

Financial Regulation: Weekly Update. 24 December 2015

Georgi Ivanov / Lucía Pacheco / Pilar Soler

GLOBAL

- [BIS issues guidance on credit risk and accounting for expected credit losses](#)

Contains 11 [principles](#) and sets out supervisory expectations relating to credit risk practices associated with applying an expected credit loss (ECL) accounting framework.

- [BCBS consults on applying supervision principles relevant to financial inclusion](#)

Guidance on applying 19 of the 29 core principles for effective banking supervision for institutions engaged in [financial inclusion](#). Deadline: 31 Mar.

- [IOSCO publishes statement and responses to survey on crowdfunding](#)

Regulators and policy makers must strike a [balance](#) between supporting economic growth and investor protection ([link](#) to full report).

- [IOSCO on sound supervisory practices](#)

Presents twelve [recommendations](#) for supervising market intermediaries and two reports on [standards](#) and sound practices for business continuity plans for trading venues.

EUROPE

- [EBA consults on stress testing](#)

[Seeks](#) improvements by drawing on lessons from previous exercises and promotes convergence of the use of stress testing in the context of the SREP. Deadline: 18 Mar.

- [EC publishes two delegated regulations on the Single Resolution Fund \(SRF\)](#)

Rules on partial or total [deferral](#) of ex-ante and ex-post contributions to the SRF and [criteria](#) for the investment strategy and rules for administration of the SRF.

- [EBA publishes on remuneration](#)

i) [Final guidelines](#) on sound remuneration policies and opinion on the application of proportionality, and ii) consultation on [guidelines](#) on remuneration requirements for sales staff. Deadline: 22 Mar.

- EBA publishes opinion on Maximum Distributable Amount (MDA)

Clarifies that the [MDA](#) should be calculated taking into account both Pillar 1 and Pillar 2 capital requirements, as well as the combined buffer requirement. Asks the EC for a review of article 141 of CRD IV for the sake of greater clarity.

- ESMA on cross-selling, knowledge and competence, and proxy advisors

Guidelines on [cross-selling practices](#) and [knowledge and competence](#) for giving advice under MiFID II. Best practices principles for giving advice regarding the exercise of voting rights ([proxy advisors](#)).

- EBA reports on banking sector risks and synthetic securitisation for SMEs

i) [Banks](#) continue to strengthen their capital position and to improve asset quality, but the level of exposure to non-profitable assets remains high. ii) Advises the EC to bring in [eligibility criteria](#) that take into account the specificities of synthetic securitisation.

- EBA updates information on benchmarking portfolios

[Postpones](#) the application date of draft Implementing Technical Standards pending approval by the EC and subsequent publication in the EU Official Journal.

- Council approves agreement with EP on cybersecurity directive

Enhances [network and information security \(NIS\)](#) and establishes obligations for digital service providers and operators. Ratification by the EP expected in 2Q16.

- ESRB receives notifications from two central banks on identifying systemically important institutions

[Czech central bank](#) recognises seven other systemically important institutions (O-SIIs) and [the central bank of the Netherlands](#) one global systemically important institution (G-SII).

- EIOPA consults on improving communication with pension scheme members

[Highlights](#), among other aspects: receiving regular information, communication of changes and information on options when people change job. Deadline: 22 Mar.

SPAIN

- The ICO adopts corporate governance improvements in a reform of its articles

They highlight the introduction of [objective criteria](#) in appointing independent board members, limitation of their term in office and double-weight voting in decisions on financing business.

UNITED KINGDOM

- [PRA consults on Pillar II](#)

Contains proposed [changes](#) regarding reporting data items and instructions to provide greater clarity to aid completion of Pillar 2 data items. Deadline: 1 Jan.

UNITED STATES

- [Fed consults on the framework for implementation of the Countercyclical Capital Buffer \(CCB\)](#)

Confirms that the CCB will remain at 0%. The [consultation](#) seeks to provide greater orientation on the CCB, for which phasing-in is set to start in 2016. Deadline: 19 Feb.

- [Fed issues guidance on supervisory assessment of capital planning](#)

Aims to [tailor](#) the previously published Fed expectations to the largest and most complex banks including CCAR and related supervisory reviews.

- [Banking regulators launch a consultation and update the definition of small institutions](#)

i) Consultation on [reducing the regulatory burden](#) in relation to rules of procedure, safety and soundness, and securities (deadline: 90 days after publication). ii) Adjusts [asset-size threshold](#) for identifying small institutions (less than USD1.216bn). Applies from 1 Jan.

The next weekly update will be published on January 8

Recent publications of interest (in English and Spanish)

- [Financial Regulation Outlook](#). December 2015
- [Regulation Flash](#). Single Resolution Fund on schedule
- [Press article](#). A European Guarantee Fund Deposits
- [Digital Economy Outlook](#). December 2015
- [Banking Outlook](#). December 2015

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

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