

# Financial Regulation: Weekly Update

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## Highlights

1. European Commission issues a consultation on the crisis management and deposit insurance framework
2. ECB issues results from the 2020 SREP, and its supervisory priorities for 2021
3. Council of the EU signs revised ESM treaty for the SRF backstop
4. EBA announces the timing for its EU-wide stress test 2021
5. BCBS consults on amendments to rules for securities financing transactions

## GLOBAL

### ■ BCBS consults on amendments to rules for securities financing transactions

Proposes two [technical amendments](#) to the calculation of minimum haircut floors. They address an interpretative issue and correct a misstatement in the calculation of haircut floors in netting sets. Deadline: Mar 31, 2021.

### ■ IOSCO issues report on complaint handling and retail investors protection

Seeks to [enhance](#) access to independent, affordable, fair, accountable, timely and efficient redress mechanisms, addressing financial misconduct or illegal market practices that harm investors or financial consumers.

### ■ BIS launches second green bond fund for central banks

It follows the [first](#) BIS green bond fund in 2019. The two bond funds will manage \$2 bn. They promote sizable investments in environmentally friendly projects such as renewable energy production and energy efficiency.

### ■ BIS Innovation Hub issues work program and launches innovation network

It [focuses](#) on: i) Suptech and Regtech; ii) next-generation FMs; iii) CBDCs; iv) open finance; v) cyber-security and vi) green finance. They aim to foster collaboration among central banks on innovative financial technology.

## EUROPE

### ■ EC issues consultation on crisis management and deposit insurance framework

It [focuses](#) on: i) resolution, liquidation and other measures to handle banking crises, ii) harmonization of creditor hierarchy in the EU and impact on NCWO, and iii) deposit insurance (including EDIS). Deadline: Apr 20, 2021.

### ■ ECB issues results from the 2020 SREP and its supervisory priorities

[Analyses](#) banks ability to address risks to capital and liquidity. P2R and P2G will be kept stable. Priorities for 2021: i) credit risk management; ii) capital strength; iii) business model sustainability; and iv) governance.

■ **Council of the EU signs revised ESM treaty for the SRF backstop**

The [revised treaty](#) (which still requires approval by national parliaments) empowers the ESM to act as the common backstop to the SRF (with a cap of €68 billion), as soon as next year.

■ **EBA announces timing for EU-wide stress test 2021**

According to their planning, the 2021 [EU-wide stress test](#) exercise will be launched next January 29 at 18:00 CET, with the publication of macroeconomic scenarios. Results are expected to be issued by July 31, 2021.

■ **EBA publishes final RTS with several remuneration rules for investment firms**

Two [RTSs](#) on: i) the criteria to identify material risk takers and ii) the classes of instruments to be used for variable remuneration purposes. They aim to harmonize the criteria in order to ensure a consistent approach across the EU.

■ **EC issues consultation on the European single access point (ESAP)**

It [seeks](#) views in order to establish an ESAP for companies' financial and sustainable investment-related information, pursuant to EU legislation.

■ **ESMA updates Q&As on prospectus regulation**

It [seeks](#) to enhance common supervisory approaches and practices in the application of prospectus supervision, as well as providing market parties with guidance as to how NCAs will interpret the prospectus regulation.

■ **EIOPA issues report on principles of insurance stress testing**

It sets out the [methodological principles](#) that might be used in order to design bottom-up stress test exercises to assess the vulnerability of insurers to liquidity shocks.

## SPAIN

■ **CNMV issues 3Q report on Spanish markets**

[It includes](#): i) a report on the evolution of national financial markets during 2020; and articles on ii) stress test results on Spanish investment funds; iii) innovation hubs and sandbox; and iv) CCP resolution framework.

## UNITED KINGDOM

■ **FCA issues guidance on mortgages and consumer credit repossessions**

[Confirms](#) draft guidance issued on Jan 13, 2021. In the case of mortgages, firms should not enforce repossession before Apr 1, 2021; while consumer credit firms will be able to repossess goods and vehicles from Jan 31, 2021.

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

- [Interview](#). *Post COVID-19 regulation is key for economic recovery*. January 2021.
- [Press Article](#). *Financial regulation in 2020: At key points... regulators face risks*. January 2021.
- [Press Article](#). *Procyclical financial regulation: What can be done?* October 2020.
- [Press Article](#). *Europe | One step closer to the Capital Markets Union*. October 2020

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

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