

Greater supervision of financial system

The Council of Ministers approved a Royal Decree-Law that provides the Bank of Spain, the Spanish Securities Market Authority and the Directorate-General of Insurance and Pension Funds with new macro-prudential tools.

The Minister for the Economy and Business, Nadia Calviño, explained that the aim of this measure is for supervisory bodies to have suitable instruments available so as to prevent and mitigate possible obstacles to the provision of financial services that may end up affecting the real economy.

As regards the Bank of Spain, the minister highlighted that the institution will be provided with the capacity to establish quantitative restrictions aimed at the granting of loans to complement management instruments and indirect actions they already had power over by establishing capital buffers or requirements.

Nadia Calviño stated that the Spanish Securities Market Authority will be provided with new tools to require entities under their supervision to have a minimum volume of particularly liquid assets with which to tackle position whereby large volumes of funds are withdrawn at any given time in a context of market tension.

The minister added that the Directorate-General of Insurance and Pension Funds will be empowered to establish limits on the exposure of certain services to economic activities and categories of assets, as well as limits on operations to transfer risks and insurance portfolios.

By doing this, she said, "Spain becomes a pioneer in establishing macro-prudential tools in the field of investment funds, insurance companies and pension funds".

Macro-prudential authority

Simultaneously, the Ministry of Economy and Business published, for public consultation, the draft Royal Decree creating the Financial Stability Council of the Macro-prudential Authority (Spanish acronym: AMCESFI) so that institutions, bodies and citizens can make requests.

Nadia Calviño specified that the text establishes its functions as "the analysis of possible risk factors, the issuing of opinions, the publication of warnings and recommendations to sector supervisors". Two important aspects also stand out in its design: its independence and cross-cutting nature.

The Minister for Economy reiterated that this is a step forward in strengthening the supervisory capabilities of our financial system, to prevent crises and guarantee that the system contributes to stability, economic growth and the well-being of our citizens.

<https://www.boe.es/boe/dias/2018/12/18/pdfs/BOE-A-2018-17294.pdf>