

Financial Regulation: Weekly Update

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Highlights

1. BCBS publishes technical amendment to the G-SIB assessment methodology and market risk and sovereign exposures disclosure requirements
2. EBA consults on the potential use of machine learning for internal ratings-based models and publish final RTS on RW and LGD values for immovable property
3. EBA publishes final guidelines on recovery plan indicators
4. EBA publishes guidance on how to grant authorization as a credit institution
5. EBA and ESMA publish technical standards on crowdfunding

Global

- **BCBS publishes market risk disclosure requirements and voluntary disclosure of sovereign exposures**
i) Revisions to the [market risk](#) disclosure framework reflect the latest changes to minimum capital requirements published in 2019. ii) The templates for [sovereign exposures](#) disclosure are voluntary to adopt by national supervisors and do not have a specific implementation date.
- **BCBS publishes technical amendment to the G-SIB assessment methodology review process**
It replaces the [three-year review](#) cycle with an ongoing monitoring and review process. If the monitoring shows evidence of material unintended consequences or deficiencies, changes to the regime will be considered.

Europe

- **EBA consults on machine learning for internal ratings-based models**
Seeks [feedback](#) on the potential use of machine learning models for the calculation of capital requirements and to provide clarity on supervisory expectations on their use. Deadline: Feb 11, 2022.
- **EBA publish final RTS on RW and LGD values for immovable property**
Specifies the types of [factors](#) and conditions that have to be considered for entities using the SA and IRB models when assessing the minimum RW and the LGD values for exposures secured by immovable property.
- **EBA publishes final guidelines on recovery plan indicators**
It seeks to establish a [common approach](#) in the EU for developing a framework of recovery plan indicators, providing additional guidance on the calibration of thresholds, monitoring and notification of breaches.

- **EBA publishes guidance on how to grant authorization as a credit institution**
It is a [common assessment methodology](#) addressed to all competent authorities across the EU in charge of granting authorization as a credit institution, and covers the authorization requirements set out in CRD.
- **EBA publishes final draft RTS on disclosures to crowdfunding service providers**
It [specifies](#) the information that crowdfunding service providers offering individual portfolio management of loans shall provide to investors in relation to the method to assess credit risk, and on each individual portfolio.
- **EBA issues requirements on Pillar 3 disclosure of interest rate risk exposure**
Proposes a [framework](#) that will help stakeholders to assess IRRBB management, as well as the sensitivity of institutions' economic value of equity and net interest income to changes in interest rates.
- **ESMA publishes final report on technical standards on crowdfunding**
The [report](#) covers all of ESMA's 12 mandates on the investor protection aspects of harmonizing the new European crowdfunding regime.
- **ECB publishes the updated list of significant entities as of 1 October 2021**
It [displays](#) the significant supervised entities, which are directly supervised by the ECB (113 entities) and the less significant supervised entities which are indirectly supervised by the ECB.

United Kingdom

- **BoE issues consultation on its approach to tiering incoming central counterparties under EMIR**
It sets out its proposed [approach to classifying](#) individual incoming CCPs according to the level of systemic risk they could pose to UK financial stability (and their corresponding treatment). Deadline: Feb 25, 2022.
- **HM Treasury and BoE issue statement on the next steps for a UK Central Bank Digital Currency**
In 2022, they will launch a [consultation](#) with their assessment of the case for a UK CBDC, considering the high-level design features, possible benefits and implications for users and businesses.
- **HM Treasury consults on proposals for financial services regulatory framework outside the EU**
[Sets out](#) the government's proposals for adapting the UK regulatory framework for financial services to ensure that it remains fit for the future, and to reflect their new position outside the EU. Deadline: Feb 9, 2022.
- **BoE publishes its approach to greening the Corporate Bond Purchase Scheme**
It [targets](#) a 25% reduction in the weighted average carbon intensity of the Corporate Bond Purchase Scheme portfolio by 2025 and full alignment with net zero by 2050.
- **PRA publishes policy statement giving feedback to a previous consultation**
It covers: [reporting requirements](#) on defined benefit pension schemes and on LIBOR, scope and definitions of the capital parts of the PRA rulebook, and updating references in the audit committee part of its rulebook.

United States

- **Agencies issue joint statement on supervision of mortgage servicing rules**
The temporary [supervisory flexibility](#) provided in April 2020 no longer applies and the agencies will apply their respective supervisory authorities to address any noncompliance with mortgage regulations.

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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