

Financial Regulation: Weekly Update

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Highlights

1. EBA and ECB launch 2023 EU-Wide stress test
2. EBA consults on its ITS on supervisory reporting with respect to IRRBB
3. ECB, ESMA and EIOPA issue its first opinion on the draft European Sustainability Reporting Standards (ESRS)
4. ESMA reviews the scope of clearing and derivatives trading obligations
5. HM Treasury consults on future financial services regulatory regime for crypto-assets

Global

- **IOSCO updates 2011 Principles for the Regulation and Supervision of Commodity Derivatives Markets**
It [aims](#) at ensuring that these principles continue to provide a resilient framework for the regulation and oversight of the commodity derivatives markets.
- **IOSCO publishes the Investment Funds Statistics Report (IFSR)**
It [aims](#) to facilitate the regular collection and analysis of investment fund data, enabling regulators and stakeholders to share information and observe trends in the global investment funds sector.
- **FATF publishes its annual report 2021-2022**
It [highlights](#) that 76% of the countries have implemented the FATF's recommendation by establishing and enacting a broad range of laws and regulations to better tackle and manage AML/FT risk.

Europe

- **EBA and ECB launch 2023 EU-wide stress test**
i) [EBA](#) launches the 2023 EU-wide stress test (covering 70 banks) and releases the macroeconomic scenarios. ii) The [ECB](#) will evaluate 99 directly supervised banks in 2023: 57 of the euro area's largest banks, and 42 medium-sized banks. The results will be published at the end of July 2023.
- **ESRB provides macro-financial scenario for the 2023 EU-wide banking sector stress test**
The [document](#) includes the baseline and adverse macro-financial scenarios that banks are required to use in the 2023 EU-wide stress-testing exercise coordinated by the EBA.

- EBA consults on its ITS on supervisory reporting with respect to IRRBB**
It proposes harmonized [reporting](#) requirements, to provide supervisors with quality data, especially important in the current environment of high inflation and growing interest rates. Deadline: May 2, 2023.
- ECB issues its opinion on the first set of European Sustainability Reporting Standards (ESRS)**
It [concludes](#) that they address the main needs from the perspective of the ECB and appreciates the significant efforts made to align the standards and ensure their interoperability.
- ESMA issues its first opinion on the draft European Sustainability Reporting Standards (ESRS)**
It [finds](#) that they broadly meet the objective of being conducive to investor protection and not undermining financial stability but indicates that selected technical issues need to be addressed.
- EIOPA issues its opinion on draft standards governing corporate sustainability disclosures (ESRS)**
It [considers](#) that they meet the objectives of promoting the disclosure of high-quality information, facilitating interoperability and a proportionate application by undertakings, however, some aspects can be enhanced.
- ESMA reviews the scope of clearing and derivatives trading obligations**
It [proposes](#) amendments to the scope of clearing and derivative trading for over-the-counter (OTC) interest rate derivatives denominated in EUR, GBP, JPY, and USD to ensure a smooth benchmark transition.
- ESAs consult on the system for the exchange of information relevant to fit and proper assessments**
To [increase](#) the efficiency of the information exchange between sectoral supervisors by harmonizing practices and clarifying how NCAs should use the information system. Deadline: May 2, 2023.
- EBA clarifies the application of strong customer authentication requirements to digital wallets**
The six Q&As [clarify](#) the application of SCA to the enrollment of a payment card to the digital wallet and to the initiation of payment transactions with digitized versions of a payment card.
- ESMA consults on the review of the stress test scenarios methodology for Money Markets Funds**
It [proposes](#) changes to the current methodology to better take into account the interaction between liquidity and redemption pressures and to better capture the macroprudential impact. Deadline: April 28, 2023.
- ESMA publishes data for the quarterly liquidity assessment of bonds**
The [assessment](#) is based on a quarterly assessment of quantitative liquidity criteria, which includes the daily average trading activity (trades and notional amount) and the percentage of days traded per quarter.
- ESMA publishes data for the systematic internalizer calculations**
The data [covers](#) the total number of trades and total volume for the asset classes of bonds and emission allowances over the period July to December 2022.
- EIOPA publishes its Supervisory Convergence Plan for 2023**
It identifies [priorities](#) to enhance supervisory convergence: i) implementation of common supervisory culture and convergence tools; ii) risks to internal market and level playing field and iii) supervision of emerging risks.

United Kingdom

- HM Treasury consults on future financial services regulatory regime for crypto-assets**
It sets out [proposals](#) for the future regulatory regime for crypto-assets, reflecting the risks and opportunities they present. Deadline: April 30, 2023.

- **PRA consults on proposals to remove certain Senior Managers forms from the PRA Rulebook**
This would mean that when PRA needs to make administrative or other non-material changes to these [forms](#) it would not be required to follow the statutory consultation process for rule changes. Deadline: Feb 28, 2023.
- **BoE releases letter on 2022 CBEST thematic findings**
It is a [framework](#) for intelligence-led penetration testing which focuses on an organization's security controls and capabilities when faced with a simulated cyber-attack.

United States

- **FRB issues statement promoting a level playing field with focus on crypto-related activities**
It clarifies that uninsured and insured banks supervised by the Board will be subject to the [same limitations](#) on activities (including crypto-asset-related), preventing regulatory arbitrage with banks with federal supervisors.
- **FDIC announces an extension to the comment period for previous consultation**
A 45-day extension on [consultation](#) regarding regulations about misrepresentations of deposit insurance coverage, or misuse of the FDIC's name or logo (and other issues). New deadline: Apr 7.
- **CFPB issues consultation on rule regarding credit card late fees**
It seeks to reduce and cap [late fees](#), and end automatic annual inflation adjustments, among other issues. Deadline: Apr 3 or 30 days after publication in the Federal register (whichever is later).
- **OCC publishes changes to the loan origination threshold under the Home Mortgage Disclosure Act**
Banks [originating](#) at least 25 closed mortgage loans in each of the two preceding calendar years (but fewer than 100 in either one) may need to make adjustments to procedures to comply with reporting obligations.
- **SEC proposes updates to the ethics rules governing securities trading by personnel**
It seeks to [strengthen](#) its ethics compliance program with new requirements, prohibitions, and enhancements on data collection. Deadline: Mar 31 or 30 days after publication in the Federal register (whichever is later).

Recent publications of interest (in English and Spanish):

- [Press Article](#). *Future challenges in digital regulation* (Spanish only). Jan 2023.
- [Press Article](#). *What can we expect from the sustainable regulatory agenda in 2023?* (Spanish only). Jan 2023.
- [Press Article](#). *Regulatory landscape for 2023* (only Spanish). Dec 2022.
- [Press Article](#). *Whither international Banking Regulation?* Nov 2022.

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

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