

Financial Regulation: Weekly Update

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Highlights

1. ECB publishes the results of the SREP
2. ESMA consults on proposal to digitalize sustainability and financial disclosures
3. MinECO approves draft law on digitalization and modernization of the financial sector
4. BdE publishes consultation on contribution to the DGS
5. FSB publishes consultation on leverage in NBFIs

Global

- **FSB publishes consultation on leverage in NBFIs**
To [enhance](#) authorities and market participants' ability to monitor vulnerabilities from NBFIs leverage, contain leverage where it may create risks to financial stability, and mitigate their impact. Deadline: Feb 28, 2025.
- **FSB publishes annual monitoring exercise on NBFIs**
It [shows](#) the sector grew at more than double the pace of the banking sector in 2023. Most vulnerability metrics of NBFIs entities remained stable. It includes data on non-bank fintech lending for the first time.
- **IOSCO launches a dedicated network to support the adoption of ISSB Standards**
It will [start](#) with a group of 32 IOSCO members of its Growth and Emerging Markets Committee. Members will benefit from assistance in building local capacity to implement the requirements of the Standards.

Europe

- **ECB publishes the results of the SREP**
It [concludes](#) that EU banks remained resilient in 2024, maintaining solid capital and liquidity positions while internal governance, risk management and operational resilience still remained the key areas of concern.
- **ESMA consults on proposal to digitalize sustainability and financial disclosures**
It [seeks](#) views on how the European Single Electronic Format can be applied to sustainability reporting and aims to ease the burden associated with financial reporting. Deadline: Mar 31, 2025.
- **EBA publishes RTS on the exemption from the residual risk add-on (RRAO) for certain type of hedges**
They [require](#) banks to identify whether the RRAO charge for which banks seek exemption relates to a risk factor not shocked in the sensitivity-based method (SbM). Entry into force: once the FRTB framework applies.
- **EBA publishes a no action letter on the application of EMIR**

It [states](#) that competent authorities should not priorities any supervisory or enforcement action in relation to processing of applications for the initial margin model authorization received with the entry into force of EMIR.

- **ESAs publish results of the dry run exercise on reporting the registers of information under DORA**
The [quality](#) of data submitted by entities was in line with expectations. The goal to have registers of sufficient quality in 2025 to designate critical third-party service providers is not out of reach, subject to some additional efforts from the industry.
- **ESMA delivers final report on equity transparency under MiFID II**
It [proposes](#) amendments to regulatory standards, addressing equity market definitions, pre-trade transparency disclosures, requirements for Systematic Internalizers, and post-trade reporting flags.
- **ESMA presents Q&A on the application of guidelines on fund's names**
It [clarifies](#) the treatment of Green Bonds because of the imminent application of the European Green Bonds Regulation and ensures a smooth application through a common understanding of key concepts.
- **EBA publishes 4th report on the functioning of AML/CFT colleges**
[Further progress](#) is needed in two key areas: i) adjusting the functioning of AML/CFT colleges to the ML/TF risks to which the underlying firm is exposed; ii) discussing the need for a common approach or joint action.
- **EBA publishes report on liquidity measures**
It [shows](#) that from June 2023 to June 2024, EU banks' LCR increased to reach 167% and also some changes in the composition of banks' funding deposits while banks' holdings of liquid assets increased.
- **EBA publishes final guidelines on reporting requirements under MiCAR**
It [aims](#) to close the reporting data gaps identified by the EBA, thus enhancing supervisory convergence, facilitating a common supervisory approach across Member States, as well as ensuring a level playing field.
- **EBA publishes Q3 2024 Risk Dashboard for the largest EU/EEA institutions**
RoE [increased](#) slightly, but the net interest margin (NIM), the cost of risk and CET1 declined. Asset quality remains stable. Finally, the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) both declined.
- **EBA published a Handbook on independent valuers for resolution purposes**
It [enhances](#) convergence by providing best practices, high-quality methodologies and processes for the selection and appointment of independent valuers for resolution purposes.
- **EBA releases the technical package for its 4.0 reporting framework**
This package [marks](#) the transition to the new Data Point Model (DPM) semantic glossary and introduces the enhanced capabilities of the DPM 2.0 model. Entry into force: from H1 2025.
- **EBA issues revised list of ITS validation rules on supervisory reporting**
It [highlights](#) those ITS which have been deactivated for incorrectness or IT problems. EU Authorities are informed that data submitted in accordance with these ITS should not be formally validated.
- **EBA publishes Dashboard on high earners for 2023**
It [includes](#) data on the gender distribution among high earners, highlighting the existence of a persistent gender imbalance within the financial sector, and particularly the highest paid positions.
- **EIOPA and ECB propose approach to reduce economic impact of natural catastrophes**
They [propose](#) a possible EU-level solution composed of two complementary pillars: an EU public-private reinsurance scheme and an EU fund for public disaster financing.

- **EIOPA publishes results of its 2024 Insurance Stress Test**
It [assessed](#) insurers' ability to cope with the economic and financial fallout from a resurgence of geopolitical tensions. The exercise shows that insurers in the EEA are overall well-capitalized.
- **ESMA presents final report on amendments to certain technical standards for commodity derivatives**
It [extends](#) position management controls to trading venues which trade derivatives on emission allowances and amends the scope of position reporting for trading venues trading options.
- **ESMA delivers technical standards on CTPs and other DRSPs**
It [covers](#) the new rules regarding data quality and reporting, revenue redistribution and authorization, and updates certain provisions on the authorization and organizational requirements.
- **ESMA publishes final report on bond transparency and reasonable commercial basis under MiFIR**
The [proposed](#) pre- and post-trade transparency requirements for non-equity instruments are designed to ensure a high level of transparency whilst ensuring that liquidity providers are protected from undue risk.
- **ESMA presents package of proposals to prepare for MiCA**
It [contains](#): i) RTS on market abuse; ii) guidelines on reverse solicitation; iii) guidelines on suitability; iv) guidelines on qualification of crypto-assets as financial instruments; v) guidelines on crypto-asset transfer services; and vi) guidelines on the maintenance of systems and security access protocols.
- **ESMA consults on EU code of conduct for issuer-sponsored research**
It [sets](#) standards of independence and objectivity for research providers, specifying procedures and measures for the effective identification, prevention, and disclosure of conflicts of interest. Deadline: Mar 18, 2024.

Spain

- **MinECO approves draft law on digitalization and modernization of the financial sector**
It [aligns](#) national rules with EU rules on cybersecurity, crypto-assets, distributed log technology, payment systems, sandboxes and the single access to financial and non-financial information of companies.
- **BdE publishes consultation on contribution to the DGS**
Preliminary consultation on a draft Circular on the method for calculating [contributions](#) to the Deposit Guarantee Scheme, implementing the EBA's revised methodology from 2023. Deadline: Jan 10, 2025.
- **CNMV issues statements to the industry and investors on the entry into application of MICA**
The regulation comes into force on December 30 and aims to draw the attention of the [industry](#) to its transition period and notification obligations, and of [investors](#) to the partial protection offered by the regulation.
- **CNMV presents annual report on NBFIs in Spain**
Spanish [NBF](#) assets are 11.5% higher than in 2022. It represents 6.6% of the global financial system (6% last year). The risk assessment does not reveal any significant changes compared with previous years.
- **MinECO approves draft law on sanctions regarding pan-European products**
It [aims](#) to guarantee a high level of protection for consumers of the Pan-European Pension Product (PEPP) setting out rules on registration, production, distribution and monitoring

United Kingdom

- **BoE launches consultation on operational resilience**

It [sets](#) a framework for high-quality and consistent reporting of the operational incidents and third-party arrangements that may have the greatest impact on financial stability. Deadline: Mar 13, 2025.

- **BoE presents financial market infrastructure annual report**

It [highlights](#): i) implementing the enhanced regulatory regime following the approval of the FSMA 2023; and ii) facilitating innovation through our work on stablecoins and the Digital Securities Sandbox.

- **PRA [issues](#) supervisory statement on solvent exit planning for insurers**

These rules set a framework for high-quality and consistent reporting of the operational incidents and third-party arrangements that may have the greatest impact on financial stability

- **FCA consults on new private stock market**

It [sets out](#) a proposal for a new platform, the Private Intermittent Securities and Capital Exchange System (PISCES), on which shares in private companies will be bought and sold.

- **FCA consults on plans to improve the transparency of the UK's crypto markets**

It [sets out](#) proposals for firms to introduce strong controls that prevent harm and suggests firms sharing information with each other to help stop suspected market abuse. Deadline: Mar 14, 2025

United States

- **CFTC approves final rule regarding safeguarding and investment of customer funds**

It amends how futures [commission merchants](#) and derivatives clearing organizations safeguard and invest customer funds held for the benefit of customers engaging in futures, foreign futures, and cleared swaps transactions.

- **CFPB issues statement on credit card reward tactics**

It warns [companies](#) against illegal devaluation of rewards and other unlawful practices, highlights issues with retail credit cards, and launches a tool to help find cards with lower rates.

- **CFPB issues rule on protections for Property Assessed Clean Energy (PACE) loans**

It seeks to ensure that [PACE borrowers](#) receive standard mortgage disclosures allowing them to compare the cost of the PACE loan with other forms of financing, and that the lender is responsible for ensuring that the borrower is not set up to fail with an unaffordable loan.

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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