

Financial Regulation: Weekly Update

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Highlights

1. EC consults on the review of the bank crisis management and deposit insurance framework.
2. EC adopts the Regulatory Technical Standards (RTS) on software assets developed by the EBA.
3. FSB publishes the list of G-SIB entities in 2020.
4. ESMA consults on MIFID II / MIFIR obligations and fund's marketing communication guidance.
5. ESMA issues its second risk dashboard for 2020.

GLOBAL

■ FSB consults on regulatory and supervisory issues relating to outsourcing & third-party relationships

It [intends](#) to inform and facilitate discussions between authorities, institutions and third parties. Focuses on challenges to identify and manage risks related to outsourcing and third-party relationships. Deadline: Jan 8, 2021.

■ FSB publishes 2020 G-SIB list

It uses end-2019 data and an assessment methodology designed by BCBS. The [30 banks](#) on the list remain the same as in the previous year. A new G-SIBs list will be published in November 2021.

■ BIS publishes new details on global systemically important banks

It [includes](#) information to enhance understanding of G-SIB scores such as denominators of indicators to calculate scores, indicators for each bank in the sample and the cutoff score and thresholds to allocate banks to buckets.

■ FSB issues annual report on implementation and effects of financial regulatory reforms

It [outlines](#) the financial system's resilience during COVID-19 crisis, due to the reforms implemented after the 2008 crisis. It describes the pandemic as a major global test to examine whether reforms have worked as intended.

EUROPE

■ EC consults review of bank crisis management and deposit insurance framework

[Initial](#) consultation on the roadmap of crisis management framework and its intention to carry out an impact assessment on a potential modification of current legislative texts: BRRD, SRMR, DGSD. Deadline: Dec 8, 2020.

■ EC adopts RTS on software assets developed by EBA

With the [adoption](#) of this RTS, financial institutions will not be required to fully deduct certain types of software assets from its CET 1 items anymore. This RTS is applicable for 2020.

■ EBA reminds of the need of readiness in the view of the ending of Brexit transition period

Financial institutions need to finalize the execution of [contingency plans](#) before the end of the transition period and ensure adequate communication regarding their preparations and possible changes to any affected EU customers.

■ **ESMA updates Brexit statement for the end of UK transition period**

[Updates](#) three statements: i) on issues affecting EMIR and SFTR reporting, ii) on the use of UK data in ESMA databases and performance of MIFID II calculations and iii) on ESMA's data operational plan.

■ **EBA announces timing for the publication of 2020 EU-wide transparency exercise**

The [risk assessment report](#) and transparency exercise with bank-by-bank data will be released on Friday December 11 at 18.00 CET.

■ **SSM updates the list of significant entities**

The [list](#) displays significant entities directly supervised by ECB and less significant entities indirectly supervised by ECB as of October 1, 2020. The total number of entities has been reduced by one to 113 banks.

■ **ESMA issues its second risk dashboard for 2020**

[Sees](#) a prolonged risk period to institutional and retail investors that will depend on: i) pandemic's economic shock, ii) market expectations on monetary and fiscal measures and iii) external events in the global environment.

■ **ESMA consults on MIFID II/ MIFIR obligations and fund's marketing communication guidance**

i) Consults on guidelines on the requirement to [publish market data](#) on a commercial basis and making market data free of charge. Deadline: Jan 11, 2021. ii) Consults on guidelines to specify the requirements for [marketing communications](#) sent to investors. Deadline: Feb 8, 2021.

■ **ESMA issues report on post trading risk reduction (PTRR) services**

It [analyses](#) whether any trades that directly result from PTRR services should be exempted from the clearing obligation, highlighting that a limited and qualified exemption would further reduce overall risk and complexity.

■ **ESMA issues latest double volume cap data**

[Updates](#) public register with the latest set of double volume cap data under MiFID II in order to limit trading under reference waiver and the negotiated transaction waiver for liquid instruments in an equity instrument.

■ **ESMA updates Q&A for prospectus and transparency rules regarding Brexit**

It [concerns](#) the choice of home member state in the Prospectus Regulation and Transparency Rules sphere, as well as the use of prospectuses approved by the UK once the transition period concludes.

■ **EIOPA issues Q2 risk dashboard 2020**

Results [show](#) that the risk exposures of the EU's insurance sector slightly reduced compared to July risk assessment. However, the outbreak of the second wave of the pandemic has not been considered.

SPAIN

■ **BdE consults on Central Credit Register, banking transparency and responsible lending**

The [modifications](#) affect the scope of the entities that will report their data to the "CIR" and the threshold of the data provided by the BdE to the reporting entities. Deadline: Nov 19, 2020.

UNITED KINGDOM

- **UK Government and regulators intend to make TCFD-aligned disclosures mandatory by 2025**

The [announcement](#) includes a roadmap towards mandatory Climate-Related Disclosures and an interim report of the UK's joint Government-Regulator TCFD taskforce. They aim to implement mandatory requirements by 2023.

- **HM treasury announces equivalence decisions for the EEA states**

In advance of the end of the transition period, proposes a package of [equivalence decisions](#) for the EU in a number of areas of EU regulations, such as EMIR, CRR, Solvency II, CSDR or the benchmark regulation.

UNITED STATES

- **Agencies issue statement on LIBOR transition for loans**

The [agencies](#) encourage banks to determine appropriate reference rates for lending activities and begin transitioning loans. They will include LIBOR transition risks into their management processes.

- **FED issues latest report on supervision and regulation**

Provides [details](#) on the strength of the banking system considering financial stress from COVID-19 and its mitigation policies. Also, describes current areas of supervisory focus from the Federal Reserve.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *Procyclical financial regulation: What can be done?*. 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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