



Risk and Regulation Monthly

May 2019

CENTRE *for*
**REGULATORY
STRATEGY**
EMEA

Contents

CONTENTS
HIGHLIGHTS
BREXIT
BANKING
CAPITAL MARKETS
INSURANCE
INVESTMENT MANAGEMENT
OTHER
CONTACTS

Highlights

May was another busy month for financial services regulation.

In the UK, the FCA called for input on the potential development of a cross-Sector Sandbox involving a number of regulators, and published a paper on possible regulatory responses to issues in intergenerational finance. Sam Woods, Deputy Governor for Prudential Regulation and CEO of the PRA, gave a speech on “scanning the horizon” to identify problems in the financial system.

The EBA provided an update on its work in response to the Commission’s call for advice on Basel III implementation, noting that it will publish its impact assessment at the end of July.

Sustainable finance was again a strong theme throughout May at a UK, European and international level, demonstrating that this topic continues to move up the regulatory agenda.

Brexit

UK	
BoE	
<ul style="list-style-type: none">• Speech by Jon Cunliffe, Deputy Governor for Financial Stability, on 'Financial Stability post-Brexit: risks from global debt'	Link
<ul style="list-style-type: none">• Speech by Sam Woods, Deputy Governor for Prudential Regulation and CEO of the PRA, on post-Brexit regulation	Link
<ul style="list-style-type: none">• Speech by Ben Broadbent, Deputy Governor for Monetary Policy, on 'Investment and uncertainty: the value of waiting for news'	Link
FCA	
<ul style="list-style-type: none">• Confirmation of extension of the Temporary Permission Regime deadline	Link
<ul style="list-style-type: none">• Update on the revised scope of the EU's share trading obligation	Link
<ul style="list-style-type: none">• Podcast by Andrew Bailey, CEO, on the FCA's Business Plan for 2019/2020 and the future of regulation (including post-Brexit)	Link
EU	
ESMA	
<ul style="list-style-type: none">• Public Statement on adjustments to the application of the trading obligation for shares in a no-deal Brexit	Link
Back to top	

Banking

UK	
BoE	
<ul style="list-style-type: none">• Published the Systemic Risk Buffer rates for ring-fenced banks and large building societies applicable from 1 August 2019	Link
FCA	
<ul style="list-style-type: none">• Consultation paper on proposals for changes to mortgage advice and selling standards	Link
EU	
EBA	
<ul style="list-style-type: none">• CP on technical standards on the standardised approach for counterparty credit risk	Link
<ul style="list-style-type: none">• Press release on José Manuel Campa taking up his position as Chairperson of the EBA	Link
<ul style="list-style-type: none">• EBA updates on its work in response to the Commission's call for advice on Basel III implementation	Link

<ul style="list-style-type: none"> • CP on technical standards on the reporting of intra-group transactions and risk concentration for Financial Conglomerates 	Link
<ul style="list-style-type: none"> • Annual report for 2018, including priorities for 2019 	Link
EC	
<ul style="list-style-type: none"> • Press release on adoption of Risk Reduction Measures legislative package 	Link
ECB Central Bank	
<ul style="list-style-type: none"> • Speech by Luis de Guindos, Vice-President of the ECB, on challenges for bank profitability 	Link
ECB SSM	
<ul style="list-style-type: none"> • Interview by Andrea Enria, ECB SSM Chair, on challenges for bank resolution, in La Stampa 	Link
<ul style="list-style-type: none"> • Speech by Pentti Hakkareinen, member of the ECB Supervisory Board, on proportionality in banking supervision 	Link
<ul style="list-style-type: none"> • Publication on SSM Less Significant Institutions (LSI) SREP Methodology 	Link
ESRB	
<ul style="list-style-type: none"> • WP on mortgage modelling under IFRS 9, and the cyclical in the significant increase in credit risk (SICR) 	Link
SRB	
<ul style="list-style-type: none"> • Elke König, Chair of the SRB, wrote an article for Eurofi on the need for bank consolidation 	Link
<ul style="list-style-type: none"> • Eurofi Article by Elke König, Chair of the SRB, on the priorities on the resolution framework for the next EU banking legislature 	Link
International	
BIS	
<ul style="list-style-type: none"> • Progress report on adoption of the Basel regulatory framework 	Link
<ul style="list-style-type: none"> • Speech by Luis de Guindos, Vice-President of the ECB, on pending tasks for regulators and macroprudential policy makers 	Link
<ul style="list-style-type: none"> • Report on the continuing decline in global correspondent banking relationships 	Link
<ul style="list-style-type: none"> • FSB launches evaluation of too-big-to-fail reforms and invites feedback from stakeholders 	Link
Back to top	

Capital Markets

EU	
ESMA	
<ul style="list-style-type: none">Published the Latest Double Volume Cap (DVC) data under MiFID II	Link
<ul style="list-style-type: none">Latest data for systematic internaliser calculations for equity, equity-like instruments and bonds under MiFID II	Link
<ul style="list-style-type: none">Consultation on the legal action plan on transition from EONIA to €STR	Link
<ul style="list-style-type: none">Consultation on indices and recognised exchanges under the CRR	Link
<ul style="list-style-type: none">Consultation on future reporting guidelines under the SFTR	Link
<ul style="list-style-type: none">Consultation on periodic reporting rules for trade repositories	Link
<ul style="list-style-type: none">Consultations on tiering, comparable compliance and fees under EMIR 2.2	Link , link and link
Back to top	

Insurance

UK	
BoE	
<ul style="list-style-type: none">Speech by David Rule, Executive Director of Insurance Supervision, on internal capital 'Model use and misuse'	Link
PRA	
<ul style="list-style-type: none">Consultation on Solvency II: Maintenance of the transitional measure on technical provisions	Link
TPR	
<ul style="list-style-type: none">Speech by Louise Sivyer, Policy Manager, on the TPR's current focus in the area of defined contribution pension schemes	Link
<ul style="list-style-type: none">Speech by Kim Brown, Head of Master Trust Authorisation, on 'What lies ahead for master trusts'	Link
<ul style="list-style-type: none">Corporate Plan for 2019 – 2022	Link
EU	
EIOPA	
<ul style="list-style-type: none">Published the calculation of the Ultimate Forward Rate for 2020	Link
International	
BIS	

<ul style="list-style-type: none"> Speech by Ed Sibley, Deputy Governor (Prudential Regulation) of the Central Bank of Ireland, on 'Functioning of the insurance market, key industry issues and challenges ahead' 	Link
Back to top	

Investment Management

UK	
FCA	
<ul style="list-style-type: none"> Published a review of how principal firms in the investment management sector understood and complied with their regulatory responsibilities in respect of their appointed representatives 	Link
<ul style="list-style-type: none"> Published the Dear CEO Letter on the FCA expectations of principal firms in the investment management sector 	Link
Back to top	

Other

Prudential	
UK	
BoE	
<ul style="list-style-type: none"> Speech by Dave Ramsden, Deputy Governor for Markets and Banking, on 'Resilience: three lessons from the financial crisis' 	Link
Conduct	
UK	
FCA	
<ul style="list-style-type: none"> Discussion paper on Intergenerational finance, and how industry and regulators should respond to demographic change 	Link
<ul style="list-style-type: none"> Speech by Christopher Woolard, Executive Director of Strategy and Competition at the FCA, on 'Financial conduct regulation in a restless world' 	Link
Cyber	
UK	
BoE	
<ul style="list-style-type: none"> Speech by Nick Strange, Director, Supervisory Risk Specialists, entitled 'Operational resilience: a progress report' 	Link
EU	
ECB Central Bank	

<ul style="list-style-type: none"> Speech by Sabine Lautenschläger, Member of the Executive Board of the ECB, entitled 'Towards a more cyber secure financial system: the role of central banks' 	Link
International	
BIS	
<ul style="list-style-type: none"> Speech by François Villeroy de Galhau, Governor of the Bank of France, on 'Cybersecurity - coordinating efforts to protect the financial sector in the global economy' 	Link
FSB	
<ul style="list-style-type: none"> Update report to the G20 on work related to cyber incident response and recovery 	Link
Fintech	
UK	
BoE	
<ul style="list-style-type: none"> Speech by Dave Ramsden, Deputy Governor for Markets and Banking, on 'Resilience and innovation in post-trade' 	Link
FCA	
<ul style="list-style-type: none"> Speech by Robin Finer, Acting Chief Economist at the FCA, on 'Weighing the value of data – trade-offs, transparency and competition in the digital marketplace' 	Link
<ul style="list-style-type: none"> Call for input on the potential development of a cross-Sector Sandbox 	Link
HMT	
<ul style="list-style-type: none"> Summary of responses to the call for evidence on cash and digital payments in the new economy 	Link
<ul style="list-style-type: none"> "State of the nation" report on UK fintech , examining the positive impact of technology on the financial services sector in the UK 	Link
PSR	
<ul style="list-style-type: none"> Responses to the Consultation on the general directions on implementation of Confirmation of Payee 	Link
EU	
EIOPA	
<ul style="list-style-type: none"> Review on the use of Big Data Analytics in motor and health insurance 	Link
International	
BIS	
<ul style="list-style-type: none"> Speech by Sabine Lautenschläger, Member of the Executive Board of the European 	Link

Central Bank on 'A future-oriented approach to pan-European innovative retail payment solutions'	
IOSCO	
<ul style="list-style-type: none"> • Consultation report on issues, risks and regulatory considerations for regulating crypto-asset trading platforms 	Link
OECD	
<ul style="list-style-type: none"> • Recommendation of the Council on Artificial Intelligence for principles of trustworthy AI 	Link
Sustainable Finance	
UK	
PRA	
<ul style="list-style-type: none"> • A framework for assessing financial impacts of physical climate change: a practitioner's aide for the general insurance sector 	Link
EU	
ECB SSM	
<ul style="list-style-type: none"> • Interview with Frank Elderson, Member of the Supervisory Board of the ECB, on climate change risk 	Link
EIOPA	
<ul style="list-style-type: none"> • Summary of the 2nd Roundtable on sustainable finance 	Link
<ul style="list-style-type: none"> • Technical Advice on the integration of sustainability risks and factors in the delegated acts under Solvency II and IDD 	Link
ESMA	
<ul style="list-style-type: none"> • Technical Advice on the integration of sustainability risks and factors in MiFID II, UCTIS and AIFMD 	Link
International	
BIS	
<ul style="list-style-type: none"> • Speech by Luiz Awazu Pereira da Silva, Deputy General Manager of the BIS, on climate-related risks and financial stability 	Link
Other	
UK	
BoE	
<ul style="list-style-type: none"> • Speech by Sam Woods, Deputy Governor of the BoE, on supervisors 'scanning the horizon' to identify problems in the financial system 	Link
FCA	
<ul style="list-style-type: none"> • Speech by Karina McTeague, Director of General Insurance and Conduct Specialists 	Link

Supervision at the FCA, on `Leading the Way on Regulation`	
EU	
ESMA	
<ul style="list-style-type: none"> Published its latest risk dashboard for the EU securities markets 	Link
International	
BIS	
<ul style="list-style-type: none"> Interview of Benoît Cœuré, Member of the Executive Board of the ECB, in Frankfurter Allgemeine Zeitung 	Link
<ul style="list-style-type: none"> Speech by Klaas Knot, President of the Netherlands Bank, on the future agenda for financial sector reforms, financial stability and regulatory developments for the financial industry 	Link
<ul style="list-style-type: none"> Speech by Fernando Restoy, Chairman of the Financial Stability Institute at BIS, on the proportionality in financial regulation 	Link
FSB	
<ul style="list-style-type: none"> Europe RCG discusses artificial intelligence, financial vulnerabilities and FSB work programme 	Link
Back to top	

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

Andrew Bulley

Partner, Centre for Regulatory Strategy
+44 (0)20 7303 8760

Rod Hardcastle

Director, Centre for Regulatory Strategy
+44 (0)20 7007 1640

Deloitte.

This publication has been written in general terms and we recommend that you obtain professional advice before acting or refraining from action on any of the contents of this publication. Deloitte LLP accepts no liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London, EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NWE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ('DTTL'). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NWE LLP do not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.