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## **European Regulatory Summary - October 2015**

The Shadow Banking proposals and the revised Payment Services Directive received European Parliament approval. The commission made further progress on the Economic Monetary Union. The Joint Committee of the three European Supervisory Authorities - ESAs (EBA, EIOPA and ESMA ) launched a public consultation on two guidelines: anti-money laundering and countering the financing of terrorism (AML/CFT) . More details below.

### **Joint AML/CFT Guidelines**

The ESA Joint Committee has launched these guidelines with the aim of promoting a common understanding of the risk-based approach to AML/CFT. The guidelines set out how they should be applied by credit and financial institutions and competent authorities across the EU. The documents are part of the Joint Committee's work to establish consistent and effective, risk-based supervisory practices across the EU.

### **ESMA News**

- Publication of guidelines on the application of the definition of commodity derivatives. This can be viewed via [this link](#).
- ESMA has published the responses received to the Consultation on draft Regulatory Technical Standards under the ELTIF (European Long-Term Investment Funds) Regulation. Click on [this link to access the responses](#).
- ESMA prepares to enter in to force the Transparency Directive which was amended in 2013. ESMA has updated its Q&A document on the TD to bring it up-to-date ready for the amended TD entering into force on 26 November 2015.
- Published responses to the consultation on guidelines on sound remuneration policies under the UCITS directive and AIFMD. [Click here](#) to access the responses.

### **Shadow Banking**

The European Parliament adopted the Commissions proposals to improve transparency in the shadow banking sector. This proposed new law will significantly improve the transparency of securities financing transactions from a shadow banking perspective.

### **Banking Union**

The EC has issued a press notice titled 'Completing Europe's Economic and Monetary Union: Commission takes concrete steps to strengthen EMU'. [Click here](#) to access the press release.

### **Payment Services Directive**

The EC has announced the adoption of the revised Payment Services Directive (PSD2). This new law, proposed by the European Commission in July 2013, enhances consumer protection, promotes innovation and improves the security of payment services. PSD2 is the latest in a series of laws recently adopted by the EU in order to provide for modern, efficient and cheap payment services and to enhance protection for European consumers and businesses.

### **Solvency II**

The European Insurance and Occupational Pensions Authority (EIOPA) has published revised business documents related to the Solvency II reporting and disclosure package. Amendments can be [viewed here](#). EIOPA has also modified the methodology for calculating the relevant risk-free interest rate term structures. The changes are:

- The selection of financial instruments used to derive the basic risk-free interest rate term structures will be aligned to recent market developments in order to ensure that the term structures are based on information from deep, liquid and transparent markets.
- The treatment of government bonds issued by countries of the European Economic Area that are not Member States of the EU in the calculation of the volatility adjustment and the fundamental spread will be aligned to the treatment of government bonds issued by Member States. [Click here](#) to view the modified documentation.

### **Capital Requirements Regulation**

EBA has updated the list of Common Equity Tier 1 Capital instruments. [Click here](#) to access CET1.

Regulation and Risk Ltd

51 Fitzjames Avenue  
Croydon  
CR0 5DN

+44 (0)7967 561132  
ranil@raritd.net  
www.raritd.net