

Financial Regulation: Weekly Update

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Highlights

1. EBA publishes opinion on the review of the PSD2
2. EBA publishes statement on the use of COVID-19 impacted data on internal models
3. EIOPA issues consultations on different supervisory statements
4. BdE consults draft circular on information regarding covered bonds and other loan mobilization instruments
5. FRB releases the results of the DFAST 2022 stress test

Europe

- **EBA publishes opinion on the review of the PSD2**
Proposals to [enhance](#) competition, facilitate innovation, protect consumers' funds and data, foster development of user-friendly services, and prevent exclusion from access to payment services, as well as to harmonize the application of legal requirements across the EU.
- **EBA publishes statement on the use of COVID-19 impacted data on internal models**
Four [draft principles](#) issued regarding the representativeness and usage of IRB data impacted by the pandemic and the countering measures in terms of calibration and validation.
- **EIOPA issues two consultations on different supervisory statements**
Consultations on supervisory statements regarding: i) [exclusions](#) in insurance products related to risks arising from systemic events, and ii) [management](#) of non-affirmative cyber underwriting exposures. Deadlines: Jul 18.
- **EIOPA issues its Financial Stability Report**
[Insurers](#) entered 2022 in good financial conditions and with solid capital buffers. Investment profitability returned to pre-Covid-19 levels while underwriting profitability as a whole also improved slightly.

Spain

- **BdE consults draft circular on information on covered bonds and other loan mobilization instruments**
It [establishes](#) the new information that entities must send to the Bank of Spain regarding covered bonds and other loan mobilization instruments, modifying the Circular 4/2017. Deadline: July 6, 2022

- **CNMV publishes its 2021 annual report**

It [explains](#) the initiatives carried out to protect investors and highlights its actions on various current issues, paying attention to the evolution of the sector in light of regulations on sustainable finance.

- **CNMV and Ukrainian National Securities and Stock Market Commission sign MoU**

It [contemplates](#) the collaboration between both commissions, assistance and mutual consultation, and the exchange of communications to improve investor protection.

United Kingdom

- **BoE confirms withdrawal of mortgages market affordability test**

Following the latest review on the mortgage market, it withdraws the [recommendation](#) to apply a stressed interest rate to assess the ability of a borrower to repay a mortgage. Effective date: Aug 1, 2022.

- **PRA issues consultation on model risk management principles**

It has developed a set of [principles](#) considered to be key in establishing an effective model risk management (MRM) framework. The MRM principles are intended to address specific shortcomings observed in UK banks.

United States

- **FRB releases the results of the DFAST 2022 stress test**

It shows that banks continue to have [strong capital](#) levels, allowing them to continue lending to households and businesses during a severe recession.

- **FDIC consults on the proposal to increase the deposit insurance assessment rates**

It increases rates by 2 bps for [insured depository](#) institutions in order to increase the likelihood that the reserve ratio of the Deposit Insurance Fund reaches the statutory minimum of 1.35% by Sep 2028. Deadline: Aug 20.

- **SEC adopts rules on electronic filing**

It requires certain [documents](#) filed by investment advisers, institutional investment managers, and certain other entities to be filed or submitted electronically. It also makes amendments to enhance the information provided.

- **CFPB consults on credit card late fees and payments**

It seeks [information](#) on factors used by card issuers to set late fee amounts, whether these fees are reasonable and proportional, data about card issuers' revenue and expenses, the potential deterrent effect of late fees, and the role late fees play in credit card companies' profitability. Deadline: Jul 22.

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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