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June saw the BoE's Independent Evaluation Office issue a report saying that while the costs of banks' failures would now increasingly be absorbed by investors, not taxpayers, a considerable amount of work remains to be done to make banks resolvable by 2022.

In a speech to the FIA International Derivatives Expo, Sir John Cunliffe said that the BoE will be consulting on a reporting and assurance framework for banks, to be published later this year, and envisages requiring major UK banks to conduct a self-assessment of their resolvability. The FSB also launched its third thematic review of bank resolution planning which will assess the implementation of requirements for resolution planning and the action taken to develop resolution plans.

A number of consumer protection measures were announced during June: ESMA banned the marketing and sale of CFDs and Binary Options to retail investors, the FCA challenged the insurance industry to improve access to insurance for people with pre-existing medical conditions, and the European Parliament's ECON committee held a public hearing on the mis-sale of financial products.

Finally, a number of supervisory bodies, including the PRA, the EBA and EIOPA, released their annual reports. These highlighted the work that UK and EU supervisory authorities have been undertaking on stress testing, resolvability, non-performing loans and financial stability.

Brexit

HMT set out its **approach to on-shoring financial services legislation under the EU (Withdrawal) Act**. HMT plans to introduce a number of Statutory Instruments to ensure that there remains a robust legal framework for financial regulation in the UK from March 2019, whatever the outcome of the negotiations between the EU and the UK. HMT confirmed its intention to delegate powers to the financial services regulators (BoE, PRA, FCA, PSR) to make the required changes to on-shored Binding Technical Standards (BTS). The regulators will be in charge of maintaining those BTS.

The BoE, FCA and PSR published their **approach to financial services legislation under the EU (Withdrawal) Act**; all intend to consult on proposed changes to BTS for which they are responsible in due course, while the FCA also plans to consult on the rules that will apply to firms in the temporary permission regime.

The EBA published a second **Opinion on preparations for Brexit**; a follow-up to its Opinion of October 2017. This latest Opinion sets out the EBA's expectations of competent authorities and their engagement with financial institutions to ensure that they are preparing adequately for the possibility of the UK leaving the EU without a ratified Withdrawal Agreement by March 2019, as well as meeting their obligations to their customers in these circumstances.

EIOPA published an **Opinion to national supervisory authorities** (NSAs), reminding them of its requirement to ensure that insurers and insurance intermediaries take appropriate contingency measures to secure the continuity of cross-border insurance contracts. The Opinion also sets out the NSAs' obligations to remind insurers of their duty to inform their customers about the impact of Brexit, and encourages enhanced cooperation and continuous dialogues between NSAs.

Capital (including macro prudential and stress testing)

The FPC published its biannual **Financial Stability Report**. The FPC found that, excluding risks related to Brexit, "domestic risks remain[ed] standard overall." The report also highlighted the FPC's plans to monitor and mitigate the risks related to Brexit, the transition from LIBOR, and firms' resilience to cyber-attacks. The BoE also published the results of its **Systemic Risk Survey** for the first half of 2018, in which respondents commented on the probability of a high-impact event in the UK financial system, confidence in the UK financial system and sources of risk to the UK financial system. Overall, for the fifth consecutive survey, UK political risk was cited as the most challenging to manage.

The BoE published a quarterly statistical release on the **UK banking sector regulatory capital**. The statement included the capital ratios and levels of capital and risk-weighted assets in the sector, and found that the common equity Tier 1 capital ratio for the UK banking sector decreased by 0.1% during the quarter.

Following recent consultations, the BoE published its final policy on **MREL reporting** and updated its approach to **setting MREL**. The changes introduce greater proportionality into MREL reporting frequency and implement internal MREL requirements for material UK subsidiaries. Banks will need to comply with end-state internal MREL by 2022.

The PRA has released a "Dear CEO letter" for the attention of insurance firms observing that some of the longer-term **prudential risks associated with a soft market** are now feeding through into firms' reported results. The letter noted that some firms were reporting underwriting performance consistently below the levels required to achieve sustained profitability, while others were formulating business plans on a loss ratio which appeared optimistic given current market conditions, with this also affecting the calculation of their regulatory solvency positions. The letter highlighted that firms who continue to exhibit some of these weaknesses were more likely to find themselves under increasing supervisory scrutiny.

Sam Woods, PRA CEO, wrote a letter to Nicky Morgan, Chair of the Treasury Committee, on the PRA's work on the **Solvency II Risk Margin**. He said that the current design of the risk margin was too sensitive to the level of interest rates, and that this had led to a build-up of the stock of offshore reinsurance. However, in the context of the ongoing uncertainty about the UK's future relationship with the EU, he did not yet see a "durable way" to implement change on this issue.

The PRA published updates to its supervisory and policy statement on **the large exposures framework**. The updates include adding the regulator's expectations on the resolution exemption, and additional guidance on the Core UK Group and Non-Core Large Exposures Group permissions and regulatory reporting. The changes took effect on 29 June.

The EBA stated that it does not object to the Swedish FSA's proposals to **apply a stricter national measure for credit institutions using the IRB approach** to calculate regulatory capital requirements applicable to retail exposures collateralised by property. Specifically the Swedish FSA intends to change the risk weight floor method for Swedish mortgages. The EBA acknowledged the macroprudential risks in the Swedish economy related to residential mortgage loans and residential mortgage indebtedness, which it noted justified the stricter measures proposed.

The EBA consulted on the conditions to allow institutions to **calculate capital requirements of securitised exposures** (K_{IRB}) in accordance with the purchased receivables approach of the Capital Requirements Regulation (CRR). The draft technical standards include specifications on internal credit and models for calculating KIRB for securitisations, the use of different risk factors, and due diligence requirements.

The ECB published a working paper on **Expected Loss Best Estimate** (ELBE) **and Loss Given Default** (LGD) **in-default**. The paper proposes advanced Internal-Ratings Based models for defaulted exposures, as the ECB deems the current regulatory guidelines too general, with the potential to cause great variability in risk-weighted assets between institutions. The proposed methodologies seek to enable model comparability that can be adopted by most institutions.

The European Commission adopted a Delegated Regulation **aligning Solvency 2 Delegated Regulation with the Securitisation Regulation**. The definitions of securitisation used in the Solvency II Delegated Act will be aligned with those in the STS Regulation, and so will repeal certain provisions in the Solvency II Delegated Act to avoid insurers being subject to different requirements. The Commission has also developed a new calibration for non-senior tranches of STS securitisations, which should also benefit from an adapted capital charge under Solvency II.

Valdis Dombrovskis, European Commission Vice-President, gave a speech on the **Pan-European Pension Product**, sustainable finance, and the review of Solvency II. He said that now is the appropriate time to revise some of the rules on deferred taxes in Solvency II, but that the proposal to use a relative shift approach to model interest rate risk in the standard formula could be reviewed in 2020 rather than this year.

EIOPA published its spring **Financial Stability Report**. The report found that insurers were adequately capitalised and remained profitable despite the low yield environment, but that there were significant disparities across insurers and countries. The report also identified a number of risks to insurers' financial stability including the low interest rate environment, sudden yield spike scenarios, and climate-related risks.

The FSB called for feedback on the **technical implementation of the Total Loss-Absorbing Capacity (TLAC) standard**. The call for feedback covers, among other things, cross border implementation, distribution of TLAC instruments, and issuance strategies. The FSB indicated it may consider development of further implementation guidance in future.

Liquidity

The ECB announced its **methodology for calculating Euro Short-Term Rate** (ESTER), and released the time-lagged publication of daily rate, volume and dispersion data based on the main methodological features of the forthcoming ESTER, called pre-ESTER. The first publication of pre-ESTER covered historical time series data for the reserve maintenance periods from 15 March 2017 to 2 May 2018. Regular releases for each reserve maintenance period will be issued from the summer of 2018 onwards.

ESMA published its **Risk Dashboard** for risks in the EU's securities markets for the first quarter of 2018. It note that EU equity markets had experienced significant price corrections and the return of market volatility, which confirmed ESMA's concerns about high levels of market risk. While ESMA's outlook for liquidity, contagion and credit risk remained unchanged, ESMA judged that operational risk arising from Brexit-related risks to business operations and cyber-attacks continues to be elevated.

ESMA published an opinion on **CCPs' liquidity risk assessment under EMIR**, which stated that CCPs should include, in the measurement of their liquidity needs, the default of their top two clearing members in all their capacities through the CCP. In addition, CCPs should also assess all entities to which they have a liquidity exposure in their stress testing scenarios.

Governance and risk management (including remuneration)

Daniele Nouy, Chair of the Supervisory Board of the ECB, spoke on "**Good governance** - an asset for all seasons". She discussed the tools the ECB used to address governance, such as the SREP, fit and proper evaluations of Board members, and benchmarking. She also highlighted areas where banks still needed to improve, including boards' oversight of senior management, the quality of risk management controls, and the data quality of risk reports submitted to boards.

ESMA hosted a workshop for national supervisors on **closet indexing**, which followed ESMA's public statement on "Supervisory Work on Potential Closet Indexing Tracking" from February 2016. The workshop sought to enhance convergence in the supervisory approach to closet indexing, by facilitating discussion on insights and good practices among supervisors.

Conduct of Business (including MiFID)

Christopher Woolard, Executive Director of Strategy and Competition at the FCA, gave a speech on its **approach to competition and innovation.** He emphasised the need for innovation to serve a genuine consumer need, and highlighted the potential for platforms to represent the future of financial services. He also insisted on the need to put FinTech firms on a level playing field with long-established firms and for them to compete on merit with the latter.

The FCA published draft rules on how it will **regulate claims management companies** (CMCs) when regulatory responsibility passes to it on 1 April 2019. The FCA proposes to create a new sourcebook containing rules that apply specifically to CMCs, the Claims Management Conduct of Business sourcebook. Among other changes, CMCs advertising "no win no fee" services will be forced to make it clear they are not offering a free service.

The FCA published a letter on **cryptoassets and financial crime**. It highlights the good financial crime practices the FCA expects from banks offering services to clients who derive revenues or business activities from cryptocurrency-based activities. It also specified requirements in terms of staffing, training, due diligence and financial crime frameworks. The letter clarifies that banks should recognise that the risk associated with different business relationships in a single broad category can vary, and manage those risks appropriately.

The FCA announced the conclusion of its **investigation into Scottish Widows**, which formed part of its thematic review into fair treatment of longstanding customers in the life insurance sector. The FCA will not be taking any enforcement action as a result of the report, but will raise a number of issues identified with the firm. The investigations into other firms covered by the thematic review are still ongoing.

The FCA published its latest Financial Lives Survey, providing an update on the financial lives of consumers across the UK. It found the highest proportion of adults with characteristics of potential vulnerability in the North West (55%), whilst adults in London have the highest levels of over-indebtedness (17%). Other findings included above-average concentrations of adults with high-cost loans in Scotland, Yorkshire and the Humber.

The FCA published a Feedback Statement on its call for input on **access to insurance**. The statement observed that consumers with pre-existing medical conditions find it difficult to get affordable travel insurance because of a lack of transparency around how premiums are calculated; consumers thinking they are uninsurable owing to having been refused a cover previously or receiving a high quote; and a lack of consumer understanding of insurance terminology. The FCA is proposing to create a new signposting service, which would redirect consumers with pre-existing conditions to specialist providers who may be able to offer more affordable insurance.

The FCA published an update on its **Strategic Review of Retail Banking Business Models**. Although the FCA's analysis is still ongoing, it has identified the combination of PCAs and large branch networks as a key component of competitive advantage to date. The FCA sees this as giving banks a funding cost advantage; the ability to cross-sell products and business current accounts; and significant additional income from fees and charges on PCAs.

The FCA published its **Retirement Outcomes Review Final** Report and a Consultation on proposed changes. The FCA's proposed remedies include requirements for firms to provide "wake-up" packs to consumers turning 50 and every 5 years thereafter; check that a customer has received guidance on accessing their pension or has opted out of receiving it; and develop three ready-made investment pathways which reflect standardised consumer needs.

Mark Steward, Director of Enforcement and Market Oversight at the FCA, spoke on the **FCA's Mission and Approach to Enforcement**, which closed for consultation in late June. He said that he favoured "a mixture of regulatory interventions working strategically together, including enforcement, rather than a series of siloed responses", and concluded that regulators are in a much stronger position to rebuild confidence and trust in the markets, due to what they had learned from post-crisis initiatives.

ESMA formally adopted new measures on the provision of **contracts for differences (CFDs) and binary options** to retail investors. The measures prohibited the marketing, distribution and sale of binary options to retail investors from 2 July 2018, and placed a restriction on the marketing, distribution and sale of CFDs to retail investors from 1 August 2018. The restriction on CFDs included leverage limits on opening positions and a margin close out rule on a per account basis.

The Chair of ESMA, Steven Maijoor, spoke on achievements and current priorities following **MiFID II Implementation**. Overall, Maijoor concluded that "the implementation of MiFID II went quite smoothly". However, Maijoor identified improvements needed for third-country trading venues, the tick size regime, market data issues, periodic auctions, the systematic internaliser regime and bond liquidity assessment.

The European Parliament ECON Committee held a public hearing on the **mis-selling of financial products**. The discussion revolved around Key Information Documents and the information they present, firm culture, and Know Your Client questionnaires. Timothy Shaekesby, Expert on Financial Innovation at EIOPA, gave an introductory speech. He emphasised the need for a stronger focus on supervision and implementation to deal with the issue of mis-selling.

The IAIS published an Issues Paper on **Index-based Insurances**. The paper discusses whether index based insurance can be considered an insurance product and outlines a number of consumer protection concerns related to these products. The paper goes on to discuss how regulators should treat index based insurance to ensure the protection of policy holders and to develop fair, safe and stable insurance markets.

Crisis management (including special resolution, systemically important firms, and business continuity)

The FSB **Regional Consultative Group for Europe** discussed current financial vulnerabilities, including global and regional macroeconomic and financial market developments. In particular, the group discussed reforms to interest-rate benchmarks across Europe and the implementation of EU benchmark legislation. Members also discussed the importance of implementing the FSB's recommendations to address vulnerabilities in asset management activities.

Following completion of the **resolution of Banco Popular** Valuation 3 report - which determine whether shareholders and creditors would have received better treatment if the institution had been wound up under normal insolvency proceedings - the SRB announced that it now plans to provide affected shareholders and creditors with the right to be heard. Thereafter, the SRB will adopt its final decision on whether compensation needs to be granted to those parties.

Sir Jon Cunliffe, the BoE's Deputy Governor for Financial Stability, spoke on **central clearing and resolution**. He argued that, despite having the resources to withstand major financial shocks, central counterparties still require a strong resolution framework. In respect of the regime for banks, he announced a consultation later in the year on a reporting and assurance framework. Following this, the BoE envisages requiring major UK banks to conduct a self-assessment of their resolvability.

The BoE's Independent Evaluation Office published a report on **the effectiveness of the BoE's resolution arrangements**. It found that significant progress had been made and that the costs of firms' failures would now increasingly be absorbed by investors not taxpayers. However, it said that considerable work remains to make banks fully resolvable by 2022.

The BoE published its final policy on **valuation capabilities to support resolvability**. The policy includes principles for the data, information, models, governance, documentation, and assurance firms will need to have in place to support adequate resolution valuations. Firms will need to comply with the requirements by 1 January 2021.

The SRB published a paper on **critical functions in resolution planning.** It sets out the SRB's approach to the 2017 resolution planning cycle, in which the assessment of whether a function is critical is based on its impact and substitutability, and informed by reported data, comparison with peers and expert judgment. The methodology and guidance will be refined and enhanced over time.

The FSB launched its third thematic peer review on **bank resolution planning**, to evaluate implementation of the international standard set out in the FSB's earlier guidance. The review will focus on banks other than G-SIBs, namely domestic systemically important banks (D-SIBs) and any other banks whose failures could cause systemic risk.

Dietrich Domanski, Secretary General of the FSB, spoke on **global resolution regimes**. He highlighted several upcoming publications, including the final principles on bail-in execution and guidance on funding in resolution, due in the coming weeks. He also stressed the importance of other regulatory and industry measures, such as institution-specific cross-border cooperation agreements and the ISDA resolution stay protocols.

Regulatory perimeter

Verena Ross, Executive Director of ESMA, spoke on the role of regulation and supervision in creating a genuine **single European financial market**. She noted that as the European Supervisory Authorities "shift from regulatory to supervisory tasks" and address challenges arising from Brexit and financial innovation, there will be a need for supervisors to continue to develop cross-sectoral consistency and promote convergence.

Rethinking the domestic and international architecture for regulation

Maja Kadievska-Vojnovik, Vice-Governor of the National Bank of Macedonia, gave a speech on **Fintech and digital transformation**. She pointed to seven factors that define readiness for digitisation in the banking sector, including capacity for innovation, wider technological development, competition, culture, demographics, market concentration and regulation. She also discussed the opportunities and challenges that open banking, distributed ledger technology and RegTech present for regulators and central banks.

The ECB working group on **euro risk-free rates** launched a consultation on its assessment of three candidate euro risk-free rates against key selection criteria. The new euro risk-free rate will replace EONIA, which will no longer meet the criteria of the EU Benchmarks Regulation as of 2020.

The FSB published its **Principles on bail-in execution** to assist authorities when developing resolution strategies. It covers a number of topics including instruments within the scope of bail-in, valuations, and communications to creditors and the market. The FSB also published an overview of responses to the Consultation on its **Funding Strategy**

Elements of an Implementable Resolution Plan. These include the need for authorities to identify correspondent banks in resolution plans, and to consider how to address impediments to the mobilisation of collateral located in different jurisdictions.

The BCBS published a progress report on banks' adoption of its Principles for **effective risk data aggregation and risk reporting**, BCBS 239. It noted that out of 30 G-SIBs, only three fully complied with the Principles and most had made only marginal progress. The non-compliance was attributed largely to the complexity and interdependence of IT improvement projects.

Claudio Borio, head of the Monetary and Economic Department at the BIS, spoke on **macroprudential frameworks**. He noted that further work is required to identify risks and calibrate macroprudential tools, develop tools that target the non-banking sector, and implement mechanisms to address "cross-country leakages". He also observed that macroprudential measures need to be embedded in a "more holistic macro-financial stability framework."

Disclosure, valuation and accounting

The PRA updated its guidelines for completing regulatory reports in response to its Policy Statement on changes to the **PRA's large exposures framework**. The statements removed the requirement for firms to submit data item FSA018 on exposures from the core UK group to the no-core large exposures group; the change took effect on 29 June 2018

The FCA issued its **listing rules for sovereign-controlled companies**. The regulator will create a new category within its premium listing regime, exempting companies controlled by governments from some rules that currently apply to other companies. The new rules will take effect on 1 July and open the way for government owned businesses to list in the UK.

The EBA published the final **amended technical standards on supervisory disclosure**, which specify the format, structure, content list and annual publication date of supervisory information to be disclosed by competent authorities. The standards also clarify the scope and split of supervisory responsibilities to disclose information between the ECB and national competent authorities.

The EBA issued a revised **list of validation rules** in its Implementing Technical Standards (ITS) on supervisory reporting, highlighting those which have been deactivated either for incorrectness or for triggering IT problems.

EIOPA published an expanded set of **Solvency II statistics on the European insurance sector**. The new statistics provide granular details about the sector's financial exposures, including information about the types and location of exposures, asset classifications, and real estate exposures.

ESMA issued a statement announcing that the **temporary 6-month extension period allowed for the introduction of the legal entity identifiers (LEIs) would not be further extended beyond July 2018**. As such, the extension period terminated on 2nd July 2018, and NCAs' activities regarding LEI requirements will shift from monitoring to ongoing supervision.

Verena Ross, Executive Director of ESMA, spoke on **MiFID II** and **LEIs**. ESMA has observed a "stable and substantial increase" in the use of LEIs, with only 0.6% of the EU instruments published at the end of April missing the correct LEI. ESMA's priorities in this area for the next year will address the Prospectus Regulation and the Securities and Financing Transactions Regulation, which respectively mandate LEI requirements for the prospectus issuer and the parties involved in securities financing transactions and their beneficiaries.

Information security and data privacy

The PSR published a Discussion Paper on "**Data in the Payments Industry.**" The Paper finds that payments firms have used data mainly to comply with regulations, derive commercial value, and develop tailored products and services for customers. It also highlights the three customer and technology-related areas where data use could directly affect its objectives and which may require regulatory action.

Lyndon Nelson, Deputy CEO of the PRA, gave a speech on **Resilience and continuity in an interconnected and changing world**. Nelson outlined a number of upcoming initiatives linked to cyber and operational resilience, including the Financial Policy Committee considering setting a "minimum level of service provision it expects for the delivery of key economic functions in the event of a severe but plausible operational disruption", and the publication of a forthcoming Discussion Paper on operational resilience.

The PRA published a "Dear CEO letter" clarifying its expectations of **prudential, governance and conduct requirements for firms with existing or planned exposure to crypto-assets**. These requirements are designed to help firms address some of the risks specific to crypto-assets, including high price volatility, relative illiquidity, money laundering, misconduct and reputational risks.

David Bailey, Executive Director for Financial Market Infrastructure at the BoE, gave a speech on "**The journey to best in class payments.**" He highlighted the role of the Bank, through the supervision of the Bacs and Faster Payment Systems, and now through the New Payment System Operator (NPSO), in maintaining financial stability. He also said that the Bank would focus on developing a future-proofed regulatory perimeter, and on renewing its Real-Time Gross Settlement (RTGS) service.

The BoE consulted on **ISO 20022**, a global standard to modernise UK payments. The consultation proposed a strategy for aligning credit payment messages across payment systems with the new global standard, and specifically sought views on how the BoE should implement the Common UK Credit Message (CCM).

The BoE published a Policy Statement and a Supervisory Statement on **algorithmic trading**. The latter sets out prescriptive requirements covering the governance, approval process, testing and deployment, documentation and risk management of trading algorithms. It applies to all firms engaged in algorithmic trading and subject to the requirements related to algorithmic trading under PRA rule book and MiFID II. It also applies to unregulated financial instruments such as spot FX.

The Department for International Trade launched a **FinTech investment Drive** to attract investment into the UK's FinTech sector. The DIT will set up a UK FinTech Steering Board, composed of academics, industry experts and businesses. It will also work to connect companies in the FinTech sector with global investors.

Benoît Cœuré, Executive Board Member of the ECB, gave a speech on "The future of **financial market infrastructures**." He discussed the challenges associated with new technologies such as distributed ledgers and crypto-assets, but said that central banks should draw on less-disruptive existing technologies to make current payment systems instantaneous and available 24/7. He also stressed the need for central banks to modernize their RTGS systems and to enhance cyber resilience.

Pentti Hakkarainen, a member of the ECB Supervisory Board, spoke on the **digitalisation in banking**. He warned that outsourcing key IT services to third parties poses an increasing risk to the industry. Among the risks outlined were the fragmentation of banks' services across a range of external providers and, conversely, the risk of concentration if many banks are outsourcing core elements of digital banking to a single provider.

Pentti Hakkarainen, a member of the ECB Supervisory Board, gave an interview to Les Echos newspaper. He said that although FinTech firms do not present compelling financial stability risks, the ECB is looking closely at **cyber risks**, as well as **concentration risks** arising from firms' reliance on a small number of technology providers. He also recognised the role that FinTech firms can play in the integration of the European financial sector and in reducing the costs of financial products for consumers.

The EBA issued a final report on its recommendations on the equivalence of third country confidentiality regimes. Notably, the EBA added three non-EU supervisory authorities to the current list of third country supervisory authorities whose confidentiality regimes can be regarded as equivalent, namely the Guernsey Financial Services Commission, the Superintendence of the Financial Services of the Central Bank of Uruguay and the Bank of Korea.

The EBA clarified its expectations for **the implementation of the technical standards on strong customer authentication (SCA) and common and secure communication under PSD2**. Firstly, the EBA published a Consultation Paper clarifying the information that must be provided by account servicing payment service providers in order to meet the four conditions necessary to be exempted from having to develop a fallback option in case its dedicated interface for third party providers has an outage. Secondly, it also published an Opinion, addressed to Competent Authorities, clarifying its views in areas including the exemptions to SCAs, consent, the scope of data sharing, and requirements for APIs and dedicated interfaces to take into account.

The EBA published a Consultation on its draft **Guidelines on outsourcing arrangements**. The draft guidelines set out specific provisions for firms' governance frameworks to deal with outsourcing arrangements and outline the EBA's supervisory expectations of firms outsourcing to intra-group entities or to firms located in a third country.

The BIS published a chapter on **cryptocurrencies** in its Annual Economic Report. The document argues that the distributed ledger, which underpins cryptocurrencies, cannot substitute for central banks. It also highlights that unlike conventional money, which works better the more people use it and trust it, todays cryptocurrencies become more cumbersome as the number of users increases. Consequently, the chapter argues, cryptocurrencies cannot be viewed as effective means of exchange.

Luiz Awazu Pereira da Silva, Deputy General Manager of the BIS, gave a speech on **FinTech in emerging market economies** (EMEs). He recognised that new technologies can increase access to financial services in EMEs, but observed that they can also hinder monetary policy transmission and encourage excessive risk-taking. He said that regulators should work together and with technology companies to embrace the opportunities while tackling the risks.

The IMF announced the **expansion of the Fund's High Level Advisory Group on Finance and Technology** to 19 members. Its role is to provide expert advice and guidance on technological innovations including mobile computing, artificial intelligence and distributed ledger technologies. The Group is also active in the areas of crypto-assets, RegTech, smart contracts and the use of digital identity.

Other

The **PRA** published its 2017/2018 **annual report**. It highlighted that, for the first time since the launch of stress testing in the UK, no bank needed to strengthen its capital position as a result of these tests. The report showed that enforcement actions continue to focus on individual accountability, with eight new investigations opened within last year. The PRA's operating costs for last year came in at £280m, some £8m under budget.

The **PRA** published a policy statement on its **fees and levies** for 2018/19. It sets out the final fee rates and rules to recover the PRA's Annual Funding Requirement, the ring-fencing implementation fee, and final rules implementing changes to the PRA rulebook. The regulator estimates the costs associated with ring-fencing will be £16.4m in 2018/19, and that Brexit-related work would cost the PRA £8.3m.

Anil Kashyap, Member of the Financial Policy Committee, gave a speech about the role and functioning of the **Financial Policy Committee (FPC)**, including its role in prompting financial stability, its membership, and its wider remit, including the stress tests it undertakes.

Mark Carney, Governor of the BoE, gave a speech on "New Economy, New Finance, New Bank." He outlined the changes taking place within the BoE to support the **adaption of the UK financial system** to new demographics, to changes in customer behavior and, more broadly, to a constantly evolving global financial system. He also discussed the BoE's work on building a payment infrastructure that will allow consumers to transact "anywhere and anytime."

Gabriel Bernardino, Chairman of EIOPA, gave a speech on **European supervision** in a changing environment. He said there was a need to enhance supervisory convergence, reinforce consumer protection in an era of digital transformation, and maintain financial stability. He argued that there should be a minimum harmonized approach to insurance guarantee schemes in the European Union, and that EIOPA would shortly be publishing a Discussion Paper on this subject.

The EBA published its 2017 **Annual Report**, which highlighted its key publications, decisions and achievements in 2017. Over the course of 2017, the EBA made progress in finalising aspects of the Single Rulebook for banking. It committed to strengthen banks' balance sheets and reduce non-performing loans, largely through its ongoing support for the European Council's action plan.

EIOPA published its **2017 annual report**. The report highlighted EIOPA's activities in consumer protection, with the publication of consumer trends reports; supervisory convergence, for example in addressing the risk of inconsistencies between supervisory practices and identifying undertakings where the quality of modelling seems lower than peers; and financial stability, with work on a framework for macroprudential policy in insurance.

The **FSB** assessed financial vulnerabilities and took stock of actions under its **2018 work plan**. The report highlighted that after a decade of very low interest rates, financial institutions and markets may not be sufficiently prepared for adverse risks. On crypto-assets, it stated that at present the FSB does not see them as a risk to global financial stability, but that they raise a number of issues around consumer and investor protection, crime, money laundering and terrorist financing.

Mitsuhiro Furusawa, IMF Deputy Managing Director, spoke on **policy priorities for the global economy**. He noted that for the first time since the financial crisis all European economies are growing, although he predicted that this momentum would prove temporary. Amongst the threats to growth, he highlighted high debt, rising financial vulnerabilities, protectionism and the rise of inward-looking policies.

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