

## REGULATION

## Weekly Regulation Update

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

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## SPAIN

- New Company Law came into effect on 24 Dec

When the functions of chairman and CEO reside in one person, companies should appoint an independent coordinating board member. Published in the Government Gazette (BOE on 3 Dec).

## EUROPE

- ECB publishes its decision regarding the Ethics Committee and its procedural regulations

The objective is to reinforce: ECB corporate governance, the European Central Banking System, the Eurosystem and the Single Supervision Mechanism (SSM). In addition, it revises the ethics framework (into effect on 1 Jan) and provides new code of conduct for members of the Supervisory Committee.

- ESM announces internal changes after adoption of the bank recapitalisation instrument

The Banking Department which developed the recapitalisation instrument has become part of the Economics and Political Strategy Department of the European Stability Mechanism (ESM).

- EBA publishes final guidelines on reporting requirements for Solvency II Pillar 3.

These include criteria for application of the concepts of materiality and confidentiality when determining the information to be disclosed, as well as evaluating reporting frequency.

- EBA updates the list of top-quality capital instruments (CET1)

The list (first revision) of CET1 instruments that fulfil the criteria of banking solvency regulations as proposed by EU supervisors.

- EBA public consultation, technical regulations and directives on resolution

(i) Consultation on procedures and contents of the notifications under the recovery and resolution regime (open to 20 Mar). (ii) Technical regulations and guidelines regarding resolution plans to facilitate effective cooperation and joint decisions between resolution authorities.

- EBA publishes final guidelines on the Supervisory Review and Evaluation Process (SREP)

These mark a significant step forward in single supervision and provide a common framework for the supervisor. The guidelines will be a key component of EU's single rulebook. Into force in Jan 2016.

- EBA publishes opinions on securitisations and guaranteed bonds

(i) Favourable opinion on the 5% retention requirements of the present securitisation framework and recommendations to EC (includes detailed report). (ii) Opinion directed at the Danish Authority regarding application of the partial exemption for preferential treatment for solvency of guaranteed bonds.

- EBA publishes final draft technical standards on disclosure of the counter-cyclical buffer

Indicates what information entities should report. The objective is to increase regulatory harmonisation, geographical comparison and transparency.

- ESAs publish consultations on credit ratings and cross-selling

European Supervisory Authorities (ESAs) request views on: (i) alternatives to use of credit ratings by financial intermediaries (open to 27 Feb) and (ii) improvements to consumer protection regarding cross-selling practices (open to 22 Mar).

- ESMA publishes regulations for the application of MiFID II

Publishes its final technical advice and consults on the proposed technical regulations for implementation of MiFID II and MiFIR measures applicable from 3 Jan 2017 (open to 2 Mar). Also publishes a preliminary cost-benefit analysis on MiFID II proposals.

- ESMA consults on UCITS participations and on EEAP

(i) Participation categories in undertakings for collective investment in transferable securities (UCITS) (open to 27 Mar). (ii) Draft technical regulations on the European Electronic Access Point (EEAP) (open to 30 Mar).

- Other publications by European Supervisory Authorities (ESAs)

**ESAs:** (i) Final guidelines on consistent supervisory practices for financial conglomerates and (ii) draft

technical regulations on risk concentration and intra-group transactions. **ESMA**: (iii) final report on implementation of technical standards, specifying the principal indices and organised markets according to the Capital Requirements Regulation (CRR) and (iv) calculation of market shares of credit rating agencies in 2014. **EBA**: (v) sixth biannual report on risks and vulnerabilities of the banking sector; (vi) guidelines to strengthen requirements for the security of Internet payments and (vii) draft technical regulations for competent authorities to allow institutions to cover shorter periods for the IRB method.

- IAIS consults on global risk-adjusted capital for insurers

The objective of the International Association of Insurance Supervisors (IAIS) is to increase the comparability and correct measurement of the capital requirements (open to 16 Feb).

- OJEU publishes modification to the regulation regarding International Accounting Standards

This affects various international financial information regulations and one international accounting regulation.

## UNITED KINGDOM

- FCA launches two consultations on accountability and additional benchmark indices

(i) To strengthen accountability FCA proposes measures derived from previous consultation on implementation of regimes relating to senior management positions and certifications (open to 27 Feb).

(ii) Proposes the introduction of 7 new indices to be regulated from Apr 2015 (open to 30 Jan).

- PRA publishes statement on disclosure of encumbered and unencumbered assets

To comply with EBA's guidelines and the exemptions permitted for competent authorities.

## UNITED STATES

- FDIC publishes guidelines on periodical delivery of information relating to resolution plans

Federal Deposit Insurance Corporation (FDIC) indicates the procedure to be followed by large banks.

- Agencies publish consultation on the BCBS banking solvency framework

The review of the standard method for the Basel Committee on Banking Supervision (BCBS) credit risk will principally be applied to large international banking entities.

- [Agencies publish annual adjustments relating to the size of the institutions](#)

[Classifies](#) small and medium-sized banks and savings associations based on total assets. Effective from 1 Jan.

## GLOBAL

- [BCBS consults on significant modifications to the banking solvency framework](#)

(i) Review of the [standard method for credit risk](#) proposing alternatives to the use of credit ratings in the computation of capital requirements (open to 27 Mar). (ii) Floors for [capital consumption](#) (open to 27 Mar) and (iii) third consultation on capital framework for the [trading book](#) (open to 20 Feb).

- [FSB publishes on international standards for cooperation and exchange of information](#)

Updates information on jurisdictions evaluated and exhorts [all countries and jurisdictions](#) to join.

- [IFRS consults on initiative to publish cash flow statement](#)

International Financial Reporting Standards (IFRS) proposes an amendment to improve information and disclosure in financial statements (open to 17 Apr).

Recent publications of interest (in English and in Spanish)

- [Regulation Outlook: December 2014](#)
- [Regulation Watch: Compendium on Resolution Strategies: a multiple-point-of-entry view](#)
- [Regulation Flash: US Fed proposes methodology for higher capital requirements for systemic banks \(GSIB\)](#)
- [Regulation Watch: The European MREL: main characteristics and TLAC similarities and differences](#)
- [Regulation Watch: Total Loss-Absorbing Capacity \(TLAC\): making bail-in feasible and credible instead of bail-out](#)
- [Working Paper: Banking union for Europe: making a virtue out of necessity](#)

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

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