

Financial Regulation: Weekly Update

Matías Cabrera and Inés Criado

April 14, 2023

Highlights

1. FSB publishes letter to G20 Finance Ministers and Central Bank Governors
2. ESAs propose amendments to extend and simplify sustainability disclosures
3. EBA publishes its quarterly risk dashboard together with risk dashboard on MREL
4. EBA issues guidelines to safeguard access to financial services to vulnerable customers
5. BdE holds the countercyclical capital buffer at 0% in the second quarter of 2023

Global

- **FSB publishes letter to G20 Finance Ministers and Central Bank Governors**
It [provides](#) important lessons for financial authorities on recent events in the banking sector and introduces the two reports the FSB is submitting to the April G20 FCBG meeting.
- **FSB publishes recommendations to achieve greater convergence in cyber incident reporting**
Complies with [G20 requirement](#) and considers that recognizing timely and accurate information on cyber incidents is crucial for effective incident response and recovery and promoting financial stability.
- **IOSCO publishes final measures to consider in addressing emerging retail market conduct issues**
[Regulators](#) can employ technological tools to eliminate detrimental online marketing channels, identify misconduct early on and intervene rapidly and enhance cross-border and domestic supervisory frameworks.
- **IOSCO publishes work program for 2023 - 2024**
It will focus on [five themes](#): financial resilience; supporting market effectiveness; protecting investors; addressing new risks in sustainability and fintech and promoting regulatory cooperation and effectiveness.
- **BCBS publishes the Regulatory Consistency Assessment Programme for South Africa**
[Assessments](#) find South African regulations respectively largely compliant with the Basel Committee's Net Stable Funding Ratio (NSFR) standard and compliant with the large exposures framework.
- **IAIS publishes report on the implementation of insurance standards in ten major markets**
It [shows](#) an overall consistent and strong implementation of the Holistic Framework standards, indicating enhanced macroprudential supervisory practices in the insurance sector.

Europe

- **ESAs propose amendments to extend and simplify sustainability disclosures**
They are [proposing](#) changes to the disclosure framework to address issues that have emerged since the introduction of SFDR. Deadline: July 4. They will deliver the Final Report by the end of October 2023.
- **EBA publishes its quarterly risk dashboard together with risk dashboard on MREL**
Banks' [capital and liquidity ratios](#) remain strong and profitability continues to increase, despite that volatility in EU/EEA banks' equity and debt has been strongly affected by recent events in the banking sector.
- **EBA issues guidelines to safeguard access to financial services to vulnerable customers**
It [aims](#) to ensure customers have access to the financial services needed to fully participate in society and are not denied access on unsubstantiated AML/CFT grounds or without reason.
- **ECB publishes letter to EC on stress testing in the transition to reduce gas emissions**
It [confirms](#) that the ECB will engage in this assessment and cooperate with the ESAs on this one-off climate scenario analysis and that ESRB will provide the adverse scenario(s) for this exercise.
- **EP approves new EU measures against money laundering and terrorist financing**
[MEPs](#) adopted their position on the EU "single rulebook", the 6th Anti-Money Laundering directive and the regulation establishing the European Anti-Money Laundering Authority.
- **ESMA publishes guidance for supervision of copy trading services**
It [includes](#) guidance on the qualification of copy trading services as an investment service and it sets out supervisory expectations with regard to certain MiFID II requirements.
- **ESMA issues statement on derivatives trading obligation**
It [supports](#) the orderly migration of positions from ICE Clear Europe to other CCPs after the announcement of the forthcoming closure of ICE Clear Europe's credit default swap clearing service in Oct 2023.
- **ESMA publishes Q&A on several topics**
It has [updated](#) the following Q&As: Benchmarks Regulation, EMIR implementation, DLT Pilot Regulation, MiFID II and MiFIR transparency topics, MiFIR data reporting and SFTR data reporting
- **ESRB publishes its quarterly risk dashboard**
It is a [set of quantitative and qualitative indicators](#) of systemic risk in the EU financial system that is published quarterly. It is accompanied by two annexes explaining the methodology and describing the indicators.
- **EIOPA publishes report on comparative study on the modeling of market and credit risk**
The [overall results](#) show moderate to significant dispersion in some asset model outputs, in part attributable to certain model and business specificities of which supervisors are aware.
- **EIOPA publishes monthly technical information for Solvency II**
Technical information with reference to the end of March 2023 on: i) the [relevant risk-free interest rate](#) term structures (RFR) and ii) the [symmetric adjustment](#) of the equity capital charge.

Spain

- **BdE holds the countercyclical capital buffer at 0% in the second quarter of 2023**
In light of the current macro-financial environment and lending and real estate market developments, BdE has decided to hold the [CCyB rate](#) applicable to banks for their credit exposures in Spain at 0%.
- **BdE publishes the Institutional Report 2022**
It [consists](#) of four chapters covering: i) how it is organized; ii) its main activities; iii) how it discharges its institutional social responsibility; & iv) its resources and the financial results of its activities.

United Kingdom

- **BoE, PRA and FCA consult on the costs and benefits of a potential CTPs regime in the UK**
They have set out potential measures to oversee and strengthen the resilience of services provided by [critical third parties](#) (CTPs) to the UK financial sector. Deadline: May 17, 2023.
- **BoE publishes statement on USD LIBOR panel**
It [encourages](#) market participants to actively transition USD LIBOR contracts ahead of the cessation of the USD LIBOR panel at end-June 2023 and ensure readiness for implementation of USD LIBOR fallbacks.
- **FCA announces decision on synthetic US dollar LIBOR**
It has decided to [continue](#) the publication of the 1-, 3- and 6-month US dollar LIBOR settings for a short period after June 30, 2023, using a synthetic US dollar LIBOR.
- **FCA publishes its business plan for 2023-2023**
FCA [plans](#) to accelerate 4 areas: putting consumers' needs first, preparing financial services for the future, strengthening the UK's position in global wholesale markets and reducing and preventing financial crime.

United States

- **FDIC announces upcoming sale of the loan portfolio from the former Signature Bank**
The [portfolio](#) is composed primarily of commercial real estate (CRE) loans, commercial loans and a smaller pool of single-family residential loans.
- **FDIC publishes consumer compliance supervisory highlights**
It [includes](#) supervisory observations related to consumer protection laws, examples of practices that may be useful in mitigating risks, regulatory developments and consumer compliance resources.
- **CFPB consults on guidance to address abusive conduct in consumer financial markets**
The [policy statement](#) will assist consumer financial protection enforcers in identifying wrongdoing and will help firms avoid committing abusive acts or practices. Deadline: July 3, 2023.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *Banking regulation in Europe: Is it a good firewall?* (Spanish only). Apr 2023.
- [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.

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.bbvarresearch.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
bbvarresearch@bbva.com www.bbvarresearch.com