

# Financial Regulation: Weekly Update

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## Highlights

1. EBA consults on performance triggers in STS on-balance-sheet securitizations, the mapping of ECAIs' credit assessments for securitization and benchmarking of internal models
2. EBA publishes RTS on a central database on AML/CFT (EuReCa) in the EU
3. EBA publishes methodology for investment firms to be reclassified as credit institutions
4. EC Council approves mandate to negotiate final text of Union's bank resolution framework with EP
5. MinEco publishes final draft law on the reform of the insolvency law

## Europe

- **EBA consults on performance triggers in STS on-balance-sheet securitizations**  
[Develops](#) RTS to specify and calibrate the minimum performance-related triggers for STS on-balance-sheet securitization that determine the application of sequential amortization. Deadline: Feb 28, 2022.
- **EBA consults on ITS on the mapping of ECAIs' credit assessments for securitization**  
The [changes](#) reflect relevant amendments introduced by the new securitization framework and the mappings for two ECAIs that extended their credit assessments to cover securitizations. Deadline: Jan 31, 2022.
- **EBA consults on ITS on benchmarking of internal models**  
For [credit risk](#) and IFRS 9 no specific changes are proposed on templates or data fields. For market risk, it proposes to extend the data collection to include new instruments and portfolios. Deadline: Feb 18, 2022.
- **EBA publishes RTS on a central database on AML/CFT (EuReCa) in the EU**  
[Specifies](#) the type of information competent authorities will have to report, how information will be collected and how the EBA will analyze and disseminate the information contained in EuReCa.
- **EBA publishes methodology for investment firms to be reclassified as credit institutions**  
[Publishes](#) two RTS to provide i) clarity in the calculation of the EUR 30 billion threshold and ii) the necessary information to supervisors to enable monitoring of the thresholds.
- **EC Council approves mandate to negotiate final text of Union's bank resolution framework with EP**  
EU ambassadors [endorsed](#) a Council negotiating mandate on the *Daisy Chain* proposal. The approval will allow the incoming presidency to launch discussions with the European Parliament to agree on a final text.

- **EBA publishes ITS on supervisory reporting and enhances proportionality**  
The [final draft ITS](#) focuses on common reporting (COREP), asset encumbrance, G-SIIs and additional liquidity monitoring metrics (ALMM). Small and non-complex institutions are exempt from several liquidity metrics.
- **EBA publishes final guidelines on available financial means of DGSs**  
[Establishes](#) a harmonized approach to DGS funding, furthermore enhances transparency and comparability of the financial position of DGSs.
- **EBA publishes report on liquidity coverage ratio monitoring**  
The [LCR](#) stood at 176% as of June 2021, significantly above the 100% requirement. Nevertheless, the EBA remains concerned about low foreign currency LCR values and encourages it to keep improving the situation.
- **EBA publishes its decision to carry out its next EU-wide stress test in 2023**  
[Reflects](#) the ongoing progress that EU banks are making in strengthening their capital positions and the work to be done for the preparation of the next stress test exercise.
- **ESMA publishes statement on implementation of the CSDR settlement discipline regime**  
The [statement](#) clarifies the practical implementation of the EU CSDR settlement discipline regime. The CSDR settlement is scheduled to come into effect on Feb 1, 2022.
- **ESMA publishes statement on supervision of clearing and derivatives trading obligations**  
[Clarifies](#) the situation in which ESMA's proposed draft RTS on the CO and DTO will not enter into force in time for the transition to alternative benchmarks of EONIA or LIBOR- based OTC contracts by 2021.
- **ESMA publishes annual report on waivers and deferrals**  
The [report](#) does not observe major changes in market microstructure and waivers and deferrals regime remain an integral part of the European Economic Area market structure.
- **ESMA publishes report on derivatives and securities markets in 2020**  
Provides a comprehensive review of the [EU markets](#) after Brexit and finds that the size of the derivatives market and the volume of securities trading are two-thirds lower after the withdrawal of the UK.
- **SRB publishes checklist on reported liabilities and sign-off form for MREL/TLAC reporting**  
[Banks](#) under the SRB's remit are asked to use this checklist on reported liabilities when preparing the quarterly reporting on MREL/TLAC and to complete a sign-off form with the submission of each quarterly reporting.
- **ESRB publishes report on the usability of banks' capital buffers**  
It [concludes](#) that banks will not always be able to use their capital buffers to absorb losses without breaching the leverage ratio requirement or the MREL, which apply in parallel.
- **EIOPA publishes results of its 2021 Insurance Stress Test**  
Despite the grave economic implications of COVID-19, the European insurance industry entered the exercise with a [strong level of capitalization](#) that allowed participants to absorb the shock of the adverse scenario.
- **EIOPA publishes revised guidelines on legal entity identifier (LEI)**  
To [provide](#) guidance to NCA's and facilitate and further promote the use of LEI as unique identification code for legal entities. NCA's are expected to apply these revised guidelines from July 1, 2022 onwards.

- **EIOPA publishes annual reports on Solvency II reporting exemptions and sanctions under IDD**  
Annual reports on i) the [use of limitations](#) and exemptions from Solvency II reporting by NCA's and ii) [administrative sanctions](#) imposed during 2020 by NCA's under the Insurance Distribution Directive (IDD).

## Spain

- **BdE designates one GSII and sets its macroprudential capital buffer for 2023**  
Following the FSB decision on GSIBs, BdE has [designated](#) one G-SII and has established its associated capital buffer rate for 2023. Next decision on G-SIIs is expected to be taken by the end of 2022.
- **MinEco publishes final draft law on the reform of the insolvency law**  
It [transposes](#) the restructuring and insolvency directive and introduces the figure of corporate restructuring plans, a pre-bankruptcy instrument aimed at avoiding or overcoming insolvency.

## United Kingdom

- **FCA publishes final rules on climate-related disclosures**  
It has published two policy statements confirming [final rules and guidance](#) to promote better climate-related financial disclosures to help investors, clients and consumers. The rules will come into effect from Jan 1, 2022.
- **FCA publishes statement on supervision of commodity derivatives position limits**  
To [extend](#) its approach of not taking enforcement actions for positions that exceed limits where these are held by a liquidity provider to fulfil its obligations on a trading venue.

## United States

- **OCC, FRB and FDIC issue statement on the treatment of extensions of credit**  
[Agencies](#) will continue not to take action against banks with respect to certain extensions of credit by banks to portfolio companies of the principal shareholder fund complex, provided certain eligibility criteria are satisfied.
- **FinCen consults on modernization of US AML/CFT regulatory regime**  
[Requests](#) opinion on ways to modernize risk-based AML/CFT regulations and guidance. FinCEN will report to Congress the findings including administrative and legislative recommendations. Deadline: Feb 14, 2022.

## 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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