

# Financial Regulation: Weekly Update. 27 October 2017

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## GLOBAL

- BCBS publishes guidelines on identification and management of step-in risk

Aims to [mitigate](#) the systemic risks stemming from potential financial distress in shadow banking entities spilling over to banks. Expected to be implemented by 2020.

## EUROPE

- EP reaches an agreement on fast track proposals

[Creditor hierarchy, IFRS 9 and large exposures fast track proposals](#) have been approved during “trilogues”. A legal revision will take place before final approval and OJEU publication.

- EP approves simple transparent and standardized (STS) securitizations framework

Adopts [STS and CRR](#) regulations. The Council still has to ratify it. Finally, in order to be binding, it must be published in the OJEU.

- EC withdraws Banking Structural Reform

The [decision](#) responds to the lack of foreseeable agreement and to the fact that most of the objectives of the proposal have already been achieved by other regulations.

- EC publishes Work Programme 2018

The [agenda](#) seeks a more united, stronger and democratic Europe, and new initiatives: Completing the CMU, EMU and BU, and the creation of a Minister of Economy and Finance.

- ESMA issues statement on common enforcement priorities for IFRS financial statements

It defines the [European](#) common enforcement priorities in order to promote a coherent application of the accounting standards.

- EC seeks feedback regarding transition periods for CCP's exposures

Implementing regulation to extend for 6 months (until 15 Jun 2018) the transitional period related to requirements on own funds for exposures to CCPs. Deadline: 21 Nov.

- ECB publishes report on financial structures

The report focuses on three areas: the euro area banking system, insurance companies and pension funds, and other financial intermediaries.

- ESMA agrees MiFID II position limits proposed by FCA

Considers that the proposed position limits are consistent with the methodology developed for setting those limits and MiFID II objectives.

- ESMA updates prospectus Q&A

Updates four Q&A (numbers 29, 31, 32 and 44) and deletes one Q&A (number 27) relating to Prospectus regulation.

- EIOPA publishes updates on Internal Model Consistency Projects

They implemented three new work streams: i) Market and Credit risk Benchmarking Study, ii) Modelling of Sovereign Exposures, iii) Modelling of Dynamic Volatility Adjustment.

- OJEU publishes RTS and ITS regarding Investment Firms (IF)

i) RTS on information and requirements for authorisations, ii) ITS on templates and procedures for consultations with relevant competent authorities, iii) ITS for notification by and to IF, iv) RTS on the information to be included by proposed acquirers.

## SPAIN

- BdE consults on the calculation method for DGS' contributions

It asks for feedback on Circular project that seeks to include a new factor related to Institutional Protection Schemes membership. Deadline: 16 Nov.

## UNITED KINGDOM

- [PRA issues clarification on IFRS 9 for stress tests](#)

It sets out [information](#) on how firms have to include the accounting standard in the 2018 stress tests and capital planning for ICAAP.

- [FCA publishes position limits for commodity derivative contracts](#)

These [correspond](#) to certain commodity derivative contracts traded on UK trading venues under MiFID II. The limits apply from 3 Jan 2018.

- [PRA consults on Matching Adjustment under Solvency II](#)

It sets out its [expectations](#) on how firms should apply the Matching Adjustment (which allows the relevant risk-free interest rate term structure to be adjusted). Deadline: 31 Jan 2018.

## UNITED STATES

- [Treasury issues third report on core principles for financial regulation](#)

[Aims to review](#) the current regulatory framework of the U.S. with a focus on asset management and insurance industry. It is part of a package of four reports.

- [Treasury issues report on CFPB arbitration rule](#)

Report [concludes](#) that CFPB did not consider less onerous alternatives to its ban on mandatory arbitration clauses. This week the ban was overturned by Congress.

Recent publications of interest (in English and Spanish):

- [Financial Regulation Outlook](#). October 2017
- [Digital Economy Outlook](#). September 2017
- [Regulation Watch](#). European Commission withdraws Banking Structural Reform proposal. October 2017
- [Regulation Watch](#). Reflection paper on the future of the Eurozone. June 2017
- [Press Article](#). Moving towards a more selective and effective international banking regulation. October 2017
- [Press Article](#). Strengthening the European System of Financial Supervision. October 2017

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

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