

# Financial Regulation: Weekly Update

Matías Cabrera, Inés Criado, Arturo Fraile, Salvador Portillo, Ana Rubio, Victoria Santillana, Pilar Soler, Víctor Tarrías

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## Highlights

1. TCFD releases its third status report and launches a public consultation
2. EBA issues consultation on sound remuneration policy guidelines
3. EBA publishes a monitoring report on TLAC-MREL instruments
4. European Commission issues consultation on changes to LCR rules related to the CBD
5. ESMA issues two consultations related to CCPs and updates statements and opinions regarding Brexit

## GLOBAL

### ■ TCFD releases its third status report and launches a public consultation

It shows progress and [highlights](#) the need for greater climate-related disclosures and transparency. The TCFD also opens a public consultation period to solicit input on forward-looking metrics. Deadline: Jan 27, 2021.

### ■ IOSCO issues recommendations on emerging capital market development

It [provides](#) five recommendations to be considered by EMs to strengthen capital markets and highlights the main challenges faced by them. It also explores further opportunities from sustainable finances and FinTechs.

## EUROPE

### ■ EBA issues consultation on sound remuneration policy guidelines

This [review](#) takes into account the amendments introduced by CRD V in relation to institutions' sound remuneration policies. Deadline Jan 29, 2021.

### ■ EBA publishes monitoring report on TLAC-MREL instruments

It reviews 27 [transactions](#) in 14 jurisdictions focusing on: i) availability, ii) subordination, iii) loss absorption capacity, iv) maturity, and v) other aspects. It also leaves 15 recommendations and states that ESG TLAC/MREL issuances will be further monitored.

### ■ EC issues consultation on changes to LCR rules related to the CBD

The [initiative](#) amends the liquidity coverage requirement rules to cater for the specific situation of covered bonds introduced by EU rules from 2019. It also fixes any ambiguous or outdated rules. Deadline: Nov 24, 2020.

### ■ ESMA issues two consultations on Central Counterparties (CCPs)

(i) On [guidelines](#) to clarify common procedures and methodologies for CCP's SREP; (ii) On [RTS](#) regarding the conditions for CCPs to add new services or activities to their initial authorization. Both deadlines: Nov 16, 2020.

■ **ESMA issues updated statement on UK credit ratings and opinions on UK trading venues**

i) It [updates](#) its March 2019 statement on the endorsement of UK credit ratings to provide clarity on whether endorsement can proceed after Dec 31, 2020. ii) [Updates](#) the list of third-country venues to include UK venues in the annexes to the opinion related to post-trade transparency and to position limits.

■ **ESMA issues statement on share trade obligations (STO) following Brexit**

It clarifies the [application of the STO](#) following the end of the UK's transition period on Dec 31, 2020: trading of shares with EEA ISIN on a UK trading venue in UK GBP by EU investment firms will not be subject to the EU STO.

■ **ESMA submits two draft Technical Standards under the revised MAR to the EC**

It has [submitted](#) this final report and draft RTS on Liquidity Contracts and the ITS on Insider Lists for SMEs General Managers, they come with a slight delay given ESMA considered that the industry needed additional time.

■ **ESRB publishes EU Non-bank Financial Intermediation Risk Monitor 2020**

It considers structural and cyclical risks affecting the [EU Non-bank Financial Intermediation sector](#), as well as vulnerabilities. Remaining data gaps and the need for improved risk metrics in this sector are also highlighted.

■ **ESMA publishes translations for its decision to lower reporting thresholds of net short positions**

It has issued the [official translations](#) of its decision of renewal of Sep 16, 2020 to lower the reporting thresholds of net short positions.

## SPAIN

■ **BdE releases its supervisory expectations on climate-related and environmental risks**

For the [Spanish](#) Less Significant Institutions. They aim at explaining how the BdE considers the entities should progress to taking into account those risks.

■ **CNMV issues its 3Q bulletin 2020**

They [issue](#) a report on the securities market and their agents, analyzing COVID's impact on financial markets and entities subject to their supervision. Also, studies on remuneration boards and Spanish debt securities rating.

## UNITED KINGDOM

■ **BoE sings up to ISDA's IBOR fallbacks protocol**

The [protocol](#) will apply both to transactions the Bank undertakes on its own behalf, and those it enters into as an agent for HM Treasury and other entities. Adoption of the Protocol is a key step in mitigating Libor risk.

## UNITED STATES

■ **Agencies consult on proposed rule under Bank Secrecy Act**

The proposed [rule](#) would amend the recordkeeping and travel rule regulations under the Bank Secrecy Act, and provides clarifications on its application threshold. Deadline: 30 days after publication in the Federal Registry.

■ **Agencies issue consultation regarding regulations on the role of supervisory guidance**

Proposal outlining the use of [supervisory guidance](#), by codifying a previous statement which clarified the differences between regulations and guidance. Deadline: 30 days after publication in the Federal Registry.

■ **SEC issues statement regarding complex financial products and retail customers**

The [statement](#) focuses on: (i) structural differences impacting regulatory protections; (ii) volatility and market stress; (iii) the increase in self-directed trading; (iv) the application of disclosure requirements, Regulation Best Interest and the investment adviser's fiduciary duty.

■ **SEC adopts new regulatory framework for derivatives**

It will [apply](#) for funds that use derivatives in a limited way and allows funds to enter into reverse repurchase agreements and similar financing transactions. Effective date: 60 days after publication in the Federal Register.

**Recent publications of interest (in English and Spanish):**

- [Press Article](#). *Procyclical financial regulation: What can be done? (page 25)*. October 2020
- [Press Article](#). *Europe | One step closer to the Capital Markets Union*. October 2020
- [Press Article](#). *The Banking Union in times of Covid (page 85)*. September 2020
- [Press Article](#). *The Coronavirus: an unexpected ally of digitization*. June 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

Víctor Tarrías  
victor.tarrias@bbva.com

Salvador Portillo  
salvador.portillo@bbva.com

Inés Criado  
ines.criado@bbva.com