

Financial Regulation: Weekly Update

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December 02, 2022

Highlights

1. CPMI and IOSCO publish report on financial market infrastructures (FMIs) cyber resilience
2. ESMA publishes a report and consults on standards for benchmark administrator applications
3. ESMA updates guidelines on stress tests for Money Markets Funds (MMF)
4. CNMV consults on new restrictions on CFD trading to strengthen retail investor protection
5. PRA consults on the proposals for implementation of the Basel 3.1 standards

Global

- **CPMI and IOSCO publish report on financial market infrastructures (FMIs) cyber resilience**
It [finds](#) reasonably high adoption of the 2016 guidance. However, it identifies concerns on certain FMIs not meeting expectations on cyber response and recovery plans.
- **BCBS publishes newsletter on bank exposures to non-bank financial intermediaries**
It strongly [encourages](#) the application of existing guidelines and it is committed to continuing to exchange supervisory views on banks' exposures to NBFIs and related supervisory practices.
- **IOSCO publishes report on education practices to support investor protection**
The report proposes seven [sound practices](#) that regulators should consider when designing financial and investor education initiatives to mitigate and address retail investor risks and vulnerabilities in periods of crisis.

Europe

- **ESMA publishes a report and consults on standards for benchmark administrator applications**
[Report](#) on the form and content of applications for recognition by non-EU benchmark administrators, and a [consultation](#) on amendments on the information that EU benchmark administrators need to provide in applications for authorization and registration. Deadline: Jan 31, 2023.
- **ESMA updates guidelines on stress tests for Money Markets Funds (MMF)**
It [establishes](#) common reference parameters of the stress test scenarios to be included in the stress tests that MMFs or managers of MMFs are required to conduct. These guidelines are updated at least every year.

- **ESRB and ECB update stress parameters for the 2022 ESMA MMF guidelines**
It [includes](#) the calibration methodology and the main sources of risk that lead to the adverse scenario, as well as the key features that ESMA considers relevant to the MMF sector.
- **ESRB publishes report on lessons learned from CV-19 on fiscal support and macroprudential policy**
[Fiscal measures](#) significantly contributed to the resilience of the financial system and ensured the continued provision of financial services – primarily a continued supply of credit.
- **EIOPA consults on cyber component in its insurance stress testing framework**
It [contains](#) a set of theoretical and practical approaches for insurance stress tests with a focus on cyber risk. Main aspects: cyber resilience & cyber underwriting risk. Deadline: Feb 28, 2023.

Spain

- **CNMV consults on new restrictions on CFD trading to strengthen retail investor protection**
It [proposes](#) to install additional restrictions on advertising in the marketing, distribution or sale of financial contracts for difference (CFDs) to retail investors, in compliance with MiFIR. Deadline: Jan 21, 2023.
- **CNMV publishes new approach on documentation requirements**
In order to boost the [securities market](#), it reduces the amount of documentation that firms need to submit for public offerings and admissions to trading, reducing costs and administrative burdens.
- **CNMV publishes report on the situation of LIBOR**
It [reports](#) on the decisions of the FCA in relation to the index in US dollars (USDLibor), in pounds sterling (GBP Libor) and in Japanese yen (JPY Libor).

United Kingdom

- **PRA consults on the proposals for implementation of the Basel 3.1 standards**
To implement the latest [Basel III](#) standards with changes to credit, market and operational risk frameworks. The aim is to enhance risk sensitivity, comparability and simplicity of capital ratios. Deadline: Mar 31, 2023.
- **PRA publishes final approach to identifying other systemically important institutions (O-SIIs)**
It removes EBA [scoring methodology](#) from the O-SII identification process and updates specific indicators and weights in the PRA's scoring methodology for O-SII identification.
- **PRA publishes list of UK headquartered G-SIIs and O-SIIs**
Based on its methodology, it identifies 15 firms classified as [O-SIIs](#) in the UK. Additionally, it presents the list of UK headquartered [G-SIIs](#), with their respective sub-categories, scores, and buffers.
- **PRA publishes statement on freezing OSII buffer rates**
It [confirms](#) its decision to maintain OSII buffer rates for 2022. PRA will reassess O-SII buffer rates in 2023 based on the Financial Policy Committee's updated framework and in line with the PRA's statement of policy.
- **FCA proposes new ways to make financial advice more accessible**
It [creates](#) a separate, simplified financial advice regime, making it cheaper and easier for firms to advise consumers about certain mainstream investments within stock and shares ISAs.

United States

- **CFTC extends brexit-related no-action relief on the continuity of derivatives trading and clearing**
It extends the [positions previously](#) announced to maintain the regulatory certainty established when the CFTC originally acted to issue EU comparability determinations and exemptive orders for certain EU entities.
- **FRB announces annual indexing of reserve requirement exemption amount**
Technical details on [reserve requirements](#). If these were different from zero, the new values would be used to determine different ranges of reserve requirements (depending on the amount of balances at the institution).

Recent publications of interest (in English and Spanish):

- [Press Article](#). *Whither international Banking Regulation?* Nov 2022.
- [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.

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

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