

Toronto Centre Publications Monitoring Report

December 2020

A synopsis of recently issued supervisory guidance, news releases, working papers and related documents from over 50 global and regional standard setting bodies, national regulators, international organizations and industry groups as well as the latest TC Notes. This report is prepared monthly for the TC Community. With the exception of the TC Notes, the summaries are taken from the organizations' web sites. Toronto Centre does not hold the copyright to these abstracts.

TC Notes

Date	Organization	Title & Abstract
December 2020	Toronto Centre	<u>How Has Supervision Responded to Climate Change-Related Financial Risks?</u> Toronto Centre Note outlines some of the international initiatives focusing on climate change-related financial risks and sustainable financing, and highlights some of the specific areas on which national authorities should focus.

TC Podcasts/Webcasts/Videos

Date	Organization	Title & Abstract
December 2020	Toronto Centre	<u>Supervising the New Normal: On-Site Supervision – Early Lessons and Challenges Ahead</u> TC webcast discusses experiences with on-site supervision.

Standard Setting Bodies

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December 10, 2020	BCBS	<p><u>Basel III Monitoring Results Based on end-December 2019 Data Published by the Basel Committee</u> The Basel Committee has published the results of its latest Basel III monitoring exercise, based on data as of 31 December 2019. The report sets out the impact of the Basel III framework that was initially agreed in 2010 as well as the effects of the Committee's December 2017 finalization of the Basel III reforms and the finalization of the market risk framework published in January 2019.</p>
December 16, 2020	FSB	<p><u>FSB Reports on Global Trends and Risks in Non-bank Financial Intermediation</u> The FSB published the <i>Global Monitoring Report on Non-Bank Financial Intermediation 2020</i>. The report presents the results of the FSB's annual monitoring exercise to assess global trends and risks in non-bank financial intermediation (NBFi). The report covers data from 29 jurisdictions, representing over 80% of global GDP.</p>
December 23, 2020	EBA	<p><u>EBA Publishes Final Draft Technical Standards on Impracticability of Contractual Recognition Under the BRRD Framework</u> The EBA published its final draft Regulatory Technical Standards (RTS) and final draft Implementing Technical Standards (ITS) on impracticability of contractual recognition of bail-in powers under the <i>Bank Recovery and Resolution Directive (BRRD)</i>.</p>
December 22, 2020	EBA	<p><u>EBA Proposes Appropriate Methodology to Calibrate O-SII Buffer Rates</u> The EBA proposed the implementation of an EU-wide floor methodology to calibrate buffer rates of Other Systemically Important Institutions (O-SIIs). The proposed methodology included in the report aims at strengthening the stability of the banking sector and avoiding the under-calibration of O-SII capital buffer rates, while allowing the relevant authorities to consider national banking sector specificities.</p>
December 22, 2020	EBA	<p><u>EBA Monitors the Use of the Proportionality Principle for Recovery and Resolution Planning</u> The EBA published its second report on the application of simplified obligations and waivers under the <i>Bank Recovery and Resolution Directive (BRRD)</i> across the EU. The report presents the results of the EBA monitoring on how competent and resolution authorities have applied the principle of proportionality for recovery and resolution planning in their respective jurisdictions, and describes the current level of convergence in this area.</p>
December 17, 2020	EBA	<p><u>EBA Updates its Report on Liquidity Measures and Confirms Banks' Solid Liquidity Position</u> The EBA published its <i>EBA Report on Liquidity Measures</i>, which monitors and evaluates the liquidity coverage requirements currently in place in the EU.</p>
December 17, 2020	EBA	<p><u>EBA Launches Consultation on its New Guidelines on Remuneration Policies for Investment Firms</u> The EBA launched a public consultation on its new guidelines on remuneration policies under the <i>Investment Firms Directive (IFD)</i>. This guidance specifies the remuneration provisions that Class 2 investment firms should comply with, taking into account the proportionality principle.</p>
December 17, 2020	EBA	<p><u>EBA Launches Consultation on its New Guidelines on Internal Governance for Investment Firms</u> The EBA launched a public consultation on its new guidelines on internal governance under the <i>Investment Firms Directive (IFD)</i>, specifying the governance provisions that Class 2 investment firms should comply with, taking into account the proportionality principle.</p>

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December 16, 2020	EBA	<p><u>EBA Publishes Final Technical Standards to Ensure Effective Application of Stay Powers Under the BRRD</u> The EBA published its final draft Regulatory Technical Standards (RTS) on the contractual recognition of stay powers. The technical standards provide further specification of essential elements to ensure the effectiveness of the resolution regime established by the <i>Bank Recovery and Resolution Directive</i> (BRRD). These standards are part of the EBA's major program of work to implement the BRRD and address the problem of too-big-to-fail banks.</p>
December 16, 2020	EBA	<p><u>EBA Publishes Final Draft Technical Standards on the Prudential Treatment of Investment Firms</u> The EBA published a package of seven final draft Regulatory Technical Standards (RTS) on the prudential treatment of investment firms. These final draft RTS, which are part of the phase 1 mandates of the EBA roadmap on investment firms, will ensure a proportionate implementation of the new prudential framework for investment firms taking into account the different activities, sizes and complexity of investments firms.</p>
December 15, 2020	EBA	<p><u>EBA Observes Improved Cooperation Between Authorities Through Newly Established AML/CFT Colleges</u> The EBA published its first report on progress made by competent authorities with the setting up of colleges to enhance supervisory cooperation for anti-money laundering and countering the financing of terrorism (AML/CFT) purposes.</p>
December 14, 2020	EBA	<p><u>EBA Calls for Strengthening the Connection Between the EU Legal Frameworks on Anti-money Laundering and Terrorist Financing, and Deposit Protection</u> The EBA published an opinion on how to strengthen the connection between the EU legal frameworks on anti-money laundering and terrorist financing, and deposit protection. The proposals set out in the Opinion are addressed to the European Commission and aim at informing its ongoing reviews of the <i>Anti-Money Laundering Directive</i> (AMLD) and the <i>Deposit Protection Schemes Directive</i> (DGSD).</p>
December 2, 2020	EBA	<p><u>EBA Reactivates its Guidelines on Legislative and Non-legislative Moratoria</u> The EBA has decided to reactivate its guidelines on legislative and non-legislative moratoria. This reactivation will ensure that loans, which had previously not benefitted from payment moratoria, can now also benefit from them.</p>
December 18, 2020	ESMA	<p><u>ESMA Publishes Cloud Outsourcing Guidelines</u> ESMA has today published the final report on its guidelines on outsourcing to cloud service providers (CSPs). The guidelines are intended to help firms identify, address and monitor the risks arising from cloud outsourcing arrangements.</p>
December 21, 2020	IAIS	<p><u>Cyber Risk Underwriting Identified Challenges and Supervisory Considerations for Sustainable Market Development</u> The findings indicate that current cyber underwriting practices, while serviceable, are not yet optimal, particularly due to issues surrounding the measurement of risk exposures.</p>
December 17, 2020	IAIS	<p><u>IAIS Releases 2020 Global Insurance Market Report (GIMAR)</u> The IAIS published its <i>2020 Global Insurance Market Report</i> (GIMAR). The report discusses the impact of Covid-19 on the global insurance sector from a supervisory perspective.</p>

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December 22, 2020	IOSCO	<p><u>IOSCO Seeks to Help Regulators Address Retail Market Conduct Risks During Stress Events Such as COVID-19</u> IOSCO has published a report, <i>Retail Market Conduct Task Force Report: Initial Findings and Observations About the Impact of COVID-19 on Retail Market Conduct</i>, that seeks to assist regulators in responding to the retail market conduct issues caused by stress events such as the current COVID-19 pandemic.</p>
December 10, 2020	IOSCO	<p><u>IOSCO Publishes Report on Education of Retail Investors Regarding Risks of Crypto-assets</u> IOSCO has published a report, <i>Investor Education on CryptoAssets</i>, that seeks to help regulators inform retail investors about the risks and characteristics of crypto-assets. The report identifies an array of possible risks to investors, including such things as lack of market liquidity, volatility, partial or total loss of the invested amount, insufficient information disclosure and fraud.</p>
December 3, 2020	IOSCO	<p><u>IOSCO Consults on Issues and Concerns Regarding Market Data</u> IOSCO has released a consultation report, <i>Market Data in the Secondary Equity Markets</i>, that seeks feedback on issues relating to access to market data in secondary equity markets.</p>

National Regulators

Date	Organization	Title & Abstract
December 18, 2020	Bank of England	<p><u>The Bank of England's Review of MREL</u> The Bank of England published a Discussion Paper that is the first part of its review of the Bank's approach to setting a minimum requirement for own funds and eligible liabilities (MREL).</p>
December 28, 2020	PRA	<p><u>The Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review and Evaluation Process (SREP) – SS 31/15</u> This PRA supervisory statement is aimed at firms to which CRD applies and replaces PRA SS5/13 and PRA SS6/13. It provides further detail on the high-level expectations outlined in <i>The Prudential Regulation Authority's Approach to Banking Supervision</i>.</p>
December 28, 2020	PRA	<p><u>Remuneration – SS 2/17</u> This supervisory statement sets out the PRA's expectations on how firms should comply with the requirements of the Remuneration Part, enabling firms to make judgements which advance the objectives of the PRA.</p>
December 28, 2020	PRA	<p><u>Supervising International Banks - the PRA's Approach to Branch Supervision - Liquidity Reporting – SS 1/17</u> This supervisory statement outlines the PRA's expectations for liquidity reporting by PRA-regulated UK branches of third-country, and non-EU European Economic Area (EEA), credit institutions and designated investment firms ('relevant third-country firms').</p>
December 28, 2020	PRA	<p><u>The PRA's Approach to the Implementation of the O-SII Buffer</u> This statement of policy sets out the PRA's approach to the implementation of the Other Systemically Important Institutions Buffer (O-SII buffer).</p>

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December 28, 2020	PRA	<p><u>The PRA's Approach to Identifying Other Systemically Important Institutions (O-SIIs)</u> This statement of policy sets out the criteria and scoring methodology that the PRA uses to identify other systemically important institutions (O-SIIs), as is required under the <i>Capital Requirements Directive (2013/36/EU)</i> (CRD) as implemented in the <i>Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014</i>.</p>
December 28, 2020	PRA	<p><u>The Minimum Requirement for Own Funds and Eligible Liabilities (MREL) - Buffers and Threshold Conditions – SS 16/16</u> This statement sets out the PRA's expectations on the relationship between the minimum requirement for own funds and eligible liabilities (MREL) and both capital and leverage ratio buffers, as well as the implications that a breach of MREL would have for the PRA's consideration of whether a firm is failing, or likely to fail, to satisfy the Threshold Conditions.</p>
December 28, 2020	PRA	<p><u>Internal Governance of Third Country Branches – SS 4/16</u> This supervisory statement is relevant to non-EEA banks and PRA-designated investment firms in respect of their operations in the UK through branches known as 'third country branches' (where singular 'third country branch'). It sets out the PRA's expectations for the internal governance of third country branches and how these firms should comply with the Internal Governance of Third Country Branches parts of the PRA Rulebook.</p>
December 28, 2020	PRA	<p><u>The PRA's Methodologies for Setting Pillar 2 Capital</u> This statement of policy sets out the methodologies that the PRA uses to inform the setting of Pillar 2 capital for all PRA-regulated banks, building societies, designated investment firms and all PRA-approved or PRA-designated holding companies.</p>
December 28, 2020	PRA	<p><u>Strengthening Individual Accountability in Banking – SS 28/15</u> This supervisory statement sets out the PRA's approach to strengthening individual accountability in banking.</p>
December 28, 2020	PRA	<p><u>Groups – SS 15/13</u> This supervisory statement is aimed at firms to which CRD IV applies at a consolidated level. It sets out the PRA's expectations about applications relating to: i) its approach to consolidation, in particular individual consolidation (CRR Article 9) and the method of consolidation for entities falling within CRR Article 18(5); and ii) excluding certain entities from consolidation (CRR Article 19(2)).</p>
December 7, 2020	PRA	<p><u>Simplified Obligations for Recovery Planning – PS 25/20, CP 10/20</u> This policy statement provides feedback to responses to the PRA's consultation paper 10/20 <i>Simplified Obligations for Recovery Planning</i>. It also contains the PRA's final policy, in the form of the updated SS 9/17 <i>Recovery Planning</i>.</p>
December 7, 2020	PRA	<p><u>Recovery Planning – SS 9/17</u> This supervisory statement sets out the PRA's expectations on the content of recovery plans and group recovery plans (jointly referred to as 'recovery plans').</p>

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December 21, 2020	FCA	<p><u>FCA Introduces Rule to Enhance Climate-related Disclosures</u> The FCA has published a policy statement and final rule and guidance promoting better climate-related financial disclosures for UK premium listed commercial companies. Companies will be required to include a statement in their annual financial report which sets out whether their disclosures are consistent with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), and to explain if they have not done so.</p>
December 14, 2020	FCA	<p><u>FCA Publishes First Consultation on New Prudential Regime for UK Investment Firms</u> The FCA is seeking views on its proposed rules to introduce the UK Investment Firm Prudential Regime (IFPR) for FCA prudentially regulated investment firms (FCA investment firms). The new rules will extend the framework for prudential requirements to consider the potential harm FCA investment firms pose to clients, consumers and the market.</p>
December 9, 2020	APRA	<p><u>Consultation on Revisions to the New Prudential Standard APS 220 Credit Risk Management</u> APRA has issued a consultation letter to authorized deposit-taking institutions (ADIs) regarding potential changes to APS 220 <i>Credit Risk Management</i>.</p>
December 8, 2020	APRA	<p><u>APRA Seeks to Enhance Flexibility and Resilience of ADI Capital Framework</u> APRA has released for consultation changes to the authorized deposit-taking institution (ADI) capital framework aimed at embedding ‘unquestionably strong’ levels of capital, improving the flexibility of the framework, and improving the transparency of ADI capital strength.</p>

International Organizations

Date	Organization	Title & Abstract
December 15, 2020	BIS	<p><u>Financial Market Development, Monetary Policy and Financial Stability in Emerging Market Economies</u> This volume contains papers that were originally prepared for a meeting of Deputy Governors of central banks from emerging market economies (EMEs), exploring issues related to FMD and its interaction with, as well as implications for, the conduct of monetary policy and financial stability.</p>
December 2020	CGAP	<p><u>A Research and Learning Agenda for the Impact of Financial Inclusion</u> The financial inclusion community is renewing its efforts to understand the role financial services play in the lives of poor people and how financial services can improve their well-being. This paper proposes a learning agenda based on extensive consultation with donors, researchers, and practitioners who support financial inclusion. It asks the following questions: i) financial inclusion for what; ii) what should we invest in; iii) what are the promising welfare-enhancing solutions; iv) which ones should we experiment with; and v) how do we achieve the nuance required to guide financial inclusion policy decisions that enable financial services to add value to poor people’s lives?</p>

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December 16, 2020	FSI Insights	<p><u>From Data Reporting to Data-sharing: How Far Can SupTech and Other Innovations Challenge the Status Quo of Regulatory Reporting?</u> This paper covers regulatory reporting initiatives at 10 financial authorities that are implementing or have implemented innovations to make the regulatory reporting process more efficient and effective.</p>
December 2020	International Finance Corporation	<p><u>Bridging the Gap: Emerging Private Sector Response and Recovery Measures for Gender Equality amid COVID-19</u> This report aims to inform companies around the world on emerging practices and initiatives for supporting women employees, entrepreneurs, and those in value chains amid the pandemic. It is structured according to six areas of action or pillars: i) well-being and mental health; ii) flexibility and family-friendly policies; iii) equal access and use of digital technologies and platforms; iv) equal access to financial and non-financial services; v) inclusive supply chains and support for women-led businesses; and vi) addressing and preventing gender-based violence.</p>
December 7, 2020	IMF	<p><u>Cyber Risk and Financial Stability: It's a Small World After All</u> The ability of attackers to undermine, disrupt and disable information and communication technology systems used by financial institutions is a threat to financial stability and one that requires additional attention.</p>
December 2020	Network for Greening the Financial System	<p><u>Survey on Monetary Policy Operations and Climate Change: Key Lessons for Further Analyses</u> The NGFS conducted a review of 107 central banks with the aim of analyzing their institutional frameworks and balance sheet features.</p>
December 2020	United Nations Capital Development Fund Bank of Zambia	<p><u>State of the Digital Financial Services Market in Zambia 2019</u> This publication presents the findings from the 2020 Annual Provider Survey (APS). The survey was undertaken primarily to measure the progress in digital financial services (DFS) in Zambia in 2019.</p>

Other

Date	Organization	Title & Abstract
November 2020	Alliance for Financial Inclusion	<p><u>Guideline Note on Sex-Disaggregated Data Report Templates</u> This Guideline Note provides guidance to regulated financial institutions – licensed and regulated by the central bank or by any other financial regulatory and supervisory institution – related to the different elements needed to complete the periodic financial data reporting returns or reporting templates using a sex-disaggregated data approach.</p>

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December 2020	World Economic Forum	Global COVID-19 FinTech Market Rapid Assessment Study The World Economic Forum's <i>Global COVID-19 FinTech Market Rapid Assessment Study</i> has gathered empirical data from 1,385 FinTech firms that are currently operating in 169 jurisdictions globally with the aim of helping to understand: the impact of the global pandemic on the FinTech markets, the response of the FinTech industry to the challenges of COVID-19, the most pressing FinTech regulatory and policy issues.