

Financial Regulation: Weekly Update

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April 22, 2022

Highlights

1. FSB sends letter to G20 authorities
2. EBA publishes final draft RTS on the risk retention requirements for securitizations
3. EC consults on the functioning of the Money Market Fund Regulation
4. EBA issues an opinion on the EC's amendments to the RTS for own funds and eligible liabilities
5. ECB issues guidelines on a new generation TARGET

Global

- **FSB sends letter to G20 authorities**
The letter highlights areas that [require attention](#): i) linkages between commodity markets and the rest of the financial system, ii) commodities derivatives markets, iii) leverage in the financial system, iv) cyber response and recovery capabilities and, v) vulnerabilities in emerging markets related to external financing.
- **FATF issues report on the state of effectiveness and compliance with its standards**
[It provides](#) an overview of global efforts to tackle ML, TF and proliferation financing by reviewing evaluation reports published since 2013, which assessed strengths and weaknesses of national frameworks in this regard.

Europe

- **EBA publishes final draft RTS on the risk retention requirements for securitizations**
[It aims](#) to provide clarity on risk retention requirements ensuring a better alignment of interests and reducing the risk of moral hazard to the development of a sound, safe and robust securitization market in the EU.
- **EC consults on the functioning of the Money Market Fund Regulation**
[Aims](#) to collect information about the impact of the MMFR on the different economic aspects of MMFs and their role in the EU economy. Deadline: May 13, 2022.
- **EBA issues an opinion on the EC's amendments to the RTS for own funds and eligible liabilities**
It states its [disagreement](#) with two important changes proposed by the EC regarding the draft RTS: i) provisions regarding direct and indirect funding and, ii) the prior permission process for liquidation entities.

- **ECB issues guidelines on a new generation TARGET**
The new [TARGET](#) is the result of the consolidation of TARGET2 and TARGET2 Securities. These new guidelines govern the new system and repeal the existing ECB/2012/27 guideline.
- **ECB issues opinion on the proposal for a directive on measures for cybersecurity across the Union**
It [strongly](#) supports the objectives to increase the level of cyber resilience, reduce inconsistencies and improve the level of awareness to prepare and respond by ensuring efficient cooperation in the Union.
- **ESMA issues guidelines on appropriateness and execution-only requirements under MiFID II**
It [expects](#) to promote greater convergence in the application of, and supervisory approaches to, the MiFID II appropriateness and execution-only requirements, thereby enhancing the value of existing standards.
- **SRB publishes its 2022 resolution planning cycle booklet**
It presents information on [resolution planning](#) activities, describing the main processes, priorities and phases of the current cycle.
- **ESAs issue joint report on risks and vulnerabilities in the EU**
Main [focus for 2022](#) on: i) implications of geopolitical tensions; ii) deterioration of asset quality; iii) rise in yields; iv) risks to retail investors; v) ESG considerations; and vi) strengthening cyber resilience.
- **ESAs issue joint 2021 annual report**
The [report](#) provides a detailed account of its work. The main areas of cross-sectoral focus continue to be: sustainability, digital finance, consumer protection and securitization.
- **ESMA publishes complementary annual transparency calculations for equity-like instruments**
[Includes](#): i) liquidity assessment, ii) determination of most relevant markets in terms of liquidity, iii) the average daily turnover, iv) average daily value and number of transactions to determine tick-size regime.
- **ESMA issues guidelines on MAR**
[Provides](#) a non-exhaustive and indicative list of legitimate interests of the issuers that are likely to be prejudiced by immediate disclosure of inside information in relation to Pillar 2 Capital Requirements and Capital Guidance.
- **EIOPA issues an opinion on disclosure of individual results in insurance stress test**
A [change](#) in the legal framework allowing EIOPA to disclose the results of individual undertakings is the only way to obtain individual information, since the majority of companies are reluctant to share it.
- **EIOPA consults on draft guidelines on integrating the customer's sustainability preferences**
To [help](#) customers better understand their sustainability preferences and investment choices, the collection of this information and how to match customer preferences with products. Deadline: May 13, 2022.

Spain

- **CNMV adopts guide for the evaluation of appropriateness and guide on certain MiFID II aspects**
To [increase](#) transparency with respect to the practices and criteria followed in the exercise of its supervisory function, and to help entities understand what it is considered appropriate to comply with regulations.

United Kingdom

- **PRA issues statement on capital arbitrage transactions**
It warns entities about [transactions](#) to offset regulatory requirements, especially with defined benefit pension schemes, and will carefully scrutinize them in light of PRA principles, rules and expectations.
- **BoE announces the publication of the Climate BES results**
The objective of the [Biennial Exploratory Scenario](#) (BES) is to explore the financial risks posed by climate change for the largest UK banks and insurers. It will be released on May 24, 2022.
- **BoE issues consultation on FMI outsourcing and third party risk management**
It seeks to facilitate greater resilience and adoption of the cloud and other [new technologies](#), setting out requirements and expectations on outsourcing and third party risk management in FMIs. Deadline: Jul 14.
- **PRA issues its 2022/2023 business plan, and consults on fees and levies**
i) It sets out its [strategy](#), workplan and budget, presenting four strategic priorities around which the plan is structured. ii) It sets out its proposal for the [2022/2023 fees](#) to carry out its functions, repay borrowings and maintain reserves. Deadline: May 20, 2022.
- **BoE and FCA issue statement on the joint transformation program**
They give the latest [update](#) in the program to transform data collection from the UK financial sector.
- **FCA publishes proposal to boost disclosure of diversity on listed company boards and committees**
[Requires](#) listed companies to report information and disclose against targets on the representation of women and ethnic minorities on their boards and executive management. It will apply from April 1, 2022.

United States

- **Agencies issue consultation on proposal regarding the update of Uniform Rules**
The proposal seeks to update the rules governing formal [administrative proceedings](#) for insured depository institutions. Deadline: 60 days after publication in the *Federal Register*.

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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