

Financial Regulation: Weekly Update

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Highlights

1. FSB publishes statement on the smooth transition away from LIBOR
2. EC publishes consultation on the functioning of the ESG ratings markets and on a digital euro
3. EBA launches survey on the application of the infrastructure supporting factor
4. EC adopts equivalence decisions for US exchanges
5. ECB and EC issue their respective financial integration reports

Global

- **FSB publishes statement on the smooth transition away from LIBOR**
[Welcomes](#) the smooth transition to robust alternative rates across global markets, primarily RFRs. Firms must have plans in place to ensure their preparedness for the cessation of the USD LIBOR panel.
- **IOSCO publishes consultation on corporate bond markets and good practices concerning ETFs**
[Seeks](#) feedback on its report on corporate bond markets – drivers of liquidity during COVID-19 induced market stresses and its consultation on good practices concerning ETF. Deadlines: Jun 30, 2022 and Jul 6, 2022.
- **ISSB consults on general sustainability-related disclosure and climate-related disclosure requirements**
The [proposals](#) build upon the [recommendations](#) of the Task Force on Climate-Related Financial Disclosures and incorporate industry-based disclosure requirements. Deadline: Jul 29, 2022.

Europe

- **EC publishes consultation on the functioning of the ESG ratings markets**
Aims to better understand [ESG ratings](#) markets and how CRAs incorporate ESG risks in their creditworthiness assessments in order to evaluate whether possible policy initiatives are needed. Deadline: Jun 6, 2022.
- **EC publishes consultation on a digital euro**
[Aims](#) to collect further information on users' needs, role and expectations for a digital euro, AML rules, the privacy and data protection aspects and international payments with a digital euro. Deadline: Jun 14, 2022.
- **EBA launches survey on the application of the infrastructure supporting factor**
Aims to assess the application of the [supporting factor](#) and the materiality of infrastructure project loans across EU banks. NCAs will disseminate the survey to the largest banks. Deadline: May 27, 2022.

- **EC adopts equivalence decisions for US exchanges**
Certain US exchanges supervised by the SEC are declared [equivalent](#) (derivatives traded on these exchanges will be treated as if traded under EU law). The EC also amends equivalence decisions regarding US CCPs to cover certain products.
- **ECB and EC issue their respective financial integration reports**
The [ECB](#) published its biennial report on Financial Integration and Structure in the Euro area and the [EC](#) released its annual European Financial Stability and Integration Review (EFSIR).
- **EBA publishes final report on RTS on strong customer authentication under PSD2**
[Introduces](#) changes to the draft RTS while retaining the mandatory exemption and the extension of the frequency for the renewal of SCA from every 90 days to every 180 days proposed in the consultation paper.
- **EBA publishes risk dashboard and potential impact of the Russian invasion on the EU banking sector**
As of [4Q2021](#), capital and liquidity ratios remain strong; profitability has stabilized at levels higher than pre-pandemic and asset quality has improved. Finally, the first-round risks stemming from the invasion are not a threat to the stability of the EU banking system.
- **ECB publishes annual report on supervisory activities for 2021**
Despite the unusually fast recovery, there is now a need to prepare for post-crisis [challenges](#). At the same time, the pandemic has led to more fundamental changes in the landscape in which banks operate.
- **ESRB publishes a concept note on the review of the macroprudential framework for banks**
It is [aiming](#) for a macroprudential policy in banking that acts in a forward-looking manner, shows flexibility in responding to structural changes and forms part of a holistic framework.
- **ESMA publishes final report on the review of the Short Selling Regulation**
[Proposes](#) targeted amendments to improve its operation, focused on clarifying the procedures for the issuance of short and long-term bans, ESMA's intervention powers and the prohibition of naked short selling.
- **ESMA publishes report on the cost and performance of EU retail investment products**
[Main findings](#): i) limited progress in funds becoming more affordable; ii) retail investors pay higher fees than professional investors; and iii) ESG UCITS outperformed their non-ESG peers and were overall cheaper.
- **ESMA publishes data quality report based on data gathered under EMIR and SFTR**
[Indicates](#) certain aspects related to data reconciliation will require more efforts by reporting entities. Suggests that data quality could be enhanced if counterparties also used the same data set and the same identifiers.
- **ESRB publishes its quarterly risk dashboard**
It is a [set of quantitative and qualitative indicators](#) of systemic risk in the EU financial system, accompanied by its development methodology. It should not be considered to be a policy statement on systemic risks.
- **ESMA postpones the annual review of the RTS 2 on non-equity transparency**
The [decision](#) was taken because the ongoing MiFIR review is likely to have a significant impact on the instruments subject to this report.
- **EIOPA launches climate stress test for the European occupational pension sector**
This is the [first climate stress test](#) carried out to test the resilience of European institutions for occupational retirement provision against a climate change scenario. It was developed together with the ESRB and the ECB.

- **EIOPA submits to the EC draft amendments of supervisory reporting and disclosure requirements**
The proposal [seeks](#) to reduce reporting costs for insurance undertakings and enhance supervision through the inclusion of new information on emerging risks and new areas for which supervisors identified data gaps.
- **EIOPA publishes report on costs and performance of insurance and pension products**
It [points out](#) that higher risk classes delivered higher net returns for unit-linked and hybrid products and certain lower-risk products posted particularly low – and, at times, even negative – net returns.

Spain

- **BoE publishes Circular 3/2022 to complete the transposition of the European prudential framework**
It [amends](#) Circulars 2/2016 and 2/2014, including CRDV developments and the exercise of various national discretionary options. It also updates Circular 5/2012 to include rules on the transparency of banking services.
- **MinEco publishes draft law for the creation of the authority for financial customer protection**
[Centralizes](#) in a single body the claims services of the BdE, CNMV and the Directorate General of Insurance and Pension Funds. Protects users of supervised entities and clients of fintech and crypto-asset services.

United States

- **FDIC issues statement on crypto-related activities**
Institutions that intend to or are currently engaged in activities related to [crypto assets](#) should notify the FDIC, and provide information that will be reviewed by the FDIC to provide relevant supervisory feedback.
- **SEC publishes 2022 examination priorities**
Includes main [areas of focus](#): private funds, ESG investing, retail investor protections, information security and operational resiliency, emerging technologies, and crypto-assets.
- **SEC consults on rules for registration and regulation of security-based swap execution facilities**
It [seeks to](#): i) implement trade execution requirements for security-based swaps and address its cross-border application; ii) mitigate conflicts of interest at SBSEFs, and iii) promote consistency. Deadline: 30 days after publication in the Federal Register, or 60 days after publication on its webpage — whichever is longer.
- **CFPB publishes report on the extension of payday loan payment plans**
The report shows few [payday loan borrowers](#) are benefiting from no-cost extended payment plans, which are required to be offered to borrowers in the majority of states that do not prohibit payday lending.
- **FDIC and OCC publish list of banks examined for CRA**
The latest lists of [state nonmember](#) banks, and [national banks](#), federal savings associations, and insured federal branches of foreign banks recently evaluated for compliance with the CRA.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *What is the European Union's social taxonomy for sustainable finance?*. April 2022.
- [Press Article](#). *Areas for improvement in the EU crisis management framework (page 124)*. February 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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