

Financial Regulation: Weekly Update

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November 19, 2021

Highlights

1. BCBS consults on principles for the effective management and supervision of climate-related risks
2. ECB consults on its draft guide on the notification of securitization transactions and publishes its opinion on a proposal for a regulation on European green bonds
3. ESMA publishes six consultations on CCP resolution regime
4. The Euro Risk Free Rates Working Group sends letter to EC regarding GBP LIBOR and JPY LIBOR
5. BdE consults on a draft circular to complete transposition of CRD V into Spanish law

Global

- **BCBS consults on principles for the effective management and supervision of climate-related risks**
Aims to promote a [principles-based](#) approach to improve both banks' risk management and supervisor's practices in the area of climate-related financial risks. Deadline: Feb 16, 2022.
- **CPMI consults on payment system operating hours to enhance cross-border payments**
The [consultative report](#) was issued as part of the G20 cross-border payments programme and focuses on the operating hours of real-time gross settlement systems, which are key to enhancing cross-border payments.
- **IOSCO consults on the regulation and supervision of commodity derivatives markets**
It [seeks](#) to ensure that commodity derivatives markets continue to facilitate price discovery and hedging, while remaining free from manipulation and abusive practices, assisting relevant authorities with their approach.

Europe

- **ECB consults on its draft guide on the notification of securitization transactions**
[Clarifies](#) the information that the ECB expects directly supervised banks acting as originators or sponsors of securitization transactions to provide. Deadline: Jan 5, 2022.
- **ECB publishes its opinion on a proposal for a regulation on European green bonds**
Having received a request from the European Parliament, the ECB has delivered an [opinion](#) on the proposed regulation including specific observations and the related tasks of the ECB and the Eurosystem.

- **ESMA publishes consultations on CCP resolution regime**
Six [consultations](#) focusing on: i) resolution colleges; ii) valuation of CCPs' assets and liabilities in resolution; iii) safeguards for clients and indirect clients; iv) content of resolution plans; v) contracts' valuation in termination and vi) application of the circumstances under which a CCP is deemed to be FOLTF. Deadline: Jan 24, 2022.
- **ERFRWG at ESMA sends letter to EC regarding GBP LIBOR and JPY LIBOR**
The Euro Risk Free Rates Working Group asks for the designation of [statutory replacement rates](#) for GBP & JPY LIBOR regarding potential designation of statutory replacement rates for GBP LIBOR and JPY LIBOR.
- **EBA and ESMA issue consultation on SREP for investment firms**
Focuses on their [proposed guidelines](#) on common procedures and methodologies for the SREP. The EBA also consults a draft RTS on the additional own funds requirements for investment firms. Deadline: Feb 18, 2022.
- **EBA sets examination program for prudential and resolution authorities for 2022**
Identifies key areas across the European Union for [prudential](#) and [resolution](#) authorities in 2022. It aims to drive convergence in supervisory and resolution practices.
- **EBA publishes report on the impact of NSFR on the precious metals markets**
It assesses whether or not a reduction of the [RSF factor](#) for exposures to precious metals is justified. It finds that the effect of NSFR on this market is limited, and the impact of reducing the RSF factor is irrelevant.
- **ECB publishes its financial stability review report**
Economic recovery has reduced near-term risks to financial stability, but [vulnerabilities](#) are rising due to stretched valuations in asset markets, high levels of public and private debt and increased risk-taking by non-banks.
- **EC issues implementing decision on equivalence for Bosnia and Herzegovina and North Macedonia**
Following [EBA's](#) technical advice and opinion, it [includes](#) Bosnia and Herzegovina and North Macedonia in the list of equivalent jurisdictions for the purposes of the CRR.
- **ESMA consults on CCP investments practices for highly liquid financial instruments**
It [explores](#) the benefits and disadvantages of the potential inclusion of highly liquid financial instruments in the list of financial instruments eligible for investments by CCPs under EMIR. Deadline: Jan 24, 22.
- **ESMA publishes its preliminary report on the EU carbon market**
It responds to the EC request and [presents](#) an overview of the financial regulatory environment for the carbon market under MAR, MiFID II and EMIR and the tools available to supervisors to fulfil their responsibilities.
- **ESMA publishes final report on the clearing (CO) and derivative trading obligations (DTO)**
To accompany the benchmark transition, the [report](#) sets out proposed draft RTS amending the scope of the CO and DTO for OTC interest rate derivatives denominated in EUR, GBP, JPY and USD.

Spain

- **BdE consults on a draft circular to complete transposition of CRD V into Spanish law**
It has [published](#), for public hearing, a draft circular that proposes a number of amendments to several circulars (2/2016, 2/2014 and 5/2012). Deadline: Dec 9, 2021.

- **CNMV publishes interpretative criteria for the reporting regime of related-parties transactions**
It includes guiding [principles](#) for market participants for a correct application of the reporting requirements to notify transactions with related parties.

United Kingdom

- **FPC consults on a proposal to amend its O-SII buffer framework**
It [aims](#) to change the metric used to determine O-SII buffer rates from total assets to the UK leverage exposure measure and to recalibrate the thresholds used to determine O-SII buffer rates. Deadline: Feb 15, 2022.
- **PRA publishes policy statement on domestic liquidity sub-groups (DoLSub)**
It provides feedback on a previous consultation and presents [amendments](#) to its rulebook on the possibility of waiving the application of liquidity requirements at the individual level, and to permit a firm to form a DoLSub.
- **FCA consults on new rules for debt packagers**
It [aims](#) to reduce the risk that consumers receive non-compliant debt advice, biased towards debt solutions, which may not meet their needs but generates referral fees for the debt advice firm. Deadline: Dec 22, 2021.
- **FCA publishes confirmation on temporary use of synthetic LIBOR rates for legacy contracts**
It will allow the [temporary use](#) of 'synthetic' sterling and yen LIBOR rates in all legacy LIBOR contracts, other than cleared derivatives, that have not been changed at or ahead of Dec 31, 2021.

United States

- **Agencies approve final rule requiring computer-security incident notification**
It seeks to improve the [sharing of information](#) about cyber incidents by requiring banks to notify their primary federal regulator of any significant computer-security incident no later than 36 hours after its occurrence.
- **CFPB consults on detecting discrimination in mortgage lending**
[Seeks](#) input on rules implementing the Home Mortgage Disclosure Act. It plans to review recent changes to the rules and evaluate their effectiveness. Deadline: 60 days after publication in the Federal Register.
- **CFTC consults on swap clearing requirement to address IBOR transition**
Focuses on changes to [swap clearing requirements](#) to address the forthcoming non-representativeness or cessation of the LIBOR and IBORs, as well as the market adoption of alternative reference rates. Deadline: 60 days after publication in the Federal Register.

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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