

Financial Regulation: Weekly Update

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Highlights

1. SRB updates its Public Interest Assessment (PIA) policy in resolution planning
2. EBA updates ITS for the 2022 benchmarking of internal approaches
3. ESMA publishes a final report on MIFID II/MIFIR obligations on market data
4. ESRB issues a report on macroprudential policy issues from a low interest rate environment
5. FSB and IOSCO issue statements to support a smooth transition away from LIBOR by end 2021

GLOBAL

- **FSB and IOSCO issue statements to support a smooth transition away from LIBOR by end 2021**
Set out [recommendations](#) for financial and non-financial sector firms, as well as for the authorities. In addition IOSCO published a statement on [benchmarks transition](#) that reiterates the importance of ensuring a smooth transition away from LIBOR.
- **FSB consults on global targets for addressing challenges for cross-border payments**
The [targets](#) set goals for improving cost, speed, transparency and access for cross-border payments through the actions taken under the roadmap. Final report is expected in Oct, 2021. Deadline: Jul 16, 2021.

EUROPE

- **SRB updates its Public Interest Assessment (PIA) policy in resolution planning**
[Updates](#) the approach to the PIA to take into account that bank's failures may take place not only under an idiosyncratic scenario, but also under broader financial instability or system-wide events (SWE).
- **EBA updates ITS for the 2022 benchmarking of internal approaches**
It [includes](#) a limited number of additional data fields for credit risk and IFRS 9 and some enhancements on the existing data requirements.
- **ESMA publishes final report on MIFID II/MIFIR obligations on market data**
Sets out [guidelines](#) on the requirements to publish market data on a reasonable commercial basis and to make it available free of charge 15 minutes after publication. Effective from: Jan 1, 2022.
- **ESRB issues report on macroprudential policy issues from low interest rate environment**
Four [risk areas](#): i) profitability and resilience of banks; ii) indebtedness and viability of borrowers; iii) systemic liquidity risk; and iv) business model of insurers and pension funds with longer-term return guarantees.
- **ESMA publishes its risk dashboard for 1Q 2021**
[Risk reassessment](#) remains as the main risk for EU financial markets, amid the general decoupling from security prices from economic fundamentals.

- **EBA and ESMA publish provisional list of instruments and funds for smaller investment firms**
Provisional list of [additional instruments](#) and funds that competent authorities may allow to use as own funds for the smaller firms under the Investment Firm Regulation.
- **EBA issues its 2020 annual report**
[Provides](#) a detailed account of all the work the authority achieved in the past year and anticipates the key areas of focus in the incoming year as stress-testing, AML/CFT, financial innovation and sustainable finance.
- **EBA issues opinion on measures communicated by French authorities to address macroprudential risk**
[Does not object](#) to the intention to extend the 5% exposure limit of French global banks towards large and highly indebted NFCs and advises to be vigilant about unintended consequences on credit supply.
- **ESMA consults on guidelines on transfer of data between Trade Repositories**
Seeks [feedback](#) on its guidelines for data transfers between Trade Repositories under EMIR and Securities Financing Transaction Regulation (SFTR). Deadline: Aug 27, 2021.
- **ESMA updates its opinion on reporting information under the AIFMD**
Provides [clarifications](#) and amendments on its guidance to AIFMs, with definitions of three risk measures (Value-at-Risk, Net FX delta and Net commodity delta) as well as practical examples for the reporting.
- **EIOPA updates technical documentation for risk-free interest rate term structures**
The [technical information](#) adjusts the liquid part of the risk-free interest rate in order to reduce the impact of short-term market volatility together with an adjustment to predictable portfolio liabilities.
- **ESMA publishes updated Q&A on several topics**
[Including](#): i) AIFMD, ii) UCITS, iii) EMIR implementation, iv) MIFID ii and MIFIR investor protection topics, v) MIFIR data reporting topics and vi) sustainability-related disclosures for benchmarks, among others.

SPAIN

- **CNMV issues criteria for the application of EU's new sustainable finance regulation**
The [document](#) has been drawn up in a Q&A format and contains interpretative criteria on which its authorizing and supervisory actions will be based in the application of the European regulations on sustainability.

UNITED KINGDOM

- **BoE publishes letter on pre-settlement counterparty credit exposure management for DvP clients**
Includes observed [good practices](#) regarding the risk management of Delivery versus Payment (DvP) clients, encouraging firms to consider and incorporate them.
- **BoE consults the implementation of BCBS' standards for Non-Performing Loan securitization**
Seeks [feedback](#) on the rules proposed by PRA to define non-performing exposure (NPE) securitisations and proposes changes to the associated capital treatment. Deadline: Jul 26, 2021.
- **PRA issues policy statement on accountability of senior management**
[Clarifies](#) PRA expectations when a firm notifies a temporary leave of a senior manager of more than 12 weeks and where the length of the absence is not known. Effective from Jun 2, 2021.
- **FCA extends Temporary Registration Regime for cryptoassets firms**
The [extended](#) date is due to a high number of crypto asset firms not meeting the required standards under the Money Laundering Regulations. Deadline: Mar 31, 2022.

UNITED STATES

- **FRB issues final rule on interest on reserve balances under Regulation D**
Final [rule](#) updates some rate references, simplifies the formula used to calculate the amount of interest to be paid and makes other minor amendments. Effective from: Jun 29, 2021.
- **FRB consults on Payment System Risk policy (PSR)**
Seeks to [modify](#) PSR policy to: i) expand access to collateralized capacity; and ii) clarify the terms for accessing and retaining uncollateralized capacity. Deadline: 60 days after its publication in Federal Register.

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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