

Financial Regulation: Weekly Update

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Highlights

1. FSB consults on its evaluation report of TBTF reforms and issues statement on the impact of the COVID crisis on the global benchmark reform
2. BCBS updates its AML/CFT guidelines on supervisory cooperation
3. ECB consults on its supervisory approach on consolidation
4. EBA consults on its report on the application of BRRD's Early Intervention Measures
5. UK's Climate Financial Risk Forum publishes its guide to address climate-related financial risks

GLOBAL

■ FSB consults on its evaluation report of TBTF reforms

The report finds that [TBTF reforms](#) have made banks more resilient and resolvable, with benefits outweighing the costs for society. But there are gaps that need to be addressed (on resolvability and disclosure). Deadline: Sep 30.

■ BCBS updates its AML/CFT guidelines on supervisory cooperation

It issues the updated version of its [guidelines](#) on sound management of risks related to money laundering and financing of terrorism with guides on the interaction and cooperation between prudential and AML/CFT supervisors.

■ FSB issues statement on the impact of COVID-19 on global benchmark reform

It recognizes that some aspects of firms' transition plans are likely to be [temporarily delayed](#), while others would continue. It will publish a report later this month identifying remaining challenges to benchmark transition.

■ ISDA issues EU benchmarks regulation review recommendations

[Proposals](#) are aimed at maintaining the intended protections of the BMR but reducing the potential for uncertainty and disruption and preventing EU investors from being put at a competitive disadvantage versus non-EU entities.

■ IOSCO publishes Good Practices on processes for deference

It contains a series of 11 [good practices](#) on processes for deference to assist regulatory authorities in mitigating the risk of unintended, regulatory-driven market fragmentation and to strengthen international cooperation.

EUROPE

■ ECB consults on supervisory approach on consolidation

Clarifies the use of [supervisory tools](#) to facilitate sustainable consolidation projects and specifies that the ECB will not penalize credible integration plans with higher capital requirements. Deadline: Oct 1, 2020.

■ EBA consults on its report on the application of BRRD's Early Intervention Measures

The report seeks to enhance BRRD [crisis management](#) tools available for competent authorities in addition to widely used supervisory powers laid down in the CRD and the SSMR. Deadline: Sep 25.

■ EBA issues final guidelines on the treatment of structural FX positions

It seeks to establish a [harmonized framework](#) for the application of the structural FX waiver, which will allow its consistent application going forward. Effective date: Jan 1, 2022.

■ EBA and ESMA issue response to EC's consultation on a new Digital Finance Strategy

EBA [expresses its commitment](#) on securing technology neutrality in regulatory and supervisory approaches and strongly supports the EC's initiative. [ESMA](#) defends cooperation around financial innovation in the EU is key to remove fragmentation. Both agencies are ready to play their role to optimise the Single Market for digital Finance.

■ SRB issues its 2019 report

It details its [activities](#) to: i) strengthen banks' resolvability, ii) foster a robust resolution framework, iii) prepare and carry out effective crisis management, iv) operationalize the SRF and v) establish a lean and efficient organization.

SPAIN

■ CNMV approves the reform of the Good Governance Code for listed companies

It updates [recommendations](#) of the Code, focusing on: more presence of women in boards of directors, more relevance of non-financial information and sustainability, attention to non-financial risks, and clarifications on Board members' remuneration.

■ MinEco approves a new guarantee scheme to encourage new investments by self-employed and SMEs

It seeks to support new [investment](#) projects and boost investment in environmental sustainability and digitisation, while maintaining the public-private partnership model, and the adoption and management procedure.

UNITED KINGDOM

■ PRA issues report on Covid-19 regulatory reporting and disclosure amendments

It outlines its revised approach to regulatory [reporting and Pillar 3](#) disclosure for PRA-regulated banks in response to the Covid-19 outbreak. Going forward it expects on time submission for future regulatory reporting.

- **Climate Financial Risk Forum publishes its guide to address climate-related financial risks**

It is the first of its kind. It is written by industry for industry to help firms and provides practical recommendations. The [objective](#) is to help understand the risks and how to integrate these risks.

- **PRA consults on its proposed approach to the publication of technical information under Solvency II**

[Proposes](#) to adopt the same methodologies as EIOPA, with limited exceptions. Also includes criteria to determine relevant currencies to publish and the approach to determine VA reference portfolio. Deadline: Sep 30, 2020.

- **FCA consults on pensions value for money**

It includes proposals designed to better assess [value for pension](#) scheme members and promote value for money for the members of workplace personal pension schemes. Deadline: Sep 24, 2020.

UNITED STATES

- **FRB releases new term sheet for the Primary Market Corporate Credit Facility**

The new term sheet adds more information and the [pricing](#), which will be issuer-specific and informed by market conditions. Prices are also subject to min. and max. spreads over comparable maturity Treasury securities.

- **Agencies issue information for next resolution plans to largest firms**

It provides information to the eight largest and most complex domestic banking organizations that will guide their next [resolution plans](#) (firm's strategy for rapid and orderly resolution in bankruptcy), which are due by July 1, 2021.

- **FDIC issues rule on permissible interest on transferred loans**

It codifies the agency's longstanding guidance that the valid interest rate for a loan is determined when the loan is made (not affected by subsequent sales or transfers), reaffirming the "[valid when made](#)" doctrine

- **OCC issues reports on key risks for federal banking system and 1Q20 bank trading revenue**

The report includes the negative effects of the COVID-19 pandemic on the federal [banking industry](#) and the decrease of [trading revenues](#) of U.S. commercial banks and federal saving associations.

- **CFTC approves two final rules and consults on two proposed rules**

It approves final rules on [swap execution](#) facilities and swap clearing requirements, and proposes rules on electronic trading risk principles and margin requirements for uncleared swaps. Deadline: 60 days after publication in the Federal Register.

- **Agencies consult on proposed revisions to Interagency Q&A on Flood Insurance**

It incorporates new [Q&As](#) on the escrow of flood insurance premiums; exemption to the mandatory purchase of flood insurance requirements; and force-placement procedures. Deadline: 60 days after publication in the Federal Register.

- **FDIC and OCC issue the results for CRA compliance evaluations**

They contain the ratings of banks and savings institutions evaluated under the CRA during June 2020 and April 2020, respectively ([OCC](#) and [FDIC](#)).

- **CFPB consults on proposed rule on escrow exemptions for certain high-priced mortgage loans**

It amends [Regulation Z](#) to provide a new exemption available to certain insured depository institutions and insured credit unions from the requirement to establish escrow accounts for certain higher-priced mortgage loans. Deadline: 60 days after publication in the Federal Register.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *The Coronavirus: an unexpected ally of digitization*. June 2020.
- [Press Article](#). *European action plan AML & FT*. June 2020.
- [Press Article](#). *The sustainable opportunity brought by the Covid-19*. May 2020.
- [Press Article](#). *The unknowns of the financial transactions tax*. March 2020.

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

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