

## RegWatch newsletter – April 2020

Contact the authors: Elena Atienza ([elena.atienza@reacfin.com](mailto:elena.atienza@reacfin.com)), Antoine Gustin ([antoine.gustin@reacfin.com](mailto:antoine.gustin@reacfin.com))

### This month's News

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#### CRR/CRD

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**08/04/2020** EBA updates its Basel III monitoring Report. The impact of the full implementation of Basel III reforms (by 2028) would require an increase in 16.1% of Tier 1 capital requirements across all banks, with large banks (i.e. Group 1) being more impacted (+ 17.3%) than medium and small banks (+ 8.1%).

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

**17/04/2020** EBA agrees through an Opinion with the EC's amendments to RTS on assigning risk weights to specialised lending exposures. The EBA states that *"the proposed changes, despite their substantive nature, do not alter the draft RTS in a significant manner, as they still maintain a good balance between the flexibility and risk sensitivity required for the IRB approach and the need for a harmonised regulatory framework"*.

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

**22/04/2020** EBA amends the draft RTS on Prudent Valuation to allow the use of a 66.6% aggregation factor for the core approach, instead of the standard 50% and until 31 December 2020, in light of the current COVID-19 situation.

See [the temporary amendment to draft RTS on Prudent Valuation](#)

**28/04/2020** EC adopts banking package to alleviate the COVID-19 impact on the EU banking sector. Measures include delays to IFRS 9 implementation, postponing the application date of the leverage ratio buffer, and modifying the way of excluding certain exposures from the calculation of the leverage ratio.

See [the adopted banking package to alleviate COVID-19 impact on banks](#)

**04/05/2020** EBA publishes final Guidelines on the methodology to determine the WAM of contractual payments due under the tranche of a securitisation transaction, as required by CRR.

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

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**06/05/2020** EBA publishes final Guidelines on Credit Risk Mitigation (CRM) for institutions applying the A-IRB approach, i.e. with own estimates of LGDs. The full implementation of these Guidelines is scheduled for 1 January 2022.

See [the EBA press release about the Guidelines on CRM under A-IRB](#)

## STS Securitization

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**06/05/2020** The EBA publishes a Report with proposals for developing a STS framework for synthetic securitisation. The proposal is currently limited to balance-sheet securitisation, it includes a list of criteria to be considered when labelling the synthetic securitisation as 'STS' and provides the pros and cons of a potential differentiated capital treatment for this type of securitisation.

See [the EBA press release about proposals for a STS framework for synthetic securitization](#)

## EMIR

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**04/05/2020** ESAs publish amendments to the Delegated Regulation on bilateral margining to incorporate the one-year deferral of the two final implementation phases of the requirements, as agreed by the BCBS and IOSCO on 3 April.

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

## FRTB

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**22/04/2020** EBA delays the FRTB Standard Approach (FRTB-SA) reporting requirements implementation date by 6 months to 30 September 2021, in light of the current COVID-19 situation. The EC will need to endorse this amendment to the draft ITS.

See [the EBA press release on additional measures to mitigate the COVID-19 crisis](#)

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**04/05/2020** EBA publishes its final draft ITS on FRTB specific reporting requirements for market risk. The ITS are expected to apply from September 2021.

See [the EBA press release about the final draft ITS on reporting of market risk under FRTB](#)

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**09/04/2020** IASB proposes amendments to IFRS to assist companies in providing useful information to investors about the effects of interest rate benchmark reform on financial statements, as part of the second phase of its project. These proposed amendments aim to address issues affecting financial statements when changes are made to contractual cash flows and hedging relationships as a result of the reform. The comment deadline is 25 May 2020.

See [the IFRS press release about the proposed amendments](#)

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**17/04/2020** IASB decides to propose extending by one year the effective date of an amendment to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*. The Board also discussed other COVID-19-related matters and decided to extend by three months the comment period of three ongoing consultations. Finally, several consultations planned for 2020 will be delayed until later in the year or to 2021.

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

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**28/04/2020** IASB publishes an article to provide its reasons for the requirement to use annual cohorts in IFRS17 *Insurance Contracts*. The Board is currently finalising its amendments to facilitate implementation of IFRS 17 and expects to issue them in June 2020.

See [the interview with IASB Chair Hans Hoogervorst](#)

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**04/05/2020** IASB proposes to defer by one year the effective date of *Classification of Liabilities as Current or Non-current*, which amends IAS 1 *Presentation of Financial Statements*. The Board is not proposing any changes to the original amendments other than the deferral of the effective date. The comment deadline is 3 June 2020.

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

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**02/04/2020** The EBA publishes detailed guidance on the criteria to be fulfilled by legislative and non-legislative loan payment moratoria applied before 30 June 2020 in the context of the COVID-19 pandemic.

See [the EBA press release about guidelines on loan payment moratoria](#)

## List of acronyms used in this issue

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A-IRB	Advanced Internal Ratings Based model (see CRR, CRD)
BCBS	Basel Committee on Banking Supervision
CRD	Directive 2013/36/EU (Capital Requirements Directive)
CRM	Credit Risk Mitigation
CRR	Regulation (EU) No 2013/575 (Capital Requirements Regulation)
EBA	European Banking Authority
EC	European Commission
EMIR	European Markets Infrastructure Regulation
ESAs	European Supervisory Authorities
EU	European Union
FRTB	Fundamental Review of the Trading Book
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standard
IOSCO	International Organization of Securities Commissions
IRB	Internal-Ratings Based
ITS	Implementing Technical Standards
LGD	Loss Given Default
RTS	Regulatory Technical Standards
STS	Simple, Transparent and Standardized (see Securitization Regulation, CRR)
WAM	Weighted Average Maturity

## About Reacfin

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For more information, please visit our website [www.reacfin.com](http://www.reacfin.com) or contact one of our managing partners:



Xavier Marechal  
Tel: +32 497 48 98 48  
Mail : [xavier.marechal@reacfin.com](mailto:xavier.marechal@reacfin.com)



François Ducuroir  
Tel: +32 472 72 32 05  
Mail : [francois.ducuroir@reacfin.com](mailto:francois.ducuroir@reacfin.com)