

Financial Regulation: Weekly Update

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Highlights

1. ESAs update supervisory statement on the application of the sustainable finance disclosure regulation
2. ECB issues opinion on the EC's proposal for the transposition of latest Basel III standards
3. ECB publishes common approach to supervision policy choices offered by European banking rules
4. ESMA issues statements regarding third-country CCPs (TC-CCP)
5. BdE publishes decision to hold the countercyclical capital buffer rate at 0% from Q2 2022

Global

- **BCBS publishes newsletter on third- and fourth-party risk management and concentration risk**
[Banks](#) have successfully leveraged technology to withstand the pandemic, but the situation has also exacerbated operational issues due to the use of technology-based services provided by third parties.
- **IOSCO welcomes ISSB's publication of sustainability standards exposure drafts**
[Welcomes](#) the public consultation that the International Sustainability Standards Board has published on proposed climate and general sustainability disclosure requirements.
- **FSB publishes its 2022 work programme**
[Priorities](#) will focus on cooperation and coordination on current financial stability issues, resilience of the non-bank financial intermediation (NBFIs) sector, cross-border payments, digital innovation and climate change.

Europe

- **ESAs update supervisory statement on the application of the sustainable finance disclosure regulation**
Aims to [promote](#) an effective and consistent application and supervision of the SFDR, thus creating a level playing field and protecting investors.
- **ECB issues opinion on the EC's proposal for the transposition of latest Basel III standards**
[Advocates](#) for a timely and faithful implementation of Basel III standards. Shows concerns with the transitional arrangements for the output floor and also regarding the targeted deviations from the Basel framework.
- **ECB publishes common approach to supervision policy choices offered by European banking rules**
[Clarifies](#) how the ECB exercises the options and discretions introduced by recent changes to EU banking rules ensures consistent and transparent implementation of the rules applied to banks throughout the banking union.

- **ESMA issues statements regarding third-country CCPs (TC-CCP)**
 - i) An update completing the [tiering and recognition](#) of 25 TC-CCPs, and the conclusion of revised MoUs with relevant third-country authorities. ii) Statement on the extension of the [temporary recognition](#) and tiering of UK CCPs until Jun 30, 2025.
- **ECB publishes report on payment preferences as part of digital euro investigation phase**

It [shows](#) strong preference for payment methods with pan-European reach and universal acceptance. Users favor payment solutions that are convenient, fast and easy to use. Safety and security are fundamental.
- **ECB publishes its expectations regarding leveraged transactions**

Regarding the establishment of [risk appetite frameworks](#) (RAFTs) for these operations, which have a higher than average risk profile and thus need comprehensive and well-designed RAFTs.
- **ESMA proposes amendments to transparent requirements under MiFIR**

These [amendments](#) aim to clarify, improve and simplify the transparency regime for equity and non-equity instruments. EC will have three months to decide whether to endorse the proposed amendments.
- **ESMA publishes recommendations for data reporting services providers (DRSPs)**

The [draft RTS](#) sets out criteria for the sound and prudent management of DRSPs as well as for their operational effectiveness under MiFIR. EC expected to adopt a Delegated Regulation within 3 months.
- **ESMA issues statement on improvements in funds' liquidity stress testing**

The overall degree of [compliance](#) is satisfactory, but there is room for improvement, especially on the liquidity stress testing and valuation of less liquid assets.
- **ESMA publishes its final report on the EU carbon market**

The [report](#) provides findings, recommendations and issues for the consideration of the EC, Council and EP to determine whether additional measures to regulate the carbon market are considered necessary.
- **ESMA publishes report on equity funds performance during market stress**

[Analyzes](#) the performance of actively managed equity UCITS between February and June 2020. Main findings show that active funds, net of ongoing costs, did not, on average, outperform their related benchmarks.
- **ESMA publishes its 2021 corporate reporting enforcement and regulatory report**

[Makes](#) recommendations to issuers and auditors to improve financial and non-financial reports, by assessing how issuers comply with IFRS and non-financial reporting obligations and adhere to ESMA's recommendations.
- **ESMA publishes report to the peer review on the guidelines on the enforcement of financial information**

[Analyzes](#) the progress made by seven NCAs and finds that most of them made improvements — by allocating more resources — although some are still experiencing staffing difficulties.
- **ESMA publishes list of ISINs that will complement the results of the annual transparency calculations**

Due to the increase of the number of instruments published, ESMA provided market participants with more time to apply the results of the [annual transparency calculations](#) for equity and equity-like instruments.

Spain

- **BdE publishes decision to hold the countercyclical capital buffer rate at 0% from Q2 2022**
Economic recovery in 2021 has narrowed [credit to GDP gap](#). The positive level of this indicator does not reflect the buildup of cyclical systemic imbalances requiring the activation of the CCyB.
- **MinECO consults on the Royal Decree modifying Law 10/2010 on ML/FT prevention**
To [comply](#) with EU requirements and provide greater effectiveness of prevention mechanisms and include news on new technologies and their potential applicability to the function. Deadline: Apr 13, 2022.
- **MinECO reinforces companies' liquidity with a new line of public guarantees**
A new line of [public funds](#) has been agreed for a total amount of EUR 10 billion, to help with the granting of financing for companies and the self-employed and guaranteeing its repayment.

United Kingdom

- **FCA confirms changes to Packaged Retail and Insurance-based Investment Products regulation**
These [new requirements](#) for PRIIPS, are one of the first examples of the FCA confirming UK divergence from EU rules following Brexit. Firms will have until December 31, 2022 to implement the changes.
- **HM Treasury, CMA, FCA and PSR publish joint statement on open banking**
[Proposes](#) a constitution for the future open banking entity, to ensure a smooth transition and the creation of a joint regulatory oversight committee led jointly by the FCA and the PSR to deliver this.
- **BoE consults on prudential liquidity framework to support liquidity asset usability**
[Seeks](#) views on banks' constraints to draw on their stock of HQLA to meet unusual liquidity demands and what factors affect this. Deadline: June 30, 2022.

United States

- **FDIC consults on climate-related financial risk management principles for large financial institutions**
Draft principles providing a [high-level framework](#) for the safe and sound management of exposures to climate-related financial risks. Deadline: 60 days after its publication in the Federal Register.
- **FDIC consults on the Bank Merger Act**
It asks for [comments](#) on the application and effectiveness of the existing framework (laws, practices, rules, regulation, guidance, and statement of policy). Deadline: 60 days after its publication in the Federal Register.
- **SEC issues consultations on several new rules**
i) New rules to include certain significant [market participants](#) as “dealers” or “government securities dealers”. ii) New rules to [enhance disclosure](#) and investor protection with respect to SPACs, shell companies and projections. Deadlines: 30 days after publication in the Federal Register, or 60 days after publication on its webpage — whichever is longer.
- **FRB extends comment period for insurance supervision proposal**
The deadline for [comments](#) on the proposal to implement a framework for the supervision of certain insurance organizations is extended. New deadline: May 5, 2022.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *Areas for improvement in the EU crisis management framework* . February 2022. (page 124)
- [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.

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

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