

# Financial Regulation: Weekly Update

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## Highlights

1. Council and Parliament reach provisional agreements on AMLA, CSDDD and AI Act
2. SRB issues consultation on future revision of MREL
3. EBA publishes roadmap on the implementation of the banking packages and issues first consultations
4. BCBS consults on targeted adjustments to its standard on interest rate risk in the banking book
5. BCBS consults on targeted adjustments to its standard on crypto-assets

## Global

- **BCBS consults on targeted adjustments to its standard on crypto-assets**  
It [develops](#) the criteria on the composition of the reserve assets that back stablecoins, covering issues such as the credit quality, maturity and liquidity of the reserve assets. Deadline: March 28, 2024.
- **BCBS consults on targeted adjustments to its standard on interest rate risk in the banking book**  
. Deadline: Mar 28, 2024.
- **BCBS issues report on macroprudential policies to mitigate housing market risks**  
It [shows](#) how policymakers usually translate broad financial stability objectives into more specific intermediate objectives to mitigate risks in the housing market, with lender resilience being the most common.
- **FSB issues report on future work in resolution**  
Based on the [lessons](#) from the 2023 crisis, it will seek to address operational challenges in the implementation of the bail-in at global level and it will review the adequacy of public sector backstop mechanisms. There is also work planned on the resolution of CCPs and insurers.
- **BCBS issues report on the implementation of its global standards in Mexico and Switzerland (RCAP)**  
Mexico is [compliant](#) with the NSFR standard and the LEX framework, and largely compliant with the LCR. Switzerland is largely compliant with the NSFR standard and the LEX framework.
- **IADI issues report on the implications of the 2023 banking turmoil for deposit insurance systems**  
[Digitalization](#) and the increase in uninsured deposits led authorities to review their system's adequacy. It will revise its core principles and conduct further work with the FSB on the interaction between deposit insurance and resolution.
- **FATF updates process and procedure for mutual evaluations and follow-up universal procedures**

It [states](#) that FATF-Style Regional Bodies and International Financial Institutions should be using the same or similar procedures as the FATF. There is a set of core elements that should apply to all assessments.

- **IAIS issues statement on Artificial Intelligence and Machine Learning in insurance (AI/ML)**  
It [summarizes](#) the thematic review on the efforts to adopt AI/ML in the insurance sector. It presents the key findings and the work ahead.
- **IAIS paper on the roles and functioning of policyholder protection schemes (PPSs)**  
It [describes](#) PPSs around the world, and their role in the resolution of insurers. It seeks to help jurisdictions which want to establish or improve their own PPSs.

## Europe

- **Council and Parliament reach a provisional agreement on the Sustainability Due Diligence Directive**  
It temporarily [excludes](#) the financial sector's downstream activities from the scope of the directive. There will be a review clause for its possible future inclusion, based on a sufficient impact assessment.
- **Council and Parliament reach a provisional agreement on the Anti-Money Laundering Authority (AMLA)**  
The [new authority](#) will have supervisory powers over high-risk entities in the financial sector, with the ability to impose sanctions for serious breaches. The location of the agency's seat remains undecided.
- **EBA publishes roadmap on the implementation of the banking packages and issues first consultations**  
The [roadmap](#) provides clarity on how the EBA will develop its mandates to implement the CRR 3. Along with it, EBA has published the first two consultations on: i) [reporting and disclosure](#) covering output floor, credit risk, CVA, market risk and leverage ratio and ii) [FRTB](#) and counterparty credit risk. Deadlines: Mar 14, 2024.
- **Council and Parliament reach a provisional agreement on AI Act**  
The draft [regulation](#) aims to ensure that AI systems on the EU market are safe and respect fundamental rights. Next steps: finalize technical work before final adoption. Applicable two years after entry into force.
- **SRB issues consultation on the future review of MREL**  
It [focuses](#) on: i) MREL adjustments for preferred resolution strategy, ii) market confidence buffer, iii) eligibility, iv) discretionary exclusions, and v) long-term policy issues. Deadline: Feb 13, 2024.
- **ESAs issues statement on innovation facilitators across the European Economic Area**  
It [identifies](#) a number of benefits and challenges relating to the operation and design of such innovation facilitators and presents recommendations and considerations towards NCAs, ESAs and EC.
- **ESAs consultation on second batch of policy mandates under the Digital Operational Resilience Act**  
It [includes](#) four draft RTS, one set of draft ITS and two sets of guidelines to ensure a consistent and harmonized legal framework under DORA. Deadline: Mar 4, 2024.
- **ESMA launches Common Supervisory Action on ESG disclosures for Benchmarks Administrators**  
It will [contribute](#) to enhancing transparency and addressing greenwashing and ensure consistent and effective supervision of the ESG disclosures of supervised administrators across the Union.
- **EBA publishes peer review on supervision of creditors' treatment of mortgage borrowers in arrears**  
It [considers](#) competent authorities' supervision is overall effective and is adapted to the current interest rates environment and risks to mortgage borrowers. However, it finds differences in the level of scrutiny applied.

- **EBA publishes discussion paper on the centralization of Pillar 3 disclosures**  
It [explains](#) the processes for institutions, for the EBA and for users of information and the main challenges that could potentially arise. Deadline: Mar 29, 2024.
- **EBA issues revised list of ITS validation rules**  
It [focuses](#) on supervisory reporting, highlighting those which have been deactivated either for incorrectness or for triggering IT problems.
- **ESMA discussion paper on digitalization of retail investment services**  
It [examines](#) the surge in the adoption of digital tools and social media by firms and retail investors following Covid-19, and an exploration of how technology impacts retail investor behavior and decision-making.
- **ESMA publishes annual peer review of EU CCP supervision**  
It [considers](#) NCAs have broadly met the supervisory expectations in assessing CCP compliance with EMIR requirements on due diligence of clearing members.
- **EBA publishes annual risk assessment of the European banking system**  
It [considers](#) the EU banking sector has proven to be resilient in the aftermath of the banking turmoil in March. Capitalization remains high, asset quality remains robust and liquidity remains high.
- **Council and Parliament reach a provisional agreement on Solvency II and IRRD**  
It [aims](#) to make the insurance sector more resilient and prepared for future challenges, contributing to the CMU, and financing the green and digital transition.
- **EIOPA consults on the prudential treatment of sustainability risks**  
It [follows](#) a risk- and evidence-based approach and assesses the potential for a dedicated prudential treatment of environmental and social risks in accordance with this approach. Deadline: Mar 22, 2024.
- **EIOPA consults its approach to tackle greenwashing in the insurance and pension sectors**  
It [sets out](#) four principles that should be observed when providers make sustainability claims and proposes that NCAs monitor providers' adherence to these principles. Deadline: Mar 12, 2024.
- **EIOPA presents financial stability report Dec 2023**  
It [focuses](#) on four topics: i) liquidity risk; ii) portfolio rebalancing after monetary normalization; iii) liquidity needs of occupational pension funds on interest rate derivatives; & iv) impact and lessons of recessions.

## Spain

- **BdE issues statement on the CCyB**  
It [decided](#) to maintain the 0% regulatory percentage for the Countercyclical Capital Buffer (CCyB) given the absence of vulnerabilities in the Spanish financial system.
- **CNMV issues statement on financial fraud in social media**  
It [warns](#) investors of attempts of financial fraud published in social media, which include photographs or videos of celebrities, actors, singers and public officials associating them to statements they never made.

## United Kingdom

- **PRA publishes the first of two policy statements for the implementation of the Basel 3.1 standards**  
It [includes](#) near-final rules on: i) scope and levels of application, ii) market risk; iii) CVA and counterparty risk; iv) operational risk and v) currency denomination.
- **PRA issues policy statement on operating the Interim Capital Regime**  
It [sets out](#) its approach on how firms meeting different criteria can access the ICR, how firms will be treated in case of M&A or similar, or how firms that cease to meet the criteria will transition between ICR and Basel 3.1.
- **PRA statement on Solvency II Review**  
It [contains](#) information about the changes to regulatory reporting requirements and the transitional measure on technical provisions and information to assist firms with implementation of the risk margin calculation.
- **PRA consultation on its approach to policy**  
It [consults](#) on its proposed approach to take to policy under the regulatory framework as amended by the Financial Services and Markets Act. Deadline: Apr 8, 2024.
- **FCA issues statement on the treatment of retained interest on customers' cash balances**  
It is [directed](#) to investment platforms and Self Invested Personal Pension operators, and warns about double dipping practices that might not be providing fair value to customers or be understood by them.
- **FCA sets out new rules to maintain access to cash in increasingly digital world**  
The [proposals](#) set out how banks and building societies will need to assess and plug gaps in local cash provision to manage the pace of change and ensure that people can continue to access cash if they need it.

## United States

- **US Treasury issues joint statement on the EU-U.S. Financial Regulatory Forum**  
It [focuses](#) on: i) market developments and financial stability; ii) regulatory developments in banking and insurance; iii) AML/CFT; iv) sustainable finance; v) regulatory and supervisory cooperation in capital markets; and vi) operational resilience and digital finance.
- **FDIC issues its semiannual update on restoration plan**  
It [considers](#) that despite the current decline, it projects that the reserve ratio is likely to reach the statutory minimum of 1.35% by the statutory deadline of Sep 30, 2028.
- **OCC issues annual report for 2023**  
It provides an [overview](#) of the condition of the federal banking system, discusses the OCC's strategic priorities and initiatives, and shares the agency's financial management and condition.
- **SEC adopts rules on risk management in clearance and settlement**  
It seeks to [enhance](#) risk management practices for central counterparties in the U.S. Treasury market and facilitate additional clearing of U.S. Treasury securities transactions.

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

- [Press Article](#). *Global regulatory standards in a fragmenting financial system*. November 2023

- [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.

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

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