

Financial Regulation: Weekly Update

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Highlights

1. ESAs call for enhanced supervision and improved market practice on sustainability-related claims
2. EBA publishes governance regulatory products under the MiCA
3. ESAs publish templates and tools for voluntary dry run exercise to support the DORA implementation
4. EBA and ESMA invite comments on the review of the investment firms prudential framework
5. EBA consults on the new framework for operational risk loss

Global

- **IOSCO publishes Good Practices to improve trading venues' resilience in case of Market Outages**
It [covers](#) five key areas: i) outage plans; ii) communication plans; iii) reopening of trading; iv) closing auctions / closing prices; and v) post-outage plans.
- **IOSCO issues report on leveraged loans (LL) and collateralized loan obligation (CLOs) good practices**
It [explains](#) the vulnerabilities identified in the LL and CLO markets and provides twelve good practices to support market participants in their decision-making when operating in the LL and CLO markets.

Europe

- **ESAs call for enhanced supervision and improved market practice on sustainability-related claims**
Their final reports [reiterate](#) the high-level definition of greenwashing and stress again that financial market players have a responsibility to provide sustainability information that is fair, clear, and not misleading.
- **EBA publishes governance regulatory products under the MiCA**
It [includes](#) guidelines on the minimum content of governance arrangements for issuers of ARTs and an RTS on the remuneration policy as well as an RTS on conflict of interests.
- **ESAs publish templates and tools for voluntary dry run exercise to support the DORA implementation**
The [materials](#) include templates for the registers of information, a draft technical package for reporting and frequently asked questions. Entities participating are expected to send the information by Aug 30th.
- **EBA and ESMA invite comments on the review of the investment firms prudential framework**
It [focuses](#) on: i) the adequacy of the current prudential requirements; ii) an analysis of the existing methodology; and iii) risks not covered by the current framework.
- **EBA consults on the new framework for operational risk loss**

It [aims](#) to standardize the collection and the record of operational risk losses and to provide clarity on the exemptions for the calculation of the annual operational risk loss. Deadline: Sept 6, 2024.

- **ESMA new supervisory and oversight mandates**

It [receives](#) supervisory powers over two new types of entities of the EU financial ecosystem: i) External Reviewers of EU Green Bonds; and ii) Consolidated Tape Providers.

- **EBA publishes its plan for the implementation of the data point model 2.0**

The DPM 2.0 will bring [several benefits](#): enhanced integration with more granular reporting, improved versioning of data definitions, and better definition of data relationships.

- **ECB consults on outsourcing cloud services**

It [aims](#) to clarify both the ECB's understanding of related legal requirements and its expectations for the banks it supervises, making supervision more consistent and ensuring a level playing field. Deadline: Jul 7, 2024.

- **ESAs and ENISA sign a Memorandum of Understanding to strengthen cooperation**

It [strengthens](#) cooperation between ESAs and the EU Agency for Cybersecurity to exchange information, report incidents and oversee critical information communication technologies third-party providers.

- **ESMA issues final MiCA rules on conflict of interest concerning the crypto assets providers published**

It [sets](#) out certain requirements to clarify elements in relation to vertical integration of CASPs and to further align with the draft EBA rules applicable to issuers of asset-referenced tokens (ARTs).

United States

- **Agencies issue host state loan-to-deposit ratios**

Updated host state [loan-to-deposit ratios](#) used to evaluate compliance with regulation (prohibition to establish branches outside home state primarily for acquiring deposits). These ratios replace those issued in May 2023.

- **CFPB issues request for information on fees imposed in mortgage transactions**

It seeks to [understand](#) why closing costs are increasing, and how costs for borrowers and lenders could be lowered. Deadline: 60 days after publication in the Federal Register.

- **CFPB issues rule on the recognition of open banking standards**

The new rule [establishes](#) a process for recognizing data sharing standards, identifying attributes that standard setting bodies must demonstrate to be recognized by the agency.

- **SEC issues statement on diversity self-assessment**

It invites [regulated entities](#) to submit self-assessments of diversity policies and practices for its biennial collection (to report on progress and trends). This is voluntary and not part of the SEC's examination process.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *Lessons and reforms one year after the financial turmoil* (only in Spanish). May 2024
- [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

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

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