

Financial Regulation: Weekly Update

Matías Cabrera and Inés Criado

October 06, 2023

Highlights

1. BCBS publishes report on the 2023 banking turmoil
2. EBA publishes its responses to EC on two delegated acts under MiCAR
3. ESMA publishes second consultation on crypto market rules
4. ESAs publish their joint response to the EC on two delegated acts under DORA
5. BdE raises the capital buffers for domestic systemic banks for 2024

Global

- **BCBS publishes report on the 2023 banking turmoil**
It provides an [assessment](#) of the causes of the banking turmoil, the regulatory and supervisory responses and the initial lessons learnt. It is not an indication of planned revisions to the Basel framework.
- **BCBS publishes report on Basel III implementation progress**
It provides an update on the [adoption](#) of Basel III in member jurisdictions showing a good progress since the previous report.

Europe

- **EBA publishes its responses to EC on two delegated acts under MiCAR**
Relating to the [criteria](#) for determining the significance of asset-referenced tokens (ARTs) and electronic money tokens (EMTs) and to the supervisory fees that may be charged to issuers. The EBA proposes a set of core and ancillary indicators for each significance criterion.
- **ESMA publishes second consultation on crypto market rules**
To [seek](#) input on sustainability indicators for distributed ledgers, disclosures of information, technical requirements for white papers, trade transparency measures and business continuity requirements for service providers. Deadline: Dec 14, 2023.
- **ESAs publish their joint response to the EC on two delegated acts under DORA**
Their [joint response](#) specifies further criteria for critical information and communication technologies (ICT) third-party service providers (CTPPs) and determines oversight fees levied on such providers.
- **EBA publishes its work program for 2024**
[Focused](#) on i) implementing the EU banking package (CRR III & CRD VI), ii) monitoring financial stability and sustainability, iii) providing a data infrastructure, iv) DORA and MiCAR, and v) the new AML/CFT framework.

- ESAs publish Joint Committee Work Program for 2024**
It will [focus](#) on: i) consumer and investor protection, ii) operational resilience, iii) financial conglomerates, and iv) securitization. It will monitor emerging key cross-sectoral risks and vulnerabilities for financial stability.
- ESMA will launch a common supervisory action on MiFID II sustainability requirements during 2024**
It [aims](#) to assess the progress made by intermediaries in the application of these requirements, which entered into force in 2022 following the amendments to the MiFID II Delegated Acts.
- ESMA publishes report on the use of language related to ESG factors in the EU fund industry**
Its [assessment](#) of how investment funds signal themselves (via their name or via their documents) is an important first step in the detection and monitoring of potential greenwashing.
- SRB publishes report on smaller banks in the banking union for the first time**
It examines key developments in [LSI institutions](#), analyzing national resolution authorities' resolution planning and crisis management activities, while explaining the SRB's role on less significant institutions.
- ESRB issues letter on extending emergency measures on CCP collateral requirements**
It responds to ESMA's [final report](#) on extending emergency measures on CCP collateral requirements. While it restates its opinion that such measures should be temporary, it agrees with the extension proposed.
- ESRB publishes opinion on Norwegian notification on systemic risk buffer and O-SII buffer**
It [considers](#) the O-SII buffer rate applicable cumulatively with the existing SyRB to which the credit institutions are already subject appropriate, resulting in a cumulative SyRB and O-SII buffer rate higher than 5 %.
- EBA publishes list of third country groups and third country branches in the EU/EEA**
Updated list of [third country groups](#) (TCG) with intermediate EU parent undertakings (IPUs) and third country branches (TCB) operating in the EU and EEA. In total there are 461 TCG and 105 TCB.
- EIOPA publishes its technical advice to the EC on the review of the IORP II Directive**
To [ensure](#) that the directive of institutions for occupational retirement provision reflects challenges such as an aging population, widening pension gaps, and climate change that are affecting occupational pensions.
- EIOPA publishes report on the impact inflation on insurers and assesses potential future risks**
It [considers](#) the effects higher-than-expected inflation and interest rates have had for insurers' capital levels, profitability and liquidity positions, but also for consumers.
- EIOPA updates technical information for calculating the risk-free interest rate term structures (RFR)**
It [focuses](#) on the assessment of the financial instruments used for constructing the RFR-information and a technical change in the calculation of the Credit Risk Adjustment for some currencies.

Spain

- BdE raises the capital buffers for domestic systemic banks for 2024**
This [increase](#) was prompted by the revision of the ECB's floor methodology for assessing capital buffers for O-SIIs in the context of the SSM, which has led to the adaptation of the BdE methodology to comply with it.
- AMCESFI publishes opinion on BdE macroprudential measure relative to OSII buffer**
It [welcomes](#) the fact that the list of institutions identified as O-SIIs for 2024 and their corresponding macroprudential buffers have been determined by BdE in accordance with the applicable regulations.

United Kingdom

- **PRA consults on its approach to the authorization and supervision of insurance branches**
It clarifies and updates PRA's [approach](#) based on the lessons learned from the transitioning from the European passporting regime to a post-EU withdrawal third country regime. Deadline: Jan 12, 2024.
- **PRA publishes statement on the dynamic general insurance stress test in 2025**
It [aims](#) to assess: i) the industry's solvency and liquidity resilience to a specific adverse scenario; and ii) the effectiveness of insurers' risk management and management actions following an adverse scenario.

United States

- **US-UK Financial Regulatory Working Group publishes joint statement**
Focused on: i) economic and [financial stability](#) outlook ii) international banking issues iii) developments in NBFIs iv) climate-related financial risks and sustainable finance v) international engagement vi) digital finance.

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](#).

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 organisational 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 authorised by BBVA on its website www.bbvaresearch.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.bbvaresearch.com