

Financial Regulation: Weekly Update. 27 November 2015

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GLOBAL

- CPMI and IOSCO consult on cyber resilience for market infrastructures

[Proposes](#) significant changes to improve security, response times and international coordination of financial markets in potential attacks. Deadline: 23 Feb.

- CPMI reports on digital currencies and recommends central bank monitoring

[Says](#) that: i) main risks that are relevant for e-money also apply to digital currencies, and ii) distributed ledger technology may have implications for market infrastructures.

EUROPE

- EC publishes legislative proposal for the European Deposit Insurance Scheme (EDIS)

In three [phases](#): i) reinsurance in 2017-20, ii) progressive mutualisation by means of a co-insurance scheme to 2024 and iii) full mutualisation in 2024 with common EDIS. Also publishes [communication](#) featuring other measures to reduce risk in the banking union.

- EBA publishes results of the 2015 transparency exercise

[Points to](#) improvement in capitalisation levels but concern over non-performing loans. Furnishes [information](#) at institutional level on capital, exposures and asset quality.

- ECB publishes November Financial Stability Review

Includes [study](#) of the impact of the leverage ratio on risk-taking and bank stability, and another [study](#) on systemic risk and contagion.

- Council and EP reach agreement on financial benchmarks

[Rules](#) intended to limit manipulation of benchmarks via proper supervision of providers. Next step: plenary EP vote.

- ECB gives opinion on draft law in Luxembourg on implementing BRRD

[Views](#) improvements positively that were brought in for resolution. Recommends changing privileges still

enjoyed by several institutions in the ranking of creditors.

- [AFMA and ESRB report on macro-prudential measures](#)

AFMA (Austrian Financial Market Authority) [will set](#) a systemic risk buffer of 2% from 1 Jan 2016 for 4 institutions and one of 1% for 8 others, with a phase-in up to 2019. ESRB [summarises](#) EU/EEA measures of which it has been notified to 26 Nov, and includes an itemisation on the announcement and implementation of the counter-cyclical capital buffer.

- [EIOPA requests evidence on the treatment of infrastructure corporates](#)

The [consultation](#) describes evidence of which the EIOPA is aware and calls for information on the nature of infrastructure corporates and their risk profiles. Deadline: 10 Dec.

- [ESMA will not exempt the collateralisation of bank guarantees for energy derivatives](#)

It will not extend the [grace period](#) of 3 years which ends on 15 Mar 2016 for the non-financial firms in energy derivatives cleared by European central counterparties (CCPs) under EMIR.

- [EC acts to ensure the transposition of legislation on credit rating and Solvency II](#)

i) [Refers](#) Luxembourg to the Court of Justice of the EU for failing to transpose the credit ratings Directive, and ii) [urges](#) Bulgaria, Greece, Luxembourg, Slovenia and Sweden to complete the transposition of Solvency II within 2 months.

SPAIN

- [CNMV consults on circular proposals regarding corporate governance and significant holdings](#)

i) [Modification](#) of standard formats for annual reporting on corporate governance and director compensation that applies to listed companies and other issuers, and ii) [approval](#) of notification forms for significant holdings, directors and managers and their close ties, as well as issuer transactions concerning own shares. Deadline: 9 Dec.

- [Government approves Royal Decree to complete transposition of Solvency II Directive](#)

Includes [new aspects](#) regarding the solvency regime, the system of management, honourable behaviour, oversight of groups, consumer protection and measures in the event of financial impairment.

UNITED KINGDOM

- [FCA consults on the disclosure of inside information](#)

Affects [issuers](#) with securities admitted to trading to regulated markets. To ensure that investors are properly informed enough to take investment decisions. Deadline: 20 Feb.

- PRA grants exemption to article 55 of the BRRD

[Delays](#) the obligation of contractual bail-in recognition with third countries to Jun 2016. BRRD establishes a deadline for application of 1 Jan.

- FCA issues two calls for inputs and a consultation

With regard to: i) the effects of [big data](#) on the retail insurance sector (deadline: 8 Jan), ii) the use of [new technologies](#) that facilitate the delivery of regulatory requirements (no stipulated deadline) and iii) [payment protection insurance](#) complaints (deadline: 26 Feb).

- PRA publishes one consultation and three statements on Solvency II

Consults on: [public disclosure](#) (deadline: 19 Feb) and informs regarding: i) [capital assessments](#) for non-Solvency II insurance companies, ii) [valuation risk](#) and iii) [implementation](#) of senior insurance managers regime.

UNITED STATES

- Fed approves modification of its capital plan and stress-testing rules

[Modifies](#) timing for several regulatory requirements that have yet to be integrated into capital plan and stress-testing framework (effective: 2016). Announces possible changes in 2017.

- Fed proposes greater transparency of liquidity profile of entities and improved supervision

[Proposes](#) disclosure by large institutions of several measures that relate to their Liquidity Coverage Ratio (LCR) and high-quality liquid assets (HQLA). [Announces](#) minimum standards for improving the oversight of such institutions.

- CFTC unanimously approves proposed rule on automated trading

Intended to [enhance](#) risk controls and transparency measures. Published: 20 Nov. Deadline for comments: 90 days after publication.

- Treasury announces intention to negotiate agreement with EU on insurance and reinsurance

Seeks [recognition](#) by the EU of certain prudential measures to ensure a more level playing field for US firms.

Recent publications of interest (in English and Spanish)

- [Regulation Flash](#) Proposal for a European Deposit Insurance Scheme
- [Regulation Watch](#) Fed confirms methodology to set higher capital requirements for G-SIBs
- [Press article](#) G20 Antalya: Just another summit meeting?
- [Press article](#). TLAC: All creditors contribute?
- [Presentation](#). Global trends in banking regulation
- [Regulation Flash](#). First FSB report on the effects of the G20 global reforms
- [Financial Regulation Outlook](#). November 2015

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

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