

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. SRB issues guidance on bail-in for international debt securities
2. ESAs issue a joint opinion and Q&As on securitisation regulation
3. European Commission adopts an RTS on the calibration of MREL
4. BdE issues a consultation on draft circular on the definition of reference interest rate based on the €STR
5. US Agencies consult on financial institutions' use of artificial intelligence

EUROPE

■ SRB issues guidance on bail-in for international debt securities

It focuses on elements to consider for the [bail-in operationalisation](#) in respect of international bearer debt securities issued by and safekept in the International Central Securities Depositories (ICSDs). It should be considered as part of the resolvability preparations and the development of bail-in playbooks.

■ ESAs issue joint opinion and Q&As on Securitisation Regulation (SECR)

[Q&As](#) and [joint opinion](#) to foster common supervisory approaches and practices in the application of the SECR, to promote cross-sectoral consistency and facilitate the understanding of certain provisions in cases where third-country entities become parties to a securitisation.

■ EC adopts RTS on the calibration of MREL

Focuses on the estimation of [additional own funds](#) and combined buffer requirements to calibrate MREL when the resolution and the prudential groups are significantly different. Entry into force: 20 days after publication in OJEU.

■ ESMA issues statement on corporate disclosures for UK issuers after Brexit

Seeks to ensure a common supervisory approach by NCAs on the application of the [accounting frameworks](#) used by UK issuers for consolidated and individual financial statements.

■ ESMA publishes report on post implementation of IFRS 10, 11 and 12

Includes [recommendations](#) on how issuers can improve the application of the standards and transparency of their disclosures, as well as its response to IASB request for information over those standards.

■ ESMA issues advice to the European Commission on sanctions under MIFID II/MIFIR

[Addresses](#) the application of administrative and criminal sanctions, and particularly the need to further harmonise the administrative sanctions set out for infringements of MiFID II/MiFIR requirements.

■ ESMA updates the validation rules for trade repositories under EMIR

From Apr 30, 2021 [trade repositories](#) should not reject derivatives reports where the field "Variation margin received" is left blank for derivatives that are reported by the reporting counterparty as "Uncollateralised".

- **ESMA updates Q&As on UCITS, AIFMD and Prospectus regulation**

Q&As for: i) [UCITS](#) and certain types of [AIFs](#) providing clarification on the crystallisation of performance fees and on the timeline of application; ii) [Prospectus regulation](#) on exemptions and application, dissemination of amended advertisements and status of transferable securities.

- **EIOPA reviews good rules to comply with the Insurance Distribution Directive (IDD)**

Reviews the [rules](#) on registration and professional and organizational requirements published by the NCAs to ensure their alignment with the IDD. Study the actions they have taken to adjust the websites and documents.

SPAIN

- **BdE issues consultation on draft circular on the definition of reference interest rate based on the €STR**

The official interest rate [based on €STR](#) should be defined as a reference to the daily information from the month's last business day (TARGET2 operating days) for each of the maturities defined by the ECB. Deadline: 8 Apr, 2021.

UNITED KINGDOM

- **HMRC issues policy paper on the tax treatment of cryptoassets**

It [seeks](#) to help citizens to understand the tax implications that can arise from transactions involving cryptoassets. The tax treatment continues to develop given the evolving nature underlying technology and areas of use.

- **PRA issues two statements on risk management and operational resilience**

Final rules on: i) outsourcing and third party [risk management](#); and ii) [operational resilience](#) for important business services, expanding and correcting information from its rulebook. In addition, UK agencies have published a joint statement with their view on operational resilience.

UNITED STATES

- **Agencies consult on financial institutions' use of Artificial Intelligence (AI)**

They seek [feedback](#) on how financial institutions use "AI" in their activities, including fraud prevention, customer services personalization, credit underwriting, etc. Deadline: 60 days after its publication in the Federal Register.

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