

Financial Regulation: Weekly Update

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Highlights

1. FSB issues report on vulnerabilities in short-term funding markets
2. EC consults on macroprudential policies for NBFIs
3. BCBS publishes report on the digitalization of finance
4. EBA consults on draft guidelines on ADC exposures to residential property under CRR III
5. ESMA makes recommendations for more effective and attractive capital markets

Global

- **FSB issues report on vulnerabilities in short-term funding markets**
It [analyzes](#) the functioning of, and considers potential ways to address vulnerabilities, in commercial paper and negotiable certificates of deposit markets.
- **BCBS publishes report on the digitalization of finance**
It [identifies](#) eight implications for banks and supervisors relating to macro-structural elements, specific digitalization themes, and capacity building and coordination.
- **FATF publishes procedures for the AML/CFT/CPF mutual evaluations**
It [sets](#) out the procedures that are the basis for mutual evaluation. After their mutual evaluation, countries will have three years to take action and address the deficiencies.

Europe

- **EC consults on macroprudential policies for NBFIs**
It [aims](#) to identify the vulnerabilities and risks of NBFIs and map the existing macroprudential framework. It seeks feedback on current challenges to macroprudential supervision. Deadline: Nov 22, 2024.
- **EBA consults on draft guidelines on ADC exposures to residential property under CRR III**
It [specifies](#) the credit risk-mitigating conditions that allow institutions to assign a risk weight of 100% instead of 150% for acquisition, development and construction exposure to residential property. Deadline: Aug 19, 2024.
- **ESMA makes recommendations for more effective and attractive capital markets**
It [focuses](#) on three dimensions of the CMU: citizens, companies and the EU regulatory and supervisory framework. The paper includes 20 recommendations to strengthen EU capital markets.
- **ESMA consults on Consolidated Tape Providers (CTPs) and their selection**

It [seeks](#) comments on draft technical standards related to CTPs, other data reporting service providers (DRSPs) and the assessment criteria for the CTP selection procedure. Deadline: Aug 28, 2024.

- **ESMA consults on commodity derivatives under MiFID**

It [consults](#) on changes to the technical standards on position management controls and the implementing technical standards on position reporting. Deadline: Aug 21, 2024.

- **ESMA consults on three new technical standard on the MiFIR review**

It [aims](#) to enhance the information available to stakeholders by improving, simplifying and further harmonizing transparency in capital markets. Deadline: Aug 28, 2024.

- **Council gives its final approval to the Due Diligence Directive (CS3D)**

It [introduces](#) obligations for large companies regarding adverse impacts of their activities on human rights and environmental protection. Member states will have two years to transpose this legal text.

Spain

- **BdE approves reciprocity on macroprudential measures from Banco de Portugal**

It reciprocates the sectoral [Systemic Risk Buffer](#) applicable to retail exposures to natural persons secured by residential real estate located in Portugal for which banks use IRB. It will apply from Oct 1, 2024.

- **AMCESFI publishes opinion on BdE reciprocation measure**

It welcomes the BdE's [reciprocation](#) of the measure introduced by Banco de Portugal, as it will increase Spanish banks' resilience at the consolidated level, to the systemic risk identified in Portugal.

- **CNMV [consults](#) on the modification of various circulars**

The hearing process begins for a draft Circular through which other CNMV circulars related to information reserved for the supervision of standards of conduct and protection of client assets will be modified. Deadline: Jun 30, 2024.

United States

- **FRB issues statement on two rulemaking petitions**

Denial of [two petitions](#) due to legal and policy considerations: i) on the development of a framework for disclosure for promised financial commitments to certain corporate initiatives, and ii) on a revision to the Uniform Financial Institution Rating System framework.

- **FDIC publishes 2024 risk review**

It [summarizes](#) conditions in the U.S. economy, financial markets, and the banking industry including an overview of banking risks in market, credit, operational, crypto-asset and climate-related financial risks.

- **CFPB issues interpretive rule that confirms that Buy Now, Pay Later lenders are credit card providers**

Accordingly, they must [provide](#) consumers with some key legal protections and rights that apply to conventional credit cards. This action will help bring consistency to this market.

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](#).

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