

## Financial Regulation: Weekly Update. 13 March 2015

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### SPAIN

- Congress passes Royal Decree on the Second Chance Mechanism

It sets out the conditions for in-lieu payments for certain creditors, after they have tried to reach an out-of-court agreement and to settle the debtor's assets, or to put in place a five-year payment plan.

### EUROPE

- ESRB reports on regulatory treatment of sovereign exposures

European Systemic Risk Board (ESRB) analyses the current treatment of these exposures for banks and insurers, proposing to put up for discussion possible modifications.

- EBA publishes its final technical advice on resolution procedures

It defines the criteria for identifying critical functions, core business lines and liabilities that can be excluded from application of the bail-in tool.

- EBA publishes two consultation documents on resolution

Covering: i) information required ex-ante on financial contracts, and ii) criteria applicable when developing a business reorganisation plan. Open to: 6 and 9 June.

- ESAs consult on external credit assessment institutions (ECAIs)

They propose draft implementing standards on assignation of credit quality steps to rating categories of ECAIs in the framework of Solvency II. Open to: 10 Apr.

- Council sets out its position on European Fund for Strategic Investments (EFSI)

This is a central plank of the Juncker Investment Plan for EU. With its agreed stance, Council will begin negotiations with EP, aiming to reach an agreement by June 2015.

- EP adopts the rules on ELTIFs and card-based transactions

On: i) European long-term investment funds (ELTIFs), essential for the Investment Plan and Capital Markets Union; and ii) interchange fees on card-based payments. Council approval expected before summer 2015.

- Jonathan Hill (CE) replies to ECON about Solvency II and insurers' standards

The letters allude to the delegated act on Solvency II, in reference to capital requirements for infrastructure investments and EIOPA's resources; and to international capital standards for insurers.

- ESMA analyses trends, risks and vulnerabilities in EU markets

During 2H14, market conditions remained tense, with asset prices stable over time, while capital issuances for corporate funding continued to increase.

- Other relevant ESMA publications

i) Revised opinion of standards for the clearing of interest rate swaps(IRS); ii) replies to consultation on MiFID/MiFIR broken down by institution, and iii) memoranda of understanding with Reserve Bank of Australia (RBA) and Monetary Authority of Singapore (MAS).

## UNITED KINGDOM

- BoE on the supervision of financial market infrastructures (FMIs)

It publishes its annual reportand, together with FCA, reviews its memorandum of understanding.

- FCA explains the new benchmark indexes

After a public consultation, it has set out the framework for regulating and supervising seven additional benchmarks.

- FCA analyses structured products, together with arrears and forbearance

i) It finds that consumers have difficulties in understanding the features of structured productsand tend to overestimate their potential returns. ii) Although the situation is improving, many lenders are still conducting unacceptable practices consumers who are struggling to pay.

## UNITED STATES

- Fed publishes results of the Comprehensive Capital Analysis and Review (CCAR)

It has published 31 institutions' results, objecting to capital plans of two of these on qualitative grounds. It points to improvements in capital positions since previous test.

## GLOBAL

- CPMI and IOSCO start to review CCP stress testing

The Committee on Payments and Market Infrastructures (CPMI) and IOSCO will determine the resources needed by central counterparties (CCPs) to manage both credit and liquidity risk.

- [IASB publishes IFRS taxonomy for 2015](#)

International Accounting Standards Board (IASB) has transferred the IFRS standards to XBRL (*eXtensible Business Reporting Language*).

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
- [Banking Outlook](#). First quarter 2015 (in Spanish only)

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