

Financial Regulation: Weekly Update

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Highlights

1. FSB outlines work on recent banking turmoil and to finalize crypto-asset recommendations
2. FSB publishes next steps on climate roadmap
3. EBA consults on amendments to the ITS on the reporting and disclosure of MREL and TLAC
4. EBA consults on draft technical standards on EU market access of issuers of ART under MICA
5. ESMA consults on detailed rules for crypto markets

Global

- **BIS issues report on lessons learnt on CBDCs**
The [report](#), submitted to G20 Finance Ministers and Central Banks Governors, shows how the BIS innovation hub has helped central banks on their CBDCs journeys and discusses the lessons learnt so far.
- **BIS issues report on key elements and risks of the crypto ecosystem**
The [report](#), submitted to G20 Finance Ministers and Central Banks Governors, outlines policy options to mitigate the multiple risks crypto poses to investors, the traditional financial system and the economy at large.
- **BCBS publishes assessment report on the implementation of its global standards in the US**
It finds US [regulation](#) to be largely compliant with the Net Stable Funding Ratio and the Large exposure framework.
- **FSB outlines work on recent banking turmoil and to finalize crypto-asset recommendations**
It [reprioritizes](#) its work after the banking-sector turmoil, including lessons for the implementation of the resolution framework, interaction between interest rate and liquidity risk, the role of technology & social media.
- **FSB publishes next steps on climate roadmap**
It [welcomes](#) the publication of the ISSB's global sustainability disclosure standards. The responsibility for monitoring progress on firms' disclosures will transfer from the TCFD to the ISSB in 2024.

Europe

- **COM publishes final draft Risk Retention RTS on securitization**
It [adopted](#) the final draft Risk Retention RTS. It will now be subject to scrutiny by the European Parliament and Council, which can take two months. Its publication in the OJEU, most likely in Q3 2023 or Q4 2023.

- **EBA consults amendments to the ITS on the reporting and disclosures on MREL and TLAC**
It [reflects](#) changes to the prudential framework that will come into force and provide clarifications on the information to be reported in the insolvency ranking templates and disclosures. Deadline: August 18, 2023.
- **EBA issues report on competent authorities' approaches to ML/FT supervision of banks & fourth opinion on ML/TF risks across the EU.**
It [remarks](#) that supervisors are making progress in the fight against ML/FT and includes some recommended actions to do more to tackle ML/TF risk in their banking sector. The [opinion](#) contains proposals to EU co-legislators and NCAs to address the risks identified and strengthen the EU's financial crime defenses.
- **EBA publishes statement for the application of MiCAR to ART and EMT**
Encourages timely preparatory [actions](#) for financial institutions that intend to start asset-referenced tokens and electronic money token activities prior to June 30, 2024 to reduce risks of disruptive model adjustments.
- **EBA consults on draft technical standards on EU market access of issuers of ART under MiCAR**
The aim is to [regulate](#) access to the EU market of ARTs by applicant issuers and persons intending to exercise significant influence on these undertakings. Deadline: October 12, 2023.
- **EBA consults on draft RTS on complaints handling procedures under MiCAR**
It sets out [definitions](#) of complaints and requirements of the complaints management policy and function to ensure prompt, fair and consistent handling of complaints. Deadline: October 12, 2023.
- **EBA publishes validation requirements on initial margin models**
It sets out [supervisory procedures](#) to ensure the prudent use of initial margin models for OTC derivatives. The EBA also calls to consider the establishment of a central validation function in the EU.
- **ECB publishes list of supervised entities**
It [displays](#) the significant supervised entities, which are directly supervised by the ECB (110 entities) and the less significant supervised entities which are indirectly supervised by the ECB.
- **ESMA highlights risks arising from securities lending to retail investors**
In a [statement](#) it shows concerns related to securities lending and outlines the obligations of firms engaging in this practice. It also outlines its expectations for firms' compliance with the relevant MiFID II requirements.
- **ESMA consults on detailed rules for crypto markets**
It seeks [input](#) on proposed rules for Cryptoasset Service Providers, relating to their authorization, identification and management of conflicts of interest and on how to address complaints. Deadline: September 20, 2023.
- **ESMA issues public statement on the sustainability disclosure to be included in the prospectus**
It will [help](#) NCAs to take a coordinated approach to the scrutiny, provide issuers with an understanding of the disclosure expected and support investors' ability to make informed investment decisions.
- **ESMA publishes final report on revised technical standards for passporting**
The [proposal](#) adds new information requirements to provide at the passporting stage, including planned or existing cross-border activities.
- **ESMA updates its guidance on the definition of advice under MiFID II**
It [has transformed](#) the Q&As on the definition of advice under MiFID into a supervisory briefing for NCAs to use in their supervisory activities and provide guidance to firms in this important area.

- **ESMA issues opinion on CNMV product intervention measures**
It [consists](#) of two elements: i) further restrictions on the marketing of CFDs; ii) introduction of initial margin and margin close out requirements to products where investors can lose more than what they invested.
- **ESMA publishes manual on post-trade transparency**
This [manual](#) provides market participants and national competent authorities with guidance on how to apply the relevant MiFIR obligations in a consistent manner.
- **ESMA upgrades rating data repository and publishes latest data on CRA performance**
It [renovates](#) its Central Repository of Ratings and publishes the latest set of semi-annual statistical data on the performance of credit ratings, including transition matrices and default rates.
- **EIOPA consults on the supervision of reinsurance concluded with third country reinsurers**
The statement [sets](#) out supervisory expectations in several areas, including the assessment of the business context when using reinsurance from third countries and the importance of an early supervisory dialogue.
- **EIOPA publishes paper on methodological principles of insurance stress testing of cyber risks**
The [paper](#) focuses on the cyber risk component, and it is a further step in enhancing EIOPA's bottom-up insurance stress testing framework.
- **SRB joins Network for Greening the Financial System**
It has [joined](#) the Network for Greening the Financial System (NGFS) as an observer, as part of its development of a responsible investment framework for the Single Resolution Fund.

Spain

- **The CNMV [adopts](#) six ESMA guidelines on regulation on recovery & resolution of CCP**
They [include](#): i) recovery plan scenarios and indicators, ii) early intervention measures, iii) temporary restrictions in a relevant event in non-compliance, iv) valuation of contracts prior to termination and v) application of circumstances under which a central counterparty is deemed to be failing or likely to fail.
- **The CNMV restricts the advertising of CFDS**
It [prohibits](#) CFDs being advertised to retail investors, as well as some remuneration policies and sales techniques. It also establishes intervention measures in marketing, sales and distribution.

United Kingdom

- **PRA publishes annual report**
It [includes](#) information on how they delivered its strategic goals: identifying new and emerging risks; supporting competitive and dynamic markets; running an efficient regulator and building on the strength of the banking sector.
- **BoE publishes Stress Testing the UK banking system 2022/23 annual cyclical scenario**
The major [UK banks](#) would be resilient to a severe stress scenario that incorporated higher inflation, increasing global interest rates, deep and simultaneous recessions in the UK and global economies.
- **BoE publishes Financial Policy Summary and Record**
It [highlights](#) that the UK banking system is well capitalized and maintains large liquidity buffers. Asset quality overall remains relatively strong, with higher interest rates having had a limited impact on credit risk so far.

- **UK Treasury consults on future payments review**

It [aims](#) to consider how payments will be in the future, giving recommendations on the steps to successfully deliver world leading retail payments, further boosting UK fintech competitiveness. Deadline: Sep 1, 2023.

United States

- **CFTC extends temporary no-action letter on certain reporting requirements**

It concerns [financial reporting](#) obligations for bank swap dealers. The CFTC considers this temporary extension would not adversely impact its capacity to monitor SD bank's capital position.

- **SEC proposes rule amendments to the broker-dealer customer protection rule**

It [requires](#) certain broker-dealers to increase the frequency with which they perform computations of the net cash from weekly to daily. Deadline: 30 days since publication in the Federal Register.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *That's how investments under ESG criteria look like* (Spanish only). May 2023.
- [Press Article](#). *Europe leads the way in regulating of crypto markets* (Spanish only). Apr 2023.
- [Press Article](#). *European banking union: why is it so important to have a common deposit insurance fund?* (Spanish only). Apr 2023.
- [Press Article](#). *Banking regulation in Europe: Is it a good firewall?* (Spanish only). Apr 2023.

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

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