

Financial Regulation: Weekly Update. 26 February 2016

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GLOBAL

- IOSCO board meeting on challenges in stock markets

The board underlines its [role](#) as a key reference for securities regulation. Emerging risks and market development were also discussed.

- FSB consulted on reusing non-cash collateral

To [assess](#) global trends and analyse the risks to financial stability attributable to increased interconnectivity and leverage. Deadline: 22 Apr.

- ISDA on mutual recognition of US and EU trading platforms

It has published [principles](#) for achieving comparability, stressing that regulators should focus on the broad outcomes and similarities, rather than a rule-by-rule analysis.

EUROPE

- EBA has published methodology and scenarios for its next stress-test exercise

It does not define a single threshold for [capital](#) ratio. The result will be transferred to the 2016 SREP, where capital decisions will be taken. Results are expected in 3Q2016.

- SRB requests banks to provide data to draw up resolution plans and determine MREL

[It has published](#) data templates for calculating MREL at consolidated level. Banks can submit questions to the NRAs until Apr 5th. Final guidelines will be published on Apr 30.

- Conclusions of the European Council, 18 and 19 February

[Issues](#) addressed: i) refugee crisis, ii) EU-UK agreement. The agreement complies with UK demands, while recognizing the need for further European integration.

- ECB has published a brochure on SREP methodology

Main [achievements](#): i) apply the same methodology and the same decision-making process to all entities, ii)

high supervisory standards, ii) thorough review of risks.

- [EBA has updated its risk dashboard for the EU banking sector](#)

It indicates further [improvement](#) in the capital position of banks to 3T2015 (+ 20pbs vs 2T2015), the quality of assets and the delinquency ratio.

- [ECB consultation on institutional protection schemes](#)

Supervisory [criteria](#) for recognising these schemes, that are present in Germany, Austria and Spain, and defining their treatment in the solvency regulations. Deadline: 15 Apr.

- [ECB gives its opinion on the French proposal to modify its hierarchy of creditors](#)

[Considers that](#) this new type of senior debt increases legal certainty about its ability to absorb losses. But, these instruments are not eligible as collateral in Eurosystem operations.

- [EBA has published a notice on resolution of four Italian banks](#)

[The EBA has published](#) the statement sent by the Bank of Italy detailing the resolution measures taken in Nov 2015 for four small banks in Italy.

- [Joint Declaration EU-US on agreement on insurance and reinsurance measures](#)

In [order](#) to improve their regulatory and supervisory treatment. Content: i) group supervision, ii) exchange of confidential information and iii) reinsurance supervision.

- [ECB has published guidance on protection of confidential information](#)

To extend the existing [rules](#) on compiling statistical information to the information requested by the ECB in its supervisory functions.

- [ECB publishes new supervisory framework for Retail Payments System \(RPS\)](#)

[It defines](#) a more comprehensive framework replacing the 2003 one. Identifies RPS categories according to their characteristics and specifies supervisory standards for each.

- [Publications in the OJEU](#)

i) Council [Decision](#) on resolution procedures for credit institutions and ii) the Commission Implementing Decision on [regulatory equivalence](#) of third countries for prudential purposes.

SPAIN

- CNMV has published its Plan of Activities for 2016

It defines 4 [strategic lines](#): i) proactive behaviour, ii) supervisory convergence, iii) improving market functioning and iv) promotion of interaction with industry and investors.

UNITED KINGDOM

- FCA consultation to ensure security in regulated credit agreements

Affects agreements with [guarantee and/or indemnity](#). Not binding, but will be taken into account to assess whether actions have been in accordance with the law. Deadline: 18 Mar

- FCA publishes report assessing the suitability of financial products and services (MiFID II)

Generally, entities achieve [positive results](#) for their clients when they carry out research and due diligence.

- National Audit Office has published a report on mis-selling

[It analyses](#) existing rules and redress. It expresses the need to improve incentives and recognizes the impossibility of eradicating these sales altogether.

UNITED STATES

- Federal Banking Agencies increase number of small banks and savings associations

The number eligible for an 18-month examination cycle (rather than 12) has been increased. [Aim](#) is to maintain safety and reliability while reducing compliance costs for smaller institutions.

Recent publications of interest (in English and Spanish)

- [Working document](#). The business model of Spanish banks in Latin America
- [Digital Economy Outlook](#). February 2016
- [Regulation Watch](#). UK proposal on MREL: alignment with TLAC
- [Press Article](#). Sovereign debt: risk-free asset?
- [Financial Regulation Outlook](#). February 2016

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

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