

# Financial Regulation: Weekly Update

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## Highlights

1. EBA and ESMA issue guidelines and RTS to harmonize the investment firm supervisory process
2. EBA publishes EU-wide stress test methodology
3. EBA publishes report on benchmarking of remuneration practices, and high earners data
4. ESMA issues statement on key indicators for retail investors
5. CNMV publishes opinion on the entry into force of the "Green MiFID"

## Europe

- **EBA and ESMA issue guidelines and RTS to harmonize the investment firm supervisory process**  
They have [published](#) a joint SREP Guidelines for investment firms, and the final draft of the Regulatory Technical Standards (RTS) on Pillar 2 add-ons for investment firms.
- **EBA publishes EU-wide stress test methodology**  
It has [published](#) its 2023 EU-wide stress test draft methodology, templates and template guidance, which will be discussed with the industry. The 2023 exercise will inform the 2023 SREP.
- **EBA publishes report on benchmarking of remuneration practices, and high earners data**  
The number of [high earners](#) went down from 2019 to 2020, while the bonus level for high earners incurred a slight decrease in the context of the COVID-19 pandemic.
- **ESMA issues statement on key indicators for retail investors**  
It focuses on the [development](#) of key retail risk indicators, highlighting risks on: i) inexperienced investors, ii) use of digital tools by younger investors and, iii) spikes in overall trading during periods of market stress.
- **ESMA issues report on revised guidelines on the scope of the CRA regulation**  
It proposes a [refinement](#) of the 2013 guidelines, providing clarifications on certain elements, and describing how certain terms should be interpreted and understood. Application date: 18 months following publication.
- **ESMA issues peer review of EU CCP supervision and prospectuses approval**
  - i) The report on the [supervision](#) of CCPs by NCAs measures the effectiveness of supervisory practices in assessing CCP compliance with EMIR's business continuity requirements.
  - ii) Review of the [scrutiny](#) and approval procedures of prospectuses by competent authority, and their impact on issuers' ability to raise capital.

- **ESRB publishes its annual report**  
It [describes](#) an overview of the systemic risks in the EU financial system, the ESRB policies to address them, a review of the national measures and the action taken by the ESRB to enhance its accountability.
- **ESRB publishes its annual EU Non-bank Financial Intermediation risk report**  
It [monitors](#) systemic risks related to NBFIs, including investment funds and other financial institutions such as financial vehicle corporations, security and derivative dealers and financial corporations engaged in lending.
- **ESMA issues new Q&As**  
It [updates Q&As](#) on MiFIR data reporting, MiFID II and MiFIR market structure topics, and on SFTR data reporting.
- **EIOPA publishes guidance on customers' sustainability preferences**  
To support NCAs on integrating customers' [sustainability preferences](#) in the suitability assessment under the Insurance Distribution Directive (IDD).
- **EIOPA publishes report of the peer review on outsourcing**  
It [assesses](#) the framework implemented by national supervisory authorities to oversee the outsourced activities of insurance and reinsurance undertakings, to promote consistent supervision in this regard.

## Spain

- **CNMV publishes opinion on the entry into force of the "Green MiFID"**  
It makes a series of [recommendations](#) until the final guidelines are approved, so that starting August 2 entities integrate sustainability preferences in the suitability test.
- **CNMV updates its Q&A on sustainability regulation**  
It [aligns](#) its criteria with the position of European supervisors and clarifies new questions that have been arising on the application of disclosure and taxonomy regulations.

## United Kingdom

- **PRA issues consultation on remuneration**  
It [proposes](#) expectations with respect to changes to the instruments or claims that comprise unvested, deferred sums awarded to Material Risk Takers (MRTs) as part of their variable pay. Deadline Sept 19, 2022.
- **BoE, PRA and FCA consult on potential measures to strengthen services provided by CTPs**  
Supervisory authorities have set out [measures](#) to strengthen the resilience of services provided by critical third parties ('CTPs') to the UK financial sector. Deadline Dec 23, 2022.

## United States

- **FRB issues consultation on proposal regarding LIBOR discontinuation**  
It [provides](#) default rules for contracts that use the LIBOR reference rate to be discontinued next year (June 30, 2023). Deadline: 30 days after publication in the Federal register

- **CFTC extends comment period on consultation regarding information on climate risks**  
It [seeks](#) feedback on climate-related financial risk, including the derivatives markets, underlying commodities markets, registered entities, registrants, and other related market participants. Deadline: Oct 7, 2022.
- **FDIC issues statement on brokered deposits**  
It adds new Q&As and [updates public](#) information on the reporting of sweep deposits on Call Reports.

### 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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