

Financial Regulation: Weekly Update

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Highlights

1. BCBS publishes Basel III monitoring report
2. FSI publishes report on the regulatory response to climate risks
3. EC consults on options to enhance the suitability and appropriateness assessments and proposes measures for a fair and innovative data economy (Data Act)
4. EBA updates methodology to assess third country equivalence of regulatory and supervisory frameworks
5. EBA publishes final guidelines on the limited network exclusion under PSD2 Directive and publishes annual assessment of bank's internal approaches for capital requirements calculation

Global

- **BCBS publishes Basel III monitoring report**
For Group 1 banks, [capital ratios](#) remained stable but leverage ratios have decreased. The average impact of the final Basel III requirements is an increase of 3.3% in T1 MCR. LCR stood at 144% and NSFR at 125%.
- **FSI publishes report on the regulatory response to climate risks**
[Outlines](#): i) need to review prudential framework; ii) Pillar 1 instruments might be suboptimal; iii) Pillar 2 framework the natural candidate; iv) applying macroprudential framework likely to be ineffective.
- **FSB consults on debt overhang issues of non-financial corporates**
[Seeks](#) views on policy approaches and market practices to support a smooth transition out of debt overhang issues. Deadline: Apr 8, 2022.

Europe

- **EC consults on options to enhance the suitability and appropriateness assessments**
[Explores](#) different ways to improve the suitability and appropriateness regimes to simplify, improve, automate and standardize the way investors' profiles are currently assessed. Deadline: Mar 21, 2022.
- **EBA updates methodology to assess third country equivalence**
[Updates](#) questionnaires used for the assessment of regulatory and supervisory frameworks of third countries, to reflect certain provisions recently introduced by the revised prudential regulation in the EU (CRDV & CRR II).

- **EC proposes measures for a fair and innovative data economy (Data Act)**
The [Data Act](#) will ensure fairness in the digital environment, stimulate a competitive data market, open opportunities for data-driven innovation and make data more accessible for all.
- **EBA publishes final guidelines on the limited network exclusion under PSD2 Directive**
To [clarify](#) how NCAs should assess whether a network of service providers or a range of goods and services qualify as 'limited' and are, therefore, not subject to the Directive.
- **EBA publishes annual assessment of bank's internal approaches for capital requirements calculation**
For market risk, the [results](#) confirm low dispersion in initial market valuation and increased dispersion in VaR submissions. For credit risk, the variability of RWAs remained quite stable.
- **ECB publishes opinions on regulation on ML/FT and the establishment of the new authority**
Supports the new [measures](#), but stresses the need of improving the coordination between prudential and AML authorities and recommends that the number of entities directly supervised by this [new body](#) grows gradually.
- **ECB publishes the list of supervised entities as of January 1, 2022**
It maintains a [list](#) of all significant banks under its direct supervision and less significant banks under its indirect supervision. This list is updated regularly.
- **ESMA consults on climate risks stress testing for CCPS**
It [seeks](#) (for CCPs): i) proposed classification of climate risks; ii) methodology for an EU-wide climate risk stress test and how to best calibrate it; iii) current development of climate risk assessments. Deadline: Apr 21.

Spain

- **Mineco publishes protocol for the financial inclusion of the elderly**
[Includes](#) a catalog of measures to guarantee banking services adapted to the needs of the elderly, improving face-to-face and telephone service, access to ATMs and digital media, and training.
- **CNMV publishes its activities plan for 2022**
Maintains [strategic lines](#) for 2021, updating new priorities, such as the fight against financial fraud, greater monitoring of the risk of greenwashing or the supervision of advertising for crypto assets.
- **CNMV publishes report on the characteristics of sustainable Spanish CII in 2020**
At the [end of 2020](#), the average annual return of CIIs with ESG objectives was higher than that of all investment funds and SICAVs registered with the CNMV and the expense ratio was higher than for the rest.

United States

- **CFPB publishes options to prevent algorithmic bias in home valuations**
[Outlines](#) options to ensure that computer models used to help determine home valuations are accurate and fair. The options will now be reviewed to determine their potential impact on small businesses.

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](#).

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