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## European Regulatory Summary - February 2016

The EC has postponed the date for the application of the revised MiFID II package until 3 January 2018. Solvency II - the new risk-based European supervisory framework for insurance became applicable as of January 1, 2016. The EBA has launched an EU wide bank stress test exercise.

### ESMA News

- Draft regulatory technical standards (RTS) on settlement discipline for the implementation of the Central Securities Depository Regulation (CSDR) have been published. The CSDR harmonises the authorisation and supervision of EU central securities depositories. It also introduces a mandatory buy-in as well as other settlement discipline measures to tackle settlement fails.
- ESMA has published Questions and Answers on the application of the Undertakings for the Collective Investment In Transferable Securities Directive (UCITS). The consolidated Q&A includes new questions on additional documents that funds need to provide for UCITS V. [Click here](#) to access the document.
- ESMA has issued a call for candidates regarding its consultative working group (CWG), a panel made up of 20 market data experts, working on market data issues.
- ESMA has issued translations of its guidelines on complex debt instruments and structured deposits. [Click here](#) to access the document.
- ESMA has published the responses to their consultation on review of Article 26 of RTS No 153/2013 with respect to MPoR (Margin Period of Risk) for client accounts. The response can be viewed by [clicking on this link](#) to access the consultation page and scrolling down.
- EMIR update: ESMA issued a revised Q&A which can be accessed via [this link](#). ESMA has also issued a set of opinions regarding the exemption of 16 UK pension schemes from the obligation to centrally clear OTC derivative contracts under EMIR. [Click here](#) to access the document.
- ESMA has published its standard form for the disclosure of home Member State by issuers under the Transparency Directive (TD). The TD requires issuers whose securities are admitted to trading on an EU regulated market to disclose their home Member State to: their home Member State's competent authority, all host Member States' competent authorities, and the competent authority of the Member State in which the issuer has its registered office. [Click here](#) to access the publication.
- ESMA has launched a public consultation on draft guidelines clarifying the implementation of the Market Abuse Regulation (MAR). [Click here](#) to access the relevant page.
- ESMA has issued a discussion paper regarding the technical implementation of the incoming Benchmarks Regulation (BR). [Click here](#) to access the relevant page.

### MiFID II

The EC has extended the date for the application of the revised MiFID II package until 3 January 2018, to take account of the exceptional technical implementation challenges faced by regulators and market participants.

### Solvency II

- As of 1 January 2016 the new risk-based European supervisory framework for insurance – Solvency II – became applicable.
- EIOPA has published technical information on the relevant risk free interest rate term structures to be applied by insurance undertakings in the calculation of their technical provisions with reference to the end of December 2015 ([Click here](#)) and for the February update [Click here](#).
- A speech given by Andrew Bulley at the Investment and Life Assurance Group Limited (ILAG) Conference, London on Solvency II can be accessed via [this link](#). Andrew is the Director of Life Insurance at the PRA.

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### EIOPA defines priorities for 2016

1. To ensure transparency, simplicity, accessibility and fairness across the internal market for consumers.
2. To lead the development of sound and prudent regulations supporting the EU internal market.
3. To improve the quality, efficiency and consistency of the supervision of EU insurers and occupational pensions.
4. To identify, assess, mitigate and manage risks and threats to the financial stability of the insurance and occupational pensions sectors.

### EBA News

#### The risk dashboard for the EU banking sector

The EBA has published the periodic update to its risk dashboard summarising the main risks and vulnerabilities in the banking sector on the basis of the a set of risk indicators across the EU. The EBA risk dashboard is part of the regular risk assessment conducted by the EBA and complements the annual Risk Assessment Report. The EBA Methodological Guide published covers a wider set of indicators than those included in the risk dashboard. The guide was developed to provide relevant background as well as the way risk indicators are computed.

#### Public consultation on draft guidelines on implicit support for securitisation

The EBA has launched a consultation on draft guidelines on implicit support for securitisation transactions. The objective of the guidelines is to provide clarity on what constitutes arm's length conditions and when a transaction is not structured to provide support for securitisations. The consultation runs until 20 April 2016. [Click here](#) to access the CP.

#### EU wide stress test exercise

The EBA has published the methodology and macroeconomic scenarios for the 2016 EU-wide stress test. These are designed to provide supervisors, banks and other market participants with a common analytical framework to assess the resilience of individual EU banks, groups of banks, and the system as a whole, to economic shocks. The results of this exercise will inform the 2016 round of Supervisory Review and Evaluation Processes (SREP) under which decisions will be made on appropriate capital resources for individual banks. The EBA expects to publish the results of the exercise in early Q3 2016.

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