

Financial Regulation: Weekly Update

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Highlights

1. IAIS consults on climate risk supervisory guidance
2. ECB and ESAs call for enhanced climate-related disclosure for structured finance products
3. US Agencies issue joint statement on systemic risk exception for Silicon Valley Bank and Signature Bank
4. FDIC resolves Silicon Valley Bank and Signature Bank and issues statement on certain obligations
5. FRB issues statement on the new lending facility Bank Term Funding Program

Global

- **IAIS consults on climate risk supervisory guidance**
It [outlines](#) proposed changes to the insurance core principles and discusses if any changes related to governance, risk management and internal controls are needed. Deadline: May 16, 2023.
- **FATF publishes update of its 2012 recommendations & guidance on its recommendation on ownership of legal persons**
FATF has updated two documents: i) [The FATF Recommendations](#) to include that designated non-financial businesses and professions confidentiality laws should not affect the provision of mutual legal assistance and ii) the [guidance on beneficial ownership for legal persons](#) (regarding recommendation 24).
- **FATF publishes report proposing actions to take against ransomware-related money laundering**
It [analyzes](#) the methods that are used to carry out these attacks and how payments are made and laundered. Furthermore, it proposes a number of actions for countries to be more effective to combat money laundering.

Europe

- **ECB and ESAs call for enhanced climate-related disclosure for structured finance products**
The [joint statement](#) encourages the development of disclosure standards for securitized assets through harmonized climate-related data requirements, due to the lack of climate-related data on the underlying assets.
- **EBA publishes a revised list of validation rules for its reporting standards**
21 rules have been [deactivated](#) either for incorrectness or for triggering IT problems. Data submitted in accordance with the reporting standard should not be formally validated against the set of deactivated rules.

- **ESMA publishes Q&A on several topics**

Questions and answers on the application of the following regulations: i) Alternative Investment Fund Managers Directive ([AIFMD](#)); ii) the European Venture Capital Funds ([EuVECA](#)) and the European Social Entrepreneurship Funds (EuSEF) and ii) the European [crowdfunding](#) service providers for business.

Spain

- **CNMV adopts guidelines to apply for permission to operate a Distributed Ledger Technology market infrastructure**

It [seeks](#) to establish coherent, effective and efficient practices within the European System of Financial Supervision (ESFS) and to guarantee a common, uniform and coherent application of the regulation.

United Kingdom

- **PRA publishes report on climate-related risks and the regulatory capital frameworks**

It does not set out any policy changes but sets out the Bank's [thinking](#) and includes updates on: capability and regime gaps; capitalization timelines and areas for future work.

- **PRA consults on the non-performing exposures capital deduction**

It [proposes](#) to remove the CET1 deduction requirement in the PRA rulebook, regarding non-performing exposures (NPE) that are treated as insufficiently covered by firms' accounting provisions.

- **FCA publishes statement on Silicon Valley Bank UK**

The BoE, in consultation with the PRA, HM Treasury and the FCA, has taken the [decision](#) to sell Silicon Valley Bank UK Limited (SVBUK), the UK subsidiary of the US bank, to HSBC UK Bank Plc (HSBC).

United States

- **Agencies issue joint statement on systemic risk exception for Silicon Valley Bank and Signature Bank**

They announce the application of a [Systemic Risk Exception](#) to complete these banks' resolution procedures (allowing the FDIC to take actions that do not necessarily reduce the cost for the fund, but that prevent systemic problems).

- **FDIC resolves Silicon Valley Bank and Signature Bank and issues statement on certain obligations**

The agency used the [bridge bank](#) tool to resolve [both banks](#), transferring all deposits and substantially all assets to the new banks. All contracts signed before the failure, and the counterparties, were [transferred](#) into the bridge banks, so the FDIC expects them to fulfill their obligations (e.g. provision of services, or payments).

- **FRB issues statement on the new lending facility Bank Term Funding Program**

The new BTFP will make [additional funding](#) available, offering loans of up to a year to banks, pledging qualifying collateral valued at par. The Treasury will make available up to \$25 billion as backstop.

- **Agencies issue statement on "private rescue" of First Republic Bank**

It [welcomes](#) the action made by eleven large US banks, stating that it "*demonstrates the resilience of the banking system*".

- **CFTC issues statement on swaps rules implicated in recent bank failures**
To the extent that the [transfer of swaps](#) would cause them to be subject to certain swaps regulations, it will not start enforcement action for violations of such regulations resulting solely from the FDIC ordered transfers.
- **SEC consults on proposal to change regulation S-P to enhance protection of customer information**
It requires different parties (such as [investment companies](#)) to notify individuals affected by certain types of data breach that may put them at risk of identity theft or other harms. Deadline: 60 days after publication in the Federal Register.
- **SEC proposes new requirements to address cybersecurity risks to the U.S. securities markets**
The proposal would require implementing [policies and procedures](#) and at least annually reviewing and assessing the effectiveness of those policies and procedures, together with new disclosure requirements.
- **CFTC approves rule on the treatment of separate accounts of a single customer by clearing members**
It [states](#) that a derivatives clearing organization may permit futures commission merchants clearing members to treat the separate accounts of a customer as accounts of separate entities for the purposes of the CFTC Regulation.

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* (Spanish only). Dec 2022.

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

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