

Financial Regulation: Weekly Update

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July 12, 2024

Highlights

1. EBA issues consultation on its 2025 EU-wide stress test
2. EBA publishes European Supervisory Examination Programme (ESEP) for 2025
3. BCBS consults on principles for the sound management of third-party risk
4. EBA publishes annual report on convergence of supervisory practices
5. EBA consults on RTS regarding CVA risk of arising from securities financing transactions

Global

- **BCBS consults on principles for the sound management of third-party risk**
The consultation [addresses](#) banks' reliance on third-party providers and establishes a common baseline for banks and supervisors for the risk management of these arrangements. Deadline: Oct 9, 2024
- **BCBS publishes proposals for technical amendments and answers to FAQs**
They [relate](#) to the standardized approach to credit and operational risk; crypto-assets; counterparty credit risk; internal model approaches to market risk and the net stable funding ratio. Deadline: Aug 19, 24.
- **FATF updates implementation of standards on VAs and VASPs**
It [finds](#) that some jurisdictions have made progress in putting AML/CFT regulations in place but global implementation is still lagging and calls to rapidly implement the FATF's Standards on Virtual Assets (VA) and Virtual Asset Service Providers (VASP).

Europe

- **EBA issues consultation on its 2025 EU-wide stress test**
Informal [consultation](#) on draft methodology, templates and guidance for the upcoming stress test. Some changes introduced refer to the integration of the CRR3, the centralization of NII projections and advancements in market risk methodology.
- **EBA publishes European Supervisory Examination Programme (ESEP) for 2025**
It [identifies](#) key topics for supervisory attention and provides competent authorities with a set of priorities (Basel package, ICT risk and economic and geopolitical uncertainty) for implementation in 2025.
- **EBA publishes annual report on convergence of supervisory practices**
It [notes](#) EU-wide consistent implementation of 2023 properties in supervisory work programs but highlights the need for further consistency in the identification and treatment of risks covered by Pillar 2 requirements.

- **EBA consults on RTS regarding CVA risk of arising from securities financing transactions**
They [specify](#) the criteria to assess whether CVA risk exposures arising from fair-valued securities financing transactions are material as well as the frequency of that assessment. Deadline: Oct 8, 2024.
- **EBA updates the supervisory reporting framework**
It [includes](#) amended CRR3 requirements on the output floor, credit risk, market risk, CVA risk, leverage ratio and on crypto-assets. It allows for having comparable information to monitor compliance with requirements.
- **EBA issues statement on ARTs and EMTs**
It seeks to promote a timely and consistent [application of MiCAR](#) by reminding the new requirements to persons issuing (or intending to) to the public or seeking admission to trading asset-referenced tokens (ARTs) and e-money tokens (EMTs).
- **EBA issues updated list of O-SIIs in the EU**
Banks identified as [systemically important](#) by relevant authorities, following a harmonized criteria set by EBA guidelines, and based on year-end 2023 data. Includes the capital buffer rate set by the relevant authority.
- **ESAs publish report on the the use of behavioral insights in supervisory and policy work**
It [includes](#) a catalog of various studies carried out at both the European and national levels on the use of behavioral insights in supervisory and policy work
- **EBA releases technical package for its 3.5 reporting framework**
It [provides](#) standard specifications on the validation rules, the Data Point Model and the XBRL taxonomies to support reporting obligations on FRTB; diversity benchmarking Guidelines; DORA & MREL/TLAC.
- **SRB publishes the results of the 2023 annual resolvability assessment**
It takes stock of the [progress](#) made by banks implementing the SRB expectations and building up MREL, and finds good progress. Now, the focus will shift towards a more comprehensive testing of banks' readiness.
- **ESMA consults on reporting requirements and governance expectations for some supervised entities**
It [sets out](#) supervisory expectations in relation to good practice in governance arrangements, such as on the role, operation, and effectiveness of the management bodies of the entities. Deadline: Oct 18, 2024.
- **ESMA consults on Liquidity Management Tools for funds**
It consults on [guidelines](#) and [technical standards](#) under the revised AIFMD and the UCITS Directive, which aim to mitigate potential financial stability risks and promote harmonization of liquidity risk management. Deadline: Oct 8, 2024
- **ESMA publishes the results of its stress test of CCPs**
It [confirms](#) the overall resilience of EU CCPs, as well as third-country Tier 2 CCPs, to core credit and liquidity financial risks under the tested scenarios.
- **ESMA consults on rules to recalibrate and further clarify the CSDR Refit framework**
They [relate](#) to the review and evaluation process of EU CSDs, the information to be notified to ESMA by third-country CSDs and the scope of settlement discipline. Deadline: Sept 9, 2024.
- **ESMA consults on MiFIR review**
The [package](#) aims to increase transparency and system resilience in financial markets, reduce reporting burden and promote convergence in the supervisory approach. Deadline: Sept 15 and Oct 15, 2024.

- **ESMA statement on use of collateral by Non-Financial Counterparties acting as clearing members**
It [presents](#) a statement on deprioritizing supervisory actions linked to the eligibility of uncollateralized public guarantees, public bank guarantees, and commercial bank guarantees for NFCs.

United Kingdom

- **PRA consults on approach to life insurance stress test (LIST)**
It [publishes](#) an approach to LIST 2025 requesting technical input on the proposed guidelines and specifications ahead of the formal launch of the LIST in January 2025. Deadline Sept 6 2024.
- **BoE issues policy statement on fees regime**
It sets out its policy on the [levying of fees](#) on FMIs (UK CCPs, UK CSDs, recognized payment systems and specified service providers to payment systems) for the purpose of supervision and certain applications.

United States

- **CFPB consults on proposal to avoid foreclosures**
It will require [mortgage servicers](#) to focus on helping borrowers rather than on foreclosing when assistance is requested. It also seeks to reduce paperwork requirements, improve communications and limit fees. Deadline: Sept 9, 2024.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *Basel III: good news for the prudent financial 'drivers'* (only in Spanish). June 2024
- [Press Article](#). *Lessons and reforms one year after the financial turmoil* (only in Spanish). 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

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

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