

Financial Regulation: Weekly Update

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Highlights

1. EBA consults on guidelines on transferability to complement the resolvability assessment for transfer strategies
2. EBA publishes guidelines on improving resolvability for institutions and resolution authorities
3. EBA publishes alert on ineffective management of ML/TF risks
4. ESMA publishes guidelines on delayed disclosure under MAR
5. BdE amends the Circular 4/2017 on public and confidential financial reporting standards and formats and publishes the Circular 5/2021 implementing its new macroprudential tools

Global

- **FSB consults on funding and interconnectedness practices to aid resolution planning for insurers**
[Discusses](#) the different sources of resolution funding and explores ways to map and assess financial and operational interconnectedness in insurance companies. Deadline: Mar 15, 2022.
- **IOSCO publishes report on investment funds statistics**
Provides [insight](#) into the new global investment funds industry and the potential systemic risks that this industry may pose to the international financial system.

Europe

- **EC publishes the joint EU/INFE financial competence framework for adults**
Following the 2020 CMU plan, [the framework](#) marks a key milestone in the EC's work on financial literacy and an important follow-up to the International Network on Financial Education's work in that same area.
- **EBA publishes consultation on guidelines on transferability to complement the resolvability assessment for transfer strategies**
[Focusses](#) on assessing the feasibility and credibility of transfer strategies, and encompass requirements relating to the implementation of transfer tools when considered as the preferred. Deadline: 15 April 2022.
- **EBA publishes guidelines on improving resolvability for institutions and resolution authorities**
The [guidelines](#) are broad and touch on a number of key topics, including operational continuity, access to FMIs, governance, funding and liquidity in resolution, information systems . It will apply from 1 January 2024.

- **EBA publishes alert on ineffective management of ML/TF risks**
[Publishes](#) opinion on the scale and impact of de-risking in the EU and the steps competent authorities should take to tackle unwarranted de-risking. Remarks that it can also affect competition and financial stability.
- **EBA publishes risk dashboard**
[Capital](#) and liquidity ratios are above minimum requirements. Asset quality has increased and ROE is higher than pre-pandemic levels. Finally, most banks expect a rise in operational risks due to elevated cyber risks.
- **ECB publishes opinion on an EP proposal for a regulation on artificial intelligence**
It [welcomes](#) the EP proposal and acknowledges the need to enhance consistency with the CRD. It has a key focus on: i) ECB's role under the proposed regulation and ii) classification of AI systems.
- **ESAs publish list of financial conglomerates**
It includes 66 identified [financial conglomerates](#) for 2021, with the head of the group located in the EU or the EEA, one financial conglomerate with the head of the group located in the UK and another in Switzerland.
- **ESMA publishes guidelines on delayed disclosure under MAR**
Provides [clarity](#) to the case-by-case assessment of inside information, especially regarding the SREP and Pillar 2. Also aims to clarify when the institution meets the requirements to delay the disclosure of inside information.
- **ESMA publishes guidelines on appropriateness and execution-only requirements under MiFID II**
The [purpose](#) is to enhance clarity and to foster convergence in the application of the appropriateness and execution-only requirements. They will be translated into the EU languages and published on ESMA's website.
- **ESMA publishes call for evidence on the DLT pilot regime**
It [seeks](#) feedback on the need to amend the RTS on pre- and post-trade transparency and data reporting requirements in the context of the DLT pilot. Deadline: Mar 4, 2022.
- **SRB publishes approach to CRR discretion on leverage and MREL calibration**
It will [monitor](#) regulatory changes related to competent authorities' discretion to temporarily exclude certain exposures to central banks from the calculation of an institution's leverage amount.
- **SRB publishes its priorities for 2022**
Highlights three [key priorities](#): i) MREL build up, ii) separability and reorganization plans and iii) information systems and management information systems.
- **EIOPA publishes report on the application of the Insurance Distribution Directive**
It [examines](#) the insurance intermediaries' market structure, changes in the patterns of cross-border activity, the quality of selling methods and whether competent authorities have adequate resources to carry out their tasks.
- **EIOPA publishes technical information on the risk-free interest rate and equity capital charge**
It publishes monthly technical information as of end-2021 on i) [risk-free interest rate](#) term structures for the calculation of the technical provisions and ii) adjustment of the [equity capital charge](#) for Solvency II.

Spain

- **BdE amends the Circular 4/2017 on public and confidential financial reporting standards and formats**
The [aims](#) are to ensure it remains consistent with International Financial Reporting Standards, recalibrate the alternative solutions for estimating credit losses and to adjust some reporting requirements.

- **BdE publishes the Circular 5/2021 implementing its new macroprudential tools**
Implements three [new macroprudential tools](#) in Spanish legislation on credit institutions: a sectoral component of the CCyB, sectoral concentration limits, and limits and conditions on loan origination and other transactions.
- **BdE publishes its decision on the countercyclical capital buffer**
It has [decided](#) to maintain the countercyclical capital buffer at 0% during the first quarter of 2022.
- **BdE approves the Threat Intelligence-based Ethical Red Teaming (TIBER) implementation guide**
Completes the [adoption](#) at national level of the framework for the TIBER-EU published by the ECB. It aims to bolster the cyber resilience of the Spanish financial sector as a whole.

United Kingdom

- **PRA and FCA consult on Financial Services Compensation Scheme**
The [consultation paper](#) sets out a proposal for the Management Expenses Levy Limit (MELL) for the Financial Services Compensation Scheme. Deadline: Feb 14, 2022.
- **FCA publishes changes to LIBOR as of end 2021**
[Publication](#) of 24 LIBOR settings has ended, and the 6 most widely used sterling and Japanese yen settings will be published using a changed methodology from today.
- **FCA publishes update on PRIIPs RTS**
Parliament [legislated](#) to extend the UCITS exemption in the PRIIPs Regulation (as enacted in retained EU law) by five years – from Dec 31, 2021 to Dec 31, 2026.
- **FCA publishes statement on supervisory flexibility on the short selling indicator**
It is putting in place [temporary measures](#) for the reporting of the short selling indicator in transaction reports while changes to the UK transaction reporting regime are considered.

United States

- **FDIC and FinCEN launch digital identity tech sprint**
To develop solutions for financial institutions and regulators to help measure the effectiveness of [digital identity proofing](#)—the process used to collect, validate, and verify information about a person.
- **CFPB publishes report on deficiencies in the big credit bureaus responses to consumers' complaints**
It [reveals](#) how changes in complaint responses provided by nationwide consumer reporting companies resulted in fewer meaningful responses and less consumer relief.
- **FDIC publishes list of banks examined for CRA compliance**
It has [issued](#) its list of state nonmember banks recently evaluated for compliance with the Community Reinvestment Act. The list covers evaluation ratings that the FDIC assigned to institutions in Oct 2021.
- **OCC publishes list of banks examined for CRA compliance**
It has [released](#) the list of Community Reinvestment Act performance evaluations that became public during the period from Dec 1, 2021 through Dec 31, 2021.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *How should artificial intelligence be regulated?*. January 2022.
- [Press Article](#). *Seven keys to financial regulation in 2022*. January 2022.
- [Press Article](#). *The EU must have a framework on cryptos as soon as possible*. January 2022
- [Press Article](#). *Banking in 2022: Covid, digitization, sustainability*. December 2021

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

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