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Regulation Outlook

Madrid, 15 April, 2014
Economic Analysis

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Europe. Habemus Single Resolution Mechanism (SRM)

Deal renders a timely and credible banking union. On 20/03 co-legislators closed a deal to set up a credible SRM by 2016. The deal paves the way for a sound banking union in which banks will be supervised and potentially resolved at the EU level. This represents the biggest cession in sovereignty since the creation of the Euro and, as such, it will reinforce the credibility of the EU banks and the Euro itself and will help reignite economic recovery.

Liquidity regulation: state of the art

The European Commission (EC) will publish the Delegated Act for the LCR in June 2014, and it will come into force by January 2015 with a phased entry up to 2018 in Europe. Meanwhile, the open consultation of the BCBS NSFR will end in April 2014 and a definitive version will be published before the year end. The NSFR will come into force in 2018.

Revival of securitisation markets?

Regulation lags well behind declared political aims. The regulatory stance towards securitisation appears to be changing from a penalising one, to a fresh look, with a focus on making a distinction for high quality securitisation, which could deserve a preferential regulatory treatment. Agreeing on a consistent definition of high quality securitisations is the next challenge for regulatory standard setters.

US Stress Tests: takeaways for Europe

The Federal Reserve has recently published the results of the stress tests. For qualitative reasons (deficiencies in corporate governance and controls, risk-identification, risk-measurement and risk-management practices, among others) the Fed objected to the plans of four banks, and for quantitative reasons in the case of one bank. These exercises are broad and comprehensive and some lessons can be taken for Europe.

Global. Operational subsidiarisation

Operational subsidiarisation in practice under an MPE resolution strategy. Critical shared services of Multiple-Point-of-Entry (MPE) banks must be organised in a way that would permit the group to maintain critical services when other parts of the group enter into resolution. This is what has been termed as “effective operational subsidiarisation.” We elaborate on its main features.

Leverage ratio

Focus on disclosure and calculation. Mandatory disclosure of the ratio will start in January 2015. Countries are now analysing how they will calculate the leverage ratio. In Europe, the European Commission will set the final definition it the Delegated Act to be released by June 2014. The EBA has already recommended “full” alignment with the Basel standard. The US authorities have launched a consultation on the proposed method to calculate the leverage ratio which “largely” adopts the Basel III standard.

1. Habemus Single Resolution (SRM)

Deal enables a timely and credible banking union

On 20 March co-legislators closed a deal to set up a credible Single Resolution Mechanism (SRM) by 2016. The deal paves the way for a sound banking union in which banks will be supervised and resolved at the EU level. This represents the biggest cession in sovereignty since the creation of the euro and, as such, it will reinforce the credibility of the EU banks and the euro itself, and will help to reignite economic recovery.

The authority: Who will take the resolution decisions and how?

There will be a Single Resolution Authority in place from January 2015, with full resolution powers from January 2016. Most decisions will be taken by the Single Resolution Board ("Board") but the Council and the Commission (EC) can also have a say.

In the event of a default, the Board, after hearing the ECB's view, would decide to trigger resolution and establish the strategy to be followed. The resolution plan is automatically adopted if no objection is raised by the Council within 24 hours. But the Council cannot object to the plan outright. It must rather act upon an EC request to either (i) veto the plan (if it goes against the public interest), or (ii) change the amount of money to be used from the resolution fund. The Council has 12 hours to accept the EC proposal and, if that is the case, the Board then has a further eight hours to amend the plan. All in all, resolution would generally take place within 24 to 32 hours at most after the Board triggered the process. Most Board decisions are to be taken by its Executive (chair, vice-chair, four independent members and the Member States concerned). The full Plenary Board (where all countries vote) will only step in if (i) EUR5bn or more are required from the fund to resolve a bank (EUR10bn if used for liquidity purposes), and/or (ii) when an accumulated amount of more than EUR5bn from the Fund has been used in the preceding year.

The Single Fund: How will resolution costs be covered?

After January 2016 there will be a Single Resolution Fund, funded from individual banks' contributions.[1] In eight years the fund will reach an overall capacity of €55bn, and this will be drawn on only after 8% of bail-in has been applied over the bank's liabilities. The Fund will be organised in national compartments, which will be fully merged by 2023. The compartments of the concerned (home and host) countries would first be tapped up to a percentage of their total capacity (decreasing over time). If this is not enough, then a portion of the whole fund (i.e. all compartments) would be used (40% in t=1, 60% in t=2, and then increasing linearly until reaching 100% in 2023). If still insufficient, the concerned compartments would be used again up to their full capacity. After this sequence has been applied, the Board can decide to activate loans between compartments or call for extraordinary contributions to the fund. Ultimately, the fund could borrow money from a private loan facility that will be put in place in due course. There will be no public guarantee or support in terms of collateral for the moment, so we assume that the Fund would be borrowing those funds by using the banks' future contributions as collateral.

Assessment of the agreement

Our assessment is positive, since ailing banks will be resolved in an orderly way over a weekend, with the same clear and predictable rules interpreted by a single authority, and the broad European requirements will prevail over narrow national interests, which is key to pricing risk equitably across countries, regardless of where the bank is located Still, the lack of public backstops remains a clear weakness for the project's credibility, so it would be highly advisable for the Eurogroup to adopt a final decision on the ESM direct recapitalisation tool by this May at the latest. Nevertheless, although banking union is a necessary condition it is not sufficient on its own to solve the fragmentation problem looming over Europe. There is a need for further progress on the fiscal, economic and political union in order to break the link between sovereigns and banks.

1: To be determined by the Council on the basis of riskiness and significance of each bank.

2. Liquidity regulation: state of the art

The regulatory debate on liquidity is coming to an end

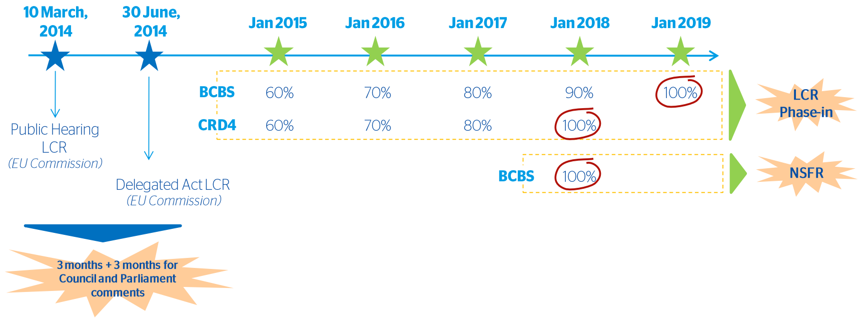
In the past few years, there has been extensive debate regarding the need to enhance the liquidity regulatory framework. The aim is to reinforce the resilience of the financial sector to face future liquidity crises. The recent financial crisis has shown how quickly liquidity can dry up, and also how long it can take to come back. In fact, during the crisis the banking system came under severe stress, forcing central banks to take action in support of both the functioning of the money markets and, in some cases, individual institutions.

To avoid future such situations, regulators have defined **two different liquidity ratios.** The first of these is the LCR (Liquidity Coverage Ratio) that obliges banks to keep a sufficient amount of liquid assets (HQLA or High Quality Liquid Assets) to face liquidity stress situations. The second is the NSFR (Net Stable Funding Ratio) which obliges financial institutions to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities.

The NSFR could be considered more as a **structural liquidity risk metric,** in contrast to the LCR which is based on an **extremely severe liquidity stress scenario.**

For the European financial system, both ratios are still under discussion but are considerably advanced. To be more precise, the European Commission will publish a Delegated Act by the end of June, when the final details of the ratio will be unveiled. After publication, the European Council and Parliament will have up to six months to present any objections. However, the ratio will come into force by **January 2015, with a phase-in period until 2018.** Regarding the NSFR, the Basel Committee opened a consultation period for the revised version published in January 2014 (the previous version was published in 2010). This ratio will be enforceable starting in **January 2018.**

Figure 1
LCR and NSFR time-line



Source: BBVA Research

In the second half of the year some doubts about the liquidity regulatory framework will be unveiled.

In general terms the proposed framework will reinforce the resilience of financial institutions to face a liquidity crisis. However, before the final design is released regulators should consider the need to **clarify some concepts and avoid unintended consequences.** First, regarding the definition of HQLA in the LCR ratio, they should take into account that the final definition will affect banks from two perspectives. On the one hand, banks will have to build a liquidity buffer that complies with these requirements, and that would affect the attractiveness of some assets. On the other hand, the regulatory framework could modify the funding strategy of financial entities. Both issues are especially relevant under the current economic scenario. Second, both ratios should be mutually complementary, meaning that the LCR is a ratio under stress and the NSFR operates under normal circumstances. In other words, the NSFR should not be understood as a one-year stress ratio. Finally, they should not inhibit the use of retail deposits as a funding source.

3. Revival of securitisation markets?

Regulation lags well behind declared political aims

Declared political aims on the need to support the recovery of securitisation, as it could be beneficial to fill the long term financial gap, have intensified lately, particularly at the European level, and are starting to recognize that regulation could have a role to play in supporting that recovery. The regulatory stance towards securitisation appears to be changing from a penalising one, preferential regulatory treatment for high quality securitisation. Agreeing on a consistent definition of high quality securitisations is the next challenge for regulatory standard setters.

At a global level, both the capital and liquidity Basel III rules are punitive

Just as policy makers are calling for the securitization markets to be revived, **proposed new capital rules could endanger this aim, hindering the creation of additional lending capacities by banks.** Even if the Basel Committee's second consultation on the new framework for bank capital requirements for securitization, issued on December 2013, reduced capital charges comparing to the first proposal, the regulatory bias for securitization comparing to alternative funding instruments remains and even gets amplified for high quality securitizations as a consequence, amongst other factors, of the increase in the mandatory risk weight floor (from 7% to 15%). This could possibly be due to the fact that the work on these proposals started when attitude to securitization were hostile, given the role of subprime US securitization in the outbreak of the financial crisis.

At the European level some incipient steps are being taken

1. EIOPA's report on Solvency II, issued on 19 Dec 2013, proposes a definition of high quality securitizations (Type A) and recommends lower capital requirements for investing in them, assigning a charge of 4.3% for Type A, comparing to 12.5% for the riskier ones. This attempt not to deter insurance companies' appetite for "good" securitizations is insufficient, as proposed capital charges are still too high, comparing with alternative investments of similar risk and with the actual loss experience on securitizations in Europe.

2. EBA's proposal does not make a distinction between high quality securitizations and the rest. Indeed regarding the Liquidity Coverage Ratio, EBA does not qualify ABS as Highly Quality Liquid Assets, except the RMBS. Furthermore, allowed RMBS deals are allocated in the lowest bucket for liquidity, being penalized with high haircuts.

3. The European Commission, in its communication of 27 March on Long-Term financing of the European Economy, has recognized the important role to play by high quality securitization as a key instrument to revive the funding to SMEs. Therefore, the Commission will work, as a first step, on the differentiation of high quality securitization products with a view to ensuring coherence across financial sectors and exploring a possible preferential regulatory treatment compatible with prudential principles. To set a definition of regulatory high quality securitizations, regulators could take advantage of already developed private quality labels, as is the case of the Prime Collateralised Securities initiative, launched in 2012, and of other standards as the Eurosystem eligible ABS. Commission's delegated acts, expected in the short term, in relation to Solvency II and LCR could be an opportunity to go further than EIOPA's and EBA's respective proposals, mentioned above, not to discourage investor's appetite.

4. The ECB is moving forward to promote the revival of EU securitisation markets. In the ECB-Bank of England joint paper released on 11 April (see Regulation Flash), ahead of G20/IMF Spring meetings, both central banks call for a revision of the ABS regulatory treatment and recommend to take the central bank eligibility criteria as a useful guide. A discussion paper on this issue will be released on May.

This is an important discussion which is still at an early stage. These political aims have to materialize as soon as possible in order to foster credit to SMEs, which cannot access easily capital markets.

4. US Stress Tests

Some lessons for Europe

For qualitative reasons (deficiencies in corporate governance and controls, risk-identification, risk-measurement and risk-management practices, among others) the Fed objected to the plans of four banks, and for quantitative reasons in the case of one bank.

Results of the 2014 Dodd Frank Act (DFA) Stress Test and CCAR

The DFA requires the Federal Reserve to perform an **annual stress test of large bank holding companies (30 entities** with >$50bn of consolidated assets) to evaluate whether they have sufficient capital to absorb losses from stressful financial and economic market conditions. These holding companies were also required to perform company-run stress tests under the supervisory scenarios.

In addition, and since 2011, the Fed **assesses the capital adequacy** of these 30 entities and the practices they use to manage their capital **under CCAR**. Each entity has to submit annual capital plans to the Fed, including detailed internal processes for assessing capital adequacy, the policies governing capital actions and all planned capital actions over a nine-quarter planning horizon. Through the CCAR, the Fed seeks to ensure that large holding companies have thorough and robust processes for managing their capital, and whether they have effective firm-wide risk identification, risk-measurement and risk-management practices. The CCAR also helps both the Fed and the entities to assess if capital increases or capital distribution decisions are prudent.

- **Results of the DFAST**: in the severely adverse scenario, the average Tier 1 common equity capital ratio[2] would fall from the actual 11.5% to 7.8% in 2015 (minimum of 5% is required). In the adverse scenario, Tier 1 capital would fall to a minimum of 9.7% over the planning horizon and to 10.8% at the end of the exercise. Only one entity – Zions Bancorporation – failed the stress test, with a post-stress Tier 1 capital of 3.6%.

- **Results of the CCAR**: the Fed objected to the capital plans of five entities. For qualitative reasons (e.g.: risk identification, corporate governance, etc.), it objected to the plans of four: Citigroup and the US subsidiaries of HSBC, RBS and Santander. For quantitative reasons it objected to the plan of Zions. These entities are required to resubmit their capital plans to the Fed. Until then they are not allowed to make capital distributions.

Table 1
Some assumptions of the Dodd-Frank Act stress test

	Adverse scenario	Severely adverse scenario
US GDP	1% fall 3Q2013-4Q2014 2% growth in 2015	4.75% fall 3Q2013-4Q2014 2% growth in 2015
Unemployment rate	Increases 2pp	Increases 4pp
Equity prices	36% fall	50% fall
House prices	10% fall	25% fall
Commercial real estate prices	20% fall	35% fall

Source: BBVA Research based on the Fed

Main takeaways for the ECB's comprehensive assessment

There are some lessons worth taking from the US exercise. First, stress tests in Europe should not be perceived as one-off, and both banks and the SSM should work with the view of making stress tests part of each organisation's priorities. Second, the US stress tests now focus on more qualitative issues. In Europe the current priority is to ensure a common level playing field with homogeneous criteria across all countries. This is very important for the credibility of the exercise. In the future the SSM can increasingly focus on qualitative issues. Third, it is important that the stress is rigorous but that it takes into consideration the point of the cycle for each economy. Fourth, the stress test should consider the different business models: retail versus investment banking. And finally, it is important that the process is transparent and that the results are fully explained to the market.

1:Calculated based on the capital rules in effect prior to the revised capital framework

5. Operational subsidiarisation

Operational subsidiarisation in practice under an MPE resolution strategy

Regulators are beginning to consider how shared services – such as IT and back office – are structured in case a bank fails, in order to facilitate resolution. In July 2013 the FSB noted: "*this entails the provision of critical shared services or functions out of adequately capitalised separate legal entities that are dedicated to service provision, or advance preparation for a carve-out in a crisis,*" which has been known as "effective operational subsidiarisation."

A key consideration for developing a successful resolution strategy is to identify and remove the potential barriers to the implementation of the preferred resolution strategy. A critical barrier for MPE banks is the minimum requirements for **operational continuity and structuring shared services.** In this sense, maintaining shared services in or for a particular entity, when the bank or another part of the group fails, should be **the main objective of the operational subsidiarisation**.

In practice, operational subsidiarisation establishes that the part of a bank's infrastructure that is vital to ensure ongoing operations of critical functions should be placed into a **separately capitalised and solvent company remote from the whole group**. This ensures that the critical functions provided by a self-sufficient and independent company are able to continue to operate in the event that a bank becomes non-viable. Therefore, when designing and establishing an operational subsidiarisation, the following elements will need to be considered:

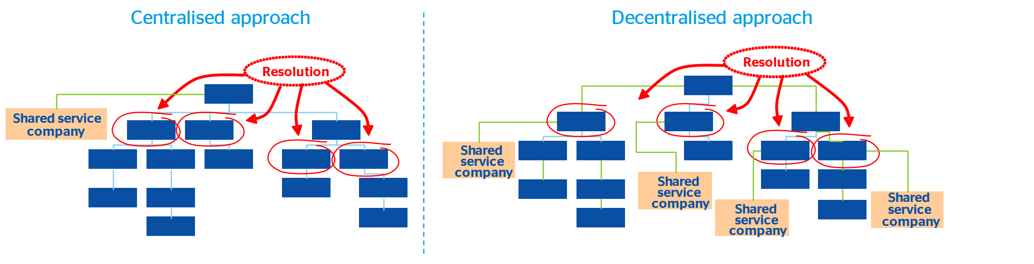
- Shared services should be provided from a separate legal company.
- The financial viability of the shared service company should be driven by the services provided and should be supported by a robust and audited transfer-pricing policy.
- The shared service company should be sufficiently funded ex-ante.
- Robust service level agreements (SLAs) between group entities are a requirement.
- IT service companies should be able to produce specific legal entity data.

Benefits of the operational subsidiarisation are significant, ranging from a more effective resolution – securing operational segregation – to a more efficient service – cost optimisation.

Operational subsidiarisation in MPE banks **may be structured in two ways**: i) a centralised approach based on either branches or subsidiaries, and ii) a decentralised approach.

Figure 2

Operational subsidiarisation structure approaches: centralised vs. decentralised



Source: BBVA Research

- When choosing between the two approaches, banks need to strike a pragmatic balance between the wishes of the regulators – decentralised – and the need to maintain an economically viable business model of shared services – centralised.
- The benefits of the centralised model, especially under a subsidiary structure, clearly outweigh its resolution threats, which could be resolved by robust SLAs and ex-post capital and funding agreements.

6. Leverage ratio

Focus on disclosure and calculation

In January 2014, the Basel Committee issued what is intended to be the global standard concerning the definition and disclosure requirements of the Leverage Ratio. Mandatory disclosure of the ratio will start in January 2015. Countries are now analysing how they will calculate the Leverage Ratio. In Europe, the European Commission will set its own final definition in the Delegated Act to be released by June 2014. The EBA has already recommended "full" alignment with the Basel standard. The US authorities have launched a consultation on the proposed method to calculate the leverage ratio, which "largely" adopts the Basel III standard.

Mandatory disclosure in 2015 will probably align with Basel III

- **The Basel Committee's** publication, early this year, of the definition of the Basel III Leverage Ratio represents an important step towards the harmonisation of all these ratios. It considers the way in which on-balance and off-balance exposures should be included in the exposure measure, largely ironing out the differences associated with diverging national accounting rules. The Basel III standard for the denominator of the Leverage Ratio is a final rule, but Basel will issue a Frequently Asked Questions document with further clarification on the interpretation of the definition, mainly to answer the industry's questions. Among those technical issues which need further clarification are, for instance, how to implement the condition of "same currency" to allow partial netting of cash variation margins in derivatives transactions. Taking into account that disclosure will start in January 2015, the Committee's response should not be unduly delayed, if it is to be of any help in promoting international consistency in disclosure.
- **The US is front-running the official interpretation of the Basel text** in some issues that could be relevant, mainly for banks with big positions in derivatives and securities financing transactions. The proposal for the US Leverage Ratio definition, issued on 8 April 2014 and under consultation until 13 June 2014 as far as calculation is concerned, "largely" adopts the Basel III standard for the measure of exposure. According to the US authorities, the overall estimated impact of this revision is moderately negative (a 5.5% aggregate increase in the leverage exposure compared to the previous definition).
- **Europe is also highly likely to adopt the Basel III standard regarding the calculation**. The European Commission has the right to amend CRR, by way of a delegated act, and it can modify the current Leverage Ratio definition before the start of public disclosure in 2015. Consequently, a final decision will be taken by the Commission in relation to the degree of alignment with the Basel III standard, presumably before 30 June 2014. To influence this decision, the EBA has, on its own initiative, issued a report recommending "full" alignment in the interests of international consistency, which considers that the revised Basel III framework provides a more accurate measure of leverage. The EBA estimates a low overall quantitative impact, although recognises that it could be higher for certain banks.

Mandatory minimum requirements (calibration) starting in 2018

There is additional open discussion on the level and calibration of the ratio. The Basel Committee only sets a minimum leverage ratio requirement of 3%, but final calibration, and any further adjustments, will be completed by 2017 with a view to migrating to Pillar 1 on 1 January 2018. While Europe has left open the level of the ratio and will adopt a final definition by 2017, the US authorities have already adopted a higher level than the global standard of the 3% minimum. On the one hand in Europe, by 31 October 2016 the EBA will report to the Commission on the appropriateness of introducing differentiated levels of Leverage Ratio for different business models. On the other, however, the US approved a final rule on 8 April 2014, requiring the 8 largest banks in the US (top-tier Bank Holding Companies with more than USD700bn in assets or more than USD10trn in assets under custody) **a 2% supplementary leverage capital buffer at the BHC consolidated level** (otherwise, limitations on distributions and discretionary bonus payments) on top of the minimum 3%.

Main regulatory actions around the world in 2014

	Recent issues	Upcoming issues
Global	**On 31 March the FSB reviewed working plans** for completing core financial reforms **On 31 March the Basel Committee** published a final standard on the treatment of **derivatives-related transactions** in its capital framework **On 07 April the Basel Committee** released the progress report on the implementation of **the Basel regulatory framework** **On 10 April the Basel Committee** presented the final standard for **capital requirements** for bank exposures to central counterparties **On 07 April FSB** published a framework for assessing **risk culture** and progress report on **enhanced supervision**	**On 15 November** Australia will host the **G20 Leaders Summit**
Europe	**On 04 April** the EC adopted **nine RTS** for the **CRD IV/CRR**	**During April** the EP is expected to vote on the **BRRD** and **SRM Regulation**
	On 11 March the EP voted the proposal for a Directive on Prevention of the use of the financial system for the purpose of **money laundering and financing terrorism**	**In April** the EP is expected to vote on the proposal for a Directive on **payment accounts**
	On 20 March the EP and the Council reached an **agreement on the SRM**	**During April** the EP is expected to vote on the proposal for a Regulation on markets in financial instruments and amending Regulation **[EMIR]** on **OTC derivatives, central counterparties and trade repositories**
	On 20 March the EP and the Council reached an agreement on the Directive on **payment accounts**	**In April** the EP is expected to vote on the proposal for a **MiFID** review
	On 27 March the EC presented a proposal for a directive on the activities and supervision of **institutions for occupational retirement** provision	**In April** the EP is expected to vote on the proposal for a Regulation on **PRIPs**
	On 03 April the EP voted on the EU **audit market reform**	**In April** the EP is expected to vote on the proposal for Regulation on **CSDs**
		In April the EP is expected to vote on the proposal for a Directive amending **UCITS**
		During April the Eurogroup will agree on the main features of the **direct bank recapitalisation ESM** tool and present **the IGA agreement on SRM**
		In November the ECB should supervise directly European credit institutions' SSM after publication of the **results of the comprehensive assessment** of the banking sector **(due October 2014)**
Mexico	**On 11 March, the Bank of Mexico** published new regulations on credit and **debit card clearing houses** (switches) **and** new rules regarding the **payments and cash-dispensing system networks**	The **Information Bureau of Financial Institutions**, that will consolidate relevant information for assessing the performance of financial institutions in terms of the quality of their services, is expected to **begin operations by June 2014** As part of the **Financial Reform decree, by May and July 2014, banks must include procedures for:** assessing capital levels at least once a year; entering a conditional management regime; entering a resolution or liquidation process and must establish corrective measures in case they do not comply with any regulation
Latam		**During the first half of 2014, Brazil**'s Supreme Court will deliberate on whether banks should **reimburse depositors for the losses** stemming from anti-**hyperinflation** policies adopted in the 1980's and 1990's. "The negative impact over the financial system and the economy is potentially huge."

Continued on next page

(Cont.)	Recent issues	Upcoming issues
USA	**On 20 March** Fed announced the **results of bank stress tests** of the largest banking institutions	**Fed's 2014 fee schedules** for payment services are expected to be approximately **1% higher than 2013**, and the agency expects to make a 2.3 percent profit
	On 08 April Agencies adopted the enhanced **supplementary Leverage Ratio final rule** and issued a supplementary Leverage Ratio notice of proposed rulemaking	An advisory committee created by the Dodd-Frank law has voted to recommend that the SEC adopt a rule imposing a **fiduciary duty on stockbrokers** who give advice to retail investors
		Fed officials are considering cutting **bank-reserve interest rates**
		The **updated CFPB** Agenda does not show signs that the Bureau will slow the pace of **regulatory reform**
		Fed will increase the number of banks undergoing **stress tests** from 18 to 30 in 2014
Turkey	BRSA has published a draft version of the new regulation on banking fees and commissions covering (1) credit cards, (2) consumer & mortgage loan and (3) deposit accounts	Potential inclusion of **commercial deposits** under the Saving Deposit Insurance Fund scheme coverage
		At the last **Central Bank's Monetary Policy** meeting, members evaluated the possibility of paying **interest for the portion of banks' reserve requirements** held in TL. CBRT has not been paying interests since late 2010 (5% at that time)
Asia	**On 11 March China** issued bank licenses to five **banks owned by private capital** in a pilot program, marking the opening the country's banking sector to private investors	The Financial Services Authority of **Indonesia** wants the government to allow **state-owned banks to cut their dividend** payments in order to strengthen their capital, in preparation for economic integration within the ASEAN Economic Community in 2015
	On 14 March China issued a temporary **ban on virtual credit** card services and mobile payments using barcodes due to security concerns	**Hong Kong** is reported to push for a **capital reserve requirement** of 3.5%
	On 31 March3 Hong Kong put pressure on banks to be more judicious in approving **syndicated loans for Chinese companies,** as Hong Kong banks' aggregate exposure to China has surged since last year.	
	On 01 April China issued policy guidance about the issuance of **preference shares**	
	On 08 April India decided to rationalise investment limits in **government securities** for all categories of foreign investors	

Source: BBVA Research

Abbreviations

AIFMD	Alternative Investment Fund Managers Directive	**FROB**	Spanish Fund for Orderly Bank Restructuring
AQR	Asset Quality Review	**FSAP**	Financial Sector Assessment Program
BCBS	Basel Committee on Banking Supervision	**FSB**	Financial Stability Board
BIS	Bank for International Settlements	**FTT**	Financial Transactions Tax
BoE	Bank of England	**IAIS**	International Association of Insurance Supervisors
BoS	Bank of Spain	**IASB**	International Accounting Standards Board
BRRD	Bank Recovery and Resolution Directive	**IHC**	Intermediate Holding Company
CCAR	Comprehensive Capital Analysis and Review	**IIF**	Institute of International Finance
CCP	Central Counterparty	**IMF**	International Monetary Fund
CET	Common Equity Tier	**IOSCO**	International Organization of Securities Commissions
CFTC	Commodity Futures Trading Commission	**ISDA**	International Swaps and Derivatives Association
AMC	Company for the Management of Assets proceeding from Restructuring of the Banking System (Bad bank)	**ITS**	Implementing Technical Standard
CNMV	Comisión Nacional de Mercados de Valores (Spanish Securities and Exchange Commission)	**Joint Forum**	International group bringing together IOSCO, BCBS and IAIS
COREPER	Committee of Permanent Representatives to the Council of the European Union	**LCR**	Liquidity Coverage Ratio
CPSS	Committee on Payment and Settlement Systems	**LEI**	Legal Entity Identifier
CRA	Credit Rating Agency	**MAD**	Market Abuse Directive
CRD IV	Capital Requirements Directive IV	**MiFID**	Markets in Financial Instruments Directive
CRR	Capital Requirements Regulation	**MiFIR**	Markets in Financial Instruments Regulation
CSD	Central Securities Depository	**MMFs**	Money Market Funds
DGSD	Deposit Guarantee Schemes Directive	**MoU**	Memorandum of Understanding
DFA	The Dodd-Frank Wall Street Reform and Consumer Protection Act	**MPE**	Multiple Point of Entry
EBA	European Bank Authority	**MS**	Member States
EC	European Commission	**NRAs**	National Resolution Authorities
ECB	European Central Bank	**NSAs**	National Supervision Authorities
ECOFIN	Economic and Financial Affairs Council	**NSFR**	Net Stable Funding Ratio
ECON	Economic and Monetary Affairs Committee of the European Parliament	**OJ**	Official Journal of the European Union
EFSF	European Financial Stability Facility	**OTC**	Over-The-Counter (Derivatives)
EIOPA	European Insurance and Occupational Pensions Authority	**PRA**	Prudential Regulation Authority
EMIR	European Market Infrastructure Regulation	**QIS**	Quantitative Impact Study
EP	European Parliament	**RRPs**	Recovery and Resolution Plans
ESA	European Supervisory Authority	**RTS**	Regulatory Technical Standards
ESFS	European System of Financial Supervisors	**SCAP**	Supervisory Capital Assessment Program
ESM	European Stability Mechanism	**SEC**	Securities and Exchange Commission
ESMA	European Securities and Markets Authority	**SIB (G-SIB, D-SIB)**	Global-Systemically Important Bank, Domestic-Systemically Important Bank
ESRB	European Systemic Risk Board	**SIFI (G-SIFI, D-SIFI)**	Global-Systemically Important Financial Institution, Domestic-Systemically Financial Institution
EU	European Union	**SII (G-SII, D-SII)**	Systemically Important Insurance
EZ	Eurozone	**SPE**	Single Point of Entry
FASB	Financial Accounting Standards Board	**SRB**	Single Resolution Board
FBO	Foreign Bank Organizations	**SREP**	Supervisory Review and Evaluation Process
FCA	Financial Conduct Authority	**SRF**	Single Resolution Fund
FDIC	Federal Deposit Insurance Corporation	**SRM**	Single Resolution Mechanism
Fed	Federal Reserve	**SSM**	Single Supervisory Mechanism
FPC	Financial Policy Committee	**UCITS**	Undertakings for Collective Investment in Transferable Securities Directive

RESEARCH

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