

# Financial Regulation: Weekly Update

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## Highlights

1. EC Platform on Sustainable Finance consults on taxonomy extension options
2. ECB and BdE issue respective decisions on their previous recommendations regarding limits on dividends
3. EC consults on the functioning of EU securitization framework
4. SRB amends its approach to prior permission regime for the redemption of eligible liabilities
5. EBA consults on technical standards to identify shadow banking entities

## Global

- **IOSCO consults on ESG ratings and data providers**  
It [issues](#) recommendations to mitigate risks stemming from ESG rating activities and to address challenges faced by users of products and services from ESG ratings and data providers. Deadline: Sep 6, 2021.

## Europe

- **EC Platform on Sustainable Finance consults on taxonomy extension options**  
Aims to enhance the transition on areas of "significant harm". [Proposes](#) further clarity on activities that are significantly harmful to sustainability and those that have no significant impact on it. Deadline: Aug 27, 2021.
- **ECB issues a new recommendation on dividends limits**  
It will not extend its previous [recommendation](#) to limit all bank dividends beyond Sep 30, 2021. Supervisors will assess each bank's capital and distribution plans as part of the regular supervisory process.
- **EC consults on the functioning of EU securitization framework**  
[Includes](#) questions on various aspects of the Securitization Regulation (e.g. private transactions, equivalence, ESG disclosures), as well as the CRR framework, Solvency II and the SRT process. Deadline: Sep 17, 2021.
- **SRB amends its approach to prior permission regime for the redemption of eligible liabilities**  
It asks applications for [General Prior Permission](#) to comply with the requirements in the draft RTS, even if the legislative procedure is not finalized. Applications can be sent until the end of Sep, 2021.
- **EBA consults on technical standards to identify shadow banking entities**  
It seeks [feedback](#) on its RTS to set out criteria for the identification of shadow banking entities for the purposes of reporting large exposures. Deadline: Oct 26, 2021.
- **EBA issues consultation on proportionality assessment methodology**  
It seeks [input](#) on how to standardize the proportionality assessment in relation to: i) the definition of the different institution classifications; and ii) metrics used for proportionality assessment. Deadline: Oct 22, 2021.

- **EBA publishes its final guidelines on monitoring the threshold for establishing an EU IPU**  
It specifies how third-country groups should [calculate and monitor](#) the total value of their assets within the EU, in order to ensure a timely application of the intermediate parent undertaking (IPU) requirement.
- **EC consults on rules for public-private partnerships under the AML/CFT framework**  
[Collects](#) information about types of public-private partnerships under the AML/CFT framework and information exchanged within those partnerships, to prepare a best practice guide in Q4 2021. Deadline: Nov 2, 2021.
- **ESMA consults on equity and non-equity transparency RTS**  
The [consultation](#) aims to clarify some technical issues, such as non-price forming transactions and its reporting method and addresses topics that do not require a prior change of MiFID II/ MiFIR. Deadline: Oct 1, 2021.
- **ESMA publishes its MiFID II / MiFIR annual review report on RTS 2**  
It [proposes](#) that the EC moves to stage three of the phase-in for transparency requirements, for both: the average daily number of trades threshold and the pre-trade size specific to the instrument threshold for bonds.
- **EIOPA consults on its approach to the supervision of run-off undertakings**  
[Aims](#) to ensure that a high-quality and convergent supervision is applied to run-off undertakings or portfolios that are subject to Solvency II regulation. Deadline: Oct 17, 2021.
- **EIOPA consults amendments for supervisory reporting and disclosure requirements under Solvency II**  
[Proposes](#): i) amendments on reporting requirements; ii) simplifying quarterly reporting for all undertakings; iii) to remove some reporting templates for all undertakings; and iv) new thresholds. Deadline: Oct 17, 2021.

## Spain

- **BdE updates the list of O-SIIs and sets macroprudential capital buffers for 2022**  
[Updates](#), based on data at the end of 2020, the list of Other Entities of Systemic Importance (O-SIIs) including four banking entities and their respective percentages of their 2022 capital buffers.
- **BdE publishes a new recommendation on dividend distribution and variable remuneration**  
In line with ECB's recommendation on this matter, it will not extend its [recommendation](#) on dividend distribution and variable remuneration for less significant entities beyond Sep 30, 2021.
- **MINECO consults on its draft law to enhance business creation**  
Aims to promote business creation, among others, by harmonizing the regulation for [crowdfunding](#), expanding the type of instruments available for capital risk investors and recognizing further figures for closed-end funds. Deadline: Sep 6, 2021.
- **CNMV consults its guidelines for suitability tests**  
Seeks to [update](#) the criteria, practices, methodologies and procedures for compliance with the applicable regulations in the field of suitability assessment. Deadline: Sep 30, 2021.
- **CNMV issues statement on the provision of investment services in Spain by third countries**  
[Announces](#) the cases in which it will not require the establishment of a branch to provide investment services in Spain by companies from third countries..

## United Kingdom

- **PRA issues policy statement on branches and subsidiary supervision**  
It provides feedback to a previous consultation and sets its approach to branch and subsidiary supervision by [international banks](#). Effective date: Jul 26, 2021.

- **PRA consults on its approach to insurance business transfers**  
[Aims](#) to secure an appropriate degree of policyholder protection by providing greater clarity to firms and independent experts when assessing insurance business transfers. Deadline: Oct 28, 2021.
- **FCA issues rule to strengthen investor protection in Special Proposed acquisition Companies (SPACs)**  
These [rules](#) are issued as a result of a former consultation. They aim to remove the presumption of suspension for certain SPACs, while maintaining the smooth operation of the market. Effective date: Aug 10, 2021.
- **PRA issues an update on its consultation on NPLs**  
Due to some [issues](#) on the channel for reception of responses, they have decided to update the mailbox address and ask participants to re-sent all comments sent before this date. New deadline: Aug 9, 2021.

## United States

- **Agencies consult on reporting of DTAs and SA-CCR**  
[Propose](#) to: i) revise the “Income Taxes” glossary to address the treatment of temporary difference deferred tax items; and ii) identify institutions that have chosen to early adopt SA-CCR. Deadline: Sep 20, 2021.
- **CFPB issues a report on auto loans, new mortgages and revolving credit cards**  
It [states](#) that consumer credit applications have generally recovered to pre-pandemic levels in the aggregate, although there are still important differences across consumers.
- **FDIC issues Q&A on the impact of LIBOR transition on regulatory capital instruments**  
[Addresses](#) issues stemming from the transition and clarifies that it would not change the capital treatment of the instrument, provided the alternative rate is economically equivalent with the LIBOR-based rate.

## Recent publications of interest (in English and Spanish)

- [Press Article](#). *Post-Covid banking regulation*. July 2021.
- [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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