

Regulation Outlook



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The purpose of this report is to gather the main publications with implications for the financial industry issued during the reporting quarter by global, European and local standards providers, regulators and supervisors in the main geographies where Management Solutions operates.

For the purposes of this report the term "regulator" may be used in a broad sense to refer also to standard providers and supervisors.

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Executive Summary

In Q3 2024, the Basel Committee introduced 12 new principles for managing third-party risk. The European Banking Authority (EBA) began consultations for the 2025 stress test, while the European Supervisory Authorities (ESAs) released new DORA mandates. The ECB published a draft guide on governance, and the UK's Prudential Regulation Authority (PRA) advanced Basel 3.1 regulations. In the US, final rules on anti-money laundering were issued

Global

- **[Global] Consultative document on the principles for the sound management of third-party risk.** The BCBS has published a consultative document on the principles for the sound management of third-party risk. This document replaces the 2005 Joint Forum document for the banking sector and introduces 12 new principles with a stronger focus on operational risk management and the operational resilience of banks. It aims to promote international engagement, greater collaboration and consistency, with a view to reducing regulatory fragmentation and strengthening the overall operational resilience of the global banking system. These new principles focus on comprehensive third-party risk management and are technology-agnostic to keep pace with technological developments. (BCBS, July 2024).
- **[EU] Draft Guide on Governance and Risk Culture.** The ECB has published the Draft of the new Guide on Governance and Risk Culture, aimed at enhancing the governance structures and risk cultures within banks operating in the European Union. The Guide replaces the 2016 SSM Statement on Governance and Risk Appetite and, in line with guidelines issued by the European Banking Authority (EBA) and other international standards, underlines the importance of a sound risk culture and effective governance for all banks, and aims to foster consistent supervisory practices across the euro area, while recognizing national specificities. (ECB, July 2024).
- **[UK] Regulation on prudential regime for UK banks.** The PRA has published two SS on the credit risk definition of default and the internal ratings-based approach, a PS on the implementation of the Basel 3.1 standards near-final part 2 and four consultation papers on the definition of capital, the updates to the UK policy framework for capital buffers, the simplified capital regime for SDDTs, the Pillar 2A capital framework and the capital communications process. (PRA, September 2024).
- **[US] Proposed amendments to the Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT) Program Requirements.** The OCC, the Board of Governors of the Federal Reserve System, the FDIC and the NCUA have published a proposal for amendments to the AML and CFT Program Requirements. This document updates the four federal financial institutions' requirement for supervised institutions to establish, implement, and maintain effective, risk-based, and reasonably designed AML/CFT programs. The amendments are intended to be consistent with changes being proposed simultaneously by the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), most of which result from the AML Act of 2020. (OCC/Board/FDIC/NCUA, July 2024).
- **[EU] 2025 European Union (EU) stress test.** The EBA has released for informal consultation its draft methodology, templates, and guidance for the 2025 EU-wide stress test. This initiates dialogue with the banking industry, building on the 2023 methodology. This new draft includes integrating the Capital Requirements Regulation (CRR3) and takes into account the delayed implementation of the fundamental review of the trading book (FRTB). The stress test will include 68 banks from the EU and Norway, covering 75% of the banking sector in the euro area. This broader scope and the introduction of proportionality features aim to enhance efficiency, relevance, and transparency. (EBA, July 2024).
- **[EU] Second batch of policy mandates under DORA.** The ESAs have published final drafts on the second package of RTS and ITS which aim to ensure a consistent and harmonized regulatory framework in the areas of incident reporting, aggregated costs and losses from major incidents, supervisory harmonization, as well as composition of the joint examination team and oversight cooperation between ESAs and competent authorities (CA) and TLPT (ESAs, July 2024).

Regulatory Outlook

In the fourth quarter of 2024, the BCBS will publish its final proposal for the disclosure of climate-related financial risks. At the European level, the EBA and ESMA are expected to publish several technical standards and guidelines primarily impacting capital and sustainability. In the UK, the Consultation on introducing requirements for the largest companies to disclose their net-zero transition plans and the green taxonomy is expected to be published. In Chile, the CMF will publish regulations on credit risk management, recovery plans, and outsourcing in insurance. Colombia's URF will also issue several decrees affecting the sector

Featured regulatory projections

1. Next quarter

- **(Global) Q4 2024:**
 - BCBS: i) Assess the materiality of gaps in the existing Basel framework; ii) final proposal for the document on disclosure of climate-related financial risks.
- **(Europe) Q4 2024:**
 - EBA: i) Guidelines to specify proportionate diversification methods for retail definition; ii) Guidelines specifying the terms substantial cash deposits, appropriate amount of obligor-contributed equity and significant portion of total contracts; iii) RTS to specify the conditions for assessing the materiality of the use of an existing rating system for other additional exposures and changes to rating systems under the IRB approach; iv) ITS on mapping Business Indicator components (BIC) to FINREP; v) RTS establishing a risk taxonomy of OpRisk loss events; vi) Pillar 1 follow-up report (pending CRR III mandate and deadline); vii) Final version of the methodology, templates and guidelines for the EU-wide stress test 2025; viii) Third revision of the SREP guidelines; ix) CP on GL for climate stress testing; x) ITS on ESG reporting; xi) RTS on assessment of ESG risks; xii) RTS on ESG disclosures for STS securitization; xiii) review of RTS on sustainability disclosures PAI indicators; xiv) Final report on prudential treatment exposures.
 - ESMA: i) GL promoting supervisory convergence under SFDR, MiFID II, Taxonomy Regulation, CSRD, the Benchmarks Regulation; ii) RTS; ITS; and GL as required under MiCA; iii) revision of ITS on external credit assessment institution (ECAI) mapping for corporate ratings under the Capital Requirements Regulation (CCR) and Solvency II; iv) Revision of RTS on securitisation disclosure requirement (CP); v) Final report under MiCA.
 - EBA/ESMA: Report on minimum haircut floor.
 - ECB: i) Publication of supervisory expectations and sharing of best practices on digital transformation strategies; ii) Final guidance on Governance and Risk Culture.
- **(Europe) December 2024:**
 - EBA: Final guidelines for ESG risk management.
 - EIOPA: Insurance stress test results for 2024.
- **(UK) Q4 2024:**
 - UK.Gov: Consultation on the introduction of requirements for the UK's largest companies to disclose their transition plan to net zero, if they have them.
- **(UK) December 2024:**
 - BoE: Report with the final results of the Exploratory Scenario Exercise (SWES).
- **(UK) 2024:**
 - UK.Gov: Consultation on UK Green Taxonomy.
- **(Chile) Q4 2024:**
 - CMF: i) Regulation on minimum payment on credit cards; ii) Standard for the identification of impaired and renegotiated credits; iii) Amendment of RAN 1-13 incorporating as a matter of review the management of recovery plans; iv) Standard on outsourcing and contingency plans in insurance companies; v) Standard on information on insurance other than annuities; vi) Accreditation of requirements for registration in the Register of Stockbrokers and Securities Agents; vii) Accreditation of

requirements for registration in the Register of Product Brokers; viii) Rule that establishes the conditions for the provision of services to other institutions or third parties by Support Companies; ix) Statistics for the control and study of means of payment; x) Suitability and technical capacity of the Financial Intermediary and/or Fintec Custodian; xi) Suitability and technical capacity of the Financial Intermediary and Product Brokers' controller; xii) Rule of requirements for the Financial Intermediary and Product Brokers' controller. xii) Standard of requirements for the recognition of foreign Central Counterparties. xiii) Change of rules for the operation of Central Counterparties due to the Financial Resilience Law.

- **(Colombia) Q4 2024:**
 - URF: i) Decree on the supervision of information operators; ii) Decree on the architecture of the trust business; iii) Decree on the regulatory update of the solidarity sector; iv) Decree on SAS as issuer of securities.

2. Next year

- **(Europe) 1Q 2025:**
 - EBA: Climate Risk Scenario Results Fit-for-55.
 - European Council: Application of DORA Act.
- **(Europe) 2025:**
 - EIOPA: i) Implementation of a cyber incident reporting system - Centralised data centre.
 - ESAs: Establishment of the EU-wide Oversight Framework of critical ICT third-party service providers.
 - EBA: i) Publication of the first results of the exercise using the final templates for the collection of EBA climate-related data; ii) Adequacy of PD/LGD input floors of credit risk; iii) RTS on Equity positions (TB-BB Boundary); iv) GL CVA risk for supervisors and RTS; v) Publication of EU wide stress test results.
- **(Chile) Q2 2025**
 - CMF: i) Rules on the computation of risk-weighted assets in savings and credit cooperatives supervised by the Commission. ii) Rules regulating the sale and transfer of ownership of insurance companies. iii) Exceptions or less burdensome forms of compliance with the requirements of Law 18.876 (DCV). iv) Rules on Statistical Information and Control of Securities Entities (Stock Exchanges and Infrastructures).

3. More than a year

- **(Europe) 2026:**
 - EBA: Report to EC on revised Operational Risk

Entry into force dates

1. Next quarter

- **(Europe) December 2024:**
 - ECB: Be fully in line with all supervisory expectations, including a robust integration of C&E risks in the institutions' stress testing framework and in the ICAAP.
 - EP/Council: i) European Green Bond Regulation; ii) Regulation concerning transfers of funds to trace transfers of crypto-assets.
 - EBA: Risk Based anti-money laundering and countering the financing of terrorism (AML/CFT) Supervision Guidelines extended to crypto-asset service providers (CASPs).

2. Next year

- **(Europe) January 2025:**
 - EP/Council: i) General application of the provisions amending the CRR (CRR III) which introduce revisions to the Basel III framework in Europe (Basel IV); ii) DORA application; iii) New EU Taxonomy disclosures: Publication by non-financial undertakings of their KPIs; iv) New EU Taxonomy disclosures: Financial undertakings shall disclose KPIs of alignment, mainly GAR (Full GAR).
 - ESAs: RTS document on the ICT risk management framework.
 - CSRD: Application extended to large companies not currently subject to the NFRD.
 - BCBS: Implementation of the requirements on the Disclosure of Cryptoasset Exposures.
 - EBA: ITS Pillar 3 disclosure framework.
- **(Europe) March 2025:**
 - EBA: Amendments to the reporting requirements on market risk and the information to be reported on own funds requirements under the alternative approaches.
- **(Europe) July 2025:**
 - EP/Council: Regulation establishing a new EU AML and CFT Authority.
- **(Europe) September 2025:**

- Council: Regulation on harmonized rules for fair Access and use of data.
- **(Europe) 2025:**
 - EBA: ITS modifying Pillar 3 and RTS information on BI components and settings and ITS on the allocation of BI components.
- **(UK) July 2025:**
 - FCA: Rules and guidance introduced by the Consumer Duty in relation for closed products or services
- **(US) January 2025:**
 - SEC: Final Rule of the Enhancement and Standardization of Climate-Related Disclosures for Investors
- **(BR) January 2025:**
 - BCB: Standard Instruction on accounting items in the Assets Held for Sale group of the List of Accounts of the Accounting Standard for Institutions Regulated by the BCB.
- **(CH) January 2025:**
 - CMF: Regulations establishing the standardised methodology for the computation of consumer placements.

3. More than a year

- **(Global) 2026:**
 - BCBS: Implementation of FRTB.
- **(Global) January 2026:**
 - IASB: IFRS 18 for annual accounting periods beginning on or after this date.
- **(Europe) January 2026:**
 - EP/Council: Member States shall adopt and publish the regulations and administrative provisions necessary to comply with CRD VI amendments.
 - CSRD: Implementation for listed SMEs, as well as for small and non-complex credit institutions and captive insurance companies.
- **(Europe) June 2026:**
 - CSRD: Application for certain sectors and for certain third country companies to prepare for sectoral European Sustainability Reporting Standards (ESRS) and for specific standards for large non-EU companies.
- **(Europe) July 2027:**
 - EP/Council: i) Start of the gradual application of Corporate Sustainability Due Diligence (CSDDD); ii) Regulation on the prevention of the use of the financial system for the purposes of money laundering of AML and CFT.
- **(Spain) Q3 2026:**
 - End of the application of Royal Decree 817/2023 on the controlled environment for Artificial Intelligence testing.

Relevant Publications

This section is a compilation of the most relevant publications published by the R&D area through the FinRegAlert app. This content covers regulatory publications considered to have a particular impact on the financial sector.

These publications are listed according to the geographic scope of the publication and the date of publication.

In addition, the publications have been labelled for information purposes with the most representative topics of the type of content or nature of the publication:

CL	Capital, liquidity & leverage	D	Reporting & disclosure
P	Provisions & NPL	P	Compliance & conduct
E	Supervisory expectations	S	Sustainability
G	Governance	T	Technology y AI
R	Recovery & resolution	O	Others

Index of this quarter's most important publications

Scope	Regulator	Theme	Title	Date	Page
Global	BCBS	CL	Consultative document on the principles for the sound management of third-party risk	12/07/2024	11
UE	EBA	CL	2025 European Union (EU) stress test	09/07/2024	13
UE	ESMA	S	Final Report on Guidelines on enforcement of sustainability information	09/07/2024	14
UE	ESMA	T	Final report of the Draft Technical Standards specifying certain requirements of the second package of Market in Crypto-Assets (MiCA)	10/07/2024	15
UE	EBA	CL	Final report on implementing technical standards (ITS) amending Commission Implementing Regulation 2021/451 on supervisory reporting referred to in Article 430(7) of Regulation n° 575/2013	11/07/2024	17

Scope	Regulator	Theme	Title	Date	Page
UE	ESAs	T	Second batch of policy mandates under DORA	22/07/2024	18
UE	ECB	E	Draft Guide on Governance and Risk Culture	26/07/2024	20
UK	PRA	T	Statement on the design of the dynamic general insurance stress test (DyGIST) 2025	18/07/2024	21
UK	Gov.uk	T	CMA signs joint international statement supporting competition in AI	31/07/2024	22
UK	PRA	CL	Regulation on prudential regime for UK banks	13/09/2024	23
US	OCC	C	Proposal of amendments on the Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT) Program Requirements	24/07/2024	24
US	Fed	CL	Final rule to implement quality control standards for the use of automated valuation models.	24/07/2024	25
CL	CMF	CL	Public consultation on rules on corporate governance, risk management and minimum capital requirements	15/07/2024	26
CL	CMF	CL	Circular N°2275 on the monthly requirement of financial and solvency information for insurance companies	04/09/2024	27
CL	CMF	D	Public consultation on the modification of General Rule (NCG) No. 461 regarding the Integrated Annual Report of supervised entities	05/09/2024	28

Relevant Publications

Global

CL

12/07/2024

BCBS - Consultative document on the principles for the sound management of third-party risk



1. Context

In the 2005 Joint Forum paper on outsourcing financial services, supervisory authorities focused on outsourcing, which is an important subset of banks' arrangements with third-party service providers (TPSPs) for reasons such as access to expertise, cost reduction, improved scalability, efficiency and operational resilience, and focus on core activities. Since the publication of the paper, the growth of digitisation has led to a rapid adoption of innovative approaches, increasing banks' reliance on TPSPs for services they had not previously provided.

In this context, the BCBS has published a **consultative document on the principles for the sound management of third-party risk**. This document replaces the 2005 Joint Forum document for the banking sector, introducing 12 new principles with a greater focus on operational risk management and operational resilience of banks. It aims to promote international engagement, greater collaboration and consistency, with a view to reducing regulatory fragmentation and strengthening the overall operational resilience of the global banking system. These new principles focus on comprehensive third party risk management and are technologically independent to keep pace with technological developments.

2. Main points

- **Governance, risk management and strategy.** The board of directors has ultimate responsibility for the oversight of all TPSP arrangements and should approve a clear strategy for TPSP arrangements within the bank's risk appetite and tolerance for disruption. In addition, the board of directors should ensure that senior management implements the policies and processes of the third-party risk management framework (TPRMF) in line with the bank's third-party strategy, including reporting of TPSP performance and risks related to TPSP arrangements, and mitigating actions.
- **Risk assessment.** Banks should perform a comprehensive risk assessment under the TPRMF to evaluate and manage identified and potential risks both before entering into and throughout a TPSP arrangement.
- **Due diligence.** Banks should conduct appropriate due diligence on a prospective TPSP prior to entering into an arrangement. Banks' due diligence should support the analysis of: i) the TPSP's capacity and ability to perform; ii) known and potential risks related to the TPSP arrangement; and iii) relative benefits and costs of the arrangement.
- **Contracting.** TPSP arrangements should be governed by legally binding written contracts that clearly describe rights and obligations, responsibilities and expectations of all parties in the arrangement. The contracting stage of the life cycle is when negotiations between a bank and a TPSP occur, and where terms and conditions of the delivery of services are agreed. Contract provisions should facilitate effective risk management and oversight and specify the expectations and obligations of both banks and TPSPs.
- **Onboarding and ongoing monitoring.** Banks should dedicate sufficient resources to support a smooth transition of a new TPSP arrangement in order to prioritise the resolution of any issues identified during due diligence or interpretation of contractual provisions. In addition, banks should continuously assess and monitor the performance and changes in the risks and criticality of TPSP arrangements and report accordingly to the board of directors and senior management, and respond to issues as appropriate. Finally, they must maintain robust business continuity management to ensure their ability to operate in the event of a TPSP service disruption.
- **Termination.** Banks should maintain exit plans for planned termination and exit strategies for unplanned termination of TPSP arrangements.
- **Role of supervisors.** Supervisors should consider third-party risk management as an integral part of ongoing assessment of Banks. They should analyse the available information to identify potential systemic risks posed by the concentration of one or multiple TPSPs in the banking sector. Finally, supervisors should promote coordination and dialogue across sectors and borders to monitor systemic risks posed by critical TPSPs that provide services to banks.

3. Next steps

The consultation runs until **9 October 2024**.

Relevant Publications

Europe

CL

09/07/2024

EBA - 2025 European Union (EU) stress test



1. Context

The EBA is required, in cooperation with the European Systemic Risk Board (ESRB), to initiate and coordinate EU-wide stress tests to assess the resilience of financial institutions to adverse market developments. The objective of the EU-wide stress test is to provide a common analytical framework to consistently compare and assess the resilience of EU banks and the EU banking system to shocks, and to challenge the capital position of EU banks.

In this context, the EBA has released its **draft methodology, templates, and guidance for the 2025 EU-wide stress test for informal consultation**. This initiates dialogue with the banking industry, building on the 2023 methodology. Key updates include integrating the Capital Requirements Regulation (CRR3) and considering the delayed implementation of the fundamental review of the trading book (FRTB). The stress test will include 68 banks from the EU and Norway, covering 75% of the banking sector in the euro area. This broader scope and the introduction of proportionality features aim to enhance efficiency, relevance, and transparency.

2. Key aspects

- **Credit Risk.** Banks must restate capital requirements for credit risk in accordance with CRR3. In addition, they must estimate credit impairments using statistical methods, considering starting values of risk parameters and scenario impacts. Projections of provisions are based on International Financial Reporting Standards (IFRS 9), with specific assumptions for different stages of exposures (S1, S2, S3). The impact on profit and loss (P&L) and risk exposure amount (REA) is assessed based on the stressed risk parameters.
- **Market Risk, Counterparty Credit Risk (CCR) Losses, and Valuation Reserves.** The developments introduced through CRR3 have an impact on the associated capital requirements in this area. However, consistency with the CRR2 framework for market risk capital requirements, while introducing a new methodology for Credit Valuation Adjustment (CVA) under CRR3. Banks are required to assess the full revaluation of positions at fair value, considering stressed market risk factor shocks and proportionality criteria for different revaluation approaches. Finally, the implementation of FRTB is postponed.
- **Net Interest Income (NII).** Inclusion of all interest-earning or paying positions, except held-for-trading instruments and related hedges, including specific constraints and requirements for both baseline and adverse scenarios to ensure realistic projections of interest income and expenses. In addition, the draft provides guidelines for projecting NII, projection that becomes centralised by banks and includes handling non-performing exposures and incorporating macroeconomic scenarios, to ensure comprehensive and accurate stress testing.
- **Conduct and other operational risks.** As with the risks described above, banks will need to adapt to CRR3's changes to conduct and operational risk. Banks are mandated to project the P&L impact of conduct risk and other operational risks, using internal models and qualitative information when relevant, including projections of capital requirements for operational risk and setting minimum floors for losses from new and material conduct risk events and other operational risks based on historical data. Constraints are imposed to ensure consistency and adequacy in stress scenarios, requiring banks to justify projections below set thresholds and maintain constant total capital requirements for operational risk throughout the projection horizon.
- **Non-interest income, expenses and capital.** Banks must use their own methodologies to project non-interest income and expenses for items not covered by credit risk, market risk, operational risk, or net fees and commissions income, for both the baseline and adverse scenarios. Projections are subject to constraints, such as capping income at 2024 levels in the baseline scenario and mandating reductions in adverse scenarios. Specific items, including dividend income, administrative expenses, and other operating income, have prescribed growth rates or floors. A common tax rate and simplified assumptions for deferred tax assets and liabilities are also applied to ensure consistent and reliable stress test results.

3. Next steps

The EBA expects to publish the final methodology by the end of 2024, launch the exercise in January 2025 and publish the results by the end of July 2025.

S 09/07/2024

ESMA - Final Report on Guidelines on enforcement of sustainability information



1. Context

The Corporate Sustainability Reporting Directive (CSRD), published in December 2022, mandates ESMA to issue guidelines on the supervision of sustainability reporting by national competent authorities (NCAs) in order to promote convergent supervision of sustainability reporting by issuers subject to CSRD. Subsequently, in December 2023, ESMA published a consultation paper on the Draft Guidelines (DG) on enforcement of sustainability information (GLES!) in response to this mandate.

In this context, ESMA has published the **Final Report on Guidelines on enforcement of sustainability information (GLES!)**. In addition to the guidelines proposed in the draft, two new guidelines related to the publication of decisions and reporting on enforcement activities have been added.

2. Main points

Scope of application. These guidelines should apply to the supervision of **companies whose securities are admitted to trading on a regulated market in the EU.**

ESMA proposes the following guidelines (GL):

- **GL1: Objective of enforcement.** The objective of enforcement of sustainability reporting is to contribute to the consistent application of the sustainability reporting framework, contribute to investor protection, promote market confidence and avoid regulatory arbitrage.
- **GL2: Ensuring an effective enforcement process.** Enforcers should ensure an effective enforcement process by establishing conditions for the human and financial resources that enforcers should have available to lift the task of enforcement of sustainability information.
- **GL3: Sustainability information prepared under equivalent third country sustainability reporting requirements.** Enforcers should have sufficient resources and expertise to examine such sustainability information and that, if they are unable to ensure this, they should either cooperate with other enforcers or with ESMA to carry out the examination, though the ultimate responsibility for the enforcement decision always remains with the enforcer of the third country issuer's home Member State.
- **GL4: Independence.** In order to ensure investor protection and avoid regulatory arbitrage, enforcers should be independent from government, issuers, auditors/independent assurance service providers other market participants, regulated market operators, holders of securities and other stakeholders.
- **GL5: A mixed selection model of examined companies.** The selection model should be based on a mixed model whereby a risk-based approach is combined with a sampling and a rotation approach. A risk-based approach should consider the risk of an infringement as well as the impact of an infringement on the financial markets.
- **GL6: Timing of selection model.** Ensure that selection takes place sufficiently often to enable enforcers to identify issuers whose current circumstances make them more susceptible to infringements. The selection model should ensure that each issuer is examined at least once during a period selected by the enforcer in line with ESMA's guidance on sustainability information.
- **GL7: Selection universe.** Clarification the population of issuers from which enforcers should undertake their risk-based selection, randomised selection and rotation-based selection, respectively, and obliges enforcers to keep a list of those issuers for the purpose of selection.
- **GL8: Types of examination.** Enforcers can use four different approaches when they examine sustainability information, differing on two parameters: whether the enforcer communicates with the issuer during the examination and whether the enforcer bases its examination on the entirety or a subset of the sustainability information.
- **GL9: Examination process.** The aim of the enforcer's examination process should be to assess whether an issuer's sustainability information is in accordance with the sustainability information framework and to check whether the sustainability information in the sustainability statement is consistent with information presented elsewhere in the issuer's annual financial report.
- **GL10: Pre-clearance.** The objective is to establish certain conditions when enforcers offer the possibility of pre-clearance.
- **GL11: Quality review.** Enforcers should undertake quality reviews of the examinations they have performed with a view to checking that the examination procedures which were used were appropriate and that the ensuing conclusions were robust.
- **GL12: Choice of enforcement action.** When an enforcer detects an infringement in the sustainability information it is examining, it should take at least one of the following three enforcement actions in a timely manner: requiring the issuer to reissue the sustainability statement, requiring the issuer to publish a corrective note and requiring the issuer to provide a correction in the future sustainability statements along with a restatement of comparatives where that is relevant.
- **GL13: Materiality.** Enforcers should assess the materiality of an omission or misstatement in the sustainability information which they are examining taking into account the materiality approach established by the part of the sustainability information framework in accordance with which the information was prepared. When the sustainability information framework relies on double materiality, this should therefore form the basis for the enforcer's materiality assessment of any omission or misstatement.
- **GL14: Follow-ups.** Enforcers should verify that when an actions are adopted they are properly implemented by issuers.
- **GL15: European common enforcement priorities.** Enforcers should discuss their experiences with application of the sustainability information framework in ESMA's Sustainability Reporting Working Group (SRWG).

- **GL16: Coordination in SRWG.** Enforcers should coordinate their ex-ante and ex-post decisions in the group to achieve harmonised enforcement practices and should furthermore provide input on ESMA's work on sustainability information.
- **GL17: Emerging issues.** Discussions of cases in the SRWG can take place either before or after the enforcer takes a decision in the case and that, in the situations listed in the guideline, the enforcer should submit cases before taking a decision unless it is prevented from doing so by a tight deadline.
- **GL18: Decisions.** Enforcers should submit decisions for information and discussion in the SRWG when they meet one or several of a list of criteria, such as referring to reporting matters with technical merit and relating to an emerging issue which was previously discussed in the SRWG.
- **GL19: Taking earlier decisions into account.** When enforcers take a decision in a new case, they should take account of earlier decisions and discussions in the SRWG.
- **GL20: Submission of emerging issues and decisions.** The deadline within which enforcers should submit emerging issues to ESMA and the deadline within which enforcers should submit decisions to ESMA.
- **GL21: Publication of decisions.** A database of issues and decisions that are taken under GL20 will be created. Enforcers will decide which database decisions can be published anonymously to promote consistency in applying the sustainability information framework.
- **GL22: Reporting on enforcement activities.** Enforcers should periodically report on their national enforcement activities and provide ESMA with necessary information for Union-level reporting and coordination.

3. Next Steps

- The guidelines will be translated into the official European Union (EU) languages within two months. During this period, NCAs will have to inform ESMA of their intention to comply or not.
- The guidelines **will apply from 1 January 2025**.



10/07/2024

ESMA - Final report of the Draft Technical Standards specifying certain requirements of the second package of Market in Crypto-Assets (MiCA)



1. Context

MiCA aims to protect investors, prevent the misuse of crypto-assets, preserve financial stability, provide regulatory clarity, and protect against market abuse and manipulation while continuing to support innovation in the crypto-asset industry. MiCA mandated ESMA to develop a series of Regulatory Technical Standards (RTS), Implementing Technical Standards (ITS), and Guidelines in collaboration with the European Banking Authority (EBA). On 15 October 2023, ESMA published a second Consultation Paper on ESMA's proposals for six draft RTS and two draft ITS, covering: i) sustainability indicators in relation to climate and other environment-related adverse impacts, ii) business continuity measures for cryptoasset service providers (CASPs), (iii) pre-and-post-trade transparency for CASP trading platforms, iv) record-keeping requirements for CASPs, v) white paper formats and data for their classification in the MiCA register, and vi) disclosure of inside information.

In this context, ESMA has published the **final report specifying certain requirements of the second package of MiCA**.

2. Main points

- **Sustainability indicators in relation to climate and other environment-related adverse impacts.** It is emphasized the importance of identifying and disclosing the principal adverse impacts on the climate and other environment-related adverse impacts that may arise from the consensus mechanisms used for validating transactions in crypto-assets. Draft RTS should be developed to specify the content, methodologies and presentation of information related to these sustainability indicators. The standards aim to ensure that issuers of crypto-assets and CASP adequately disclose any principal adverse impacts, considering the principle of proportionality and the size and volume of the crypto-asset issued.
- **Measures to ensure continuity and regularity in the performance of crypto-asset services.** It outlines the legal requirements for CASPs to establish, implement, and maintain effective business continuity policies (BCPs) and disaster recovery plans. This is to ensure that critical services can continue without undue interruption and that systems and data can be restored in the event of a disruption. The standards are based on the need for resilience in the face of operational risks associated with crypto-assets and the technologies used to trade and store them.
- **Pre-and-post-trade transparency.** It sets out the legal framework for pre- and post-trade transparency requirements for CASP trading platforms. It underlines the need for transparency in the trading of crypto-assets to ensure market integrity and protect investors. It also includes articles mandating ESMA, in cooperation with the EBA, to develop a draft RTS specifying these requirements.
- **Record keeping obligations for CASPs.** It outlines the legal requirements for CASPs to maintain comprehensive records of all services and activities performed. This is to ensure that competent authorities can monitor compliance with the obligations under MiCA and to facilitate the exercise of their supervisory functions. There are included MiCA articles that mandate ESMA, in cooperation with EBA, to develop draft RTS specifying the details of these record-keeping requirements.
- **Machine readability of white papers and white papers register.** It discusses the importance of machine-readability of white papers and the creation of a white paper register. In addition, it highlights the legal requirements for cryptoasset issuers to produce white papers in a machine-readable format, which will facilitate the accessibility and analysis of the information contained therein. It includes MiCA articles mandating ESMA, in cooperation with the EBA, to develop draft RTS specifying requirements for the machine readability of white papers and the establishment of a white paper register.
- **Technical means for appropriate public disclosure of inside information.** It underlines the need for CASPs to make inside information public. It also details the legal requirements for CASPs to disclose inside information in a manner that is accessible to the public, timely and avoids selective disclosure of information. It includes MiCA articles obliging ESMA, in cooperation with the EBA, to develop draft RTS specifying the technical means for such disclosure.

3. Next steps

The draft technical standards are to be submitted to the European Commission (EC) for adoption within 3 months of their submission.

CL 11/07/2024

EBA - Final report on implementing technical standards (ITS) amending Commission Implementing Regulation 2021/451 on supervisory reporting referred to in Article 430(7) of Regulation n° 575/2013



1. Context

In October 2021, the European Commission published the Banking Package 2021, which includes reforms to the Capital Requirements Regulation and Directive (CRR/III and CRD/VI) to strengthen financial resilience, support the post-COVID-19 recovery and the climate transition. The final versions were published on 19 June in the Official Journal of the European Union (OJEU). The EBA launched the public consultation on the draft ITS amending Commission Implementing Regulation 2021/451 on supervisory reporting referred to in Article 430 (7) of Regulation n° 575/2013.

In this context, the EBA has published the **final report on ITS report amending Commission Implementing Regulation 2021/451 on supervisory reporting referred to in Article 430 (7) of Regulation n° 575/2013**. These ITS incorporate changes to ensure that the reporting framework remains relevant, meaningful and aligned with CRR III, which implements the latest Basel III reforms. They will provide supervisors with comparable information to monitor institutions' compliance with the requirements of CRR III, promoting enhanced and consistent supervision.

2. Main points

- **Timeline.** The remittance period for the first reporting (reference date 31 March 2025) will be extended (end of June instead of 12May).
- **Output floor.** The capital adequacy templates should be amended to include reporting information on the output floor in the own funds requirements and capital ratios, comprising in those templates the impact of transitional provisions for the output floor. Templates including modelled reporting data should be similarly updated to also include the impact of the output floor and of transitional provisions.
- **Standardised approach for credit risk (SA-CR approach).** The template is updated to reflect changes in the exposure classes, new risk weights, the more granular approach applied to exposures secured by mortgages on immovable property and some changes in the calculation of the exposure value of off-balance sheet items.
- **Credit risk in Internal Ratings-based (IRB).** The templates are updated to reflect changes in the exposure classes, namely to limit the use of Institutions and Large Corporates exposures under Foundation-IRB (FIRB) and to include new exposure classes such as Public sector entities (PSEs) and regional governments or local authorities (RGLAs). Moreover, the instructions are amended to reflect the new calculations of the effects of funded credit protection under the FIRB approach and the effect of unfunded credit protection under the Advanced-IRB approach
- **Immovable property market (IP) Losses.** The instructions and template C 15.00 on the reporting on losses stemming from lending collateralised by immovable property have been amended. Besides, certain aspects in the instructions have been clarified.
- **Credit valuation adjustment (CVA).** The CRR III sets out the three new approaches (simplified, basic, standardised) that institutions should use to calculate their own funds requirements for CVA risk, as well as the conditions for using a combination of these approaches.
- **Market Risk.** As regards the standardized approach for market risk, the reporting templates C 18.00, C 21.00, C 22.00 and C 23.00 are amended to reflect the multiplication factors introduced in CRR III, by repurposing existing columns and opening a few cells that were previously greyed out.
- **The boundary between trading book and banking book.** CRR II introduced, and CRR III modifies, the revised framework for allocating positions to the trading book and non-trading book (banking book), including default assumptions for the allocation to books, documentation and monitoring requirements, and the own funds requirements for certain reclassifications.
- **Leverage ratio.** References to the CRR articles have been updated and in few cases rows have been added to capture the additional provisions such as those referring to exclusions from total exposure measure, as those referring to exclusions from the total exposure measure (e.g. opening of the 40% CCF for off-balance sheet exposures).

3. Next Steps

- The EBA will submit the final report to the European Commission and develop a data point model (DPM), the XBRL taxonomy and validation standards based on these ITS.
- These ITS will apply **from 1 January 2025** and the first **reference date will be 31 March 2025**, in line with the implementation date of CRR III.



22/07/2024 ESAs - Second batch of policy mandates under DORA



1. Context

The Digital Operational Resilience Act (DORA) published in December 2022 and applicable from 17 January 2025, aims to enhance the digital operational resilience of entities across the European Union (EU) financial sector. This regulation, aimed to assure that financial sector entities are able to stay resilient through a severe operational disruption, promotes the creation of a regulatory framework on digital operational resilience whereby all firms need to make sure they can withstand, respond to and recover from all types of Information Communication Technologies (ICT) related disruptions and threats. DORA has mandated the ESAs to jointly develop draft Regulatory Technical Standards (RTS) and Implementing Technical Standards (ITS) to further specify some aspects of the regulation.

In this context, after submitting these technical standards for consultation between December 2023 and March 2024, the ESAs have published final drafts on the second package of RTS and ITS which aim to ensure a consistent and harmonized legal framework in the areas of incident reporting, aggregated cost and losses from major incidents, oversight harmonization, as well as composition of the joint examination team and oversight cooperation between ESAs and competent authorities (CA) and TLPT.

2. Main points

RTS and ITS on content, timelines, and templates on incident reporting.

- **General framework for incident reporting.** This RTS provide a harmonized incident reporting framework considering the need to ensure simple, clear, and coherent reporting requirements setting requirements on i) the content of the information to be reported, ii) time limits, and iii) process for reporting incidents.
- **Initial notifications.** Submitted within 4 hours from the moment of classification of the incident as major, but no later than 24 hours from the time of detection. Contents are the following: i) Incident reference code, ii) Date and time, iii) Description of the incident, iv) Classification criteria, v) Member States affected, vi) Information on the discovery, vii) Information on the origin of the incident, viii) Indication whether a business continuity plan has been activated and, ix) Information about the reclassification of the incident from major to non-major.
- **Intermediate reports.** Submitted within 72 hours of initial notification. The content is as follows: i) Incident reference code, ii) Date and time, iii) Date and time when regular activities have been recovered, iv) Classification criteria, v) Type of incident, vi) Threats and techniques used by the threat, vii) Functional areas and business processes affected, viii) Infrastructure components affected, ix) Impact on clients, x) Notification to other authorities, xi) Recovery plans, and xi) Information on indicators of compromise.
- **Final reports.** Submitted no later than 1 month after notification of the interintermediate report. The content is as follows: i) Root cause of the incident, ii) Date and time the incident was resolved, iii) Information on the resolution of the incident, iv) Relevant information on the resolution of the incident for the competent authorities, v) Direct and indirect costs and losses resulting from the incident, and, vi) Information on recurrent incidents.
- **Voluntary notification of significant cyber threats.** The content is as follows: i) General information on the reporting entity, ii) Date and time of detection of the cyber threat, iii) Description of the cyber threat, iv) Potential impact of the cyber threat on the financial institution, its customers and/or financial counterparties, v) Classification criteria, vi) Status and activity of the cyber threat, vii) Preventive measures taken by the financial institution, viii) Notification of the cyber threat to other financial institutions or authorities and, ix) Information on indicators of compromise.

In addition, the ESAs have adjusted the notification requirements on weekends and public holidays by reducing the number of reportable incidents, exempting smaller financial institutions from initial notifications and extending submission deadlines by noon on the next working day instead of one hour. In addition, aggregated notification at national level has been introduced for institutions under a single CA, provided that certain conditions are met.

The ITS on the standard forms, templates, and procedures for financial entities to report a major incident and to notify a significant cyber threat set the format and templates for reporting major incidents and significant cyber threats, and the reporting requirements.

- **Standard form for reporting of ICT-related major incidents.** i) Use the predefined template to submit the notifications, ii) Ensure that the incident notification is complete and accurate, iii) Where accurate data is not available for the initial notification or the intermediate report, the financial entity shall provide estimated values based on other available data, and iv) When submitting an intermediate or final report, the information that was provided with the initial notification or the intermediate report shall be updated.
- **Submission of initial notification, intermediate and final reports together.** Financial entities can provide all required information in one go, combining the initial notification, intermediate and finale report.
- **Recurring incidents.** Financial entities need to share combined information about recurring incidents that, on their own, might not qualify as major ICT-related incidents.
- **Use of secure channels and notification of competent authorities.** i) Use secure electronic channels, ii) Where financial entities cannot use standard channels to report incidents, they must inform authorities using secure alternative means, and iii) Where financial entities are unable to submit the initial notification, intermediate report or final report within the timelines, financial entities shall inform the competent authority without undue delay, but no later than 24 hours.
- **Reclassification of major incidents.** Financial entities must reclassify a previously reported major incident as non-major if, upon reassessment, they determine that the incident never met the criteria for classification as a major incident.

In such instances, they are required to submit a final report that specifically addresses the details related to reclassifying the incident as non-major.

- **Outsourcing of the reporting obligation.** i) Where financial entities outsource the incident reporting obligation, they shall inform the CA prior to any notification or reporting and indicate the name and contact details, financial entities shall inform competent authorities where such outsourcing has been cancelled, and ii) Where outsourcing are of long-term or general nature, financial entities shall notify the competent authority prior to any notification or reporting of the third party that will be submitting the incident notification of reports.
- **Standard form for reporting of notification of significant cyber threats.** i) Use the predefined template, data glossary and instructions, and ii) Ensure that the information contained in the cyber threat notification is complete and accurate to the extent possible.
- **Data precision and information associated with submissions.** i) Submit the information in the exchange formats and representations specified by CAs and respecting the data point definition of the data point model and the validation formulas specified, and ii) Financial entities and third parties submitting data affected by the incident shall be identified by their LEI.

Guidelines on aggregated costs and losses from major incidents.

The aim of these guidelines is to harmonize how financial entities estimate aggregated annual costs and losses resulting from major ICT-related incidents. It emphasizes proportionality in classification, allowing smaller entities to classify incidents as "major" less frequently than larger ones. The proposal aligns with existing and forthcoming regulatory standards under DORA, sets the reference period for aggregating costs to the accounting year, and necessitates the reporting of gross and net costs for major incidents.

These guidelines cover the next tasks in order to estimate and aggregate the annual costs and losses resulting from major ICT-related incidents within financial entities:

- **Reference period.** Financial entities estimate the aggregate annual costs and losses of major ICT-related incidents by summing up costs and losses within the completed accounting or calendar year, excluding those before or after this period.
- **Inclusion criteria.** Estimated costs include ICT-related incidents classified as major as per the RTS on the classification of ICT-related incidents. This includes incidents with final reports submitted in the relevant accounting year or in prior years with quantifiable financial impacts.
- **Sequential estimation steps.** i) Estimation of gross costs and losses for each major incident based on guidelines from the RTS on the classification of ICT-related incidents, ii) Calculation of net costs and losses for each incident by deducting financial recoveries as specified in the RTS and ITS on reporting of ICT-related incidents, and iii) Aggregation of gross costs, financial recoveries, and net costs across major ICT-related incidents.
- **Basis for estimations.** Financial entities base their estimations on financial statements validated by an independent entity, such as the profit and loss account for the relevant accounting year. This includes accounting provisions reflected in validated financial statements.
- **Adjustments.** Incorporate adjustments made in the reporting of the relevant accounting year from the previous year's aggregated reporting.
- **Breakdown reporting.** Report a breakdown of gross and net costs and losses for each major ICT incident included in the aggregation.
- **Reporting template.** These guidelines also specify a common template for the submission of the aggregated annual costs and losses.

RTS on the composition of the joint examination team

- **Tasks of the Joint Examination Team.** The team assists the Lead Overseer in oversight activities, including preparing the annual plan, conducting assessments and investigations, and drafting recommendations and decisions for the critical ICT service provider.
- **Establishment of a Joint Examination Team.** The Lead Overseer forms the joint examination team after designating an ICT provider as critical, with team composition adjustable based on changes in the provider's services or activities.
- **Members of the Joint Examination Team.** The Lead Overseer sets the team's size and makeup in agreement with oversight bodies, considering the number of providers, specific needs, team stability, and required skills.
- **Renewal of Membership in the Joint Examination Team.** The team's performance is periodically reviewed, and the results determine whether to renew team membership, especially during material changes or a change in Lead Overseer.
- **Working Arrangements of the Members of the Joint Examination Team.** Team members must perform duties with skill, care, and confidentiality. The Lead Overseer and nominating authorities set arrangements for time management and ethical considerations.

RTS on oversight Harmonization

The RTS on Oversight Harmonization is a set of rules that aims to improve the coordination and cooperation between the national authorities responsible for overseeing critical ICT third-party service providers in the European Union (EU):

- **Information to be provided by information and communication technology third-party service providers in the application for a voluntary request to be designed as critical.** i) General information about the ICT third-party service provider, ii) Corporate structure, iii) Market share, iv) Criticality assessment, and v) Other relevant information.
- **Assessment of completeness of application.** The ICT third-party service provider shall submit its reasoned application to the EBA, ESMA or EIOPA including all information via means determined by ESA. If an application is

incomplete, the ESA will request the missing information. If the information is not provided by the deadline, the application will be rejected.

- **Content of information provided by critical ICT third-party service providers.** The Lead Overseer can request the necessary information according to the structure and format of information provided by critical ICT third-party service providers, within the specified time limits and frequency.
- **Remediation plan and progress reports.** The critical ICT third-party service provider is required to submit a remediation plan to the Lead Overseer, outlining the measures and solutions they intend to deploy to address the risks highlighted in the recommendations.
- **Structure and format of information provided by critical ICT third-party service providers.** The critical ICT third-party service provider shall provide the requested information in English to the Lead Overseer through the secure electronic channels indicated by the Lead Overseer in its request.
- **Information on subcontracting arrangements provided by critical ICT third-party service providers.** A critical ICT third-party service provider which is required to share information on subcontracting arrangements shall provide the information according to the structure: i) General Information, ii) Overview of Subcontracting Arrangements, iii) Subcontractors Information, iv) Services, v) Risk Management and Compliance, vi) Business Continuity and Contingency Planning, and vii) Reporting.
- **Competent authorities' assessment of the risks addressed in the recommendations of the Lead Overseer (LO).** CA shall assess the impact of the measures taken by critical ICT third-party service providers based on the recommendations of the LO and the competent authority must provide the results of their assessment within a reasonable timeframe.

Guidelines on oversight cooperation between ESAs and CA

These guidelines address the cooperation between the ESAs (European Supervisory Authorities) and the CAs (competent authorities) covering the procedures and conditions for the allocation and execution of tasks between CAs and the ESAs and the exchanges of information which are necessary for CAs to ensure the follow-up of recommendations addressed to CTPP. It covers the cooperation and information exchange between ESAs and CAs only (the cooperation with financial entities, CTPPs, among relevant CAs, among the ESAs and with other EU institutions is outside its scope). CAs must notify the respective ESA whether they comply or intend to comply or reasons for non-compliance being considered non-compliant in the absence of notification.

The ESAs and CAs should communicate in English, by electronic means, establishing a single point of contact by email address (for exchanging non-confidential information). The ESAs should establish a dedicated online tool where the information to be submitted is securely shared and they should make it available to CAs. The CAs are the primary point of contact for financial entities under their supervision. The ESA, as the Lead Overseer (LO), is the primary point of contact for CTPPs for the purposes of all matters related to the oversight. These guidelines include a series of tasks covering the procedures and conditions for their allocation and execution as well as the specific timelines to meet, we would highlight the following:

- **For designation of critical ICT third-party service providers,** CAs should transmit the full register of information to the Oversight Forum and the Lead Overseer is also entitled to transmit to the CAs of the financial entities using the ICT services provided by a CTPP information related to this designation.
- **The Lead Overseer should transmit to the CAs of the financial entities using the ICT services provided by a CTPP,** the annual oversight plan describing the annual oversight objectives and the main oversight actions planned for each critical CTPP. After its reception, CAs should submit to the LO a list of measures concerning CTPP. In addition, the LO should inform the CAs of the financial entities using ICT services provided by a CTPP of any major incident, changes in strategy, events that could represent a risk as well as the information needed to ensure the follow-up of recommendations.
- **Regarding general investigations or inspections,** LO should inform in advance CAs of the financial entities using the ICT services provided by a CTPP, of the identity of the authorized persons for the general investigation or inspection.
- **The coordination and information exchange between CAs and the Lead Overseer** regarding decisions requiring financial entities to temporarily suspend the use or deployment of a service provided by the CTPP or terminate the relevant contractual arrangements concluded with the CTPP is also foreseen.

RTS on threat-led penetration testing (TLPT)

This RTS provide a framework for threat intelligence-based ethical red-teaming aligned with TIBER-EU. The framework includes four areas and two types of requirements: those that are identified as mandatory in the framework, and several optional requirements (that can be adapted to the specificities of individual jurisdictions). The adoption of the TIBER-EU framework is voluntary but once adopted any implementation of TIBER-EU must adhere to the requirements deemed mandatory for the purposes of the framework and the various implementations are reviewed at regular intervals to ensure harmonization.

- **Criteria to identify financial entities required to perform TLPT.** i) Credit Institutions identified as global systemically (G-SIIs) or systemically important institutions (O-SIIs), ii) Payment institutions and electronic money institutions with 150 billion EUR of total value of payment transactions (in each of the previous two financial years), iii) Central securities depositories, iv) Central counterparties, v) Trading venues with an electronic trading system at national level or at union level, and vi) Large insurance and reinsurance undertakings with undertakings following a specific criteria. The TLPT authorities will assess whether other financial institutions will be required to perform TLPT.
- **Requirement regarding test scope, testing methodology and results of TLPT.**
 - **Testing Methodology.** i) The TLPT authority will designate the responsible to coordinate TLPT activities to a TCT, each test shall be coordinated by a test manager. ii) Establish a control team lead responsible for the management of the test and the decisions and actions of the control team, and iii) Realize a risk assessment during the preparation phase covering live production systems affecting the test.

- **Testing Process.** Financial entities shall ensure that the testing process follow these mentioned phases: i) Preparation phase, ii) Testing phase: Threat intelligence, iii) Testing phase: Red Team Test, iv) Closure phase, and v) Remediation plan.
- **Use of internal testers.** Financial entities shall establish all the following arrangements for the use of internal testers. This policy shall i) Define and implement of a policy for the management of internal testers in a TLPT, ii) Establish measures to ensure that the use of internal testers to perform TLPT will not negatively impact the financial entity's general defensive or resilience capabilities, and iii) Establish measures to ensure that internal testers have sufficient resources and capabilities available to perform TLPT.

3. Next steps

The RTS and ITS must be reviewed by the European Commission (EC) and approved in the coming months.



1. Context

On June 2016, the ECB published the Single Supervisory Mechanism (SSM) supervisory statement on governance and risk appetite as part of the ongoing efforts of the SSM to enhance the governance frameworks of significant financial institutions in the euro area. This initiative was driven by the need to address the lessons learned from the financial crisis, which highlighted deficiencies in banks' management bodies and risk governance practices. The SSM emphasized the importance of robust internal governance and risk appetite frameworks (RAF) as essential components of sound risk management and sustainable business models, providing a comprehensive overview of the thematic review conducted on the governance frameworks and risk appetite statements of significant institutions.

In this context the ECB has published the **Draft** of the new **Guide on Governance and Risk Culture**, aimed at enhancing the governance structures and risk cultures within banks operating in the European Union. The Guidance replaces the 2016 SSM Statement on Governance and Risk Appetite, in line with guidelines issued by the European Banking Authority (EBA) and other international standards, underlines the importance of a sound risk culture and effective governance for all banks, and aims to foster consistent supervisory practices across the euro area, while recognizing national specificities.

2. Main points

In the field of risk culture:

- **Link to governance.** It includes the collective mindset, norms, attitudes, and behaviors regarding risk management, and how it affects daily decisions and risk-taking behavior across all levels, integrating formal governance aspects (like organizational structure and policies) with behavioral patterns (like decision-making and communication styles). ECB Banking Supervision emphasizes four dimensions: i) tone from the top and leadership; ii) effective communication and diversity; iii) accountability for risks; and iv) incentives, including remuneration. These dimensions guide prudent risk-taking, ensure clear responsibilities, promote constructive challenge, and align incentives with long-term goals.
- **Link with remuneration.** Highlight of the importance of aligning remuneration with risk culture by linking variable remuneration frameworks to the bank's risk appetite and strategy. This ensures that financial incentives promote behaviors aligned with the bank's long-term interests and discourage excessive risk-taking. This involves setting clear key performance indicators (KPIs) that reflect risk and control-related objectives and implementing mechanisms such as malus and clawback clauses to manage consequences for misconduct.
- **Link with accountability.** Banks are required to establish a clear link between compensation and the RAF, ensuring that non-compliance with the RAF impacts performance evaluations and variable compensation. This approach seeks to align employees with the RAF and the bank's risk culture, adjusting variable compensation based on compliance with risk limits. In addition, the guide highlights the need to define clear responsibilities and establish effective accountability, involving management bodies and internal controls to implement and monitor the RAF, conduct periodic reviews, and promote prudent risk management and a strong culture throughout the organization.

Regarding the RAF:

- **Scope.** A well-defined Risk Appetite Framework is essential for sound governance, and is required to be integrated into the bank's strategic and decision-making processes. The RAF should be clearly documented, involve the management body in its establishment, approval and oversight, and provide a comprehensive view of financial and non-financial risks through a consolidated risk appetite scorecard. This scorecard should reflect the bank's risk profile and strategic changes. The RAF should include metrics for all material risks, including emerging and non-financial risks, and ensure that risk indicators are balanced and relevant.
- **Limits.** Risk appetite limits should be set at a level that effectively manages risk-taking and ensures that defaults occur before regulatory requirements are compromised. These limits should reflect the bank's risk profile and be adjusted infrequently to maintain their effectiveness. An adequate RAF enhances risk oversight, particularly during crises, by ensuring that limits are closely scrutinized and adjusted as necessary.

3. Next steps

- As part of the consultation process the ECB will organise a stakeholder meeting on 26 September 2024, bringing together relevant experts from supervised institutions and other interested parties.
- The public consultation on the Governance and Risk Culture Guide ends on October 16, 2024. Subsequently, the ECB will publish the comments received, together with a feedback statement and the final version of the Guide.

Relevant Publications

UK



BANK OF ENGLAND
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T 18/07/2024

PRA - Statement on the design of the dynamic general insurance stress test (DyGIST) 2025

1. Context

In October 2023 the PRA announced its intention to run a DyGIST in 2025. The objectives of the DyGIST are to: i) assess the UK general insurance sector's solvency and liquidity resilience to a specific adverse scenario; ii) assess the effectiveness of insurers' risk management and management actions following an adverse scenario; and iii) inform the PRA's supervisory response following a market-wide adverse scenario.

In this context, the PRA has published the **statement on the design of the DyGIST**. This statement provides further information on the design and timetable of the dynamic general insurance stress test that the PRA intends to run in 2025.

2. Main points

- **The live exercise.** Over a three-week period in May 2025, firms will be presented with a sequential set of adverse events over a three-week period in May 2025 and will be asked to react to these as they would to real events and to provide initial financial impact assessments following each event, to engage with their supervisory contacts and follow their expected management action plans.
- **Final firm assessment and reflections.** By end of July 2025, firms will be asked to submit a final quantitative template with updated estimates of the impact of the events and a qualitative questionnaire intended to draw out any risk management learnings.
- **Analysis, publication and integration into supervisory plans.** DyGIST will be a core component of 2025 supervisory activity for firms in scope. The PRA intends to publish the findings of the exercise in 2025 Q4, and dependent on conclusions, individual firm findings will also feed into supervisory plans for 2026.

3. Next Steps

- In the **second half of 2024** the PRA will hold further workshops with participating firms, vendors and brokers who may be supporting firms throughout the exercise and will continue to invite trade bodies to participate.



31/07/2024

Gov.UK - CMA signs joint international statement supporting competition in AI**1. Context**

The European Union (EU), the UK, and the United States (US) have collaborated to address the competitive landscape of generative Artificial Intelligence (AI) foundation models and AI products. This joint effort aims to ensure fair, open, and competitive markets that drive opportunity, growth, and innovation. Recognizing AI's transformative potential, these authorities are committed to protecting and promoting the interests of their respective economies and consumers, despite differences in their legal frameworks and jurisdictions.

In this context, **the European Commission (EC), the UK Competition and Markets Authority (CMA), the United States Department of Justice (DOJ), and the United States Federal Trade Commission (FTC) have issued a joint statement on competition in generative Artificial Intelligence (AI) foundation models and AI products.** This joint statement emphasizes the need for vigilance against anti-competitive tactics in the evolving AI landscape. It highlights risks such as the concentrated control of key AI resources, the entrenchment of market power by incumbent firms, and anti-competitive partnerships. The statement outlines principles for safeguarding competition, including fair dealing, interoperability, and consumer choice.

2. Main points

- **Transformational potential of AI.** AI technologies, particularly generative AI, hold significant potential to benefit citizens, spur innovation, and drive economic growth. However, realizing these benefits requires maintaining fair competition. Authorities recognize the need to be vigilant and proactive in addressing tactics that could undermine competitive markets.
- **Concentrated control of key inputs.** There is concern over the concentrated control of essential components for AI development, such as specialized chips, substantial compute power, large-scale data, and technical expertise. This concentration could allow a few companies to dominate the AI landscape, limiting disruptive innovation and shaping the market to their advantage, potentially stifling fair competition.
- **Entrenching market power.** Large incumbent digital firms with significant market power might leverage their existing advantages to protect against AI-driven disruption or extend their dominance in AI-related markets. This could involve controlling distribution channels for AI services and products, thus limiting opportunities for other players and hampering future competition.
- **Risks from partnerships and investments.** Collaborations, financial investments, and other connections between firms developing generative AI could pose risks. While some partnerships might be benign, others could be used by dominant firms to co-opt competitive threats and steer market outcomes in their favor, undermining the competitive process and restricting the diversity of the AI ecosystem.
- **Principles for protecting competition.** Authorities stress the importance of fair dealing, where firms with market power should not engage in exclusionary tactics that deter investment and innovation by third parties. Interoperability between AI products and services is essential for fostering competition and innovation and claims that interoperability compromises privacy and security will be scrutinized. Ensuring businesses and consumers have choices among diverse products and business models is crucial, as is scrutinizing investments and partnerships to prevent anti-competitive outcomes.
- **Consumer risks.** AI can enable deceptive and unfair practices that harm consumers, such as the misuse of consumer data for model training, which can undermine privacy, security, and autonomy. It is essential that consumers are informed about the use of AI in the products and services they purchase. Authorities are committed to monitoring and addressing these risks to ensure that AI developments do not compromise competition or consumer protection.

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13/09/2024

PRA - Regulation on prudential regime for UK banks



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

1. Context

His Majesty's (HM) Treasury is progressing work to bring the prudential regime for banks, building societies and investment firms into line with the United Kingdom's (UK) established model for financial services regulation, as provided for in the Financial Services and Markets Act 2000 (FSMA 2000). This work involves revoking relevant parts of assimilated law on financial services so that the PRA and the Bank of England can replace requirements in legislation with requirements set out in regulator rules and statements of policy. Assimilated law refers to European Union (EU) legislation which was incorporated into UK law on the UK's withdrawal from the EU.

In this context, the PRA has published two SS on the **credit risk definition of default** and **internal ratings based approach**, one PS on the **implementation of the Basel 3.1 standards near-final part 2** and four consultation papers on the **definition of capital**, the **updates to the UK policy framework for capital buffers**, the **simplified capital regime for SDDTs**, the **Pillar 2A capital framework and the capital communications process**.

2. Main points

- **SS on the credit risk definition of default.** It emphasizes the importance of consistent application of the default definition across firms, detailing the mechanisms and processes required for timely identification of defaults, documentation requirements, and internal governance. The statement aims to ensure that firms maintain robust risk management practices and comply with capital requirements by clearly defining and operationalizing the criteria for identifying and managing defaults.
- **SS on credit risk internal ratings based approach.** This document sets out the PRA's expectations in respect of the application of the internal ratings based (IRB) approach in the calculation of credit risk risk-weighted assets and provides explanation, where appropriate, of the PRA's expectations when assessing whether firms meet those requirements, including in respect of the conservatism applied.
- **PS on the implementation of the Basel 3.1 standards near-final part 2.** This PS contains feedback to responses on the parts of Pillar 2 relating to the Pillar 2A credit risk methodology, use of IRB approach benchmarks, and the interaction with the output floor. The credit risk framework includes several updates aimed at making risk assessments more sensitive and accurate. These changes cover risk weighting for residential mortgages, corporate exposures, and specialized lending, with revisions to real estate valuation and the removal of implicit sovereign support for bank exposures. The IRB approach faces new restrictions, particularly for equities and low default portfolios, alongside revisions in risk parameters like probability of default and loss given default. Credit risk mitigation guidelines have been clarified, and an output floor has been introduced to limit reductions in risk-weighted assets (RWAs).
- **Consultation paper on the simplified capital regime for SDDTs.** This document sets out proposals for Phase 2, the proposed simplified capital regime and additional liquidity simplifications for SDDTs. The PRA is proposing to simplify all elements of the capital stack, including Pillar 1, Pillar 2A, buffers, and the calculation of regulatory capital. The document also proposes to revoke the Interim Capital Regime (ICR), which is a temporary and optional regime that provides SDDT-eligible firms and consolidation entities with the option to remain subject to existing Capital Requirements Regulation (CRR) capital provisions until the capital regime set out in this consultation paper is implemented.
- **Consultation paper on the definition of capital.** This document sets out the PRA's proposed rules to restate, and in some cases modify the CRR requirements relating to the definition of own funds in the PRA Rulebook.
- **Consultation paper on the updates to the UK policy framework for capital buffers.** This consultation paper sets out the PRA's proposals to streamline some of its policy materials on capital buffers to enhance usability and clarity, as part of the process. These proposals include consequential amendments to, and streamlining of, PRA statements of policy (SoPs), PRA rules that refer directly to the current capital buffers regulation (CBR), and UK Technical Standards (UKTS). In this consultation, the PRA is not proposing changes to its policy approach on the implementation of capital buffers.
- **Consultation paper streamlining the Pillar 2A capital framework and the capital communications process.** This document sets out the PRA proposal to streamline the Pillar 2A capital framework and capital communications process. This is relevant to all PRA-regulated banks, building societies, designated investment firms, and all PRA-approved or PRA-designated holding companies.

3. Next Steps

- The consultation periods close on **12 December 2024**.
- The SS on credit risk definition of default and credit risk internal ratings based approach will be effective from **1 January 2026**.
- The implementation date for the Basel 3.1 standards will be **six months to 1 January 2026** with a transitional period of 4 years to ensure full implementation by **1 January 2030**.

Relevant Publications

American Region

United States

C 24/07/2024

OCC/Board/FDIC/NCUA - Proposal of amendments on the Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT) Program Requirements



1. Context

In January 2021, the AML Act made several changes to the Bank Secrecy Act (BSA), including inserting as a term in the statutory compliance program requirement, requiring the Treasury Secretary to establish and make public the AML/CFT Priorities and to promulgate regulations, as appropriate, and providing that the duty to establish, maintain, and enforce an AML/CFT program shall remain the responsibility of, and be performed by, persons in the United States who are accessible to, and subject to oversight and supervision by, the Treasury Secretary and the appropriate federal functional regulator.

In this context, the OCC, Board, FDIC and NCUA has published the **proposal of the amendments on the AML and CFT Program Requirements**. This document updates the requirements of the four federal financial institution for supervised institutions to establish, implement, and maintain effective, risk-based, and reasonably designed AML/CFT programs. The amendments are intended to align with changes concurrently proposed by the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), most of which result from the AML Act of 2020.

2. Main points

- **AML/CFT Program.** AML/CFT Program is an effective, risk-based, and reasonably designed AML/CFT program focuses attention and resources in a manner consistent with the bank's risk profile that takes into account higher-risk and lower-risk customers and activities. It would require a financial institution's risk assessment process to identify, evaluate, and document the financial institution's money laundering, terrorist financing, and other illicit finance activity risks, including consideration of: i) the AML/CFT Priorities issued by FinCEN; and ii) the money laundering and terrorist financing (ML/TF) risks of the financial institution based on the financial institution's business activities, including products, services, distribution channels, customers, intermediaries, and geographic locations. Finally, the proposal would amend the existing internal controls component to require that a bank reasonably manage and mitigate money laundering, terrorist financing, and other illicit finance activity risks through internal policies, procedures, and controls that are commensurate with those risks and ensure ongoing compliance with the requirements of the BSA.
- **Customer Due Diligence (CDD).** The proposed rule would add CDD as a required component of the Agencies' AML/CFT program rule. The Agencies have considered CDD an integral component of a risk-based program, enabling the bank to understand its customers and its customers' activity to better identify suspicious activity.
- **Fostering Innovative Approaches to BSA Compliance Obligations.** The AML Act also encourages technological innovation and supports financial institutions in effectively innovating, testing, and adopting new technologies and approaches. FinCEN and the Agencies have long recognized that responsible innovation, including new ways of using existing tools or adopting new technologies, may help financial institutions identify and report suspicious activities by enhancing the effectiveness and efficiency of financial institutions' AML/CFT programs.
- **Other notable changes.** The AML/CFT Program would require financial institutions to have a presence in the United States, specifying that the duty to establish, maintain, and enforce the AML/ CFT program must remain the responsibility of, and be performed by, persons in the United States who are accessible to, and subject to oversight and supervision by, FinCEN and the appropriate Federal functional regulator.

3. Next steps

- Stakeholders shall submit their comments on or before **60 days** after date of publication in the federal register.

CL

24/07/2024

Fed/CFPB/FDIC/FHFA/NCUA/OCC - Final rule to implement quality control standards for the use of automated valuation models.



1. Context

In June 2023 the Fed, CFPB, FDIC, FHFA, NCUA and OCC published for comments a **proposed rule designed to ensure the credibility and integrity of models used in real estate valuations**. In particular, the proposed rule would implement quality control standards for automated valuation models (AVMs) used by mortgage originators and secondary market issuers in valuing real estate collateral securing mortgage loans. Under the proposed rule, the agencies would require institutions that engage in covered transactions to adopt policies, practices, procedures, and control systems to ensure that AVMs adhere to quality control standards designed to ensure the credibility and integrity of valuations. The proposed standards are designed to ensure a high level of confidence in the estimates produced by AVMs; help protect against the manipulation of data; seek to avoid conflicts of interest; require random sample testing and reviews; and promote compliance with applicable nondiscrimination laws.

In this context, the 6 agencies have issued the **final rule final rule to implement quality control standards for the use of automated valuation models**, which is substantially similar to the proposal published previously, with targeted changes to clarify the proposed definition of mortgage originator in response to feedback about inconsistencies. These changes involve incorporating the Truth in Lending Act (TILA) definition directly into the rule text and making necessary modifications to align it with the scope of the final rule. Additionally, the rule will now explicitly include TILA's definition of "person" for further clarity.

2. Main points

Scope. The proposed rule would apply the quality control standards when an AVM is being used to make a determination of collateral value, as opposed to other uses such as monitoring value over time or validating an already completed valuation.

- AVMs used in connection with making credit decisions. It would apply to AVMs used in connection with making a credit decision.
 - **Loan modifications and other changes to existing loans.** The proposed rule would cover the use of AVMs in deciding whether to change the terms of an existing mortgage even if the change does not result in a new mortgage origination, as long as a "mortgage originator" or "secondary market issuer," or servicers that work on the originator's or secondary market issuer's behalf, uses the AVM to determine the value of a mortgage secured by a consumer's principal dwelling.
- AVMs used by secondary market issuers. Given that the statute refers to secondary market issuers and the primary business of secondary market issuers is to securitize mortgage loans and to sell those mortgage backed securities to investors, the proposed rule would cover AVMs used in securitization determinations.
 - **Appraisal waivers.** It would define "covered securitization determination" to include determinations regarding, among other things, whether to waive an appraisal requirement for a mortgage origination (appraisal waiver decisions).
 - **Other uses by secondary market issuers.** It would define "covered securitization determination" to include determinations regarding, among other things, structuring, preparing disclosures for, or marketing initial offerings of mortgage-backed securitization.
- AVM uses not covered by the proposed rule
 - **Uses of AVMs by appraisers.** The proposed rule would not cover use of an AVM by a certified or licensed appraiser in developing an appraisal. This approach reflects the fact that, while appraisers may use AVMs in preparing appraisals, they must achieve credible results in preparing an appraisal under the Uniform Standards of Professional Appraisal Practice (USPAP) and its interpreting opinions.
 - **Reviews of completed collateral valuation determinations.** It would not cover AVMs used in reviews of completed collateral value determinations, given that the underlying appraisal or evaluation determines the value of the collateral, rather than the review of the appraisal or evaluation.

3. Next steps

This final rule is effective the first day of the calendar quarter following **12 months** after the publication in the Federal Register.

Chile

G

15/07/2024

CMF - Public consultation on rules on corporate governance, risk management and minimum capital requirements



1. Context

The CMF of Chile has launched a public consultation on a set of regulatory proposals that address corporate governance, comprehensive risk management, and minimum capital requirements for various financial market participants. These proposals aim to improve supervision and risk management in securities intermediaries, commodity brokers, general fund administrators, and other participants regulated by the Fintec Law.

In this context, the CMF **launches for public consultation rules on corporate governance, risk management and minimum capital requirements.**

2. Main points

- The first set of regulatory proposals **establishes corporate governance, risk management and operational risk management requirements** for Securities Intermediaries and Commodity Exchange Brokers. It also incorporates provisions on **the evaluation of the quality of risk management** to be carried out by the Commission for **intermediaries and custodians of financial instruments under the Fintec Law**, as well as for General Fund Managers. In this way, the following proposals are published in new consultation:
 - Rule issuing instructions on corporate governance and risk management for stockbrokers, securities brokers and commodity exchange brokers.
 - Modification of NCG N°510 which provides instructions on operational risk management.
 - Amendment of NCG No. 502 regulating the registration, authorisation and obligations of financial service providers under the Fintec Act.
 - Modification of NCG N°507 which provides instructions on corporate governance and risk management of General Fund Managers
- In parallel, the consultation includes three regulatory proposals to determine **minimum capital requirements** on the basis of a financial and operational risk-weighted asset methodology. These regulations will be applicable to **stock exchanges, general fund administrators, securities intermediaries and commodity brokers.**
 - Rule establishing minimum net worth requirements for stock exchanges.
 - Rule that establishes the minimum net worth requirements for General Fund Administrators and Portfolio Administrators, as well as the guarantee requirements that these entities must provide for the benefit of the managed funds. The minimum net worth and guarantee requirements may be increased in response to deficiencies identified in the Commission's assessment of the quality of risk management.
 - Rule that establishes the minimum equity, guarantees, liquidity and indebtedness requirements to be met by securities intermediaries and brokerage firms, and repeals General Rule No. 18, Circular No. 632 and Circular No. 695. The minimum equity, collateral, indebtedness and liquidity requirements may be increased in response to deficiencies identified in the Commission's assessment of the quality of risk management.

3. Next steps

- The public consultation will be open until **August 22, 2024**, allowing interested entities to submit their comments and suggestions on the proposed regulations.
- Once the consultation is concluded and the comments received have been evaluated, the CMF will proceed with the **gradual implementation of the approved regulations.**
- The CMF will continue to monitor and evaluate the effectiveness of the implemented regulations, adjusting as necessary to ensure the stability and transparency of the financial market.

D

04/09/2024

CMF - Circular N°2275 on the monthly requirement of financial and solvency information for insurance companies



1. Context

In June 2024, the CMF initiated the public consultation process for the regulatory proposal amending Circular N°2275, which establishes the monthly financial and solvency reporting requirement for insurance companies. The objectives of this amendment are: i) to adapt the reporting requirements to the financial volatility observed after the Covid-19 pandemic; ii) to include prospective solvency indicators with a three-month horizon and quarterly frequency; and iii) to reinforce the CMF's ongoing supervision process by incorporating new accounts in the monthly information reported by insurers.

In this context, the CMF has published the **modification of Circular No. 2275 on the monthly financial and solvency information requirement for insurance companies**.

2. Main points

- **Systematisation of Solvency Projection.** The aim is to integrate the solvency projection requirement, previously established by Oficio No. 16.618, into the monthly financial statements Circular. This implies the incorporation of a new annex in the Circular that will summarise various financial aspects, including:
 - Projected Regulatory Compliance Indicators: Net Equity, Risk Equity, Total and Financial Indebtedness, Investment Surplus or Deficit, and Investment Obligation.
 - Projected Income Statement Accounts: Direct and Retained Premium, Claims and Annuity Cost, Contribution Margin, Investment Income, and Profit for the Year.
 - Projection of Balance Sheet Accounts: Total Technical Reserves, Financial Liabilities, Financial and Real Estate Investments, and Total Assets.
 - Projection Assumptions: Premium Uncollectibility, Investments, Claims, Business Volume Variation, Capital Increase or Dividend Distribution, among others.
- **Incorporation of New Accounts in the Monthly Financial Information.** Six new accounts will be added and the reasoned analysis will be adjusted:
 - Statement of Financial Position: Debts from Reinsurance Operations, Paid-in Capital and Accumulated Result.
 - Statement of Comprehensive Income: Change in Technical Reserves.
 - Solvency Compliance: Claims Advances from Reinsurers and Balance of Derivative Liabilities (if applicable).
 - Brief Reasoned Analysis: Opening of the Equity/Risk Equity ratio in two separate items.

The information shall be submitted quarterly for the solvency projection and monthly for the new financial reporting accounts. The SEIL system or a new communication system with the CMF will be used, in Extensible Business Reporting Language (XBRL) format, according to the taxonomy to be published on the CMF's website, following the instructions in the Annex to Circular No. 2275.

3. Next steps

The amendments contained in the Circular will start to apply from **1 December 2024**.

D 05//09/2024

CMF - Public consultation on the modification of General Rule (NCG) No. 461 regarding the Integrated Annual Report of supervised entities



1. Context

In August 2024, the CMF initiated a public consultation process for the proposed regulation that modifies NCG No. 461, which establishes the structure and information requirements on sustainability and corporate governance that must be included in the annual reports of publicly traded entities and other supervised entities. This modification aims to align local regulatory requirements with the latest international standards on the disclosure of environmental, social, and governance (ESG) information.

In this context, the CMF has published the **modification of NCG No. 461 regarding the Integrated Annual Report**, adapting the information requirements to international best practices and strengthening the governance framework of the supervised entities.

2. Main points

- **Alignment with International Sustainability Standards.** The aim is to incorporate the latest international sustainability standards into local regulations, such as those established by the International Sustainability Standards Board (ISSB). This includes the adoption of the following key elements:
 - IFRS S1 and S2: Integration of general and climate-related sustainability requirements.
 - SASB Standards: Application of industry-specific metrics to identify and manage sustainability risks and opportunities.
- **Improvement of Transparency and Comparability.** The new regulation strengthens the disclosure requirements, ensuring that they are consistent, comparable, and relevant to investors. The main changes include:
 - Corporate Governance: Reinforcement of disclosure obligations regarding governance, including the management of sustainability risks and opportunities.
 - Transition and Proportionality: Introduction of transitional provisions to facilitate the adoption of new standards, with a proportional approach based on the size and capacity of the entities.
- The **implementation** of this regulation will be **gradual**, and it is expected that supervised entities will begin reporting in accordance with the new standards starting from the 2024 fiscal year, in line with the timelines established by the CMF.

3. Next steps

Supervised entities and other interested parties may submit their comments to the CMF until **September 27**, before the final version of NCG No. 461 is published in the last quarter of 2024.

Other publications of interest

This section is a compilation of the summaries published weekly by our R&D department through the FinRegAlert app. This content includes other regulatory publications considered to be of lower impact than those that received the alert label.

These publications are listed according to the geographic scope of the publication and the date of publication (from oldest to most recent).

In addition, the publications have been labelled for information purposes with the most representative topics of the type of content or nature of the publication:

Global	30
European Region	32
American Region	40

Other publications of interest

Global

NGFS · Framework to guide Action by Central Banks and Supervisors in Nature-related Financial Risks

(07/02) · Supervisory Expectations · Sustainability

The Networking for Greening the Financial System (NGFS) has published a Framework for nature-related financial risks that is a beta version document that integrates climate-related and broader environmental-related financial risks. It aims to establish a science-based understanding and terminology for these risks among NGFS members and provide clarity on key concepts. The Framework includes a principle-based risk assessment framework, aiding central banks and supervisors in considering and developing policies on nature-related financial risks within their jurisdictional contexts. It emphasizes microprudential, macroprudential, and macroeconomic perspectives to ensure financial and price stability while acknowledging the potential impact on well-being and economic opportunities. [\(more detail\)](#)

BCBS · Technical Amendments and FAQs to Enhance Basel Framework Implementation

(07/05) · Capital

The Basel Committee on Banking Supervision (BCBS) has published several technical amendments and frequently asked questions (FAQs) to ensure consistent implementation of the Basel Framework globally. The amendments, open for comment until August 19, 2024, address inconsistencies in the definition of specialized lending between the standardized approach (SA) and the internal ratings-based (IRB) approach for credit risk and align the formula for aggregating curvature risk positions for Group2a cryptoasset exposures with that used for other asset classes in the market risk framework. The document also includes FAQs that clarify the interpretation of the rules, covering topics such as the timing of collateral exchange, the treatment of derivative assets, the calculation of operational risk losses, and the application of risk weights for capital requirements. These FAQs provide guidance without modifying the standards and are intended for uniform application across jurisdictions. [\(more detail\)](#)

BCBS · Final revised standard on interest rate risk in the banking book

(07/16) · Capital

The Basel Committee on Banking Supervision (BCBS) has finalized targeted adjustments to its standard on interest rate risk in the banking book (IRRBB). These adjustments include expanding the calibration time series to December 2023, using local shock factors for each currency, moving from the 99th to the 99.9th percentile value for shock factors, and refining interest rate shock rounding to 25 basis points. These changes aim to better capture interest rate changes, especially when rates are near zero. It will be implemented by 1 January 2026, incorporated into the Basel Framework. [\(more detail\)](#)

BCBS · Final standard on disclosure of cryptoasset exposures

(07/17) · Capital · Liquidity · Disclosure

In October 2023, the Basel Committee on Banking Supervision (BCBS) proposed minimum disclosure requirements for banks' exposures to cryptoassets. After considering stakeholder feedback, the Committee finalized the DIS55 Cryptoasset exposures standard, to be implemented by 1 January 2026. The disclosure framework introduces standardized tables and templates requiring banks to provide both qualitative and quantitative details on their cryptoasset activities (capital requirements, liquidity requirements and accounting classification), enhancing transparency and market discipline. [\(more detail\)](#)

BCBS · Final revised standard on cryptoasset exposures

(07/17) · Capital

In December 2023, the Basel Committee on Banking Supervision (BCBS) proposed amendments to the prudential treatment of banks' exposures to cryptoassets. After considering stakeholder feedback, the Committee finalized the SCO60 Cryptoasset exposures standard, to be implemented by 1 January 2026. Key changes include: 1) Bankruptcy remoteness of cash: reserve assets must be placed in structures that are bankruptcy remote from any party involved in the stablecoin operation. An exception is made for banks providing custody services to stablecoins, where cash does not need to be held bankruptcy remote from the banks other deposits; 2) Inclusion of cash receivable under reverse repurchase agreements in Group 1b stablecoin reserves, subject to certain conditions; 3) Various other amendments: clarifications on external audit requirements for stablecoin reserve assets, clearing requirements for exchange traded fund (ETF) /exchange traded note (ETN), frequency of due diligence requirements and haircuts for ineligible collateral lent or posted under securities financing transactions (SFTs). [\(more detail\)](#)

IASB · Consultation on illustrative examples to improve reporting of climate-related and other uncertainties in financial statements

(07/31) · Reporting & disclosure

The International Accounting Standards Board (IASB) has published a consultation document proposing eight illustrative examples to improve the reporting of climate-related and other uncertainties in financial statements. These examples aim to enhance transparency and strengthen the link between financial statements and other reports, such as sustainability disclosures. Developed in response to investor concerns about insufficient or inconsistent climate-related information, the examples focus on materiality judgments, disclosure of assumptions, estimation uncertainties, and information disaggregation. They are designed to clarify the application of existing International Financial Reporting Standards (IFRS) without changing the requirements. Stakeholders are invited to provide feedback by 28 November 2024. [\(more detail\)](#)

IFRS · Guide to support regulators implementing the IFRS digital taxonomies

(08/01) · Reporting & disclosure

The International Financial Reporting Standards (IFRS) Foundation has published a guide titled "Using the IFRS Digital Taxonomies—A Guide for Regulators Implementing the IFRS Digital Taxonomies in a Digital Filing System." This guide aims to assist regulators in implementing IFRS digital taxonomies to enhance cross-border digital comparability and analysis of financial information. The taxonomies, which include the IFRS Accounting Taxonomy and the IFRS Sustainability Disclosure Taxonomy, enable the reporting of information in a structured, computer-readable format. This format helps investors efficiently search, extract, and compare companies' financial disclosures. [\(more detail\)](#)

IFRS Accounting Taxonomy update for Contracts for Renewable Electricity**(08/15) · Accounting and sustainability**

The International Accounting Standards Board (IASB) has published a proposed update to the IFRS Accounting Taxonomy 2024 to align with new disclosure requirements for renewable electricity contracts. These contracts are essential for ensuring stable access to renewable energy sources. In May 2024, the IASB proposed amendments to IFRS 9 and IFRS 7 to better reflect the impact of these contracts on financial statements. The IASB plans to finalize these changes by the end of 2024 and aims to make the new requirements available for early application. To streamline the integration into the IFRS Accounting Taxonomy 2025, the IASB has released this proposed update ahead of finalizing the amendments. The consultation will be open until 14 October 2024. [\(more detail\)](#).

UNEP FI · Recommendations for a Just Transition at the G20**(08/20) · Sustainability**

The United Nations Environment Programme Finance Initiative (UNEP FI) has published recommendations for the G20 Sustainable Finance Working Group, urging a shift towards a nature-positive economy and a just transition. These recommendations include enhancing transparency in corporate and financial sector disclosures related to biodiversity and social impacts, supporting small and medium enterprises (SMEs) in sustainability reporting, and developing interoperable sustainable finance taxonomies. UNEP FI also advocates for robust markets for Nature-based Solutions (NbS) and calls for regulatory frameworks tailored to local contexts, especially those involving Indigenous Peoples and local communities. By adopting these measures, the G20 can promote economic growth that aligns with environmental sustainability and social equity. [\(more detail\)](#).

IASB · Proposed IFRS Accounting Taxonomy Update**(08/29) · Accounting**

The International Accounting Standards Board (IASB) has published a proposed update to the International Financial Reporting Standards (IFRS) Accounting Taxonomy 2024 to reflect these new and amended IFRS Accounting Standards: i) IFRS 19 on disclosures of subsidiaries without public accountability, issued in May 2024; ii) amendments to the Classification and Measurement of Financial Instruments, which amended IFRS 9 on Financial Instruments and IFRS 7 on disclosures of Financial Instruments, issued in May 2024; iii) and annual improvements to IFRS Accounting Standards. The deadline for submitting comments is 28 October 2024. [\(more detail\)](#).

UNEP FI · Guide on Client Engagement and Governance for Promoting Progress in Responsible Banking**(09/10) · Sustainability · Governance**

The United Nations Environment Programme Finance Initiative (UNEP FI) has released two guidance reports for banks and stakeholders on effective practices in Client Engagement and Governance. The documents address the complexities of sustainability and assist banks in implementing effective governance and a culture of responsible banking while showcasing progress in responsible client management. The reports suggest robust practices for internal management and client engagement, highlighting the importance of adequate infrastructure, impact analysis, strategy development, and staff training. Additionally, they offer guidelines on how governance practices can facilitate internal transformation and compliance with sustainability standards. [\(more detail\)](#)

IASB · Public consultation on improvements to the equity method**(09/19) · Accounting**

The International Accounting Standards Board (IASB) has launched a public consultation on proposed amendments to IAS 28, which governs how companies account for investments in associates and joint ventures using the equity method. These amendments address questions raised by stakeholders over the years, providing clarifications to improve application consistency. Additionally, the IASB proposes new disclosure requirements to enhance transparency and comparability of financial information. The revisions also aim to reduce diversity in practice and make the standard easier to apply. The consultation period is open until January 20, 2025, after which the IASB will evaluate feedback and determine the next steps. [\(more detail\)](#)

Other publications of interest

European Region

EBA · Final Draft of technical standards on extraordinary circumstances for continuing the use of internal models for market risk

(06/28) · Capital

The European Banking Authority (EBA) published its final draft Regulatory Technical Standards (RTS) clarifying the extraordinary circumstances for continuing the use of internal models and disregarding certain surplus in accordance with the Fundamental Review of the Trading book (FRTB) framework. Under the Capital Requirements Regulation (CRR), competent authorities may permit institutions to derogate from certain requirements for the use of internal models in accordance with the FRTB, or apply a softer version of those requirements, under extraordinary circumstances. The RTS set out the conditions and indicators that the EBA shall use to determine whether extraordinary circumstances have occurred, and which must issue an opinion to that effect. [\(more detail\)](#)

EBA · Travel rule guidance to tackle money laundering and terrorist financing in transfers of funds and crypto assets

(07/04) · Technology and AI

The European Banking Authority (EBA) has issued new Guidelines on the travel rule, the information that should accompany transfers of funds and certain crypto assets, as mandated by the Regulation on information accompanying transfers of funds and certain cryptoassets. This rule will help tackle the abuse of such transfers for money laundering and terrorist financing purposes. The Guidelines specify which information should accompany a transfer of funds or crypto assets and also list the steps that payment service providers (PSPs), intermediary PSPs (IPSPs), crypto-asset service providers (CASPs) and intermediary CASPs (ICASPs) should take to detect missing or incomplete information, and what they should do if a transfer of funds or a transfer of crypto-assets lacks the required information. The objective is to establish a consistent and effective approach to implementing the travel rule across the European Union (EU) that allows relevant authorities to fully trace such transfers where this is necessary to prevent, detect or investigate money laundering and terrorist financing. [\(more detail\)](#)

EBA · Key supervisory areas as part of the European Supervisory Examination Programme for 2025

(07/08) · Supervisory expectations

The European Banking Authority (EBA) has released the European Supervisory Examination Programme (ESEP) for 2025, outlining key supervisory priorities to enhance convergence across the European Union (EU). These priorities include managing economic and financial uncertainties due to global market volatility and geopolitical changes, addressing digital challenges with a focus on Information and Communication Technologies (ICT) risk management and operational resilience amidst the digital transformation, and transitioning to Basel III and the EU banking package by ensuring robust information systems and capital planning. The EBA developed these priorities through consultations with EU authorities and its risk analysis work. Competent authorities are expected to integrate these topics into their supervisory activities, with the EBA monitoring their implementation to assess the convergence of supervisory practices across the EU. [\(more detail\)](#)

EBA · Consultation on criteria to assess the materiality of CVA risk exposures arising from securities financing transactions

(07/08) · Capital

The European Banking Authority (EBA) has launched a consultation on draft Regulatory Technical Standards (RTS) to specify the conditions and the criteria to assess whether the credit valuation adjustment (CVA) risk exposures arising from fair-valued securities financing transactions are material, as well as the frequency of that assessment. The concept of materiality set out in the draft RTS will determine whether fair-valued securities financing transactions can be exempted from own funds requirements for CVA risk. The consultation runs until 8 October 2024. [\(more detail\)](#)

EBA · Consultation on Liquidity Management Tools for funds

(07/08) · Liquidity

The European Securities and Markets Authority (ESMA) is seeking input on draft guidelines and technical standards under the revised Alternative Investment Fund Managers Directive (AIFMD) and the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive. These revisions aim to mitigate financial stability risks and promote harmonized liquidity risk management in the investment funds sector. The draft Regulatory Technical Standards (RTS) and guidelines outline the characteristics and application of Liquidity Management Tools (LMTs), providing detailed guidance for fund managers. The consultation aims to ensure that European Union (EU) fund managers are better prepared for market stress and to standardize practices such as the use of side pockets. Responses to the consultations are welcomed by October 8, 2024, with final RTS and guidelines expected by April 16, 2025. [\(more detail\)](#)

EBA · Technical package for its 3.5 reporting framework

(07/09) · Technology and AI

The European Banking Authority (EBA) has released a technical package for version 3.5 of its reporting framework, which includes validation rules, the Data Point Model (DPM), and XBRL taxonomies to support various reporting obligations. These obligations cover amendments to reporting standards for the Fundamental Review of the Trading Book (FRTB), diversity benchmarking guidelines, templates for information communication technologies (ICT) service provider arrangements under the Digital Operational Resilience Act (DORA), and changes to standards for minimum requirements for own funds, eligible liabilities, and total loss-absorbing capacity (MREL/TLAC). The package introduces a new format for DPM2.0 and an updated DPM Query Tool. The FRTB amendments will be effective from January 1, 2026, following a postponed application, while the DORA package will be adjusted as needed based on the Commission's adoption process. [\(more detail\)](#)

ESMA · Consultation on rules to recalibrate the CSDR Refit Framework

(07/09) · Reporting and disclosure

The European Securities and Markets Authority (ESMA) has launched new consultations on the Central Securities Depositories Regulation (CSDR) Refit, addressing information requirements for European Union (EU) Central Securities Depositories (CSDs), notification obligations for third-country CSDs, and the scope of settlement discipline. The consultations propose harmonizing data shared by CSDs with national competent authorities (NCAs), streamlining reporting by third-country CSDs, and defining causes of settlement failures not attributable to transaction participants. These efforts aim to refine the CSDR framework. Stakeholders are invited to respond by September 9, 2024, with final proposals to be submitted to the European Commission (EC) in the first quarter of 2025. Further consultations are planned. ([more detail](#))

ESMA · Third consultation package on MiFIR and MiFID II mandates

(07/10) · Compliance and conduct

The European Securities and Markets Authority (ESMA) has published a Consultation Paper (CP) containing amendments to the Markets in Financial Instruments Regulation (MiFIR) and the Markets in Financial Instruments Directive (MiFID II), published on 8 March 2024. This CP seeks stakeholder feedback on various proposed amendments, such as changes to equity transparency requirements, a new standard for notifying investment firms acting as Systematic Internalizers (SIs), amendments to volume cap specifications, organizational requirements for trading venues, and data requirements for the equity consolidated tape (CTP). Additionally, it proposes new post-trade transparency flags for non-equity instruments. All comments must be received by 15 September 2024 for sections 3, 4 and 8. For sections 5, 6 and 7 the deadline is 15 October 2024. ESMA intends to publish the final reports in December 2024 and March 2025, with the objective of aligning transparency requirements in a timely manner and bringing the equity CTP selection process to a successful conclusion. ([more detail](#))

ESMA · 2024 ESEF Reporting Manual

(07/11) · Reporting and disclosure

The European Securities and Markets Authority (ESMA) has updated its Reporting Manual on the European Single Electronic Format (ESEF). This aims to ensure consistent preparation of annual financial reports. The manual includes technical improvements and guidance to enhance data analysis and comparability. Updates cover practices for tagging empty fields, requirements for extension elements, and improving data readability and uniqueness. ESMA aims for uniformity in financial reporting under the Regulatory Technical Standards (RTS) on ESEF, urging issuers to follow the guidance for their 2024 reports and software firms to integrate these standards into Inline eXtensible Business Reporting Language (XBRL) tools. ESMA also corrected errors in Annex II of the RTS to align with updates to International Financial Reporting Standards (IFRS) Taxonomy and XBRL specifications, promptly updating submissions to the European Commission (EC). ([more detail](#))

EBA · Guidelines to standardize ART and EMT reporting under MiCAR

(07/12) Technology and AI · Reporting and Disclosure

The European Banking Authority (EBA) has published draft guidelines aimed at standardizing the templates used by issuers of asset referenced tokens (ART) and electronic money tokens (EMT) for reporting to competent authorities. They are a response to the MiCA Regulation, which mandates the reporting of certain data to ensure compliance with own funds and liquidity requirements. The guidelines address data gaps that impede effective supervision by specifying templates to be used by issuers to provide information on parameters such as number of holders, market capitalization and trading volume. The aim is to ensure harmonized supervision across the European Union (EU), enhancing consumer protection, market integrity and supervisory convergence. ([more detail](#))

ESAS · Consultation on Guidelines under the Markets in Crypto-Assets Regulation

(07/12) · Technology

The three European Supervisory Authorities (ESAs) have published a consultation paper on Guidelines under the Markets in Crypto-assets Regulation (MiCAR). These guides establish templates for explanations and legal opinions regarding the classification of crypto-assets, with a standardized test to foster a common classification approach. The guidelines provide a framework for regulatory classification of asset-referenced tokens (ARTs) and other crypto-assets, ensuring that white papers for these assets include detailed legal opinions and explanations. This initiative aims to support market participants and supervisors in adopting a convergent approach to crypto-asset classification. The ESAs invite comments on the consultation paper by 12 October 2024 and will hold a virtual public hearing on 23 September 2024. ([more detail](#))

EBA · Consultation on the Handbook on independent valuers for resolution purposes

(07/19) · Recovery and resolution

The European Banking Authority (EBA) has initiated a public consultation on its draft Handbook for independent valuers in resolution cases. The Handbook aims to standardize practices by offering methodologies for selecting and appointing valuers, and guidelines for managing conflicts of interest. It details procedures before, during, and after the valuer's appointment. The consultation runs until September 19, 2024, and feedback will be used to finalize the Handbook, which supports the EBA's goal of improving resolution practices for financial institutions. ([more detail](#))

EBA · Consultation on technical standards on the joint decision process for internal model authorization

(07/16) · Capital, liquidity & leverage

The European Banking Authority (EBA) has published a consultation paper amending the Implementing Regulation concerning the joint decision process for the authorization of internal models under the Capital Requirements Regulation (CRR). The revised Implementing Technical Standards (ITS) incorporate changes in the European Union (EU) legal framework, including the reduced scope of internal models under CRR III and the updated framework on the overall functioning of supervisory colleges. This draft amendment of the ITS is part of the first phase of the EBA's roadmap for implementing the EU banking package. This consultation will be open until October 16, 2024. ([more detail](#))

EBA · Consultation on the Handbook on independent valuers for resolution purposes

(07/19) · Recovery & resolution

The European Banking Authority (EBA) has published a new consultation paper addressing the regulatory framework for crypto-assets within the European Union (EU) banking sector. This initiative aims to establish clear guidelines and standards for the management and supervision of crypto-assets, ensuring they are integrated safely into the traditional banking system. The consultation focuses on key areas such as risk management, capital requirements, and consumer protection, intending to provide a robust framework that balances innovation with regulatory oversight. Stakeholders are invited to contribute their views to shape the final regulations, which will be critical in guiding how banks interact with and manage crypto-assets. ([more detail](#))

EBA · Peer review on the definition of default

(07/22) · Capital

The European Banking Authority (EBA) has published a Peer Review on its Guidelines on the application of the definition of default. The Review found that the effectiveness of supervision in this area is good, in particular as regards the monitoring of internal ratings-based approach (IRBA) credit institutions. Supervision of the definition of default of credit institutions using the standardised approach (SA) is also good but more varied, reflecting the more dispersed nature of credit institutions and the relative predominance of IRBA credit institutions in terms of size and assets in different jurisdictions. The Report identifies a set of follow-up measures/recommendations for certain competent authorities as well as best practices that would be of benefit for other competent authorities to adopt. ([more detail](#))

EC · Updated Guidance on recovery and resilience plans

(07/23) · Capital

The European Commission (EC) has updated the guidance on recovery and resilience plans emphasizes the strategic use of the Recovery and Resilience Facility (RRF) by European Union (EU) Member States to advance reforms and investments aligned with EU priorities, particularly in response to the COVID-19 crisis and the challenges posed by Russia's aggression in Ukraine. By April 2024, EUR 232 billion had been disbursed, and significant milestones were met. The RRF, now incorporating the REPowerEU and Support to the Energy Transition and Public Investment (STEP) components, plays a crucial role in enhancing EU competitiveness and addressing critical challenges like energy security, technological advancements, and labor shortages. The guidance outlines procedures for amending Recovery and Resilience Plans (RRPs), encourages streamlined administration, and stresses the importance of timely implementation and flexibility to address emerging challenges. It also introduces measures to simplify the implementation process, reduce administrative burdens, and ensure effective use of funds. ([more detail](#))

EBA · Joint Final Guidelines on complaints handling in the banking and securities sectors

(07/24) · Conduct

The European Banking Authority (EBA) has issued final Guidelines extending the existing Joint Committee Guidelines on complaints handling to include credit servicers, under the new Credit Servicers Directive. These Guidelines require credit servicers to adopt effective and transparent procedures for managing complaints, mirroring those used in the banking, insurance, and securities sectors. They detail policies for complaints management, registration, reporting, internal follow-up, and communication with complainants. The EBA also made minor adjustments to align the Guidelines with changes in the EBA Regulation from 2020, removing outdated procedural requirements. The consolidated Guidelines will be available in all 24 European union (EU) languages in 2025, coinciding with the enforcement of the new EU Payment Services Regulation. ([more detail](#))

ECB · Cyber resilience stress test

(07/26) · Resolution

The European Central Bank (ECB) has completed its cyber resilience stress test, assessing how banks would respond to and recover from severe cybersecurity incidents. The test, launched in January 2024, involved a fictitious scenario where preventive measures failed, focusing on banks' response and recovery capabilities rather than prevention. It covered 109 directly supervised banks, with 28 undergoing more detailed testing, including Information Technology (IT) recovery tests and on-site evaluations. Results showed that while banks have frameworks in place, there are areas needing improvement. The findings will be integrated into the 2024 Supervisory Review and Evaluation Process (SREP), highlighting the need for robust crisis management, communication, and recovery plans. The ECB plans to continue working with banks to enhance their cyber resilience, ensuring they meet supervisory expectations and address any identified weaknesses. ([more detail](#))

EBA · Consultation on ITS for reporting under the Single Euro Payments Area Regulation

(07/31) · Reporting and disclosure

The European Banking Authority (EBA) initiated a public consultation on draft Implementing Technical Standards (ITS) for standardized reporting templates under the Single Euro Payments Area (SEPA) Regulation. These templates aim to unify reporting by Payment Service Providers (PSPs) to their National Competent Authorities (NCAs) regarding charges for credit transfers and the rate of rejected transactions. The EBA's draft proposes detailed breakdowns of charges by transfer type, payment user type, initiation channel, and charge party, along with data on rejected transactions due to EU-wide restrictions. The consultation seeks stakeholder feedback on the clarity and balance of the proposed reporting requirements, aiming to facilitate robust data collection while minimizing the industry's reporting burden. Comments are open until 31 October 2024, and a public hearing will be held on 9 October 2024. ([more detail](#))

EIOPA · Consultation on the capital treatment of insurers' direct exposure to central clearing counterparties in the standard formula

(07/31) · Capital, liquidity & leverage

The European Insurance and Occupational Pensions Authority (EIOPA) has initiated a public consultation on capital requirements for insurers' direct exposure to qualified central counterparties (CCPs) within the standard formula, with comments due by 23 October 2024. Traditionally, European Economic Area (EEA) (re)insurers have used CCPs indirectly through intermediaries, with

Solvency II covering these arrangements. Direct exposures to CCPs are currently treated as bilateral, leading to higher capital requirements. EIOPA's consultation assesses new access models like the 'sponsored model' and proposes three options: maintaining the current regime, extending indirect exposure treatment to direct exposures, or aligning default fund contributions with the Capital Requirements Regulation, the preferred choice. Feedback will shape EIOPA's final advice to the European Commission, due by 31 January 2025. ([more detail](#))

EIOPA · Consultation on the future implementation of the new proportionality framework under Solvency II

(08/02) · Capital

The European Insurance and Occupational Pensions Authority (EIOPA) has launched a public consultation on the future implementation of the new proportionality framework under Solvency II. The consultation covers two aspects, namely, the fine-tuning of the methodology for classifying insurance undertakings as small and non-complex – who would stand to benefit from proportionality measures – as well as the conditions for granting similar proportionality measures (i.e. certain reduced requirements) to insurers that do not by default fall in the small and non-complex category. ([more detail](#))

EC · Implementing Regulation laying down technical information for the calculation of technical provisions and basic own funds for the purpose of the reporting of information on the taking-up and pursuit of the business of insurance and reinsurance

(08/07) · Capital

The European Commission (EC) has issued Implementing Regulation (EU) 2024/2147, effective from June 30, 2024, to September 29, 2024, detailing the technical information required for insurance and reinsurance companies to calculate their technical provisions and basic own funds. This regulation, aligned with Directive 2009/138/EC (Solvency II), mandates the use of specific risk-free interest rate term structures, fundamental spreads, and volatility adjustments based on market data from the end of June 2024. It ensures consistency across reporting entities and was adopted urgently to provide legal clarity and uniformity in financial reporting within the EU. ([more detail](#))

OJEU · Corrigendum to Implementing Regulation (EU) 2024/1618 on supervisory reporting and public disclosure of information on the minimum requirement for own funds and eligible liabilities

(08/08) · Reporting and disclosure

The Official Journal of the European Union (OJUE) has published a Corrigendum to Implementing Regulation (EU) 2024/1618. This corrigendum includes a new Annex IV, which provides detailed instructions on the disclosure of information regarding the minimum requirement for own funds and eligible liabilities (MREL) and the total loss-absorbing capacity (TLAC) requirement. The new guidelines are structured in three main templates and specify key abbreviations and disclosure procedures, ensuring consistent and accurate presentation of MREL and TLAC data at the level of resolution entities and other relevant companies. ([more detail](#))

EBA · Implementing Technical Standards (ITS) amending the Implementing Regulation on the benchmarking of credit risk, market risk and IFRS9 models for the 2025 exercise

(08/09) · Reporting and disclosure

The European Banking Authority (EBA) has published final draft Implementing Technical Standards (ITS) amending data collection requirements for the 2025 benchmarking exercise on credit risk, market risk, and IFRS9 models. The key change is the expansion of the alternative standardized approach (ASA) validation portfolios to all asset classes in market risk. Due to a delay in the European Union's (EU) Fundamental Review of the Trading Book (FRTB), internal model templates are not implemented, and data collection deadlines have been postponed. Minor adjustments clarify reporting requirements for credit risk, focusing on probability of default (PD), loss given default (LGD), and internal model IDs. These amendments are mandated by Article 78 of the Capital Requirements Directive (CRD) and support supervisory assessment of internal models used in calculating capital requirements. ([more detail](#))

EBA · Final draft technical standards on market risk

(08/13) · Capital, liquidity and leverage

The European Banking Authority (EBA) has published final amendments to its Regulatory Technical Standards (RTS) on the fundamental review of the trading book (FRTB), aligning them with the Capital Requirements Regulation (CRR3) as part of its roadmap for implementing the Banking Package in the EU. These amendments address changes introduced by CRR3, including updates to the RTS on foreign-exchange and commodity risk in the banking book, the profit and loss attribution test, and risk factor modellability assessment. Key revisions include the removal of the aggregation formula for market risk capital requirements in line with CRR3, provisions for assessing reliance on third-party vendors in risk factor modellability, and ensuring that translation risk in non-trading book positions is adequately captured. ([more detail](#))

ESMA · Recognition of CDS Clearing and Depository Services as Tier 1 Central Counterparty (CCP)

(08/13) · Capital, liquidity and leverage

The European Securities and Markets Authority (ESMA) has recognized CDS Clearing and Depository Services Inc. (CDSC) as a Tier 1 Central Counterparty (CCP) under the European Markets Infrastructure Regulation (EMIR). This recognition follows a Memorandum of Understanding (MoU) signed with the British Columbia Securities Commission on July 18, 2024, allowing cooperation and information exchange regarding Canadian CCPs. The MoU builds on a 2015 European Union (EU) equivalence decision for Canada's regulatory framework and complements agreements with Ontario and Québec. ESMA now has 26 cooperation arrangements with non-EU authorities across 21 countries worldwide. ([more detail](#))

EBA · 2025 Priorities for Resolution Authorities and Review 2023 Progress

(08/13) · Supervisory expectations

The European Banking Authority (EBA) has released its 2025 European Resolution Examination Programme (EREP) Report, highlighting three key priorities for resolution authorities and banks: operationalizing resolution tools, enhancing liquidity strategies during resolution, and improving management information systems for valuation. These priorities build on the 2024 focus areas, reflecting ongoing policy and market developments. The EBA noted that most banks have met their minimum requirements for

own funds and eligible liabilities (MREL), shifting the focus to the qualitative aspects of MREL. The report also reviewed 2023 progress, showing increased European Union (EU) convergence in resolution planning and identifying ongoing challenges, particularly in liquidity and valuation testing. The EBA is working on a Handbook for the independence of valuers, currently under public consultation, to support these efforts. [\(more detail\)](#).

EBA · Postposition of the application of the market risk framework in the EU

(08/13) · Capital, liquidity and leverage

The European Banking Authority (EBA) has issued a no-action letter following the European Commission's decision to delay the application of the revised market risk framework (Fundamental Review of the Trading Book, FRTB) in the EU to January 2026. In the letter, the EBA recommends that authorities should deprioritize supervisory or enforcement actions related to the boundary between banking and trading books, as well as internal risk transfers. The EBA argues that front-loading these provisions would create operational complexity and regulatory fragmentation. Additionally, the EBA addressed technical issues to ensure harmonized implementation during the postponement. [\(more detail\)](#)

ECB · Harmonization of rules for Eurosystem collateral management

(08/14) · Others

The European Central Bank (ECB) has introduced harmonized rules and arrangements for the mobilization and management of collateral in Eurosystem credit operations, a move aimed at advancing financial integration in the euro area and fostering a European capital markets union. These new rules, outlined in Guideline ECB/2024/22, will take effect with the launch of the Eurosystem Collateral Management System (ECMS) on November 18, 2024. The ECMS will unify the management of collateral across the Eurosystem, replacing individual national central bank systems. Key updates include the adoption of market standards from the Single Collateral Management Rulebook for Europe (SCoRE), alignment of domestic and cross-border procedures, and the implementation of a single operational method—pooling—for collateral management. Additionally, the General Documentation has been updated to reflect these changes, including adjustments to credit assessment processes and the handling of external costs. [\(more detail\)](#)

EFRAG · XBRL taxonomy for Set 1 of the European Sustainability Reporting Standards (ESRS)

(08/30) · Sustainability, Reporting & disclosure

The European Financial Reporting Advisory Group (EFRAG) has published the XBRL taxonomy for Set 1 of the European Sustainability Reporting Standards (ESRS). This taxonomy will enable the digital tagging of sustainability reports in a machine-readable format, facilitating digital interoperability and enhancing the usefulness of reports on environmental, social, and governance (ESG) risks. This tool is intended for adoption by the European Securities and Markets Authority (ESMA) and the European Commission (EC). Companies are encouraged to use it from the outset. [\(more detail\)](#)

EPA · Update on Recommendations for Purchasing Sustainable Products

(09/10) · Sustainability · Conduct

The Environmental Protection Agency (EPA) has proposed updating its Recommendations for Specifications, Standards, and Ecolabels for federal purchasing with the aim of facilitating the acquisition of more environmentally sustainable products. The proposal includes adding fourteen new standards and ecolabels, categorized into three groups: healthcare, laboratories, and clothing and uniforms. The updates aim to enhance the identification of products that conserve resources and reduce the use of harmful substances. Seven standards that do not meet the new criteria will be removed. The EPA will accept public comments for thirty days following the publication of these recommendations. [\(more detail\)](#)

España

BdE · Compendium of good banking conduct practices

(06/28) · Compliance and Conduct

The Bank of Spain (BdE) has published the Compendium of criteria for good banking practices, which sets out the criteria for good practices drawn up by the Entities' Conduct Department, based on the analysis of complaints and the results of conduct supervision. The good practice criteria, previously included in the Complaints Report, will now be published separately to facilitate their use and systematization. [\(more detail\)](#)

BdE · Application of the Regulation on crypto-asset markets with respect to the issuance of ARTs and EMTs

(07/10) · Technology and AI

The Bank of Spain (BdE) has published a statement on the implementation of the Regulation concerning cryptoasset markets (MiCAR), specifically in relation to the issuance of asset-backed tokens (ART) and electronic money tokens (EMT). As of June 30, 2024, only authorized legal entities or credit institutions with the approval of the Bank of Spain may issue ARTs. Existing issuers must apply for authorization by July 30, 2024 to continue operating. EMTs can only be issued by authorized credit or electronic money institutions. The Bank of Spain will monitor and sanction compliance with MiCAR, recommending interested parties to contact before initiating formal procedures. In addition, potential purchasers of ART or EMTs are urged to verify the relevant authorizations and consents prior to acquisition. [\(more detail\)](#)

CNMV · Authorization manual and information notification template for providing crypto-asset services

(23/07) · Reporting and Disclosure

The Spanish Securities and Exchange Commission (CNMV) has published new information and documents related to the upcoming entry into force of the European Regulation on cryptoasset markets (MiCA). Specifically, these are the Manual for the application for the authorization of cryptoasset service providers (CSPs) and the Model notification of the information to be submitted by certain financial entities to provide cryptoasset services. Both documents are intended to facilitate the processes of authorization of cryptoasset service providers and notification of financial entities wishing to provide these services. The manual and the template provide guidance on the documentation and information required from interested parties. Interested parties will be able to submit their applications as of September 2024. [\(more detail\)](#)

MINECO · Consultation on Ministerial Order approving the quantitative information models in the insurance field

(08/05) · Reporting

The Ministry of Economy, Trade and Enterprise has launched a consultation on the Ministerial Order that establishes the new quantitative and qualitative information models that insurance and reinsurance companies must periodically submit to the Directorate General of Insurance and Pension Funds for supervisory, statistical and accounting purposes. This regulation unifies and updates the previous regulation, extending the information required on distribution channels, organisational structures and group consolidation. In addition, it imposes an obligation on reinsurance entities to submit quarterly reports, which will improve supervision. The order comes into force the day after its publication in the BOE. ([more detail](#))

CNMV · Adoption of the EBA guidelines on the application of the group capital test to groups of investment services firms

(09/19) · Capital

The Comisión Nacional del Mercado de Valores (CNMV) has informed the European Banking Authority (EBA) of its compliance with the "EBA Guidelines on the application of the group capital test to groups of investment firms in accordance with Article 8 of Regulation (EU) 2019/2033." These guidelines, effective from January 1, 2025, clarify how competent authorities should apply the group capital test and provide flexibility for authorizing investment firm groups to hold a lower amount of own funds under specific conditions. The guidelines also detail criteria for evaluating group simplicity and risk. The CNMV will review, update, or revoke existing authorizations as necessary. ([more detail](#))

UK**BoE · Life Insurance Stress Test (LIST) 2025**

(07/10) · Capital · Supervisory expectations

The Bank of England (BoE) has published and approach to Life Insurance Stress Test (LIST) 2025, which sets out the main elements of the stress testing framework for the 2025 life insurance exercise. Firms are required to include a qualitative report, referred to as the Results and basis of preparation (RBP), which will complement the quantitative results and is an integral part of the LIST exercise. This report is essential for providing context and explanations that complement the numerical data, offering insights into how the results were prepared and the underlying assumptions. The RBP serves as an integral component of the overall reporting process, ensuring transparency and clarity in understanding the firm's financial performance and decisions. Alongside publication of the approach document, the BoE opens the request for technical input on proposed scenario specifications, guidelines and instructions, and templates. ([more detail](#))

FCA · PS24/8: Access to cash

(07/24) · Others

The Financial Conduct Authority (FCA) has published a policy statement establishing new rules to introduce a consumer duty in financial services. This duty aims to enhance consumer protection, focusing on ensuring good outcomes for retail customers. The document includes feedback to Consulting Paper (CP) 23/29, final rules, and guidance for firms to comply with these requirements. The new rules emphasize fair treatment, clear communication, and the prevention of foreseeable harm to consumers. ([more detail](#))

FCA · Consultation on the new Public Offers and Admissions to Trading Regulations regime (POATRs)

(07/29) · Others

The FCA has published Consultation Paper CP24/12, which seeks feedback on proposed updates to the rules governing the disclosure of information for investment products. The consultation aims to enhance the clarity and transparency of product information provided to consumers, ensuring they receive comprehensive and easily understandable details about investment risks and terms. Key proposals include standardizing disclosures to improve comparability and implementing new requirements for clearer communication of potential risks. The FCA is inviting stakeholders to comment on these proposals to help refine regulatory standards and better protect investors. ([more detail](#))

FCA · Consultation on the derivatives trading obligation and post-trade risk reduction services

(07/29) · Compliance and conduct

The FCA has published Consultation Paper CP24/14, which seeks feedback on proposed changes to the regulatory framework for firms providing consumer credit products. This consultation focuses on enhancing consumer protection by introducing stricter rules and requirements for firms, including improved disclosure of product risks, clearer communication of terms and conditions, and measures to prevent irresponsible lending practices. The FCA aims to ensure that consumers are better informed and safeguarded against potential financial harm, and it invites stakeholders to review and comment on the proposed amendments to strengthen regulatory standards and promote fair treatment in the consumer credit market. ([more detail](#))

FCA · Consultation on the regulation of commercial and bespoke insurance business

(07/29) · Compliance and conduct

The Financial Conduct Authority (FCA) has published a discussion paper, DP24/1, addressing the regulation of high-risk investments and products. This paper seeks input on how to better protect consumers from potential harm associated with complex and risky financial products, such as cryptocurrencies and other speculative investments. It explores the need for enhanced consumer warnings, clearer product information, and possibly more stringent regulatory measures to ensure that investors are adequately informed and can make more secure investment decisions. The FCA invites stakeholders to provide feedback on various proposals aimed at improving market integrity and consumer protection. ([more detail](#))

BoE · Leverage ratio treatment of omnibus account reserves and minor amendments to the leverage ratio framework

(07/29) · Capital

The Bank of England (BoE) has published a policy statement outlining changes to the leverage ratio treatment of omnibus account reserves. This update aims to refine the regulatory framework to better accommodate central counterparties' (CCPs) omnibus accounts, ensuring that the leverage ratio more accurately reflects the risk associated with these reserves. The policy statement details the revised approach and seeks to enhance the prudential standards and financial stability by aligning the leverage ratio framework with the actual risks posed by these accounts. This move is part of the BoE's ongoing efforts to adapt regulatory measures to evolving market practices and financial instruments ([more detail](#))

BoE · Consultation on SS5/21 update for international companies and new branch office reporting requirements
(07/30) · Reporting & disclosure

The Bank of England (BoE) has published updates to its Supervisory Statement (SS) 5/21 and is consulting on new branch reporting requirements. These changes aim to enhance the regulatory framework for international banks operating in the UK, ensuring they meet robust prudential standards. The consultation paper outlines the proposed revisions and invites feedback from stakeholders by October 31, 2024, to refine and finalize the guidelines. ([more detail](#))

FCA · Additional guidance on good and poor practices in crypto-assets
(08/07) · Compliance and conduct

The Financial Conduct Authority (FCA) has published additional guidance on good and poor practice for the implementation of the cryptoasset financial promotions rules. These rules, introduced in June 2023, aim to protect UK consumers and raise standards in the cryptoasset industry. The guidance addresses key areas such as mandatory cooling-off period, personalised risk warnings, client categorisation, appropriateness, record keeping and due diligence. ([more detail](#))

FCA · Consultation on new rules and guidance for a value for money framework for savers in default arrangements of workplace defined contribution pension schemes
(08/08) · Reporting & disclosure

The Financial Conduct Authority (FCA) is consulting on new rules and guidance for a value for money (VFM) framework for savers in default arrangements of workplace defined contribution (DC) pension schemes. The proposed framework aims to enhance transparency and competition by requiring firms to consistently measure and publicly disclose investment performance, costs, and service quality. Key elements include a standardized approach for firms to publish data in a machine-readable format, public disclosure of VFM ratings, and mandated actions for underperforming arrangements. This consultation seeks feedback from various stakeholders, including pension firms, governance bodies, and consumer representatives, by October 17, 2024. ([more detail](#))

FCA · Consultation on proposed changes to the National Storage Mechanism
(08/09) · Reporting & disclosure

The Financial Conduct Authority (FCA) is consulting on proposed changes to the National Storage Mechanism (NSM), a free online archive of company information crucial for UK market regulation. The consultation seeks to enhance the NSM by introducing stricter data requirements for regulated information, aiming to improve data quality and searchability. Key proposals include the standardization of metadata requirements and the use of a uniform schema and API for data submissions by Primary Information Providers (PIPs). While these changes may impose costs on issuers and PIPs, they are expected to benefit users through easier access to accurate information. The consultation is open until September 27, 2024, with final rules anticipated by the end of the year and implementation scheduled for the second half of 2025. ([more detail](#))

FCA · General insurance and pure protection product governance thematic review
(08/21) · Compliance and conduct

The Financial Conduct Authority (FCA) has published a thematic review revealing that many general insurance and pure protection firms are not meeting their obligations under PROD 4 to ensure products deliver fair value and good outcomes. Key findings show that manufacturers often fail to assess or demonstrate product value, and most distributors do not fully understand how their remuneration affects product value, leading to potential consumer harm. In response, the FCA is urging all manufacturers and distributors to urgently review their product governance arrangements. Firms are expected to assess whether these issues apply to their activities and take prompt corrective action, including providing redress to affected customers. The FCA also plans further supervisory actions, which could include setting action plans, withdrawing products from the market, and holding firms and senior managers accountable where significant harm has occurred. The FCA has made it clear that ongoing failures to meet these obligations will result in regulatory intervention. ([more detail](#))

FCA · Consultation on Push Payment Fraud
(09/09) · Conduct

The Financial Conduct Authority (FCA) has published Guidance Consultation GC24/5, focusing on the regulation of digital financial services. This consultation seeks feedback on proposed updates to guidance for companies offering digital financial products and services. Key aspects include ensuring clear communication about product features, risks, and costs to consumers, and enhancing protection for vulnerable customers in the digital environment. The FCA aims to address challenges arising from technological advancements and evolving market practices, emphasizing the need for companies to adapt their practices to maintain consumer trust and ensure fair treatment. Stakeholders are required to submit their comments by December 4, 2024. The FCA will review responses and adjust the guidance to strengthen security and trust in digital financial services. ([more detail](#))

FCA · Temporary Measures for Companies on Sustainability Rules
(09/09) · Conduct · Sustainability

The Financial Conduct Authority (FCA) has published new rules on sustainability disclosure and investment labeling to improve transparency and protect investors. These measures aim to maintain the United Kingdom's position as a leader in sustainable investment and combat greenwashing to prevent misleading practices in the advertising of sustainable investments. They will come into force on December 2, 2024, and require that funds reflect at least 70% sustainable characteristics to use sustainability-

related terms in their names. A temporary flexibility has been established until April 2, 2025, for companies that need more time to comply with the new rules, as long as they have requested changes before October 1, 2024. ([more detail](#))

Gov.uk · Public Consultation on the TCFD Exposure Draft Phase 3

(09/10) · Sustainability · Disclosure

His Majesty's Treasury (HM) has initiated a public consultation on the TCFD-aligned Disclosure Exposure Draft for Phase 3, which provides guidelines for climate-related financial disclosures in the UK public sector. The document focuses on governance, strategy, risk management, and metrics, with a particular emphasis on climate risk and opportunity analysis. Comments are invited before September 26, 2024, with full implementation planned for April 2025. ([more detail](#))

PRA · Review of Leverage Ratio Thresholds

(09/10) · Leverage

The Prudential Regulation Authority (PRA) has informed that it is reviewing the leverage ratio requirement thresholds and is offering a consent modification to temporarily suspend certain rules in the PRA Rulebook until the review is complete. The review focuses on the leverage ratio that relates capital resources to entity exposures. Entities with retail deposits exceeding £50 billion or non-UK assets exceeding £10 billion must maintain a minimum ratio of 3.25% plus buffers. The modification is available to entities that did not meet the criteria before September 10, 2024, but expect to do so before December 31, 2025. The modification will end on June 30, 2026, although the PRA may revoke it earlier if the review is completed sooner. ([more detail](#))

FCA · Consultation on Consumer Credit Regulatory Returns

(09/12) · Conduct · Reporting

The Financial Conduct Authority (FCA) has announced a consultation on the introduction of a new regulatory reporting return for consumer credit firms engaged in credit broking, debt adjusting, debt counselling, and providing credit information services. The consultation seeks to enhance the quality of information collected to improve the FCA's ability to identify risks and supervise firms more proactively. Firms must respond to the consultation by 31 October 2024. A prototype of the reporting return will be shared with firms by the end of September for testing. The final Policy Statement is expected in Spring 2025. ([more detail](#))

Gov.UK · Reforms to Financial Services retail-disclosure requirements

(09/19) · Conduct

The UK Government and Financial Conduct Authority (FCA) have announced plans to reform retail disclosure rules, aiming to replace EU-inherited regulations with a tailored framework for UK markets. The new Consumer Composite Investments (CCI) regime will address industry concerns with current disclosure requirements, offering more flexible rules, particularly around cost transparency. The new framework, expected in the first half of 2025, will help retail investors make better-informed decisions. In response to feedback from the investment trust sector, investment trusts will be temporarily exempt from existing Packaged Retail and Insurance-based Investment Products (PRIIPs) regulations, with new legislation to address this. Pending long-term reform, the FCA will not enforce current disclosure requirements for investment trusts from September 19, 2024. ([more detail](#))

Other publications of interest

American Region

US

SEC · Adoption of Update EDGAR Filer Manual

(07/01) · Reporting and Disclosure

The Securities and Exchange Commission (SEC) is adopting amendments to Volume II of the Electronic Data Gathering, Analysis, and Retrieval system Filer Manual (EDGAR Filer Manual). These amendments include updates to related rules and forms, aiming to enhance the procedures for electronic filings. The updated manual is incorporated by reference into the Code of Federal Regulations, providing essential guidance for filers on submission requirements to ensure timely processing of electronic documents. The document also addresses the administrative and statutory basis for these changes, noting that they do not significantly alter the rights and obligations of non-agency parties, and therefore, do not require public notice and comment. ([more detail](#))

Federal Reserve · Statement on Potential Risks Associated with Third Party Depository Arrangements

(07/25) · Others

Federal bank regulatory agencies have issued a statement to remind banks of the potential risks involved with third-party arrangements for delivering deposit products and services. While supporting responsible innovation, the agencies highlight concerns related to safety, compliance, and consumer issues that have emerged from supervisory experience. The statement outlines potential risks, effective risk management practices, and existing legal requirements without introducing new supervisory expectations. Additionally, the agencies are seeking input on a wide range of bank-fintech arrangements, including those related to deposits, payments, and lending, to evaluate whether further steps are needed to ensure effective risk management. ([more detail](#))

FDIC · Consultation on Bank-Fintech Arrangements Involving Banking Products and Services

(07/31) · Supervisory expectations

The Office of the Comptroller of the Currency (OCC), the Federal Reserve Board, and the Federal Deposit Insurance Corporation (FDIC) are seeking public comments by September 30, 2024, on bank-fintech arrangements that distribute banking products and services to consumers and businesses. These agencies have reviewed such arrangements, noting both benefits and risks. They support responsible innovation, ensuring these partnerships comply with safe banking practices and relevant laws, including consumer protection and anti-fraud measures. The request seeks input on the nature and risks of bank-fintech collaborations, effective risk management practices, and potential enhancements to supervisory guidance. This initiative aims to better understand these arrangements' implications on banks' risk management, safety, soundness, and regulatory compliance. ([more detail](#))

FDIC · Consultation on the review under the Economic Growth and Regulatory Paperwork Reduction Act of 1996

(08/01) · Supervisory expectations

The Office of the Comptroller of the Currency (OCC), the Federal Reserve, and the Federal Deposit Insurance Corporation (FDIC) issued their second notice under the Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA) in the Federal Register, seeking public comments on regulations related to Consumer Protection, Directors, Officers, and Employees, and Money Laundering. This review aims to identify outdated or burdensome rules for insured depository institutions. Comments are due by October 30, 2024, and will guide the agencies' ongoing review, which will continue over the next two years with additional notices and outreach meetings. ([more detail](#))

Agencies · Consultation on proposed data standards to enhance interagency financial regulatory interoperability

(08/02) · Reporting & disclosure

Several U.S. financial regulatory agencies, including the Office of the Comptroller of the Currency (OCC), the Federal Reserve (FED), and the Securities and Exchange Commission (SEC), have launched a public consultation on a proposed rule to create data standards aimed at enhancing the interoperability of financial regulatory data across these agencies. This initiative, mandated by the Financial Data Transparency Act of 2022, will lead to the adoption of final data standards, which will be applied to specific information collections through future rulemakings or other actions by the agencies. ([more detail](#))

Agencies · Final joint guidance to help large banks further develop their resolution plans

(08/05) · Recovery & resolution

The Federal Reserve Board, in collaboration with the Federal Deposit Insurance Corporation (FDIC), has finalized guidance to help banks with over \$250 billion in assets, develop their resolution plans. The guidance, updated from an August 2023 proposal, addresses key vulnerabilities like capital, liquidity, and operational capabilities, and applies to both domestic and foreign banks, excluding the largest institutions. The deadline for banks to submit these plans has been extended to October 1, 2025, to allow time for incorporating the final guidance. ([more detail](#))

FDIC · Consultation on Anti-Money Laundering and Countering the Financing of Terrorism Program Requirements

(08/09) · Technology and AI

The Office of the Comptroller of the Currency (OCC), Federal Reserve Board, Federal Deposit Insurance Corporation (FDIC), and National Credit Union Administration (NCUA) are seeking comments on a proposed rule to update Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) programs for supervised banks. This proposal aligns with the Anti-Money

Laundering Act of 2020 and changes from the Financial Crimes Enforcement Network (FinCEN). It introduces a risk-based assessment process, incorporates national AML/CFT priorities, and adds customer due diligence requirements. The amendments aim to clarify expectations and ensure compliance with recent legislative updates. Comments must be received on or before October 8, 2024. ([more detail](#))

FDIC · Guidance for Resolution Plan Submissions of Foreign Triennial Full Filers

(08/15) · Recovery & resolution

The Board of Governors of the Federal Reserve System (Board) and the Federal Deposit Insurance Corporation (FDIC) have issued final guidance for the 2025 and subsequent resolution plan submissions required of certain foreign banking organizations (FBOs) under the Dodd-Frank Act. This guidance applies to foreign Category II and III banking organizations and supersedes previous guidance for foreign-based covered companies. It provides expectations for these firms' resolution plans, addressing key vulnerabilities such as capital, liquidity, governance, and legal entity separability under the U.S. Bankruptcy Code. The final guidance has been refined based on public comments, further analysis, and an assessment of the firms' risk profiles and will take effect on August 15, 2024. ([more detail](#))

SEC · Final rule on qualifying venture capital funds inflation adjustment

(08/21) · Others

The Securities and Exchange Commission (SEC) has adopted a rule that adjusts for inflation the dollar threshold used to define a "qualifying venture capital fund" under the Investment Company Act of 1940. The final rule raises the threshold from \$10 million in aggregate capital contributions and uncalled committed capital to \$12 million, and it also grants the SEC the authority to adjust this threshold for inflation every five years by order, specifying the method for these adjustments. This rule fulfills the inflation adjustment requirements set by the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 (EGRRCPA) concerning qualifying venture capital funds. ([more detail](#))

NIST · Consultation on second public draft of digital identity guidelines

(08/21) · Technology and AI

The National Institute of Standards and Technology (NIST) has released the second public draft of its updated Digital Identity Guidelines, which provide guidance on various methods for proving identity, including digital wallets, passkeys, and traditional physical IDs. The revised guidelines aim to improve security, privacy and accessibility in identity verification processes for accessing government services, although they can be applied to other uses, and include measures to prevent fraud and cyber threats. The updates incorporate extensive feedback from previous consultations, addressing the use of modern technologies like syncable authenticators and digital wallets, while ensuring that traditional methods remain accessible. NIST is seeking public comments on the draft until October 7, 2024, to finalize the guidelines, which balance fraud prevention with broad access to essential services. ([more detail](#))

FDIC · Proposed revisions to regulations related to the brokered deposits restrictions

(08/23) · Compliance and conduct

The Federal Deposit Insurance Corporation (FDIC) has published proposed revisions to its regulations related to brokered deposit restrictions, which apply to insured depository institutions that are not well capitalised. The rules are intended to revise the definitions and application processes related to brokered deposit and primary purpose exceptions for insured depository institutions (IDIs). They seek to improve the safety and soundness of the industry by eliminating certain exceptions, simplifying definitions, and updating application processes to reduce the misclassification of brokered deposits. They include changes such as adjusting the principal purpose exception from 25% to 10%, clarifying the roles of third parties in the placement of deposits and ensuring that only IDIs can submit applications on behalf of third parties. Comments must be received no later than October 22, 2024. ([more detail](#))

SEC · New Rules Proposal to Enhance Transparency and Oversight in Private Fund Industry

(08/28) · Conduct · Reporting and disclosure

The Securities and Exchange Commission (SEC) has published a proposal for new rules aimed at enhancing transparency and oversight in the private fund industry. The proposal includes requirements for private fund advisers to provide detailed quarterly statements to investors on fund performance, fees, and expenses, as well as to conduct annual financial statement audits. Additionally, the proposal seeks to prohibit certain practices by all private fund advisers, including preferential treatment of investors, which could disadvantage others, and mandates standardized reporting and more comprehensive disclosure. ([more detail](#))

Brazil

BCB · Resolution establishing the accounting concepts and criteria applicable to financial instruments

(06/26) · Accounting and NPL

The Central Bank of Brazil (BCB) has published a resolution establishing accounting criteria for financial instruments and hedge accounting in financial institutions authorised by the BCB. The changes include new definitions and procedures for characterising problematic financial assets and valuation adjustments and expected loss provisions. It also clarifies exceptions for credit unions and establishes new rules for the restructuring of credit operations in response to weather events in Rio Grande do Sul. The resolution enters into force on 1 August 2024. ([more detail](#))

BCB · Resolution to maintain harmony with the calculation of the RWA-weighted portion of assets

(06/26) · Capital

The Central Bank of Brazil (BCB) has amended several previous resolutions to harmonise the calculation of the risk-weighted asset share (RWA) on credit risk exposures of financial instruments of entities classified in the trading book (APRCKD). These amendments establish exposure limits per client, definition of single client, and procedures for netting between positions in the trading book. The definitions and treatment of exposures to credit risk and derivatives are also adjusted, with new obligations for financial institutions according to their segmentation. The resolution enters into force on 1 July 2024, except for some provisions which enter into force on the day of its publication. ([more detail](#))

BCB · Evaluation of the expected loss for the calculation and constitution of the allowance for expected losses associated with the credit risk

(05/07) · Provisions and NPLs

The Central Bank of Brazil (BCB) has published a resolution that establishes the procedures for requesting authorization to use the complete methodology for the evaluation of expected loss and for the calculation and constitution of the provision for expected losses associated with credit risk, provided to financial institutions and other institutions authorized to operate by the BCB. [\(more detail\)](#)

BCB · Instruction on applications for authorization related to the operation of institutions

(07/22) · Government

The Central Bank of Brazil (BCB) has published a Normative Instruction establishing new procedures, documents, deadlines and information for the authorization and operation of certain financial institutions. It introduces specific changes in the articles referring to the declarations and documentation required from controlling shareholders, credit unions and other financial institutions. It also updates the annexes and repeals previous provisions to simplify and streamline processes. In addition, the need for regulatory impact analysis is excluded as it does not add additional requirements to the current regulations. The Regulatory Instruction will enter into force on the date of its publication, July 22, 2024. [\(more detail\)](#)

BCB · Resolution in the Pix Instant Payment Agreement

(07/22) · Technology

The Central Bank of Brazil (BCB) has published a resolution amending an August 2020 resolution and its regulations, which establish the Pix instant payment agreement. The amendments include updating the operational and liquidity risk management structure, implementing a more robust cybersecurity policy, and procedures for the application of sanctions imposed by United Nations Security Council resolutions. In addition, the rules for the initiation and receipt of Pix transactions, the participation of other financial institutions and payment institutions, and fraud management in the system are adjusted. The resolution takes effect immediately for most of the provisions, while the amendments related to risk management will be effective as of November 1, 2024. [\(more detail\)](#)

BCB · Accounting standards for financial institutions updated

(07/26) · Compliance and conduct

The Central Bank of Brazil has published BCB Normative Instruction No. 500, dated 26 July 2024, which amends BCB Normative Instruction No. 433, dated 1 December 2023. This regulation updates the accounting headings of the Liability Clearing group in the Chart of Accounts of Financial System Institutions (Cosif), specifying subgroups and detailed codes in Annexes I to III. In addition, it establishes that the accounting heading "Other" must have a zero balance in the balance sheets. The regulation will enter into force on 1 August 2024. [\(more detail\)](#)

BCB · Update on credit risk capital requirement calculation

(08/01) · Capital, liquidity and leverage

The Central Bank of Brazil has issued BCB Resolution No. 404, dated 1 August 2024, which amends Circular No. 3,862 of 2017. This resolution establishes new procedures for the calculation of risk-weighted assets, specifically for credit risk exposures under the RWARCSimp methodology. The amendments include the inclusion of gold exposures, the incorporation of credits guaranteed by the Guarantee Fund for Investments (FGI) within the Emerging Access to Credit Programme (Peac), and the consideration of credit claims in payment transactions with and without substantial transfer of risks and benefits. This resolution will enter into force on 2 September 2024. [\(more detail\)](#)

BCB · Regulatory Instruction on updating procedures for banking statistics

(08/05) · Reporting and disclosure

The Central Bank of Brazil has published BCB Normative Instruction No. 502 of 5 August 2024, which amends BCB Normative Instruction No. 194 of 2022. This regulation establishes procedures for the submission of Banking Statistics by commercial banks, multiple banks with commercial portfolios and the Caixa Econômica Federal. The main modifications include the update of the accounting headings, the replacement of the field "facility ID" by "agency code", the change of the submission format to XML, and the elimination of document 4510 - Global Banking Statistics. These new provisions will enter into force on 1 January 2025. [\(more detail\)](#)

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SEC · New Rules Proposal to Enhance Transparency and Oversight in Private Fund Industry

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BCB · Regulatory Instruction Establishing Procedures for Adherence, Updates, and Participation in the Instant Payment System (Pix)

(08/30) · Technology

The Central Bank of Brazil (BCB) has published Regulatory Instruction BCB No. 511, dated August 30, 2024, which establishes the procedures for various processes related to the Pix instant payment system. This includes adherence, changes in participation modalities, updating access to the Directory of Transactional Account Identifiers (DICT) and the Instant Payment System (SPI), changing the responsible participant or service provider in the DICT, and offering additional products and services. This regulation applies to all institutions that want to join or already participating in Pix. [\(more detail\)](#)

Mexico

CONAMER · Requirements Reform of the Credit Institutions Law

(07/12) · Compliance and Conduct

The National Commission for Regulatory Improvement (CONAMER) has published a resolution that modifies various general provisions related the Credit Institutions Law. It introduces new accounts for Small and Medium-sized enterprises (SMEs), migrants, and refugees, and implements automated systems for alerts on transactions involving persons on the Blocked Persons or Politically Exposed Persons Lists, as well as sanctioned jurisdictions. It also updates the internal compliance manuals to include risks of terrorist financing and ensures that the internal accounts of institutions are not used for direct client operations without the corresponding registration. Additionally, the role of an interim compliance officer is incorporated. [\(more detail\)](#)

Chile

CMF · Amendments to Circular No. 1835 on instructions on the form and content of investment information of insurance companies

(07/30) · Capital

The Financial Market Commission (CMF) has published a regulation amending Circular No. 1835, with the aim of strengthening supervision of financial risks associated with insurance companies' investments. The changes include obtaining detailed information on loans, leased real estate, mortgage and leasing delinquencies, as well as on real estate investments and derivatives collateral. The regulation also adjusts the reporting files and facilitates the incorporation of future regulatory changes. This amendment will be effective for the December 2024 information, which must be reported in January 2025. [\(more detail\)](#)

CMF · Policy Document on Financial Market Development Mandate

(09/03) · Supervisory Expectations · Sustainability

The Commission for the Financial Market (CMF) has released a Policy Document that delineates the scope of its institutional mandate for financial market development and the tools utilized to achieve its objectives. The document presents metrics to assess the state of the Chilean financial market and identifies areas for improvement to ensure that the financial sector effectively meets citizens' needs and contributes to economic growth and resilience. The identified challenges include financial inclusion, access to digital services, promotion of savings, coverage of the credit market, and financing for small enterprises. Additionally, the document proposes measures to enhance corporate governance, improve financial infrastructure, and foster competition. [\(more detail\)](#)

CMF · Public consultation on parametric insurance regulation

(09/16)

The Financial Market Commission (CMF) has put out for consultation a proposal to regulate parametric insurance with the aim of regulating the marketing of parametric insurance in Chilean insurance companies. This proposal is in line with the provisions of the Law that promotes competition and financial inclusion (Fintec Law) and aims to broaden the type of insurance products available, while ensuring consumer protection and rights. The regulations under consultation seek to define the applicable rates, insurable risks and policy characteristics. The consultation process will be open until 4 November 2024. [\(more detail\)](#)

Management Solutions' Alert System on Regulation

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Alert System on Regulation

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Alerts are published in Spanish and English within 48 hours since the publication by the regulatory body.

Moreover, quarterly MS publishes the Regulation Outlook, a report that collects the alerts of the period and anticipates the main upcoming regulatory changes.

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Main organisms being monitored

Global

FSB, BCBS, IASB, IOSCO, IAIS, IFRS

European region

Europe	EC, EP, Consejo, EBA, ESMA, EIOPA, ECB, SRB
UK	BoE, PRA, FCA
Spain	BdE, Gobierno, Cortes Generales, CNMV

American region ⁽¹⁾

US	Fed, SEC, OCC, FDIC
Mexico	CONAMER, DOF, SHCP, CNBV, CNSF
Brazil	BCB, Susep, CVM
Argentina	BCRA
Peru	SBS, Diario Oficial, SMV
Colombia	SFC, Banrep
Chile	CMF, Diario Oficial, BCC

1) At the moment the publication of alerts in *FinRegAlerts* concerning the American region is limited to US publications



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