

# Financial Regulation: Weekly Update

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May 27, 2022

## Highlights

1. EC consults on the regime applicable to the use of benchmarks in a third country
2. EBA issues final RTS regarding the identification of shadow banks
3. EC issues report on the operation of the ESAs
4. SRB issues addendum to the Public Interest Assessment
5. BoE publishes report regarding the climate biennial exploratory scenario

## Europe

- **EC consults on the regime applicable to the use of benchmarks in a third country**  
[Seeks](#) views on further potential improvements in the functioning of the BMR, specifically as regards the rules applicable to non-EEA benchmarks, which will become effective on January 1, 2024. Deadline: Aug 12, 2022.
- **EBA issues final RTS regarding the identification of shadow banks**  
[Specifies](#) the criteria to identify shadow banking entities for the purposes of reporting large exposures. Entities which have been supervised according to the EU prudential framework will not be considered shadow banks.
- **EC issues report on the operation of the ESAs**  
[Highlights](#) that the ESAs have performed their tasks efficiently and effectively, including during the COVID19 pandemic and deems it premature to propose legislative changes to the ESA Regulations.
- **SRB issues addendum to the Public Interest Assessment**  
Seeks to enhance the SRB approach to the [PIA policy](#) in resolution planning by bringing clarity to the relation to deposit guarantee schemes and its interaction with resolution objectives 2 and 4.
- **EBA updates mapping between technical standards on disclosure and reporting**  
Aims to make the [reporting and disclosure](#) process more efficient and less costly for banks and to facilitate compliance with disclosure requirements and improve the consistency of the information disclosed.
- **EBA announces timeline for the 2022 EU-wide transparency exercise and risk assessment report**  
The [transparency](#) exercise will be launched in September and the release of the information on bank's exposures and asset quality will be published together with the risk assessment report in December.

- **ECB publishes the May 2022 Financial Stability Review**  
The current situation is [challenging](#) but the European banking system has shown resilience with an asset quality that keeps improving but further challenges ahead for future profitability.
- **ESMA publishes report on reasons for lower costs in ESG funds**  
[Studies](#) the drivers behind their relative cheapness and outperformance and finds differences: ESG funds more oriented towards large cap stocks and developed economies and differences in sectoral exposures.
- **ESMA issues new Q&As**  
Covering [several topics](#): i) application of AIFMD, ii) application of UCITS Directive, iii) CSD Regulation, iv) crowdfunding service providers regulation and v) MiFID II and MiFIR transparency topics.
- **EIOPA publishes report on insurers' exposure to physical climate change risk**  
[Aims](#) to provide an initial assessment of the exposure to climate-related hazards (windstorm, wildfire, river and coastal flood risks) and inform on future work in this relatively new field.

## United Kingdom

- **BoE publishes report regarding the climate biennial exploratory scenario**  
It [finds](#) that there is still work to be done to manage exposure to climate risks; at an aggregate level banks are likely to absorb the costs of transition and that public policy is determinant of the speed and shape of changes.
- **FCA announces new powers to strengthen consumer protection**  
This will [strengthen](#) consumer protection by reducing the risk of consumers misunderstanding or being misled about their exposure to financial risk and how much consumer protection they have.
- **BoE and FCA issue discussion paper on MMF**  
[Discusses](#) possible policy changes that would affect UK MMFs and their users. Such policy changes are also relevant to non-UK MMFs that are marketed to UK investors. Deadline for comments: July 23, 2022.
- **FPC publishes final policy on O-SII buffer framework's amendments**  
It [decided](#) that O-SII buffer rates should be determined based on firms' average of quarter-end leverage exposure measure. The changes will come into effect in December 2023.

## United States

- **SEC consults on proposal to enhance ESG disclosure from certain advisers and companies**  
[Amendments](#) proposed to promote consistent, comparable and reliable information for investors concerning funds' and advisers' incorporation of ESG factors. Deadline: 60 days after publication in the Federal Register.
- **SEC consults on proposal regarding misleading fund names**  
Seeks to modernize the "[Names Rule](#)" to address changes in the fund industry and practices. It requires more funds to adopt an "80 percent investment policy". Deadline: 60 days after publication in the Federal Register.
- **FDIC publishes its 2022 Risk Review**  
A [comprehensive](#) summary of emerging risks in the US banking system as observed in 2021, including operational risk to banks from cyber threats and illicit activity, and climate-related financial risks.

- **OCC issues third and fourth quarter 2022 CRA evaluation schedule**  
Presents the list of [national banks](#) and federal saving associations set to be evaluated under the CRA in the upcoming quarters.

**Recent publications of interest (in English and Spanish):**

- [Press Article](#). *The first climate stress tests for European banks have arrived*. May 2022.
- [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](#). *Seven keys to financial regulation in 2022*. January 2022.

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

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