

REGULATION

Weekly Regulation Update

Financial Systems and Regulation Area

SPAIN

- Bank of Spain publishes its 2013 annual Banking Supervision Report

It analyses its supervisory activity over the year, with the purpose of keeping each institution's risk profile updated, taking corrective measures as required.

- ESM approves Spain's voluntary decision to make an early repayment

On 27 June the Spanish authorities made a voluntary request to make an early payment of EUR1.3bn to the financial assistance programme. The last payment is scheduled for 2027.

EUROPE

- Commission starts building the Single Resolution Board (SRB)

The Official Journal has published vacancy notices for the Chair, Vice-chair and two permanent member positions on the Board (I&II), of the Single Resolution Mechanism (Q&A).

- Council agrees on recapitalisation procedure after the AQR/stress test

In line with the statement about backstops agreed by ECOFIN last November, the procedure that will be carried out after the results are published is set out in more detail.

- Germany approves essential regulations for banking union

(i) Changes in national legislation for direct banking recapitalisation by ESM (I&II); (ii) Banking Recovery and Resolution Directive; (BRRD); and (iii) the intergovernmental agreement on the Single Resolution Fund. Parliamentary vote: November 2014.

- ECB issues opinion and publishes results for securities financing transactions (SFTs)

It has issued a favourable opinion on the proposed regulation for SFT reporting and transparency and proposes several amendments. It has published the results of the June survey on terms and conditions

in securities financing and OTC derivative markets.

- [European Parliament welcomes new Chairs of several committees](#)

Particularly significant is the designation of the new chair of the Committee on [Economic and Monetary Affairs](#) (ECON), R. Gualtieri, and that of V. Ford to Internal Market and [Consumer Protection](#).

- [EBA publishes three consultations on resolution](#)

(i) [Content](#) of resolution plans and criteria for resolvability assessment of a banking group; (ii) [measures](#) which the authority can impose on institutions to improve their resolution; and (iii) stress test [conditions](#) under which an institution might not be considered as entering into resolution in the event of shortfall, public support and/or bail-in. Respective closing dates: 9 October, 9 October and 9 August.

- [EBA consults and publishes on procedures, methodology and supervisory reporting](#)

[It is consulting](#) on a framework for common supervisory procedures and methodologies (SREP); runs to 7 October. [It publishes](#) a new taxonomy (XBRL) for remitting data to the supervisor as of 30 September.

- [EBA issues two opinions about macroprudential rules and virtual currencies](#)

(i) It analyses the effectiveness, efficiency, transparency, overlapping and improvements in macroprudential tools in the [CRR and CRDIV](#). (ii) [It proposes a potential regulatory regime](#) for virtual currencies, recommending that financial institutions should not buy, hold or sell them while no such regime is in place.

- [EBA issues several recommendations/standards on banking solvency](#)

(i) Risk transfer [in securitisation](#); (ii) regulatory technical standards for [modifying internal models](#); and (iii) [capital consumption](#) of Clearing Members exposures to clients.

- [ESMA publishes the open hearing on MiFID II and guides on accounting rules compliance](#)

(i) It posts the audio recordings of the two [MiFID II](#) open hearings on markets and investor protection; and (ii) it publishes accounting enforcement guidelines on [financial information](#).

UNITED KINGDOM

- [FPC consults on the leverage ratio](#)

It analyses a range of options on how to design it and its role in the capital framework, leaving its calibration for a later date. Due by 14 August.

- PRA and FCA publish review of barriers to entry

The report reviews the latest measures adopted to reduce barriers to entry for new financial institutions. The purpose is to increase competition for the benefit of customers.

- FCA reports on mortgages, customer fees, cash savings and the wholesale sector

It has published discussion papers on the legitimacy of (i) changes in mortgage contracts and (ii) client dealing commission (executing trades and external research). It calls for views to analyse the competition in (iii) its interim report into the cash savings market and the wholesale sector.

GLOBAL

- FSB announces a review of supervisory frameworks and systemically important banks

The report will be based on two questionnaires, one for national supervisory bodies and the other for systemically important banks (G-SIBs).

Recent publications of interest:

- Observatorio Regulación: *Completing the Spanish banking prudential framework (available in Spanish only)*
- Regulation Watch: *Operational subsidiarisation in practice under an MPE resolution strategy*

Back copies of our *Weekly Regulation Update* in Spanish and in English

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