

Financial Regulation: Weekly Update

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Highlights

1. ECB issues a report on the previous consultation on a digital euro
2. BCBS publishes two analytical reports on climate-related financial risks
3. EBA updates the list of regional governments, local authorities, and public sector entities for the purposes of capital requirements
4. CJEU' advocate general issues opinion on the validity of EBA guidelines on product oversight
5. US Agencies issue a joint statement and a consultation on Bank Secrecy Act and AML

GLOBAL

■ BCBS publishes two analytical reports on climate-related financial risks

On [climate-related](#) risk drivers and their transmission channels and climate-related financial risks measurement methodologies. Risk drivers can be captured in traditional financial risk categories but additional work is needed.

■ FSB issues FAQ on securities financing data collection

The [objective](#) is to promote a common approach and to further help national implementation of the Securities Financing Transactions (SFTs) Data Standards.

EUROPE

■ ECB issues report on the previous consultation on a digital euro

It confirms [privacy](#) as the most wanted feature of a digital euro. It shows a preference for a digital currency to be integrated in the existing banking/payment system. Formal investigations would be expected to begin by mid-2021.

■ EBA updates the list of RGLAs and PSEs for the purposes of capital requirements

[List](#) of Regional Governments and Local Authorities (RGLA) treated as central governments, and Public Sector Entities (PSE) treated as RGLA or central governments under the Standardized Approach due to their reduced risk.

■ CJEU' advocate general issues opinion on the validity of EBA guidelines on product oversight

It [proposes](#) that the Court should declare invalid the EBA guidelines on product oversight and governance arrangements for retail banking products, since EBA would have acted beyond its competences under Regulation 1093/2010.

■ ESMA issues STS templates on synthetic securitizations notifications

The agency [makes](#) available on its website the interim STS synthetic notification templates that originators can use to ensure consistency across all STS notifications, following amendments to the Securitization Regulation.

■ **EBA issues final draft RTS on methods on prudential consolidation**

[Seeks](#) to ensure the application of the appropriate method of prudential consolidation to calculate CRR requirements on a consolidated basis. It specifies the conditions to consolidate in line with Article 18 of the CRR.

■ **ESMA issues report on retail investment products**

The [objective](#) is to facilitate increased participation of retail investors in capital markets by providing EU-wide information on cost and performance of retail investment.

■ **ESMA updates a statement on LEI requirements for reporting under SFTR**

i) [Provides](#) an extended timeline for the reporting of LEIs of third-country issuers under SFTR; ii) sets out expectations toward trade repositories and counterparties; and iii) identifies future supervisory actions.

■ **ESMA issues latest double volume capital (DVC) data**

[Updates](#) include DVC data and calculations for the period Mar 1, 2020 to Feb 28, 2021 as well as updates to already published DVC periods. None of the previously identified breaches of the caps proved to be incorrect.

■ **EIOPA consults on a framework to address money risk in EU unit-linked market**

Seeks [feedback](#) on the proposed framework that establishes how to assess whether unit-linked products offer value for money, considering needs, objectives and characteristics of a target market. Deadline: Jul 16, 2021.

■ **EBA issues erratum of the taxonomy package on reporting framework 3.0**

Provides [amendments](#) on the technical package on the reporting framework 3.0 phase 2, mainly on the taxonomy files of MREL TLAC where the EBA has addressed the issue of reportable gray cells.

UNITED KINGDOM

■ **PRA and FCA issue joint letter on deposit aggregators**

The letter, directed to CEOs, [highlights](#) risks associated with the increasing volumes of deposits placed with banks via Deposit Aggregators and how to mitigate those risks. It also outlines banks' responsibilities in this regard.

■ **PRA issues policy statement for non-systemic UK banks**

It [provides feedback](#) on a previous consultation, including: i) final supervisory statement with its approach to new and growing banks, ii) updates to ICAAP and SREP, iii) and updates on the methodology to set Pillar 2 capital.

UNITED STATES

■ **Agencies issue joint statement and consult on Bank Secrecy Act (BSA) and AML**

[Addresses](#) how risk management principles assist in complying with the requirements of BSA and regulations. The consultation seeks information to understand bank practices and determine whether further explanation or clarification may be helpful. Deadline: 60 days after its publication in the Federal Register.

■ **FDIC consults on sign and advertising requirements for banks**

Seeks [feedback](#) on potential modernization of its sign and advertising requirements to better reflect how banks and savings associations operate and how consumers use banking services. Deadline: May 24, 2021.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *Public aid, level playing field and the role of banks* (page 95). April 2021.
- [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.

Previous edition of our Weekly Financial Regulation Update in [English](#)

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