

Financial Regulation: Weekly Update

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Highlights

1. ECB publishes the results of the climate risk stress test
2. BCBS publishes high level considerations on proportionality
3. FSB consults on indicators for measuring progress toward the G20 cross-border payments target and promotes the use of LEI on this type of payments
4. EBA publishes decision on reporting of payment fraud data under PSD2
5. EBA updates the list of Other Systemically Important Institutions

Global

- **BCBS publishes high level considerations on proportionality**
To provide [practical support](#) to supervisory authorities to implement proportionality in their domestic regulatory and supervisory frameworks. The considerations are voluntary and do not modify existing standards.
- **FSB consults on indicators to measure progress on G20 cross-border payments target and promotes the use of LEI**
Seeks [feedback](#) on the definition of the KPIs, the data to calculate them and the use of proxies for monitoring the progress. Deadline: July 31, 2022. It also promotes the adoption of the [Legal Entity Identifier](#) (LEI) in cross-border payments.
- **IOSCO publishes cryptoasset roadmap for 2022-2023**
It will prioritize policy-focused work on [cryptoasset](#) markets and activities during the first 12 to 24 months, while continuing to monitor market developments associated with broader fintech-related trends and innovation.
- **FATF updates the implementation of its standards on virtual assets**
The report [finds](#) that jurisdictions have made only limited progress over the last year in implementing the FATF's Standards on Virtual Assets and its services providers and encourages them to address the gaps.

Europe

- **ECB publishes the results of the climate risk stress test**
They show that banks do not yet sufficiently incorporate [climate risk](#) into their stress-testing frameworks and internal models. It is not a capital adequacy exercise but a learning one for banks and supervisors

- **EBA publishes decision on reporting of payment fraud data under PSD2**
It [allows](#) the establishment of a streamlined workflow arrangement whereby the ECB, on behalf of the relevant competent authorities, could submit data in line with the specifications set out in the Decision on EUCLID.
- **EBA updates the list of Other Systemically Important Institutions**
The [list](#) is based on end-2020 data and also reflects the O-SII score and the capital buffers that the relevant authorities have set for the identified O-SIIs.
- **EBA publishes its quarterly risk dashboard**
It [indicates](#) that the average common equity tier 1 declined to 15%, liquidity buffers are still abundant, non-performing loans continued to decrease and banks' return on equity decreased.
- **EBA publishes report on the successful mitigation of possible infection risk from legacy instruments**
It [analyzes](#) how its opinion on the prudential treatment of legacy instruments has been implemented across the EU. Institutions and NCAs have made significant efforts to implement it in an effective and consistent manner.
- **ESMA publishes the results of its fourth stress test exercise of Central Counterparties**
It [highlights](#) the overall resilience of EU CCPs, as well as third-country Tier 2 CCPs despite market volatility, but identified areas to improve as concentration and operational risks.
- **ESRB publishes report on the EU securitization market**
It [publishes](#) the implications of the EU securitization market for financial stability, focusing on residential mortgage-backed securities due to the vulnerabilities in the residential real estate market in a number of MS.
- **ESMA publishes annual report**
It reviews its [achievements](#) in 2021 in fulfilling its mission and focusing on its role in the supervision of EU-wide entities and its contribution on sustainable and digital finance.
- **ESRB publishes its quarterly risk dashboard**
It is a set of quantitative and qualitative [indicators](#) of systemic risk in the EU financial system.
- **EIOPA publishes opinion on the proposal for an Insurance Recovery and Resolution Directive**
It [welcomes](#) the EC proposal as it addresses all relevant building blocks of a recovery and resolution framework and focuses on cooperation and coordination among authorities.
- **EIOPA publishes monthly technical information**
On i) the [relevant risk free interest](#) rate term structures (RFR) with reference to the end of June 2022 and ii) the symmetric [adjustment of the equity capital charge](#) for Solvency II.

Spain

- **CNMV authorizes the internal rules for a new multilateral trading system**
This new [system](#) is regulated by MiFID II and first admission equity and fixed income securities will be traded. BME MTF Equity, Latibex, MARF, SENAF and Dowgate MTF also currently operate in Spain.

United Kingdom

- **FCA consults on improving equity secondary markets**
It proposes [rule changes](#) to improve trade execution, reducing compliance and operational costs for firms and to increase post-trade transparency for investors. Deadline: Sept 16, 2022.
- **PRA publishes statement on the recalculation of the transitional measure on technical provisions**
Recent movements in risk free rates meet the threshold for a material change in risk profile and PRA would be willing to accept applications from firms to [recalculate TMTP](#).

United States

- **FRB and FDIC extend deadline for U.S. G-SIB resolution plan feedback**
They have [extended](#) the period for issuing feedback for the U.S. global systemically important banks' 2021 resolution plans to allow the agencies additional time to analyze them.
- **Agencies publish joint statement on the risk-based approach to assess customer relationships**
Banks must adopt appropriate [risk-based](#) procedures for conducting ongoing customer due diligence that enable banks to understand the customer risk profile, and to maintain and update customer information.
- **CFPB issues advisory to protect privacy when companies compile personal data**
The new advisory opinion makes clear that credit reporting companies and users of credit reports have specific obligations to [protect](#) the public's data privacy.

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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