

Financial Regulation: Weekly Update

Matías Cabrera, Inés Criado, Arturo Fraile, Hamza Jebari, Salvador Portillo, Ana Rubio, Victoria Santillana, Pilar Soler

July 10, 2020

Highlights

1. BCBS publishes targeted amendments to the CVA framework and Basel progress report
2. FSB and BCBS set out supervisory recommendations for benchmark transition
3. ECB issues guideline on definition of default and statement on resolution planning
4. EBA issues statements on the implementation of the prudential framework and on resolution planning in the context of COVID-19
5. PRA issues policy statement on capital requirements and macroprudential buffers under Pillar 2A and statement on LIBOR transition

GLOBAL

■ BCBS publishes targeted amendments to the CVA framework

The [revision](#) includes recalibrated risk weights, a different treatment for certain client cleared derivatives, and an overall recalibration of both the standardized approach and the basic approach.

■ BCBS publishes progress report on the adoption of the Basel regulatory framework

Includes the [status of adoption](#) of risk-based capital standards, the leverage ratio, the standards for global and domestic SIBs, large exposure framework, disclosure requirements and interest rate risk in the banking book.

■ FSB and BCBS set out supervisory recommendations for benchmark transition

It includes recommendations to support [LIBOR transition](#) and highlights that continued reliance of financial markets on LIBOR poses clear risks to financial stability so the transition requires commitment and effort from institutions.

■ FATF issues report on stablecoins

[Addresses](#): i) the characteristics of stablecoins ii) the FATF Standards apply to stablecoins and how to enhance the global anti-money laundering and counter-terrorism financing framework for virtual assets and stablecoins.

EUROPE

■ **ECB issues guideline on definition of default for banks supervised by national supervisors**

It gives the definition of [materiality threshold](#) as the point a bank decides a debtor is in default, specifying how national supervisors should exercise their discretion and ensuring consistency and a level playing field among EU banks.

■ **EBA provides clarity on the implementation of the prudential framework in the context of COVID-19**

[Clarifies](#) some issues raised regarding the EBA guidelines on moratoria. Also includes common criteria for the treatment of COVID-19 losses or operational risk events within the operational risk framework.

■ **EBA issues a statement on resolution planning in light the COVID-19 pandemic**

It aims to reiterate the importance of [resolution](#) planning as a credible option in times of uncertainty and stress, and highlights the importance of promoting institutions efforts to increase their capabilities and resolvability.

■ **ESMA updates its list of trading venues temporarily exempted from open access under MiFIR**

The [exemption](#) under MiFIR applies for 30 months and can be extended for subsequent periods if the exchange-traded derivatives activity of the trading venue remains below the threshold.

■ **ESMA consults on guidelines on calculation of positions under SFTR**

It launches a [consultation](#) on draft guidelines on the calculation of positions by TRs under SFTR ensuring consistency and clarification of the recordkeeping of data and the calculation methodologies. Deadline: Sept 15.

■ **ESMA updates its Q&As on CSDR, EMIR and MiFID II and MiFIR transparency and data reporting**

It updates the Q&As regarding: i) the [settlement discipline](#) regime under CSDR; ii) [calendar](#) for reporting under EMIR; iii) technical clarifications for the performance of the [mandatory](#) Systematic Internaliser test under MiFID II and MiFIR; and iv) reporting requirements for submission of [transaction reports](#) under MiFIR.

■ **ESMA updates latest double volume cap data, annual transparency calculations and ESEF reporting**

It updates the public register with the [latest DVC](#) data and calculations under MiFID II for the Jun 1, 2019 - May 31, 2020 period, the results of the annual [transparency](#) calculations for certain equity and equity-like instruments and the guidance and relevant developments in the technical specifications of [ESEF](#) reporting.

■ **ESMA issues guidelines on securitisation repository data completeness and consistency thresholds**

It provides clarity for market participants and [securitisation repositories](#) (SRs) on the accepted levels of No-Data options contained in the securitisation data submitted to SRs.

UNITED KINGDOM

- **PRA issues policy statement on capital requirements and macroprudential buffers under Pillar 2A**

It [provides](#) feedback to responses to CP on Pillar 2A “Reconciling capital requirements and macroprudential buffers” and also contains the PRA’s final policy in Supervisory Statement (ICAAP and SREP).

- **PRA issues statement on Libor transition and PRA resolution-related rules**

The [statement outlines](#) its view on the implications of Libor transition for contracts in scope of the Contractual Recognition of Bail-In and Stay in Resolution Parts of the PRA Rulebook.

- **BoE consults on Temporary High Balances coverage extension**

It sets out the PRA’s proposal to [extend coverage](#) under the Financial Services Compensation Scheme for THBs from 6 to 12 months for a temporary period up until Jan 31, 2021. Deadline: Jul 23.

- **PRA issues policy statement on regulated fees and levies**

It provides feedback to previous consultation [rates](#) proposals for 2020/21 regulated fees and levies and contains the final policy on fees rates of the PRA Rulebook.

UNITED STATES

- **CFPB ratifies prior regulatory actions and issues final rule on small dollar lending**

It ratifies most [regulatory actions](#) the Bureau took from Jan 4, 2012 - Jun 30, 2020 providing the financial marketplace with certainty, and issues a final rule on [small dollar lending](#) in order to maintain consumer access to credit and competition in the marketplace.

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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This report has been produced by

Head of Financial Regulation

Ana Rubio
arubiog@bbva.com

Arturo Fraile
arturo.fraile@bbva.com

Victoria Santillana
mvictoria.santillana@bbva.com

Matías Daniel Cabrera
matiasdaniel.cabrera@bbva.com

Pilar Soler
pilar.soler.vaquer@bbva.com

Hamza Jebari Serroukh
hamza.jebari@bbva.com

Salvador Portillo
salvador.portillo@bbva.com

Inés Criado
ines.criado@bbva.com