



Risk and Regulation Monthly

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CENTRE *for*
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EMEA

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Highlights

October saw a number of important regulatory changes and announcements.

The ESAs published a joint consultation paper on reforming the PRIIP's key information document (KID). The consultation, which includes proposals relating to performance, costs, and multi-option products, seeks to respond to criticisms of the information contained within the PRIIP's KID, particularly in the area of stress scenarios. It also covers the application of the PRIIPs Regulation to UCITS funds once their exemption from scope expires on 31 December 2021. The consultation contains more substantial changes than those proposed in the ESAs' previous consultation in November 2018.

At the international level, the G7 working group on stablecoins published a report investigating the impact of global stablecoins. The report outlines the risks global stablecoins pose to financial stability, monetary policy and competition, and recommends that regulators continue efforts to determine the most appropriate regulatory treatment of stablecoins.

Banking
Prudential
EU
EBA
<ul style="list-style-type: none"> • ESAs Joint Committee 2020 workplan.
<ul style="list-style-type: none"> • Report on Basel III capital monitoring and the compliance of EU banks with liquidity measures.
<ul style="list-style-type: none"> • Consultation on supervisory reporting changes related to CRR2 and backstop regulation (Framework 3.0).
<ul style="list-style-type: none"> • Consultation on comprehensive Pillar 3 disclosures.
EC
<ul style="list-style-type: none"> • Public consultation on the implementation of the Basel III reforms in the EU.
ECB – SSM
<ul style="list-style-type: none"> • Final results for the 2019 sensitivity analysis of liquidity risk stress test.
<ul style="list-style-type: none"> • Consolidated guide to supervision of internal models.
<ul style="list-style-type: none"> • ECB supervisory priorities for 2020, including continuing balance sheet repair work and strengthening future resilience.
<ul style="list-style-type: none"> • ECB supervisory risk assessment for 2020, showing key risks affecting the euro area banking system.
<ul style="list-style-type: none"> • Update on Euro area banks' liquidity positions and vulnerabilities.
ECB Central Bank
<ul style="list-style-type: none"> • Decisions taken by the Governing Council of the ECB in August and September 2019.
<ul style="list-style-type: none"> • Overview of macroprudential policy measures being implemented in euro area countries.
<ul style="list-style-type: none"> • Article on the effect of supervisory scrutiny on banks' risk-taking: evidence from the EU wide stress test.
<ul style="list-style-type: none"> • Article on the interaction between different bank liquidity requirements, examining the interaction between the liquidity coverage ratio and the net stable funding ratio for banks in the euro area.
<ul style="list-style-type: none"> • Article investigating initial margin procyclicality and corrective tools using EMIR data.

<ul style="list-style-type: none"> • Article on bank capital-at-risk and measuring the impact of cyclical systemic risk on future bank losses.
ECOFIN
<ul style="list-style-type: none"> • Press release confirming the appointment of Christine Lagarde as President of the European Central Bank.
European Parliament
<ul style="list-style-type: none"> • Transcript of public hearing with Andrea Enria, Chair of the Supervisory Board of the ECB SSM, with the Committee on Economic and Monetary Affairs.
Int'l
BIS
<ul style="list-style-type: none"> • Speech by Randal Quarles, Vice Chair for Supervision of the Board of Governors of the Federal Reserve System, on the global evolution of macroprudential policy.
<ul style="list-style-type: none"> • Article in The Banker magazine by Mr Pablo Hernández de Cos, Chairman of the BCBS, on the future direction of the Basel Committee.
<ul style="list-style-type: none"> • Report presenting the results of the latest Basel III monitoring exercise, reviewing the implications of the Basel III standards for banks.
FSB
<ul style="list-style-type: none"> • Update providing information on steps taken to address areas of fragmentation in global financial markets. The update notes work undertaken by the FSB in four areas: deference, pre-positioning of capital and liquidity, regulatory and supervisory coordination and information sharing, and evaluating the “to-big-to-fail” reforms.
SRB
<ul style="list-style-type: none"> • Public consultation on the SRB’s “expectations for banks 2019” document, which outlines best practice on key aspects of resolvability.

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Capital Markets
Prudential
EU
EC
<ul style="list-style-type: none"> • Consultation on the alternative standardised approach for market risk.
ECOFIN
<ul style="list-style-type: none"> • Adoption of new clearing house rules.
ESMA
<ul style="list-style-type: none"> • Speech by Steven Maijoor, Chair of ESMA, on the benchmarks regulation.
<ul style="list-style-type: none"> • MiFID II - new publication date for systematic internaliser and bond data.
<ul style="list-style-type: none"> • ESMA publishes validation rules and XML schemas for SFTR reporting.
<ul style="list-style-type: none"> • Consultation paper on commercial terms for providing client clearing services under EMIR.
<ul style="list-style-type: none"> • Speech by Steven Maijoor, Chair of ESMA, on the roles of ESMA, the supervision of EU and non-EU CCPs, and Brexit.
<ul style="list-style-type: none"> • Consultation on MIFIR alignment following the introduction of EMIR Refit.
<ul style="list-style-type: none"> • Report on the supervisory actions of six NCAs, including the FCA, regarding derivative data reporting under EMIR.
Int'l
BIS
<ul style="list-style-type: none"> • Working paper on the effect of fragmentation in global financial markets, arising from differences in financial regulations across countries, on financial stability.
IOSCO
<ul style="list-style-type: none"> • Press release on updates to peer reviews of regulation of MMFs and securitisation.
Conduct
EU
ESMA
<ul style="list-style-type: none"> • Consultation paper on the market abuse regulation (MAR) review, covering aspects of the regulation including its scope, reporting and transparency obligations, and aspects of inside information.
<ul style="list-style-type: none"> • Final report on CSDR Guidelines on standardised procedures and messaging protocols.
<ul style="list-style-type: none"> • Final report on draft regulatory technical standards on cooperation arrangements under the regulation on market abuse.

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Investment Management
Prudential
EU
ESMA
<ul style="list-style-type: none"> • Joint ESAs supervisory statement to promote consistent application by NCAs of the PRIIPs regulation to bonds.
<ul style="list-style-type: none"> • Annual report on EEA prospectus activity in 2018.
Conduct
EU
ECB Central Bank
<ul style="list-style-type: none"> • Study on investor behaviour in UCITS bond funds.
ESMA
<ul style="list-style-type: none"> • ESAs consult on changes to the key information document (KID) for PRIIPs.
<ul style="list-style-type: none"> • Securities and Markets Stakeholder Group (SMSG) opinion on ESMA's Report on the performance and cost of retail investment products.

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Central Bank of Ireland
Domestic
<ul style="list-style-type: none"> • Financial Stability Note: A profile of non-performing Irish SME loans.
<ul style="list-style-type: none"> • Colm Kincaid, Director of Securities and Markets Supervision, delivered a speech on the importance of transparency in securities markets.
<ul style="list-style-type: none"> • Derville Rowland, Director General, delivered a speech on the Senior Executive Accountability Regime and the CBI's expectations of firms.

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Other
Prudential
EU
EBA
<ul style="list-style-type: none"> • The EBA published its 2020 work programme, defining strategic priorities for the year ahead.
<ul style="list-style-type: none"> • ESMA published its 2020 work programme, setting out key areas for the year ahead.
EC
ECB Central Bank
<ul style="list-style-type: none"> • Speech by Mario Draghi, President of the European Central Bank, on Policymaking, responsibility and uncertainty.
Int'l
SRB
<ul style="list-style-type: none"> • Single Resolution Board published its 2020 work programme.
Conduct
EU
EBA
<ul style="list-style-type: none"> • ESAs joint opinion on the risks of money laundering and terrorist financing affecting the EU's financial sector.

Fintech
EU
EBA
<ul style="list-style-type: none"> • Opinion on the deadline and process for completing the migration to strong customer authentication (SCA) for e-commerce card-based payment transactions.
ECB Central Bank
<ul style="list-style-type: none"> • Interview with Benoît Cœuré, Member of the Executive Board of the ECB, on stablecoins.
Int'l
BIS
<ul style="list-style-type: none"> • G7 working group report on the impact of global stablecoins.
<ul style="list-style-type: none"> • Speech by Denis Beau, First Deputy Governor of the Bank of France, on the role of crypto-assets in the payment system.
<ul style="list-style-type: none"> • Speech by Fernando Restoy, Chairman, Financial Stability Institute, BIS, on regulating fintech.
<ul style="list-style-type: none"> • Speech by Denis Beau, First Deputy Governor of the Bank of France, on European financial sovereignty in a digital world.
<ul style="list-style-type: none"> • Speech by Mr Burkhard Balz, Member of the Executive Board of the Deutsche Bundesbank, on the future of payments.
Sustainable Finance
EU
EC
<ul style="list-style-type: none"> • Speech by Valdis Dombrovskis, Vice President-Designate of the European Commission, on sustainable finance.
Int'l
BIS
<ul style="list-style-type: none"> • Speech by Mr. Olli Rehn, Governor of the Bank of Finland, on green finance.

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Glossary

AFMs = Authorised Fund Managers
AI = Artificial Intelligence
AIFMD = Alternative Investment Fund Managers Directive
AMF = Autorité des Marchés Financiers
AML = Anti-Money Laundering
APA = Approved Publication Arrangement
AUM = Assets under management
BCBS = Basel Committee on Banking Supervision
BEAR = Banking Executive Accountability Regime
BIS = Bank for International Settlements
BMR = Benchmarks Regulation
BRRD = Bank Recovery and Resolution Directive
BTS = Binding Technical Standard
BoE = Bank of England
CBI = Central Bank of Ireland
CCP = Central Counterparty
CP= Consultation Paper
CTF = Counter Terrorist Financing
CISO = Chief Information Security Officer
CMA = Competition and Markets Authority
CMU = Capital Markets Union
CNMV = Comisión Nacional del Mercado de Valores
CQS = Credit Quality Step
CRD = Capital Requirements Directive
CRR = Capital Requirements Regulation
CROE = Cyber Resilience Oversight Expectations
CSSF = Commission de Surveillance du Secteur Financier
CTP = Consolidated Tape Provider
DB = Defined Benefit
DC = Defined Contribution
DP = Discussion Paper
DPA = Data Protection Agency
DRR = Digital Regulatory Reporting
EBA = European Banking Authority
ECB = European Central Bank
ECOFIN = Economic and Financial Affairs Council
EIOPA = European Insurance & Occupational Pensions Authority
EMEA = Europe, Middle East and Africa
EMIR = European Market Infrastructure Regulation
EONIA = Euro Over Night Index Average
ESAs = European Supervisory Authorities
ESG: Environmental, Social, and Governance
ESMA = European Securities & Markets Authority
ESRB = European Systemic Risk Board
ESTER = Euro Short-Term Rate
EU = European Union

Euribor = Euro Interbank Offered Rate
FAMR = Financial Advice Market Review
FCA = Financial Conduct Authority
FinPro = Financial Protection
FGCA = Financial Guidance and Claims Act 2018
FMIs = Financial Market Infrastructures
FOS = Financial Ombudsman Service
FPC = Financial Policy Committee
FRTB = Fundamental Review of the Trading Book
FS = Financial Services
FSA = Financial Services Authority
FSB = Financial Stability Board
GBP = British pound sterling
GDP = Gross Domestic Product
GDPR = General Data Protection Regulation
GSIBs = Global Systemically Important Banks
HMT = Her Majesty's Treasury
IAIS = International Association of Insurance Supervisors
IASB = International Accounting Standards Board
IBOR = Interbank Offered Rate
ICAAP = Internal Capital Adequacy Assessment Process
ICO = Information Commissioners Office
ICS = Insurance Capital Standard
IDD = Insurance Distribution Directive
IFRS = International Financial Reporting Standards
ILAAP = Internal Liquidity Adequacy Assessment Process
IM = Initial Margin
IOSCO = International Organization of Securities Commissions
IPU = Intermediate Parent Undertaking
IRB = Internal Ratings Based
ISAs = Individual Savings Accounts
IT = Information Technology
JST = Joint Supervisory Teams
KID = Key Information Document
LEI = Legal Entity Identifier
LIBOR = London Interbank Offered Rate
LTV = Loan to Value
M&A = Mergers and Acquisitions
MI = Management Information
MiFID = Markets in Financial Instruments Directive
MiFIR = Markets in Financial Instruments Regulation
MLD = Money Laundering Directive
MoU = Memorandum of Understanding
MREL = Minimum requirement for own funds and eligible liabilities
MTF = Multilateral Trading Facility
NCA = National Competent Authority
NED = Non-Executive Director
NGFS = Network for Greening the Financial System

NPLs = Non-performing Loans
NSFR = Net Stable Funding Ratio
OCIR = Operational Continuity in Resolution
ORSA = Own Risk and Solvency Assessment
OTF = Organised Trading Facility
OTC = Over the counter
PPI = Payment Protection Insurance
PRA = Prudential Regulation Authority
PRIF = Prudential Regime for Investment Firms
PRIIPs = Packaged Retail Investment and Insurance Products
PS = Policy Statement
PSD2 = Revised (second) Payment Services Directive
RDR = Retail Distribution Review
RFRs = Risk-Free Rates
RRM = Risk Reduction Measures
RTGS = Real Time Gross Settlement
RTS = Regulatory Technical Standard
RW = Risk Weight
SA = Standardised Approach
SFTR = Securities Financing Transactions Regulation
SI = Systematic Internaliser
SIPPs = Self Invested Personal Pensions
SM&CR = Senior Managers and Certification Regime
SONIA = Sterling Overnight Index Average
SRB = Single Resolution Board
SRF = Single Resolution Fund
SREP = Supervisory Review and Evaluation Process
SS = Supervisory Statement
SSM = Single Supervisory Mechanism
TCA = Total Capital Adequacy
TCFD = Task Force on Climate-related Financial Disclosures
TIBER = Threat Intelligence-based Ethical Red Teaming
TLAC = Total Loss-Absorbing Capital
TMTP = Transitional Measure on Technical Provisions
TPP = Third-Party Providers
TPR = Temporary Permissions Regime
TRIM = Targeted Review of Internal Models
TRR = Temporary Recognition Regime
UCITS = Undertakings for Collective Investments in Transferable Securities

Contacts

Sean Smith

Partner, Regulatory Risk
+353 (01) 417 2306
E:seansmith1@deloitte.ie

John Kernan

Director, Regulatory Risk
+353 (01) 417 8983
E:jkernan@deloitte.ie

Ray Byrne

Senior Manager –Regulatory Risk
T: +353 1 4173892
E:rbyrne@deloitte.ie

Senan Ryan

Assistant Manager -Regulatory Risk
T: +353 1 417 8630
E: senryan@deloitte.ie

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