

Financial Services Alerter

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EBA publishes report on implementation of COVID-19 policies

On 21 December 2020, the European Banking Authority (EBA) published a [report](#) on the implementation of COVID-19 policies. The report follows -up on the implementation issues around credit risk policy measures and contains FAQs on the implementation of the requirements set out in the EBA guidelines on moratoria, COVID-19 reporting and disclosure. The EBA intends to update the report if further issues arise in the context of its monitoring of COVID-19 related policies.

EBA publishes opinion on EC amendments to draft RTS under the CRR

On 14 December 2020, the European Banking Authority (EBA) published an [opinion](#) on the European Commission's (EC) proposal to amend draft regulatory technical standards (RTS) on the specification of the assessment methodology for competent authorities on compliance of an institution with the requirements to use the internal ratings based (IRB) approach in accordance with the Capital Requirements Regulation (CRR). The Opinion highlights a number of concerns about some changes introduced by the EC to provide clarity to the RTS and rejects a number of amendments.

EBA publishes opinion on AML, TF and deposit protection

On 14 December 2020, the European Banking Authority (EBA) published an [Opinion](#) on the interplay between the Fourth Money Laundering Directive (MLD4) and the Deposit Guarantee Schemes Directive (DGSD). The Opinion covers the responsibilities of different regulatory authorities in respect of:

- mitigating money laundering and terrorist financing risks
- co-operation between authorities
- information gathering and exchange and;
- depositor eligibility notifications and provision of information.

EBA publishes Basel III capital monitoring report

On 10 December 2020, the European Banking Authority (EBA) published a [report](#) on the impact of implementing the final Basel III reforms on EU Bank's capital. The report:

- attributes the credit risk impact to the standardised approach and internal ratings-based approach
- quantifies the impact of the new version of the stands for market risk fundamental review of the trading book
- assess the changes in credit valuation adjustment (CVA) and;
- sets out the European bank's progress in converging towards the new capital requirements.

ESMA publishes CP on fines and penalties for benchmark administrators

On 23 December 2020, the European Securities and Markets Authority (ESMA) published a [Consultation Paper](#) (CP) on specific aspects of the procedural rules for imposing fines and penalties on Benchmark Administrators under ESMA's direct supervision. The CP sets out ESMA's proposals for a delegated act to be adopted by the Commission concerning relevant aspects of fines and penalties for Data Reporting Service Providers (DRSPs). The consultation period closes on 23 January 2021 and ESMA intends to publish technical advice to the Commission by the end of Q1 2021.

ESMA publishes guidance on waivers from pre-trade transparency

On 23 December 2020, the European Securities and Markets Authority (ESMA) published [guidance](#) on pre-trade transparency waivers for equity and non-equity instruments. The guidance covers:

- requests for quote systems
- how venues should apply for a waiver to their national competent authority and;
- updates on frequently encountered issues when assessing waiver notifications.

ESMA intends to continue to update its guidance should it encounter further frequent issues in the context of assessing waiver notifications.

ESMA publishes report market share calculation for CRAs

On 14 December 2020, the European Securities and Markets Authority (ESMA) published a [report](#) on its annual market share calculation for EU credit rating agencies (CRAs). The report provides guidance on issuers or related third parties that are required to consider the appointment of a CRA with no more than 10% total market share and specifies:

- the types of credit ratings offered by EU CRAs
- the calculation of market share of EU CRAs and;
- the proportion of EU debt issuances by asset class rated by CRAs.

ESMA publishes statement on MMF Regulation

On 4 December 2020, the European Securities and Markets Authority (ESMA) published a [statement](#) containing [reporting instructions](#) reporting instructions under the Money Market Funds (MMF) Regulation. The instructions have been amended to reflect feedback from market participants and provide clarity to existing validation rules.

Council of the EU publishes note on CMU Action Plan

On 2 December 2020, the Council of the EU published a [note](#) with conclusions on the European Commission's Capital Markets Union (CMU) Action Plan. The conclusions were adopted at a meeting of the European Economic and Financial Affairs Council (ECOFIN). The Council acknowledges the progress achieved so far but recognises that further steps are needed. Specifically, the Council:

- highlights the need to build a polycentric CMU to avoid excessive dependency on one financial marketplace. how venues should apply for a waiver to their national competent authority and;
- stresses that the development of the CMU should be taken into account as much as possible in parallel to the work on the Commission's Digital Finance Strategy and its Action Plan on Sustainable Finance
- notes the importance of the CMU for the Banking Union and advises that progress towards a genuine CMU has become more urgent in light of COVID 19 and the UK's withdrawal from the EU.

ECB publishes speech on bank boards and supervisory expectations

On 3 December 2020, the European Central Bank (ECB) published a [speech](#) on bank boards and supervisory expectations. A number of points were stressed: :

- there is scope for improving governance in euro area banks
- the ECB will implement a stricter and more intrusive approach to fit and proper assessments
- the fit and proper criteria need to be fully harmonised to ensure a level playing field and;
- in 2021, the ECB will publish a revised guide of fit and proper assessments clarifying its expectations on the suitability of bank directors.

ESMA publishes recommendation on restrictions of distributions during the pandemic

On 18 December 2020, the European Systemic Risk Board (ESRB) published a [statement](#) on the impact of the COVID-19 pandemic on the EU economy and financial system. Banks need to be proactive by identifying and provisioning for non-performing loans (NPLs). The General Board approved the adverse scenario for the EBA's 2021 EU-wide stress test, which will be published at the end of January 2021.

IOSCO publishes consultation report on market data for equity securities

On 3 December 2020, the International Organisation of Securities Commissions (IOSCO) published a [consultation report](#) on market data in the secondary equity markets. IOSCO notes that market data is an essential element of efficient price discovery and helps to support fair and efficient markets. The consultation seeks industry views on a number of issues:

- fair, equitable and timely access to market data
- the need and extent of data consolidation and;
- what data is necessary to facilitate trading in today's markets

The consultation period ends on 26 February 2021.

UNEP FI publishes CP on Principles for Responsible Banking

On 2 December 2020, the United Nations (UN) Environmental Programme Finance Initiative (UNEP FI) published a [Consultation Paper](#) (CP) containing guidance designed to support signatories of the Principles for Responsible Banking. The guidance is divided into three sections:

- Q&As relating to the reporting requirements
- guidance on integrating reporting on the principles with other frameworks and;
- guidance on how to complete the reporting and self-assessment template.

UNEP FI banking members are able to provide feedback by 29 January 2021.

IAIS publishes a report on challenges to cyber risk underwriting

On 21 December 2020, the International Association of Insurance Supervisors (IAIS) published a [report](#) on the identified challenges and supervisory consideration for sustainable cyber risk underwriting. The report outlines a number of recommendations for a strategic approach to how supervisory practices can foster sustainable cyber-risk underwriting.

IAIS publishes statement on overarching priorities for future activities

On 8 December 2020, the International Association of Insurance Supervisors (IAIS) published a [statement](#) on the impact of COVID-19 on the insurance sector and setting the direction for the IAIS 2021 activities. The overarching priorities for the IAIS future work over the coming years will be codified in the IAIS Roadmap 2021-2022, which will be published in early 2021.

GLEIF publishes verifiable LEI for use across all industry sectors

On 10 December 2020, the Global LEI Foundation (GLEIF) published a [statement](#) outlining its plans to launch a cryptographically verifiable Legal Entity Identifier (LEI) development programme for a number of sectors including:

- pharmaceutical
- healthcare
- telecommunications; and
- automotive

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