

Financial Regulation: Weekly Update

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Highlights

1. EBA issues its final guidelines on internal governance and remuneration policies
2. EBA and ESMA publish a joint final guidance on fit and proper requirements
3. EC adopts a package of measures towards financing the transition to a sustainable economy
4. FSB releases three climate-related reports
5. BCBS issues a report on the impact of Basel reforms over the banking system in light of the pandemic

Global

- **FSB releases three climate-related reports**
On: i) its [roadmap](#) for addressing climate-related financial risks; ii) availability of [data](#) with which to monitor climate-related financial stability risks and remaining data gaps; and iii) promoting climate-related [disclosures](#).
- **BCBS issues a report on the impact of Basel reforms over the banking system in light of the pandemic**
[Provides](#) a preliminary assessment of whether the reforms implemented to date functioned as intended. It focuses on the resilience of banking sectors, prudential buffers and cyclicity of Basel's capital requirements.
- **FSB issues a report calling to complete LIBOR transition by the end-2021**
Market participants are [urged](#) to cease new use of LIBOR in all currencies as soon as practicable, respecting national working group timelines and supervisory guidance, where applicable, no later than the end of 2021.
- **ISDA recommends aligning clearing and trading obligations**
The [alignment](#) of the clearing obligations under EMIR and trading obligations under MiFIR should be based on transactions and counterparty terms to enhance legal certainty for market participants.

Europe

- **EBA issues its final guidelines on internal governance**
[Clarifies](#) that AML risk belongs to sound internal governance arrangements, the framework regarding loans to members of the management body and their related parties and the code of conduct to avoid gender discrimination. Effective date: Dec 31, 2021.
- **EBA issues its final guidelines on sound remuneration policies**
[Includes](#) amendments introduced by CRD V for institutions' remuneration policies, considers supervisory practices and clarifies some aspects of retention bonuses and severance pay. Effective date: Dec 31, 2021.
- **EC adopts a package of measures towards financing the transition to a sustainable economy**
Three [initiatives](#): i) Strategy for financing the transition to a sustainable economy, ii) Proposal for a standard for European green bonds, iii) Delegated act supplementing Article 8 of the Taxonomy Regulation.
- **EBA and ESMA publish a final guidance on fit and proper requirements**

They take into account the [amendments](#) of the CRD V and the Investment Firms Directive, especially regarding to money laundering and terrorism financing risks and gender diversity. Applicable from: Dec 31, 2021.

- **EBA issues a final draft RTS and ITS on supervisory cooperation for investment firms**
[Focuses](#) on: i) cooperation on supervision through colleges of supervisors; and (ii) information exchange for investment firms operating within the EU through branches or the free provision of services.
- **ESRB issues its 2020 annual report and a review of macroprudential policy in the EU**
Two reports: i) To describe the primary [risks](#) to financial stability in the EU over the period Apr 1, 2020 to Mar 31, 2021; and ii) to analyze the most important macroprudential policy [developments](#) that have taken place.
- **EBA updates its technical package on reporting framework**
It [covers](#) reporting requirements on MREL/TLAC, MREL decisions on impracticability of contractual recognition of bail-in and error corrections to previous releases on remuneration, G-SII indicators and asset encumbrance.
- **EIOPA issues a report on financial stability risks in EU's insurance and pension sectors**
[Results](#) will feed the review of Solvency II directive. They highlighted the critical importance of coordinated approaches among NCAs and keeping the focus on new emerging risks such as cyber and climate risk.

United Kingdom

- **PRA consults its policy on designating investment firms**
It [proposes](#) to increase the base capital resources requirement for PRA-designated investment firms, aligning it to 'solo-regulated' firms regulated by the Financial Conduct Authority. Deadline: Oct 5, 2021.
- **FCA consults on reforms to improve UK's primary markets**
They [aim](#) to broaden investor access to companies in higher growth sectors by improving flexibility and accessibility in the FCA's listing regime as a gateway to the UK's main public markets. Deadline: Sep 14, 2021.

United States

- **OCC issues CRA evaluations for National banks and Federal saving associations**
[Provides](#) performance evaluations on the Community Reinvestment Act (CRA) from Jun 1, 2021 until Jun 30, 2021. Of the 16 evaluations, 11 are rated satisfactory and 5 are rated outstanding.

Recent publications of interest (in English and Spanish)

- [Press Article](#). *The challenge of restructuring sovereign debt*. June 2021.
- [Press Article](#). *BBVA, Sabadell and the banking association plans for the new regulation*. June 2021.
- [Press Article](#). *What do we expect on European financial regulation for the semester ahead?* June 2021.
- [Press Article](#). *Public aid, level playing field and the role of banks*. April 2021.

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

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