

Financial Regulation: Weekly Update

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Highlights

1. FSB issues progress report on achieving consistent and comparable climate-related disclosures
2. IOSCO publishes report on transition plans disclosures and final report on VCMs
3. FSB issues public statement on the resolution of banks systemic in failure
4. ECB publishes a consultation on its approach to options and discretions available in EU law
5. EBA issues consultation paper on proportionate retail diversification methods

Global

- **FSB issues progress report on achieving consistent and comparable climate-related disclosures**
It [concludes](#) that companies' progress in disclosing climate-related financial information using the TCFD recommendations or the ISSB Standards is encouraging, but more progress is necessary.
- **IOSCO publishes report on transition plans disclosures**
It [explores](#) how transition plans disclosures can support the objectives of investor protection and market integrity and shares challenges and key findings to consider in the future.
- **IOSCO publishes final report on Voluntary Carbon Markets (VCMs)**
It [outlines](#) a comprehensive set of 21 Good Practices aimed at ensuring financial integrity in VCMs, which could be applicable across all carbon credit markets.
- **FSB issues public statement on the resolution of banks systemic in failure**
It recommends that all banks that could be [systemic in failure](#) should be subject to a resolution regime. These banks and their authorities should prepare for resolution, and consider the need for loss-absorbing capacity.
- **BIS publishes latest Basel III monitoring exercise**
It [highlights](#) that in H2 2023 Basel III capital and liquidity ratios remained stable. Current capital ratios saw a slight increase, while fully phased-in Basel III capital ratios decreased slightly.
- **FSB assesses the financial stability implications of artificial intelligence**
It [notes](#) that the adoption of AI offers benefits but amplifies certain financial sector vulnerabilities, such as third-party dependencies, market correlations, cyber risk and model risk, potentially increasing systemic risk.

- **IAIS issues statement on Insurance Capital Standard and comparability assessment**
It approves the final [version of the ICS](#) as a capital requirement for internationally active insurance groups. It also finalizes the comparability assessment of the US-developed method, concluding that it provides a basis for implementation which produces comparable outcomes (highlighting areas for improvement)
- **IOSCO consults on liquidity risk management recommendations for collective investment schemes**
The key proposed [revisions](#) to the LRM Recommendations correspond to the targeted revisions from the Revised FSB Recommendations. Deadline: Feb 11, 2025.
- **IOSCO issues statement of support on the IAASB's work**
It [commends](#) the IAASB for its timely development of the Standard in response to the public need for assurance standards to cover all sustainability assurance providers.

Europe

- **ECB publishes a consultation on its approach to options and discretions available in EU law**
The [revised](#) policies aim to make the exercise of options and discretions by the ECB and national competent authorities more transparent, consistent and effective. Deadline: Jan 10, 2025.
- **EBA issues consultation paper on proportionate retail diversification methods**
It [consults](#) on its draft Guidelines that will specify proportionate retail diversification methods to be eligible for the preferential risk weight under the standardized approach for credit risk. Deadline: Feb 12, 2025.
- **EBA publishes methodology, draft templates, and milestones for its 2025 EU-wide stress test**
The methodology and templates [cover](#) all risk areas and incorporate feedback from the industry. The exercise starts in January 2025, following the release of the macro scenarios, with results expected in August 2025.
- **EBA updates list of third-country groups and branches operating in the EU and EEA**
It [identifies](#) 439 third country groups from 50 countries outside the EU/EEA that are currently active in the area and 61 third-country groups have branches in the EU/EEA.
- **ESMA collects data on costs linked to investment in AIFs and UCITS**
It [contributes](#), together with NCAs, to shedding light on pricing practices in a key part of the EU financial markets, information that has until now not been accessible to retail investors and supervisory authorities.
- **EIOPA consults on mass-lapse reinsurance and reinsurance termination clauses**
To [enhance](#) risk mitigation techniques by promoting supervisory convergence and specifying reinsurance agreements' termination clauses that can compromise the effective transfer of risk. Deadline: Feb 7, 2025.

Spain

- **CNMV new bulletin analyzes the market situation in the last six months of the year**
It [includes](#) the market situation report, with the most relevant financial market figures at the end of September, and presents two articles and three sections on topics of interest.

United Kingdom

- **BoE, FCA and PRA issue policy on the regulation and oversight of Critical Third Parties (CTPs)**
It [intends](#) to manage risks to the stability of, or confidence in, the UK financial system that may arise due to a failure/disruption to the services that a CTP provides to banks. Entry into force: Jan 1, 2025

- **BoE issues policy statement on its approach to enforcement of Financial Services and Markets Act**
It [includes](#) updates in enforcement policies on securitization regulation, procedure of digital assets settlement, wholesale distribution of cash and procedures with respect to critical third parties.

United States

- **CFPB issues report on financial data privacy protections**
It examines federal and state-level privacy protections for consumers' [financial data](#), noting that, in many states, privacy protections lag behind safeguards in other sectors of the economy.
- **FRB and US Treasury consult on report on the impact of the IAIS's Insurance Capital Standard**
It [evaluates](#) the impact of the ICS on U.S. markets. Given its potential negative effects, the states have indicated that it is not appropriate, and plan to implement an alternative method. Deadline: Jan 12, 2025.
- **FinCEN issues alert on fraud schemes involving deepfake media**
It seeks to help [financial institutions](#) identify fraud schemes associated with the use of deepfake media created with GenAI tools, explaining typologies, red flag indicators, and reminding reporting 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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