

Financial Regulation: Weekly Update

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Highlights

1. BCBS publishes Basel III monitoring report as of June 2022
2. EBA publishes a no-action letter on the banking book – trading book boundary provisions
3. EP and Council reach a provisional agreement on European Green Bonds (EuGB)
4. SRB publishes MREL dashboard for third quarter 2022
5. HM Treasury consults on ring fencing and resolution regimes

Global

- **BCBS publishes Basel III monitoring report as of June 2022**
Capital [ratios](#) have fallen due to an increase in RWAs and a decrease in T1 capital. The expected impact of Basel III reforms has increased slightly (2,8% vs 2,4%). LCR stood at 138,4% from 140.9%.
- **CPMI consults on harmonization requirements for enhancing cross-border payments**
To include technical harmonization requirements for the use of [ISO 20022](#) messages in cross-border payments and make them faster, cheaper and more transparent. Deadline: May 10, 2023.
- **FATF publishes the plenary outcomes of February**
The main [conclusions](#) are that Russia's FATF membership has been suspended and a revision of Recommendation 25 on transparency and beneficial ownership of legal arrangements was approved.

Europe

- **EBA publishes a no-action letter on the banking book – trading book boundary provisions**
[Competent authorities](#) should not pursue any enforcement action regarding the entry into force of the new TB/BB boundary to comply with provisions laid down in the new CRR III, which is still under negotiation.
- **EP and Council reach a provisional agreement on European Green Bonds (EuGB)**
This [regulation](#) establishes uniform requirements for issuers of bonds that wish to use this designation for their environmentally sustainable bonds that are aligned with the EU taxonomy.

- **SRB publishes MREL dashboard for third quarter 2022**
Key [findings](#): i) average MREL target remains broadly stable, ii) MREL shortfall decreases for resolution entities, and raises for non-resolution entities, iii) maturity profile shows low share of short-term MREL debt and iv) market conditions improved in the last quarter of 2022 (but remains worse than pre-pandemic levels).
- **ESMA publishes results of its assessment of the introduction of the MCM on gas derivative markets**
The [results](#) confirm that no changes in the EU gas derivatives trading could be identified so far that could be unequivocally and directly attributed to the market correction mechanism (MCM).
- **ESMA publishes results of the annual transparency calculations for equity and equity-like instruments**
The transparency [requirements](#) based on the results of these annual transparency calculations will apply from April 1, 2023 until March 31, 2024.
- **ECB publishes list of supervised entities as of 1 January 2023**
The [list](#) 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.

United Kingdom

- **HM Treasury consults on ring fencing and resolution regimes**
It focuses on the [challenges](#) of how the two regimes might be better aligned, seeking views on the benefits that ring fencing provides to stability, and what steps can be taken to better align the regimes. Deadline: May 7, 2023.
- **PRA consults on liquidity and disclosure requirements for simpler- regime firms**
It is the first part of proposed [simplifications](#) to the prudential framework for smaller banks. It includes new liquidity and disclosure requirements and removes certain reporting templates. Deadline: May 30, 2023.
- **PRA consults on remuneration requirements for small firms**
It proposes i) changes in the remuneration rulebook and supervisory statement, ii) removal of the requirement to apply rules on malus, clawback & buyouts, iii) clarity on disclosure requirements. Deadline May 30,2023
- **BoE and FCA publish policy statement on trade repositories under UK EMIR**
It [sets out](#) the final amendments to technical standards and new rules for trade repositories in relation to the derivatives reporting framework under UK EMIR.
- **BoE and FCA publish update on MoU for supervision of market infrastructure and payment systems**
As MoUs need to be assessed annually, the authorities consulted with market infrastructures and they have [concluded](#) that the MoU's arrangements for co-operation remain effective.
- **FCA publishes report on competition problems of wholesale data markets**
It [suggests](#) the market currently does not work as effectively as it could in allowing effective competition and innovation which is a key part of the FCA's strategy to improve the UK's financial services sector.

United States

- **Agencies issue 2022 Shared National Credit Program review**

It finds that the [credit quality](#) of large syndicated bank loans improved in 2022. However, results do not fully reflect the increasing interest rates and softening economic conditions that impacted borrowers from 2H2020.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *Regulatory authorities' roadmaps: green transition and digital revolution* (Spanish only). Feb 2023.
- [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.

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

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