

# Financial Regulation: Weekly Update

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## Highlights

1. BCBS and EBA publish Basel III monitoring reports
2. FSB publishes consultative report on data standards relevant to cross-border payments
3. ESAs analyze the extent of voluntary disclosure of principal adverse impacts (PIAs) under the SFDR
4. BdE holds the countercyclical capital buffer at 0% in the fourth quarter of 2023
5. PRA updates timings of Basel III implementation in the UK

## Global

- **BCBS publishes Basel III monitoring report**  
Capital [ratios](#) have increased to above pre-pandemic levels. Liquidity ratios have decreased but remain above pre-pandemic levels. BIS III impact for Group 1 banks was 3% compared to 2.8% at previous reporting date.
- **FSB publishes consultative report on data standards relevant to cross-border payments**  
It invites [feedback](#) on how requirements applicable to data frameworks affect the cost, speed, access, transparency and interoperability of cross-border payments networks. Deadline: Oct 20, 2023.
- **IAIS publishes comment letter with feedback on the implementation review of IFRS 9**  
It provides [feedback](#) with a focus on: impairment requirements, recognition of expected credit losses, determining significant increase in credit risk, transition, and credit disclosures etc.

## Europe

- **EBA publishes Basel III monitoring report**  
The [increase](#) in minimum capital requirements is estimated at 12.6% and 9% considering European specificities. Main contributing factors to these impacts are the output floor and credit risk.
- **ESAs analyze the extent of voluntary disclosure of principal adverse impacts (PAI) under the SFDR**  
In their second annual [report](#), they have developed a preliminary, indicative and non-exhaustive overview of good practices and areas that need improvement, based on a survey launched to NCAs.
- **EBA issues statement on 2023 transparency exercise**  
It launches the annual [EU-wide transparency](#) exercise to monitor risks and vulnerabilities, and to reinforce market discipline. It expects to publish the results at the beginning of December.

- **ESAs publish report on the information & communication technology third-party providers in the EU**  
The [analysis](#) aims to map the provisions of ICT services by TPPs to financial entities in the EU and to support the ESA's policy making process.
- **ESRB publishes advice on the prudential treatment of environmental and social risks**  
It [considers](#) that the macroprudential framework can be used in its current form to address climate risks, through systemic risk buffers and borrower-based measures, although some adjustments are needed.
- **EC publishes joint EU/OECD framework on financial literacy for youth under the CMU initiative**  
The aim is to [establish](#) a shared understanding among Member States and practitioners of the essential financial literacy skills that children and youth need to take well-informed personal finance decisions.
- **ESRB publishes letter with feedback on the post implementation review of IFRS 9**  
Based on the previous reports issued on the topic, and adding evidence from the [implementation](#) of IFRS 9, it focuses the feedback on the issues most related to financial stability.
- **ESMA publishes its work program for 2024**  
It will be [focused](#) on i) digital change in relation to the MiCA and DORA regulation and ii) the green transition, mainly the European Green Bond Regulation and the final report on greenwashing.

## Spain

- **BdE holds the countercyclical capital buffer at 0% in the fourth quarter of 2023**  
In view of indicators trends and the absence of systemic vulnerabilities in the Spanish economy, it [has decided](#) to hold the CCyB rate applicable to banks for their credit exposures in Spain at 0% in the 4Q of 2023.

## United Kingdom

- **PRA updates timings of Basel III implementation in the UK**  
It announces a 6-month [delay](#) in the implementation of Basel 3.1 from January 1<sup>st</sup>, 2025 to July 1<sup>st</sup>, 2025 and the intention to reduce the phase-in period in the same amount of time.
- **PRA consults on capitalization of foreign exchange positions for market risk**  
It [sets out](#) the proposed clarifications and amendments when capitalizing foreign exchange exposures under the market risk capital framework. Deadline: Jan 31, 2024.
- **HM Treasury and PRA issue consultations on ring-fenced bodies (RFB)**  
i) [Consultation](#) to allow RFB to establish entities in third countries, allowing them to compete with international and domestic banking groups. ii) [Consultation](#) to ensure that RFBs' third-country businesses within its sub-consolidation group do not pose a material risk to the provision of core services in the UK. Deadlines: Nov 26, 2023.
- **PRA consults on the reform of the matching adjustment under Solvency II**  
It [sets out](#) reforms to enable broader and quicker investment by insurers in their matching adjustment portfolios, while improving responsiveness to risk. Deadline: Jan 5, 2024.
- **PRA consults on diversity and inclusion in PRA-regulated firms**  
It [seeks](#) to advance the PRA's objectives of safety and soundness and policyholder protection by improving diversity and inclusion outcomes in PRA-regulated firms. Deadline: Dec 18, 2023.

**Recent publications of interest (in English and Spanish):**

- [Press Article](#). *Lessons from the latest financial turmoil* (Spanish only). September 2023.
- [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 crypto markets* (Spanish only). Apr 2023.

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

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