

Financial Regulation: Weekly Update

Matías Cabrera and Inés Criado

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Highlights

1. EP approves Market in Crypto-assets (MiCA) and Transfer of Funds regulations
2. ESAs publish joint report on risks and vulnerabilities in the EU financial system
3. EBA consults on the draft guidelines on the STS criteria for on-balance-sheet securitizations
4. EBA publishes RTS on the exposure value of synthetic excess spread in synthetic securitizations
5. ECB publishes progress report on digital euro and study on possible features of a digital wallet

Global

- **FSB publishes statement to encourage final preparations for the USD LIBOR transition**
It [encourages](#) market participants to complete the transition of any remaining USD LIBOR-linked contracts, in order to avoid a 'pile-up' towards end-June 2023 that could introduce operational risks and market disruption.
- **IOSCO welcomes IAASB's consultation on its proposed new standard for sustainability assurance**
It will [support](#) the consistency, comparability and reliability of sustainability-related information provided to the market, to deliver an assurance framework for end-2024 sustainability disclosures by market issuers.
- **IAIS publishes assessment report of cyber risks in the insurance sector**
It [outlines](#) that an expanding cyber-attack surface, growing dependencies on technology, and a complex cyber threat landscape contributed to an increased demand for cyber insurance products.

Europe

- **EP approves Market in Crypto-assets (MiCA) and Transfer of Funds regulations**
The new [regulations](#) include common rules on the supervision, consumer protection and environmental safeguards of crypto-assets and on the traceability of crypto-assets transfers.
- **ESAs publish joint report on risks and vulnerabilities in the EU financial system**
EU financial [markets](#) remained broadly stable but supervisors and institutions should remain vigilant to potential vulnerabilities such as a deterioration of asset quality and the impact of rate increases.
- **EBA consults on the draft guidelines on the STS criteria for on-balance-sheet securitizations**
It [defines](#) the criteria related to simplicity, standardization and transparency and for on-balance-sheet securitizations and proposes amendments for non-ABCP and ABCP securitization. Deadline: July 7, 2023.

- **EBA publishes RTS on the exposure value of synthetic excess spread in synthetic securitizations**
It [clarifies](#) the calculation of the components that should be included in this exposure value taking into account the relevant losses expected to be covered by synthetic excess spread (SES).
- **ECB publishes progress report on digital euro and study on possible features of a digital wallet**
It [presents](#) a third set of design and distribution options, endorsed by the Governing Council, that would feed into the overall design of a digital euro.
- **ECB and EIOPA call for increased uptake of climate catastrophe insurance**
It [aims](#) at boosting the uptake and efficiency of climate catastrophe insurance while studying how to better insure households and businesses against climate-related natural catastrophes such as floods or wildfires.
- **EBA consults on guidance on the benchmarking of diversity practices**
It seeks to [achieve](#) a higher level of transparency regarding the EBA's work on the topic of diversity and gender equality and improve the awareness of all stakeholders on these topics. Deadline: July 24, 2023.
- **EBA publishes its consumer trends report for 2022/23**
It [identifies](#) two issues facing consumers in the EU: fraud in retail payments and over-indebtedness and arrears. These issues will shape the EBA's consumer protection priorities over the next two years.
- **EBA updates list of institutions involved in the 2023 supervisory benchmarking exercise**
The exercise [leverages](#) on established data collection procedures and the EBA helps competent authorities in assessing the quality of internal approaches used to calculate risk weighted exposure amounts.
- **ESMA publishes report on the European Union Credit Ratings market**
It [covers](#) the size, composition and trends of credit ratings markets. The COVID-19 pandemic was the most visible driver of events over the reporting period, with a marked increase in rating downgrades in early 2020.
- **ECB publishes the list of supervised entities as of 1 March 2023**
It [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.

Spain

- **BdE consults on supervisory guidance on revolving credit transparency**
It [seeks](#) to promote market discipline and responsible practices in the marketing of this type of credit, and thus reinforce customer protection. Deadline: May 31, 2023.
- **CNMV publishes technical guide on transparency for fixed income funds**
It seeks to [enhance transparency](#) to improve depositors' protection and informed consent. It improves warnings to investors and establishes criteria for the information provided on annual percentage rates.

United Kingdom

- **BoE announces the renewed real-time gross settlement (RTGS) service**
From June 2024, the [renewed RTGS](#) service will deliver a more resilient, flexible and innovative sterling settlement system to support monetary and financial stability.

- **FCA sets out guidance for Liability Driven Investment funds managers**
Recommendations for [asset managers](#) designed to increase resilience of LDI funds. It sets out what the authorities expect in terms of risk management, stress testing and client communication.
- **PRA consults on some minor changes to Solvency II technical information and PRA rulebook**
The [proposals](#) would result in minor changes to the publication of Solvency II technical information, the group supervision part, the glossary and Auditors part of the PRA Rulebook. Deadline: June 22, 2023.

United States

- **US agencies issue statement on completing the LIBOR transition**
It [reiterates](#) the agencies' expectations that financial institutions with USD LIBOR exposure should complete their transition of remaining LIBOR contracts to adequately prepare for the sunset of USD LIBOR.
- **OCC issues guidance on overdraft protection programs**
It [identifies](#) certain practices that may result in heightened risk exposure and describes several practices that may help banks control risks associated with overdraft protection programs.
- **FDIC publishes supervisory guidance on overdraft fees**
To [ensure](#) that institutions are aware of the consumer compliance risks associated with assessing overdraft fees on a transaction that was authorized against a positive balance but settled against a negative balance.
- **CFPB issues guidelines to protect homeowners from illegal collection tactics on zombie mortgages**
It [clarifies](#) that a covered debt collector who brings a state court foreclosure action to collect a time-barred mortgage debt may be in violation of the Fair Debt Collection Practices Act and its implementing regulation.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *Europe leads the way in regulating of crypto markets* (Spanish only). Apr 2023.
- [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.

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

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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