

Financial Regulation: Weekly Update

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Highlights

1. FSB consults on practices for cyber incident responses and recovery
2. ISDA issues its 1Q review of interest rate benchmarks
3. EBA issues statement with further guidance on the flexibility due to the COVID-19, and an opinion regarding changes to specialized lending risk-weight standards
4. ESAs issue consultation on ESG disclosure rules
5. ECB issues statement with measures to mitigate impact of rating downgrades on collateral availability

GLOBAL

■ FSB issues consultation on effective practices for cyber incident response and recovery

It consults on practices regarding [cyber incident](#) responses focusing on: governance, preparation, analysis, mitigation, restoration, improvement, and coordination and communication. Deadline: Jul 20.

■ ISDA issues its interest rate benchmarks first-quarter review

It [analyzes](#) the trading volumes of IRD transactions in the US referencing the SOFR and other selected alternative RFRs and highlights that €STR-linked IRD traded notional decreased by 7.1% to \$4.4 billion.

■ BIS issues report on insurance regulatory measures due to COVID-19

It [highlights](#): i) high probability to experience losses from financial market volatility; ii) no need to adjust prudential requirements and iii) most are measures to provide relief from regulatory and supervisory requirements.

EUROPE

■ EBA issues statement with further guidance on the use of flexibility in relation to COVID-19

It clarifies how flexibility will guide the supervision in relation to [market risk](#), the SREP, recovery planning, digital operational resilience and ICT risk and securitization. It calls for cautiousness in relation to key risks in these areas.

■ EBA issues opinion regarding EC proposed amendments to specialized lending risk-weights standards

Identifies three [substantive changes](#): i) the first two allow flexibility in the incorporation of risk factors, ii) the third change simplifies rules on overlapping criteria at the level of the sub-factor. EBA's opinion is positive.

- **ESAs issue consultation on ESG disclosure rules**

They seek input on proposed [ESG disclosure](#) standards for financial market participants, advisers and products, aiming to strengthen protection and improve disclosures to investors regarding financial products. Deadline: Sep 1.

- **ECB issues statement on measures to mitigate impact of rating downgrades on collateral availability**

It seeks to mitigate the effects on [collateral](#) availability of possible downgrades due to COVID-19, ensuring the availability of assets as collateral in liquidity-providing operations and to continue providing funding to the economy.

- **ESMA and MAS sign a MoU on the use of Singapore's financial benchmarks in the EU**

It allows the use of Singapore's financial [benchmarks](#) (SIBOR and the Singapore Dollar Swap Offer Rate) in the EU and the share of information and supervisory activities on Singapore-regulated financial benchmarks.

- **EBA updates its risk indicators, IMF's Financial Soundness Indicators mapping, and respective guides**

It updates the guide on how to [report](#) the IMF's FSIs, and compile risk indicators and detailed risk analysis tools. It entails changes in securitizations information and in non-performing and forborne exposures.

UNITED KINGDOM

- **FCA announces temporary measures to cover payment difficulties due COVID-19**

The range of [temporary measures](#) cover motor finance and high cost credit agreements, which include: high-cost short-term credit (including payday loans), buy-now pay-later (BNPL), rent-to-own (RTO) and pawnbroking.

- **PRA publishes Q&A on the usability of liquidity and capital buffers**

It answers some commonly asked questions on the usability of liquidity and [capital buffers](#) and their operation as set out in PRA rules and guidelines. This document is relevant to all firms to which the CRD IV applies.

UNITED STATES

- **FRB consults on changes to the Small Business Administration's Paycheck Protection Program**

The changes seek to enhance its [effectiveness](#), modifying the rules so that some bank directors and shareholders can apply for loans for their small businesses. Deadline: 45 days after publication in the Federal Register.

- **SEC issues proposal to modernize the framework for fund valuation practices**

It clarifies how fund boards can satisfy their [valuation obligations](#) according to market developments, increasing the variety of asset classes held by funds and the volume and type of data used in valuation determinations.

- **CFTC issues consultation on market risk advisory committee**

It seeks comments on topics and issues being addressed by the climate-related [market risk](#) subcommittee to identify and examine climate related financial and market risks. Deadline: May 14, 2020.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *The regulatory response to COVID-19*. April 2020.
- [Press Article](#). *Sustainable finance: "I'm late, I'm late, I'm late!"* March 2020.
- [Press Article](#). *Central Bank Digital Currencies: the cross border dimension*. March 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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