

Financial Regulation: Weekly Update

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Highlights

1. ESAs publish their progress reports on greenwashing in the financial sector
2. EBA consults on guidelines on ML/TF risk factors to include crypto-asset service providers (CASPs)
3. EBA publishes report on impact and calibration of standardized approaches for counterparty risk
4. ESMA launches stress test for central counterparties
5. ECB publishes the credit risk SREP methodology

Europe

- **ESAs publish their progress reports on greenwashing in the financial sector**
The reports [put forward](#) a common high-level understanding on greenwashing and leave for the final reports, expected in MAY 2024, any policy recommendations..
- **EBA consults on guidelines on ML/TF risk factors to include crypto-asset service providers (CASPs)**
It [proposes](#) amending its ML/TF risk factor guidelines to set common regulatory expectations of the steps CASPs should take to identify and mitigate these risks effectively. Deadline: Aug 31, 2023.
- **EBA publishes report on impact and calibration of standardized approaches for counterparty risk**
It [analyzes](#) the impact and calibration of SA-CCR, simplified SA-CCR and Original Exposure Method (OEM). It also analyzes the impact of setting alpha =1 under the SA-CCR for output floor calculation purposes.
- **ESMA launches stress test for central counterparties**
The fifth [stress test exercise](#) for CCPs under EMIR which includes 14 CCPs authorized in the EU and 2 UK CCPs classified as Tier 2. It is complemented by an [adverse market scenario](#) developed by the ESRB.
- **ECB publishes the credit risk SREP methodology**
It [uses](#) a risk-based standardized methodology to assess credit risk. It is consistent with the EBA guidelines, is applied proportionately to significant institutions and supports JSTs in performing risk-based supervision.
- **EBA reviews CVA exemption of non-financial counterparties established in a third country**
The [review](#) focuses on four competent authorities and finds that they assessed CVA risk sufficiently. However, it also highlights areas where supervision could be strengthened by all competent authorities.
- **ESAs consult on criteria for critical ICT third-party service providers and oversight fees**
The [joint discussion paper](#) seeks input on Digital Operational Resilience, following the EC request for technical advice on the criteria for critical information and communications technology third-party providers.

- **EBA consults on RTS and ITS concerning supervisory colleges**
To [ensure](#) that level 2 and 1 regulations are better aligned for the functioning of supervisory colleges and the ability to promote a more effective supervision of cross-border banking groups. Deadline: Aug 20, 2023.
- **ESMA issues report on information to be provided in authorization applications under BMR**
It [highlights](#) i) the information on ESMA's legal mandate to develop the draft technical standards, ii) the feedback received to the public consultation, and iii) the final proposal for the draft technical standards.
- **ESMA informs on the amended rules for transparency calculations**
It has [informed](#) stakeholders that the amended RTS1 and RTS2, under MiFIR, will apply on June 5, 2023. There will be an impact on the transparency calculations for equity, equity-like and non-equity instruments.
- **ECB publishes its financial stability review**
[Economic conditions](#) have improved, but uncertain growth prospects, persistent inflation and tightening financing conditions continue to weigh on the balance sheets of firms, households and governments.
- **ESMA publishes Q&A on several topics**
It has updated the questions & answers documents on the application of the [Alternative Investment Fund Managers Directive](#) (AIFMD) and the [European crowdfunding service providers](#) for business regulation.

Spain

- **CNMV issues conclusions on the obligation to report suspicious transactions of market abuse in 2022**
85% of the reports [received](#) were related to equity instruments, and in most cases, the rationale is possible insider dealing and 58% reports received a rate of medium-high quality.
- **BdE publishes its financial stability report**
The [global economic growth outlook](#) has improved, however, the geopolitical tensions, the underlying inflation of prices and tightened financial conditions remain areas of uncertainty.

United Kingdom

- **FCA, PRA and BoE issue joint statement on government's proposal regarding CCP run-off regime**
They welcome the [amendments](#) as they facilitate continuity of clearing services to UK firms when a non-UK CCP exits the Temporary Recognition Regime without recognition (and has to wind down relevant contracts with UK counterparties).
- **FCA publishes statement on US dollar LIBOR panel**
FCA [issues](#) final messages before the US dollar LIBOR panel ends on 30 June 2023 and publishes the feedback received to their November consultation.

United States

- **Agencies consult on proposed rule for automated valuation models**
Six agencies consult on [proposed rules](#) to ensure the credibility and integrity of models used in real estate valuations. Deadline: 60 days since publication in the Federal Register.
- **CFTC issues staff advisory on digital assets**
It is [based](#) on the risks associated with the expansion of the Derivatives Clearing Organization (DCO) clearing of digital assets.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *That's how investments under ESG criteria look like* (Spanish only). May 2023.
- [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.

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

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