

Financial Regulation: Weekly Update

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Highlights

1. ECB publishes a MoU with the BoE and FCA
2. ECB issues its opinion on the proposal for a MiCA regulation
3. EBA publishes its technical standards on indirect exposures for different categories of derivatives
4. European Commission consults on the changes to the directive on financial collateral arrangements
5. IOSCO issues statement highlighting the urgent need to improve the sustainability reporting

GLOBAL

■ IOSCO issues statement highlighting the urgent need to improve the sustainability reporting

It [proposes](#) three main improvements for its consistency, comparability and reliability: i) encouraging globally consistent standards; ii) promoting comparable metrics and narratives; and iii) coordinating across approaches.

■ IOSCO issues statement to enhance IASB and FASB collaboration on accounting for goodwill

With the aim of establishing a single set of high-quality [accounting standards](#) that are consistently and rigorously applied, they call for a closer collaboration to move forward the alignment between IFRS and U.S. GAAP.

EUROPE

■ ECB publishes MoU with the BoE and FCA

It [formalizes](#) post-Brexit supervisory cooperation and information sharing arrangement among the authorities in the field of prudential supervision of supervised entities and their cross-border establishments.

■ ECB issues opinion on the proposal for a MiCA regulation

It [welcomes](#) the initiative to establish a harmonized framework for crypto-assets and related activities. It presents some recommendations, such as further clarifying the scope of application of the regulation. It focuses on the monetary policy and payment system aspects, and financial stability and prudential supervisory aspects.

■ EBA publishes technical standards on indirect exposures for different categories of derivatives

The [RTS](#) specifies how to calculate exposures arising from derivatives not entered directly with a client but whose underlying debt or equity instrument is issued by a client. The exposure value is used for large exposure purposes.

■ EC consults on changes to the directive on financial collateral arrangements

[Considers](#) developments that could affect its functioning and ensure coherence across legislative frameworks. Two issues are important: recognition of 'close-out netting provision' and 'financial collateral'. Deadline: May 7, 2021.

■ **ESAs issue joint statement on Regulation on sustainability-related disclosures (SFDR)**

[Aims](#) to achieve an effective and consistent application and national supervision of the SFDR, promoting a level playing field and protecting investors. The Draft RTS is proposed to be used as a reference between the application of SFDR (Mar 10, 2021) and the application of the RTS at a later date.

■ **EBA issues opinion on supervisory actions under PSD2**

To contribute to a level playing field across the EU, sets out its [expectations](#) on actions that NCAs should take to ensure that remaining obstacles are removed from the interfaces of account servicing payment service providers.

■ **EBA consults on draft RTS and ITS to improve supervisory cooperation for investment firms**

It [provides](#) the framework for supervisory cooperation and information exchange, covering all forms of cross-border operations and aims at ensuring an effective and efficient cooperation. Part of EBA roadmap on investment firms.

■ **ESMA issues Q&A on crowdfunding**

Provides [clarifications](#) regarding the understanding of Special Purpose Vehicle (SPV) aspects under the Regulation on European crowdfunding service providers for business.

■ **EIOPA issues its 2021 supervisory priorities**

They identified business model sustainability and adequate product design as two [Union-wide strategic supervisory priorities](#). Additionally, issued its 2021 [Supervisory Convergence Plan](#) focused on: i) further development of supervisory tools; ii) risk to internal market and level playing field; and iii) supervision of emerging risks.

UNITED KINGDOM

■ **PRA issues two statements on risk management**

Texts: i) provide [clarifications](#) on EBA Guidelines and EU RTS relating to approaches to credit risk following the end of the transition period; and ii) [amend](#) the definition of 'higher-paid material risk taker' in their Rulebook.

UNITED STATES

■ **Agencies issue final rule implementing NSFR**

It seeks to [strengthen](#) large banks' resilience by requiring them to maintain a minimum level of stable funding over a one-year period. The requirements are tailored to the risk profile of banks. Effective date: Jul 1, 2021.

■ **OCC issues Q2 and Q3 2021 CRA Evaluation Schedule**

Encourages public comment on the national banks and federal savings associations to be evaluated under the CRA prior to the month in which the [evaluation](#) is scheduled.

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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