

Financial Regulation: Weekly Update

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September 18, 2020

Highlights

1. FATF issues report on indicators of AML/CTF for virtual assets
2. ECB allows for temporary relief in leverage ratio (LR) to the pandemic
3. ECB issues final guide to assessing how banks calculate counterparty credit risk
4. EBA consults large credit institutions on their ESG disclosure practices
5. Spanish Congress passes Sandbox law

GLOBAL

■ FATF issues report on indicators of AML/CTF for virtual assets

[Report](#) will help virtual asset service providers, financial institutions, and designated non-financial businesses and professions, and other reporting entities detect and report suspicious transactions.

EUROPE

■ ECB allows for temporary relief in leverage ratio (LR) to the pandemic

It has declared the pandemic as an [exceptional circumstance](#) and allows banks to exclude central bank exposures from the LR exposure until June 2021.

■ ECB issues guidelines on the assessment of credit counterparty risk

The guide outlines the [methodology](#) used to assess how euro area banks calculate their exposure to counterparty credit risk and advanced credit valuation adjustment risk (CVA).

■ EBA consults large credit institutions on their ESG disclosure practices

They will be required to disclose [prudential](#) information on ESG risks. Its goal is to support the EBA's policy work on Pillar 3 disclosure and to foster the policy framework on sustainable finance. Deadline: Oct 16, 2020.

■ ESMA renews decision requiring net short position holders to report certain positions

It requires holders of [net short positions](#) in shares traded on a EU regulated market to notify the NCA if the position reaches or exceeds 0.1% of the issued capital. The measure applies for three months from Sept 18, 2020 onwards.

■ ECB issues lists of Bulgarian and Croatian banks it will start to supervise

After establishing close cooperation with the Bulgarian National Bank and the Croatian National Bank, the ECB [announced](#) it will start directly supervising five banks in Bulgaria and eight in Croatia.

Spain

■ Congress passes sandbox law

It seeks to foster [digital transformation](#) in the financial sector by creating a suitable legal environment for an efficient innovation process, while protecting customers. The project now has moved to the Senate.

UNITED KINGDOM

■ FCA consults on proposal to support consumer credit

[Proposals](#) to ensure that firms provide tailored support for users of consumer credit and overdraft products who continue to face payment difficulties due to coronavirus (Covid-19). Guidance will expire on Oct 31, 2020.

■ FCA issue expectations for firms on maintaining access to cash for customers

Firms are [expected](#) to inform FCA of any plans on branch closing or any change on AMTs. Before making the decision, firms are expected to analyze customer's needs and the impact of the action on those customers.

■ FCA consults on ways to improve the consumer investment market

It has launched a Call for Input to help shape its work in the coming years on improving the [consumer investment market](#), as reducing harm in this market has been identified as a priority in the FCA's 2020/21 Business Plan.

UNITED STATES

■ FRB issues hypothetical scenarios for second round of bank stress tests

Large banks will be tested against two [scenarios](#) featuring severe recessions to assess their resiliency. The Board will publish bank-specific results with their performance under both scenarios by the end of the year.

■ CFTC issues no-action reliefs and guidance for FCM separate account practices

i) It extends certain temporary [no-action relief](#) measures to market participants due to the COVID-19 crisis, until Jan 15, 2021. ii) It provides guidance and time limited, conditional [no-action relief](#) for the treatment by Futures Commission Merchants (FCM) of separate accounts for a particular customer.

■ CFPB consults on proposal regarding Small Business Lending Data Collection Requirements

Proposal to implement the [requirement](#) to collect certain data on credit applications for women-owned, minority-owned, and small businesses, and to report the data to the CFPB annually. Deadline: Dec 14, 2020.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *The Banking Union in times of Covid (page 85)*. September 2020
- [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.

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

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