

Financial Regulation: Weekly Update

Matias Cabrera and Salvador Portillo

April 19, 2024

Highlights

1. BCBS releases discussion paper on the role of climate scenario analysis
2. FSB proposes liquidity measures for non-bank market players for margin and collateral calls
3. EBA publishes annual assessment of banks' internal approaches for capital requirements
4. ESRB issues report on operational policy tools for cyber resilience
5. ESAs consult on technical standards for joint examination teams under DORA

Global

- **BCBS releases discussion paper on the role of climate scenario analysis**
It [revises](#) how climate scenario analysis can be practically used to help strengthen the management and supervision of climate-related financial risks. Deadline: Jul 15, 2024.
- **FSB proposes liquidity measures for non-bank market players for margin and collateral calls**
It [proposes](#) eight high-level and cross-sectoral policy recommendations to enhance liquidity of NBFIs for margin and collateral calls. These build on and complement existing regulations. Deadline: Jun 18, 2024.
- **IOSCO publishes updated work plan**
It [announces](#) new workstreams to reflect increased focus on AI, tokenization and credit default swaps, as well as additional work on transition plans and green finance.
- **ISDA extends Digital Regulatory Reporting (DRR) initiative to new jurisdictions**
The [extension](#) to several jurisdictions will enable firms to implement changes to regulatory reporting requirements cost-effectively and accurately, reducing the risk of regulatory penalties for misreported data.
- **IAIS releases its Year in Review 2023 report**
It [provides](#) an overview of its mission, strategy and role in the global financial supervisory architecture. It highlights its mission of policyholder protection and global financial stability.

Europe

- **EBA publishes annual assessment of banks' internal approaches for capital requirements**
The [exercise](#) monitors the consistency of RWAs across entities using internal models. For credit risk, the variability of RWAs remained stable and for market risk the results show a decrease in the dispersion of VaR.

- **ESRB issues report on operational policy tools for cyber resilience**
It [focuses](#) on three policy tools: i) for gathering, sharing and managing information; ii) for coordination amongst authorities; and iii) for emergency and backup systems.
- **ESAs consult on technical standards for joint examination teams under DORA**
The [aim](#) is to lay out the criteria for determining the composition of the joint examination teams as well as the designation of the members, their tasks, and working arrangements. Deadline: May 18, 2024.
- **EBA, EIOPA and ECB set up joint governance framework for the DPM 2.0 standards**
This [alliance](#) is another step in the process of building an integrated reporting system, to facilitate the definition and exchange of regulatory data, increase efficiencies and avoid the duplication of efforts.
- **EIOPA issues report on the implementation of IFRS 17**
It [offers](#) insights into its initial implementation and highlights how certain aspects of the new standard differ from Solvency II - based on a sample of 53 (re)insurance groups.
- **EIOPA issues report on market and credit risk modeling in internal models based on 2022 data**
It [shows](#) moderate to significant dispersion in some asset model outputs that may be attributable to certain model and business specificities and it indicates the need for continued supervisory attention.

Spain

- **BdE issues report on financial stability**
It [finds](#) vulnerabilities and risks to financial stability are moderate, though high public debt remains a significant concern, necessitating a fiscal consolidation plan in 2024 under new EU rules.
- **CNMV, AMF, Consob and FMA issue report on macroprudential policy for asset management**
It [highlights](#) the diversity within the NBFIs sector, emphasizing that while some entities offer bank-like products and could merit similar regulations, the sector as a whole, including asset management, operates differently.

United Kingdom

- **PRA issues statement on matching adjustment reform implementation**
It [seeks](#) to assist insurance firms to prepare for implementation of the reforms in a way that makes efficient use of resources and allows firms to make the most of new investment opportunities facilitated by the reforms.
- **HM Treasury issues consultation on effectiveness of the Money Laundering Regulations (MLRs)**
It [focuses](#) on: making customer due diligence more proportionate and effective; strengthening system coordination; providing clarity on scope; reforming the Trust Registration Service. Deadline: Jun 9, 2024.

United States

- **FDIC issues statement on the upcoming exercise on cross-border resolution planning**
Part of a series of [regular exchanges](#) among EU Banking Union, US and UK authorities. It seeks to enhance the understanding of each jurisdiction's resolution regime, strengthen coordination on cross-border resolution, and promote confidence in and commitment to the orderly resolution of G-SIBs.
- **CFPB issues final rule on supervision designation procedures**
It [updates](#) how the agency designates a nonbank for supervision, streamlining the designation proceedings for both the CFPB and nonbanks.

- **FinCEN renews real estate geographic targeting orders**
It [requires](#) US title insurance companies to identify the natural persons behind shell companies used in non-financed purchases of residential real estate.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *Will the European Artificial Intelligence Regulation favor the development of this technology?* (Spanish only). March 2024.
- [Press Article](#) *Priorities of European authorities for 2024: Sustainable and digital finances.* (Spanish only). February 2024
- [Press Article](#). *Basel III, ESG regulation and digital finance... the plans for global regulators for 2024* (Spanish only). February 2024
- [Press Article](#). *Keys to digital and banking regulation for 2024* (Spanish only). January 2024

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.bbva.com or www.bbva.com.