

# Financial Regulation: Weekly Update

Matías Cabrera and Inés Criado

July 28, 2023

## Highlights

1. FRB consults on the implementation of the latest Basel III standards and G-SIB surcharge
2. IOSCO endorses the ISSB's Sustainability-related Financial Disclosures Standards
3. EBA consults on guidelines on the application of the group capital test for investment firm groups
4. ECB consults on guide on effective risk data aggregation and risk reporting
5. EBA consults on guidelines on the establishment of national lists or registers of credit services

## Global

- **IOSCO endorses the ISSB's Sustainability-related Financial Disclosures Standards**  
It [determines](#) that they are appropriate to serve as a global framework to develop the use of sustainability-related financial information and that will help to assess sustainability risks and opportunities.
- **FSB publishes report on considerations for crisis management groups (CMG)**  
It [facilitates](#) CMG discussions on unallocated Total Loss-Absorbing Capacity (uTLAC) resources as part of resolution planning for G-SIBs, while maintaining flexibility for CMGs to prioritize and discuss other topics.
- **FSB publishes statement on access to financial market infrastructure services for firms in resolution**  
It [provides](#) a set of clarifications to further support the information exchange between FMI service providers and FMI service users for contingency planning.
- **IAIS publishes opinion on IASB's amendments to the classification of financial instruments**  
It [welcomes](#) the IASB's proposed amendments and the intention to clarify and improve understandability of the classification and measurement requirements of IFRS 9 Financial Instruments.

## Europe

- **EC publishes joint statement on the EU-U.S. financial regulatory forum**  
It [emphasizes](#) cooperation on six areas: i) financial stability risks; ii) regulatory developments in banking and insurance; iii) AML; iv) sustainable finance and its risks; v) cooperation in capital markets; vi) digital finance.
- **EBA consults on guidelines on the application of the group capital test for investment firm groups**  
It [aims](#) to set harmonized criteria that NCAs should consider when assessing if investment firms groups meet the conditions to use the group capital tests. Deadline: Oct 25, 2023.

- ECB consults on guide on effective risk data aggregation and risk reporting**  
It [provides](#) supervisory expectations for governance and risk management and shares best industry practices. It complements and does not replace the guidance already provided in 2016. Deadline: Oct 6, 2023.
- EBA consults on guidelines on the establishment of national lists or registers of credit services**  
It [sets out](#) the and harmonizes the content of the lists or registers, how they should be made accessible for borrowers, and the deadlines for updating the lists or registers. Deadline: Oct 26, 2023.
- EBA publishes update report on AT1, Tier 2 and TLAC/MREL eligible liabilities instruments**  
It merges information from the two previous reports and [confirms](#) convergence and standardization of the terms and conditions of the instruments and issuance program following the previous EBA recommendations.
- EBA publishes report on interdependent assets and liabilities in the net stable funding ratio (NSFR)**  
It [assesses](#) the conditions under which assets and liabilities can be treated as interdependent in the NSFR and the description of the list of activities that are considered to meet those conditions.
- EBA publishes its annual funding plans report for a forecast period from 2023 to 2025**  
It [shows](#) central banks' intentions to increase market-based funding. As extraordinary long-term central bank funding matures, banks plan to shift to short-term and long-term debt securities instead.
- EBA announces date and time of the publication of the 2023 EU-wide stress test results**  
The [results](#) of the 2023 EU-wide stress test, including individual results for participating banks, will be published on Friday, Jul 28, 2023.
- ESRB publishes opinion on Estonian national measure for credit institutions using IRB approach**  
It [finds](#) that the extension of the imposition of a credit institution-specific minimum level (floor) of 15% for the exposure-weighted average of the risk weights applied to the portfolio of retail mortgages is justified.
- EIOPA consults on an open insurance dashboard use case**  
To [give](#) consumers an overview of all insurance policies in one place and allow insurance providers to present information of products so that consumers may better compare coverages and prices. Deadline: Oct 24, 2023.
- EIOPA publishes a peer review report on product oversight and governance (POG)**  
It [finds](#) that most NCAs have adapted their supervisory approaches and processes to the supervision of POG requirements in line with the provisions in the Insurance Distribution Directive and the POG Regulation.

## United Kingdom

- PRA consults on securitization general requirements**  
It [sets out](#) proposed rules to replace retained EU law requirements on: i) provisions for which the PRA has supervisory responsibility; ii) risk retention technical standards; and iii) disclosure technical standards. Deadline: Oct 30, 2023.
- PRA publishes policy statement on changes to credit union regulatory regime**  
It [extends](#) the range of permitted investments to include a wider range of products (as corporate bonds, bank bonds, MMFs) and sets a number of safeguards in order to minimize any corresponding risks.

## United States

- **FRB consults on the implementation of the latest Basel III standards and G-SIB surcharge**  
The [new rules](#) on credit, market and operational risk would apply to entities with assets over \$100bn assets. Also proposes changes to the G-SIB buffer to avoid window dressing. Deadline: Nov 30, 2023.
- **FRB announces its new system for instant payments**  
Banks and credit unions of all sizes can [sign up](#) and use this tool to instantly transfer money for their customers, any time of the day, on any day of the year.
- **CFTC approves final rule for reporting requirements for derivatives clearing organizations**  
It [updates](#), among other things, information requirements associated with commingling customer funds and positions in futures and swaps in the same account.
- **SEC adopts rules on cybersecurity risk management by public companies**  
It [requires](#) registrants to disclose material cybersecurity incidents they experience and to annually disclose material information regarding their cybersecurity risk management, strategy, and governance.
- **SEC consults on new requirements to address risks derived from the use of predictive data analytics**  
Broker-dealers & investment advisers must [address](#) conflicts of interest associated with their use of predictive data analytics to interact with investors Deadline:60 days after publication in the Federal Register.
- **SEC consults on reforms relating to investment advisers operating exclusively through the internet**  
It would [require](#) an investment adviser relying on the internet adviser registration rule to have at all times an operational interactive website through which these services are provided. Deadline: 60 days after publication.

## 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](#).

## **DISCLAIMER**

The present document does not constitute an “Investment Recommendation”, as defined in Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (“MAR”). In particular, this document does not constitute “Investment Research” nor “Marketing Material”, for the purposes of article 36 of the Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organizational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (MIFID II).

Readers should be aware that under no circumstances should they base their investment decisions on the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to take an appropriate investment decision.

This document has been prepared by BBVA Research Department. It is provided for information purposes only and expresses data or opinions regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes.

BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents.

This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

The content of this document is protected by intellectual property laws. Reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process is prohibited, except in cases where it is legally permitted or expressly authorized by BBVA on its website [www.bbvarresearch.com](http://www.bbvarresearch.com).

### **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  
[www.bbvarresearch.com](http://www.bbvarresearch.com)