

## REGULATION

## Weekly Regulation Update

Financial Systems and Regulation Area / Recovery and Resolution Policies Unit / Regulation and Public Policies Unit

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## SPAIN

- Transposition process of the European resolution directive (BRRD) into national law begins

On 1 Dec, the Ministry for the Economy made available for a public hearing the draft of the Restructuring and resolution law for credit institutions and investment services companies. Open to: 12 Dec.

- Corporation law published in Official State Bulletin

New law modifying the existing regulations in order to improve corporate governance. It was passed by the government in May 2014 and will come into force on 24 Dec.

## EUROPE

- Donald Tusk takes office as Council President

His mandate began on 1 Dec and has an initial term of two and a half years. Key priorities: to complete a genuine Economic and Monetary Union and to strengthen relationships with the US.

- EC designates candidates for top jobs in the Single Resolution Board

Proposed: Chair: E. König (DE), Vice Chair: T. Löyttyniemi (FIN), Strategy and Coordination Director: M. Grande (IT) and Resolution Planning directors: A. Carrascosa (ES), J. Kellermann (NL) and D. Laboureix (FR). The proposal needs Parliament and Council approval.

- ESMA consults on AIFMD asset segregation requirements

It proposes guidelines in the case of delegation of safe-keeping duties by an appointed depositary for consistent application of the Alternative Investment Fund Managers Directive (AIFMD). Open to: 30 Jan.

- EIOPA publishes several consultation documents

i) Decisions on product intervention powers of competent authorities in the context of Key Information

Documents (KID) for packaged retail and insurance-based investment products (PRIIPs); and ii) second set of guidelines and standards for Solvency II. Open to: 27 Feb and 2 Mar respectively.

- Council reaches an agreement on money market funds (MMFs)

The Presidency has published new compromise text on the proposed regulation. Next steps: final Council position and voting in ECON.

- EP and Council agree on European Long-Term Investment Funds (ELTIF)

The proposed regulation seeks to promote alternative financing sources, and is essential if progress is to be made with EC's priorities for 2015-17. Next steps: formal approval by EP and Council.

- ESMA advises EC about collective investment in transferable securities (UCITS)

It deals with protection of UCITS assets in the event of insolvency when safekeeping has been delegated, and with independence requirement. Next step: cooperation with EC to prepare delegated act.

- EIOPA announces the results of its stress tests and other documents

It announces: i) that EU insurance sector is sufficiently capitalised according to Solvency II; ii) principles so that crisis prevention, management and resolution are consistent throughout the EU; iii) publication of its report on harmful trends for insurance and pension consumers, and (iv) publication of a report on the pay-out phase of pension products.

## UNITED KINGDOM

- PRA issues a consultation on the liquidity coverage requirement (LCR)

On publication of EC delegated act, the body is consulting in order to adapt its liquidity regulation to the EU. It includes additional requirements on top of the LCR and elements that are not included in the European norm. Open to: 27 Feb.

- FCA publishes new regulations on fees to credit agents

It will forbid agents from charging fees to clients, unless these fulfil new requirements on information transparency. Comes into force: 2 Jan.

- BoE and Treasury to extend the Funding for Lending Scheme

The guarantee will be applicable only to those banks which offer loans to SMEs during 2015, to encourage these companies to grow.

## UNITED STATES

- Fed reviews its policies on payment system risk

It modifies procedures relating to accounts held by institutions in the Federal Agency in cases of automated clearing house and commercial cheque transactions.

## GLOBAL

- BCBS publishes the Regulatory Consistency Assessment Programme (RCAP) for EU and US

They assess the roll-out of Basel II capital framework. They identify that there is a lower level of compliance in: counterparty credit risk framework and exposures to SMEs, corporations and sovereigns in the case of EU; and securitisation framework and standardised approach to market risk, in the case of US.

Recent publications of interest (in English and Spanish)

- Regulation Outlook: *November 2014*
- Regulation Watch: *The European MREL: main characteristics and TLAC similarities and differences*
- Working Paper: *Banking union for Europe: making a virtue out of necessity*
- Regulation Flash: *Brisbane G20 Summit: substantial progress on the regulatory reform*
- Regulation Watch: *Total Loss-Absorbing Capacity (TLAC): making bail-in feasible and credible instead of bail-out*

Back issues of our *Weekly Regulation Outlook* in Spanish and in English.

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