

Financial Regulation: Weekly Update

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Highlights

1. FSB issues statement on its main priorities for the Saudi Arabian G20 presidency
2. SRB issues consultation on its latest MREL Policy
3. ECB's WG on euro risk-free rates issues recommendations to support the transfer of EONIA's liquidity to €STR
4. EBA issues its first quantitative report on MREL under the new methodology
5. Spanish authorities approve draft legislation for a financial innovation sandbox, and draft legislation for a tax on financial transactions and a digital tax

GLOBAL

■ FSB issues statement on its main priorities the Saudi Arabian G20 presidency

Focus on: i) LIBOR transition, ii) technology, iii) stablecoins, iv) cross-border payments, v) non-bank financial intermediation, and vi) evaluation post-crisis regulatory framework and monitoring implementation.

EUROPE

■ SRB consults on its new MREL policy

It changes its MREL policy following the amendments introduced by the 2019 banking package. It includes changes to GSIB's MREL, calibration and quality of MREL and rules for MPE banks. Deadline: Mar 6, 2020.

■ ECB's working group on euro risk-free rates issues report on transfer of EONIA's liquidity to €STR

The report issues recommendations for a seamless transition from EONIA to €STR products. It highlights that EONIA-linked contracts with maturities beyond Jan 3, 2022 entail significant risks.

■ EBA issues its first quantitative report on MREL under the new methodology

It finds progress in resolution strategies and MREL requirements, but 117 banks out of 222 exhibit €178 bn shortfall. Recommends to issue MREL eligible debt to close shortfalls, tapping current positive market conditions.

■ ESMA publishes report on trends, risks and vulnerabilities

The risk outlook is stable but some risks remain high due to market volatility: i) market, credit and liquidity risk, and ii) consumer risk. The report also focuses on risk in bonds, BigTech and short-termism.

■ **ESRB publishes report on systemic cyberattacks**

The report [summarizes](#) the latest estimates of cyber incidents costs. The ESRB identifies cyber risk as one of the sources of systemic risk to the financial system.

■ **ESMA updates several Q&As**

Updated Q&As on: i) [Prospectus Regulation](#), ii) practical issues on the implementation of the new [CSDR](#) regime, iii) quality and transparency of [CRAR](#), and iv) implementation of investor protection under [MiFID II and MiFIR](#).

■ **EIOPA issues consultation on ITS for supervisory reporting and cooperation for the PEPP**

It specifies the annual [supervisory reporting](#) requirements on PEPP, formalizing notifications required to facilitate efficient cooperation between competent authorities and EIOPA. Deadline: May 20, 2020.

SPAIN

■ **Spanish government approves draft legislation for tax on financial transactions and digital services**

Levie on [transactions](#) involving the acquisition of shares in Spanish companies with stock market capitalization greater than €1 bn, and digital services where users have an important contribution in the value creation process.

■ **MinEco approves draft legislation for a financial innovation sandbox**

The proposed framework establishes a safe [test environment](#) to promote digital innovation, providing the flexibility to adjust regulatory requirements. The sandbox will be supervised to guarantee innovation that is safe for citizens.

UNITED KINGDOM

■ **HM Treasury consults on expanding the dormant assets scheme**

Consults on its [proposals](#) and recommendations to expand the dormant assets scheme to include financial assets from the insurance and pensions, investment, wealth management, and securities sectors. Deadline: Apr 16, 2020.

UNITED STATES

■ **Agencies issue final rule on standardized approach for counterparty credit risk**

It updates the [framework](#) to measure the exposure to derivative contracts, replacing the existing current exposure method with the standardized approach for counterparty credit risk (for advanced approaches banks).

■ **FDIC and OCC extend comment period for CRA proposal**

The agencies announce a [30-day extension](#) for the proposed changes to the rules implementing the CRA. New deadline: Apr 8, 2020.

■ **FDIC issues economic scenarios for 2020 stress testing**

It releases hypothetical [economic scenarios](#) to be used in the upcoming stress tests, including a baseline and a severely adverse scenario.

■ **CFTC approves proposed rules to improve data quality**

It revises regulations for [swap data](#) reporting, dissemination, and public reporting requirements for market participants. Also reopens consultation on swap data repository. Deadline: May 20, 2020.

■ **FDIC consults on sign and advertising requirements and potential technological solutions**

It seeks input on the [modernization](#) of its sign and advertising rules to reflect changes in banks' business models (deposit-taking via physical and digital channels). Deadline: Mar 19, 2020.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *¿Cuáles serán las claves para la regulación financiera global en 2020?* January 2020.
- [Press Article](#). *Las prioridades de la nueva Comisión Europea*. January 2020.
- [Press Article](#). *U.S. banking regulation: a change in the trend*. January 2020.
- [Press Article](#). *Europe strengthens its financial supervision authorities*. February 2020.

Previous edition of our Weekly Financial Regulation Update in [English](#)

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