

Financial Regulation: Weekly Update

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Highlights

1. EBA consults on draft RTS regarding own funds and eligible liabilities and on RTS on capital requirements of non-modellable risks under the FRTB
2. EBA issues report on supervisory convergence and guidelines on reporting and disclosure of exposures due to COVID-19 crisis
3. IOSCO issues statement on disclosure about COVID-19 related impacts
4. ESMA issues consultation on cloud outsourcing guidelines and opinion on post-trade transparency and position limits under MiFID II and MiFIR
5. US Agencies issue host state Loan-to-Deposit ratios

GLOBAL

■ IOSCO issues statement on disclosure about COVID-19 related impacts

It highlights the importance to investors and other stakeholders of having timely and high-quality [information](#) about the impact of COVID-19 on issuers' operating performance, financial position and prospects.

EUROPE

■ EBA consults on draft amended RTS regarding own funds and eligible liabilities

It amends the previous RTS for own funds to include new criteria and requirements for [eligible liabilities](#) as well as changes to the own funds framework (including the prior permission regime). Deadline: Aug 31, 2020.

■ EBA consults on RTS on capital requirements for non-modellable risks under FRTB

Includes technical detail on the calculation of [capital requirements](#), specifically on how to determine the stress scenario risk measure corresponding to a non-modellable risk factor. Deadline: 4 Sep, 2020.

■ EBA issues report on supervisory convergence

Key [issues](#) identified in the last report have been largely implemented. Topics for attention in 2020 include, among others: i) ITC risk, ii) loan origination standards, iii) profitability, iv) capital and liquidity management and v) AML.

- **EBA issues guidelines on reporting and disclosure of exposures due to COVID-19 crisis**

[Address](#) data gaps associated with measures taken in response to the COVID-19 crisis to ensure an appropriate understanding of banks' risk profile & asset quality on their balance sheets both for supervisors & the wider public.

- **EBA issues opinion on the provision of third-party provider services (TPPs) under PSD2**

It issues clarifications on obstacles to the provision of [TPPs](#)' services under the RTS on strong customer authentication and common and secure communication, enabling customers to use innovative payment services offered by TPPs.

- **ESMA issues report on FRANDT commercial terms for clearing services**

It details technical advice on the conditions under which the commercial terms for the provision of clearing services are to be considered [FRANDT](#) (fair, reasonable, non-discriminatory and transparent).

- **ESMA opens consultation on cloud outsourcing guidelines**

It [consults](#) on its guidelines, which seek to provide guidance on the outsourcing requirements applicable to financial market participants when they outsource to cloud providers. Deadline: Sep 1, 2020.

- **ESMA issues opinions on post-trade transparency and position limits under MiFID II and MiFIR**

It reviews the information provided by [third-country trading venues](#) and publishes an updated opinion on post-trade transparency and related to position limits and their annexes with the list of the venues with a positive assessment.

- **ESMA issues instructions to be used for reporting under the Money Market Fund Regulation**

It includes amendments on the [XML](#) schema and reporting instructions in a new version, following feedback received by market participants on the first version of XML schema and an assessment of the technical committee.

- **ESMA issues supervisory briefing on costs of UCITS and AIFs**

It is addressed to NCAs and focuses on how NCAs supervise the relevant [cost-related provisions](#) under UCITS and AIFMD and on the managers' obligation to prevent undue costs being charged to investors.

UNITED KINGDOM

- **PRA issues Q&A on CRR requirements for property valuation**

It provides [CRR](#) firms with answers to some commonly asked questions in relation to requirements for property valuations for residential and commercial real estate exposures during the disruption caused by COVID-19.

- **BoE consults on financial market infrastructure (FMI) supervision and other related policy changes**

This consultation paper sets out the expected [FMI fee rates](#) for 2020/21 for financial market infrastructures that are recognized by the Bank and subject to the FMI fee regime. Deadline: Jul 29, 2020.

UNITED STATES

■ Agencies issue host state Loan-to-Deposit ratios

The ratios are used to [determine compliance](#) with the prohibition (under the Riegle-Neal Interstate Banking and Branching Efficiency Act) from using branches outside the home state for the purpose of deposit production.

■ FRB issues annual report of aggregate consolidated liabilities

It is used to [determine compliance](#) with Dodd-Frank Act's prohibition for financial companies from combining assets with other companies if the resulting company's liabilities exceed 10% of the aggregate consolidated liabilities of all financial companies.

■ FRB updates entities eligible of Municipal Liquidity Facility (MLF)

It expands the number and type of [entities eligible](#) to directly use its MLF, so that all U.S. states will be able to have at least two cities eligible to directly issue notes to the MLF regardless of population.

■ OCC and FDIC issue CRA compliance evaluations and evaluation schedules

Ratings of banks and savings institutions evaluated under the CRA during May and March 2020, respectively ([OCC](#) and [FDIC](#)). Additionally [FDIC](#) issues a list of banks scheduled for a CRA examination during 3Q20 and 4Q20.

■ CFPB provides flexibility during COVID-19, issues LIBOR transition proposed rule and CHARM booklet

Takes actions to: i) help consumers receive [relief](#) more quickly from their credit card issuer; ii) facilitate the [LIBOR transition](#) for consumers and regulated entities with a proposed rule to amend Regulation Z; and iii) help consumers better understand adjustable rate mortgage loans with a revised CHARM booklet.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *The sustainable opportunity brought by the Covid-19*. May 2020.
- [Press Article](#). *The regulatory response to COVID-19*. April 2020.
- [Press Article](#). *The unknowns of the financial transactions tax*. March 2020.
- [Press Article](#). *Sustainable finance: "I'm late, I'm late, I'm late!"* March 2020.

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

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