

Financial Regulation: Weekly Update

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Highlights

1. EBA issues consultation on its revised guidelines on methods for calculating contributions to DGSs
2. ECB tasks five experts with reviewing the annual supervisory review process
3. EBA consults on RTS on the determination by originators of exposure value of SES in securitizations
4. EBA issues guidelines on the criteria for exemption of investment firms from liquidity requirements
5. CPMI and IOSCO issue consultation paper on CCPs' practices for addressing non-default losses

Global

- **CPMI and IOSCO issue consultation paper on CCPs' practices for addressing non-default losses**
They seek input on CCP [practices](#) to address non-default losses, such as losses from cyber attacks, given that these events can threaten a CCP's viability. Deadline: Oct 4, 2022.
- **IOSCO publishes report on retail investor education on sustainable finance**
It [identifies](#) some of the main challenges for developing educational content on these matters and highlights that education on sustainable finance helps protect investors against fraud and greenwashing.
- **IAIS issues statement on climate-related financial disclosure standards**
It [notes](#) the importance of considering the specific characteristics of the insurance industry and that increased disclosure will be necessary to support insurers in making public disclosures of sufficient quality and detail.

Europe

- **EBA issues consultation on its revised guidelines on methods for calculating contributions to DGSs**
It aims at enhancing the [proportionality](#) between the risk and DGS contributions, and at streamlining and simplifying the original Guidelines. Deadline: Oct 31, 2022.
- **ECB tasks five experts with reviewing the annual supervisory review process**
To [review](#) the effectiveness and efficiency of the Supervisory Review and Evaluation Process (SREP) and how it relates to other supervisory processes. The advisory mandate runs until the end of Q1 2023.
- **EBA consults on RTS on the determination by originators of exposure value of SES in securitizations**
It [specifies](#) how originator institutions are to determine the exposure value of Synthetic Excess Spread (SES), taking into account the relevant losses expected to be covered by it. Deadline: Oct 14, 2022

- **EBA issues guidelines on the criteria for exemption of investment firms from liquidity requirements**
It seeks to ensure that [competent authorities](#) granting this exemption to small and non-interconnected investment firms follow a harmonized approach, while maintaining proportional prudential requirements.
- **EBA issues second report on the functioning of AML/CFT supervisory colleges in the EU**
It [finds](#) that, although competent authorities are committed to implementing the AML/CFT colleges framework, they need to do more to ensure ongoing collaboration and proactive information exchange within colleges.
- **ESMA consults on pre-hedging**
It [aims](#) to promote discussion on this practice to develop guidance, illustrates the arguments in favor and against and requests contributions to delineate its admissibility in the context of MAR and MiFID/MiFIR.
- **EBA updates filing rules for supervisory reporting**
It published an [update](#) modifying rule 3.6 to redefine the condition to apply the new reporting subject and to instruct the usage of entity types to indicate aggregate levels in the reporting subject of a reporting document.
- **EBA issues updated data on DGSs across the European Economic Area**
Updated data as of Dec 31, 2021 on [Available Financial Means](#) and covered deposits of 36 EEA DGSs. Most of them have increased their AFM by more than 19%. Covered deposits also increased significantly.
- **ECB publishes the list of supervised entities as of 1 July 2022**
It [displays](#) the significant supervised entities, which are directly supervised by the ECB and the less significant supervised entities which are indirectly supervised by the ECB.
- **ESMA publishes new data on bond liquidity and for SI calculations**
It [published](#) the new quarterly liquidity assessment for bonds as well as the data for the systematic internalizer quarterly calculations for equity, equity-like instruments and bonds under MiFID II and MiFIR.
- **ESMA issues opinion on AMP on liquidity contracts notified by the CMVM**
It [supports](#) a revised Accepted Market Practice (AMP) on liquidity contracts notified by the Portuguese market regulator, the Comissão do mercado de valores mobiliários (CMVM).
- **ESMA issues updated European Single Electronic Format (ESEF) reporting manual**
[Highlights](#) the new guidance in relation to the ESEF RTS requirement to mark up the notes to the IFRS consolidated financial statement following the “block tagging” approach.
- **EIOPA consults on governance arrangements in third countries**
It [aims](#) to enhance the supervision and monitoring of insurance undertakings’ and intermediaries’ compliance with relevant EU legislation concerning governance arrangements in third countries. Deadline: Oct 21, 2022.
- **EIOPA publishes guidelines on how to reflect climate change in ORSA**
It [gives](#) insights and provides examples to help undertakings design the steps for the materiality assessment and run climate change scenarios in the Own Risk and Solvency Assessment (ORSA).
- **EIOPA publishes monthly technical information for Solvency II**
Technical information for Solvency II with reference to the end of July 2022 on i) the relevant [risk free interest rate](#) term structures (RFR) and ii) the [symmetric adjustment](#) of the equity capital charge.

Spain

- **CNMV issues new circular on collective investment institutions prospectuses under PRIIPs**
It [seeks](#) to align the national CII regulation regarding the content, form and cases of updating the document with the key investor information, with the PRIIPs Regulation. It will come into force on January 1, 2023.

United Kingdom

- **BoE issues policy statement on derivatives clearing obligation and Secured Overnight Funding Rate**
It [proposes](#) to add Overnight Index Swaps (OIS) that reference the SOFR to the scope of contracts subject to the derivatives clearing obligation and to remove contracts referencing USD Libor.
- **FCA issues statement on the transition of LIBOR-linked bonds**
It [encourages](#) issuers and bondholders of outstanding LIBOR-linked bonds to consider this information and take the necessary action to transition outstanding LIBOR-linked bonds to fair alternative rates.
- **FCA issues statement on marketing of high-risk investments to consumers**
It has [finalized](#) stronger rules to help tackle misleading adverts that encourage investing in high-risk products. Firms approving and issuing marketing must have appropriate expertise.
- **PRA issues policy statement providing final policy on several topics**
It provides the [final policy](#) related to Solvency II technical information, leverage ratio, amendments to CRR rules, the PRA rulebook and UKTS and Pillar 3 liquidity disclosure template.

United States

- **FRB issues statement on capital requirements for large banks**
It sets the individual [capital requirements](#) for large banks, which includes: i) the minimum capital requirement, ii) the stress capital requirement, and iii) G-SIB surcharge (if applicable). Effective date: Oct 1.
- **FRB issues statement with information for banks engaging in crypto-asset-related activities**
It outlines the steps supervised banks should take [prior to engaging](#) in crypto-asset-related activities. Additionally, banking organizations should notify the Board prior to engaging in crypto-asset-related activities.
- **CFTC issues final rule on swap clearing requirements to support the transition from LIBOR**
Removes [requirements](#) to clear interest rate swaps referencing the LIBOR and other interbank offered rates, replacing them with others to clear interest rate swaps referencing overnight, nearly risk-free reference rates.
- **FRB issues guidelines on factors reviewed to access FED accounts and payment services**
Final [guidelines](#) establishing a transparent, risk-based, and consistent set of factors for Reserve Banks to use in reviewing requests to access Federal Reserve accounts and payment services.
- **Agencies issue consultation on policy statement regarding commercial real estate**
It focuses on: i) risk management, ii) [classification of loans](#), iii) regulatory reporting, and iv) accounting considerations, including updated references to supervisory guidance. Deadline: 60 days from the date of publication in the Federal Register.

- **SEC consults on rules to improve clearing agency governance**
It seeks to improve [governance arrangements](#) across clearing agencies by reducing the likelihood that conflicts of interest may influence the board of directors. Deadline: 60 days following website publication or 30 days following publication in the Federal Register, whichever is longer.
- **FRB issues final amendments to Regulation D**
It revises the [rate of interest](#) paid on balances maintained at Federal Reserve Banks by or on behalf of eligible institutions, leaving it at 2.4% (a 0.75 percentage point increase from its prior level).
- **FDIC issues supervisory guidance on NSF fees**
It seeks to address certain [consumer compliance](#) risks associated with assessing multiple non-sufficient funds (NSF) fees arising from the re-presentation of the same unpaid transaction.
- **SEC issues amended whistleblower rules to incentivize tips**
It allows the SEC to pay [whistleblowers](#) for information and assistance regarding non-SEC actions in additional circumstances, and affirms SEC's authority to consider the dollar amount of a potential award for the limited purpose of increasing an award but not to lower an award.
- **FRB issues its 2021 annual report**
In the [supervision](#) and regulation section, it explains: i) its supervisory activities, ii) the implementation of its regulatory policy, and iii) the monitoring of trends in the banking sector.
- **CFTC issues temporary no-action relief letter for certain non-US non-bank swap dealers**
No-action relief on [capital and financial](#) reporting that applies to non-bank swap dealers domiciled in foreign jurisdictions that are subject to a pending review for comparability determination. Expires on Oct 1, 2024.
- **CFPB issues interpretative rule on digital marketing providers**
It lays out when digital [marketing providers](#) for financial firms must comply with federal consumer financial protection law. Digital marketers acting as service providers can be held liable for unfair or deceptive practices.
- **CFPB issues Circular data protection for sensitive consumer information**
It states that [entities](#) can violate the prohibition on unfair acts or practices if they have insufficient data protection or information security.
- **CFTC and SEC consult on proposal to enhance Private Fund adviser reporting data**
Proposal to amend [Form PF](#) (a confidential reporting form for certain investment advisers to private funds), in order to improve its utility for the FSOC when assessing systemic risk. Deadline: 60 days following website publication or 30 days following publication in the Federal Register, whichever is longer.
- **OCC and FDIC release CRA evaluations**
List of [national banks](#) and federal savings associations and [state non-member](#) banks, whose assessments under the CRA became public in July and August respectively.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *Basilea III en Europa: Ajuste a la realidad* (only in Spanish). Aug 2022.
- [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.

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

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