

Financial Regulation: Weekly Update

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Highlights

1. FSB issues an interim report on Covid lessons for financial stability
2. PRA removes capital distribution restrictions for full-year 2020 results
3. MINECO consults on the draft law to transpose covered bonds directive
4. EBA publishes final guidelines for the use of data inputs in the expected shortfall risk measure
5. ECB issues the investigation phase of a digital euro project

Global

- **FSB issues an interim report on Covid lessons for financial stability**
The [report](#) identifies preliminary lessons for financial stability and aspects of the functioning of the G20 financial reforms that may warrant attention at the international level. Final report will be released in Oct 2021.
- **BCBS, IMF, CPMI and World Bank issue a joint report on cross-border payments**
It [analyzes](#) how CBDCs have the potential to enhance the efficiency of cross-border payments, highlighting the need for multilateral collaboration on macrofinancial consequences and need for interoperability.
- **BIS releases a comparison of practices in banks stress-testing banks for climate change**
[Points](#) that for now climate stress tests are not expected to trigger new capital requirements. Authorities plan to use the exercises in supervisory reviews, and supervisory expectations have been set accordingly.

Europe

- **EBA publishes its final guidelines for the use of data inputs in the expected shortfall risk measure**
Clarifies the [requirements](#) that the data inputs used to determine the scenarios of future shocks applied to modelable risk factors should meet under the internal models approach.
- **ECB issues the investigation phase of a digital euro project**
The [aim](#) is to address key issues regarding design and distribution. The investigation will not prejudice any future decision on the possible issuance of a digital euro. This phase will last 24 months.
- **ESMA consults RTS for derivatives subject to clearing and trading obligations**
[Seeks](#) feedback on its proposal to amend the scope of both the derivatives clearing and the trading obligation to accompany the benchmark transition for OTC derivatives. Deadline: Sep 2, 2021.
- **ESMA consults on transparency requirements under MiFIR**
[Includes](#) more clarity on non-price forming transactions, a recalibration of commodity derivatives regime and further clarifications on post-trade and pre-trade transparency requirements. Deadline: Oct 1, 2021.
- **ESMA issues several consultations on CCP recovery regime**

Includes [proposals](#) for RTS on methodology to calculate and maintain the additional amount of pre-funded own resources, guidelines for triggers and on CCP recovery plan indicators and scenarios. Deadline: Sep 20, 2021.

- **ESMA issues a public statement on prospectus disclosure and investor protection**
Sets out its [expectations](#) on how to meet the specific disclosure requirements of the Prospectus Regulation to enhance comprehensibility and comparability of special purpose acquisition companies' (SPAC) prospectuses.
- **ECB issues its annual report on 2020 SREP IT Risk Questionnaire**
This [report](#) is based on pre-pandemic data from the end of 2019 and covers topics such as IT security risk, availability and continuity risk, change risk, outsourcing risk, data integrity, IT internal audit and governance.
- **ESMA consults on EMIR reporting guidelines**
The [consultation paper](#) seeks views on key elements of future ESMA Guidelines. It will complement the EMIR technical standards on reporting, data quality and data access.
- **ESMA issues the methodology for assessing third country CCPs with systemic importance**
[Assesses](#) whether a third country central counterparty or some of its clearing services are of such substantial systemic importance that it should not be recognized to provide certain clearing services or activities in the EU.
- **EIOPA consults its guidelines on contract boundaries and valuation of technical provisions**
[To](#) i) promote a consistent application of an insurance or reinsurance contract boundary and ii) to increase consistency and convergence in calculating their technical provisions. Deadline: Nov 12, 2021.
- **EIOPA consults on pension tracking services and pension dashboards**
Seeks [feedback](#) on two consultations: i) best practices for setting up a national pension tracking tool; and ii) proposals to monitor the adequacy and sustainability of pension systems. Deadline: Sep 8, 2021.
- **EIOPA issues statement on expectations in the case of a breach of the Solvency Capital Requirements**
Aims to foster [supervisory convergence](#) in the situations when insurance and reinsurance undertakings breach their capital requirements, in particular addressing the recovery plan required.

SPAIN

- **MINECO consults on the draft law to transpose covered bonds directive**
The draft Law [transposes](#) the EU Covered Bonds Directive into Spanish legislation, aligning it with other EU countries. Spain must comply with the changes by July 1, 2022. Deadline: July 16, 2021.
- **BdE consults on Financial Credit Establishments' (EFC) prudential requirements**
[Proposes](#) for financial credit establishments (EFCs): i) a liquidity buffer to cover wide stress periods of the financial market; ii) an adequate structure of financing and maturity sources; and iii) information requirements for solvency and shareholder structure. Deadline: Jul 30, 2021.

United Kingdom

- **PRA removes capital distribution restrictions for full-year 2020 results**
The extraordinary guardrails within which it asked banks to determine the [appropriate level of distributions](#) in relation to full-year 2020 results are no longer necessary and have been removed with immediate effect.
- **PRA issues supervisory statement on the implementation of Basel standards**
Contains the near-final [rules](#) on the implementation of certain aspects such as revisions to the definition of capital, capital requirement for exposures to CIUs, LCR and NSFR or SA-CCR. Applicable from: Jan 1, 2022.

United States

- **Agencies consult on risk management guidance for third-party relationships**
[Aims](#) to assist banks to identify and address risks on third-party relationships and including relationships with financial technology-focused entities. Deadline: Within 60 days after its publication in the Federal Register.

Recent publications of interest (in English and Spanish)

- [Press Article](#). *The challenge of restructuring sovereign debt*. 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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