

Financial Regulation: Weekly Update

Matías Cabrera and Inés Criado

November 18, 2022

Highlights

1. FSB publishes final report on exit strategies to support recovery and address effects from COVID-19
2. FSB and NGFS publish joint report on initial findings and lessons of climate scenario analysis
3. EBA consults on guidelines to institutions and resolution authorities on resolvability testing
4. ESAs launch joint call for evidence on greenwashing
5. EBA publishes final technical standards on the measurement of liquidity risks for investment firms

Global

- **FSB publishes final report on exit strategies to support recovery and address effects from COVID-19**
It [considers](#) specific policy challenges: (i) ensuring the effectiveness of domestic policies; (ii) containing cross-border spillovers and addressing debt overhang issues; (iii) the role of international standards.
- **FSB and NGFS publish joint report on initial findings and lessons of climate scenario analysis**
It [aims](#) to draw lessons for effective scenario analysis and sketch out the global perspective stemming from the various national/regional exercises conducted to date.
- **FSB publishes final report on the implementation approach for cross-border payments targets**
It [provides](#) an update to the framework for monitoring progress toward the targets for achieving cheaper, faster, more transparent, and more accessible cross-border payments.
- **FSB publishes 2022 annual report**
Main [topics](#) are: i) cross-border payments, ii) non-bank financial intermediation, iii) resolvability of CCPs, iv) regulation and supervision of financial institution's risks, v) crypto-assets and vi) climate change related risks.
- **IOSCO issues statement on liquidity in corporate bond markets during COVID-19**
It [summarizes](#) stakeholder views on possible ways to improve market functioning and liquidity provision in corporate bonds, particularly in stress.
- **IOSCO reviews the implementation of liquidity risk management recommendations**
It [finds](#) that larger jurisdictions and responsible entities (i.e. asset managers) show a high degree of implementation of regulatory requirements consistent with the objectives of the recommendations.

- **IOSCO publishes statement on financial reporting and disclosure during economic uncertainty**
It [emphasizes](#) issuers' need for fair, transparent and timely disclosure about impacts of economic uncertainty which are of critical importance to the proper functioning of the capital markets.

Europe

- **EBA consults on guidelines to institutions and resolution authorities on resolvability testing**
Guidelines to ensure that [resolvability capabilities](#) developed in accordance with the resolvability and transferability guidelines are fit for purpose and remain so. Deadline: Feb 15, 2023.
- **ESAs launch joint call for evidence on greenwashing**
It [aims](#) to understand which areas are more prone to greenwashing risks and seeks input on potential greenwashing practices along the sustainable investment value chain. Deadline: Jan 10, 2023.
- **EBA publishes final technical standards on the measurement of liquidity risks for investment firms**
It [ensures](#) that all competent authorities follow the same harmonized approach when adopting the decision to impose further liquidity requirements on an investment firm.
- **ESMA issues consultation on passporting rules for investment firms**
It seeks to include the [additional information](#) that firms have to provide at the passporting stage, such as the marketing strategy in the host Member State, or the languages for which it has arrangements to deal with client complaints. Deadline: Feb 17, 2023.
- **ESMA publishes guidelines on resolvability and cooperation arrangements of CCPs**
i) Guidelines on common aspects to be assessed by [resolution authorities](#) when evaluating if CCPs can be resolved without relying on external support. ii) Guidelines specifying provisions to be included in cooperation arrangements between competent or resolution authorities and third-country authorities.
- **ECB publishes its biannual report on financial stability review in the euro area**
Risks to [financial stability](#) have increased amid soaring energy prices, elevated inflation and low economic growth. At the same time, financial conditions have tightened as central banks act to rein in inflation.
- **SRB issues its working programme for 2023**
Given that 2023 marks the end of the [transition period](#) for many elements of the resolution framework, the SRB will focus on: i) compliance with expectation for banks, ii) compliance with MREL final target, iii) reach SRF target level.
- **ECB publishes list of supervised entities as of 1 October 2022**
It includes the list of [significant entities](#) supervised by the ECB together with less significant supervised entities which are indirectly supervised by the ECB.
- **EIOPA publishes documents regarding recovery and resolution in insurance**
The papers seek to [provide clarity](#) among stakeholders: i) FAQ regarding Insurance Recovery and Resolution Directive and, ii) comparative analysis of IRRD and the BRRD identifying similarities and differences.

Spain

- **BdE publishes its bi annual financial stability report**

It [analyzes](#) the risks to the Spanish financial system and the profitability and solvency of Spanish deposit institutions in both a backward- and forward-looking fashion and presents BdE's macroprudential policy.

United Kingdom

- **FCA publishes statement on pension redress calculations**

It restates the importance of [calculating fees](#) and charges correctly, as a small number of firms are calculating redress incorrectly. It warns that it will take action against firms failing to comply with this guidance.

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](#).

DISCLAIMER

The present document does not constitute an “Investment Recommendation”, as defined in Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (“MAR”). In particular, this document does not constitute “Investment Research” nor “Marketing Material”, for the purposes of article 36 of the Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organizational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (MIFID II).

Readers should be aware that under no circumstances should they base their investment decisions on the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to take an appropriate investment decision.

This document has been prepared by BBVA Research Department. It is provided for information purposes only and expresses data or opinions regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes.

BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents.

This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

The content of this document is protected by intellectual property laws. Reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process is prohibited, except in cases where it is legally permitted or expressly authorized by BBVA on its website www.bbvarresearch.com.

ENQUIRIES TO:

BBVA Research: Azul Street, 4. La Vela Building – 4th and 5th floor. 28050 Madrid (Spain).
Tel. +34 91 374 60 00 y +34 91 537 70 00 / Fax (+34) 91 374 25
bbvarresearch@bbva.com www.bbvarresearch.com