

Financial Regulation: Weekly Update

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Highlights

1. FSB publishes 2021 list of G-SIBs, and BCBS publishes more details on G-SIBs
2. EC consults on the review of mortgage credit directive and publishes legislative proposals and listing act consultation to boost Europe's CMU
3. EBA publishes RTS on RWA calculation for exposures in collective investment undertakings, guidelines on remuneration and internal governance for investment firms and a report on IFRS 9 implementation
4. ECB publishes publishes report on state of environmental risk management in the banking sector and a new framework for overseeing electronic payments
5. BOE publishes a Royal Decree-Law with the transposition of the BRRD 2

Global

- **FSB publishes 2021 list of G-SIBs, and BCBS publishes more details on G-SIBs**
The 30 banks on the [list](#) remain the same as in 2020, but 3 banks have moved to a higher bucket. In the near term the [BCBS](#) will review the treatment of cross-border exposures within the BU on the G-SIB methodology.
- **FSB publishes statement to support preparations for LIBOR cessation**
[Highlights](#) that i) market participants still need to finalize preparations to cease new use of LIBOR by end-2021; ii) transition should be primarily to overnight RFRs; and iii) active transition of legacy contracts is essential.
- **IOSCO publishes recommendations on ESG Rating and Data Product Providers**
It [promotes](#) further transparency of the methodologies that ESG ratings and data product providers use, ensuring procedures for managing conflicts of interest are appropriate and enhancing communication.

Europe

- **EC consults on the review of mortgage credit directive**
It [aims](#) to ensure that consumers are provided with simplified, timely and relevant information; adapt the rules to the digital environment and foster cross-border provision of mortgage credit. Deadline: Feb 28, 2022.
- **EC publishes legislative proposals to boost Europe's capital markets and consults on the listing act**
Building on the actions announced in the 2020 CMU plan: i) [EC proposals](#) will ensure that investors have better access to company and trading data and will encourage long-term and cross-border investment and ii) the consultation [aims](#) to make public capital markets more attractive for EU companies and facilitate access to capital for SMEs. Deadline: Feb 11, 2022.

- **EBA publishes RTS on RWA calculation for exposures in collective investment undertakings**
[Clarifies](#) the regulatory treatment—under the standardized approach—of missing inputs when the underlying risk of derivatives is unknown, as well as for the computation of the exposure value for counterparty credit risk.
- **EBA publishes guidelines on remuneration and internal governance for investment firms**
Specifies how the provisions under the Investment Firms Directive on [remuneration](#) policies, variable remuneration & [internal governance](#) practices of identified staff should be applied by Class 2 investment firms.
- **EBA publishes report on IFRS 9 implementation**
Institutions have made significant efforts to adapt to [IFRS 9](#) requirements, but the level of judgement embedded in the rule allows them to apply different practices which will have to be examined by supervisors.
- **ECB publishes report on state of environmental risk management in the banking sector**
It [considers](#): i) supervised banks are far from meeting ECB expectations; ii) progress in developed plans is slow; and iii) the full supervisory review of practices that will take place in 2022.
- **ECB publishes new framework for overseeing electronic payments**
Following a public consultation, the ECB has published a [new framework](#) that assesses security and efficiency of electronic payments, including electronic wallets and crypto-asset-related services.
- **ESMA consults on EMIR clearing thresholds framework**
It seeks views on the [effectiveness](#) and proportionality of the EMIR clearing thresholds and the EMIR regime as a whole. Deadline: Jan 19, 2022.
- **ESMA publishes RTS for commodity derivatives under MiFID II recovery package**
Includes [proposals](#) on the application procedure for position limit exemptions, a methodology to determine position limits and position management tools for trading venues.
- **ESMA publishes its annual report on the EU market abuse sanctions**
[Describes](#) an increase in the number of administrative and criminal actions under Market abuse Regulation in 2020, compared to 2019. However, the financial penalties are significantly lower.
- **European Council reaches agreement on MiCA and DORA**
It adopts its [position](#) on the two proposals that are part of the digital finance package. The Council and European Parliament will now enter trilogue negotiations on the proposals.
- **ESMA publishes the list of central counterparties authorized to operate in the EU**
It updates the list of [CCPs authorized](#) to offer services and activities in the EU according to EMIR. It also includes the classes of financial instruments covered by the CCP's authorization.
- **ESMA publishes its 3Q 2021 risk dashboard**
It has published the EU financial markets [risk assessment](#), which continued growing in 3Q21 but at a slower pace, with assets priced significantly above pre-crisis levels across all classes.
- **EIOPA publishes its annual report on the use of capital add-ons during 2020 under Solvency II**
The [capital add-on measure](#) aims to ensure that regulatory capital requirements reflect the risk profile of the solo undertaking or of the insurance group and a high degree of supervisory convergence in its application.
- **EIOPA publishes annual occupational pensions statistics**
[Provides](#) an overview of the European occupational pensions sector, including statistics on balance sheet, asset exposures, contributions, benefits and transfers, expenses, members and concentration ratios.

Spain

- **BOE publishes a Royal Decree-Law with the transposition of the BRRD 2**
It transposes parts of [the BRRD 2](#), focusing on MREL determination, eligible instruments, subordination requirements, resolution planning, etc. It also includes changes relating to the deposit guarantee scheme.
- **MinEco extends the term of the main support measures supporting business recovery**
Following EC's extension of the state aid temporary framework, the Spanish government adopted RDL 27/2021, [extending](#) several measures—aimed at supporting businesses—due to expire at the end of the year.

United Kingdom

- **PRA consults on operational resilience and operational continuity in resolution**
[Sets out](#) proposals to apply the group provisions in the operational resilience part and to make minor formatting amendments to the operational resilience and operational continuity parts. Deadline: Jan 14, 2022.
- **FCA confirms recognition of revised FX Global Code and Global Precious Metals Code**
[Sets](#) principles of good practices for the global FX market, promoting the integrity and effective functioning of the wholesale FX market, and promotes integrity of the global precious metals market.

United States

- **Agencies issue joint statement on crypto-asset policy initiative and next steps for 2022**
It describes their plans to give greater clarity on whether certain [crypto-related](#) activities are legally permitted, and expectations for safety and soundness, consumer protection, and compliance with existing regulations.
- **OCC publishes letter with clarifications relevant for cryptocurrency activities**
It confirms that national banks and federal savings associations have to [demonstrate](#) that they have adequate controls in place before engaging in certain cryptocurrency, distributed ledger, and stablecoin activities.

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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