

Financial Regulation: Weekly Update

Matias Cabrera and Salvador Portillo

April 26, 2024

Highlights

1. FSB publishes report on financial resources and tools for CCP resolution
2. EBA consults specification of long and short positions under derogations for market & counterparty risks
3. ESRB issues advice to EIOPA on prudential treatment of environmental and social risks
4. SSM issues statement on cross-border coordination exercise
5. FRB issues report on US financial system resilience

Global

- **FSB publishes report on financial resources and tools for CCP resolution**
Standard to ensure that [resolution authorities](#) have access to a set of tools to support the resolution of a CCP, requiring adequate liquidity, loss-absorbing, and recapitalization resources to be available to maintain the continuity of a CCP's critical functions.

Europe

- **EBA consults specification of long and short positions under derogations for market & counterparty risks**
Within its [roadmap](#) for CRR 3 implementation, it includes the method to identify the main risk driver and to determine whether a transaction represents a long or a short position. Deadline: Jul 24, 2024.
- **ESRB issues advice to EIOPA on prudential treatment of environmental and social risks**
It [considers](#) that prudential policy should be risk-based and not be used to achieve broader policy objectives such as the transition to a low-carbon economy and the necessary adaptations to climate change.
- **SSM issues statement on cross-border coordination exercise**
[G7 authorities](#) routinely conduct exercises to ensure they can effectively coordinate and communicate their response in the event of a widespread cyber incident affecting the financial system
- **ESMA issues opinion on ELTIF technical standards**
It [acknowledges](#) that there should be an appropriate balance between the protection of retail investors and financial stability related objectives and the fact that ELTIF should contribute to CMU objectives.
- **ESMA issues report on global CCP fire drill 2023**
It [finds](#) that no major operational bottlenecks were identified. Nevertheless, further dialogue between CCPs, clearing members and their clients is encouraged to streamline CCP processes where possible.

Spain

- **CNMV publishes annual report on the supervision of non-financial information of issuing companies**
It details the [supervisory](#) function of the CNMV regarding issuances in Spain. It also includes priorities for 2024 that will be focused on disclosures related to climate change and scope 3 greenhouse gas emissions.

United Kingdom

- **PRA consultations on the restatement of assimilated law**
It is the [consultation](#) needed to implement the conclusions of the Solvency II Review and to finalize PRA rules and other policy materials that will replace Solvency II assimilated law.
- **BoE and FCA update MoU**
It [aims](#) to reflect changes made by the Financial Services and Markets Act 2023, facilitate the optimization of some processes, and update terminology.
- **BoE publishes CCPs supervisory stress test**
It will focus on two analytical [components](#): the Credit Stress Test and the Credit Reverse Stress Test. In contrast to last year, it will not include a Liquidity Stress Test component.
- **FCA confirms anti-greenwashing guidance and proposes extending sustainability framework**
It [aims](#) to protect consumers by ensuring that sustainable products and services sold are accurately described so that they can make informed decisions. It will take effect on May 31, 2024.

United States

- **FRB issues report on US financial system resilience**
It [reviews](#) vulnerabilities affecting the stability of the U.S. financial system related to valuation pressures, borrowing by businesses and households, financial-sector leverage, funding risks and near-term risks.
- **CFTC extends consultation on rules for Designated Contract Markets and Swap Execution Facilities**
It extends [comment period](#) on proposed rules making modifications regarding governance requirements and conflicts of interest. New deadline: May 13.
- **CFTC approves final rules on swap confirmation requirements for Swap Execution Facilities**
Final rule on SEFs regulations related to [uncleared swap](#) confirmations, addressing issues previously found, and making technical changes. Effective date: 30 days after publication in the Federal Register.
- **CFPB issues supervisory highlights on mortgage servicing fees**
It describes its actions to combat [certain fees](#) charged by mortgage servicers (such as property inspections fees) as well as other illegal practices.
- **FinCEN issues statement on environmental crimes**
It [reminds](#) financial institutions to remain vigilant in identifying and reporting suspicious activity related to environmental crimes.

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.