks, updates the regulatory framework for OREO activities at federal savings associations, and modifies capital rules, including on OREO provisions.

▪ **OCC issues CRA evaluation schedule**

Presents the list of national banks and federal savings associations selected for [CRA evaluation](#) for the first and second quarter of 2020.

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

- [Press Article](#). *Provisions for non-performing loans: how much is enough?* August 2019.
- [Press Article](#). *Climate Change: Tempus Fugit*. September 2019.
- [Press Article](#). *The Banking union: something's at play*. November 2019.

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

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