

# Financial Regulation: Weekly Update

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## Highlights

1. ECB issues guide on supervisory approach to banking consolidation
2. EBA publishes its risk dashboard for Q3 2020
3. ESMA issues a public statement on reverse solicitation rules following Brexit
4. European Commission publishes a new regulation adopting certain international accounting and reporting standards
5. CNMV issues several recommendations on LIBOR transition

## EUROPE

### ■ ECB issues guide on supervisory approach to banking consolidation

Provides [clarifications](#) on tools for sustainable consolidation projects, in order to achieve: i) credible business and integration plans; ii) sustainability business models; iii) and high standards of governance and risk management.

### ■ EBA publishes risk dashboard

It shows an [improvement](#) in capital, leverage and NPLs ratios. RoE levels have also increased, but remain below the bank's cost of equity. Finally, loans under moratoria and the loan-to-deposit ratio have both declined.

### ■ ESMA issues public statement on MiFID II rules on reverse solicitation

Following the end of the [Brexit transition](#) period, it warns against resorting to questionable practices to circumvent MiFID II in the context of the rules of reverse solicitation.

### ■ EC publishes new regulation on Accounting and Reporting Standards

It adopts international [accounting standards](#): IAS 39 (recognition and measurement), IFRS 4 (insurance contracts), IFRS 7 (disclosure), IFRS 9 and IFRS 16 (leases). Entry into force: 20 days after its publication in OJEU.

### ■ ESMA agrees position limits under MiFID II

It has published [favorable opinions](#) on position limits regarding commodity derivatives, since proposed limits are consistent with the objectives established in MiFID II and with the methodology developed for setting those limits.

### ■ EBA issues erratum of taxonomy package of reporting framework 3.0 phase 1

It contains [corrections](#) on the taxonomy files in the COREP NSFR module and COREP LR module where the EBA has addressed the issue of non-reportable data points. It also provides amendments on member codes.

### ■ ESMA signs MoU with CFTC

It seeks to [enhance cooperation](#) and information sharing regarding large CCPs established in the US that are recognized by ESMA as third-country CCPs under EMIR.

- **EIOPA and NCAs sign MoUs with UK authorities**

It seeks to [enhance cooperation](#) in the fields of insurance prudential and conduct supervision, for mutual assistance and regular exchange of information.

## SPAIN

- **CNMV issues recommendations on LIBOR transition**

It [reiterates](#) the recommendations contained in its public statement of July 2019. It also recommends adhering to the protocol and supplement of ISDA on fallback clauses in derivative contracts referenced to benchmarks.

- **CNMV issues report on Non Bank Financial Intermediation (NBFI) in Spanish market**

Based on 2019 data, it confirms a 5% growth of [NBFI](#) assets compared with the previous year. It also provides results from stress tests on transferable investment funds and liquidity management tools during COVID-19.

## UNITED KINGDOM

- **BoE issues statement on the end of the LIBOR transition period**

It is an [update](#) to its priorities and roadmap for the final year of transition to help businesses to finish planning the steps they will need to take in the coming months.

- **PRA issues consultation on Solvency II**

It sets out the [proposed](#) approach to deep, liquid and transparent assessment, and on the transition of Solvency II technical information from LIBOR to SONIA in 2021. Deadline: Mar 31, 2021.

## UNITED STATES

- **Agencies consults on regulatory improvements of security incident notifications**

[New rule](#) would require: i) notification by banks to the primary regulator at earliest and no later than 36 hours after the computer-security incident and; ii) immediate notification by service provider to at least two individuals of each affected bank customer. Deadline: Apr 12, 2021.

- **OCC issues rule granting consumers fair access to banking services**

[Rule](#) requires large banks to conduct risk assessment of individual customers rather than broad-based decisions affecting whole categories or classes to access services, capital and credit. Entry into force: Apr 1, 2021.

- **CFTC approves NFA's swap dealer capital model review program**

New [regulation](#) allows swap dealers to apply to the CFTC or futures associations, to obtain approval to use internal market risk and/or credit risk models in computing the swap dealer's regulatory capital. Effective date: Oct 6, 2021.

■ **CFPB issues report on consumer financial protection**

[Focuses](#) on: i) consumer protection, ii) information and education, iii) competition and innovation, iv) regulatory modernization, and v) flexibility, and inclusion and access; as well as providing recommendation to US agencies.

■ **CFPB and National Credit Union Administration (NCUA) sign MoU**

It [seeks](#) to enhance coordination between the agencies related to the consumer protection supervision of credit unions over \$10 billion dollars in assets, by sharing supervisory information.

■ **OCC issues CRA evaluations for National Banks and Federal Savings Associations**

Provides performance [evaluations](#) on the Community Reinvestment Act (CRA) from Dec 1, 2020 until Dec 31, 2020. Of the evaluations, 16 are rated satisfactory and 7 are rated outstanding.

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

- [Press Article](#). *Financial regulation in 2020: At key points... regulators face risks*. January 2021.
- [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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