

RegWatch newsletter – August 2020

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This month's News

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CRR/CRD

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06/08/2020

BCBS launches a consultation on its new *Principles for operational resilience*, which aim at increasing the capacity of banks to operationally withstand disruptions due to potentially severe events. Related updates to the *Principles for the sound management of operational risk* (PSMOR) are also proposed. The consultation runs until 6 November 2020.

See [the BCBS press release about the consultation on principles for operational resilience](#)

11/08/2020

The EBA publishes a revised ITS on supervisory reporting 3.0 and two sets of Guidelines on disclosures and supervisory reporting requirements. These provide clarifications on some “quick fixes” regarding institutions’ disclosures and supervisory reporting, which were previously introduced in CRR in response to the COVID-19 crisis.

See [the EBA press release about this update of the supervisory reporting framework](#)

12/08/2020

The EBA consults on draft Guidelines setting out criteria for the use of data inputs in relation to modellable risk factors, which institutions should use in their ES calculations under the IMA for market risk. The consultation runs until 12 November 2020.

See [the EBA press release about this consultation](#)

31/08/2020

The EBA publishes an Opinion in response to the EC’s proposed changes on the final draft RTS on the specification of the nature, severity and duration of an economic downturn. In particular, the EBA suggests to:

- Re-introduce the requirement that economic indicators relating to one downturn period should be significantly correlated, which was deleted by the EC;
- Make specific changes regarding the relevant sources of data after the introduction of a proportionality principle by the EC.

In addition, various non-substantive changes are proposed to improve the text’s clarity.

See [the EBA press release about this Opinion](#)

Solvency II

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25/08/2020 The FSB publishes a *Key Attributes Assessment Methodology for the Insurance Sector* (“insurance KAAM”) which constitutes an ‘umbrella’ standard for resolution regimes for all types of financial institutions. Essential criteria are set to guide the assessment of the compliance of a jurisdiction’s insurance resolution framework with the FSB’s *Key Attributes of Effective Resolution Regimes for Financial Institutions*.

See [the FSB press release about the publication of the insurance KAAM](#)

AIFMD

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19/08/2020 The ESMA provides recommendations to the EC as to which areas of AIFMD should be improved in the forthcoming review. A total of 19 of such areas are identified, “*including harmonising the AIFMD and UCITS regimes; delegation and substance; liquidity management tools; leverage; the AIFMD reporting regime and data use; and the harmonisation of supervision of cross-border entities*”.

See [the ESMA letter to the Commission identifying priority topics for AIFMD review](#)

IFRS

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18/08/2020 IASB issues IFRS Taxonomy Update for Covid-19-Related Rent Concessions

See [the IASB press release about this update](#)

27/08/2020 IASB issues Interest Rate Benchmark Reform—Phase 2, which amends IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, in response to the ongoing IBOR reform. These amendments are effective for annual reporting periods beginning on or after 1 January 2021, with early adoption permitted.

See [the IASB press release about the 2nd phase of IFRS amendments for IBOR reform](#)

Others

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12/08/2020 The EBA launches a RegTech industry survey, aiming to better understand the ongoing activity in this area, raise awareness on RegTech within the regulatory and supervisory community, and inform any relevant future policy discussion. The survey runs until 30 September 2020.

See [the EBA press release about the industry RegTech survey](#)

14/08/2020 EIOPA submits to the EC a set of draft RTS and ITS and its advice on Delegated Acts to implement the regulatory framework for the design and delivery of the PEPP.

See [the EIOPA press release about the delivery of the PEPP regulatory framework](#)

List of acronyms used in this issue

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AIFMD	Alternative Investment Fund Manager Directive
BCBS	Basel Committee on Banking Supervision
CRD	Directive 2013/36/EU (Capital Requirements Directive)
CRR	Regulation (EU) No 2013/575 (Capital Requirements Regulation)
EBA	European Banking Authority
EC	European Commission
EIOPA	European Insurance and Occupational Pensions Authority
EMIR	European Markets Infrastructure Regulation
ES	Expected Shortfall (see IRRBB)
ESMA	European Securities and Markets Authority
FRTB	Fundamental Review of the Trading Book
FSB	Financial Stability Board
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBOR	Interbank Offered Rate
IFRS	International Financial Reporting Standard
IMA	Internal Model Approach
ITS	Implementing Technical Standards
KAAM	Key Attributes Assessment Methodology (see FSB)
MiFID	Markets in Financial Instruments Directive
MiFIR	Markets in Financial Instruments Regulation
PEPP	Pan-European Personal Pension Product
PSMOR	Principles for the Sound Management of Operational Risk
RTS	Regulatory Technical Standards
UCITS	Undertakings for the Collective Investment in Transferable Securities

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