

Financial Regulation: Weekly Update

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Highlights

1. EBA and ECB launch their 2021 stress exercises
2. Council of the EU approves new rules on LIBOR cessation
3. ESAs issue report and draft RTS on disclosures under SFDR
4. BdE amends Circular 5/2012 on transparency of banking services and responsibility in granting loans
5. BdE issues a public consultation on the development of certain macroprudential tools

EUROPE

■ EBA and ECB launch 2021 stress test exercises

After postponing the 2020 exercise, [EBA](#) has released macroeconomic scenarios, which include ongoing concerns about COVID-19 crisis. [ECB](#) will also stress test 53 banks not included in the EBA sample.

■ Council of the EU approves new rules on LIBOR cessation

New [rules](#) are aimed at reducing legal uncertainty and avoid risks to financial stability, by making sure that a statutory replacement rate can be put in place by the time a systemically important benchmark is no longer in use.

■ ESAs issue report and draft RTS on disclosures under SFDR

It seeks to [strengthen](#) protection for end-investors by improving ESG disclosures on the principal adverse impacts of investment decisions, and on the sustainability features of a wide range of financial products. It will help to reduce the risk of greenwashing.

■ ESMA publishes annual report on the application of waivers and deferrals for equity instruments

The [report](#) finds that Large In Scale waiver is the most used and that shares are the instrument for which more waivers are requested. Also, the volume under the waivers is for largely executed in shares.

■ ESMA and NCAs launch common supervisory action on MiFID product governance rules

It seeks to [assess the progress](#) made by financial products' manufacturers and distributors in the application of some key requirements, ensuring a consistent implementation and application of EU rules.

■ ESMA issues ITS for the regulation on cross-border distribution of funds

It focuses on the [publication](#) of information by NCAs on their websites, the notification of information by NCAs to ESMA, and the publication of information by ESMA on its website.

■ **ESMA updates Q&A on MiFID II and MiFIR market structures**

Aims to promote common supervisory approaches and practices in the application of MiFID II and MiFIR. It provides [clarifications](#) on: i) the classification of DEA trades; and ii) Matched Principal Trading by investment firms.

■ **ESAs issues draft RTS on amendments to PRIIPs**

They [submitted](#) a draft RTS on the presentation and content of the KID for PRIIPs, including methodologies for the calculation and presentation of risks, rewards and costs. It is now subject to adoption by the EC.

SPAIN

■ **BdE amends Circular 5/2012 on transparency of banking services and responsibility in granting loans**

[Main changes](#): i) new Euribor terms are included, ii) the €STR backward looking (or compounded) index calculated by the ECB is included iii) MIBOR is eliminated from the list of official indices.

■ **BdE issues consultation on the development of certain macroprudential tools**

[Draft circular](#) allowing the BdE to require a CCyB for exposures in a particular sector, and establishing the necessary elements to use tools to deal with sectoral concentration. Deadline: Feb 23, 2021.

■ **BOE publishes extension of moratorium**

The [deadline](#) for application for mortgage and non-mortgage moratoria is extended until March 20, 2021. The duration of these moratoria shall not exceed nine months.

■ **BdE issues amendments of Circular 2/2021 on the Deposit Guarantee Fund**

The main changes refer to the [information](#) determining for the bases for calculating the contributions to the Deposit Guarantee Fund of Credit Institutions.

UNITED KINGDOM

■ **HM treasury consults on investment firms prudential regime (IFPR) and Basel III**

Seeks [views](#) on: i) the powers delegated to HMT to ensure the implementation of IFPR; and ii) how to implement some Basel III standards and resolution regime for FCA-regulated investment firms. Deadline: Apr 1, 2021.

■ **FCA issues report on unsecured credit market**

Welcomes the [review](#) on how to enhance market health for unsecured lending considering the impact of the pandemic, new business models and developments in unregulated buy-now pay-later unsecured lending.

■ **PRA issues statement on regulatory reporting amendments**

Sets up the [approach](#) to regulatory reporting for PRA-regulated UK banks, building societies, designated investment firms and credit unions in response to the current Covid-19 conditions.

UNITED STATES

■ **OCC publishes information for the purposes of CRA performance evaluation**

Provide three [lists](#): i) bank type determinations, identifying banks based on asset size or business model; ii) list of distressed and underserved areas; and iii) banking industry median hourly compensation value.

■ **FDIC and OCC issue CRA evaluations**

They contain the ratings of banks and savings institutions evaluated under the CRA during February 2021 and January 2021, respectively ([FDIC](#) and [OCC](#)).

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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