

Financial Regulation: Weekly Update

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Highlights

1. FSB publishes report on climate-related financial risk factors in compensation frameworks
2. EC proposes reform of bank crisis management and deposit insurance framework
3. EBA consults on guidance to assess knowledge of the management organ of a credit servicer
4. ECB publishes the results of an external assessment of the SREP
5. ECB publishes assessment progress of European banks on climate risk disclosures

Global

- **FSB publishes report on climate-related financial risk factors in compensation frameworks**
It [aims](#) to identify challenges and to provide an early insight to assist ongoing initiatives of regulators and financial institutions in climate-related financial risk factors in compensation frameworks.
- **FSB updates the cyber lexicon**
It [aims](#) to enable a common understanding of cyber terminology, monitor financial stability risks of cyber risk scenarios, facilitate information-sharing and provide guidance on cyber security and cyber resilience.
- **FSB publishes report on the common format for incident reporting exchange (FIRE)**
It [finds](#) that there is a high degree of commonality in the types of information that authorities require financial institutions to report under existing Cyber Incident Reporting frameworks.

Europe

- **EC proposes reform of bank crisis management and deposit insurance framework**
It will allow authorities to organize an orderly [market exit](#) for failing banks regardless of size and business model. It will facilitate the use of industry-funded safety nets, but recognizes that internal loss absorption capacity should remain the first line of defense. [Deadline](#): Jun 16.
- **EBA consults on guidance to assess knowledge of the management organ of a credit servicer**
It consults on [guidelines](#) on how to assess the knowledge and experience of the management or administrative organ of a credit servicer under the non-performing loans directive. [Deadline](#): June 17, 2023.

- **EBA consults on approach to the resubmission of historical data under the EBA reporting framework**
It consults on [guidelines](#) on a common approach for the resubmission of historical data in case there are errors, inaccuracies or other changes in the data reported. Deadline: July 31, 2023.
- **ECB publishes the results of an external assessment of the SREP**
It [considers](#) supervisory practices sufficiently mature to make processes leaner, recommends enhancing risk-based prioritization and focuses on qualitative measures tackling weak business models and governance.
- **ECB publishes assessment progress of European banks on climate risk disclosures**
Most banks have expanded their [climate and environmental disclosures](#), but the quality of information remains too low. ECB expects banks to continue addressing shortcomings and gives examples of good practices.
- **ECB and SRB issue statement on EC's legislative CMDI proposal**
The proposed changes to the [Crisis Management](#) and Deposit Insurance frameworks are important and pragmatic. The authorities are ready to provide technical input to ensure a consistent framework.
- **ESMA publishes its third data quality report under new monitoring approach**
It [highlights](#) the increased use of transaction data by EU financial regulatory authorities in their day-to-day supervision and identifies significant quality improvements following a new approach to data monitoring.

Spain

- **BdE publishes its biannual financial stability report**
It [considers](#) lower energy prices and the resilience of aggregate demand have helped financial stability over the last six months. However, uncertainty remains extraordinarily high.
- **CNMV reminds listed companies to better explain their alternative performance measures to investors**
It has detected ample room for [improvement](#) in companies' compliance with ESMA APM guidelines and gives a reminder on key guidelines for companies so as not to confuse investors.
- **CNMV publishes information on the entities providing investment services through agents**
It [reviewed](#) the control procedures over agents' activity. This action has revealed some incidents that have been resolved and it now communicates these practices to the sector, to raise awareness and avoid them.
- **CNMV publishes annual supervisory report on the annual accounts of issuing companies**
It [describes](#) the supervisory work carried out in 2022 in relation to the 2021 annual accounts, submitted by securities issuers and the priority areas for supervision envisaged by the CNMV.
- **CNMV publishes annual supervisory report on non-financial information of issuing companies**
It [contains](#) good and bad practices to improve the quality of NFSs and pays particular attention to information on matters related to climate, to the scope of the information and the quality of the data.

United Kingdom

- **BoE publishes 2023 external MREL for all firms with a resolution entity incorporated in the UK**
As of Jan 1, 2023, most firms have reached their [end-state MREL](#). Disclosure reflects firm-specific information and judgments to adjust the MREL for firms with a partial transfer preferred resolution strategy.

- **BoE and CFTC issue joint statement on the supervision of cross-border central counterparties**
They announce a [further strengthening](#) of their commitment to close cooperation and mutual understanding on the supervision of cross-border CCPs.
- **BoE issues statement on the improvement of outcomes for depositors in the event of bank insolvency**
The FSCS [aims](#) to pay out covered deposits within seven days of a bank or building society failing. This will usually be paid by cheque, which needs to be banked and cleared before the depositor can use the funds.
- **FCA sets out recommendations for the next phase of open banking in the UK**
[Covering](#): leveling up availability and performance, mitigating the risks of financial crime, ensuring effective consumer protection and improving information flows to third party providers (TPPs) and end users.

United States

- **FDIC releases semiannual update on the deposit insurance fund restoration plan**
The losses from the [two failures](#) are not expected to have a material effect on the projected timeline to reach the statutory minimum reserve ratio of 1.35% by Sep 30, 2028. No changes are recommended at this time.
- **CFPB publishes revised methodology for determining average prime offer rates for mortgages**
It has been [revised](#) to address the upcoming unavailability of certain data the CFPB previously relied on to calculate the average prime offer rates.
- **SEC reopens comment period for proposed amendments to the securities market law (Act Rule 3b-16)**
It [reiterates](#) the applicability of existing rules to platforms that trade crypto asset securities, including “DeFi” systems. Deadline: 30 days after publication of the reopening of the release in the Federal Register.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *European banking union: why is it so important to have a common deposit insurance fund?* (Spanish only). Apr 2023.
- [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.

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

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