

Financial Regulation: Weekly Update

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September 13, 2024

Highlights

1. EBA launches 2024 EU-wide transparency exercise
2. ESA issue Joint Committee Report on risks and vulnerabilities in the EU financial system
3. CNMV publishes its report on corporate governance and Board remuneration
4. PRA statement of the implementation of Basel III
5. PRA consultation on the restatement of CRR requirements

Europe

- **EBA launches 2024 EU-wide transparency exercise**
The 100 major EU banks [participated](#) in the exercise. It will rely on supervisory reporting data and covers capital positions, profitability, financial assets, risk exposure amounts, sovereign exposures and asset quality.
- **ESA issue Joint Committee Report on risks and vulnerabilities in the EU financial system**
It [underlines](#) ongoing high economic and geopolitical uncertainties, warning national supervisors of the financial stability risks stemming from these uncertainties and calls for continued vigilance.
- **EBA issues revised list of ITS validation rules on supervisory reporting**
It [highlights](#) those which have been deactivated either for incorrectness or for triggering IT problems. NCAs know that data submitted aligned with the ITS should not be formally validated against the deactivated rules.
- **EIOPA proposes a broad reform of the PEPP**
It [sets out](#) the reasons behind the limited uptake of the PEPP and suggests improvements to its design to overcome supply-side, demand-side and structural barriers hindering its broader adoption.

Spain

- **CNMV publishes its report on corporate governance and Board remuneration**
In 2023, the level of [compliance](#) with the Code was 88.1% of the recommendations and 9 companies stated they were 100% compliant. 49.6% of chairpersons perform executive functions, among other conclusions.
- **AMCESFI publishes its 2023 annual report**
It [explains](#) its main activities in 2023, the situation of the macro-financial environment, sectoral developments in the financial system, interconnections in the financial system and the ESRB's main recommendations.

United Kingdom

- PRA statement of the implementation of Basel III**
It [sets out](#) the rules covering the implementation of Basel 3.1 standards for credit risk, the output floor, as well as reporting and disclosure requirements. Entry into force: Jan 1, 2026.
- PRA consultation on the restatement of CRR requirements**
It [sets out](#) the PRA's proposed rules to restate, and in some cases modify, these CRR requirements in the PRA Rulebook. Deadline: Dec 12, 2024.
- FCA sets out temporary measures for firms on 'naming and marketing' sustainability rules**
It [seeks](#) to provide further support to those firms which may need additional time to operationalize any changes required and therefore offers temporary flexibility until April 2, 2025.
- PRA consults on streamlining the Pillar 2A capital framework**
To [modify](#) the methodology to Pillar 2A, streamline firm-specific capital communications and clarify the interest rate risk in the banking book and pension obligation risk Pillar 2A approaches. Deadline: Dec 12, 2024.
- PRA consults on the capital regime for small domestic deposit takers (SDDTs)**
To [simplify](#) all elements of the capital stack, including Pillar 1, Pillar 2A, buffers, and the calculation of regulatory capital in the SDDTs capital regime. Deadline: Dec 12, 2024.
- PRA supervisory statement on the application of the Definition of Default (DoD)**
It [counts](#) with various chapters, where the most relevant are: i) criterion in the identification; ii) unlikelihood to pay; iii) application of the definition in external data; and iv) return no non-defaulted status.
- PRA announces review of the leverage ratio requirement thresholds**
It is [reviewing](#) the leverage ratio requirement thresholds and is offering a modification by consent, where certain conditions are met, to disapply the relevant parts of its Rulebook until the review is complete.
- PRA supervisory statement on the application of credit risk internal rating-based approach (IRB)**
It [details](#) the criteria for granting approval of permission to use the IRB approach, the assessment of non-compliance and remediation plans. It will be effective from 1 January 2026 to accompany PS9/24 PRA.
- PRA consults on the updates to the UK policy framework for capital buffers**
It does not contain any policy changes. It [consists](#) of updating PRA policy materials on O-SII and G-SII identification and buffer setting to streamline these materials while maintaining the current outcomes for firms. Deadline: Dec 12, 2024.

United States

- US Treasury issues joint statement on the US-UK Financial Regulatory Working Group meeting**
Participants, including US and UK [financial supervisory](#) agencies, focused on: i) the economic and financial stability outlook, ii) banking issues, iii) digital finance and operational resilience, iv) sustainable finance and climate-related financial risk, v) capital markets, and vi) developments in the non-bank sector.
- CFTC approves several final rules**
i) Final rule to simplify and [enhance](#) how registered entities submit self-certifications, and requests for approval, of their rules, rule amendments, and new products for trading and clearing. ii) Final rule to exempt commodity [pool operators](#) and commodity trading advisors from certain compliance requirements.

Recent publications of interest (in English and Spanish):

- [Press Article](#). *How should banks integrate climate in their risk management* (only in Spanish). August 2024
- [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.

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

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