

Financial Regulation: Weekly Update

25 January 2019

Regulation Unit

Highlights

BCBS reviews its Principles for sound liquidity risk management and supervision. IOSCO issues statement on environmental, social and governance disclosure. BIS issues report regarding domestic capital markets. ECB issues principles for effective fallback provisions for euro-denominated cash products. FCA consults on cryptoassets guide.

GLOBAL

- [BCBS completes review of its “Principles for sound liquidity risk management and supervision”](#)

[Principles](#) remain fit for purpose: all jurisdictions implemented the principles; LCR and NSFR are complements to the principles; and developments such as the increase in digitization have an effect on liquidity risk management.

- [IOSCO releases a statement on disclosure of environmental, social and governance \(ESG\) matters](#)

It highlights the importance of ESG information in supporting investors' [investment decisions](#) through a better risk assessment. The Sustainable Finance Network of securities regulators has recently been established.

- [BIS-CGFS issues report on ways to boost domestic capital markets](#)

It [identifies](#) trends and drivers in capital market development in both emerging and advanced economies and addresses policy implications which could enhance capital market functioning.

EUROPE

- [ECB publishes principles for effective fallback provisions for euro-denominated cash products](#)

The guide, [prepared](#) by the private sector working group, urges firms to prepare for the transition to risk-free rates. It promotes principles for effective fallback provisions in new cash products with contracts denominated in euros.

- [ESMA issues statement on position limits under MIFID II](#)

Publishes [six opinions](#) on position limits regarding commodity derivatives that are consistent with the objectives established in MiFID II/ MiFIR and with the methodology developed for setting those limits.

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- [ESMA publishes update for commodity derivatives TTC under MiFID II/MiFIR](#)

It [relates](#) to the Transitional Transparency Calculations for commodity derivatives and only affects electricity derivatives. For liquid sub-classes, trading venues should contact their NCAs to agree on the application date.

- [EIOPA consults on the integration of sustainability risks in Solvency II](#)

As part of the [prudential assessment](#) of assets and liabilities for (re)insurers, it seeks to collect evidence from market participants on integration of sustainability risks in investment and underwriting practices. Deadline: 8 Mar.

UNITED KINGDOM

- [FCA issues consultation on its cryptoassets guidance](#)

The guide sets out the [cryptoasset](#) activities that are regulated. The consultation seeks to further understanding of the existing regulatory perimeter. Deadline: 5 Apr.

UNITED STATES

- [CFPB issues statement requesting authority to supervise compliance with the MLA](#)

It has sent a [legislative](#) proposal to Congress asking it to grant the Bureau the authority to supervise compliance with the Military Lending Act.

Recent publications of interest (in English and Spanish):

- [Financial Regulation Outlook](#). January 2019
- [Working Paper](#). Digital transformation and finance sector competition. January 2019
- [Working Paper](#). Sovereign risk in the Eurozone and its treatment in banking regulation. December 2018
- [Press Article](#). Resilience of mortgage lending. January 2019
- [Press Article](#). What will be the trends in financial regulation in 2019? December 2018

Previous editions of our Weekly Regulatory Update in [Spanish](#) and [English](#).

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