

Weekly Regulation Update

Financial Systems and Regulation

EUROPE

- **Eurogroup presents final direct recapitalisation proposal through the ESM**
It will be available after the AQR/Stress tests, and in order to use it the following **will be required**: (i) an 8% bail-in from the institution and (ii) payment of an annual contribution by the national resolution fund.
- **ECOFIN announces progress on the Financial Transactions Tax**
Decisions taken: (i) to reach a final agreement before the end of the year; (ii) which will in principle affect shares and some derivatives and (iii) gradual introduction from 2016 onwards.
- **ECB publishes the second quarterly SSM report**
Of particular interest: (i) nearly completed governance structures, (ii) operating framework for regulation approved and (iii) progress on Supervisory Manual, staffing and the AQR/Stress test.
- **EBA consults on equity solvency requirements**
The **technical standards under consultation** specify the criteria for exempting some exposures from internal rating-based treatment. Runs to: 7 July
- **EBA requests data on OTC derivatives**
It has begun this **data collection exercise** with a view to advising the Commission on possible amendments in capital consumption as a result of Credit Valuation Adjustment. Runs to: 07/31
- **Other publications from the European Supervisory Authorities (ESAs)**
(i) **EIOPA** has launched a stress test for the insurance sector, (ii) **EBA** has published a risk dashboard for the banking sector and (iii) **ESMA** proposes to ease certain EMIR requirements.
- **ESRB publishes a template for adopting macro-prudential measures**
Following CRR principles, **it covers**: (i) the notifying national authority, (ii) reasons for the stricter national measures and (iii) description of the instrument.
- **Council adopts the Banking Recovery & Resolution Directive (BRRD)**
This is the **final step** before it is published in the OJEU (see **final text**). The BRRD will come into force in 01/2015 apart from the bail-in instrument (01/2016).
- **EC approves a new report on smaller credit rating agencies**
It analyses the viability of setting up a **cooperative network** between these agencies, and proposes short- and medium-term steps for improving contact with them.

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UNITED KINGDOM

- **PRA introduces the CRD IV capital buffers**
After designating the authorities responsible for imposing the capital buffers, it has published: (i) [a policy statement](#) and (ii) [a statement on supervisory criteria](#).
- **PRA issues criteria for implementing Solvency II in 2016**
It has published [a supervisory criteria statement](#) on the calculation of technical provisions and the use of internal models to be used by insurance companies.

SWITZERLAND

- **FINMA passes new requirements for significant institutions (SIFIs)**
It sets out [minimum ratios for 2019](#) for (i) capital (19.2% for UBS and 16.7% for Credit Suisse) and (ii) for leveraging (4.6% for UBS and 4.0% for Credit Suisse).

UNITED STATES

- **Fed consults on a threshold ratio for concentrations between banks**
[It prohibits the concentration](#) if the institution's liabilities exceed 10% of the aggregate consolidated liabilities of all financial companies. Runs to:07/08.

GLOBAL

- **FSB announces the launch of phase 2 of the Data Gaps initiative**
It has the aim of [collecting granular data](#) about the assets and liabilities of Global Systemically Important Banks (G-SIBs) to assess interlinkages and concentration.

Recent publications of interest:

- **Regulation Flash:** *FTT: political agreement but uncertainty still remains*
- **Regulation Flash:** *ECB publishes SSM framework regulation*

Earlier editions of our [Weekly Regulation Update](#) in [Spanish](#) and in [English](#).