

Financial Regulation: Weekly Update

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Highlights

1. FSB publishes global regulatory framework for crypto-asset activities
2. EC extends the transition period for third country benchmarks
3. EC publishes report on the functioning of the Money Market Funds Regulation
4. EBA publishes final guidelines on the overall recovery capacity in recovery planning
5. EBA consults on templates and guidance for its one-off Fit-for-55 climate risk scenario analysis

Global

- **FSB publishes global regulatory framework for crypto-asset activities**
The [framework](#) is based on the principle of same activity, same risk, same regulation and aims to promote international consistency of supervisory and regulatory approaches for crypto-asset activities and stablecoins.
- **IOSCO publishes final report on well-functioning compliance carbon markets (CCMs)**
It [aims](#) to support IOSCO members seeking to establish new or to enhance their existing CCMs and outlines a set of recommendations aimed at making these markets efficient and ensuring they function with integrity.
- **IAIS publishes preview of 2023 Global Monitoring Exercise results**
It [shows](#) slight declines in solvency, profitability and liquidity provisions at the end of 2022 compared to 2021, mainly driven by lower asset valuations.

Europe

- **EC extends the transition period for third country benchmarks**
It [extends](#) the transition period to December 31, 2025 for third country benchmarks used by supervised entities to avoid risks, provide market players with legal certainty and ensure business continuity for entities.
- **EC publishes report on the functioning of the Money Market Funds Regulation**
It [highlights](#) that the MMF Regulation has enhanced financial stability and helped to overcome recent episodes of market stress, but it also identifies vulnerabilities that would merit further assessment.
- **EBA publishes final guidelines on the overall recovery capacity in recovery planning**
It [provides](#) the relevant steps to set-up a reliable ORC framework for institutions and harmonizes the core elements of the competent authorities' assessment from both a quantitative and qualitative perspective.

- **EBA consults on templates and guidance for its one-off Fit-for-55 climate risk scenario analysis**
The draft templates are [designed](#) to collect climate-related and financial information on credit risk, market and real estate risks. Deadline: October, 11.
- **EBA publishes decision on an ad hoc data collection of institutions' ESG data**
It will [provide](#) the necessary data and tools to fulfill monitoring functions and ESG-related mandates by collecting the information that is already available to institutions as part of their Pillar 3 disclosure obligations.
- **EP and Council reach agreement on alternative investment fund managers directive**
They have [agreed](#) to enhance the integration of asset management markets in Europe and to modernize the framework for key regulatory aspects.
- **EBA publishes its annual asset encumbrance report**
It finds that [banks](#) have limited the use of central bank funding in 2022 and the overall encumbrance ratio has decreased by 3.3 pp as a result.
- **EBA publishes its quarterly risk dashboard**
Capital and liquidity [ratios](#) of European banks remain strong and profitability has continued to increase. Debt issuance has resumed after the recent turmoil.
- **EBA publishes technical package for phase 2 of its 3.3 reporting framework**
The [package](#) includes the new market risk and IFRS9 templates and other amendments to the Supervisory Benchmarking Portfolios framework.
- **ESMA publishes final report on CCP policies on anti-procyclicality margin measures**
The aim is to better [mitigate](#) the potential procyclical effects of big steps margin changes on clearing members and clients, as well as limit the spread of liquidity stress to other parts of the financial system.
- **ESMA publishes follow up report on the peer review of the compliance function under MiFID I**
Overall, it [shows](#) that the National Competent Authorities assessed have made progress by strengthening their supervisory frameworks, undertaking investigations and thematic reviews.
- **ESMA publishes report on suspicious transactions and order reports (STORs)**
It [provides](#) an overview of how STORs are used across different jurisdictions in the context of the detection and investigation of market abuse, and how their use has evolved over time.
- **ESMA publishes 2022 UCITS and AIFMD sanction reports**
The [report](#) shows the use of NCAs of sanctions under UCITS directive and AIFMD. It finds that the level of sanctions issued at national level remains stable and generally low, in particular regarding penalties.
- **ESMA publishes findings of its analysis of the cross-border investment activity of firms**
It [considers](#) that an increase in the cross-border provision of financial services has benefits for consumers and firms, as it fosters competition, expands the offer available to consumers and the market for firms.
- **EIOPA publishes its report on the activities of Colleges of Supervisors in 2022**
It [highlights](#) the importance of efficient and effective coordinated supervision of cross-border insurance groups in the EU and provides an overview of the main developments and the key topics discussed in the colleges.

Spain

- **MinECO consults on CMDI**
It [requests](#) an opinion on the Commission's legislative proposals on the reform of the Crisis Management Framework and guarantee funds on SRMR, BRRD2, DGSD and Daisy Chain. Deadline: August 4, 2023.
- **CNMV publishes new code of good governance in cybersecurity**
This [code](#) offers recommendations of a general scope, organized in principles so that it can be used by any organization seeking to achieve adequate cybersecurity governance.
- **CNMV publishes information about the situation of Libor**
The 1, 3 and 6 month [USD LIBOR](#) settings will be published under a synthetic methodology based on SOFR (Secured Overnight Financing Rate) until September 2024, to allow companies to complete the transition.

United Kingdom

- **PRA and FCA consult on margin requirements for non-centrally cleared derivatives**
The proposal is to [extend](#) the temporary exemptions for single-stock equity options and index options from the UK bilateral margining requirements from 4 January 2024 until 4 January 2026.
- **PRA consults on Pillar 3 remuneration disclosure**
It [sets out](#) the PRA proposals to enhance the proportionality of Pillar 3 remuneration disclosure requirements, by reducing the number of remuneration disclosures required for many smaller banks and building societies.
- **PRA publishes statement on the recalculation of the transitional measure on technical provisions**
It [highlights](#) its invitation to insurance firms to recalculate the transitional measure on technical provisions, as movements in risk free rates during the first half of 2023 constitutes a material change in market conditions.

United States

- **CFTC consults on proposed rule on risk management program regulations**
It [seeks](#) information on several issues stemming from the adoption of certain risk management programs and the specific risk considerations they must take into account. Deadline: September, 18.
- **SEC publishes rule on daily computation requirements**
It [aims](#) to require certain broker-dealers to perform their customer and broker-dealer reserve computations and make any required deposits into their reserve bank accounts daily rather than weekly.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *Madrid, European capital against money laundering: benefits and opportunities* (Spanish only). July 2023.
- [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.

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

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