

Financial Regulation: Weekly Update

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Highlights

1. Council gives final approval to Basel III agreement
2. Council gives final approval to AML package
3. EBA publishes its final Guidelines on STS criteria for on-balance-sheet securitization
4. ECB publishes FAQ on SREP review
5. ESMA issues statement on the use of AI in investment services

Europe

- **Council gives final approval to Basel III agreement**
It [adopted](#) new rules updating the capital requirements regulation and directive that translate the Basel III standards into EU legislation. It will enter into force 20 days after publication in the OJEU.
- **Council gives final approval to AML package**
It [adopted](#) the AML package: i) Regulation; ii) Directive; and iii) AML Authority, as the final step in the trilogue negotiations. It will enter into force 20 days after publication in the OJEU.
- **EBA publishes its final Guidelines on STS criteria for on-balance-sheet securitization**
It will [ensure](#) a harmonized interpretation of these STS criteria, in alignment with the EBA Guidelines for asset-backed commercial paper (ABCP) and non-asset-backed commercial paper (non-ABCP) securitization.
- **ECB publishes FAQ on SREP review**
It [aims](#) to enhance the efficiency and effectiveness of banking supervision in response to evolving risks such as geopolitical shocks, climate change, and digitalization.
- **ESMA issues statement on the use of AI in investment services**
Initial guidance to firms using [AI technology](#) when providing services to retail clients in which it mentions some risks: algorithmic biases, opaque decision-making, overreliance on AI, and privacy and security concerns.
- **ESMA issues statement on rules for sharing information during pre-close calls**
It [reminds](#) issuers only to share non-inside information during these “pre-close calls” given that any disclosure of inside information should only take place in accordance with the Market Abuse Regulation.
- **SRB issues its multi-annual plan for 2024-2028**
It sets its [priorities and activities](#) for the next 5 years, increasing its focus on crisis management and readiness, operationalization of resolution tools and comprehensive testing to ensure effective resolvability.

- **EBA publishes data on Deposit Guarantee Schemes Directive**
Deposits protected by EU DGS increased by 1.7% between 2022 and 2023 and 21 of the 36 DGSs in the EEA had already reached the minimum target level ahead of the deadline (July 2024).
- **EBA publishes report on ‘virtual IBANS’ (vIBANS)**
In the absence of a common definition, it finds [divergences](#) in the issuance and regulation of ‘virtual IBANS’ across the EU, identifies issues, and provides recommendations on how to address them.
- **ESMA reports on the application of MiFID II marketing requirements**
It [identifies](#) several areas for improvement, such as the need for marketing communications to be clearly identifiable as such, and to contain a clear and balanced presentation of risks and benefits.
- **ESMA updates Q&As on several files**
It [updates](#) the following Q&As: i) AIFMD; ii) European crowdfunding service providers for business; iii) EMIR; iv) MiCA; v) MiFIR; and vi) UCITS.

United Kingdom

- **PRA approach to authorization and supervision of insurance branches**
It [provides](#) feedback to responses to the PRA’s consultation paper on insurance branches and contains its final policy relevant for third-country insurance branches.

United States

- **US Treasury releases joint policy statement and principles on voluntary carbon markets (VCM)**
It [affirms](#) that VCMs can play a key role in supporting the objective of global net-zero emissions by 2050 and includes initiatives to encourage their responsible development and new actions to strengthen these markets.
- **US Treasury releases NFT illicit finance risk assessment**
It explores how [vulnerabilities](#) associated with NFTs and NFT platforms may be exploited by illicit actors for money laundering or terrorist financing. It finds that NFTs are highly susceptible to use in fraud and scams.

Recent publications of interest (in English and Spanish):

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