

Financial Regulation: Weekly Update

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Highlights

1. FSB consults on disclosure and the operationalisation of recovery and resolution, publishes a user guide for overnight risk-free rates
2. FSB and IOSCO publish their reports on market fragmentation
3. TCFD releases its 2019 status report
4. OJEU publishes the recently approved CRD V, CRR2 and BRRD2
5. SEC adopts rules to enhance protections for retail investors

GLOBAL

• FSB issues consultations on disclosure and operationalisation of recovery and resolution

It [publishes](#) two discussion papers for consultation: i) on the disclosure of resolution planning and resolvability and ii) on the solvent wind-down of derivatives and trading portfolios. Deadline: 2 Aug.

• FSB and IOSCO publish reports on market fragmentation

Each agency issued a report ([FSB](#) and [IOSCO](#)) identifying possible causes of financial fragmentation and areas where it can have an impact. They include possible ways forward to address the issue.

• FSB publishes user guide for overnight risk-free rates (RFRs)

The guide [includes](#) an overview of RFRs, details of their calculation and options on how they can be used in cash products. FSB encourages their adoption where they are appropriate (term or bank credit risk not needed).

• Task Force on Climate-related Financial Disclosures of the FSB releases its second status report

Some of the results are encouraging; however, there are [concerns](#) that not enough companies are disclosing decision-useful climate-related financial information. Another report will be delivered in Sept 2020.

• FSB issues report on decentralized financial technologies (DFT)

[DFT](#) could benefit financial stability. This implies more competition and diversity in the financial system, and also a reduction in the systemic importance of some existing entities.

• IOSCO issues report on *Sustainable finance in emerging markets and the role of securities regulators*

Includes ten recommendations to be considered for providing regulations or guidance regarding [sustainable financial instruments](#), such as requirements for reporting and disclosure of material ESG specific risks.

• CPMI and IOSCO consult on CCP auctions

Aimed at facilitating the sharing of existing practices on [default auctions](#), it focuses on key aspects of default management, such as governance, client participation and operational considerations. Deadline: 9 Aug.

Creating Opportunities

EUROPE

- **OJEU publishes the recently approved CRD V, CRR2 and BRRD2**

Some [provisions](#) under the “*Risk Reduction Measures*” package will enter into force next 27 June (but most of them will be applicable in two years).

- **ESRB releases its report on regulatory complexity and the quest for robust regulation**

It [analyses](#) how excessive complexity can contribute to systemic risk and possible ways to mitigate the issue. It states that the degree of complexity in financial regulation may limit its effectiveness in dealing with systemic risk.

- **ESMA and NCAs launch common supervisory actions on MiFID II rules**

[Supervisory activity](#) will focus on the application of MiFID II requirements on the assessment of appropriateness. NCAs will assess a sample of investment firms under their supervision.

- **EIOPA consults on opinion on sustainability within Solvency II**

The [draft opinion](#) forms part of EIOPA's strategic activities on sustainable finance and provides input as requested by the European Commission. Deadline: 26 Jul.

- **ESMA updates Q&As and publishes translation of guidelines**

i) Q&As on [AIFMD and UCITS](#) and [Transparency issues under MiFID II / MiFIR](#). ii) [Translations](#) of its guidelines on the application of C6 and C7 of Annex 1 of MiFID II.

UNITED KINGDOM

- **PRA and FCA issue statement on the preparations for the transition from Libor to risk-free rates (RFR)**

Following a request for information to some major financial firms on their preparations for the transition, the agencies publish key themes, good practices, [findings](#), and observations from their work.

- **PRA issues its 2019 annual report**

It includes [information](#) on its activities for the year ended last 28 feb, explaining how it delivered on its strategic goals.

- **FCA confirms new rules for P2P platforms**

[It seeks](#) to enhance investors' protection and support the P2P market. Also, provides additional guidance regarding the information about specific investments in their marketing materials.

UNITED STATES

- **FRB releases scheduled for the publication of the latest DFAST and CCAR results**

[Results](#) for the last Dodd-Frank Act Stress Test will be available next 21 Jun. Results for the latest Comprehensive Capital Analysis and Review will be available on 27 Jun.

Creating Opportunities

- **OCC issues statement on the extensions of the stress test requirements**

For national banks and federal savings associations with consolidated assets between \$100 and \$250 billion, the agency is [extending](#) the deadline for compliance with DFAST requirements to 25 Nov.

- **SEC adopts rules to enhance protections for retail investors**

The [package](#) is designed to improve the quality and transparency of retail investors' relationships with investment advisers and broker-dealers.

- **CFTC issues No-Action Relief for certain swaps**

In order to provide certainty, it allows certain amendments to [legacy swaps](#) without losing their status as such (keeping them outside the scope of the uncleared swap margin rule).

- **Agencies publish final rule on the treatment of municipal obligations for LCR in the Federal Register**

It amends LCR rules to treat certain [municipal obligations](#) as high-quality liquid assets (HQLA). It will be effective from 5 Jul.

- **OCC and FDIC issue the results for CRA evaluations**

They contain the ratings of banks and savings institutions evaluated under the CRA during May and March of 2019, respectively ([OCC](#) and [FDIC](#)).

Recent publications of interest (in English and Spanish):

- [Article](#). *BBVA suggests improvements to international regulatory standards*. March 2019
- [Press Article](#). *To complete the Banking Union, it is also necessary to harmonize bank insolvency regimes*. May 2019

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

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