

REGULATION

Weekly Regulation Update

Financial Systems and Regulation Area / Recovery and Resolution Policies Unit / Regulation and Public Policies Unit

SPAIN

- Congress of Deputies decides on fiscal reform in Spain

It approves two Draft Laws, one modifying the income tax law, the other on corporation tax. Both pieces of legislation reduce the fiscal burden. They are waiting to go through the Senate, entry into force in 01/2015.

EUROPE

- European Parliament (EP) evaluates the Commissioners-Delegate for the second time

They have voted in J. Hill (*Financial Stability, Financial Services and Capital Markets Union*) and P. Moscovici (*Economic and Financial Affairs, Taxation and Customs*). Next steps: EP vote tabled for 10/22.

- EBA consults on the provision of group financial support in the framework of BRRD

Criteria to evaluate for provision of capital/liquidity support within a financial group, from parent to subsidiary, subsidiary to parent, or subsidiary to subsidiary. The aim is to increase legal certainty. Open to 01/04.

- EBA on the quality of capital instruments issued by EU banks

It reports on Additional Tier 1 (AT1) instruments and includes recommendations for the revision of certain clauses, as well as guidelines on eligibility criteria in future issuances.

- EP publishes map of institutions that fall within the Single Supervisory Mechanism (SSM)

It shows breakdown by countries and banks' asset volumes as of 12/2013. Data are compared with the year before, and with the system as a whole.

- ECB publishes on securities financing and OTC derivatives markets (SESFOD)

The results of the survey indicate an improvement for Eurozone counterparties and for funding collateralised by euro-denominated securities.

- Council and EP on the Transatlantic Trade and Investment Partnership (TTIP)

Council has declassified the directives for the negotiation with the US which explain the nature and scope of the agreement, in order to increase transparency. Furthermore, EP reports on the positive effect for the EU and the US.

- EC publishes five Delegated Regulations

Three of them modify the Capital Requirements Regulation (CRR) on: i) leverage ratio; ii) liquidity coverage ratio (LCR), and iii) definition of overall exposure to a client or group of clients in underlying assets. The other two lay down: iv) annual contributions to cover the SRB's administrative costs, and v) identifying and categorising global systemically important institutions (G-SIIs). Next steps: publication in OJEU.

- ESMA publishes directives on remuneration policies and practices (MiFID)

It lists the relevant national authorities which comply or intend to comply with the 06/2013 directives.

UNITED KINGDOM

- BoE and PRA publish a document and three consultations on structural reforms

Proposal to ensure the orderly resolution of banks by ring-fencing activities and consultations on: i) legal structure; (ii) governance, and (iii) continuity of services during resolution. Open to 01/06/15. Ring-fencing plan to be sent to the supervisory authority by 12/31/14; ring-fencing to be effective by 01/01/19.

GLOBAL

- BCBS consults on corporate governance principles for banks

It proposes revising the 2010 principles, focusing on i) risk management; ii) roles of the board of directors; (iii) provision of guidance for supervisors in their evaluations, and iv) relevance of compensation systems. Open to 01/09/2015.

- BIS on the banking prudential framework for operational risk

It consults on capital requirements revised according to the standardised approach. Open to:

01/06/2015. It indicates the need for more rigorous implementation of the 2011 principles to achieve sound management of this risk.

- [BIS publishes its 7th report on status of Basel III take-up](#)

Process completed for capital ratios sensitive to risk in most jurisdictions and uneven progress in liquidity and leverage ratios, and also in buffers for systemically important institutions as of 09/30.

- [BIS publishes report on regulatory reform of OTC derivatives](#)

Institutions which clear directly with central counterparties (members) have incentives to clear centrally. It is difficult to reach a conclusion for the "indirect clearers" because of the differences between them.

Recent publications of interest (in English and Spanish):

- [Regulation Outlook: September 2014](#)
- [Regulation Flash: The ECB publishes the Guidelines to Banking Supervision](#)
- [Working paper: A banking union for Europe: making a virtue out of necessity](#)

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

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