

Financial Regulation: Weekly Update

Inés Criado, Pilar Soler, Víctor Tarrías

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Highlights

1. EU Council and Parliament agree on a new directive to harmonize rules for NPLs
2. EBA reviews its guidelines on procedures and methodologies for SREP
3. EBA consults RTS on risk retention requirements under the Securitisation Regulation
4. ECB launches consultation to update options and discretions policies
5. ECB and ESRB issue a joint report on the impact of climate change for the EU financial sector

Global

- **IOSCO consults on sustainability-related regulatory and supervisory expectations**
[Analyses](#) sustainability-related risks and opportunities and covers five areas: i) practices, policies, procedures and disclosure; ii) product disclosure; iii) supervision and enforcement; iv) terminology and financial and v) investor education. Deadline: Aug 15, 2021.
- **IOSCO publishes a report on issuers' sustainability-related reporting disclosures**
Clarifies its vision and expectations for the IFRS Foundation's work on global baseline sustainability standards. [Reiterates](#) the urgent need to improve the consistency, comparability and reliability of sustainability reporting.
- **BIS issues technical amendments on minimum haircut floor for securities financing transactions**
[Amendments](#) are aimed to address an interpretative issue relating to collateral upgrade transactions and to correct a misstatement of the formula used to calculate haircut floors for netting sets of STFs.
- **FSB consults its proposals to enhance the resilience of Money Market Funds (MMFs)**
Seeks [feedback](#) on the proposals to strengthen the resilience of MMFs and on how different policy options could be selected and combined to address vulnerabilities arising in them. Deadline: Aug 16, 2021.

Europe

- **EU Council and Parliament agree on a new directive to harmonize rules for NPLs**
It [aims](#) to support the development of the secondary market for NPLs while ensuring that the sale does not affect borrowers' rights. The rule will be transposed within 24 months after its publication in OJEU.
- **EBA reviews its guidelines on procedures and methodologies for SREP**
The comprehensive [revisions](#) aim at implementing the recent amendments to CRD V and CRR II, as well as aligning with other regulatory developments and best supervisory practices. Deadline: Sep 28, 2021.
- **EBA consults RTS on risk retention requirements under the Securitisation Regulation**
[Includes](#) requirements for originators, sponsors, original lenders and servicers related to risk retention, in line with the Securitisation Regulation and clarifies risk retention in NPL securitization. Deadline: Sep 30, 2021.
- **ECB launches consultation to update options and discretions policies**

[Proposes](#) to update its options and discretions policies to introduce the legislative changes derived from CRRII and CRDV. Deadline: Aug 23, 2021.

- **ECB and ESRB issues joint report on the impact of climate change for EU financial sector**
[Points](#) uneven vulnerability across EU regions, sectors and financial institutions. Exposures to emissions-intensive firms are concentrated across and within economic sectors, leaving parts of the financial system vulnerable to potentially destabilising financial market corrections.
- **EBA publishes its risk dashboard and announces timing for publication of 2021 stress tests results**
i) CET1 ratio [shows](#) a slight increase and NPLs ratio also improved further, as well as profitability. Nevertheless, there is a deterioration in asset quality of the most affected sectors. ii) Announces that the [results](#) from the 2021 stress test exercise will be published on Friday Jul 30 at 18.00 CEST.
- **EBA publishes its final draft technical standards on supervisory disclosure under MiFID**
[Provides](#) supervisory approaches and aggregate statistical data on the new prudential requirements that NCAs will have to disclose publicly for all types of investment firms authorized under MiFID.
- **EBA issues a report on EU's "RegTech" landscape**
[Proposes](#) steps to support sound adoption and scale-up of "RegTech" solutions: i) deepen knowledge and address skills gaps; ii) harmonization of regulatory requirements; and iii) leverage the role of the EFIF.
- **ESRB issues its risk dashboard**
Aims to set quantitative and qualitative [indicators](#) of systemic risk in the EU financial system, focused on: i) financial market conditions; ii) credit risk; iii) banking risks; iv) insurance; v) investment funds; and vi) CCPs.
- **SRB issues its 2020 annual report**
The text [details](#) the initiatives carried out last 2020, aimed at promoting financial stability while protecting the taxpayer through Europe's banking resolution framework.
- **EIOPA reinforces supervisory cooperation in cross-border activities**
[Strengthens](#) the cooperation between NCAs in relation to cross-border activities through the introduction of new notification requirements for NCAs and a more active role of EIOPA on supervisory actions.

Spain

- **CNMV publishes its 2020 annual report**
[Analyzes](#) the macroeconomic environment and the evolution of the markets during the COVID-19 pandemic and details the actions taken by the CNMV in response to the crisis.

United Kingdom

- **Financial Policy Committee and PRA consult on changes to the UK leverage ratio framework**
In light of revised international standards, it [reviews](#) the leverage ratio framework including the definition of leverage exposure measure and its reporting and disclosure. Deadline: Aug 24, 2021.

United States

- **CFTC issues interpretation for swap dealers (SD) to calculate capital requirements**
[Clarifies](#) that a non-bank SD that utilizes the tangible net worth method of calculating net capital may satisfy the requisite eligibility tests and that may also use IFRS in lieu of U.S. GAAP to compute tangible net worth.

Recent publications of interest (in English and Spanish)

- [Press Article](#). *BBVA, Sabadell and the banking association plans for the new regulation*. June 2021.
- [Press Article](#). *What do we expect on European financial regulation for the semester ahead?*. June 2021.
- [Press Article](#). *Public aid, level playing field and the role of banks*. April 2021.
- [Interview](#). *Post COVID-19 regulation is key for economic recovery*. January 2021.

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

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ENQUIRIES TO:

BBVA Research: Azul Street, 4. La Vela Building – 4th and 5th floor. 28050 Madrid (Spain).
Tel. +34 91 374 60 00 y +34 91 537 70 00 / Fax (+34) 91 374 25
bbvaresearch@bbva.com www.bbvaresearch.com

