

Financial Regulation: Weekly Update

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July 19, 2024

Highlights

1. BCBS issues disclosure framework and amendments to prudential standard for cryptoassets
2. EBA clarifies the operational application of CRR 3 in the area of credit risk modeling
3. FSB consults on recommendations related to cross-border payments
4. EBA consults on ITS on the joint decision process for internal model authorization
5. EBA issues report on the stacking orders and management buffers

Global

- **BCBS issues disclosure framework and amendments to prudential standard for cryptoassets**
Final disclosure framework with [standardized tables](#) and templates covering banks' cryptoasset exposures. Targeted amendments to cryptoasset prudential standards to promote a consistent understanding, particularly on the criteria to receive preferential "Group 1b" treatment. Implementation date: Jan 1, 2026.
- **FSB consults on recommendations related to cross-border payments**
It aims to [promote](#) greater alignment in data frameworks related to cross-border payments and consistency in the regulation and supervision of bank and non-bank payment service providers. Deadline: Sept 9, 2024.
- **FSB takes stock of initiatives on nature-related financial risks**
It [finds](#) that financial authorities are at different stages of evaluating the relevance of these financial risks and that regulatory and supervisory work is at an early stage globally.
- **BCBS publishes targeted adjustments to its IRRBB standard**
It [incorporates](#) targeted adjustments to the specified interest rate shocks in the IRRBB standard and it has also added changes to the current methodology used to calculate the shocks. Entry into force: Jan 1, 2026
- **IAIS publishes consultation on climate risk supervisory guidance**
It [covers](#) issues related to supervisory reporting and public disclosure, as well as macroprudential considerations and supervisory cooperation. Deadline: Sept 30, 2024.

Europe

- **EBA clarifies the operational application of CRR 3 in the area of credit risk modeling**
It [establishes](#) that institutions are expected to inform their competent authorities of the targeted model landscape that will be used from January 1, 2025 onwards.

- **EBA consults on ITS on the joint decision process for internal model authorization**
It [incorporates](#) changes including the reduced scope of application for internal models under CRR III and the updated framework on the general functioning of supervisory colleges. Deadline: Oct 16, 2024.
- **EBA issues report on the stacking orders and management buffers**
It focuses on the [stacking order](#) of capital, leverage, MREL/TLAC, and related capital buffers, and the interaction between different stacks (comparing the frameworks of the EU, the US and the UK). It also reflects on banks' practices about management buffers.
- **ESAs establish framework to strengthen coordination in case of systemic cyber incidents**
It [establishes](#) the EU systemic cyber incident coordination framework (EU-SCICF), in the context of DORA, that will facilitate an effective financial sector response to cyber incidents that pose a risk to financial stability.
- **ESAs consult on Guidelines under the MiCA**
It [presents](#) templates for explanations and legal opinions regarding the classification of cryptoassets along with a standardized test to foster a common approach to classification. Deadline: Oct 12, 2024.
- **ESAs publish second batch of policy products under DORA**
It [focuses](#) on the reporting framework for ICT (information and communication technology) related incidents and threat-led penetration testing to enhance digital operational resilience and ensure uninterrupted provision of financial services to customers and the safety of their data.
- **EBA consults on guidelines on the reporting of data to assist authorities under MiCAR**
[Guidelines](#) should ensure that Competent Authorities have sufficient comparable information to supervise compliance of issuers with MiCAR requirements. Deadline: Oct 15, 2024.
- **EBA report on the application of derogations to the deferral and pay out in instruments under CRD**
It [assesses](#) the implementation of derogations to the requirements to pay out a part of the variable remuneration under deferral arrangements and in instruments that are available to small institutions.
- **EBA publishes the report on the application of gender-neutral remuneration policies**
It [emphasizes](#) the importance of the consistent implementation of gender-neutral remuneration policies across all financial institutions.
- **ESMA presents Q&A on AIFMD, MiCA, MiFID II and UCITS**
It has updated [questions and answers](#) on the Alternative Investment Fund Managers Directive, Markets in Crypto-Assets Regulation, Markets in Financial Instruments Directive II and Undertakings for Collective Investment in Transferable Securities Directive.
- **ESMA consults on firms' order execution policies under MiFID II**
It [consults](#) on draft technical standards specifying the criteria for how investment firms establish and assess the effectiveness of their order execution policies. Deadline: Oct 16, 2024.

United Kingdom

- **PRA issues statement on the design of the dynamic general insurance stress test (DyGIST) 2025**
It [provides](#) further information on the design of the assessment and timetable for the insurance stress test that the PRA intends to run in 2025. The findings of the exercise will be published Q4 2025.

- **PSR and FCA launch joint call for information on big tech and digital wallets**
They [seek](#) to understand the impact on consumers and businesses that digital wallets' increasing popularity creates, including the range of benefits that digital wallets bring for service users, among other issues.

United States

- **Agencies issue final rule on Automated Valuation Models**
It seeks to help ensure the credibility and [integrity](#) of models used in valuation of certain mortgages secured by a consumer's principal dwelling. Effective date: 12 months after publication in the Federal Register.
- **Agencies finalize guidance on reconsiderations of value for residential real estate valuations**
It advises on policies and [procedures](#) that financial institutions may implement to allow consumers to provide financial institutions with information that may not have been considered during an appraisal.
- **US Treasury issues statement on secure cloud adoption**
It presents a set of [resources](#) to share with financial services institutions on effective practices for their secure cloud adoption.
- **Agencies release list of underserved geographies under CRA**
The 2024 list of [distressed](#) or underserved nonmetropolitan middle-income geographies where certain bank activities are eligible for Community Reinvestment Act (CRA) credit.

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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