

Financial Regulation: Weekly Update

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Highlights

1. EBA phases out guidelines on loan repayment moratoria
2. EC publishes a new Digital Finance Package and issues an equivalence decision on UK CCPs
3. ECB issues opinion on proposals of amendments of the securitization framework due to COVID
4. ESAs launch public survey on templates for environmental and social financial products
5. FRB issues consultation on proposed rulemaking regarding the Community Reinvestment Act

GLOBAL

■ FATF issues statement on unauthorized disclosure of confidential FinCEN documents

Emphasizes the importance to fully and effectively implement the FATF standards and for the private sector to fulfil its responsibility to detect and prevent [ML/FT](#), including filing suspicious transactions reports with NCAs.

■ IOSCO issues measures to reduce conflict of interests in debt capital raising

The guidance aims to help address potential [conflicts of interest](#) and conduct risks market intermediaries during the debt capital raising process and to address concerns observed by regulators during the COVID crisis.

EUROPE

■ EBA phases out guidelines on loan repayment moratoria

The regulatory treatment set in the [guidelines](#) will be phased-out on Sep 30. Guidelines will continue to apply for payment moratoria granted before that date. A case-by-case analysis will be necessary to classify new operations.

■ EC publishes a new Digital Finance Package in the financial sector

It aims to boost Europe's [competitiveness and responsible innovation](#), paving the way to become a global standard-setter, through consumer protection, financial stability and modern payments and financial services.

■ EC issues equivalence decision on UK CCPs

It grants a temporary [equivalence](#) decision under Art. 25 of EMIR, so that UK CCPs could be recognized by ESMA as authorized CCPs. It shall apply from Jan 1, 2021, and it expires on Jun 30, 2022.

■ ECB issues opinion on proposals of amendments of the securitization framework due to COVID

It [welcomes](#) the EC's proposed regulations, which include amendments to the securitization framework in order to enable the EU's recovery, through a: i) introduction of STS synthetic securitizations and ii) securitization of NPEs.

■ **ESAs launch public survey on templates for environmental and social financial products**

They propose to standardize the disclosure of [ESG financial products](#), for which they seek feedback on presentational aspects of product templates on sustainability-related disclosures. Deadline: Oct 16, 2020.

■ **EC publishes a new action plan to boost the EU's Capital Markets Union**

It is putting forward [16 targeted measures](#) to make real progress to complete the CMU, and to ensure access to market financing, as it will be essential in Europe's recovery from the coronavirus crisis.

■ **EBA launches its annual EU-wide transparency exercise**

It aims to provide market participants with [updated information](#) on the financial conditions of EU banks, as of June 2020, assessing the preliminary impact of the COVID crisis. Results are expected to be published in Dec.

■ **ESAs issue joint risk assessment report of the financial sector due to COVID**

The first risk assessment [report](#) since the COVID outbreak. It highlights how the pandemic has led to further profitability concerns, and heightened liquidity challenges. Economic and market uncertainty is the key challenge.

■ **EBA issues opinion on the clarification on certain CRR/CRD definitions**

Considers that certain aspects of the [CRR/CRD](#) could benefit from clarification, specifically regarding the scope of authorization and the kind and extent to which commercial activities may be carried out by credit institutions.

■ **ECB issues opinion on EBA's report on reducing reporting burden for the banking industry**

It proposes to reduce the [reporting burden](#) for banks in the fields of statistical, resolution and prudential reporting without losing indispensable information content to monetary policy, resolution and supervisory tasks.

■ **ECB issues guide on assessment methodology**

The guide shows how ECB assesses compliance of banks' counterparty [credit risk](#) models with regulatory requirements, outlining the methodology it uses to calculate their exposure to CCR and advanced CVA risk.

■ **ECB issues report on sustainability-linked bonds**

It decides that [bonds](#) with coupons linked to sustainability performance targets become eligible as collateral for asset purchases under the APP and PEPP subject to compliance with program-specific eligibility criteria.

■ **ESMA issues consultations on several issues**

It consults on the functioning of the [Organised Trading Facility](#) regime in the EU (Deadline: Nov 25, 2020) and on the review of the reference data and transaction [reporting obligations](#) under MiFIR (Deadline: Nov 20, 2020).

■ **ESMA publishes outcomes of MAR Review**

This first in-depth review of the functioning of [MAR](#) finds that it works well and is fit for purpose, and issues recommendations on: i) market soundings, ii) benchmark provisions and collective investment undertakings, and iii) tax reclaim schemes.

■ **ESMA agrees position limits under MIFID II**

It has published [three opinions](#) that agree with the proposed position limits regarding the following commodity derivatives: EEX TTF Gas contract, Nasdaq Oslo Nordic Power contract and Fish Pool Farmed Salmon contract.

■ **ESMA issues report on reclaim schemes**

Proposes that NCAs for [securities markets](#) should be empowered to share information with the tax authorities, to assist in detecting withholding tax reclaim schemes. The Final Report will be submitted to the EP.

SPAIN

■ **CNMV consults on a proposal guide to design Collective Investments Institutions' advisors**

It has submitted to public consultation a [proposal guide](#) on the appointment by SGIICs or self-managed SICAVs as advisors to IICs of persons or entities not authorized under the Securities Market Law. Deadline: Oct 14.

■ **BdE holds the countercyclical capital buffer at 0%**

After conducting the economic and macro-financial assessments, it has been decided to hold the [CCyB](#) unchanged until the main economic and financial effects arising from the coronavirus crisis have dissipated.

UNITED KINGDOM

■ **BoE issues consultation on pending issues before the end of the transition period**

Before the end of the [transition period](#), additional amendments to the EU Exit Instruments are needed, given the delay in their entry into force from "exit day" to "IP completion day". Deadline: Nov 17, 2020.

■ **FCA consults on the regulation of international firms**

It asks for feedback on its approach to the authorization and supervision of [international firms](#) operating in the UK. Deadline: Nov 27, 2020.

■ **FCA issues report of its market study into the pricing of home and motor insurance**

It proposes significant [reforms](#) of the markets through measures aiming to tackle concerns about insurance pricing, enhance competition, ensure consumers will receive fair value, and increase trust in the markets.

UNITED STATES

■ **FRB issues consultation on proposed rulemaking regarding the Community Reinvestment Act**

It seeks to [modernize](#) the regulations implementing the CRA by strengthening, clarifying, and tailoring them to reflect the current banking landscape, and better meet its core purpose. Deadline: 120 days after publication in the Federal Register.

■ **FRB updates FAQs regarding lender underwriting for the Main Street Lending Program**

It clarifies expectations regarding lender underwriting for [MSLP](#) and lenders originating Main Street loans, emphasizing the look back to the borrower's pre-pandemic condition and forward to the post-pandemic prospects.

■ **CFPB extends comment period for Notice of Proposed Rulemaking (NPRM) on qualified mortgages**

It is extending the comment period on its [NPRM](#) to create a new category of seasoned qualified mortgages as a way to encourage innovation and ensure responsible credit in the mortgage market by three days, Oct 1, 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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