

Risk and Regulation Monthly Cover Note

February 2017

So what happened last month?

February saw several noteworthy regulatory developments. A possible red flag in the MiFID II implementation was pointed out by ESMA as it wrote to the European Commission warning about firms trying to circumvent certain MiFID II rules around the trading obligation and the systematic internaliser regime. ESMA also unveiled a framework for 2017 CCP stress test indicating a more expansive approach to the exercise that will now also incorporate a liquidity risk assessment.

Regulators, including the FCA, acknowledged that smaller financial firms, buy-side firms, asset managers, pension funds and insurance companies might not be able to meet EMIR deadlines for variation margin fully by 1 March 2017.

In the prudential area, the PRA issued a number of updates for ring-fenced banks, including a final statement on reporting requirements. The SRB shifted its approach to calculation of MREL by adding adjustments for individual firms according to their resolution plans and risk profiles.

Other important highlights include finalisation of the EBA's draft RTS on strong customer authentication and common and secure communication under the PSD II and the FSB's consultation on the framework for CCP resolution.



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