

Financial Regulation: Weekly Update. 17 July 2015

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SPAIN

- Bank of Spain on solvency standards for credit institutions

Draft Circular on supervision and solvency, which completes the adaptation of Spanish laws to the EU solvency framework. Deadline: 27 July.

EUROPE

- Eurogroup statement on Greece

Welcomes the adoption by the Greek Parliament of all the commitments specified in the Euro Summit statement of 12 July and calls on the Greek authorities to swiftly adopt the second set of measures.

- ECB publishes second booklet on the legal framework for banking supervision

Contains the key legal acts for banking supervision adopted by the ECB and other EU institutions.

- Commission consults on the impact of the CRR and CRD IV capital requirements on financing

To gain a better understanding of how they affect infrastructure, long-term growth, corporate borrowers and SMEs. Will organise a public consultation this year and publish a final report in 2016. Deadline: 7 Oct.

- EBA updates on upcoming 2015 transparency exercise

Publishes a list of banks and draft templates for the 2015 transparency exercise. Additionally, publishes key features and a tentative calendar of the 2016 EU-wide stress test.

- EBA publishes final Guidelines on product oversight and governance (POG)

Affects manufacturers and distributors when designing retail banking products. Intended to improve consumer protection. Effective: 3 Jan 2017.

- EBA proposes corrections to technical standards regarding bank solvency

i) Criteria to identify categories of staff whose professional activities have a material impact, and ii) capital used in the treatment of non-delta risk of options in the standardised market risk approach.

- ESRB response to the ESMA on the clearing obligation for other OTC interest rate derivatives

Insists on the benefits of central clearing for OTC derivatives. EC approval expected on 1 Oct 2015 and effective date in mid-2016.

- [ESMA on credit rating agencies and banning short-selling](#)

i) Registration of the agency means that its credit ratings can be used for regulatory purposes. ii) Further renews the short-selling ban by the Hellenic Capital Market Commission (HMCM) imposed on 6 Jul.

- [EIOPA on Solvency II](#)

Issues note to request high-quality public information, and highlights the relevant use of external audit services in relation to these public disclosures.

UNITED KINGDOM

- [FCA consults on ring-fencing](#)

Issues draft guidelines on the information which a non-ring-fenced body must disclose. Affects banking groups that will be required to ring-fence their core activities. Deadline: 13 Nov.

- [FCA publishes on advice and distribution in mortgage lending](#)

Says that advice is acceptable, but there is scope for improvement and this is important for consumers. Stresses the importance to consumers of monthly payments.

- [FCA on competition, market studies and market investigation references](#)

FCA publishes guidelines on market studies to assess the level of competition regarding markets and entities. Also publishes criteria for pressing ahead with enforcement investigations.

- [PRA on the leverage ratio \(LR\)](#)

Consults on implementing the LR and its key components: scope of application, minimum leverage ratio requirement and reporting requirements. Implementation expected: 1 Jan 2016.

- [PRA strengthens individual accountability in banking](#)

Defines minimum independent accountability for senior managers and members of credit unions.

- [HM Revenue & Customs proposes adjustments to the system in 2015](#)

Proposes: i) denial of relief for compensation payments relating to errors and misconduct issues, and that ii) all carried interest should be part of the tax base.

GLOBAL

- [BCBS on identifying and dealing with weak banks and regarding supervisory colleges](#)

i) Publishes practical guidelines for: identification, corrective action, resolution tools and exit strategies, and ii) update of principles for effective supervisory colleges (the function of the colleges needs to be implemented for crisis management).

- [IOSCO on SME financing and financial infrastructures](#)

i) Recommendations for facilitating capital raising by SMEs and ii) IOSCO/CPMI announce first assessment of implementation of the principles for financial market infrastructures.

- [ISDA publishes recommendations on OTC derivatives trading standards](#)

The International Swaps and Derivatives Association (ISDA) publishes recommendations on Financial products Mark-up Language (FpML) for derivatives trading and a counterparties classification letter.

Recent publications of interest (in English and Spanish)

- [Financial Regulation Outlook](#) June 2015
- [Digital Economy Outlook](#). June 2015
- [Regulation Watch](#): EU loss-absorbing capacity requirement
- [Regulation Watch](#): 5 Presidents Report: a milestone for enhancing euro governance
- [Situación Banca](#). Segundo Trimestre 2015

Previous Weekly Regulation Updates in [Spanish](#) and in [English](#).

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