

Financial Regulation: Weekly Update

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Highlights

1. EBA issues consultation on guidance to assess breaches of the large exposure limits
2. EBA issues its guidelines for “tri-party repurchase agreements”
3. EMMI issues a public statement on the cessation of Eonia
4. EBA publishes final draft RTS on disclosure of indicators of global systemic importance by G-SIIs
5. FRB and OCC issue their scenarios for the 2021 bank stress tests

GLOBAL

■ IOSCO issues report on impact of COVID measures on credit rating

Provides [feedback](#) on the impact of government support measures on credit ratings reviewing changes made to the methodologies, their application to rating actions taken during pandemic, as well as implications of their withdrawal.

EUROPE

■ EBA consults on guidance to assess breaches of the large exposure limits

Consults on the [criteria](#) for competent authorities to assess a breach of the large exposure limits, as well as the criteria to determine the period of time and necessary measures to return to compliance. Deadline: May 17, 2021.

■ EBA publishes final guidelines on “tri-party repurchase agreements” for large exposure purposes

Specifies [conditions](#) to apply the alternative treatment for these exposures. The guidelines also set the frequency and conditions for monitoring and revising the limits specified by the institution. Effective date: Jun 28, 2021.

■ EMMI issues public statement on the cessation of Eonia

[Encourages](#) Eonia users to accelerate their transition to the €STR and to finalize without delay their phasing-out in the few months remaining before benchmark’s planned cessation on Jan 3, 2022.

■ EBA publishes final draft RTS on disclosure of indicators of global systemic importance by G-SIIs

The standards seek to [help identify](#) which banks are G-SIIs and it specifies the formats and instructions that G-SIIs have to use to disclose the information required by the CRR in a consistent manner.

■ ESMA issues statement on social media driven share trading

It [highlights](#) the following issues: i) the need for investors to use reliable information; ii) increased risks due to price volatility; and iii) risks of committing market abuse. ESMA and NCAs will consider adopting further initiatives.

- **ESRB issues report on the implications of COVID support measures on financial stability**

The [report shows](#) that the fiscal response to support the real economy helped to stabilize lending and that the financial system continued to function. It also highlights policy priorities to tackle risks that still lie ahead.

UNITED KINGDOM

- **HM treasury consults on wind-down of critical benchmarks**

[Seeks](#) views on the extent to which there is uncertainty over the application of critical benchmarks to contracts where FCA exercised its power to direct a change in how the benchmark is determined under BMR and risk of associated litigation. Deadline: Mar 15, 2021.

- **PRA consults on the implementation of Basel standards**

Covers the set of [international standards](#) that still have to be implemented in the UK, together with the CRR rules that have to be transferred into PRA rules from EU regulation. Deadline: May 3, 2021.

UNITED STATES

- **FRB and OCC issue scenarios for their 2021 bank stress tests**

They present the baseline and severely adverse scenarios to be used in the corresponding stress test ([FRB](#) and [OCC](#)). The FRB will only assess the 19 largest banks (smaller banks are on a two-year cycle).

- **FRB announces final rule on netting protections to financial institutions**

[New rule](#) is intended to reduce risk and increase efficiency in the financial system by applying netting protection to certain new entities, as well as providing minor clarifications to the existing activities-based test in Regulation EE.

- **FDIC approves rule to assess effects of the Current Expected Credit Losses methodology (CECL)**

Removes [double counting](#) on CECL transitional amounts in the calculation of certain financial measures used to determine assessment rates for large or highly complex insured depository institutions. Effective date: Apr 1, 2021.

- **OCC approves rule on role of supervisory guidance**

It adopts the [rule](#) proposed on Nov 5, 2020, confirming that supervisory guidance does not create binding legal obligations for the public. Effective date: Mar 15, 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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