



1 Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) (OJ L 352, 9.12.2014).

THE PRIIPs REGULATION

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Today's financial markets offer an ever broader range of specialised financial products, which are often complex and difficult for investors to understand. Ensuring the transparency of such products is essential to improving investor protection in this area. The European Union's PRIIPs Regulation¹, which will start to apply in December 2016, introduces a standardised key information document for the group of financial products defined in the Regulation. This is intended to help retail investors understand the key features, risks, and related costs of the products. At the same time, it should make it easier for investors to compare between products prior to investing. The article looks at supervisory authorities' future powers and duties in relation to this Regulation and to the future duties of the relevant financial market participants. (p. 3)

FINANCIAL MARKET REGULATION ISSUES FOR THE SLOVAK PRESIDENCY OF THE COUNCIL OF THE EUROPEAN UNION

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On 1 July 2016 Slovakia assumed, for the first time, the presidency of the Council of the European Union – one of the three main EU institutions. The Slovak presidency is presented with huge challenges, as it commences at a time when the European Union faces several threats of an existential nature. For Národná banka Slovenska (NBS), the key issues are naturally those on which it and the Slovak Finance Ministry have already been cooperating for a long time. During the Slovak presidency, NBS will be involved in discussions on the establishment of a Capital Markets Union, on completion of the Banking Union (focusing on its second and third pillars), and on the simplification of Stability and Growth Pact rules. As regards the fight against terrorism, our focus will be on the issue of money laundering. In the field of insurance, we will support efforts to improve the regulation of compulsory motor third party liability insurance, taking into account relevant rulings of the European Court of Justice. (p. 6)

MIFID II – SELECTED ISSUES OF THE NEW LEGAL PACKAGE

Filip Oller

Directive 2014/65/EU ('MiFID') together with Regulation (EU) No 600/2014 ('MiFIR'), collectively referred to as MiFID II, was adopted in the wake of the financial crisis with the aim of enhancing investor protection and ensuring transparency of financial trading. The main objective of the MiFID II package is to strengthen the existing legal framework and introduce a single European rulebook for investment services and investment activities, as well as for ancillary investment services. It broadens the scope of financial instruments and takes account of technical advances in the investment business. MiFID II will enter into force on 3 January 2018. The aim of this paper is to present an analysis of the main reasons for the new legislation and their consequences in selected areas. (p. 11)

NEGATIVE USD SWAP SPREADS – A NEW NORMAL?

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The article discusses the recent development of USD swap spreads. The spread between Treasury yields and swap rates has narrowed post the global financial crisis. Since September last year the spread has moved into negative territory for the first time for most of the curve. This has attracted a great deal of market attention and a number of explanations have been offered to rationalise the move. The change in the regulatory landscape seems to be much of the story – resulting in the structural change in supply/demand dynamics in interest rate swaps. Record US corporate bond issuance last year and central banks activities did also play a role in the last few months. Even though there were signs of a reversal in the shorter maturities at the end of the first half of this year, the fact that the decline in longer end of the curve was caused by more heavy structural factors suggests, that the normalization of the relationship between Treasuries and swaps in longer maturities should not be expected in the near future. (p. 15)

FISCAL MULTIPLIERS IN THE SLOVAK ECONOMY (DSGE SIMULATION)

Juraj Zeman, Národná banka Slovenska

In order to calculate fiscal multipliers for Slovakia, the author used a small open DSGE model of Slovakia constructed by Zeman and Senaj (2009), augmenting it with a more sophisticated fiscal sector that comprises government expenditure components (government consumption, investment, and social transfers to liquidity-constrained households) and government revenue components (personal income tax, employers' social contributions, VAT, and lump-sum tax). In order to meet the Fiscal Compact criteria, the Slovak government set out a plan of public finance consolidation for the period 2013-2017. According to the fiscal multipliers calculated in this paper, the consolidation will cause an aggregate loss of 2.5% of GDP during this period. (p. 22)

INTRODUCTION OF THE NEW EUROPA SERIES €50 BANKNOTE

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On 5 July 2016 the new €50 banknote of the Europa series was unveiled at the European Central Bank, in Frankfurt am Main, Germany. Although resembling the first series €50 banknote issued in 2002, it has a revamped look and includes several new and enhanced security features. The watermark and the hologram incorporate a portrait of Europa, a figure from Greek mythology from whom the name of our continent is derived. Like the other banknotes in the Europa series, the hologram security feature includes a portrait window. Another security feature is a number that changes colour from emerald green to deep blue when tilted. The Europa series, like the first series of euro banknotes, is easy to check using the "FEEL, LOOK and TILT" method. The new banknote will start circulating across the euro area on 4 April 2017. (p. 27)