

Financial Regulation: Weekly Update

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Highlights

1. BIS and Central Banks issue report on CBDC
2. EBA published its risk dashboard for 2Q 2020
3. ESMA issues its 2021 work plan, a statement on MMF regulation, and updates guidelines on portability of information and Q&As on securitization
4. FSB and IMF publish 2020 progress report on G20 data gaps initiative
5. FCA issues final rule on the sale of crypto-derivatives to retail consumers

GLOBAL

■ BIS and Central Banks issue report on CBDC

It assesses the feasibility of publicly available [CBDCs](#) to help central banks deliver public policy objectives. It also outlines foundational principles and core features it should have, but does not give an opinion on whether to issue.

■ FSB and IMF publish 2020 progress report on G20 data gaps initiative

[Highlights](#) that progress in implementing the DGI-2 recommendations continued, but the Covid pandemic posed significant challenges and thus participating economies agreed to extend DGI work by six months to Dec 2021.

EUROPE

■ EBA published its risk dashboard for 2Q 2020

Main [highlights](#): i) CET1 ratio increased on a fully loaded basis by 30bps to 14.7%; ii) NPLs stopped their declining trend; iii) RoE declined further to 0.5% from 1.3% in Q1; iv) Revenue might also remain under pressure.

■ ESMA issues its 2021 work plan

Focused on [four strategic areas](#): (i) supervisory convergence; (ii) risk assessment on innovation and ESG; (iii) single Rulebook with the review of MIFID and AIFMD; (iv) direct supervision on third country central counterparty.

■ ESMA issues statement on reporting under the Money Markets Fund (MMF) regulation

It updates some [validation rules](#) for reporting through the MMF regulation. Also, new warning type validations and clarifies the existing rules, fixing inconsistencies and easing their understanding.

■ **ESMA updates guidelines on portability of information and Q&As on securitization**

The guideline [sets out](#) common provisions that a securitization repository (SR) should follow when transferring securitization information to another SR. The Q&As provide guidance on how to report certain underlying exposures that benefit from a COVID-related debt moratorium or payment holiday.

■ **ESMA calls for evidence on review transparency requirements for equity and Non-equity instruments**

They intend to gather input and views on [issues](#) with the application of RTS 1 and 2, that are identified since MiFID II/ MiFIR was deployed. Also, to receive feedback on further gaps found at implementation level. Deadline: Oct 31.

■ **ECB updated list of significant supervised entities**

The SSM [updates](#) the list with the cut-off date as of Sep 1, 2020. The total number of entities has reduced by 1 to 114 banks.

■ **ESMA issues latest Double Volume Cap data (DVC)**

[Updates](#) its public register including DVC data and calculations for the period Sep 1, 2019 to Aug 31, 2020, and already registered DVC periods.

■ **EIOPA consults on the supervision of the use of climate change scenarios**

In the [Own Risk and Solvency Assessment](#) (ORSA) to foster a forward-looking management of climate change-related risks by insurers. Deadline: Jan 5, 2021.

■ **EIOPA issues statement on Product Oversight and Governance requirements**

In order to facilitate the insurance sector implement their [POG policies](#), and to facilitate their engagement with national authorities, it outlines its approach to supervise POG requirements.

■ **EIOPA updates technical information**

i) Monthly [technical information](#) on the relevant risk-free interest rate structure with reference to end-Sept. ii) Monthly [update](#) on the symmetric adjustment of the equity capital charge for Solvency II with reference to end-Sept.

UNITED KINGDOM

■ **FCA issues final rule on the sale of crypto-derivatives to retail consumers**

The final rule bans the sale of derivatives and exchange traded notes that reference certain types of [crypto-assets](#) to retail consumers.

■ **PRA issues consultation on market risk**

Proposes an [update](#) regarding: i) the measurement of risks not in value at risk (RINV) and ii) the meaning of “period of significant financial stress for stressed value at risk (sVaR) calculations. Deadline: Nov 6, 2020.

■ **PRA issues policy statement on policyholders protection for building guarantee**

It [extends protection](#) to policyholders for building guarantee policies, and amends the Policyholder Protection Part in their Rulebook. These changes will take effect from Oct 8, 2020.

UNITED STATES

■ CFPB issues policy statement on applications for early termination of consent orders

In order for a [Consent Order](#) to be terminated early, an entity should demonstrate that it meets certain threshold eligibility criteria and complies with the terms to do it and with the management system in applicable areas.

■ FDIC and OCC issue list of banks examined for CRA compliance

List of [state nonmember](#) banks and [national banks](#), federal savings associations evaluated for compliance with the Community Reinvestment Act (CRA) in Jul and Sep respectively.

■ CFPB issues report regarding the market for college credit cards

The report on the [agreements](#) between credit card issuers and institutions of higher education, finds that in 2019 the number of agreements in effect, and the number of accounts open under the agreements, continues to decline.

■ CFTC signs MoU with the Office of Financial Research and approves a final rule

Establish a [framework](#) for sharing the information and data reported on Form CPO-PQR, which will be [amended](#). MoU also confirmed their collaboration to fulfill their statutory and regulatory mandates.

Recent publications of interest (in English and Spanish):

- [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.
- [Press Article](#). *European action plan AML & FT*. June 2020.

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

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