

Financial Regulation: Weekly Update

Matías Cabrera and Inés Criado

March 31, 2023

Highlights

1. BCBS publishes technical amendments and FAQs
2. EBA consults on RTS for supervisors assessing the new market risk internal models under FRTB
3. EBA consults on amendments to guidelines on risk-based AML/CFT supervision
4. ECB starts disclosing climate impact of portfolios on road to Paris-alignment
5. FDIC issues statement on P&A for Silicon Valley Bridge Bank

Global

- **BCBS publishes technical amendments and FAQs**
[Interpretative](#) issues regarding: i) the SA to operational risk, ii) disclosure of CVA, iii) indicator scores for G-SIBs, iv) terminology in the CCyB and v) liquidity standards. Deadline for comments: May 15, 2023.
- **BCBS publishes last Committee meeting conclusions**
It [will take stock](#) of the regulatory and supervisory implications of recent events; continue its work on disclosure of climate-related financial risks and continue to work on crypto assets.
- **CPMI issues final report on facilitating increased adoption of payment versus payment (PvP)**
It [focuses](#) on facilitating increased adoption of PvP to reduce FX settlement risk and improve cross-border payments, as it has found that existing PvP arrangements have reduced settlement risk in the FX market.
- **FSB seeks feedback on its global monitoring report on Non-Bank Financial Intermediation**
It wishes to [hear](#) views on which aspects of the report assessing global trends in the NBFIs sector, are most useful and what needs to be improved. Deadline: April 12, 2023.
- **FSB publishes statement on recent market developments**
It welcomes the [policy measures](#) taken by the authorities in Switzerland, the US and other jurisdictions, in order to maintain global financial stability.
- **FSB publishes work programme for 2023**
It [aims](#) to address financial challenges that are global in nature and affect the financial system as a whole, including digitalisation, climate change, consequences in the macroeconomic and interest rate environment.

- **IOSCO sets out key considerations on sustainability-related corporate reporting**
It [encourages](#) high-quality profession-agnostic standard-setting outcomes, calls for early engagement with investors and providers and supports capacity building across the sustainability reporting ecosystem.
- **IOSCO publishes statement on the implementation of its recommendation on Ethics and Audit**
It [announces](#) the establishment of the International Foundation for Ethics and Audit that is responsive to the public interest in the development of timely, high-quality audit, assurance, ethics, & independence standards.
- **IAIS publishes its 2022 review report**
It [highlights](#) the progress made to support policyholder protection and in maintaining global financial stability. This year's edition includes a new section on social responsibility.

Europe

- **EBA consults on RTS for supervisors assessing the new market risk internal models under FRTB**
It sets out a [framework](#) to assess the necessary requirements focusing on three main aspects: governance, the internal risk-measurement model, and the internal default risk model. Deadline: Jun 26, 2023.
- **EBA consults on amendments to guidelines on risk-based AML/CFT supervision**
It [extends](#) the scope of these guidelines to AML/CFT supervisors of crypto-asset service providers on the sources of information and the approach to setting supervisory expectations. Deadline: Jun 29, 2023.
- **ECB starts disclosing climate impact of portfolios on road to Paris-alignment**
It [provides](#) information on its portfolios' carbon footprint and exposure to climate risks, as well as on climate-related governance, strategy and risk management.
- **EBA publishes new set of indicators to identify potential causes of consumer harm**
The [indicators](#) show consumers' experience with financial services and will complement other sources of information that the EBA already uses to decide on its consumer protection priorities.
- **ESMA issues its 2022 Corporate Reporting Enforcement and Regulatory Activities Report**
It assesses how [issuers](#) comply with IFRS, its guidelines on Alternative Performance Measures, non-financial reporting obligations and European Single Electronic Format reporting requirements.
- **ESMA consults on position calculations for Trade Repositories**
To [seek](#) input on how the position calculation can be enhanced under EMIR standards regarding the scope of data to be used, calculation time and calculation methodologies. Deadline: May 9, 2023.
- **ESMA publishes final guidelines on MiFID II product governance**
The [product governance](#) is key to ensuring that financial instruments and structured deposits are manufactured and/or distributed when this is in the best interest of clients.
- **ESMA publishes guidance on fractional shares**
It [highlights](#) that derivatives on fractions of shares are not corporate shares, and therefore firms should not use the term fractional shares when referring to these instruments.
- **SRB signs cooperation arrangements with Australia, Argentina and New Zealand**
The [agreements](#) signed with the APRA, the BCRA and the Reserve Bank of New Zealand, focus on the exchange of information and cooperation related to bank resolution planning.

Spain

- **BdE discloses the climate aspects of its investment portfolios for the first time**
It [explains](#) the process of incorporating climate aspects into investment portfolios following the TCFD recommendations and reflects that between 2019-2022, their carbon footprint decreased by around 7.7%.
- **BdE publishes the 2022 Supervision Report**
It [includes](#) the microprudential supervision of credit institutions within the SSM, through continuous monitoring of institutions, on-site inspections and the performance of stress tests.

United Kingdom

- **HM Treasury consults on the potential regulation for ESG rating providers**
It [consults](#) if regulation for these providers should be introduced and the potential scope of the regime. It aims to ensure improved transparency and good conduct in the ESG ratings market. Deadline: Jun 30, 2023.
- **PRA publishes policy statement on depositor protection**
It [provides](#) feedback to part of the responses to the consultation paper on depositor protection and also contains the PRA's final rules concerning the relevant amendments in this regard.
- **BoE publishes findings from the 2022 cyber stress test**
Its [key findings](#) focus on: i) industry coordination; ii) communication; iii) contingencies; iv) mitigants; v) reconciliation; & vi) testing capabilities.
- **FPC publishes policy actions to safeguard the resilience of the UK financial system**
To [ensure](#) the UK financial system is prepared for, and resilient to, the wide range of risks it could face, so that the system is able to absorb rather than amplify shocks, and serve UK households and businesses.
- **FCA and PRA consult and HM Treasury calls for evidence on the senior managers certification regime**
i) [Consultation](#) to review the effectiveness, scope, and proportionality of the regulatory regime. Deadline: June 1, 2023. ii) [Call for evidence](#) to launch a review into the performance, effectiveness, and scope of the regime. Deadline: May 29, 2023.
- **FCA, FRC, BoE and TPR welcome the Government's updated Green Finance Strategy**
They [support](#) the Government in the implementation of policy initiatives in its pursuit of the objectives of the Green Finance Strategy and will ensure coordination in cross-regulator delivery of green finance ambitions.
- **FCA updates its Sustainability Disclosure Requirements (SDR) and investment labels consultation**
After the consultation, it will [publish](#) the Policy Statement in Q3 and the effective dates will be adjusted. It will ensure that the regime protects consumers while taking into account practical challenges for firms.

United States

- **FDIC issues statement on P&A for Silicon Valley Bridge Bank**
The agency signs a Purchase and Assumption [agreement](#) for all deposits and loans of SVBB with First-Citizens Bank. Both parties entered into a loss-share transaction on the commercial loans purchased.

- **CFPB issues statement on business lending Act**

It [determines](#) that state disclosure laws covering lending to businesses in California, NY, Utah, and Virginia are not preempted by the federal Truth in Lending Act. There is no conflict because state laws extend disclosure protections.

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](#).

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.bbva.com or www.bbva.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
bbvaresearch@bbva.com www.bbva.com