

Pathfinder

Deloitte Monthly Regulatory Update



May 2014



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		ALFI Q&A Risk Management for AIF under AIFM – ALFI 09/05/2014  FAQ
Audit Reform	Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014 amending Directive 2006/43/EC on statutory audits of annual accounts and	



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Regulation 537/2014/EU of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC – Official Journal L 158 27/05/2014



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BRRD

Adoption by the Council of the European Union of a Directive of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms – Council of the European Union 06/05/2014



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CRD IV / CRR

Commission Delegated Regulation (EU) No 530/2014 of 12 March 2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards further defining material exposures and thresholds for internal approaches to specific risk in the trading book – Official Journal L148 20/05/2014

EBA list of Common Equity Tier 1 (CET1) capital instruments – EBA 28 May 2014



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Commission Delegated Regulation (EU) No 529/2014 of 12 March 2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for assessing the materiality of extensions and changes of the Internal Ratings Based Approach and the Advanced Measurement Approach – Official Journal L148 20/05/2014



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Commission Delegated Regulation (EU) No 528/2014 of 12 March 2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for non-delta risk of options in the standardised market risk approach – Official Journal L148 20/05/2014

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Commission Delegated Regulation (EU) No 527/2014 of 12 March 2014 supplementing Directive (EU) No 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the classes of instruments that adequately reflect the credit quality of an institution as a going concern and are appropriate to be used for the purposes of variable remuneration – Official Journal L148 20/05/2014

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Commission Delegated Regulation (EU) No 526/2014 of 12 March 2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for determining proxy spread and limited smaller portfolios for credit valuation adjustment risk – Official Journal L148 20/05/2014

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Commission Delegated Regulation (EU) No 525/2014 of 12 March 2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the definition of market – Official Journal L148 20/05/2014

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Commission Delegated Regulation (EU) No 523/2014 of 12 March 2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with

regard to regulatory technical standards for determining what constitutes the close correspondence between the value of an institution's covered bonds and the value of the institution's assets – Official Journal L148 20/05/2014

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EMIR	Commission Implementing Regulation (EU) No 484/2014 of 12 May 2014 laying down implementing technical standards with regard to the hypothetical capital of a central counterparty according to Regulation (EU) No 648/2012 of the European Parliament and of the Council Text – OJ 13/05/2014	Update of ESMA Q&A on EMIR – ESMA 23/05/2014  Deloitte Alert  FAQ
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Insurance companies or intermediaries carrying on business in Belgium	Letter from FSMA - Law of 27 March 1995 on insurance and reinsurance intermediation and on the distribution of insurance – <i>Commissariat aux Assurances</i> 22/05/2014	 Deloitte summary  Original text
Insurance – Custodian banks	Circular letter 14/8 of the Commissariat aux Assurances modifying Circular Letter 2009/7 of the Commissariat aux Assurances related to the custody of transferable securities and liquid assets used as assets underlying the technical provisions of insurance undertakings and pension funds (French only at this stage – <i>Commissariat aux Assurances</i> 30/05/2014	 Deloitte summary  Original text
Omnibus II	Directive 2014/51/EU of the European Parliament and of the Council of 16 April 2014 amending Directives 2003/71/EC and 2009/138/EC and Regulations (EC) No 1060/2009, (EU) No 1094/2010 and (EU) No 1095/2010 in respect of the powers of the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority – Official Journal L153 22/05/2014	 Deloitte summary

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Securitisation – Statistical data collection BCL Circular 2014/236 Modification of the statistical data collection of securitisation vehicles – Central Bank of Luxembourg 12/05/2014

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SSM Regulation (EU) No 468/2014 of the European Central Bank of 16 April 2014 establishing the framework for cooperation within the Single Supervisory Mechanism between the European Central Bank and national competent authorities and with national designated authorities (SSM Framework Regulation) – Official Journal 141 14/05/2014

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UCITS - Operation Risk Management ALFI Guidelines Operational Risk Management within UCITS

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Deloitte alerts and summaries

Audit Reform

Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014 amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts – Official Journal L 158 27/05/2014

Regulation 537/2014/EU of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC – Official Journal L 158 27/05/2014

The main objectives of the Audit Reform are to:

- Further clarify the role of the statutory auditor
- Reinforce the independence and the professional scepticism of the statutory auditor
- Facilitate the cross-border provision of statutory audit services in the EU
- Contribute to a more dynamic audit market in the EU
- Improve the supervision of statutory auditors and the coordination of audit supervision by competent authorities in the EU.

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[Bank Recovery and Resolution Directive \(BRRD\)](#)

Adoption by the Council of the European Union of a Directive of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms – Council of the European Union 06/05/2014

The European Council adopted on 6 May a directive harmonising national rules on bank recovery and resolution (BRRD). The BRRD sets new rules for all Member States regarding bank bail-outs, whose guiding principle is shareholders and creditors will pay first for banks' resolution, then any additional funds will be required from the banking sector itself by the set-up of resolution funds.

National resolution funds are set up, to be replaced for euro area Member States by the Single Resolution Fund as of 2016.

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[Capital Requirements Directive and Regulation \(CRD IV / CRR\)](#)

Commission Delegated Regulation (EU) No 527/2014 of 12 March 2014 supplementing Directive (EU) No 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the classes of instruments that adequately reflect the credit quality of an institution as a going concern and are appropriate to be used for the purposes of variable remuneration – Official Journal L148 20/05/2014

On 20 May, the European Union published the Commission Delegated Regulation 527/2014/EU of 12 March 2014 supplementing Directive 2013/36/EU, and specifying the classes of instruments that adequately reflect the credit quality of an institution as a going concern and are appropriate to be used for the purposes of variable remuneration.

This regulation is in force.

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[EMIR](#)

Update of ESMA Q&A on EMIR – ESMA 23/05/2014

On 21 May 2014, ESMA has published an updated Q&A on EMIR implementation. This Q&A includes important definition and confirmation about the counterparty status with regards to the funds classification and more particularly the Alternative Investment Funds (AIF).

Please refer to our Deloitte Regulatory News Alert "**EMIR ESMA Q&A clarifies UCITS & AIF status before the 11 August 2014 reporting deadline for valuation and collateral**" of 02/06/2014.

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[Insurance - Companies or intermediaries carrying on business in Belgium](#)

Letter from FSMA - Law of 27 March 1995 on insurance and reinsurance intermediation and on the distribution of insurance – *Commissariat aux Assurances* 22/05/2014

By its letter to the Commissariat aux Assurances, the Belgian Financial Services and Markets Authority (FSMA) requires these entities to comply with new conduct of business rules. Mandatory notifications are also foreseen for insurance companies that work with tied agents.

The deadline for these notifications is 30 June 2014.

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Insurance – Custodian banks

Circular letter 14/8 of the Commissariat aux Assurances modifying Circular Letter 2009/7 of the Commissariat aux Assurances related to the custody of transferable securities and liquid assets used as assets underlying the technical provisions of insurance undertakings and pension funds (French only at this stage – *Commissariat aux Assurances* 30/05/2014

This circular makes rules regarding the custodian of assets localised outside the EEA more flexible, by enabling the recourse, under conditions, to non-European custodian banks.

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Omnibus II

Directive 2014/51/EU of the European Parliament and of the Council of 16 April 2014 amending Directives 2003/71/EC and 2009/138/EC and Regulations (EC) No 1060/2009, (EU) No 1094/2010 and (EU) No 1095/2010 in respect of the powers of the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority – Official Journal L153 22/05/2014

This directive amends notably the Directives **Solvency II** and **Prospectus**. The key amendments are:

- Definition of appropriate areas in which EIOPA (for Solvency II) and ESMA (for the Prospectus Directive) will be able to propose technical standards as an additional tool for supervisory convergence and a view to developing a single rule book to ensure strengthened stability, equal treatment, lower compliance costs and to prevent regulatory arbitrage;
- Details how EIOPA and ESMA will settle disagreements between national supervisors in a balanced way, in those areas where common decision-making processes or cooperation between national supervisors already exist in sectoral legislation.

Furthermore, the Directive Omnibus II contains a package of measures to provide clarity on the treatment of insurance products with long-term guarantees in order to mitigate the effects of artificial volatility. These measures include: a matching adjustment, a volatility adjustment, extrapolation of the risk-free interest rate, two specific transitional measures, and extension of the recovery period. In this way the Directive ensures that the insurance industry can continue offering long term guaranteed products. This directive also contains transitional measures in certain areas including on transitional third-country equivalence if deemed necessary to avoid market disruption and to allow a smooth transition to the new regime under Solvency II.

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