

Financial Services Alerter

June 2018





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EU developments

Implementing Regulation extending transitional periods related to own fund requirements for CCP exposures published in OJ

On 04 June 2018, [Commission Implementing Regulation \(EU\) 2017/2241](#) on the extension of the transitional periods related to own funds requirements for exposures to central counterparties (CCPs), set out in CRR and EMIR was published in the OJ. The Implementing Regulation entered into force on 07 June 2018.

EBA publishes Opinion and draft Guidelines on implementation of Delegated Regulation setting out RTS on SCA and CSC under PSD2

On 13 June 2018, the European Banking Authority (EBA) published a [consultation paper](#), “Draft Guidelines on the conditions to be met to benefit from an exemption from contingency measures under Article 33(6) of Regulation (EU) 2018/389 (RTS on SCA & CSC)”. The consultation period closes on 13 August 2018.

MLD5 published in OJ

On 19 June 2018, [Directive \(EU\) 2018/843](#) amending [MLD4] on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending [Solvency II] and [CRD IV] was published in the OJ. The Directive entered into force on 09 July 2018.

EBA publishes consultation on draft RTS on conditions to allow institutions to calculate KIRB in accordance with the purchased receivables approach

On 19 June 2018, the European Banking Authority (EBA) published a [consultation paper](#), “Draft Regulatory Technical Standards on the conditions to allow institutions to calculate KIRB in accordance with the purchased receivables approach under Article 255 of Regulation (EU) 2017/2401 amending [CRR].” The consultation period closes on 19 September 2018.

EBA publishes consultation on Guidelines on outsourcing

On 22 June 2018, the European Banking Authority (EBA) published a [consultation paper](#), “EBA Draft Guidelines on Outsourcing arrangements”. The proposed guidelines define which arrangements with third parties are considered as outsourcing and provide criteria for the identification of critical or important functions. If such critical or important functions are outsourced, stricter requirements apply as compared to other outsourcing arrangements. The consultation period closes on 24 September 2018.

ESMA publishes Opinion on CCPs' liquidity risk assessment under EMIR

On 22 June 2018, the European Securities and Markets Authority (ESMA) published an [Opinion](#), "CCP Liquidity Risk Assessment under Article 44(1) of [EMIR]". The opinion aims to clarify:

- the assessment of the Liquidity Risk when a clearing member also acts as a liquidity provider
- the assessment of the Liquidity Risk when a liquidity provider is not a clearing member

EBA publishes Opinion on preparations for Brexit

On 25 June 2018, the European Banking Authority (EBA) published an [Opinion](#), "Opinion of the European Banking Authority on preparations for the withdrawal of the UK from the EU". The Opinion aims to ensure that competent authorities:

- ensure that financial institutions are considering the risks caused by the possible departure of the UK from the EU without a ratified withdrawal agreement, and that they are formulating plans to mitigate any risks in an appropriate timeframe
- draw attention to the customer protection obligations of financial institutions

European Union (Withdrawal) Act 2018 receives Royal Assent

On 26 June 2018, the [European Union \(Withdrawal\) Act 2018](#) (EUWA) received Royal Assent. The EUWA will repeal the European Communities Act 1972 (ECA) on the day the UK leaves the EU, i.e. 29 March 2019. The EUWA ends the supremacy of EU law in UK law, converts EU law as it stands at the moment of exit into domestic law, and preserves laws made in the UK to implement EU obligations.



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International developments

FIA publishes report on status of clearing members' Brexit contingency plans

On 05 June 2018, the Futures Industry Association (FIA) published a [report](#), “Insight into the Current Status of Clearing Members’ Brexit Contingency Plans”. The report provides insight into institutions’ progress with their contingency plans, the issues they face when structuring and executing such plans, and the policy proposals that would assist with these issues.

BCBS publishes report on progress in adoption of principles for effective risk data aggregation and reporting

On 21 June 2018, the Basel Committee on Banking Supervision (BCBS) published a [report](#), “Progress in adopting the Principles for effective risk data aggregation and risk reporting”. The BCBS first published the Principles in January 2013 with the aim of strengthening banks’ risk data aggregation capabilities and internal risk reporting practices.

IUA publishes Brexit contract continuity clause

On 22 June 2018, the International Underwriting Association (IUA) published a Brexit [contract continuity clause](#) to provide insurance companies with a possible contractual option in the event of the UK leaving the EU without a deal or suitable transitional arrangements or being put in place.

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