

Financial Regulation: Weekly Update

Matías Cabrera and Inés Criado

February 18, 2022

Highlights

1. FSB publishes an assessment report on the risks to financial stability from crypto assets and outlines its work priorities for 2022 to G20 finance ministers and central bank governors
2. EBA issues opinion on EC amendments to RTS on fixed overhead requirements for investment firms
3. ECB publishes Central Banks renewed statements of commitment to FX global code
4. ESMA publishes its response to the EC consultation on the Listing Act and proposes reforms to improve resilience of money markets funds (MMF)
5. ESRB publishes warnings and recommendations on residential real estate vulnerabilities

Global

- **FSB publishes an assessment report on the risks to financial stability from crypto assets**
[Examines](#) developments and associated vulnerabilities relating to three segments of the crypto-asset markets: unbacked crypto-assets (such as Bitcoin); stablecoins; and platforms on which crypto-assets trade.
- **FSB Chair outlines work priorities for 2022 to G20 finance ministers and central bank governors**
The [policy work](#) will focus on: i) Reinforcing financial system resilience in light of COVID experience, ii) Harnessing the benefits of digitalization, while containing its risks; iii) Addressing financial risks from climate change.

Europe

- **EBA issues opinion on EC amendments to RTS on fixed overhead requirements for investment firms**
[Identifies](#) a substantive change in the EC's version of the RTS but considers that the amendments continue to strike a good balance between flexibility and risk sensitivity.
- **EBA publishes adjustments to the Single Rulebook Q&A process**
[Adjusts](#) the Single Rulebook Q&A process to ensure that questions are answered efficiently and within a reasonable time frame, and that other measures are taken to overcome a backlog of older questions received prior to Jan 1, 2020.
- **ECB publishes Central Banks renewed statements of commitment to FX global code**
The [updated](#) code will remain relevant and aligned with the ongoing evolution of the foreign exchange market and will continue to set standards for good market practice.

- **ESMA publishes response to EC consultation on the Listing Act**
Considers that while the broad regulatory [framework](#) is strong and effective there is scope to try to alleviate certain burdens for issuers, reduce costs and enhance incentives for listing.
- **ESMA proposes reforms to improve resilience of money markets funds (MMF)**
It will [improve](#) resilience of MMFs by addressing, in particular, liquidity issues and the threshold effects for constant net asset value (CNAV) MMFs.
- **ESMA publishes TVR report that highlights the risk of significant markets corrections**
In its [Trends, Risks and Vulnerabilities \(TRV\) report](#) outlook for 2022 continues to see high risks to institutional and retail investors of further market corrections as markets remain nervous and geopolitical tensions are rising.
- **ESRB publishes warnings and recommendations on residential real estate vulnerabilities**
Key [vulnerabilities](#) relate to rapid house price growth and possible overvaluation of residential real estate, the level of household indebtedness, the growth of housing credit and signs of a loosening of lending standards

United Kingdom

- **FCA consults on its proposed rules to pension providers**
[Requires](#) pension providers to be ready to receive requests to find pensions and search records for data matches, as well as supply specified information for consumers to view on their chosen dashboard. Deadline: Apr 8, 2022.
- **BoE, PRA, FCA and PSR review MoU in relation to payment services in the UK**
Concludes that the [MoU](#) is working well. Authorities have implemented some initiatives such as exchange of expertise, information and data. They have also identified opportunities to deepen cooperation and coordination.

United States

- **FDIC publishes Economic Scenarios for 2022 Stress Testing**
It [includes](#) baseline and severely adverse scenarios. The first is aligned with a survey of private sector economic forecasts, the latter is a hypothetical scenario designed to assess strength and resilience of financial institutions.
- **Agencies issue 2021 Shared National Credit Review**
FRB, FDIC and OCC have conducted the review to [conclude](#) that credit risk for large syndicated loans improved modestly in 2021, but remains high due to the effects of COVID-19.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *Regulating the digital economy: a list of obligations and prohibitions for large platforms*. January 2022.
- [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

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

DISCLAIMER

The present document does not constitute an “Investment Recommendation”, as defined in Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (“MAR”). In particular, this document does not constitute “Investment Research” nor “Marketing Material”, for the purposes of article 36 of the Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (MIFID II).

Readers should be aware that under no circumstances should they base their investment decisions on the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to take an appropriate investment decision.

This document has been prepared by BBVA Research Department. It is provided for information purposes only and expresses data or opinions regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes.

BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents.

This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

The content of this document is protected by intellectual property laws. Reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process is prohibited, except in cases where it is legally permitted or expressly authorised by BBVA.

ENQUIRIES TO:

BBVA Research: Azul Street, 4. La Vela Building – 4th and 5th floor. 28050 Madrid (Spain).
Tel. +34 91 374 60 00 y +34 91 537 70 00 / Fax (+34) 91 374 25
bbvaresearch@bbva.com www.bbvaresearch.com

