

Financial Regulation: Weekly Update

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Highlights

1. EC adopts banking package that finalizes the implementation of the Basel III agreement
2. G20 publishes its sustainable finance roadmap
3. EBA issues consultation on PSD2, RTS on alternative standardized approach for market risk, and recommendations for the DGSD
4. ESAs publish proposal for new rules for taxonomy-related product disclosures
5. SRB publishes guidance on separability for partial transfer tool, and communication on the notification of impracticability to include bail-in clauses

Global

- **G20 publishes its sustainable finance roadmap**
It [sets out](#) key priorities to scale up sustainable finance and support the objectives of the 2030 Agenda and the Paris Agreement and lists G20 actions to promote the achievement of those priorities over the coming years.
- **BCBS, CPMI and IOSCO publish consultative report on margining practices review**
[Identifies](#) potential areas for further policy work like transparency, liquidity preparedness, data gaps in reporting and variation margin processes in centrally and non-centrally cleared markets. Deadline: Jan 12, 2022.
- **FSB publishes final report on lessons learnt from Covid 19 pandemic**
It [includes](#) key lessons and actions taken on market and institutional resilience, operational resilience and crisis preparedness as well as broader policy issues that warrant further attention.
- **IOSCO publishes report that updates outsourcing principles to ensure operational resilience**
The [principles](#) set out expectations for regulated entities that outsource tasks and include guidance for implementation. The report also addresses the impact of COVID-19 on outsourcing and operational resilience.
- **FSB publishes its annual report describing its work to promote global financial stability**
[Notes](#) that COVID experience provides important lessons for the functioning of G20 reforms & reinforces the importance of global regulatory cooperation & completing remaining elements of the post-crisis reform agenda.
- **FATF issues updated guidelines on risk-based approach for virtual asset and their service providers**
It [focuses](#) on: i) clarification of definitions, ii) guidance on how it applies to stablecoins, iii) guidance on risks and tools available to address AML/CFT risks for P2P, iv) guidance on licensing and registration, v) guidance on the application of the “travel rule” and vi) principles for information sharing.

- **FATF issues report on digital transformation of AML/CFT for operational agencies**
It explores how financial intelligence units can leverage [technology](#) to strengthen their AML/CFT operations, focusing on how to find the right tools and when to use them, overcoming practical and operational challenges.

Europe

- **EC publishes a revision of EU banking rules**
Proposes [changes](#) to banking prudential framework to implement the latest Basel III standards, certain adjustments to resolution framework and addresses sustainability issues. Expected implementation: Jan 2025.
- **EBA publishes consultation on its RTS on strong customer authentication under PSD2**
To [address](#) issues when account servicing payment service providers request strong customer authentication for each account access or more frequently than every 90 days, as allowed by RTS. Deadline: Nov 25, 2021.
- **EBA publishes final RTS on the alternative standardized approach for market risk**
Provides [technical](#) specifications for the implementation of gross jump-to-default amounts and residual risk add-on under the alternative standardized approach for market risk.
- **EBA publishes recommendation to EC on the protection of client funds by deposit guarantee schemes**
It has observed discrepancies in the protection of client funds by DGSs across the EU and [recommends](#) to EC to clarify the DGSD to ensure that funds deposited on behalf of clients are uniformly protected across the EU.
- **ESAs publish proposal for new rules for taxonomy-related product disclosures**
[Provides](#) disclosures to end investors providing them with comparable information to make informed investment choices and establish a single rulebook for sustainability disclosures under the SFDR Regulation.
- **SRB publishes guidance on separability for partial transfer tool in resolution**
It seeks to [provide more detail](#) on how to deliver relevant information through the separability analysis report and the transfer playbook. Expectations are different depending on banks' preferred resolution strategy.
- **SRB updates its communication on the notification of impracticability to include bail-in clauses**
It updates [references](#) to level 2 legislation, requires banks to submit notifications in XBRL, and provides practical instructions for some reporting categories/instruments.
- **ESMA issues public statement on investment recommendations made on social media platforms**
It [clarifies](#) what investment recommendations are, how to post them on social media platforms and what the consequences of possible breaches of the EU Market Abuse Regulation can be.
- **EBA issues statement on macroprudential measures from the Swedish Financial Supervisory Authority**
The measure seeks to extend a credit [institution-specific](#) minimum level of 25% for the average risk weight on Swedish housing loans applicable to IRB institutions. EBA does not object to the extension of the measure.

Spain

- **CNMV publishes criteria for renewable companies to apply a consistent accounting policy**
It [ensures](#) a consistent application of accounting policy in renewable energy companies. Deviations from the market must be recognized in the balance sheet and comply with IFRS.

- **BdE and CNMV sign a cooperation arrangement with the US SEC**
It will allow Spanish [investment firms](#) and credit institutions who register as security-based swap dealers and major security-based swap participants to benefit from a substituted compliance regime.

United Kingdom

- **FCA, PRA and TPR publish joint statement on climate change adaptation reports**
The agencies have published individual climate change adaptation [reports](#) to set out how climate change affects their responsibilities and the actions they are taking in response to it, together with the financial sector.
- **FCA publishes Investment Firms Prudential Regime (IFPR) final rules**
It [refocuses](#) requirements and expectations away from the risks that firms face, considering potential harm to consumers and markets. It includes an updated version of guidance on variable remuneration.
- **FCA publishes its intention to create a new type of fund to invest in long-term assets**
It [will](#) help support investment in assets like infrastructure and private equity. It has the potential to generate better returns for investors, including investments in defined contribution (DC) pension schemes.

United States

- **FRB publishes consultation on primary dealers operating in Spain**
It seeks views on the market for [Spanish government debt](#) and whether U.S. companies have the same competitive opportunities in underwriting and distributing as Spanish companies. Deadline: Nov 26, 2021.
- **FDIC adopts final rule to amend the real estate lending standards**
The amendment [provides](#) a consistent approach for calculating the ratio of loans in excess of the supervisory LTV limits at all FDIC-supervised institutions without requiring the computation of total capital.
- **OCC publishes the Comptroller's Handbook Booklet and Rescissions on Payment Systems**
It [provides](#) OCC examiners with information regarding payment systems and associated risk management practices in connection with the examination and supervision of national banks and savings associations.
- **CFPB issues orders to collect information from large tech firms operating in the payment system**
The [information](#) will help the CFPB better understand how these firms use personal payment data and manage data access to users to ensure adequate consumer protection.
- **FRB issues statement on new restrictions on investment and trading rules**
It presents new rules that will prohibit the purchase of individual securities, restrict active trading, and increase the timeliness of reporting and public disclosure by Federal Reserve [policymakers and senior staff](#).

Recent publications of interest (in English and Spanish)

- [Press Article](#). *Three major challenges in the regulation of sustainable finance*. October 2021.
- [Press Article](#). *The banking system, prepared for the default to come*. August 2021.
- [Press Article](#). *Post-Covid banking regulation*. July 2021.
- [Press Article](#). *The challenge of restructuring sovereign debt*. June 2021.

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

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