

Financial Regulation: Weekly Update

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Highlights

1. FSB publishes bail in execution practice paper, report on global trends and risks in non-bank financial intermediation, and framework for ML/TF risk assessment of a remittance corridor
2. CPMI publishes report on recent developments in retail fast payment systems (FPS)
3. EC publishes new strategy to improve financial supervisory reporting in the EU
4. EBA publishes consultations on liquidity requirements for investment firms and new remote customer onboarding guidelines
5. EBA publishes amended technical standards on credit risk adjustments

Global

- **FSB publishes bail in execution practice paper**
It describes [operational processes](#) and arrangements that resolution authorities follow to operationalize bail-in. It also reviews the role played by CSDs, and presents some cross-border challenges to the execution of bail-in.
- **FSB publishes report on global trends and risks in non-bank financial intermediation**
It [describes](#) that, in contrast to the trend over the past decade, the NBFIs sector grew less than the banking sector and the measures of vulnerability in NBFIs appeared broadly stable when comparing 2020 to 2019.
- **FSB publishes framework for ML/TF risk assessment of a remittance corridor**
[Aims](#) to achieve faster, cheaper, more transparent, and more inclusive cross-border payment services and develops a framework for the assessment of AML risk in remittance corridors.
- **FSB consults on how national data frameworks affect cross-border data flows**
To [identify](#) issues relating to cross-border use of those data by national authorities and by the private sector, as part of its roadmap to enhance cross-border payments. Deadline: Jan 14, 2022.
- **CPMI publishes report on recent developments in retail fast payment systems (FPS)**
[Examines](#) central banks' roles in these systems and discusses the implications for real-time gross settlement (RTGS) systems which provide a critical foundation for the wholesale settlement associated with FPS.

Europe

- **EC publishes new strategy to improve financial supervisory reporting in the EU**
The [objective](#) is to put in place a system that delivers accurate, consistent, and timely data to supervisory authorities at EU and national level, while minimizing the overall reporting burden on financial institutions.
- **EBA consults on liquidity requirements for investment firms**
Draft [RTS and guidelines](#) seeking to ensure a consistent supervisory practice regarding the application of liquidity requirements for investment firms in the EU. Deadline: Mar 10, 2022.
- **EBA consults on new remote customer onboarding guidelines**
[Sets out](#) the steps financial sector operators should take to ensure safe and effective remote customer onboarding practices in line with applicable AML/CFT legislation and the EU's data protection framework.
- **EBA publishes amended technical standards on credit risk adjustments**
[Ensures](#) that the prudential framework does not create disincentives to the sale of non-performing assets by banks, by clarifying the regulatory treatment of sold NPL assets.
- **EBA publishes final report on the feasibility study of an integrated reporting system (IRS)**
It is part of the EC strategy to improve and modernise EU supervisory reporting and minimize reporting burden for all parties and it [concludes](#) that an integrated reporting system could be feasible to achieve
- **EBA issues final guidelines on cooperation between supervisors on AML/CFT**
[Sets out](#) how prudential, AML/CFT supervisors and financial intelligence units should cooperate and exchange information in relation to AML/CFT in line with provisions laid down in the CRD.
- **ECB announces that liquidity relief will not be extended**
It [sees](#) no need to extend beyond December 2021 the liquidity relief measure that allowed banks to operate with a liquidity coverage ratio below 100%.
- **ESMA publishes statement on preparedness for the cessation of LIBOR and EONIA**
The EUR Risk Free Rates Working Group [reminds](#) market participants to cease entering into new contracts that use EONIA and EUR, GBP, CHF, JPY and USD LIBORs by Dec 31, 2021.
- **EBA issues revised list of ITS validation rules on supervisory reporting**
[Highlights](#) those which have been deactivated either for incorrectness or for triggering IT problems, informing National Competent Authorities.
- **ESMA publishes national thresholds for shareholders identification under SRD**
The [information](#) is provided by Member States and presents the national thresholds above which shareholders can be identified because they are holding more than a certain percentage of shares or voting rights.
- **ESRB publishes its assessment of IFRS 17 from a financial stability perspective**
It [assesses](#) the implications of the new accounting standard for insurance contracts and concludes that it increases transparency in the insurance sector. EU insurers are required to apply it from Jan 1, 2023 onwards.

- **ESMA issues report on disclosures, statement on DRSP and technical information on ESEF**
i) Report on [expected credit loss](#) disclosures of banks under IFRS 7 and IFRS 9 which identifies room for improvement in compliance, comparability and transparency. ii) [Statement](#) to clarify the transfer of competences regarding certain Data Reporting Services Providers from NCAs to ESMA. iii) Technical information for the European Single Electronic Format providing [XBRL taxonomy](#) and conformance suite.
- **EIOPA consults on the guidance on climate change risk scenarios in the ORSA**
It gives [guidance](#) on how to select and use climate change scenarios in the ORSA taking into account the size, nature and complexity of the climate change risk exposures. Deadline: Feb 10, 2022.
- **EIOPA publishes report on key risks for the insurance and pension sectors**
The [financial stability report](#) examines the key macroeconomic developments and the prevalence of risks that are key for these sectors.
- **EIOPA publishes its digital transformation strategy**
Its long-term [priorities](#) are to develop a European data ecosystem, support artificial intelligence systems, ensure financial stability, support the single market and enhance its supervisory capabilities.

United Kingdom

- **PRA publishes guidance on changes to banking reporting requirements**
[Incorporates](#) the entire body of the UK version of COREP and FINREP requirements, which is aligned to the EBA Taxonomy 3.0, into PRA rules to create a single source for reporting requirements for firms.
- **BoE publishes the results of the 2021 solvency stress test of the UK banking system**
[Shows](#) the major UK banks are resilient to a severe path for the economy in 2021–25 on top of the economic shock associated with the Covid-19 pandemic that occurred in 2020.
- **BoE publishes its financial stability report**
The [FPC](#) judges that domestic risks to UK financial stability have returned to around their pre-pandemic levels although some risks to recovery remain. Banks are able to support UK businesses and households.
- **BoE publishes its annual report on supervision of financial market infrastructures**
It [sets out](#) how the Bank has exercised its responsibilities on supervising FMIs and outlines the Bank's domestic and international policy work to strengthen the regulatory and supervisory frameworks for FMIs.
- **PRA publishes statement on the 2022 cyber stress test**
[Focus](#) is on a severe data integrity incident as the disruption scenario and will test firms' ability to meet the impact tolerance for payments in a severe but plausible scenario.

United States

- **FRB publishes statement for large banks' risk management with investment funds**
It reiterates its [expectations](#) on counterparty credit risk management and margin practices, describing practices that do not meet expectations, and ways to mitigate such practices.
- **FRB announces the updated asset-size thresholds under CRA**
[Agencies](#) have released the 2022 updated asset-size thresholds used to define "small bank" and "intermediate small bank" under their Community Reinvestment Act regulations.

- **OCC consults on principles for climate related financial risk management for large banks**
To request [feedback](#) on draft principles designed to identify and manage climate-related financial risks at institutions with more than \$100 billion in total consolidated assets. Deadline: Feb 14, 2022.
- **OCC issues final rule to rescind its 2020 CRA rule**
In order to facilitate the ongoing [interagency](#) work to modernize the CRA, it rescinds its June 2020 CRA rule, replacing it with the rules adopted jointly by the federal agencies in 1995.
- **CFTC issues guide for the transition of exchange traded derivatives to SOFR**
It seeks to help market participants [decrease reliance](#) on USD LIBOR, outlining best practices to transition new exchange-traded derivatives activity to SOFR activity in the near term.
- **SEC proposes amendments and rules on MMF, fraud in swap, repurchase reporting and insider trading**
i) Amendments to [MMF rules](#) in order to improve the resilience and transparency of MMF. ii) Rules regarding [security-based swaps](#) to: prevent fraud in transactions and undue influence over CCOs, and to require the reporting of large swap positions. iii) New repurchase disclosure and reporting rules for [share buybacks](#). iv) Amendments to enhance disclosure requirements and investor protections against [insider trading](#).

Recent publications of interest (in English and Spanish)

- [Press Article](#). *Do we need a digital euro?*. December 2021.
- [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.

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

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