

Toronto Centre Publications Monitoring Report

January 2019

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.

Standard Setting Bodies

Date	Organization	Title & Abstract
January 17, 2019	BCBS	<u>Basel Committee Completes Review of Principles for Sound Liquidity Risk Management and Supervision</u> The BCBS has completed a review of its 2008 <i>Principles for Sound Liquidity Risk Management and Supervision</i> . The review confirmed that the Sound Principles remain fit for purpose, and the Committee advises banks and supervisors to remain vigilant of liquidity risks in financial markets.
January 15, 2019	BCBS	<u>Minimum Capital Requirements for Market Risk</u> The standard has been revised to address issues that the Basel Committee identified in the course of monitoring the implementation and impact of the framework. This final standard incorporates changes that were proposed in a March 2018 consultative document and has been informed by a quantitative impact based on data as of end-December 2017.
January 17, 2019	EBA	<u>EBA Publishes Final Guidance Regarding the Exposures to be Associated with High Risk</u> The EBA published its final guidelines regarding the types of exposures to be associated with high risk under the <i>Capital Requirements Regulation (CRR)</i> .
January 10, 2019	EBA	<u>EBA Publishes Report on Cost and Performance of Structured Deposits</u> The EBA published a report on the costs and performance of structured deposits in the EU. The report concludes that the market for structured deposits in the EU appears to be limited in size and that data on costs and performance is not widely available. The report also sets out the steps the EBA will take to enhance the data quality in the future.

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January 10, 2019	EBA	<p><u>EBA Releases its Annual Assessment of the Consistency of Internal Model Outcomes</u> The EBA published two reports on the consistency of risk weighted assets (RWAs) across all EU institutions authorized to use internal approaches for the calculation of capital requirements. The reports cover credit risk for high and low default portfolios (LDPs and HDPs), as well as market risk. The results confirm previous findings, with the majority of risk-weights (RWs) variability explained by fundamentals.</p>
January 9, 2019	EBA	<p><u>EBA Reports on Crypto-assets</u> The EBA published the results of its assessment of the applicability and suitability of EU law to crypto-assets. The EBA recommends that the European Commission carry out further analysis to determine the appropriate EU-level response. The EBA also identifies a number of actions that it will take in 2019 to enhance the monitoring of financial institutions' crypto-asset activities and consumer-facing disclosure practices.</p>
January 8, 2019	EBA	<p><u>Updated EBA Risk Dashboard Shows EU Banks Have Further Improved their Resilience But Profitability Remains Weak</u> The EBA published its Risk Dashboard, which summarizes the main risks and vulnerabilities in the EU banking sector using quantitative risk indicators.</p>
January 25, 2019	EIOPA	<p><u>EIOPA Calls for Improvements to the Assessment of the Propriety of Board Members and Qualifying Shareholders of Insurance Companies</u> EIOPA published the findings of its peer review examining how national competent authorities assess the propriety of administrative, management or supervisory body members and qualifying shareholders.</p>
January 31, 2019	ESMA	<p><u>ESMA Issues Statement to Address Upcoming EMIR Refit Implementation Issues</u> ESMA has published a statement addressing EMIR Refit implementation. The statement addresses issues around the clearing and trading obligations for small financial counterparties and the backloading requirement for reporting entities, ahead of upcoming deadlines, which would represent challenges for the above mention entities in the context of the ongoing EMIR Refit negotiations.</p>
January 9, 2019	ESMA	<p><u>Crypto-Assets Need Common EU-Wide Approach to Ensure Investor Protection</u> ESMA published its Advice to the EU Institutions on initial coin offerings and crypto-assets. The Advice clarifies the existing EU rules applicable to crypto-assets that qualify as financial instruments, and provides ESMA's position on any gaps and issues in the current EU financial regulatory framework for consideration by EU policymakers.</p>
January 8, 2019	ESMA	<p><u>ESMA Provides Standards on Supervisory Cooperation Under the Securitisation Regulation</u> ESMA has issued its final Regulatory Technical Standards (RTS) regarding cooperation between competent authorities and the European Supervisory Authorities under the <i>Securitisation Regulation</i>.</p>
January 28, 2019	ESRB	<p><u>ESRB Publishes Report on Macroprudential Approaches to Non-performing Loans</u> The ESRB has published a report on macroprudential approaches to non-performing loans (NPLs). The report focuses on the role that macroprudential policy can play in preventing system-wide increases in NPLs and/or in strengthening banks' resilience to such increases.</p>

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January 15, 2019	EBA EIOPA ESMA	<u>ESAs Announce Multilateral Agreement on the Exchange of Information Between the ECB and AML CFT Competent Authorities</u> The European Supervisory Authorities have approved the content of the Multilateral Agreement on the practical modalities for exchange of information between the European Central Bank and all competent authorities responsible for supervising compliance of credit and financial institutions with anti-money laundering and countering the financing of terrorism (AML/CFT) obligations under the fourth <i>Anti-Money Laundering Directive</i> (AMLD4).
January 7, 2019	EBA EIOPA ESMA	<u>ESAs Publish Joint Report on Regulatory Sandboxes and Innovation Hubs</u> The European Supervisory Authorities published a joint report on innovation facilitators (regulatory sandboxes and innovation hubs). The report sets out a comparative analysis of the innovation facilitators established to date within the EU. The ESAs also set out best practices for the design and operation of innovation facilitators.
January 18, 2019	IOSCO	<u>Statement on Disclosure of ESG Matters by Issuers</u> IOSCO has published a statement setting out the importance for issuers of considering the inclusion of environmental, social and governance (ESG) matters when disclosing information material to investors' decisions.
January 17, 2019	IOSCO	<u>IOSCO Issues Good Practices to Assist Audit Committees in Supporting Audit Quality</u> IOSCO published the <i>IOSCO Report on Good Practices for Audit Committees in Supporting Audit Quality</i> , which seeks to assist audit committees in promoting and supporting audit quality. The report sets out good practices regarding the features that an audit committee should have to be more effective in its role, including matters such as the qualifications and experience of audit committee members.

National Regulators

Date	Organization	Title & Abstract
January 10, 2019	PRA	<u>Credit Risk Mitigation: Eligibility of Financial Collateral</u> The PRA sets out its proposed changes to SS 17/13 <i>Credit Risk Mitigation</i> to clarify expectations regarding the eligibility of financial collateral as funded credit protection under the <i>Capital Requirements Regulation</i> .
January 8, 2019	PRA	<u>Liquidity Reporting: FSA047 and FSA048, and PRA110 – PS 1/19, CP 22/18</u> This policy statement provides feedback to responses to CP 22/18 <i>Liquidity Reporting: FSA047 and FSA048</i> and the proposal in CP16/18 <i>Regulatory Reporting: Occasional Consultation Paper</i> to correct the level of consolidation of the PRA110 reporting requirements. It also contains the PRA's final policy, as follows: i) amendments to the Regulatory Reporting Part of the PRA Rulebook (Appendices 1 and 2); and ii) updated SS 34/15 <i>Guidelines for Completing Regulatory Reports</i> (Appendix 3).
January 7, 2019	PRA	<u>Application of the Senior Managers and Certification Regime to Firms in the Temporary Permissions regime: Clarification of the PRA's and FCA's Proposals</u> This note clarifies the interaction between the PRA's and FCA's proposals for applying the Senior Managers and Certification Regime (SM&CR) to firms in the temporary permissions regime (TPR), and includes a set of FAQ.

Date	Organization	Title & Abstract
January 30, 2019	FCA	<p><u>FCA Proposes New Measures to Encourage Effective Stewardship</u> The FCA is proposing new measures and gathering views on how to encourage effective stewardship in the interests of investors. Most UK consumers hold investments, for example through their pensions, which are looked after by asset managers. Asset managers have a duty to oversee these investments in their clients' interests.</p>
January 28, 2019	FCA	<p><u>FCA Proposes Rules on Investment Pathways and Other Measures to Improve Retirement Outcomes for Consumers</u> The FCA is consulting on measures to stop up to 100,000 consumers a year losing out on pension income when they access the pension freedoms.</p>
January 23, 2019	FCA	<p><u>FCA Consults on Cryptoassets Guidance</u> The FCA is consulting on guidance, which, once finalized, will set out the cryptoasset activities it regulates. The guidance will help firms understand whether their cryptoasset activities fall under FCA regulation. Firms will have a better understanding of whether they need to be authorized and can ensure they are compliant and have appropriate consumer safeguards in place.</p>
January 8, 2019	FCA	<p><u>Brexit: Further Proposals to Prepare our Regulatory Regime</u> The FCA has published two further consultations to prepare for the UK's exit from the EU. The first introduces the financial services contracts regime (FSCR) and the second proposes fees for regulating securitization repositories.</p>
January 31, 2019	FCA PRA	<p><u>Securitisation Regulation: PRA and FCA Joint Statement on Reporting of Private Securitisations</u> The PRA and FCA published the final direction on the manner in which firms must make information regarding 'private' securitizations available to their UK competent authorities.</p>
January 18, 2019	Monetary Authority of Singapore	<p><u>MAS' Approach to Macroprudential Policy</u> This monograph addresses MAS' approach to macroprudential policy. It sets out how macroprudential policy interacts with MAS' other mandates for microprudential supervision and monetary policy, elaborates on MAS' macroprudential policy framework, and lays out the principles that guide MAS' macroprudential policy approach and policy toolkit.</p>
January 28, 2019	SFC HKEX FSR	<p><u>Joint Consultation on the Model for an Uncertificated Securities Market</u> The Securities and Futures Commission (SFC), Hong Kong Exchanges and Clearing Limited (HKEX) and the Federation of Share Registrars Limited (FSR) jointly issued a consultation paper proposing a revised operational model for implementing an uncertificated securities market in Hong Kong.</p>
January 1, 2019	Reserve Bank of India	<p><u>RBI Releases Guidelines on Restructuring of Advances to MSMEs</u> The RBI has released guidelines to create an enabling environment for micro, small and medium enterprises (MSMEs).</p>

International Organizations

Date	Organization	Title & Abstract
December 2018	CGAP	<u>A Guide to Supervising E-Money Issuers</u> This guide provides guidance to emerging markets and developing economies (EMDE) supervisors who wish to design a proportional approach to e-money issuer (EMI) supervision.
January 23, 2019	Committee on the Global Financial System	<u>Establishing Viable Capital Markets</u> This report examines recent trends in capital market development and identifies the factors that foster the development of robust capital markets. The report finds that large differences persist in the size of capital markets across advanced and emerging economies. Emerging-economy markets have been catching up with their more advanced peers, but the gap has not yet been closed.
January 2019	FSI	<u>Regulation and Supervision of Financial Cooperatives</u> Based on a survey of regulators and supervisors from both emerging market and advanced economies, the paper outlines these challenges in the new regulatory and technological context and assesses how FCs and the relevant authorities are responding.
January 2019	IMF	<u>A Governance Dividend for Sub-Saharan Africa?</u> Countries in Sub-Saharan Africa (SSA) tend to lag those in most other regions in terms of governance and perceptions of corruption. This paper estimates that strengthening governance and mitigating corruption in the region could be associated with large growth dividends in the long run. While the process would take considerable time and effort, moving the average SSA country governance level to the global average could increase the region's GDP per capita growth by about 1-2 percentage points.

Industry

Date	Organization	Title & Abstract
January 24, 2019	IIF	<u>IIF Report on Market Fragmentation and Need for Regulatory Cooperation</u> Financial markets are experiencing increasing levels of fragmentation, which undermine the progress that has been made in re-building resilience of the global financial system since the financial crisis and result in negative consequences for economic growth and job creation. Fragmentation resulting from excessive regulatory and supervisory divergence can trap capital, liquidity, and risk in local markets, create significant financial and operational inefficiencies resulting in additional unnecessary costs to end-users, and reduce the capacity of financial firms to serve both domestic and international customers.

Other

Date	Organization	Title & Abstract
December 2018	McKinsey & Company	<u>Synergy and Disruption: Ten Trends Shaping FinTech</u> This article examines the newest developments from across the globe.