

Financial Regulation: Weekly Update

Matías Cabrera, Inés Criado, Arturo Fraile, Salvador Portillo, Ana Rubio, Victoria Santillana, Pilar Soler, Víctor Tarrías

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Highlights

1. IOSCO publishes statement on the assessment of going concern and its disclosure
2. SRB issues a statement with its approach on UK law instruments after Brexit for the purpose of MREL
3. European Commission consults on a statutory replacement rate for CHF LIBOR
4. BdE holds the countercyclical capital buffer at 0%
5. FRB announces end date for additional restrictions on bank holdings company dividends

GLOBAL

■ IOSCO publishes a statement on the assessment of going concern and disclosures

In relation to the [Covid-19](#) crisis, the statement includes information about the assessment of an entity's ability to continue as a going concern as well as the need to disclose that information.

■ FATF updates its guidance on risk-based approach to virtual assets (VA) and service providers (VASPs)

Updates former [guidelines](#) on: i) VA and VASP definitions; ii) FATF standards on stable-coins; iii) peer-to-peer transaction risks; iv) registration as VASP; v) travel rule implementation; and vi) cooperation among VASPs.

EUROPE

■ SRB issues statement on its approach to UK law instruments after Brexit for the purpose of MREL

Instruments issued before Nov 15, 2018 under UK law without a [contractual bail-in](#) recognition clause will be MREL eligible if they otherwise satisfy applicable MREL criteria. The exemption expires on Jun 28, 2025.

■ EC consults on a statutory replacement rate for CHF LIBOR

[Seeks](#) assessment on the suitability of designating a statutory replacement rate for CHF LIBOR, in mortgages and small business loans concluded prior to the entry into application of the BMR. Deadline: May 18, 2021.

■ ECB issues its annual report on supervisory activities 2020

It [focuses](#) on the coordinated response to the crisis, outlining how EU banks entered with sound capital and liquidity buffers and a robust operational capacity. Challenges remain ahead once the support measures expire.

■ EBA updates the phase 2 of its 3.0 reporting framework

The [technical package](#) covers reporting requirements on MREL/TLAC and MREL decisions, as well as notifications on impracticability of contractual recognition of "bail-in".

■ **ESMA consults on Money Market Fund Regulation (MMF)**

The [consultation](#) is issued as a previous step of the Commission's review of the adequacy of MMF Regulation from a prudential and economic approach, planned by Jul 21, 2022. Deadline: Jun 30, 2021.

■ **ESAs publish a joint Q&A on bilateral margin**

Issued [document](#) provides clarity on RTS on bilateral margin requirements under EMIR, covering certain aspects of intragroup exemptions and the exemption regime for covered bonds.

■ **ESMA issues report on the results of the Common Supervisory Action 2020**

[Results](#) show a satisfactory level of compliance with the applicable rules but scope for improvement in liquidity management for UCITS. Also highlights the areas where ESMA will work to promote convergence across NCAs.

■ **EIOPA issues a Q&A on the Insurance Distribution Directive**

Provides [guidance](#) regarding the legal interpretation of provisions of the “Insurance Distribution Directive” and its implementing measures.

■ **OJEU issues commission implementing regulation**

It lays down the ITS for the application of the CRR regarding [supervisory reporting](#) of institutions. Effective date: Jun 28, 2021.

SPAIN

■ **BdE holds the countercyclical capital buffer at 0%**

The decision is based on the [adverse macro-financial](#) impact of the COVID-19 pandemic (reflected in a downturn in economic activity), and the still high level of uncertainty associated with the future course of the pandemic.

■ **BdE consults on draft circular on private financial statements**

Establishes a comprehensive and standardized [framework](#) for information related to market conduct, transparency, client protection and claim filing procedures. Deadline: Apr 19, 2021.

UNITED KINGDOM

■ **PRA issues statements on depositor protection and Management Expenses Levy Limit (MELL)**

It contains final policy on: i) [depositor protection](#) through amendments part of its rulebook and updating supervisory statements “Depositor and dormant account protection”; and ii) on the compensation scheme on [MELL](#) 2021/22.

UNITED STATES

■ **FRB announces end date for additional restrictions on bank holdings company dividends**

Firms with [capital levels](#) above those required by the stress test will no longer be subject to the additional restrictions as of Jun 30, 2021, while those with lower capital levels will remain subject to the restrictions.

■ **FRB issues statement on the expiration date of the temporary change to supplementary leverage ratio**

Seeks to [calibrate](#) the SLR to prevent strains from developing that could both constrain economic growth and financial stability. The temporary change for bank holding companies will expire as scheduled on Mar 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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This report has been produced by

Head of Financial Regulation
Ana Rubio
arubiog@bbva.com

Arturo Fraile
arturo.fraile@bbva.com

Victoria Santillana
mvictoria.santillana@bbva.com

Matías Daniel Cabrera
matiasdaniel.cabrera@bbva.com

Pilar Soler
pilar.soler.vaquer@bbva.com

Víctor Tarrías
victor.tarrias@bbva.com

Salvador Portillo
salvador.portillo@bbva.com

Inés Criado
ines.criado@bbva.com