

## REGULATION

## Financial Regulation: Weekly Update. 6 March 2015

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

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## SPAIN

- Council of Ministers passes Royal Decree on Second Chance Mechanism

Designed for private individuals and to provide more protection for mortgagors. It aligns the interests of creditors and debtors in debt restructuring.

## EUROPE

- EBA announces the next stress tests for 2016

It announces that it will be running a transparency exercise in 2015 which will provide data on balance sheets and portfolios. EBA has communicated this decision to the EP, Council and EC.

- EBA publishes the seventh monitoring report on Basel III with data from June 2014

It has looked at convergence in the application of the requirements of CRD IV/CRR among European banks. Results show a 74% drop in capital shortfall from previous report.

- ECON approves a draft law to improve money market funds (MMFs)

The goal is to make them safer, more transparent and more resilient to financial crises. Next step: plenary vote expected in April.

- ECB takes note of the EU General Court's judgment on CCPs

On ECB's location policy for central counterparties (CCPs), the Court believes that ECB has no regulatory competence over clearing systems.

- EBA publishes instructions for benchmarking the internal approaches used for capital consumption

They include standards and procedures that banks and supervisors must follow in the annual exercises from 2015 onwards on credit and market risk. At EC's request, EBA has issued technical advice to make

it easier to compare the calculations made by EU institutions of RWAs (Risk Weighted Assets).

- EBA opens three consultations on solvency regulations

i) Preliminary proposals to improve the use by banks of internal models for calculating credit risk capital; ii) review of guidelines on sound remuneration policies, and iii) prudential requirements for central securities depositories. Open to: 5 May, 4 Jun and 27 Apr.

- EBA publishes new DPM and XBRL taxonomy for banking supervisors

They will be used by competent authorities for the first reports on additional liquidity monitoring metrics and supervisory benchmarking, as of 30 Jun 2015.

- ESMA publishes guidelines and technical standards

Guidelines: under consultation and final; technical standards: i) under consultation; ii) sent to EC, and iii) in force.

- Other ECB publications

i) Eurosystem oversight report (2014), ii) acceptance of Bank of Lithuania's macroprudential policy, and iii) report on virtual currency schemes.

- ECON publishes three reports

On Regulations for: i) European long-term investment funds (ELTIs) and ii) interchange fees for card-based payment transactions. iii) It also reports on competition in the EU: emphasising the need to improve control over the financial sector because of greater sector concentration.

## UNITED KINGDOM

- PRA consults on its engagement with external auditors and actuaries

It is regulating its disciplinary powers and announces that it will require auditors of UK-headquartered deposit-taking institutions to provide regular written reports. Open to: 27 May.

- Government to demand greater accountability from bankers from 7 Mar 2016

It will make sanctions for misconduct tougher, and will include a new criminal offence relating to

decisions which cause a financial institution to fail.

- [FCA publishes two calls for evidence on pensions system](#)

Proposals to improve reporting about transaction costs in [retirement pensions](#) and modifications to rules governing [transfers](#) to personal pensions. Open to: 4 May and 15 Apr.

## UNITED STATES

- [The Fed publishes results of the stress tests on 31 banks in US](#)

It [reveals](#) individual and aggregate results, differentiating between two adverse scenarios. It reports that all institutions pass the tests and have enough capital. Publication of CCAR (Comprehensive Capital Analysis and Review) results: 11 Mar.

- [The Fed extends comment period for capital surcharges on banking groups](#)

This applies to the largest, most systemically important banking groups. It establishes the [methodology](#) for identifying these institutions and the capital surcharges. Open to: 3 Apr.

## GLOBAL

- [BCBS publishes its seventh Basel III monitoring report with data from June 2014](#)

It [studies](#) the convergence towards the application of Basel III's regulatory requirements among banks globally, and concludes that the major internationally active banks comply with minimum capital requirements.

- [FSB and IOSCO launch a second consultation to identify NBNI G-SIFIs](#)

They propose revising the [methodologies](#) for systemically important financial institutions which are neither banks nor insurers (NBNI G-SIFIs). Open to: 29 May.

Recent publications of interest (in English and Spanish):

- [Regulation Outlook](#). *February 2015*
- [Regulation Watch](#): *TLAC QIS: the next milestone in designing the optimal loss-absorbing framework*
- [Regulation Flash](#): *First step towards a Capital Markets Union*
- [Press article](#): *The multiple-point-of-entry resolution strategy for global banks*

- [Press article: Europa hacia la Unión del Mercado de Capitales](#) (in Spanish only)
- [Banking Outlook. First quarter 2015](#) (in Spanish only)

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

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