

Financial Regulation: Weekly Update

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Highlights

1. EBA updates definition of a large decline of net interest income under the IRRBB
2. ECB issues opinion on the review of the European Market Infrastructure Regulation (EMIR)
3. CNMV publishes information about LIBOR index situation
4. FRB and FDIC issue results from their reviews of the failure of SVB and Signature Bank
5. FDIC publishes comprehensive overview of Deposit Insurance System

Global

- **IAIS publishes statement on the role of supervisors in addressing natural catastrophe protection gaps**
It [outlines](#) its commitment to support insurance supervisors' actions to address protection gaps, including supporting disaster risk assessment and risk management practices, and highlights its focus areas for 2023.

Europe

- **EBA updates definition of a large decline of net interest income under the IRRBB**
It suggests [amending](#) the initial RTS on the supervisory outlier test retaining the methodology for a large decline but replacing the original level of 2.5% of T1 with a 5% of T1.
- **ECB issues opinion on the review of the European Market Infrastructure Regulation (EMIR)**
It supports the [package](#) to enhance the EU central clearing system and makes observations on authorities cooperation, supervisory approval processes and reducing excessive exposures to third-country CCPs.
- **EBA publishes its annual report on convergence of supervisory practices for 2022**
The [goal](#) for most of the supervisory priorities has been met, although NCAs have to improve their capacity to review the risks related to digital transformation and environmental, social and corporate governance (ESG).
- **ESMA publishes annual transparency calculations for several instruments**
It has started [publishing](#) the results of the annual transparency calculations for non-equity instruments, new quarterly liquidity assessment of bonds and the quarterly systematic internalizer calculation.
- **ESMA publishes statement on newly recognized third country CCPs**
Following the conclusion of respective MoUs, it [recognizes](#) four additional TC-CCPs under Art. 25 of EMIR. These are based in Malaysia, Taiwan, Colombia and Israel.

- **EC publishes statement on its commitment to integrate and develop the capital markets union**
It [pledges](#) to finalize work on the legislative proposals on CMU before the EP elections in 2024 and commits to presenting 3 further proposals on retail investment in Q2 2023.
- **EBA publishes updated data on deposit guarantee schemes across the European Economic Area**
The level of [guaranteed deposits](#) increased by 2.5% in the last year, while the amount of available funds in DGSs grew by 7.4%. Half of the DGSs in the EEA have already reached their minimum target.
- **EBA issues new interactive tool for reporting requirements**
It aims to help [institutions](#) of different sizes and complexity identify the reporting requirements and templates that are relevant for particular credit institutions considering their size and type of activities.
- **EBA and EIOPA publish draft version of its revised taxonomy architecture for regulatory reporting**
It [implements](#) the improvement introduced by data point model (DPM) Refit to data point modeling, as well as simplifies the structure by removing unnecessary artefacts.
- **EIOPA publishes the Ultimate Forward Rate (UFR) for 2024**
As of 1 January 2024, [the applicable UFR](#) for the euro will be 3.30%. The details of the calculation are available in the report on the calculation of the Ultimate Forward Rate for 2024.

Spain

- **CNMV publishes information about LIBOR index situation**
It [informs](#) of the decisions adopted by the US & UK authorities that may be of interest to Spanish entities that still hold contracts or instruments referenced to Libor USD index that will not be published from June 30.
- **CNMV publishes review of the first phase of the implementation of sustainability regulations in CIIIs**
The [review](#) is focused on the adequacy of practices in the case of funds registered with social or environmental characteristics or with a sustainable investment objective as of March 2022.

United Kingdom

- **FCA consults on the framework for listing commercial companies' equity shares**
The [proposal](#) replaces the current standard and premium listing share categories with a single listing category for commercial company issuers of equity shares. Deadline: June 28, 2023.
- **FCA publishes statement on improvements to equity secondary markets**
The [changes](#) will enhance the quality of trade execution for investors by lowering the cost of trading, reducing market impact and ultimately increasing liquidity.
- **PRA publishes its 2023/24 business plan**
[4 strategic priorities](#): i) financial resilience in banking and insurance; ii) identify emerging risk, iii) support competitive & dynamic markets; iv) run an inclusive, efficient, and modern regulator within the central bank.
- **FCA publishes report on Anti-Money Laundering Supervision**
It [has found](#) that professional bodies are continuing to demonstrate good levels of compliance with money laundering regulations but the improvements in how effectively they supervise have not been good enough.

United States

- **FRB and FDIC issue results from their reviews of the failure of SVB and Signature Bank**
[SVB report's](#) findings: i) Management failure, ii) FRB did not fully appreciate the extent of the problems, iii) supervisors did not take steps quickly enough, iv) regulatory tailoring impeded effective supervision. [SB report's](#) findings: i) Rapid growth without adequate risk management, ii) authority could have escalated supervisory actions sooner, iii) communication with the bank's management could have been more effective.
- **FDIC publishes comprehensive overview of Deposit Insurance System**
It analyzes [three alternatives](#): i) limited coverage, ii) unlimited coverage, and iii) targeted coverage. It concludes that targeted coverage would enhance financial stability (though it requires Congressional action).
- **FSOC consults on several financial stability topics**
It [seeks](#) feedback on: i) a proposed framework for financial stability risks and ii) new proposed interpretative guidance on the Council's procedures for designating non-bank financial companies for Federal Reserve supervision. Deadline: 60-day after publication in the Federal Register.
- **CFPB proposes new consumer protections for homeowners seeking clean energy financing**
It would [require](#) lenders to assess a borrower's ability to repay a PACE (Property Assessed Clean Energy) loan and would provide a framework for how these loans will be treated under the Truth in Lending Act (TILA).
- **SEC adopts amendments to modernize share repurchase disclosure**
It will [improve](#) disclosure and provide investors with enhanced information to assess the purpose and effects of share repurchases.
- **SEC adopts amendments to enhance private fund reporting**
The [amendments](#) are designed to enhance the ability of the FSOC to assess systemic risk and to bolster the SEC's oversight of private fund advisers and its investor protection efforts.

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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