

# 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. EBA publishes draft technical standards on own funds and eligible liabilities
2. EBA consults on new guidelines for cooperation and information exchange on AML/CFT
3. EBA publishes results of EU-wide pilot exercise on climate risk
4. SRB updates MREL policy and issues its 4Q MREL dashboard
5. EBA consults on ITS for institutions' Pillar 3 disclosure of interest rate risk exposures

## GLOBAL

- **IOSCO issues four surveys on leveraged loans (LL) and collateralized loans obligations (CLO)**  
Four [questionnaires](#) for industry participants to understand the potential conflict of interest and misaligned incentives in LL and CLO markets across the chain of intermediation. Deadline: Jun 30, 2021.

## EUROPE

- **EBA publish draft technical standards on own funds and eligible liabilities**  
Align the [RTS](#) to the new provisions in CRR 2 in the area of own funds, especially regarding supervisory permission for the reduction of these instruments. Also introduces new criteria for eligible liabilities instruments.
- **EBA consults on new guidelines for cooperation and information exchange on AML/CFT**  
[Puts](#) in place the practical modalities of cooperation and information exchange among prudential supervisors, AML/CFT supervisors and FIUs, both at the level of Member States, and across the EU's Single Market. Deadline: Aug 27, 2021.
- **EBA publishes results of EU-wide pilot exercise on climate risk**  
Provides a first estimation of the Green Asset Ratio (GAR) on an aggregate basis of 7.9% from a top-down perspective and a 7.1% from a bottom-up perspective. Results should be interpreted with [caution](#) and as a starting point.
- **SRB updates MREL policy and issues its 4Q MREL dashboard**  
Introduces [SRB's policy](#) on M-MDA restrictions, criteria for identifying systemic subsidiaries for which granting an internal MREL waiver would raise financial stability concerns and updates the approach to MREL-eligibility of UK instruments without bail-in clauses. MREL shortfall continued decreasing steadily in 4Q 2020.
- **EBA consults on ITS for institutions' Pillar 3 disclosure of interest rate risk exposures**  
[Seeks](#) to ensure stakeholders are informed about institutions' interest rate risks in the non-trading book. It sets comparable disclosures to help institutions comply with CRR. Deadline: Aug 30, 2021.
- **EC publishes the financial stability and integration review**

It [covers](#): i) macroeconomic and market developments, ii) financial stability and market integration, iii) EU market for sustainable investment and iv) climate change and financial stability.

- **EBA issues a report on minimum requirements for own funds and eligible liabilities**  
[Reflects](#) MREL policies applicable as at Dec 2019 and estimates BRRD II's impact. Highlights that as of Dec 2019, the largest institutions progressed reducing MREL shortfalls and smaller institutions tend to lag behind.
- **EBA issues report on the application of the BRRD early intervention measures (EIMs)**  
[Highlights](#) the key challenges faced by supervisors in the application of the current regulatory framework on the EIMs and options for addressing them (overlaps between EIMs and other supervisory powers and triggers).
- **EBA issues a report on a comparison in provisioning practises between US and EU**  
[Highlights](#) the different impact of pandemic on banks' loan portfolios and accounting rules, to explain why the cost of risk of US banks was higher than EU's during the first half of 2020 and fell at a faster pace afterward.
- **ESMA issues a call for evidence on digital finance**  
The [aim](#) is to gather information on three topics: i) value chains; ii) platforms; and iii) groups' provision of financial and non-financial services. Deadline: Aug 1, 2021.
- **ESMA issues guidelines on position calculation under Securities Financing Transactions Regulation**  
Aims to ensure consistency of position [calculation](#) across Trade Repositories regarding the time of calculations, the scope of the data, data preparation and recordkeeping and the calculation methodologies.
- **ESMA consults on commodity derivatives technical standards**  
Includes [proposals](#) regarding the application of position limits to commodity derivatives with focus on developing procedures for potential exemptions and other technical adjustments. Deadline: Jul 23, 2021.
- **ESMA issues guidance on funds marketing communications**  
[Clarifies](#) the requirements that funds' marketing communications must meet under the Regulation on cross-border distribution of funds. Effective date: six months after the date of the publication of the translations.
- **ESMA consults the disclosure requirements for initial reviews and preliminary ratings**  
Seeks [clarification](#) for the CRA Regulation on: i) the term "initial review and preliminary rating"; ii) the content and timing of public disclosures; and iii) ensuring accessibility for public disclosures. Deadline: Q3 2021.
- **ESMA consults on Synthetic Securitisation RTS and amendments to STS Templates**  
[Sets out](#) ESMA's proposed draft RTS implementing technical standards specifying the content and the format of the templates for STS notification of on-balance sheet (synthetic) securitisations. Deadline: Aug 20, 2021.

## SPAIN

- **BdE issues its spring 2021 financial stability review**  
This half-year [publication](#) aims to act as a platform for communication on issues related to financial stability, with a special focus on macroprudential policy, regulation and supervision.

## UNITED KINGDOM

- **PRA issues its strategic priorities for 2021/2022**  
Sets out its [working plan](#) and overviews its budget for Mar 1, 2021 to Feb 28, 2022. It also details their actions to mitigate the impact of Covid-19 on supervised firms and on the UK economy.
- **PRA issues a statement on the identification of material risk takers**

[Updates](#) the applicable requirements on the identification of material risk takers (MRTs), and its position concerning applications for exclusion of MRTs in the current performance year.

## UNITED STATES

- **Agencies issue host state LTD ratios**

These [ratios](#), that replace prior year's ratios from Jun, 2020, are used to evaluate the compliance with Riegle-Neal Interstate Banking and Branching Efficiency Act.

- **OCC issues CRA evaluation schedule for 3Q and 4Q**

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):

- [Press Article](#). *Public aid, level playing field and the role of banks*. 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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## This report has been produced by:

### Head of Financial Regulation

Ana Rubio  
arubiog@bbva.com

Arturo Fraile  
arturo.fraile@bbva.com

Matías Daniel Cabrera  
matiasdaniel.cabrera@bbva.com

Víctor Tarrías  
victor.tarrias@bbva.com

Inés Criado  
ines.criado@bbva.com

Victoria Santillana  
mvictoria.santillana@bbva.com

Pilar Soler  
pilar.soler.vaquer@bbva.com

Salvador Portillo  
salvador.portillo@bbva.com

### ENQUIRIES TO:

BBVA Research: Azul Street, 4. La Vela Building – 4th and 5th floor. 28050 Madrid (Spain).  
Tel. +34 91 374 60 00 y +34 91 537 70 00 / Fax (+34) 91 374 25  
bbvaresearch@bbva.com www.bbvaresearch.com

