

Financial Regulation: Weekly Update

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Highlights

1. MinEco consults on the transposition of the CRD V and BRRD 2
2. BCBS consults on principles for operational risk and operational resilience
3. EBA issues final draft technical standards on disclosure and reporting on MREL and TLAC
4. SRB issues guidance for the bail-in operationalisation
5. EBA updates data used for the identification of G-SIIs

GLOBAL

■ BCBS consults on principles for operational risk and operational resilience

It seeks feedback on: i) updated principles on [operational risk](#), focused on change management and ICT technologies ii) new principles on [operational resilience](#) to increase banks' capacity to withstand disruption due to potentially severe events. Deadline: Nov 6.

■ FSB publishes questionnaire on continuity of access to FMIs for firms in resolution

The questionnaire gathers information from all [FMIs](#) that are encouraged to complete it and facilitates continued access to critical services provided by FMIs in cases where firms need to be resolved.

■ IOSCO examines the evolution of liquidity provision in equity securities markets

It considers how [liquidity provision](#) has evolved in equity securities markets and identifies elements of market making programs that promote the provision of liquidity, strengthen investor confidence and foster efficient markets.

■ FSB publishes Key Attributes assessment methodology for the insurance sector

It sets out essential criteria to promote consistent assessments across jurisdictions and to provide guidance when adopting or amending their resolution regimes to implement the [Key Attributes](#).

EUROPE

■ EBA issues final draft technical standards on disclosure and reporting on MREL and TLAC

It [includes](#) G-SII requirements for TLAC and MREL requirements. It is the first time EBA has developed disclosure and reporting requirements in this area.

■ **SRB issues guidance for the bail-in operationalization**

A guide to help banks ensure the required preparation for [bail-in](#) application during the resolution planning phase and to fulfill the SRB Expectations for Banks to ensure resolvability.

■ **EBA updates data used for the identification of G-SIIs**

It issues 12 indicators and the underlying data from the [largest institutions](#) in the EU, following the final assessment from BCBS and FSB. EBA will update this data yearly and will provide a platform to aggregate it across the EU.

■ **EBA issues opinion on EC's Action Plan for a comprehensive Union policy on AML/TF**

[Recommends](#) i) harmonize the EU's legal framework ii) combine an ongoing role for national AML/CFT authorities with an EU-level AML/CFT supervisor iii) leverage on the EU's existing AML/CFT infrastructure.

■ **EBA consults on guidelines for the use of data inputs in the expected shortfall for market risk**

[Guidelines](#) clarify the conditions to be met by the data related to modellable risk factors to be used to calculate the expected shortfall risk measure under the Internal Models Approach. Deadline: Nov, 12.

■ **EC consults on EU rules for financial benchmarks**

This proposal aims to replace systemic interest rate [benchmarks](#) by rates set by central banks and to ensure the access to benchmarks published outside the EU.

■ **EBA updates its FAQs, ITS and Guidelines on disclosures and supervisory reporting due to COVID-19**

It provides clarifications on reporting and disclosure Guidelines of [exposures](#) and on impact of CRR adjustments ("[quick fix](#)") on supervisory reporting and disclosure in response to the COVID19.

■ **ECB issues its report on banks' ICAAP practices**

It highlights the effort many banks have made to improve their [ICAAPs](#) and encourages them to further improve it, making them reliable management instruments that play a key role in decision-making.

■ **EBA consults on RegTech solutions and ways to support the uptake of RegTech across the EU**

It invites to share views on [RegTech](#) solutions to better understand the ongoing activity in this area, raise awareness on RegTech within regulatory and supervisory community, and inform any relevant policy discussion.

■ **EBA updates its 2020 work program in light of COVID-19 pandemic**

It aims to reflect all the [changes](#) brought in by the COVID-19 pandemic to its activities and to alleviate the burden on banks and limit to the minimum the interaction with the industry.

■ **ESMA issues opinions on position limits regarding commodity derivatives under MiFID II/MIFIR**

It finds that the proposed [position limits](#) are consistent with the objectives established in MiFID II and with the methodology developed for setting those limits.

■ **ESMA issues data for the systematic internaliser quarterly calculations under MiFID II/MIFIR**

It provides the number of trades and total volume over the period Jan-June 2020 for the purpose of the [systematic internaliser](#) calculations under MiFID II for equity, equity-like instruments, bonds and non-equity instruments.

■ **ESMA publishes data for bonds subject to the pre- and post-trade requirements MiFID II/MIFIR**

It publishes the latest quarterly [liquidity](#) assessment for bonds available for trading on EU trading venues and two completeness indicators related to bond liquidity data.

■ **ESMA issues recommendations on priority topics in AIFMD review**

It recommends harmonizing [AIFMD and UCITS](#) regimes; delegation and substance; liquidity management tools; leverage; the AIFMD reporting regime and data use; and the harmonization of supervision of cross-border entities.

■ **ESMA publishes DVC data and XML schema and reporting instructions for securitizations**

It updates the public register with the [latest DVC](#) data and calculations under MiFID II for the June 30, 2019 - July 01, 2020 period, and reporting instructions and [XML schema](#) for securitizations.

SPAIN

■ **MinEco consults on the transposition of the CRD V and BRRD 2**

It consults on: i) [Proposed Draft Act](#) amending Spanish LSC, LOSS and Account Auditing Law ii) [Draft Royal Decree](#) amending LOSS iii) [Proposed Draft Act](#) amending regulation on payment and securities settlement systems, DGF, recovery and resolution of credit institutions and investment services companies and Spanish LMV and iv) [Draft Royal Decree](#) amending regulation on DGF and recovery and resolution of credit institutions and investment services companies. Deadlines: Sep 21.

■ **MinEco approves a Royal Decree on supervision and transparency of occupational pension funds**

It transposes the Directive on activities and supervision of occupational [pension funds](#) and the Directive on promoting long-term shareholder involvement.

UNITED KINGDOM

■ **PRA issues statement on IFRS9 and capital requirements in the context of the COVID crisis**

The [statement](#) clarifies the PRA's approach to IFRS9 and capital requirements in response to updated FCA guidance on retail mortgage payments. It is an updated guidance for firms related to mortgage payment deferrals.

■ **PRA issues Policy Statement on Temporary High Balance Coverage Extension**

It gives [feedback](#) on the previous consultation on Financial Services Compensation Scheme and Temporary High Balances Coverage Extension.

■ **FCA consults on several issues**

It consults on: i) proposals to amend [Dual-regulated](#) firms Remuneration Code to reflect CRD V. Deadline: Sep 30. ii) Measures to address [liquidity mismatch](#) in authorized open-ended property funds. Deadline: Nov 3. iii) Debt advice levy [rates](#) for 2020/21 additional funding. Deadline: Sep 30.

UNITED STATES

■ **FRB issues individual large bank capital requirements**

The CET1 [capital requirements](#) consist of several components, including minimum capital requirements, stress capital buffer and GSIBs surcharge if applicable. These requirements will be effective on October 1.

■ **Agencies issue three final rules**

The federal bank regulatory agencies today finalized [three rules](#): i) final rule that temporarily modifies the community bank leverage ratio ii) final rule that makes more gradual automatic restrictions on distributions iii) final rule that allows institutions to mitigate effects of expected credit losses on regulatory capital for two years.

■ **Agencies issue joint statement on enforcement of Bank Secrecy Act/AML requirements**

It clarifies how agencies evaluate enforcement actions that are required by statute when financial institutions fail to meet [Bank Secrecy Act/anti-money laundering](#) obligations.

■ **FRB announces details of its interbank settlement service**

It is a new 24x7x365 [interbank settlement](#) service with clearing functionality to support instant payments in the US, modernizing the payment system and bringing the benefits of instant payments to communities across the country.

■ **CFTC issues amendments of margin requirements for swap dealers and major swap participants**

The [amendments](#) aim to align the CFTC Margin Rule with the BCBS/IOSCO Framework and to permit the application of separate minimum transfer amounts for initial and variation margin and application of a minimum transfer amount.

■ **CFPB consults on Equal Credit Opportunity Act (ECOA) and Regulation B**

It asks to identify opportunities to prevent [credit discrimination](#), encourage responsible innovation, address regulatory uncertainty and develop solutions to challenges under the ECOA and Regulation B. Deadline: Oct 2.

■ **CFPB issues a notice of proposed rulemaking on a new category of seasoned qualified mortgages**

It creates a new category of [qualified mortgages](#) for first-lien, fixed-rate covered transactions that have met certain performance requirements over a 36-month period to encourage innovation and access to affordable mortgage credit.

■ **CFPB issues additional FAQs on Small Dollar Lending**

It aims to help institutions comply with the [Small Dollar Lending Rule](#) with several frequently asked questions on Covered loans, Payment transfers and Payment notices.

■ **Agencies extend comment period on proposed revisions regarding flood insurance**

Five federal regulatory agencies announced they will extend the comment period on a proposal to revise Interagency Q&A Regarding [Flood insurance](#) until November 3, 2020 in light of COVID pandemic.

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

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

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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