

# Financial Regulation: Weekly Update

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## Highlights

1. BIS and IOSCO issue different statements regarding COVID-19 measures, and a jointly statement postponing the implementation of margin requirements for non-centrally cleared derivatives
2. BIS and EBA issue their respective Basel III monitoring reports
3. ECB issues statement announcing a package of temporary collateral easing measures
4. EBA publishes its 2019 list of O-SIIs in the EU
5. US Agencies issue several statements on measures to deal with the impact of the COVID-19 outbreak

## GLOBAL

### ■ **BIS issues statement with additional measures to alleviate the impact of COVID-19**

The measures [support](#) the provision of lending by banks to the real economy and provides additional operational capacity for banks and supervisors to respond to the immediate financial stability priorities.

### ■ **BCBS issues Basel III monitoring report**

With data as of June 2019, it [estimates](#) for G1 banks, an increase of 2,5% in T1 capital requirements due to the Basel III implementation. LCR remains at 136,2% The report does not take into account the impact of COVID-19.

### ■ **IOSCO issues statement on application of accounting standards during the COVID-19 outbreak**

It notes that IASB releases do not change, remove nor add to the requirements in IFRS 9. It highlights the need for transparency, and reiterates the importance of [ECL](#) as a forward-looking measure of credit losses.

### ■ **BIS and IOSCO postpone implementation of margin requirements for non-centrally cleared derivatives**

They agree to extend the [deadline](#) by one year (Sep 1, 2022), providing additional operational capacity for firms to respond to the impact of Covid-19 and facilitate covered entities to act diligently to comply with the requirements.

## EUROPE

### ■ **EBA publishes Basel III monitoring reports**

Using data as of June 2019, it [estimates](#) a 16,1% increase in T1 minimum required capital due to the Basel III implementation. LCR stood around 147%. The report does not take into account the impact of COVID-19.

■ **ECB announces a package of temporary collateral easing measures**

The package eases conditions to use credit claims as [collateral](#), adopting a general reduction of collateral haircuts. Also applies a waiver to use Greek sovereign debt as collateral. Measures taken to support credit to the economy.

■ **EBA publishes its 2019 list of O-SIIs in the EU**

These have been [identified](#) by the relevant authorities using harmonised criteria provided by the EBA Guidelines. It also reflects the additional capital buffers that the relevant authorities have set for the identified O-SIIs

■ **ECB updates list of supervised entities**

The [list](#) includes significant institutions directly supervised by the ECB and less significant institutions indirectly supervised by ECB. The total number of significant supervised entities is 115 as of Mar 1, 2020.

■ **ESMA publishes guidance on performance fees in UCITS and certain AIFs**

It provides [guidance](#) on performance fee models and the fund's investment objective, policy and strategy, particularly when the fund is managed in reference to a benchmark.

■ **ESMA publishes report on the cost and performance of retail investment products**

It finds: high impact of [costs](#) on the retail investors final returns; costs paid by retail investors are higher than paid by institutional investors; and the need for retail investors of clear information about the impact of costs on returns.

■ **ESMA issues opinion on measures of Magyar Nemzeti Bank of Hungary (MNB)**

It finds that the product intervention [measures](#) regarding contracts for differences and binary options are justified. It encourages NCAs to take product intervention measures that are at least as stringent as ESMA's measures.

■ **ESMA publishes double volume cap data**

It updates the public register with the [latest DVC data](#) and calculations under MiFID II for the Mar 1, 2019 - Feb 29, 2020 period.

## SPAIN

■ **BdE issues statement on compliance with regulations and good practice of guarantees**

It highlights the importance that [guarantees](#) fulfil the requirements set out and they establish the necessary internal control systems to comply with the applicable requirements. It will verify these procedures and review operations.

■ **MinEco recommends insurance companies not to distribute dividends while COVID-19 effects persist**

This [measure](#) has been adopted at European level in order to maintain the capitalisation levels of insurance companies to bear the impact of the consequences of adverse scenarios and to protect policyholders' interests.

## UNITED STATES

- **Agencies issue revised statement on loan modifications for customers affected by the COVID-19**

The [interagency statement](#) encourages financial institutions to work with affected borrowers providing additional information on loan modifications. It also provides the agencies' views on consumer protection considerations.

- **Agencies issue final rules regarding changes to the community bank leverage ratio due to COVID-19**

The interim final rules temporarily lower the [leverage ratio](#) to 8%, 8.5% for 2021 and 9% thereafter, allowing banks to focus on supporting lending to creditworthy households and businesses.

- **Agencies issue statement for mortgage servicers to work with homeowners affected by COVID-19**

It provides regulatory [flexibility](#) to enable mortgage servicers to work with consumers affected by COVID-19 and flexible supervisory and enforcement approach regarding communications to clients required by servicing rules.

- **FRB launches a facility to facilitate lending to small businesses**

To facilitate [lending](#) to small businesses via the Small Business Administration's Paycheck Protection Program (PPP), the Federal Reserve will establish a facility to provide term financing backed by PPP loans.

- **CFPB issues credit reporting guidance during COVID-19**

It encourages lenders to continue to voluntarily provide [payment relief](#) to consumers and to report accurate information to credit bureaus relating to this relief and provides flexibility for lenders and credit bureaus.

### Recent publications of interest (in English and Spanish):

- [Press Article](#). *Las prioridades de la nueva Comisión Europea*. January 2020.
- [Press Article](#). *U.S. banking regulation: a change in the trend*. January 2020.
- [Press Article](#). *Central Bank Digital Currencies: the cross border dimension*. March 2020.
- [Press Article](#). *Sustainable finance: "I'm late, I'm late, I'm late!"* March 2020.

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

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