

Financial Regulation: Weekly Update. 13 November 2015

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GLOBAL

- FSB publishes on the implementation and effects of the G20 financial reforms

[Implementation](#) is steady but uneven. [Highlights](#): greater resilience of the global financial system, finalisation of tools needed to end “Too Big to Fail” in banking sector, new risks and vulnerabilities, and a greater emphasis on the emerging economies.

- FSB publishes TLAC guidance and standards

Minimum Total Loss-Absorbing Capacity [requirement](#) for resolution of G-SIBs that minimises impacts on financial stability and avoids exposing public funds to loss.

- BCBS consults on TLAC deductions and publishes impact study results

i) [Proposes](#) deduction from regulatory capital of TLAC instrument holdings for G-SIBs and non G-SIBs. Deadline: 12 Feb. ii) [Quantifies](#) TLAC shortfalls and impact on the financial sector.

- BCBS on capital requirements for high-quality securitisations

[Consults](#) on preferential treatment with regard to simple, transparent and comparable (STC) securitisations. Deadline: 5 Feb.

- FSB publishes three reports on the transformation of shadow banking

i) Overview of transformation into a [resilient and market-based sector](#); ii) [monitoring report 2015](#), and iii) [regulatory framework](#) for haircuts on non-centrally cleared securities financing transactions. [Link](#) to press release.

- FSB on climate change, misconduct, compensation practices and correspondent banking

i) Proposes setting up an industry-led disclosure task force on [climate-related risks](#). ii) Publishes four reports on [measures to reduce misconduct risk](#); implementing principles for [sound compensation practices](#) and actions to assess and address the decline in [correspondent banking](#).

- ODGR reports to G20 on cross-border implementation regarding OTC derivatives

The OTC Derivatives Regulators Group (ODGR) [analyses](#) the use of other regulatory frameworks for CCPs

(deference), monitoring substituted compliance, equivalence assessments and cooperation on clearing obligation mandates.

- [IOSCO publishes final report on the custody of CIS assets](#)

To [clarify](#), modernise and further develop international guidance for the custody of these assets consistent with IOSCO's core objectives and principles of securities regulation.

- [ISDA relaunches resolution stay protocol](#)

[Relaunches](#) measures to void clauses in financing transactions contracts which hamper cross-border resolution. Signed by 21 global banks.

EUROPE

- [ECOFIN debates banking union, CMU and financing to slow down climate change](#)

i) Announces technical agreement on [bridge financing](#) for the SRF; ii) backs the action plan for the [capital markets union](#) (CMU), and iii) concludes on climate change. EC will publish proposal for a European Deposit [Insurance Scheme](#) (EDIS) on 24 Nov.

- [ESMA proposes postponing implementation for certain parts of MiFID II to the EC](#)

[Relating](#) to transparency and reporting of transactions and positions. Argues that certain reporting IT systems will not be ready in Jan 2017.

- [ESAs consult on PRIIPs key information for retail investors](#)

Towards better [understanding and comparison](#) of packaged retail and insurance-based investment products (PRIIPs). Deadline: 29 Jan.

- [EBA consults on stress tests of deposit guarantee schemes](#)

[Guidance](#) on methodology to verify that the scheme has sufficient funds to ensure cover for deposits in the event of failure. Deadline: 8 Feb.

- [EBA consults on draft Guidelines on the treatment of CVA risk under SREP](#)

The [guidelines](#) implement a policy recommendation of the CVA (credit value adjustment) report and provide a common European approach that would facilitate action by competent authorities.

- [EBA publishes two reports on banking remuneration policies](#)

i) On [actions](#) taken by authorities to comply with the EBA's recommendations, and ii) the use of a [ratio between variable and fixed remuneration](#) in excess of 100%.

- ECB consults regarding regulation of the exercise of options and discretions

[Covers](#) the exercise of options by authorities in relation to prudential requirements for credit institutions classified as significant. Deadline: 16 Dec.

- Other publications by ESAs

i) EBA [consults](#) on information exchanges between authorities regarding qualifying holdings (deadline: 10 Feb); ii) ESAs publish ITS on risk weights for [External Credit Assessment Institutions \(ECAIs\)](#) and iii) EIOPA reports on [Solvency II](#).

- ECB publishes opinion on the institutional framework for resolution in Belgium

A positive [opinion](#) regarding the draft law which seeks to amend Belgium's previous law on banking to adapt it to the BRRD, while it also suggests minor changes.

SPAIN

- Official Gazette publishes Royal Decree on Recovery and Resolution of Credit Institutions

[The regulation](#) marks the culmination of the adoption of Europe's BRRD and completes the transposition of the European Deposit Guarantee Schemes Directive.

- Bank of Spain notifies the ESRB of identification in 2014 of two G-SIBs

Identifies Santander and BBVA as Global Systemically Important Banks (G-SIBs). [Indicates](#) that BBVA's designation was on account of the supervisory opinion of the Bank of Spain.

UNITED KINGDOM

- FCA consults on Market Abuse Regulation and regulatory fees

i) Proposals for necessary changes to the handbook required to [implement](#) the Regulations (deadline: 4 Feb), and ii) consults on policy proposals for [raising fees and levies](#) for 2016/2017 and creating a free-standing fees handbook, separate from the PRA handbook (deadline: 8 Jan).

- Bank of England publishes revised arrangements for its SONIA benchmark

[Regarding](#) sterling money market data collection to calculate SONIA (Sterling Overnight Index Average). Will consult on this again in 2016.

- [PRA on using internal models for prudential ends](#)

[Update](#) of the supervisory statement to adapt it to the decisions and technical standards issued by the EC (for example, third country equivalence).

- [FCA issues policy statement and final rules to implement the Transparency Directive](#)

Of particular interest to [consumers](#) investing or dealing in listed securities or securities admitted to trading on a regulated market or prescribed market. Effective: 26 Nov.

Recent publications of interest (in English and Spanish)

- [Regulation Flash](#). First FSB report on the effects of the G20 global reforms
- [Regulation Watch](#). Final TLAC rules in line with the expectations
- [Regulation Watch](#). U.S. TLAC rules are tougher than the final FSB requirements
- [Regulation Flash](#). 2015 G-SIBs list: Three main changes versus 2014 list
- [Financial Regulation Outlook](#). November 2015

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

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