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Regulation Outlook

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Executive summary

In the first quarter of 2016, the BCBS published the final document establishing a revised market risk framework, a consultative document which sets a single method for calculating capital requirements for operational risk and a consultation document that introduces constraints on the use of the IRB approach for credit risk. In Spain, the Bank of Spain issued a Proyecto de Circular which updates the Circular 4/2004, mainly its Annex IX.

Global publications

- The ECB has published the final **standards on minimum capital requirements for market risk**, which consist of a revised internal models-approach (IMA); a revised standardised approach (SA); and a revised boundary between the trading book (TB) and the banking book (BB).
- Regarding operational risk, the BCBS has published a consultative document which develops the **Standardised Measurement Approach (SMA)** that combines the main elements of the standardised approach i.e. the business indicator, with the bank's internal loss experience.
- Finally, the BCBS has also published a consultation document on **constraints on the use of internal models approaches** which proposes to remove the option to use IRB approaches for certain exposures or to adopt exposure-level, model parameters floors, among others.

European publications (continuation)

- Furthermore, the European Commission (EC) has adopted an Implementing Regulation on the **disclosure of the leverage ratio (LR)** in order to harmonize it across the EU.
- The ECB has determined its **supervisory expectations** on institutions' **internal capital adequacy assessment process (ICAAP)** and **internal liquidity adequacy assessment process (ILAAP)** in order to clarify the type of information they should share with the SSM.
- Regarding the **options** and **discretions** available in Union law, the ECB has approved a Regulation specifying certain of those options which apply exclusively to **significant credit institutions** and that are related to own funds, capital requirements, large exposures, liquidity and transitional provisions of the CRR.

European publications

- The EBA has published the **2016 stress test final methodology**, including the list of institutions participating in the exercise; the base, adverse and securitisation scenario; the haircuts on certain sovereign exposures; and the stress impact of the common scenarios.
- The EBA has also issued a consultative document on amendments to the **COREP framework**, establishing new requirements for reporting information on prudent valuation and some supplementary requirements for reporting credit risk information.

Local publications

- In Spain, the Bank of Spain has published a **Proyecto de Circular** which updates the **Circular 4/2004**, mainly its **Annex IX**, to adapt it to the recent banking and accounting regulatory developments.
- The Bank of Spain has also approved a **Circular** that completes the **transposition** of the **CRD IV** and the **CRR** into the Spanish law. It also includes some national options established within the CRR, develops some aspects related to the supervision and lays down the concept of competent authority (ECB or Bank of Spain).

Regulatory projections

In Europe, significant institutions shall submit information on the ICAAP and the ILAAP to the ECB by 30 April 2016, with 31 December 2015 as the reference date. In June 2016, the Circular amending Circular 4/2004 (new Annex IX) and the Ley de Auditoría de Cuentas shall enter into force.

Regulatory projections

1. Next quarter

- **(Europe) April 2016**: significant institutions shall submit information on the ICAAP and the ILAAP to the ECB.
- **(Europe) April 2016**: the final version of the guidance to prepare the resolution plans by the Single Resolution Board (SRB) will be published.
- **(Spain) May 2016**: institutions have to publish on their website the information regarding corporate governance and remuneration policies as set in Circular 2/2016.
- **(Europe) June 2016**: the EBA guidelines on the information to be collected by competent authorities with regard to the ICAAP and the ILAAP under the SREP will be applicable.
- **(Spain) June 2016**: the Circular amending the Circular 4/2004 (new Annex IX) and the Circular 1/2013 will enter into force.
- **(Spain) June 2016**: the Ley de Auditoría de Cuentas will enter into force.
- **(Spain) June 2016**: institutions have to submit a list providing the names of the board members and the general managers to the Bank of Spain.
- **(Europe) July 2016**: the Markets in Financial Instruments Directive (MiFID II) shall be transposed into national law.

2. Next year

- **(Global) July 2016**: the BCBS will start a Quantitative Impact Study on the revision of the standardized approach for credit risk.
- **(Europe) September 2016**: the results of the stress test will be published, on a bank-by-bank basis and in the form of aggregated analyses.
- **(Europe) October 2016**: the Regulation on the exercise of options and discretions regarding prudential requirements for significant credit institutions will entry into force.
- **(Europe) January 2017**: the EBA guidelines regarding limits on exposures to shadow banking entities will be applicable.
- **(Spain) March 2017**: certain individual confidential statements (FI 100-2, FI 101 and FI 130) will be incorporated into Annex IX.

3. More than a year

- **(Global) December 2017**: the Pillar 3 disclosure requirements will be applicable.
- **(Global) January 2018**: the IFRS 9 will have to be implemented.
- **(Global) January 2018**: the NSFR and its disclosure requirements will be applicable.
- **(Global) January 2018**: the revised securitisation framework will come into force.
- **(Global) January 2018**: the LR will migrate to a Pillar 1 minimum capital requirement.
- **(Europe) January 2018**: the MiFID II will be applicable.
- **(Global) January 2019**: G-SIBs not headquartered in an emerging market economy will be required to comply with a minimum TLAC requirement of 16% of risk-weighted assets and 6% of the LR exposure.
- **(Global) January 2019**: the revised market risk framework of the BCBS will come into effect.
- **(Europe) December 2019**: institutions should report information on market risk following the new standards.
- **(Europe) December 2020**: the EBA considers that the effective implementation of the changes in all areas of the IRB Approach should be finalised.

Publications of this quarter

Summary of outstanding publications of this quarter.

ITS: implementing technical standards.

15/01/2016
Standards on minimum capital requirements for market risk.

1. Context

In July 2009, the BCBS introduced a set of revisions to the market risk framework. Nonetheless, the BCBS recognised that a number of structural flaws in the market risk framework remained unaddressed. In response, it undertook the Fundamental Review of the Trading book to improve the overall design and coherence of the capital standard for market risk.

In this context, the BCBS has published **revised standards for minimum capital requirements for market risk**. The revised market risk framework consists of the following key enhancements: a revised internal models-approach (IMA); a revised standardised approach (SA); and a revised boundary between the trading book (TB) and the banking book (BB). Additionally, the document includes an annex with standards providing guidance related to the Supervisory Review Process.

2. Main points

Revised IMA

- The revised IMA replaces Value at Risk (VaR) and stressed VaR with a single **Expected Shortfall (ES)** metric:
  - ES measures the riskiness of a position by considering both the size and the likelihood of losses, ensuring capture of tail risks.
  - ES must be calibrated to a period of significant financial market stress. The revised IMA allows for maximum stress to be calculated on a reduced set of bank-selected risk factors, provided that these factors explain at least 75% of the variation in the ES model.
  - To factor in the risk of market illiquidity, the concept of varying liquidity horizons (10-120 days) is introduced in the ES measure, replacing the static 10-day horizon.
- The **model approval process** becomes more granular:
  - A supervisor could approve/remove the use of IMA for each trading desk, in contrast to the current framework where approval/removal is possible only at the bank-wide level.
  - In order to qualify as a model-eligible desk (otherwise, the desk must be capitalised under the SA, with the exception of certain situations and subject to the local supervisor), a trading desk needs to comply with two quantitative validation criteria: P&L attribution and backtesting.
  - Within an eligible trading desk, risk factors that do not meet a set of conditions (concerning data) are deemed to be non-modellable and must be capitalised individually using a separate stressed capital add-on from the ES approach used for modellable risk factors.
- Constraints on the **effects of hedging and portfolio diversification** are introduced:
  - The total ES capital charge for modellable risk factors is calculated as an equal-weighted average of: (i) a bank-wide ES charge with diversification benefit recognised across all risk classes; and (ii) a set of partial ES charges (one for each of the broad regulatory risk classes) with no cross-risk class diversification benefit recognised.
  - The revised framework replaces the Incremental Risk Charge (IRC) with a Default Risk Charge (DRC) model, which will capture default risk, for credit and equity exposures, separate from all market risks.

Revised SA

- The **standardised bucket risk weights** within each risk class have been calibrated to stressed market conditions using an ES methodology, and the varying liquidity horizons have also been incorporated into the calibration.
- Three **correlation scenarios** have been defined (high, medium and low) in order to address the risk that correlations increase or decrease in periods of financial stress.
- **Greater reliance on risk sensitivities** as inputs into capital charge calculations is introduced.
- The revised SA is comprised of **three components**:
  - Sensitivities-based method, for capturing delta, vega and curvature risks. The revised methodology extends it to a broader set of risk factors.
  - Standardised DRC, which is calibrated to the credit risk treatment in the BB to reduce the potential discrepancy in capital requirements for similar risk exposures across the BB and TB.
  - Residual Risk Add-on, which is equal to the sum of gross notional amounts of the instruments bearing residual risks, multiplied by a risk weight of 1% for instruments with an exotic underlying and a risk weight of 0.1% for instruments bearing other residual risks.

Revised boundary between the TB and the BB

- The definition of the TB is supplemented with a **list of instruments** presumed to be in the TB. Moreover, a bank must receive explicit supervisory approval for any deviations from this list.
- If the **capital charge on an instrument is reduced** as a result of switching between the BB and the TB, the difference measured at the point of the switch is imposed on the bank as an additional Pillar 1 capital charge.
- **Supervisors** may initiate a switch from the TB to the BB or vice versa if an instrument is deemed to be improperly designated. Banks must also make available to supervisors reports on their boundary determination and compliance, inventory ageing, daily limits, intraday limits and assessments of market liquidity.
- Limits are introduced on the **internal risk transfers** of equity risk and interest rate risk from the BB to the TB.

3. Next steps

- The revised framework comes into effect on **1 January 2019**, and national supervisors are expected to require banks to report under the new standards by the **end of 2019**.
- **Pillar 3 disclosure standard**s for market risk will be proposed for public consultation.
- The BCBS will continue to **monitor the impact** of the capital requirements for market risk to ensure consistency in the overall calibration of the Pillar 1 capital framework.

08/03/2016
Consultative document on Standardised Measurement Approach for operational risk.

1. Context

In October 2014, the BCBS published for consultation a revised Standardised Approach for operational risk that sought to address weaknesses in the existing standardised approaches. In the light of this revision, the BCBS has decided to standardise the estimation of regulatory capital for the entire operational risk framework and it has therefore determined that the withdrawal of internal modelling approaches for operational risk regulatory capital from the Basel framework is warranted.

Building on these decisions, the BCBS has published a consultative document which **develops the Standardised Measurement Approach (SMA)** and provides a single non-model-based method for the estimation of operational risk capital. The proposed approach combines the main elements of the previously consulted standardised approach (e.g. the Business Indicator substitutes the Gross Income as the proxy indicator for operational risk exposure) with bank's internal loss experience, which was a key component of the Advanced Measurement Approach (AMA).

2. Main points

- **Scope**: the proposed SMA framework would be applied to internationally active banks on a consolidated basis. However, supervisors could apply this framework to non-internationally active institutions.
- **SMA framework**: it combines the Business Indicator (BI), a simpler financial statement proxy for operational risk exposure, with bank-specific operational loss data.
    - <u>Business Indicator (BI)</u>: it is made up of almost the same P&L items that are found in the composition of the Gross Income (GI), although the main difference relates to how the items are combined (e.g. the BI uses positive value of its components, avoiding counterintuitive negative contributions from bank's businesses to the capital charge as allowed under the GI).
        - <u>BI component</u>: it is an increasing function of the BI and it reflects the operational loss exposure of an average QIS bank (data from second half of 2015) of a given BI size. Under the SMA, banks are divided into five buckets according to the size of their BI and their BI component increases linearly within buckets.
    - <u>Internal Loss Multiplier</u>: it introduces the internal loss experience into the SMA. Based on a QIS findings that showed that more than 80% of the banks with BI > €1 billion are non-BIA (Basic Indicator Approach) banks, the BCBS has proposed that internal losses should be used by banks in bucket 2-5, but not by banks in bucket 1.
        - <u>Loss component</u>: it reflects the operational loss exposure of a bank that can be inferred from its internal loss experience. The BCBS proposes that if a bank uses the SMA's loss component it must adhere to minimum loss data standards (i.e. general and specific criteria) under Pillar 1. If they fail to meet these standards, capital would at a minimum equal 100% of the BI component.
- **SMA operational risk capital requirement**:
    - <u>Banks in bucket 1</u>: the capital requirement corresponds solely to the BI component.
    - <u>Banks in buckets 2 through 5</u>: the capital requirement results from multiplying the BI component by the Internal Loss Multiplier.

3. Next steps

- Comments on the proposal should be uploaded by **3 June 2016**.
- During the **course of 2016**, the BCBS will provide further details on the timeline for the withdrawal of the AMA and the implementation of the SMA.
- The BCBS will conduct a **quantitative impact study (QIS)** which will be a key input to the final design and calibration of the operational risk framework.

15/03/2016

Consultative document on Pillar 3 disclosure requirements – consolidated and enhanced framework.

1. Context

Pillar 3 of the Basel framework seeks to promote market discipline through regulatory disclosure requirements. The BCBS issued its revised Pillar 3 disclosure requirements in January 2015. These superseded the Pillar 3 disclosure requirements issued in 2004, and completed the first phase of the review of Pillar 3 that the BCBS announced it was undertaking in its June 2014 Consultative Document.

The BCBS has issued now a consultative document that sets out proposals from the second phase of the Pillar 3 review. In particular, these proposals incorporate **enhancements to the revised Pillar 3 framework**, including the addition of a dashboard of key metrics, the disclosure of hypothetical RWAs calculated based on the BIS standardised approaches, and a new disclosure requirement for prudent valuation. Moreover, the proposals also incorporate **further revisions arising from reforms to the regulatory policy framework**, such as the Total Loss-Absorbing Capacity (TLAC) regime.

2. Main points

- **General considerations**.
    - <u>Scope</u>: unless otherwise specified, proposed disclosure requirements apply to internationally active banks at the top consolidated level.
    - <u>Frequency and timing of disclosures</u>: the frequencies vary between quarterly, semiannual and annual reporting, depending upon the nature of the specific disclosure requirement. A bank's Pillar 3 report must be published concurrently with its financial report for the corresponding period.
    - <u>Reporting format</u>: the disclosure requirements are presented in the form of either templates or tables. Banks may disclose these templates/tables in a document separate from their Pillar 3 report.
    - <u>Assurance of Pillar 3 data</u>: the information provided must be subject to the same level of internal review and internal control processes as the information provided by banks for their financial reporting.
- **Enhancements to the revised Pillar 3 framework**.
    - <u>Dashboard of key regulatory metrics</u>. Two disclosure requirements have been developed: template KM1, covering a bank's available capital (including buffer requirements and ratios), RWAs, leverage, Liquidity Coverage and Net Stable Funding ratios; and for Global systemically important banks (G-SIBs) also template KM2, with regard to the TLAC.
    - <u>Hypothetical RWA</u>. Banks will be required to disclose hypothetical RWAs calculated according to the standardised approaches for credit risk, market risk, counterparty credit risk and securitisations.
    - <u>Prudent valuation adjustment</u>. Template PV1 is introduced consisting on an additional breakdown of a bank's aggregate prudent valuation adjustment.
- **Further revisions arising from reforms to the regulatory policy framework**.
    - <u>TLAC</u>: four templates are included for G-SIBs to disclose (KM2, TLAC1, TLAC2 and TLAC3).
    - <u>Operational risk</u>: the proposals (i.e. some amendments to existing templates and introduction of new templates and tables) reflect the changes introduced by the consultative document on Standardised Measurement Approach (SMA) published in March 2016.
    - <u>Market risk</u>: the proposals add one additional table to the existing ones, which have been adapted to fit the Fundamental Review of the Trading Book.
- **Consolidation of BCBS disclosure requirements**. The review proposes to consolidate the disclosure requirements previously issued by the BCBS (i.e. standards with regard to the disclosure of the leverage ratio, the Liquidity Coverage Ratio, etc.). As a result, some minor changes format to the existing disclosure requirements have been introduced.

3. Next steps

- Comments shall be submitted by **10 June 2016**.
- Different implementation dates have been proposed in line with the following general criteria:
    - Where the requirements have already been implemented and the changes are minor, the implementation date has been set for a bank's **2017 financial year-end**.
    - Where the requirements are dependent on the implementation of another policy framework, the implementation date has been **linked to the implementation of that other framework**.

29/03/2016

Consultative document on reducing variation in credit risk-weighted assets – constraints on the use of internal model approaches.

1. Context

In January 2016, it was agreed that the BCBS would complete its work to address the problem of excessive variability in RWAs by the end of 2016.

In this regard, and aiming at reducing the complexity of the regulatory framework and improving comparability and addressing excessive variability in the capital requirements for credit risk, the BCBS has issued a consultation document including constraints to the use of internal models for credit risk.

In particular, this document set proposals to remove the option to **use the IRB approaches for certain exposures**; to adopt exposure-level, **model-parameter floors**; to replace the **current capital floor**; and to provide greater specification of **parameter estimation** practices to reduce variability in RWAs.

2. Main points

- **Use of internal models**. The BCBS considers the following proposals:
  - To remove the IRB approaches for the following portfolios: banks and other financial institutions; large corporates (i.e. corporates belonging to consolidated groups with total assets exceeding 50 bn€); and equities. These portfolios will be subject to the standardised approach to credit risk:
  - To remove the option to use the A-IRB approach for exposures to corporates that are part of consolidated groups that have annual revenues greater than 200 M€.
  - To remove the IRB approaches for specialised lending that use banks' estimates of model parameters, leaving only the SA and the IRB supervisory slotting approach.
  - To introduce a floor to the internal model method for counterparty credit risk (IMM-CCR) based on a percentage of the applicable SA (which is under consultation since December 2015).
  - To remove the internal models approach on credit valuation adjustment (IMA-CVA) from the proposed framework on CVA issued in July 2015.
- **Parameter floors**.
  - The proposed floors differentiate between corporate and retail exposures (i.e. mortgages, qualifying revolving retail exposures (QRRE) and other retail).
  - These floors apply to the following model parameters: PD (e.g. 5bps for corporate exposures); LGD (e.g. 25% for unsecured corporate exposures); EAD/CCF (e.g. floor equal to the sum of the on balance sheet exposures and 50% of the off balance sheet exposure using the applicable CCF in the SA).
- **Output floors**.
  - The current capital floor which is based on Basel I capital requirements is proposed to be replaced by considering an aggregate output floor which could be calibrated in the range of 60% to 90% or by applying output floors at a more granular level, where appropriate.
  - Nevertheless, the final design and calibration will be informed by a comprehensive quantitative impact study (QIS).
- **Parameter estimation practices**.
  - The proposals introduce requirements for the modelling of the PD, LGD, EAD/CCF (including data, granularity and collateral treatment, etc.) and amendments to the credit risk mitigation (CRM) framework under the F-IRB and A-IRB approaches.
  - Additionally, it is proposed that banks be required to determine the maturity parameter (M) under A-IRB based on the expiry date of a facility.

3. Next steps

- Comments shall be submitted by **24 June 2016**.
- The final design and calibration of the proposals will be informed by a comprehensive quantitative impact study (QIS).

03/03/2016
- **Basel III Monitoring Report.**
- **CRD IV/CRR Monitoring exercise.**

1. Context

The BCBS has published the results of its latest Basel III monitoring report. In parallel with this report, the EBA has conducts its ninth report of the CRDIV-CRR/Basel III monitoring exercise on the European banking system. In particular, these exercises allow gathering aggregate results on capital, leverage ratio (LR), liquidity coverage ratio (LCR) and net stable funding ratio (NSFR).

Both exercises classify banks in Group 1 (comprised of those internationally active banks with a Tier 1 capital exceeding €3billion) and Group 2 (all other banks). For the BCBS exercise a total of 230 banks participated, comprising 101 Group 1 banks and 129 Group 2 banks. In contrast, a total of 297 banks submitted data for the EBA exercise, 49 banks of them from Group 1 and 248 banks from Group 2.

2. Main points

- The results are based on data as of **30 June 2015**.
- The main **average results** obtained (assuming full implementation of the Basel III/CRD IV-CRR framework) were:

Organism	Group	CET1 ratio	Capital shortfall*	Shortfall reduction**	LR	LCR	NSFR
BCBS	1	11.5%	0	0%	5.2%	123.6%	111.9%
	2	12.8%	0.2bn€	86.7%	5.4%	140.1%	114%
EBA	1	11.6%	0.7bn€	53.3%	4.2%	121.2%	104%
	2	12.5%	0.3bn€	87.5%	5.0%	156.7%	111%

* Shortfall with respect to the minimum requirement of 7% (CET1+ Capital Conservation Buffer).

** Shortfall reduction between December 2014 and June 2015.

28/01/2016
Impact assessment of IFRS9 on banks in the EU.

1. Context

In July 2014, the International Accounting Standards Board (IASB) issued "IFRS 9 – Financial Instruments" which supersedes IAS 39. The IFRS 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

In the context of the forthcoming implementation of the IFRS 9 in the EU, the EBA is launching an impact assessment of this standard.

2. Main points

- **Scope**: approximately 50 institutions across the EU (no more information has been provided).
- **Exercise**: it is not linked to the adoption of the **legislative standard**. However, it will help the EBA:
    - Understand the estimated impact of IFRS 9 on **regulatory own funds**.
    - Assess the interaction between IFRS 9 and other **prudential requirements**.
    - Determine the way institutions are preparing for the **application of IFRS 9**.
- **Frequency**: the exercise will be repeated over time, especially when closer to the implementation date of the IFRS 9.

3. Next steps

- The aim of this press release is to announce the launching of the exercise, the EBA will give further detail on the exercises in the future.

05/02/2016

- **Opinion on the implementation of the regulatory review of the IRB Approach.**
- **Report on regulatory review of the IRB approach.**

1. Context

In March 2015, the EBA published a Discussion Paper on the future of the IRB approach setting the regulatory measures needed to ensure a robust and clear framework for IRB models, which sought stakeholders´ feedback on the matter.

In order to provide guidance and clarity to both competent authorities (CAs) and institutions, the EBA has published an opinion specifying the **general principles** and **timelines** for the implementation of the regulatory review of the IRB approach. In addition, this opinion has been supported by a Report, which summarises the **feedback** received from the public consultation on the EBA discussion paper.

2. Main points

Opinion on the implementation of the regulatory review of the IRB Approach

General principles:

- Phase-in requirements for the various elements of the regulatory review may be introduced due to the specific circumstances of particular institutions and the large scope of the changes.
- Supervisory authorities should agree with institutions the timelines for the implementation of all required changes.
- A longer period of application may be proposed for the new technical standards and guidelines, as institutions may be required to introduce substantial changes. Nevertheless, the agreed timelines should not extent beyond the end of 2020.
- CAs should coordinate on the timelines for cross-border institutions before agreeing the timelines for the implementation of the changes with institutions. Where relevant, the timelines should be discussed and agreed by colleges of supervisors.
- CAs may take into account any recent decisions of the BCBS regarding the scope of application of the IRB models when specifying the timelines for implementing the changes.

- **Timelines for regulatory developments** (these dates refer to the planned deadlines for submitting the final draft technical standards to the European Commission or to the publication of final EBA guidelines, and not to the date of expected application):
    - Phase 1: IRB assessment methodology. The RTS on the IRB assessment methodology are addressed to CAs and will affect supervisory practices and criteria used by CAs in assessing an institution's compliance with IRB requirements. Priority: **Q1 2016**.
    - Phase 2: definition of default. The supervisory approval process would be applied in two stages. First, a pre-assessment should focus on the changes to procedures and IT systems used in the identification of default. Second, the recalibration of risk parameters should be assessed. Priority: **mid-2016**.
    - Phase 3: risk parameter estimation and treatment of defaulted assets. The changes resulting from the estimation of risk parameters (i.e. PD and LGD) and treatment of defaulted assets (i.e. LGD in-default, ELBE and IRB shortfall) can be assessed during the second stage of the assessment of the definition of default. Priority: **mid-2017**.
    - Phase 4: credit risk mitigation. The mandates for developing RTS cover only selected aspects that are not expected to have a significant impact on the rating systems and therefore should be implemented in a short timeframe. Priority: by **end-2017**.
    - Across phases: transparency. Implementation of the BCBS revised Pillar 3 framework issued in January 2015. Priority: Pillar 3 **work to start in 2016**.

Report on regulatory review of the IRB approach

- It contains a **summary of responses** received from the industry to the Discussion Paper on the future of the IRB Approach.
- It outlines the EBA **intentions** and **timelines** relating to the regulatory review in the area of the IRB approach and implementation of the changes in IRB models as it is described in the opinion.

3. Next steps

- The EBA is of the opinion that the effective implementation of the changes in all areas should be finalized by the **end of 2020**, unless this is altered by a further EBA opinion.

25/02/2016

- **Methodological Note of the 2016 EU-Wide Stress Test.**
- **Adverse macro-financial scenario.**
- **Explanatory note on baseline.**
- **Securitisation scenario.**
- **Haircuts on AFS FVO sovereign exposures.**
- **Frequently Asked Questions.**

1. Context

The objective of the 2016 EU-wide stress test is to provide supervisors, banks and other market participants with a common analytical framework to consistently compare and assess the resilience of EU banks and the EU banking system to shocks. In particular, this exercise is designed to inform the Supervisory Review and Evaluation Process (SREP) that competent authorities (CAs) will carry out in 2016.

In this regard, the EBA has published the stress test final **methodology**, describing how banks should calculate the stress impact of the common scenarios; the **list of institutions** participating in the exercise; the **adverse scenario** designed by the European Systemic Risk Board (ESRB); an explanatory note on the baseline scenario; the securitisation scenario; a document including the haircuts on certain sovereign exposures; and a document containing frequently asked questions.

2. Main points

- **Sample of banks**:
  - 51 EU banks will participate in the exercise (124 EU banks participated in 2014), covering broadly 70% of the national banking sector in the Eurozone, each non-Eurozone EU Member State and Norway, in terms of consolidated assets.
  - To be included in the sample, banks have to hold a minimum of €30 billion in assets. Nonetheless, CAs could request to include additional institutions in their jurisdiction provided that they have a minimum of €100 billion in assets.
  - The scope of consolidation is the perimeter of the banking group as defined by the CRDIV/CRR.
- **Reference date**: the exercise is carried out on the basis of year-end 2015 figures.
- **Macroeconomic scenarios**: the stress test includes a baseline scenario and an adverse scenario, which cover the period of 2016 to 2018.
  - Baseline scenario. The Autumn 2015 forecast published by the Commission provides the stress test baseline scenario for 2015-2017 for most variables. The remaining variables, including de 2018 the baseline scenario, have been determined through a model-based approach or technical assumptions.
  - Adverse scenario. It implies a deviation of EU GDP from its baseline level by 3.1% in 2016, 6.3% in 2017 and 7.1% in 2018, resulting from the following risks: an abrupt reversal of compressed global risk premia, weak profitability prospects for banks and insurers, rising of debt sustainability concerns in the public and non-financial private sectors, and prospective stress in a rapidly growing shadow banking sector.
- **Static balance sheet assumption**: it applies for both the baseline and the adverse scenario.
- **Risk coverage**:
  - Banks are required to stress test the following common set of risks:
    - Credit risk, including securitisations.
    - Market risk, counterparty credit risk and credit valuation adjustment (CVA).
    - Operational risk and conduct risk.
  - Banks are also requested to project the effect of the scenarios on net interest income and to stress P&L and capital items not covered by other risk types.
  - The risks arising from sovereign exposures are covered in credit risk as well as in market risk depending on their accounting treatment.
- **Results**:
  - The impact on capital will be reported in terms of CET1, Tier 1 capital ratio and total capital ratio. Unlike in the previous exercise, a leverage ratio will be reported as well.
  - Unlike in the 2014 stress test, no hurdle rates or capital thresholds are defined for the purpose of the exercise. CAs will apply the results as an input to the SREP.
- **Process**: it involves close cooperation between the EBA, the CAs and the ECB, as well as the ESRB and the European Commission.
  - The CAs are responsible for the quality assurance process.

3. Next steps

- The results of the EU-wide stress test will be published in early **Q3 2016**, on a bank-by-bank basis and in the form of aggregated analyses.

07/03/2016

- **Consultation Paper on draft ITS amending Commission Implementing Regulation(EU) 680/2014 on supervisory reporting of institutions.**
- **Prudent Valuation COREP templates.**
- **Prudent Valuation COREP instructions.**

1. Context

Current ITS on supervisory reporting in the area of own funds requirements (i.e. COREP) are based on prudential requirements introduced by the CRD IV/CRR and related technical standards. The reporting standards are therefore subject to amendment whenever the underlying provisions are updated.

In this regard, the EBA has launched a consultative paper proposing some amendments to the COREP framework. In particular, the changes will allow the inclusion of the new **requirements for reporting information on prudent valuation**, following the endorsement by the European Commission of the EBA RTS on prudent valuation; as well as some **supplementary requirements for reporting credit risk information**.

2. Main points

- **Requirements for reporting information on prudent valuation**.
  - Context. The RTS on prudent valuation put forward two approaches for the implementation of the prudent valuation requirements: a simplified approach and a core approach.
  - Scope. Template C 32.01 should be filled in by all institutions subject to prudent valuation requirements, whereas templates C 32.02, C 32.03 and C32.04 should be filled by institutions under the core approach.
  - Templates.
    - C 32.01: detailed reporting of the threshold computation, including fair-valued assets and liabilities excluded from that computation.
    - C 32.02: detail of the different AVA (additional valuation adjustment) computations, as well as corresponding fair-value adjustments, for broad categories of portfolios.
    - C 32.03 and C 32.04: detailed information for the computation of the model risk AVA and the concentrated position AVA, respectively.
- **Supplementary requirements for reporting credit risk information**.
  - It is proposed to require all institutions to complete templates C 09.01 and C 09.02 at a total level, since some information included in them is deemed highly useful to analyse the riskiness and performance of credit risk portfolios (e.g. share of default exposure, observed new defaults in the period, etc.).
  - The requirement for institutions to submit the information included in those templates at a country level will remain unchanged (i.e. only applicable to institutions that have 'non-domestic' exposures which are higher than 10% of total domestic and non-domestic original exposures).

3. Next steps

- Comments to this consultation paper shall be submitted by **30 March 2016**.

10/02/2016

- **Directive amending Markets in Financial Instruments Directive (MiFID).**
- **Regulation amending Markets in Financial Instruments Regulation (MiFIR).**

1. Context

In 2014, the European Parliament and the Council approved the final legislative texts of MiFID II and MiFIR to help forge a more competitive and integrated EU financial market. In particular, MiFID II reinforces the European framework on securities markets by ensuring that trading takes place on regulated platforms; introducing rules on high frequency trading, etc.

Both MiFID II and MiFIR were initially scheduled to become operational on 3 January 2017. However, the European Commission (EC) has proposed to **extent this application date one additional year** as neither competent authorities (CAs) nor market participants would be in a position to apply MiFID II as of the initial application date.

2. Main points

- MiFID II is scheduled to entry into force on **3 January 2018**.
- The reason for the extension lies in the difficulties for the ESMA and CAs to ensure that the necessary **data collection infrastructures** would be in place and become operational by 3 January 2017 (the initial application date). Moreover, the absence of data has ramifications across other areas of MiFID II such as transaction reporting, transparency framework, commodity derivatives and microstructural regulation.
- This extension will not have an impact on the timeline for adoption of the **level II implementing measures** (i.e. delegated acts of the EC and technical standards of the ESMA) under MiFID II/MiFIR. Therefore, the EC will proceed with their adoption irrespective of the new date of entry into application of MiFID II.

3. Next steps

- This Directive and this Regulation shall enter into force on the **twentieth day** following that of its publication in the Official Journal of the European Union.

16/02/2016
Implementing Regulation laying down ITS with regard to disclosure of the leverage ratio for institutions in accordance with the CRR.

1. Context

In June 2014, the EBA published the final draft ITS on disclosure of the leverage ratio which include all items that are relevant for disclosure under the CRR provisions and the Basel disclosure framework. According to the CRR, institutions shall disclose the information regarding their leverage ratio from 1 January 2015.

To facilitate comparability of the information disclosed, the European Commission (EC) has adopted a Implementing Regulation on the ITS regarding the disclosure of the leverage ratio for institutions which includes a **uniform template** and **instructions** to harmonize the disclosure of the leverage ratio across the EU.

2. Main points

The following **four tables** are defined in order to disclose leverage information:
- **Table LRSum**: it reconciles the figures of the leverage ratio denominator with those reported under the relevant accounting standards (it follows the Basel template).
- **Table LRCom**: it provides, among others, a breakdown of the leverage ratio denominator by exposure category (it follows the Basel template).
- **Table LRSpl**: it provides a further breakdown of the leverage ratio denominator by group of counterparty.
- **Table LRQua**: it provides qualitative information on leverage risk.

3. Next steps

- This Regulation shall enter into force **on the day following** that of its publication in the Official Journal of the European Union.

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12/01/2016
Supervisory expectations on ICAAP and ILAAP and harmonised information collection on ICAAP and ILAAP.

1. Context

As part of the supervisory review and evaluation process (SREP), competent authorities (CAs) review institutions' internal capital adequacy assessment process (ICAAP) and internal liquidity adequacy assessment process (ILAAP) in accordance with the CRD IV and in accordance with the EBA SREP Guidelines.

In December 2015 the EBA published a consultation paper on guidelines on ICAAP and ILAAP information collected for SREP purposes which specifies the information regarding ICAAP and ILAAP that CAs should collect from institutions and set general criteria for CAs to organise this information.

In order to encourage significant banks to develop and maintain high quality ICAAPs and ILAAPs, and to clarify the type of information they should share with the SSM, the ECB has determined its **expectations on ICAAP and ILAAP**; and the harmonized collection of **information on ICAAP and ILAAP**.

2. Main points

- **Supervisory expectations on ICAAP**:
  - These expectations are applied to nine ICAAP areas: governance, general design of the ICAAP, ICAAP perspective, risks considered, definition of internal capital, assumptions and key parameters, inter-risk diversification effects, severity level of stress tests and definition of stress testing scenario.
  - In each of these areas, high level requirements are established, such as:
    - The management body should approve all of the key governance elements of the ICAAP.
    - The institutions should consider at least the following risks: credit risk, market risk, operational risk (including conduct risk, legal risk and model risk), interest rate risk in the banking book, participation risk, sovereign risk, pension risk, funding cost risk, risk concentrations, and business and strategic risks.
- **Supervisory expectations on ILAAP**:
  - General definition of the ILAAP: in addition to the ILAAP definition established in the EBA SREP guidelines, institutions are expected to implement a proportionate ILAAP approach aimed at the survival of the institution, ensuring that liabilities are met in both normal and stressed scenarios.
  - ILAAP reporting: the content, timelines and format should follow the reporting guidance described in the harmonised collection of information on ICAAP and ILAAP. Furthermore, the internal liquidity adequacy statement should be aligned with the risk appetite and must be signed by the management body.
- **Harmonised collection of information on ICAAP and ILAAP**:
  - Specifications regarding dates and format: the ICAAP and ILAAP information shall be provided annually to the relevant joint supervisory team (JST) by 30 April. Institutions are requested to provide a manual to facilitate the assessment of the ICAAP and ILAAP.
  - Specifications regarding contents: institutions are expected to provide all information mentioned in the EBA guidelines taking into account their size, complexity and business model.
  - The ECB also gives further detail on certain sections of the EBA guidelines on ICAAP and ILAAP information, i.e. ICAAP-specific information on risk measurement, assessment and aggregation, and on internal capital and capital allocation; ILAAP-specific information on supporting documentation; and ICAAP and ILAAP conclusions and quality assurance.

3. Next steps

- The ECB will periodically collect information on significant institutions´ ICAAP and ILAAP in a harmonised form from **2016 onwards**. This information shall be annually submitted each 30 April with the preceding year-end as the reference date.
- The first submission of the ICAAP and ILAAP information is expected by **30 April 2016** with 31 December 2015 as reference date.

EUROPEAN CENTRAL BANK
EUROSYSTEM

29/03/2016

- **Regulation on the exercise of options and discretions available in Union law.**
- **ECB Guide on options and discretions available in Union law.**

1. Context

With regard to prudential requirements for credit institutions Union law provides for options and discretions that competent authorities may exercise. The ECB is the competent authority within the single supervisory mechanism (SSM) in respect of credit institutions that are classified as significant. Therefore, the ECB has the power to exercise the options and discretions available in Union law.

In this context, the ECB has approved a Regulation specifying certain of those options and discretions, which shall apply exclusively to those credit institutions classified as significant within the SSM. The options exercised are related to **own funds**, **capital requirements**, **large exposures**, **liquidity** and **transitional provisions of the CRR**. Moreover, the ECB has published a Guide on this matter, which aims to provide coherence, effectiveness and transparency regarding the policies that will be applied in supervisory processes.

2. Main points

- **Own funds**: a risk weight of 1250% shall be applied to the greater of the following: (i) the amount of qualifying holdings in excess of 15% of the eligible capital of the institution; (ii) the total amount of qualifying holdings that exceeds 60% of the eligible capital of the institution.
- **Capital requirements**. Some of the options exercised are the following:
    - The ‘more than 90 days past due’ standard shall be applied to exposures secured by residential or SME commercial real estate in the retail exposure class, as well as exposures to public sector entities.
    - The mark-to-market method shall be used for certain transactions (e.g. those with a non-linear risk profile) regarding hedging sets within the standardized method for counterparty risk.
    - Regarding position risk, credit institutions may use netting between a convertible and an offsetting position in the instrument underlying provided that either of the conditions set out in the CRR are fulfilled prior to 4 November 2014.
- **Large exposures**: the limit on the value of a large exposure shall not be lower than 150 M€. However, some exposures shall be exempted from the application of this limit.
- **Liquidity**. Some of the options exercised are the following:
    - Credit institutions shall report to the ECB the information required under national law for the purpose of monitoring compliance with national liquidity standards.
    - When assessing liquidity outflows resulting from trade finance off-balance sheet items, and until specific outflow rates are determined by the ECB, credit institutions shall assume an outflow rate of 5%.
    - Credit institutions shall multiply by 3% the amount of stable retail deposits covered by a deposit guarantee scheme.
- **Transitional provisions of CRR**. The following options have been exercised:
    - Applicable percentages and dates have been set for the purpose of calculating own funds with regard to aspects such as unrealized losses and gains measured at fair value, exemption from deduction of equity holdings in insurance companies from CET1 items, etc.
    - The categories of equity exposures that benefit from the exemption from the IRB approach shall include, until 31 December 2017, only the categories of equity exposures that on 31 December 2013 were already benefiting from this exemption.

3. Next steps

- The Regulation shall enter into force on **1 October 2016**.

24/02/2016

- **Reporting guidelines on liabilities for the purposes of bail-in and MREL.**
- **Liability data template.**

1. Context

Regarding the Banking Union, the Single Resolution Board (SRB) is responsible of ensuring an orderly resolution of failing banks with minimum impact on the real economy of the participating Member States.

In this context, the SRB has started to collect the data required for resolution planning and the determination of minimum requirement for own funds and eligible liabilities (MREL) from all banking groups under its direct responsibility. The entities and groups which currently fall under the direct responsibility of the SRB are the ones directly supervised by the ECB, and other cross-border groups identified in a list as of 8 January 2016.

To better analyse the liability structure of banks in 2016, the SRB has published a **liability data template** and a **guidance** through which banks will provide the necessary data to the SRB to preparing resolution plans for all major banks under its remit and to set MREL targets for these banks in 2016.

2. Main points

- **Content of the template**.
  - A summary overview of the liability structure of the institutions as a starting point for resolution planning.
  - Information on the applicable capital requirements that will help determine and monitor the MREL.
  - Detailed information on the following categories of liabilities: securities, deposits, financial liabilities, derivatives, securities financing agreements netting sets (SFA) and intragroup guarantees. This will allow to better understand the liability instruments and the consequences of their specificities on resolution planning.
- **Level of consolidation**. In 2016 the information request will be limited to the accounts of the EU parent entity level at the solo and consolidated level; and the accounts of its subsidiaries within the EU issuing securities, accepting deposits or trading derivatives.
- **Thresholds**. Thresholds are introduced for all tabs of the template (e.g. only the top 50 term deposits with residual maturity of more than 1 year need to be reported), with the exception of 'intragroup support – guarantees'.
- **Data priority**. For the 2016 exercise, the reporting data is classified into three categories:
  - **Red**: necessary information – required for 2016. This data is absolutely critical for resolution planning purposes as of 2016.
  - **Orange**: critical information – banks should focus on a priority basis.
  - **Green**: important information – to be provided on a best effort basis.
- **Frequency**. The template should be submitted on a yearly basis. The guidance will be regularly updated.

3. Next steps

- The queries in respect of the liability data template should be addressed to the respective National Resolution Authorities (NRAs) by no later than **15 April 2016**.
- This guidance is intended to be amended based on the questions and respective answers. The final version of the guidance will be published by **30 April 2016**.
- For the first submission in 2016, the report is requested with data at 31 December 2015 and the deadline for submission is based on the group structure:
  - **15 May 2016** for priority banking groups and all other banking groups that require a Resolution College (both when SRB is group level resolution authority (GLRA) and where it is not GLRA).
  - **15 June 2016** for all other entities and groups under the direct responsibility of the SRB.

25/01/2016

- **Proyecto de Circular por la que se modifican la Circular 4/2004 y la Circular 1/2013.**
- **Anejo A.**
- **Anejo B.**
- **Anejo C.**

1. Context

The Circular 4/2004 sets out the accounting regime for Spanish credit institutions. Moreover, its Annex IX develops the general credit risk management framework with regard to those aspects related to accounting.

In this regard, the Bank of Spain (BdE) has approved a **Proyecto de Circular** which aims to update the Circular 4/2004, mainly its Annex IX, adapting it to the recent banking and accounting regulatory developments. Amendments to the Circular 4/2004 are not temporary, but instead they will remain in force when the IFRS9 is adopted in the EU, without prejudice to further amendments of Annex IX to adapt allowance standards to the expected loss model that will be introduced by IFRS9.

On the other hand, the Proyecto de Circular modifies **Circular 1/2013**, on the risk information center (CIR), to adapt its information requirements to the amendments in Annex IX.

2. Main points

Amendments to the Circular 4/2004

- **Replacement of the content of Annex IX by the content of Annex A**. The following amendments are included:
  - Introduction. The scope of accounting classification standards corresponds to all activities of the institution, whereas the scope of standards on allowances for credit losses corresponds to activities in Spain. When elaborating consolidated financial statements, institutions shall apply methodologies for estimating allowances similar to those included in Annex A to foreign subsidiaries.
  - General credit risk management framework.
    - The **pricing policy** should aim to cover at least the cost of funding, the cost of structure and the cost of the credit risk associated with each transaction type. The cost of the credit risk should be calculated consistently with the credit history and the expected economic developments.
    - Concepts applying to **forborne exposures** are adapted to FINREP, and the treatment for their classification is simplified.
    - **General principles** for the estimation of allowances are provided with regard to governance, integration into management, effectiveness, simplicity, documentation and traceability.
    - Criteria are included in order to identify transactions for which allowances will be **estimated individually** and transactions for which allowances will be **estimated collectively**. According to these criteria, allowances will be calculated individually for: defaulted transactions considered to be significant; transactions classified as doubtful based on an analysis not supported exclusively by automatic factors; doubtful transactions with debtors for whom the credit loss experience is limited; and doubtful transactions that cannot be grouped into a homogeneous risk group.
    - Principles are provided regarding the use of **own methodologies** to estimate specific allowances and regarding the use of **internal methodologies** for collective estimates of specific and generic allowances. It includes the principle of effectiveness, which requires to use backtesting and to contrast the collective estimates obtained using internal methodologies against those that would be obtained employing practical solutions.
    - When using **internal methodologies**, for transactions classified as **normal** the estimate of the incurred losses will consider a **12-month** horizon will be provided, the economic cycle and the current activities of the institution; and for transactions classified as **doubtful** the estimate of the incurred losses will be calculated as the difference between the current amount of risk and expected future cash flows.
    - The **types of effective collateral** are defined, and there is a tightening of **valuation** requirements regarding collateral.

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- Classification of transactions based on the credit default risk.
    - Transactions may be classified into three categories: normal, doubtful and default. Thus, the **substandard category is removed**. Moreover, a new subcategory of **risks under special surveillance** is included within the normal risk category (it includes, among others, forborne exposures identified by FINREP as in the probation period).
    - The distinction between normal and doubtful risks, including the drag effect of 20%, is **aligned with FINREP**.
    - Those transactions classified as normal risks should be re-classified as under special surveillance when forborne exposures classified as doubtful or under special surveillance against the same debtor are **above 20%** of all loans granted to that debtor.
    - The classification of a transaction as **default** takes into account, in addition to the time lapse since its classification as doubtful, the time lapse since the part not covered by collateral is fully covered with allowances.
- Allowances for credit losses.
    - **Practical solutions** are provided by the BdE for the estimation of specific allowances for doubtful risks and for the estimation of generic allowances for normal risks. These practical solutions consist of risk weights applied to the gross amount of transactions not covered by effective collateral.
    - Standards regarding **internal estimates** of allowances are set out. In particular, it is required that estimates are **risk-based**, and **effective collateral** is considered when calculating the amount of both specific and generic provisions.
- Country-risk. No amendments are made compared to the current Annex IX.
- Foreclosed real estate assets. The new framework allows for the **liberalization of allowances**, and **reversals of impairments** when the appraisal value is demonstrated by the institution's ability to realise the asset.

- **Financial statements**. Amendments to the statements of annexes I, III, IV and V of the Circular 4/2004 are introduced to adapt them to the content of Annex A.
- **Intangible assets**. The Circular specifies that:
    - Intangible assets should be accounted for using a defined useful life. When the useful life cannot be reliably estimated, the assets would be amortised in a period of 10 years. It is presumed, unless otherwise prove, that goodwill's useful life is 10 years.
    - This new accounting standard is applicable to individual annual statements, and to consolidated statements not directly subject to IFRS.
- **Transmission of equity instruments**. The change in ownership should be accounted for on the settlement date.

Amendments to Circular 1/2013

- **Amendment to Annexes 1 and 2**. Certain sections of annexes 1 and 2 regarding data on the value of collateral, will be replaced by the content of Annex C, to adapt them to the amendments introduce by Annex A.

3. Next steps

- Institutions shall submit their comments on the Proyecto de Circular by **19 February 2016**.
- The Circular will enter into force on **30 June 2016**.
- Certain individual confidential statements (FI 100-2, FI 101 y FI 130) will be incorporated into Annex IX on **31 March 2017**.
- The institutions will apply the new accounting standards relating to Annex A, intangible assets and equity instruments **retroactively**, whenever it is possible, and institutions should inform about the impact in the individual and consolidated annual statements of **2016**.

09/02/2016
Circular 2/2016 a las entidades de crédito, sobre supervisión y solvencia, que completa la adaptación del ordenamiento jurídico español a la CRD IV y el CRR.

1. Context

The adaptation of the EU law to the Basel III framework was carried out through the CRR and the CRD IV. In Spain, the transposition of this European framework was accomplished by the adoption of the Real Decreto-ley 14/2013, the Ley 10/2014 and the Real Decreto 84/2015.

In this context, the Bank of Spain (BdE) has approved the Circular 2/2016, which completes the **transposition of the CRD IV**. Moreover, this Circular covers some national options established within the CRR, it further develops some aspects related to the supervision of institutions that form part of a financial conglomerate, and it introduces the concept of competent authority, which will be either the ECB or the BdE according to the division of tasks within the Single Supervisory Mechanism (SSM).

This Circular repeals most of the provisions of the Circular 3/2008, on the calculation and control of own funds; and also of the section of the Circular 2/2014 related to the exercise of national regulatory options included within the CRR.

2. Main points

- **National options**: it gives the same credit risk weight as the one given to exposures to the Central Administration to certain exposures to the public sector, according to the national options established within the CRR.
- **Capital buffers**: among other aspects, it specifies that the method used to identify other systemically important institutions (O-SIIs) is the one specified by the EBA Guidelines.
- **Internal governance**: it specifies some aspects with regard to committees and internal governance (e.g. the risk, remunerations and nominations committees should be composed of at least 3 non-executive members; committees shall be unified where assets are lower than 10 bn €; institutions have to establish a compliance function and an internal audit function, etc.), the process of assessment of the suitability requirements, the remunerations regime, the restrictions to capital distributions, etc.
- **ICAAP and SREP**: it includes the ICAAP requirements specified in the Ley 10/2014 and the RD 84/2015, and it details some SREP requirements (e.g. it specifies the risks that will be assessed: credit, market, operational, systemic, etc.).
- **Risk treatment**: it establishes the risk management mechanisms that institutions shall have in place with regard to some risks specified within the RD 84/2015 (concentration, securitization, etc.), and a provision is included to implement the principles for an effective risk data aggregation and risk reporting (RDA&RR) by the BCBS.
- **Financial conglomerates**: some aspects of their regime are extended, mainly the ones related to additional supervision and submission of information.
- **Disclosure requirements**: it further develops the information on corporate governance and remuneration policies that shall be included in the institutions' websites.
- **Reporting to the Bank of Spain**: some requirements are established additional to those required under the Implementing Regulation on supervisory reporting. In this sense, institutions shall submit information regarding interest rate risk, remunerations, financial conglomerates and certain securitisations, according to the scope of application defined for each of them.

3. Next steps

- The Circular 2/2016 will entry into force **the day following that of its publication in the BOE**. Nonetheless, some transitional provisions are included, such as the following:
    - Institutions that are willing to apply the treatment described in the EBA guidelines on significant credit risk transfer to certain securitisations shall submit the information included in the Anejo VI of this Circular to the BdE, no later than **one month** since the entry into force of this Circular.
    - Institutions should continue to report the LQ liquidity statements to the BdE during the **three months** following the day that of the entry into force of the ITS on additional liquidity monitoring metrics.
    - The first submission of the CF1 statement (identification of financial conglomerates) will be referred to information as of 31 December 2015, and shall be made no later than **30 April 2016**.
    - Institutions should publish on its website the information regarding corporate governance and remuneration policies during the **three months** following the day that of the entry into force of the Circular.
    - Institutions should submit a list providing the names of the board members and the general managers to the BdE no later than **30 June 2016**.

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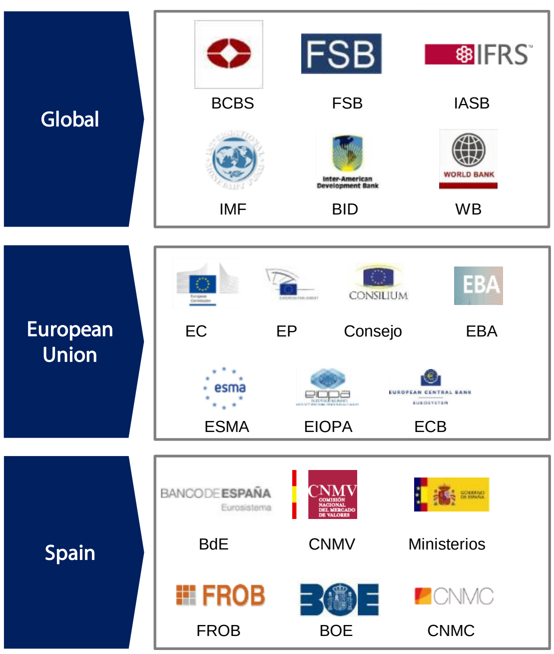

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