

Regulatory monitoring

Newsletter

January 2023





ECB in focus

ECB in focus is our blog dedicated to the banking supervisory activities of the European Central Bank (ECB). We report on key developments in European banking regulation led by the ECB as part of the Single Supervisory Mechanism (SSM).

The blog features views and commentary from members of Allen & Overy's market-leading German financial services regulation practice.

For enquiries regarding Allen & Overy's ECB in focus blog, please contact us.

Some of our recent posts

ECB PUBLISHES SUPERVISORY PRIORITIES 2023-25

4 January 2023

The ECB has recently published its supervisory priorities for the years 2023-2025. They include three strategic priorities that will form the basis of the ECB's supervisory activity for the next three years: (1) strengthening resilience to immediate macro-financial and geopolitical shocks; (2) addressing digitalisation challenges and strengthening governance capabilities; and (3) stepping up efforts in addressing climate change.

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ECB CONSULTS ON GUIDE TO QUALIFYING HOLDING PROCEDURES

7 November 2022

On 28 September 2022, the ECB launched a public consultation on its draft guide on qualifying holding procedures. The guide clarifies existing uncertainties in key areas and adds to the existing guidelines that apply across the EU.

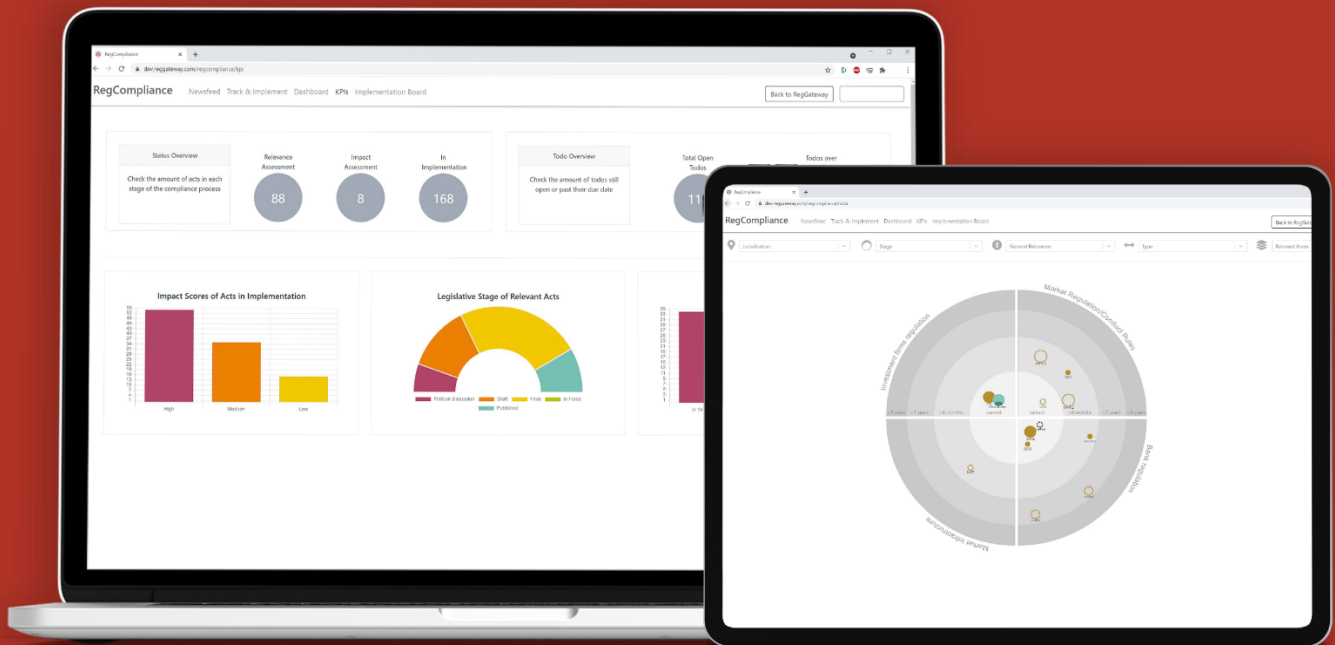
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ECB WARNS BANKS THAT FAILURE TO COMPLY WITH LEVERAGED LENDING GUIDANCE MAY RESULT IN CAPITAL CHARGES

26 October 2022

In her recent speech Elizabeth McCaul, member of the ECB's Supervisory Board, threatened to apply capital charges to significant banks with very high risk exposures to leveraged finance. The extent of banks' exposures to leveraged lending has long been a thorn in the ECB's side.

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FINANCIAL REGULATORY LAW SOURCEBOOK

A categorised collection of all laws in the field of financial regulatory law for Europe and Germany (constantly being expanded), which can be compiled as an obligation register and commented on as desired.

IMPLEMENTATION MANAGEMENT

Effective implementation (including tailored impact analysis and gap analysis) of new legislation and agile control using our project management tool (including KPIs).

CHANGE ANALYSIS AND PREVIEW OF RULES

Read the future versions of a law early, including the official explanatory memorandum, and identify any legislative changes.

Contents

| | | |
|-----|---|----|
| 1. | Bank regulation | 8 |
| 1.1 | Prudential regulation..... | 8 |
| (a) | General | 8 |
| | ECON: Vote in favour of adopting CRR3 and CRD6..... | 8 |
| | EC: Speech on upcoming and ongoing initiatives..... | 8 |
| | Publication of the five EEA Joint Committee Decisions amending Annex IX (Financial Services) to EEA Agreement..... | 8 |
| | BCBS: FAQs on Basel III monitoring..... | 9 |
| (b) | Liquidity | 9 |
| | EBA: Report on liquidity measures under Article 509(1) of the CRR..... | 9 |
| (c) | Authorisation and passporting..... | 9 |
| | Publication of Corrigenda to Delegated and Implementing Regulations on authorisation applications under CRD IV | 9 |
| (d) | Risk management/SREP/Pillar 2/Outsourcing/NPL | 10 |
| | EBA: Consultation on draft ITS amending Commission Implementing Regulation (EU) 2021/451 with regard to IRRBB reporting | 10 |
| (e) | Remuneration | 10 |
| | EBA: Report on high earners data as of end 2021 | 10 |
| (f) | Qualifying holdings | 11 |
| | BaFin: English version of the Holder Control Regulation updated (<i>Englische Version der Inhaberkontrollverordnung aktualisiert</i>) | 11 |
| | ESAs: Consultation on draft joint Guidelines on the system established by the ESAs for the exchange of information relevant to the assessment of the fitness and propriety of holders of qualifying holdings, directors and key function holders of financial institutions and financial market participants by competent authorities | 11 |
| 1.2 | Recovery and resolution | 11 |
| | BaFin: Consultation 01/2023: First Regulation amending the MaSanV and amended Guidance Notice on recovery plans (<i>Konsultation 01/2023: 1. Änderungsverordnung zur MaSanV und Änderung des Merkblatts zur Sanierungsplanung</i>) | 11 |
| | EC: Commission Delegated Regulation (EU) .../... amending Delegated Regulation (EU) 2015/63 as regards the methodology for the calculation of liabilities arising from derivatives | 12 |
| | EBA: MREL quantitative monitoring report and impact assessment (Article 45 BRRD II)..... | 12 |

| | | |
|-----|---|----|
| 1.3 | Stress tests/Macroprudential topics | 12 |
| | EBA: Launch of 2023 EU-wide stress test..... | 12 |
| | ECB: Launch of 2023 stress test for 99 euro area banks..... | 13 |
| 2. | Investment firms regulation | 14 |
| | BaFin: Consultation 03/2023 on a draft Circular regarding the criteria for exemption from liquidity requirements (<i>Konsultation 03/2023 zum Entwurf eines Rundschreibens über die Kriterien zur Befreiung von Liquiditätsanforderungen</i>) | 14 |
| 3. | Market regulation/Conduct rules | 15 |
| 3.1 | Benchmarks | 15 |
| | ESMA: Two Memoranda of Understanding on co-operation arrangements in respect of third-country benchmark administrators | 15 |
| | EC: Summary of responses to consultation on third country benchmarks regime | 15 |
| 3.2 | Consumer protection rules | 16 |
| | BaFin: Consultation 02/2023 on a Circular on product oversight and governance arrangements for retail banking products (<i>Konsultation 02/2023 über ein Rundschreiben zu Überwachung und Governance von Bankprodukten im Privatkundengeschäft</i>) | 16 |
| | ECON: Adoption of draft reports on proposed Directive amending AIFMD and UCITS Directive, Consumer Rights Directive and Whistleblowing Directive | 16 |
| | ESMA: Market report on costs and performance of EU retail investment products 2023 | 16 |
| | ESMA: ESMA and NCAs to look at marketing of financial products..... | 16 |
| 3.3 | MiFID/MiFIR | 17 |
| | ESMA: Consultation on the manual on post-trade transparency..... | 17 |
| | EC: Commission Delegated Regulation (EU) .../... amending the RTS laid down in Delegated Regulation (EU) 2017/583 as regards certain transparency requirements applicable to transactions in non-equity instruments | 17 |
| | EC: Commission Delegated Regulation (EU) .../... amending and correcting the RTS laid down in Delegated Regulation (EU) 2017/587 as regards certain transparency requirements applicable to transactions in equity instruments | 17 |
| 3.4 | Packaged retail and insurance-based investment products (PRIIPs) | 18 |
| | Corrigendum to PRIIPs Delegated Regulation (EU) 2021/2268..... | 18 |
| 4. | Market infrastructure | 19 |
| 4.1 | EMIR | 19 |
| | ESMA: Preliminary data report on the introduction of the market correction mechanism (MCM)..... | 19 |

| | | |
|-----|--|-----------|
| | ESMA: Memorandum of Understanding related to ESMA’s monitoring of the ongoing compliance with recognition conditions by CCPs established in Malaysia and supervised by the Securities Commission Malaysia..... | 19 |
| | ESMA: Memorandum of Understanding between ESMA and Financial Supervisory Commission, Taiwan related to CCPs established in Taiwan | 19 |
| 5. | Anti-money laundering | 20 |
| | EP: Report on the proposal for a Directive amending Directive (EU) 2019/1153 as regards access of competent authorities to centralised bank account registries through the single access point | 20 |
| 6. | Payments | 21 |
| 6.1 | Payment services/E-money | 21 |
| | BaFin: FAQ on the Circular on reporting major payment security incidents pursuant to Section 54(1) of the Payment Services Oversight Act (<i>FAQ zum Rundschreiben 03/2022 (BA) zur Meldung schwerwiegender Zahlungssicherheitsvorfälle gemäß § 54 Abs. 1 ZAG</i>) | 21 |
| | EBA: Clarification on the application of strong customer authentication requirements to digital wallets | 21 |
| | EBA: Report on the peer review on authorisation under PSD2 | 21 |
| | EPC: Standardisation of QR-codes for Mobile Initiated SEPA (Instant) Credit Transfers | 22 |
| | EPC: Consultation on draft document “Interoperability of MSCTs based on NFC or BLE” | 22 |
| 6.2 | Payment and settlement systems..... | 22 |
| | BCBS: Report on exploring multilateral platforms for cross-border payments | 22 |
| 7. | Banking union | 23 |
| 7.1 | Single Supervisory Mechanism (SSM)..... | 23 |
| | ECB: Memorandum of Understanding between the ECB and NCAs of the six EU Member States not part of European banking supervision for the performance of their supervisory tasks | 23 |
| 8. | Investment funds | 24 |
| 8.1 | Product regulation..... | 24 |
| (a) | AIF | 24 |
| | ECON: Adoption of draft reports on proposed Directive amending AIFMD and UCITS Directive, Consumer Rights Directive and Whistleblowing Directive | 24 |
| (b) | UCITS | 24 |
| | ECON: Adoption of draft reports on proposed Directive amending AIFMD and UCITS Directive, Consumer Rights Directive and Whistleblowing Directive | 24 |

| | | |
|------|---|----|
| 8.2 | Prudential regulation..... | 24 |
| (a) | Outsourcing | 24 |
| | BaFin: Notes on the submission of outsourcing notices within the MVP procedure pursuant to the German Investment Code (<i>Hinweise zur Einreichung der Auslagerungsanzeige im MVP-Fachverfahren nach KAGB</i>) | 24 |
| (b) | Compliance..... | 25 |
| | BaFin: Guidance Notice on the professional competency for members of supervisory bodies pursuant to the German Investment Code (<i>Merkblatt zu der fachlichen Eignung von Mitgliedern von Aufsichtsorganen gemäß KAGB</i>) | 25 |
| | ESMA: Consultation on the review of the methodology included in the Guidelines on stress test scenarios under the MMF Regulation | 25 |
| | EP: Consideration of amendments to ELTIF Regulation on 13 February 2023..... | 25 |
| | IOSCO: Investment funds statistics report | 25 |
| | FSB: Progress report on the implementation of G20 non-bank financial intermediation reforms..... | 26 |
| 9. | Special rules for real estate financing and covered bonds..... | 27 |
| 9.1 | Mortgage credits | 27 |
| | ESRB: Recommendation on vulnerabilities in the commercial real estate sector in the EEA | 27 |
| 10. | Special topics | 28 |
| 10.1 | FinTech/Digital finance | 28 |
| | ESAs: Thematic Report on national financial education initiatives on digitalisation, with a focus on cybersecurity, scams and fraud | 28 |
| | EP: Consideration of MiCA and revised recast WTR in April | 28 |
| | UNIDROIT: Public consultation on digital assets and private law | 28 |
| 10.2 | Sustainable finance | 29 |
| | EBA: Opinion on the draft European Sustainability Reporting Standards (ESRS) | 29 |
| | ESMA: Opinion on the technical advice by the European Financial Reporting Advisory Group on European Sustainability Reporting Standards (ESRS)..... | 29 |
| | ECB: Report towards climate-related statistical indicators..... | 29 |
| | Publication of a Corrigendum to Delegated Regulation (EU) 2022/1288 under SFDR.. | 29 |
| | Science Based Targets initiatives: New guidance on science-based targets and TCFD reporting | 30 |
| 11. | Contacts..... | 31 |

1. Bank regulation

1.1 Prudential regulation

(a) General

(i) EU

ECON: Vote in favour of adopting CRR3 and CRD6

Status: Draft

The European Economic and Monetary Affairs Committee (ECON) has announced the adoption of draft reports on the EC's legislative proposals for CRR III and CRD VI. Changes to the proposals on which ECON agreed include: (i) that the "output floor" setting a lower limit on the capital requirements calculated by banks using their internal models should be consolidated at the EU level in order to have comparable risk weights and avoid variations in capital levels. A competent authority should be able to address inappropriate distribution of capital among banking groups and propose a capital redistribution. Transitional arrangements for low risk exposures secured by mortgages on residential property have been agreed on, though any transitional period must not be extended beyond four years; (ii) mandating the EBA to assess whether a dedicated prudential treatment of ESG exposures would be warranted through a separate legislative proposal; (iii) that banks must disclose their exposure to cryptoassets and cryptoasset services, as well as a specific description of their risk management policies related to cryptoassets. The EC is invited to submit a legislative proposal by June on a dedicated prudential treatment for exposures to cryptoassets; (iv) amending the CRD, to require that the suitability of members of management bodies should be sufficiently diverse and gender-balanced; and (v) establishing a third country branches supervisory regime. ECON has also confirmed that it has voted to enter into interinstitutional negotiations with the Council of the EU.

Date of publication: 24/01/2023

EC: Speech on upcoming and ongoing initiatives

Status: Final

The EC has published a speech given by Mairead McGuinness, European Commissioner for Financial Services, Financial Stability and Capital Markets Union, on its upcoming and ongoing initiatives. Points of interest include: (i) sustainable finance – the EC hopes to conclude negotiations at the next trilogue on the European Green Bond. The EC is considering a staged approach to legislation on activities under the EU taxonomy, firstly focusing on activities that it can finalise quickly which don't raise specific issues or technical difficulties. Ms McGuinness considers that there are some real concerns around usability that the EC is being asked, which are important to address; (ii) new proposals – in the next few months, the EC intends to adopt new proposals in relation to the bank crisis management and deposit insurance framework under the BRRD, the SRM and the DGSD; a regulation on key principles of a digital euro; and on an open finance framework, together with the PSD2 review; (iii) retail investment strategy – the EC intends to publish the strategy in the coming months. It will include new rules on distribution, information requirements, and financial advice, particularly in relation to inducements.

Date of publication: 24/01/2023

Publication of the five EEA Joint Committee Decisions amending Annex IX (Financial Services) to EEA Agreement

Status: Published in the OJ

Five Decisions of the EEA Joint Committee that amend Annex IX (Financial Services) to the EEA Agreement have been published in the OJ: (i) Decision No 258/2019, which incorporates Implementing Regulation (EU) 2019/1285 supplementing Solvency II; (ii) Decision No 259/2019, which incorporates MAR. The Decision also repeals under the EEA Agreement the Market Abuse Directive and its supplementing Regulation and Directives; (iii) Decision No 260/2019, which incorporates Regulation (EU) 2018/1717 amending Regulation (EU) 1093/2010 as regards the location of the seat of the EBA; (iv) Decision No 261/2019, which incorporates Delegated Regulation (EU) 2018/72 supplementing the IFR; and (v) Decision No 271/2019,

which incorporates Implementing Decision (EU) 2019/545 amending Implementing Decision (EU) 2018/2030 on the temporary equivalence of the UK's regulatory framework for CSDs under the CSDR. Decision Nos. 258, 259 and 260 entry into force date is 26 October 2019, provided all the EEA Agreement Article 103(1) notifications have been made. Decision No. 261's entry into force date is the same date, or on the entry into force date of Decision No 21/2019, whichever is the later. Decision No. 271's entry into force date is 31 October 2019, provided all of the Article 103(1) notifications have been made, or on the entry into force date of Decision No 18/2019, whichever is the later.

- [Decision No. 258 amending Annex IX \(Financial Services\) to the EEA Agreement](#)
- [Decision No. 259 amending Annex IX \(Financial Services\) to the EEA Agreement](#)
- [Decision No. 260 amending Annex IX \(Financial Services\) to the EEA Agreement](#)
- [Decision No. 261 amending Annex IX \(Financial Services\) to the EEA Agreement](#)
- [Decision No. 271 amending Annex IX \(Financial Services\) to the EEA Agreement](#)

Date of publication: 12/01/2023

(ii) International

BCBS: [FAQs on Basel III monitoring](#)

Status: Final

BCBS has updated its FAQs on Basel III monitoring by deleting question no. 11 regarding crypto-asset exposure amounts.

Date of publication: 23/01/2023

(b) Liquidity

(i) EU

EBA: [Report on liquidity measures under Article 509\(1\) of the CRR](#)

Status: Final

The EBA has published its Report on liquidity measures, which monitors and evaluates the liquidity coverage requirements currently in place in the EU. The liquidity coverage ratio (LCR) declined to 166% in June 2022. The fall was due to an increase in outflows driven by higher interest rates and volatility which led to a decline in asset prices during the first half of the year. The evolution of banks' LCR levels is particularly relevant given the uncertain economic outlook, with high levels of inflation and the process of normalisation of the monetary policy. EU banks hold materially lower liquidity buffers in foreign currencies, particularly the USD, which requires enhanced monitoring by banks and supervisors to avoid excessive vulnerability to disruptions in the foreign exchange markets.

Date of publication: 13/01/2023

(c) Authorisation and passporting

(i) EU

Publication of Corrigenda to Delegated and Implementing Regulations on authorisation applications under CRD IV

Status: Published in the OJ

Date of application: 18/07/2023

Two Corrigenda amending a Delegated and an Implementing Regulation supplementing the CRD IV were published in the OJ: (i) Corrigendum to Delegated Regulation (EU) 2022/2580 supplementing the CRD IV with regard to RTS specifying the information to be provided in the application for the authorisation as a credit institution, and specifying the obstacles which may prevent the effective exercise of supervisory functions of competent authorities; and (ii) Corrigendum to Implementing

Regulation (EU) 2022/2581 laying down ITS for the application of the CRD IV with regard to provision of information in applications for authorisation of a credit institution. The Corrigendum inputs the OJ reference number of Delegated Regulation (EU) 2022/2580.

- [Corrigendum to Delegated Regulation \(EU\) 2022/2580](#)
- [Corrigendum to Implementing Regulation \(EU\) 2022/2581](#)

Date of publication: 12/01/2023

(d) Risk management/SREP/Pillar 2/Outsourcing/NPL

(i) EU

EBA: Consultation on draft ITS amending Commission Implementing Regulation (EU) 2021/451 with regard to IRRBB reporting

Status: Consultation

Deadline for the submission of comments: 02/05/2023

The EBA has launched a consultation on its draft ITS on supervisory reporting with respect to the Interest Rate Risk in the Banking Book (IRRBB). Proportionality is a key consideration in the proposed new reporting, in order to make reporting requirements better suited to the size and risk of the institutions. These draft ITS aim at providing quality data to supervisors to monitor institutions' IRRBB and the implementation of the policy package published by the EBA in October 2022. The draft ITS are particularly relevant in the current environment of high inflation combined with increasing interest rates. Proportionality has been a key consideration when developing this package, building on the evidence and recommendations drawn from the EBA Cost of Compliance study. In this regard, the consultation includes simplified templates for reporting by small and non-complex institutions (SNCIs) and asks for specific feedback on proportionality for medium institutions.

Date of publication: 31/01/2023

(e) Remuneration

(i) EU

EBA: Report on high earners data as of end 2021

Status: Final

The EBA has published its report on high earners for 2021. The analysis shows a significant increase in the number of individuals working for EU banks and investment firms who received remuneration of more than EUR 1 million. This increase is linked to the overall good performance of institutions, in particular in the areas of investment banking and trading and sales, continuing relocations of staff from the UK to the EU and a general increase in salaries. The weighted average ratio of variable to fixed remuneration for all high earners increased from 86.4% in 2020 to 100.6% in 2021. As variable remuneration is linked to the performance of the institution, business line and staff, the good financial performance of the institutions drove the increase of some bonuses. Other relevant factors supporting this trend may be identified in the easing of relevant Covid-19 restrictions and the ongoing relocation of staff to EU related activities in the context of Brexit.

Date of publication: 19/01/2023

(f) Qualifying holdings

(i) Germany

BaFin: English version of the Holder Control Regulation updated (*Englische Version der Inhaberkontrollverordnung aktualisiert*)

Status: Final

BaFin has published an updated English version of the Holder Control Regulation (*Inhaberkontrollverordnung – InhKontrollV*), the Regulation on Notifications in Accordance with Section 2c of the German Banking Act (*Kreditwesengesetz – KWG*) and Section 104 of the German Insurance Supervision Act (*Versicherungsaufsichtsgesetz – VAG*).

Date of publication: 12/01/2023

(ii) EU

ESAs: Consultation on draft joint Guidelines on the system established by the ESAs for the exchange of information relevant to the assessment of the fitness and propriety of holders of qualifying holdings, directors and key function holders of financial institutions and financial market participants by competent authorities

Status: Consultation

Deadline for the submission of comments: 02/05/2023

The ESAs have launched a consultation on draft joint Guidelines on the system established by the ESAs for the exchange of information relevant to the assessment of the fitness and propriety of holders of qualifying holdings, directors and key function holders of financial institutions and financial market participants by competent authorities. These Guidelines aim to increase the efficiency of the information exchange between sectoral supervisors by harmonising practices and clarifying how competent authorities should use the information system developed by the three ESAs. They apply to competent authorities under the ESAs' remit and are divided into two main parts: (i) how competent authorities should input the data and use the ESAs' information system, including on how to search for the fit and proper assessments of persons of interest that had already been made by other competent authorities; and (ii) once a competent authority has identified that a relevant assessment has been made by another competent authority, the second part of the Guidelines clarifies how they should cooperate to exchange information.

Date of publication: 31/01/2023

1.2 Recovery and resolution

(i) Germany

BaFin: Consultation 01/2023: First Regulation amending the MaSanV and amended Guidance Notice on recovery plans (*Konsultation 01/2023: 1. Änderungsverordnung zur MaSanV und Änderung des Merkblatts zur Sanierungsplanung*)

Status: Consultation

Deadline for the submission of comments: 03/03/2023

BaFin has launched a consultation on: (i) the First Regulation amending the Regulation on the minimum requirements for recovery plans for institutions (*Verordnung zu den Mindestanforderungen an Sanierungspläne für Institute – MaSanV*); and (ii) the amended Guidance Notice on recovery plans. The amendment regulation aims in particular to implement the new [EBA Guidelines on recovery plan indicators under Article 9 BRRD](#). In addition, some requirements for the recovery planning of less significant institutions will be changed in order to reduce the costs incurred by these institutions. The planned changes to the MaSanV go along with changes to the BaFin Guidance Notice on recovery plans. The changes to the MaSanV relate in particular to the following topics: (i) the minimum list of indicators in the recovery plan; (ii) specifications regarding the escalation processes for management and the supervisory authority when thresholds are reached; (iii) specifications for the calibration of

the threshold indicators (above the combined capital buffer requirement and LCR), as the indicators in the recovery plan should enable the early detection of threats to the capital and liquidity position; and (iv) relief for the less significant institutes in recovery planning.

Date of publication: 18/01/2023

(ii) EU

EC: Commission Delegated Regulation (EU) .../... amending Delegated Regulation (EU) 2015/63 as regards the methodology for the calculation of liabilities arising from derivatives

Status: Adopted by the EC

The EC has adopted a Delegated Regulation amending Delegated Regulation (EU) 2015/63 on ex ante contributions to resolution financing arrangements under the BRRD. Delegated Regulation (EU) 2015/633 provides that for the determination of total liabilities, the value of liabilities arising from derivative contracts should be calculated in accordance with Articles 429, 429a and 429b of the CRR. These articles specified that institutions should use a mark-to-market method called the Current Exposure Method. However, these articles were replaced by CRR II, and the Standardised Approach – Counterparty Credit Risk (SA-CCR) method replaced the former method. The EC explains that as the SA-CCR method was developed for assets rather than liabilities, it would create distortions in the calculations of liabilities arising from derivatives. The amendments therefore reinstate the former methodology for this calculation.

The Council of the EU and the EP will now scrutinise the Amending Regulation. It will apply retroactively as of 1 October 2022.

Date of publication: 20/01/2023

EBA: MREL quantitative monitoring report and impact assessment (Article 45 BRRD II)

Status: Final

The EBA has published its annual quantitative Report on minimum requirements for own funds and eligible liabilities (MREL) with data as of December 2021. The Report is complemented by an analysis looking into the impact of the MREL framework in a number of relevant dimensions. As of 31 December 2021, the EBA estimated that 70 banks reported an MREL shortfall of EUR 33bn out of a sample of 245. This is down by 42% compared to last year's quantitative report on MREL on a comparable basis. The Report shows progress in closing MREL shortfalls, albeit at a lower rate for smaller banks, and concludes that the impact of MREL on banks' profitability is manageable, although variable across different types of banks and Member States.

Date of publication: 16/01/2023

1.3 Stress tests/Macroprudential topics

(i) EU

EBA: Launch of 2023 EU-wide stress test

Status: Final

The EBA has launched the 2023 EU-wide stress test and released the macroeconomic scenarios. This year's EU-wide stress test is designed to provide valuable input for assessing the resilience of the European banking sector in the current uncertain and changing macroeconomic environment. The adverse scenario is based on a narrative of hypothetical heightened geopolitical tensions, with high inflation and higher interest rates having strong adverse effects on private consumption and investments, both domestically and globally. In terms of GDP decline, the 2023 adverse scenario is the most severe used in the EU wide stress tests up to now. The severe nature of the adverse scenario reflects a deliberate choice and reflects the purpose of the stress

test exercise, which is to assess the resilience of the European banking system to a hypothetical severely deteriorated macro-environment.

The EBA expects to publish the results of the exercise at the end of July 2023.

Date of publication: 31/01/2023

ECB: Launch of 2023 stress test for 99 euro area banks

Status: Final

The ECB has launched the 2023 stress test for a total of 99 directly supervised banks, including (i) 57 of the euro area's largest banks as part of regular EBA-led EU-wide stress test; and (ii) 42 directly supervised medium-sized banks outside the EBA sample which are listed [here](#). The latter test will be broadly in line with the EBA-led stress test, applying the same scenarios and elements of the EBA methodology. The results will be used to update each bank's Pillar 2 Guidance in the context of the Supervisory Review and Evaluation Process (SREP). Qualitative findings on weaknesses in banks' stress testing practices could also affect their Pillar 2 Requirements and inform other supervisory activities. Furthermore, the stress test results will support macroprudential tasks, and the ECB will assess the macroprudential implications of the exercise for the euro area. The ECB has also published [FAQ](#) on this stress test.

Date of publication: 31/01/2023

2. Investment firms regulation

(i) Germany

BaFin: Consultation 03/2023 on a draft Circular regarding the criteria for exemption from liquidity requirements (*Konsultation 03/2023 zum Entwurf eines Rundschreibens über die Kriterien zur Befreiung von Liquiditätsanforderungen*)

Status: Consultation

Deadline for the submission of comments: 10/02/2023

BaFin has launched a consultation on a draft Circular regarding the criteria for exemption from liquidity requirements pursuant to Article 43(1)(2) IFR. Overall, Article 43(1) IFR provides for liquidity requirements for all securities institutions. Article 43(1)(1) IFR allows small securities institutions to be exempted from the liquidity requirement on a case-by-case basis. Pursuant to Article 43(4) IFR, the EBA issues Guidelines in which it specifies further criteria to be taken into account for the exemption of smaller investment firms from the liquidity requirement. The draft Circular serves to implement these EBA Guidelines.

The Circular is intended to enter into force on 28 February 2023.

Date of publication: 24/01/2023



3. Market regulation/Conduct rules

3.1 Benchmarks

(i) EU

ESMA: Two Memoranda of Understanding on co-operation arrangements in respect of third-country benchmark administrators

Status: Final

ESMA and the UK Financial Conduct Authority (FCA) have agreed two new Memoranda of Understanding (MoU) relating to co-operation arrangements in respect of third-country benchmark administrators: (i) establishing a co-operation arrangement for the purposes of Article 30(4) of the UK BMR, to provide a framework for the exchange of information in relation to EU critical benchmarks and non-critical benchmarks provided by administrators of EU critical benchmarks supervised by ESMA; and (ii) concerning the recognition of UK benchmark administrators in the EU, to establish a co-operation arrangement under Article 32(5) of the EU BMR for an efficient exchange of information. This MoU also confirms that the effective exercise of ESMA's supervisory functions under the EU BMR is not prevented by UK laws and that there is no limit on the FCA's ability to exercise the supervisory or investigatory powers awarded to it under the UK BMR in respect of UK benchmark administrators applying for recognition or recognised in the EU.

- [Memorandum of Understanding concerning EU critical benchmarks](#)
- [Memorandum of Understanding concerning the recognition of UK benchmark administrators in the EU](#)

Date of publication: 25/01/2023

EC: Summary of responses to consultation on third country benchmarks regime

Status: Final

The EC has published a report providing an overview of the results of the targeted consultation on the regime applicable to the use of benchmarks administered in a third country. Key findings include: (i) there is broad support for the reform of the BMR third country regime towards it having a narrower scope, covering only a designated set of benchmarks; (ii) a small majority of benchmark administrators indicated that they are planning to change their status under the BMR in light of the entry into application of the rules for third country benchmarks as they currently stand, while significant minorities either do not know yet or have no such plans; (iii) there continues to be significant uncertainty around the future availability of many non-EU benchmarks. In many cases, administrators whose benchmarks are not yet BMR-compliant have not yet systematically informed their EU users of their intentions to comply; (iv) 89% of benchmark users considered that there will be an impact (severe, medium or some) of the entry into application of the rules on third country benchmarks in the BMR on their activities, or that some of their activities might become unsustainable. Nearly 80% also anticipate competitive disadvantages vis-à-vis competitors that are not supervised entities within the scope of the BMR if the third country “market-access” rules for benchmarks enter into application without changes in 2024; (v) respondents agreed that ESMA should be responsible for supervising strategic non-EU benchmarks; (vi) 80% of the respondents considered that the internal scope of the BMR requires amendment along similar lines as the third country rules to ensure a level playing field; (vii) respondents broadly agreed that EU Climate Benchmark labels should be open standards, accessible to EU, as well as non-EU, administrators. There was a slight preference that ESMA retain direct supervision of third country administrators; and (viii) several respondents were concerned that the current timeline, with a report from the EC due by 15 June 2023, would de facto require that the EC further suspend the entry into application of the third country rules until 1 January 2026.

Date of publication: 10/01/2023

3.2 Consumer protection rules

(i) Germany

BaFin: Consultation 02/2023 on a Circular on product oversight and governance arrangements for retail banking products (*Konsultation 02/2023 über ein Rundschreiben zu Überwachung und Governance von Bankprodukten im Privatkundengeschäft*)

Status: Consultation

Deadline for the submission of comments: 28/02/2023

BaFin has published a Consultation on a Circular on product oversight and governance arrangements for retail banking products. This Circular aims to implement the [EBA Guidelines](#) on the same topic which were published in 2015 but not yet implemented due to doubts regarding the existence of sufficient legal basis in EU law. Pursuant to the clarification by the Court of Justice of the EU in a [preliminary ruling procedure](#) initiated by the French Conseil d'État that the EBA Guidelines are valid, BaFin now intends to implement these Guidelines in a Circular.

Date of publication: 20/01/2023

(ii) EU

ECON: Adoption of draft reports on proposed Directive amending AIFMD and UCITS Directive, Consumer Rights Directive and Whistleblowing Directive

Status: Draft

The ECON has published a document revealing that it has voted to adopt draft reports on: (i) the proposed Directive amending AIFMD and the UCITS Directive relating to delegation arrangements, liquidity risk management, supervisory reporting, provision of depositary and custody services, and loan origination by AIFs. ECON has voted to enter into interinstitutional negotiations with the Council of the EU; (ii) the proposed Directive amending the Consumer Rights Directive concerning financial services contracts concluded at a distance and repealing the Distance Marketing Directive; and (iii) the proposed Directive on Corporate Sustainability Due Diligence and amending the Whistleblowing Directive.

Date of publication: 24/01/2023

ESMA: Market report on costs and performance of EU retail investment products 2023

Status: Final

ESMA has published its fifth annual report on the costs and performance of EU retail investment products. In the report ESMA looks at the market between 2012 and 2021 and finds that the costs of investing in the most important retail financial products continued to decline, albeit at a very slow pace. Cost and performance of retail investment products are key determinants of the benefits and risks for retail investors in the EU. Clear and comprehensive information on retail investment products can help investors assess the past performance and costs of products offered across the EU and foster retail investor participation in capital markets. ESMA's report helps to monitor progress in this regard by providing consistent EU-wide information on the cost and performance of retail investment products. It also demonstrates the relevance of the disclosure of costs to investors, as required by the MiFID II, UCITS and PRIIPs rules and the need for asset managers and investment firms to act in the best interest of investors, especially considering their role in manufacturing and distributing investment products.

Date of publication: 17/01/2023

ESMA: ESMA and NCAs to look at marketing of financial products

Status: Draft

ESMA has launched a common supervisory action (CSA) with NCAs on the application of MiFID II disclosure rules, with regard to marketing communications across the EU which play a key role in determining consumer behaviour and influencing investment decisions. The CSA will be conducted over the course of 2023. As part of the CSA, NCAs will review whether marketing communications are fair, clear and non-misleading and will also look at how firms select the target audience for their

marketing communications, especially in the case of riskier and more complex investment products. The CSA will also consider distribution channels including apps, websites, social media and collaborations with affiliates such as influencers, and provide an opportunity to collect information about possible 'greenwashing practices' observed in marketing communications and advertisements. The CSA will be conducted over the course of 2023.

Date of publication: 16/01/2023

3.3 MiFID/MiFIR

(i) EU

ESMA: Consultation on the manual on post-trade transparency

Status: Consultation

Deadline for the submission of comments: 31/03/2023

ESMA has launched a consultation on certain technical issues to provide further guidance in its future manual on post-trade transparency. This consultation paper focuses on the new Level 3 guidance that will be included in the manual, which is meant to provide further clarifications on: (i) issues related to post-trade transparency to improve the consistency and usability of the information published; and (ii) the reporting to ESMA's Financial Instruments Reference Data System (FITRS) for the performance of the transparency calculations. The manual will provide a general overview of the post-trade transparency regime for equity, equity-like and non-equity instruments, including: legal references to Level 1 (MiFIR/MiFID II), Level 2 (RTS 1 and RTS 2), Level 3 (Opinions/Guidelines) and Guidance previously included in published Q&A.

Date of publication: 19/01/2023

EC: Commission Delegated Regulation (EU) .../... amending the RTS laid down in Delegated Regulation (EU) 2017/583 as regards certain transparency requirements applicable to transactions in non-equity instruments

Status: Adopted by the EC

The EC has adopted the Commission Delegated Regulation amending the RTS laid down in Delegated Regulation (EU) 2017/583 as regards certain transparency requirements applicable to transactions in non-equity instruments. It follows the EC's proposed amendments to the RTS, which inter alia suggest transitional provisions, including postponing the application date of certain provisions to 1 January 2024.

The Delegated Regulations will now be scrutinised by the council of the EU and the EP, and if neither object the Regulations will enter into force 20 days after publication in the OJ.

Date of publication: 17/01/2023

EC: Commission Delegated Regulation (EU) .../... amending and correcting the RTS laid down in Delegated Regulation (EU) 2017/587 as regards certain transparency requirements applicable to transactions in equity instruments

Status: Adopted by the EC

The EC has adopted the Commission Delegated Regulation amending and correcting the RTS laid down in Delegated Regulation (EU) 2017/587 as regards certain transparency requirements applicable to transactions in equity instruments. It follows the EC's proposed amendments to the RTS, which inter alia suggest introducing a new flag, amending the definitions of certain fields in the post-trade transparency reporting as well as transitional provisions, including postponing the application date of certain provisions to 1 January 2024.

The Delegated Regulations will now be scrutinised by the council of the EU and the EP, and if neither object the Regulations will enter into force 20 days after publication in the OJ.

Date of publication: 17/01/2023

3.4 Packaged retail and insurance-based investment products (PRIIPs)

(i) EU

Corrigendum to PRIIPs Delegated Regulation (EU) 2021/2268

Status: Published in the OJ

A Corrigendum to Delegated Regulation (EU) 2021/2268, amending the RTS laid down in Delegated Regulation (EU) 2017/653 as regards the underpinning methodology and presentation of performance scenarios, the presentation of costs and the methodology for the calculation of summary cost indicators, as well as the presentation and content of information on past performance and the presentation of costs by packaged retail and insurance-based investment products (PRIIPs) offering a range of options for investment and alignment of the transitional arrangement for PRIIP manufacturers offering units of funds referred to in Article 32 of the PRIIPs Regulation as underlying investment options with the prolonged transitional arrangement laid down in that Article, has been published in the OJ. The Corrigendum amends the wording of the title that previously omitted part of the reference number.

Date of publication: 12/01/2023



4. Market infrastructure

4.1 EMIR

(i) EU

ESMA: Preliminary data report on the introduction of the market correction mechanism (MCM)

Status: Final

ESMA has published a preliminary data report on the introduction of the market correction mechanism (MCM) in the [EU Regulation](#) establishing this MCM, which will start applying from 15 February. ESMA also published an [Annex](#) with points for clarification. The report: (i) describes the structure and main participants in the EU natural gas derivative market. It focuses on market indicators aimed at assessing the potential effects of the adoption of the MCM; (ii) finds that, based on available data, there have not been significant impacts resulting from the adoption of the MCM Regulation. ESMA notes that the potential effects in the trading and clearing environment may only unfold when the activation of the MCM is imminent rather than in the current environment; and (iii) identifies the potential consequences of the MCM for market participants' trading behaviour and the effect it may have on the ability of market participants to effectively manage their risks. In that regard, it includes a more qualitative analysis of the possible risks to CCP risk management and the potential impact on the clearing of derivatives. ESMA will submit an effects assessment of the adoption of the MCM to the EC by 1 March 2023. This will include a more detailed analysis based on more granular indicators, covering a longer period after the adoption of the MCM, and will expand on the qualitative assessment of the adoption of the MCM.

Date of publication: 23/01/2023

ESMA: Memorandum of Understanding related to ESMA's monitoring of the ongoing compliance with recognition conditions by CCPs established in Malaysia and supervised by the Securities Commission Malaysia

Status: Final

ESMA and the Securities Commission Malaysia have signed a memorandum of understanding (MoU) related to ESMA's monitoring of the ongoing compliance with recognition conditions by central counterparties (CCPs) established in Malaysia and supervised by the Securities Commission Malaysia. The signing of the MoU follows the [EC's equivalence decision](#) recognising Malaysia's regulatory framework for CCPs as equivalent to the requirements of EMIR.

Date of publication: 16/01/2023

ESMA: Memorandum of Understanding between ESMA and Financial Supervisory Commission, Taiwan related to CCPs established in Taiwan

Status: Final

ESMA and the Financial Supervisory Commission, Taiwan have signed a memorandum of understanding (MoU) related to central counterparties (CCPs) established in Taiwan. The signing of the MoU follows the [EC's equivalence decision](#) recognising Taiwan's regulatory framework for CCPs as equivalent to EMIR as regards Futures Clearing Houses under the supervision of the Financial Supervisory Commission.

Date of publication: 16/01/2023

5. Anti-money laundering

(i) EU

EP: Report on the proposal for a Directive amending Directive (EU) 2019/1153 as regards access of competent authorities to centralised bank account registries through the single access point

Status: Draft

The EP's Civil Liberties, Justice and Home Affairs Committee (LIBE) has published its report on the proposed Directive amending Directive (EU) 2019/1153 as regards access of competent authorities to centralised bank account registries through the single access point. The report details the Committee's suggested amendments to the proposed Directive. It mandates EU Member States to ensure that the information from centralised registries is available through a single access point to be developed and operated by the EC. This way, competent authorities can quickly establish if an individual holds accounts in several EU countries without multiple time-consuming queries. MEPs emphasise the importance of respecting an individual's right to privacy, and the principle of data minimisation. They also highlight the need to gather bank account information proportionally to the needs of a specific ongoing investigation, and emphasise that searches in the centralised bank registries should only be allowed in cases where the authorities would be allowed to conduct a similar search in national registries.

Date of publication: 17/01/2023



6. Payments

6.1 Payment services/E-money

(i) Germany

BaFin: FAQ on the Circular on reporting major payment security incidents pursuant to Section 54(1) of the Payment Services Oversight Act (FAQ zum Rundschreiben 03/2022 (BA) zur Meldung schwerwiegender Zahlungssicherheitsvorfälle gemäß § 54 Abs. 1 ZAG)

Status: Final

BaFin has published FAQ on the Circular on reporting major payment security incidents pursuant to Section 54(1) of the Payment Services Oversight Act (*Zahlungsdiensteaufsichtsgesetz – ZAG*). The FAQ relate to the regulations for reporting major payment security incidents in accordance with Section 54(1) ZAG. These regulations are defined in [Circular 03/2022 \(BA\)](#), which is based on the revised [EBA Guidelines](#) as of 10 June 2021 on major incident reporting under PSD2.

Date of publication: 25/01/2023

(ii) EU

EBA: Clarification on the application of strong customer authentication requirements to digital wallets

Status: Final

The EBA has published a summary of three Q&A that, jointly with three other Q&A previously published by the EBA, clarify comprehensively the application of strong customer authentication (SCA) to the enrolment of a payment card to digital wallets under the PSD2. They also clarify the application of SCA to the initiation of payment transactions with digitised versions of a payment card as well as the requirements applicable to the outsourcing of the application of SCA to digital wallet providers.

Date of publication: 31/01/2023

EBA: Report on the peer review on authorisation under PSD2

Status: Final

The EBA has published its peer review on the implementation of the EBA Guidelines on authorisation and registration of payment institutions and e-money institutions under PSD2. Generally, the EBA found that there was increased transparency and consistency of the information required in the authorisation process. Overall, competent authorities have largely or fully applied the Guidelines. However, divergent practices were identified in relation to: (i) the assessment of business plans, applicants' governance arrangements and internal control mechanisms; (ii) applicants' compliance with PSD2 requirements on 'local substance'; and (iii) competent authorities' assessment and the degree of scrutiny of applications. The average duration of the overall authorisation process ranges from 4 to 20 months, or more across competent authorities. The quality of applications and applicants' timeliness in addressing issues identified appear to be the key reasons for delay, but different timelines set out in national laws and different procedural approaches in the acceptance and assessment of applications also cause variations in duration. The review, therefore: (a) sets out follow-up measures for specific competent authorities on how they should improve practices to fully implement the Guidelines. Follow-up measures are also set out for all competent authorities in key areas. The EBA will review the implementation of these measures in two years' time; (b) concludes that any future review of the Guidelines should provide more detailed guidance on how the proportionality principle should be applied in assessing the suitability of shareholders with qualifying holdings; and (c) recommends that the EC clarifies, as part of its ongoing PSD2 review process, the delineation between the different categories of payment services and e-money issuance, the applicable governance arrangements for institutions, including the criteria that competent authorities should use in assessing the suitability of management, and what having sufficient local substance requires.

Date of publication: 11/01/2023

EPC: Standardisation of QR-codes for Mobile Initiated SEPA (Instant) Credit Transfers

Status: Final

Following the publication of the document on Standardisation and governance of QR1-codes for Instant Payments at the Point of Interaction, the multi-stakeholder group on mobile initiated (SEPA) (instant) credit transfers (MSG MSCT) has prepared a new document on the Standardisation of QR-codes for MSCTs. The document standardises a payee and a payer-presented QR-code for all types of MSCTs, i.e. all payment contexts: person-to-person (P2P), consumer-to-business (C2B) and business-to-business (B2B) and business-to-consumer (B2C), while addressing both SEPA Instant Credit Transfer (SCT Inst) and SCT payments. The MSG MSCT leveraged for this work the document on “Standardisation and governance of QR-codes for IPs at the POP”, which they developed in 2021, thereby addressing the request made by the Euro Retail Payments Board (ERPB) to the EPC in their Statement of June 2021. In addition, the present document contains a chapter devoted to the security aspects of the data contained in the QR-codes.

Date of publication: 10/01/2023

EPC: Consultation on draft document “Interoperability of MSCTs based on NFC or BLE”

Status: Consultation

Deadline for the submission of comments: 21/03/2023

The EPC has launched a public consultation on the draft document “Interoperability of mobile initiated SEPA (instant) credit transfers (MSCTs) based on Near Field Communication (NFC) or Bluetooth Low Energy (BLE)”. The new document includes a chapter devoted to a number of MSCT use cases that use either uni-directional or bi-directional NFC between the payer and the payee devices. It also contains a chapter on MSCTs based on BLE, some of which rely on the current work on the European ID wallet and eIDAS2.0. The document continues with an analysis of the usage of these technologies for payments, their security issues and the challenges to be addressed for market use (find out more in “related document”).

Date of publication: 10/01/2023

6.2 Payment and settlement systems

(i) International

BCBS: Report on exploring multilateral platforms for cross-border payments

Status: Final

BCBS has published a joint report on exploring multilateral platforms – cross-border payment systems that are multi-jurisdictional by design. It sets out that these platforms could enhance cross-border payments by reducing the need for intermediaries and allowing payment service providers in different jurisdictions to transact directly with each other. This report aims to identify challenges to address and approaches to establishing a multilateral platform, analysing the potential costs and benefits of multilateral platforms and how they might alleviate cross-border payments frictions.

Date of publication: 18/01/2023

7. Banking union

7.1 Single Supervisory Mechanism (SSM)

(i) EU

ECB: Memorandum of Understanding between the ECB and NCAs of the six EU Member States not part of European banking supervision for the performance of their supervisory tasks

Status: Final

The ECB has published an MoU between the ECB and NCAs of the six EU Member States which are not subject to European banking supervision for the performance of their supervisory tasks: the Czech Republic, Denmark, Hungary, Poland, Romania and Sweden. The MoU provides a framework for sharing information on supervisory matters and issues concerning cross-border supervised institutions, as well as on supervisory methodologies, approaches and priorities. The MoU also encourages the ECB and the NCAs to inform one another of planned measures that may be of relevance to another authority's tasks. The MoU is concluded in accordance with the legal requirement for the ECB and the competent authorities of the EU to sign a supervisory MoU, as outlined in Article 3(6) of the SSM Regulation.

Date of publication: 25/01/2023

8. Investment funds

8.1 Product regulation

(a) AIF

(i) EU

ECON: Adoption of draft reports on proposed Directive amending AIFMD and UCITS Directive, Consumer Rights Directive and Whistleblowing Directive

Status: Draft

The ECON has published a document revealing that it has voted to adopt four draft reports. For more information, please see section 3.2 above.

Date of publication: 24/01/2023

(b) UCITS

(i) EU

ECON: Adoption of draft reports on proposed Directive amending AIFMD and UCITS Directive, Consumer Rights Directive and Whistleblowing Directive

Status: Draft

The ECON has published a document revealing that it has voted to adopt four draft reports. For more information, please see section 3.2 above.

Date of publication: 24/01/2023

8.2 Prudential regulation

(a) Outsourcing

(i) Germany

BaFin: Notes on the submission of outsourcing notices within the MVP procedure pursuant to the German Investment Code (*Hinweise zur Einreichung der Auslagerungsanzeige im MVP-Fachverfahren nach KAGB*)

Status: Final

BaFin has published notes on the submission of outsourcing notices within the MVP procedure pursuant to Section 36 of the German Investment Code (*Kapitalanlagegesetzbuch – KAGB*). These notes take into account the recently published Regulation on outsourcing notices pursuant to the KAGB (*KAGB-Auslagerungsanzeigenverordnung – KAGBAuslAnzV*).

Date of publication: 31/01/2023

(b) Compliance

(i) Germany

BaFin: Guidance Notice on the professional competency for members of supervisory bodies pursuant to the German Investment Code (*Merkblatt zu der fachlichen Eignung von Mitgliedern von Aufsichtsorganen gemäß KAGB*)

Status: Final

BaFin has published a Guidance Notice on the professional competency for members of supervisory bodies pursuant to the German Investment Code (*Kapitalanlagegesetzbuch – KAGB*). The leaflet provides explanations of the supervisory requirements for the members of supervisory bodies and the associated notification obligations within the KAGB.

Date of publication: 11/01/2023

(ii) EU

ESMA: Consultation on the review of the methodology included in the Guidelines on stress test scenarios under the MMF Regulation

Status: Consultation

Deadline for the submission of comments: 28/04/2023

ESMA has launched a consultation on the review of the methodology included in the Guidelines on stress test scenarios under the MMF Regulation. In light of recent market developments and the Covid-19 related stress of March 2020, the proposed revision of the scenarios relates to the hypothetical changes in the level of liquidity of the assets held in the portfolio of the MMF and the hypothetical macro systemic shocks affecting the economy as a whole. The review focuses on the following changes to the current methodology: (i) the proposed revision of the liquidity scenario aims to better take into account the interaction between liquidity and redemption pressures, in light of the stress event experienced in March 2020; and (ii) the proposed revision of the macro scenario intends to better capture the macroprudential impact of the scenario, by including assumptions on the underlying markets and other market participants. The consultation also seeks feedback on ESMA's considerations on a potential climate risk scenario.

Main stakeholders in particular include MMF managers and their trade associations, AIF and UCITS managers and their trade associations; and institutional and retail investors investing in MMF. Their responses will inform a final report which ESMA aims to publish by Q4 2023.

Date of publication: 31/01/2023

EP: Consideration of amendments to ELTIF Regulation on 13 February 2023

Status: Draft

The EP has updated its procedure file on the proposed Regulation amending the European Long-Term Investment Funds (ELTIF) Regulation to indicate that it intends to consider the proposed Regulation during its plenary session on 13 February 2023. The procedure file previously indicated that the EP intended to consider the proposed Regulation on 1-2 February 2023.

Date of publication: 12/01/2023

(iii) International

IOSCO: Investment funds statistics report

Status: Final

IOSCO has published the second edition of its investment funds statistics report (IFSR). This report provides new insights into the global investment funds industry, based on a comprehensive collection of IOSCO members' supervisory data as of end-

2021. The IFSR is an annual exercise that aims to facilitate the regular collection and analysis of investment fund data, enabling regulators and stakeholders to share information and observe trends in the global investment funds sector.

Date of publication: 27/01/2023

FSB: Progress report on the implementation of G20 non-bank financial intermediation reforms

Status: Final

The FSB has published a progress report on the implementation of G20 non-bank financial intermediation (NBFI) reforms. The report details the progress made in implementing the reforms agreed by the G20 following the 2008 global financial crisis, which were designed to strengthen the oversight and regulation of NBFI. The report found that progress has been made implementing Basel III reforms to mitigate spillovers between banks and non-bank financial entities, although implementation is still incomplete. Adoption of the 2012 IOSCO recommendations to reduce the run risk of MMFs is most advanced in the largest MMF markets. Meanwhile, adoption of the IOSCO recommendations on incentive alignment approaches for securitisation and of the BCBS standard on the revised securitisation framework is ongoing. Implementation of FSB recommendations for dampening procyclicality and other financial stability risks associated with SFTs is incomplete and continues to face significant delays in most jurisdictions. Implementation of most FSB recommendations to assess and mitigate systemic risks posed by other non-bank financial entities and activities is ongoing. The FSB is carrying out further analytical and policy work to enhance the resilience of the NBFI sector, building on the lessons from the March 2020 market turmoil.

Date of publication: 18/01/2023

9. Special rules for real estate financing and covered bonds

9.1 Mortgage credits

(i) EU

ESRB: Recommendation on vulnerabilities in the commercial real estate sector in the EEA

Status: Final

The ESRB has published a recommendation on vulnerabilities in the commercial real estate (CRE) sector in the EEA. The ESRB recommends that: (i) EU and national authorities improve the monitoring of systemic risks stemming from the CRE sector. Monitoring vulnerabilities related to this sector is key to identifying potential risks to financial stability and to assessing possible responses; (ii) based on the findings from monitoring, EU and national authorities should ensure that financial institutions providing financing for CRE have prudent risk management practices in place; (iii) EU and national authorities should ensure that risks and vulnerabilities related to the CRE sector are adequately addressed; and (iv) the EC should assess the current macroprudential framework and ensure that consistent rules for addressing risks related to CRE exposures are applied across all financial institutions when they perform the same activities, taking into account their specificities. The recommendation is based on an assessment of vulnerabilities identified in the CRE sector that could be a source of risk to financial stability. The findings show that the sector is currently vulnerable to cyclical risks related to heightened inflation, a tightening of financial conditions limiting the scope for refinancing existing debt and taking new loans, and the pronounced deterioration in the growth outlook following Russia's invasion of Ukraine. Furthermore, the ESRB's analysis shows that adverse developments in the CRE sector can have a systemic impact on the financial system and the real economy. Such vulnerabilities can be amplified by spillovers across countries and through interlinkages between financial institutions.

The ESRB has also published a [report](#) on the same topic.

Date of publication: 25/01/2023

10. Special topics

10.1 FinTech/Digital finance

(i) EU

ESAs: Thematic Report on national financial education initiatives on digitalisation, with a focus on cybersecurity, scams and fraud

Status: Final

The ESAs have published a joint thematic report on national financial education initiatives on digitalisation, with a focus on cybersecurity, scams, and fraud. The ESAs explain that access to digital channels and digital infrastructure has become a prerequisite for consumers to make use of financial services, and this trend has intensified in the context of the Covid-19 pandemic. Against this backdrop, the ESAs highlight the fact that without appropriate digital financial skills and the ability to ensure their cybersecurity, consumers are more at risk of becoming victims of scams and fraud. The ESAs identify 12 good practices that national competent authorities (NCAs) and other public entities can follow when designing and implementing their financial education initiatives, which include: (i) publishing a blacklist of fraudulent providers to help digitally literate consumers properly assess the financial risks arising from financial products and services linked to new technologies, such as crypto-assets; (ii) reaching technology-averse consumers not only through digital, but also non-digital, channels and teaching them how to use digital tools to access financial services safely; (iii) working closely with teachers to understand their specific educational needs, as well as helping them develop and test adequate educational material, so that they can serve as multipliers of students' financial education; (iv) packaging financial education initiatives appropriately to increase their reach, for instance by including entertaining elements, such as games. This can help consumers acquire relevant knowledge as well as some practical experience in handling financial matters, thereby creating a deeper and more appealing learning experience; and (v) applying search engine optimisation to ensure that NCAs' financial education websites appear among the first search results when consumers look for information on specific financial subjects.

Date of publication: 12/01/2023

EP: Consideration of MiCA and revised recast WTR in April

Status: Draft

The EP has updated its procedure files on the proposed Regulation on markets in crypto-assets (MiCA), and on the proposed Regulation on information accompanying transfers of funds and certain crypto-assets (revised recast WTR), to indicate that it intends to consider the proposed Regulations during its plenary session to be held from 17-20 April. The files previously indicated that the EP intended to consider the proposed Regulations in February.

Date of publication: 11/01/2023

UNIDROIT: Public consultation on digital assets and private law

Status: Consultation

Deadline for the submission of comments: 20/02/2023

The International Institute for the Unification of Private Law (UNIDROIT) has launched a consultation on a set of Draft Principles and Commentary on Digital Assets and Private Law. The Principles are designed to facilitate transactions in certain digital assets often used in commerce. It is intended that the Principles will provide guidance to principals in the transactions covered by these Principles, their advisors, and the courts and others who will consider the legal effects of these transactions. The Principles are technology and business model neutral and also jurisdiction neutral. The purpose of the consultation is to: (i) raise awareness about the instrument; (ii) ensure that the instrument is well suited to application in different contexts, including both civil law and common law jurisdictions as well as developing economies, emerging markets, and developed economies; and (iii) seek feedback from parties engaged in the digital asset industry, on whether the instrument sufficiently addresses the private law issues that arise in transactions related to digital assets, and to entities providing services related to digital assets.

Date of publication: 10/01/2023

10.2 Sustainable finance

(i) EU

EBA: Opinion on the draft European Sustainability Reporting Standards (ESRS)

Status: Final

The EBA has published an opinion on the draft European Sustainability Reporting Standards (ESRS) developed by the European Financial Reporting Advisory Group (EFRAG). In this opinion, addressed to the European Commission, the EBA acknowledges that, overall, the draft ESRS are consistent with international standards and any other relevant EU Regulation. In addition, the EBA very much welcomes the level of alignment with the Pillar 3 disclosure requirements reached at this stage. The EBA also highlights a few aspects that should deserve further consideration by the European Commission.

Date of publication: 26/01/2023

ESMA: Opinion on the technical advice by the European Financial Reporting Advisory Group on European Sustainability Reporting Standards (ESRS)

Status: Final

ESMA has published an opinion on the first set of draft European Sustainability Reporting Standards (ESRS Set 1) developed by the European Financial Reporting Advisory Group (EFRAG). ESMA finds that ESRS Set 1 broadly meets the objective of being conducive to investor protection and of not undermining financial stability. To bring Set 1 from being broadly capable to fully capable of meeting that objective, ESMA advises the European Commission to address selected technical issues set out in the opinion. Most notably, these issues relate to possible improvements of the level of consistency vis-à-vis the requirements of the Corporate Sustainability Reporting Directive and other pieces of EU legislation, important clarifications of definitions and terminology and further guidance on the materiality assessment process.

The European Commission will consider ESMA's technical input as it finalises ESRS Set 1 and adopts it into delegated acts.

Date of publication: 26/01/2023

ECB: Report towards climate-related statistical indicators

Status: Final

The ECB has published new climate-related statistical indicators in order to better assess the impact of climate-related risks on the financial sector and to monitor the development of sustainable and green finance, fulfilling another of the commitments of its climate action plan. The new indicators are either experimental or analytical: experimental data comply with many, but not all, of the quality requirements of official ECB statistics. Analytical data have a lower quality and certain – sometimes significant – limitations. The indicators are, therefore, a work in progress and should be used with caution. They are intended to start a broader conversation within the statistical and research community and with other key stakeholders on how to better capture data on climate-related risks and the green transition. The ECB, together with the national central banks, will work to improve the methodology and the data used. New data sources, expected to become available in line with EU initiatives on climate-related disclosures and reporting, will help in this respect.

Date of publication: 24/01/2023

Publication of a Corrigendum to Delegated Regulation (EU) 2022/1288 under SFDR

Status: Published in the OJ

A Corrigendum to Delegated Regulation (EU) 2022/1288, supplementing the SFDR with regard to RTS specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and

sustainable investment objectives in pre-contractual documents, on websites and in periodic reports, has been published in the OJ. The Corrigendum amends the wording of the title that previously omitted part of the reference number.

Date of publication: 12/01/2023

(ii) International

Science Based Targets initiatives: [New guidance on science-based targets and TCFD reporting](#)

Status: Final

The Science Based Targets initiatives (SBTi) has launched new guidance to support investors in identifying the overlaps and complementary nature of the SBTi Financial Institutions framework and Task Force on Climate-related Financial Disclosures (TCFD) recommendations. The guidance includes a framework for assessing, disclosing and managing the climate risks to which they are exposed, and maximizing opportunities for portfolio companies to cut emissions and reduce their climate impact. The new guidance provides banks, private equity firms, asset managers, owners and mortgage real estate investment trusts with actionable ways to harmonize science-based target setting with the preparation of robust climate-related risk and opportunity disclosures in line with institutions' transition plans. It was developed in collaboration with Carbon Intelligence, taking into account the experiences of financial institutions in South Korea, the UK, China and Sweden to understand the key challenges and opportunities with adopting the SBTi Financial Institutions framework alongside TCFD disclosures.

Date of publication: 18/01/2023



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