

REGULATION

Weekly Regulation Update

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

SPAIN

- Treasury consults on reviewing the legal framework for covered bonds and mortgage bonds

It discusses the changes necessary to their design in order to meet European recommendations and maintain their preferential solvency treatment. Open to: 24 Nov.

- Bank of Spain publishes on European financial regulation in 3Q14

It emphasises resolution of credit institutions and investment services firms under the Single Resolution Mechanism (SRM) and the ECB's additional temporary measures for securitisation bonds.

EUROPE

- Parliament confirms the new Commission

Ratification during the 22 Oct plenary and designation by Council, after changes in portfolio distribution, in line with Parliamentary directives. Mandate to start: 01 Nov.

- Parliament requests an evaluation of the comprehensive assessment (CA)

It has published two reports on robustness, validity and importance of the CA, which include an asset quality review (AQR) and stress tests in cooperation with EBA.

- European Commission publishes rules on contributions to the Resolution Fund

It adopts a delegated regulation and a proposal for a Council's implementing act for calculating banks' contributions to their national resolution funds and the Single Resolution Fund.

- ECB consults on reporting of supervisory financial information

It opens the discussion regarding the information that institutions should be required to submit when the Single Supervisory Mechanism (SSM) becomes operative. Open to: 04 Dec.

- ECB publishes its decision on the implementation of the third covered bond purchase programme

It lists the scope of application, criteria for eligibility and eligible counterparties. It was adopted on 15 Oct.

- EC regulates the notification of significant net short positions in sovereign debt

It publishes final delegated regulation with the aim of providing legal certainty in calculating institutions' positions. Next step: publication in the OJEU.

- ECB and EBA step up their cooperation on payment system regulation

In order to ensure security in retail payments in the EU and eurozone. First step: EBA consultation on security of internet payments as applicable from Aug 2015. Open to: 14 Nov.

- EBA notifies breach of EU law to Bulgarian authorities

It has issued a formal recommendation to the Bulgarian National Bank (BNB) and the Deposit Insurance Fund (BDIF) and has indicated measures necessary to comply with Deposit Guarantee Schemes Directive (DGSD).

- ESRB extends deadlines to comply with its recommendations on funding of credit institutions

National supervisory authorities will send an interim report with their initial assessment of implementation of recommendations by 31 Dec 2015. Appendix.

- Parliament on the European Stability Mechanism (ESM)

The report covers: i) operations and organs of governance; ii) oversight and accountability; iii) capitalisation and funding, and iv) financial assistance instruments.

- Other ESA publications

(i) Updated list of financial conglomerates; ii) EIOPA guidelines on the use of the legal entity identifier (LEI) to ensure that all institutions obtain a code; and iii) EBA updates validation rules for implementing technical standards on reporting requirements.

- Publications in the Official Journal of the European Union

i) Updated list of Commissioners approved by Council (replacing the 09 Sep publication) and ii) ECB

decision to separate its monetary policy and supervision functions.

UNITED KINGDOM

- Bank of England explains strategy for winding down institutions

It sets out tool-kit and approach to achieving credible and effective resolution in three stages: stabilisation (bridging bank or *bail-in*); restructuring and exit from resolution according to BRRD.

- Government consults on including *peer-to-peer* loans in individual savings accounts (ISAs)

It proposes modifying the rules for ISAs so that they can include *peer-to-peer* loans. Runs to: 12 Dec.

UNITED STATES

- The Fed issues supervisory scenarios for capital planning and stress testing in 2015

They apply to 31 banking groups with USD50bn or more of total consolidated assets, which will be required to submit their plans by 5 Jan 2015.

- Federal agencies approve risk retention rule for securities

This imposes a minimum retention of 5% on the sponsor of asset-backed securities. Exceptions: residential mortgages, automotive loans and commercial loans meeting specific quality standards.

- Bureau of Consumer Financial Protection (CFPB) promotes information disclosure

It publishes a final rule requiring financial institutions to provide annual disclosure of their privacy policies to their customers. Effective after publication in Federal Register.

Recent publications of interest (in English and Spanish):

- Regulation Flash: *EU adopts a leverage ratio definition 'largely' aligned with Basel standards*
- Regulation Flash: *The European Commission publishes the final version of the LCR Delegated Act*
- Regulation Flash: *The ECB publishes the Guidelines to Banking Supervision*

Back issues of our *Weekly Regulation Update* in Spanish and English.

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