

Toronto Centre Publications Monitoring Report

February 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.

TC Notes

Date	Organization	Title & Abstract
February 2019	Toronto Centre	<p>The Development and Use of Risk Based Assessment Frameworks</p> <p>This Note provides detailed guidance on the development of risk assessment frameworks and their implementation. This is the third paper in TC's series on risk-based supervision. The others are: <i>Risk-Based Supervision</i> (March 2018) and <i>Implementing Risk-Based Supervision: A Guide for Senior Managers</i> (July 2018).</p>

Standard Setting Bodies

Date	Organization	Title & Abstract
February 25, 2019	FSB	<p>FSB Invites Feedback on the Effects of Financial Regulatory Reforms on SME Financing</p> <p>The FSB is seeking feedback from stakeholders for its evaluation of the effects of financial regulatory reforms on the provision of financing to small and medium-sized enterprises (SMEs). The evaluation forms part of a broader FSB examination of the effects of post-crisis reforms on financial intermediation.</p>
February 14, 2019	FSB	<p>FSB Report Assesses FinTech Developments and Potential Financial Stability Implications</p> <p>The FSB published a report on <i>FinTech and Market Structure in Financial Services</i>. The publication is part of the FSB's ongoing work to monitor FinTech market developments and their potential implications for financial stability.</p>

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February 12, 2019	FSB	<p><u>FSB Publishes Its 2019 Work Programme</u> The FSB published for the first time its annual work program. It describes the FSB's planned work and an indicative timetable of main publications for 2019, and new initiatives to reinforce stakeholder outreach.</p>
February 4, 2019	FSB	<p><u>FSB Publishes Global Monitoring Report on Non-Bank Financial Intermediation 2018</u> The FSB published the <i>Global Monitoring Report on Non-Bank Financial Intermediation 2018</i>. The report presents the results of the FSB's eighth annual monitoring exercise that assesses global trends and risks from non-bank financial intermediation. It covers data up to end-2017 from 29 jurisdictions, which together represent over 80% of global GDP.</p>
February 25, 2019	EBA	<p><u>EBA Consults on Guidelines on Credit Risk Mitigation for Institutions Applying the IRB Approach With Own Estimates of LGD</u> The EBA launched a consultation on its <i>Guidelines on Credit Risk Mitigation</i> in the context of the advanced internal rating-based (A-IRB) approach, aim to eliminate the remaining significant differences in approaches in the area of credit risk mitigation (CRM), which are either due to different supervisory practices or bank-specific choices.</p>
February 25, 2019	EBA	<p><u>EBA Publishes Revised Guidelines on Outsourcing Arrangements</u> The EBA published its revised guidelines on outsourcing arrangements setting out specific provisions for the governance frameworks of all financial institutions within the scope of the EBA's mandate with regard to their outsourcing arrangements and related supervisory expectations and processes.</p>
February 22, 2019	EBA	<p><u>EBA Publishes Handbook on Valuation for Purposes of Resolution</u> The EBA published a Handbook on valuation for purposes of resolution. The Handbook, which is addressed to national and EU resolution authorities, aims at fostering the convergence and consistency of valuation practices as well as the interaction with independent valuers across the EU.</p>
February 1, 2019	ECB	<p><u>ECB 2018 Stress Test Analysis Shows Improved Capital Basis of Significant Euro Area Banks</u> The ECB published aggregate results for the 2018 stress test for all participating banks under its supervision. The 87 banks covered in the report include 33 euro area banks that were part of the EU-wide stress test coordinated by the EBA. The results show that the 87 banks directly supervised by the ECB have become more resilient to financial shocks over the past two years.</p>
February 20, 2019	EIOPA	<p><u>EIOPA Sets Out Framework for Identifying Conduct Risks</u> The EIOPA published a framework for assessing conduct risk through the product lifecycle. The purpose of the framework is to clarify drivers of conduct risk and their implications in the emergence of consumer detriment. It provides an aid for understanding issues faced by consumers and input on the types of conduct risks EIOPA and the national competent authorities (NCAs) should focus on.</p>

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February 19, 2019	EIOPA	<p><u>EIOPA Calls Upon National Supervisory Authorities to Minimise the Detriment to Insurance Policyholders and Beneficiaries in Case of a No Withdrawal Agreement Between the United Kingdom and the European Union</u></p> <p>The EIOPA issued <i>Recommendations for the Insurance Sector in Light of the United Kingdom (UK) Withdrawing from the European Union</i> without a withdrawal agreement. The recommendations provide guidance on the treatment of UK insurance undertakings and distributors with regard to cross-border services in the EU after the withdrawal of the UK from the EU without a withdrawal agreement.</p>
February 13, 2019	EIOPA	<p><u>EIOPA Welcomes Agreement on a Pan-European Personal Pension Product</u></p> <p>EIOPA welcomes the agreement reached by the European Parliament and the Members States on the proposal for a Pan-European Personal Pension Product, the PEPP.</p>
February 6, 2019	ESMA	<p><u>ESMA Sets Out 2019 Priorities for Supervisory Convergence</u></p> <p>ESMA published its 2019 <i>Supervisory Convergence Work Programme</i>, which sets out ESMA's work streams to promote sound, efficient and consistent supervision across the EU.</p>
February 6, 2019	ESMA	<p><u>ESMA Publishes Supervisory Briefing on the Supervision of Non-EU Branches of EU Firms</u></p> <p>ESMA has published a MiFID II supervisory briefing on the supervision of non-EU branches of EU firms providing investment services and activities. The supervisory briefing has been designed to assist national competent authorities in their supervision of the establishment by EU firms of branches in non-EU countries.</p>
February 5, 2019	ESMA	<p><u>ESMA Publishes Guidelines on Supervisory Reporting for Credit Rating Agencies</u></p> <p>ESMA has today published its revised guidelines on the information which credit rating agencies need to report to ESMA for supervisory purposes.</p>
February 5, 2019	ESMA	<p><u>ESMA Consults on Liquidity Stress Test Guidance for Investment Funds</u></p> <p>ESMA has started a public consultation on its draft guidance regarding liquidity stress tests of investment funds – applicable to alternative investment funds and Undertakings for the Collective Investment in Transferable Securities.</p>
February 4, 2019	ESMA	<p><u>Bank of England and European Securities and Markets Authority agree Memoranda of Understanding</u></p> <p>The Bank of England and ESMA announced that they have agreed MoU regarding cooperation and information-sharing arrangements with respect to central counterparties and central securities depositories.</p>
February 1, 2019	ESMA	<p><u>ESMA and EU Securities Regulators Agree No-Deal Brexit MoUs with FCA</u></p> <p>The MoUs form part of authorities' preparations should the UK leave the EU without a withdrawal agreement, the no-deal Brexit scenario. The MoUs will therefore only take effect in the event of a no-deal Brexit scenario. The MoUs are similar to those already concluded on the exchange of information with many third country supervisory authorities.</p>
February 8, 2019	EBA EIOPA ESMA	<p><u>ESAs Publish Recommendations on Changes to the PRIIPs Key Information Document</u></p> <p>The European Supervisory Authorities published their final recommendations following a consultation on targeted amendments to the Delegated Regulation covering the rules for the Key Information Document for Packaged Retail and Insurance-based Investment Products (PRIIPs).</p>

Date	Organization	Title & Abstract
February 2019	IOPS	<u>Impact of Digitalisation on Financial Services on Pension Supervisory Practices: Case Studies</u> This paper reviews the most significant applications of new technologies for the private pension sector and concentrates on the assessment of the current and foreseen impact of digitalization on pension supervision. Still being at an early stage of adoption in most jurisdictions, technology-enabled solutions (SupTech) are considered important tools that could enhance the quality and cost-effectiveness of supervisory oversight. The project includes three country case studies from Hong Kong, China; Kenya and Mexico.
February 12, 2019	IOSCO	<u>IOSCO Members Report Having Mostly Implemented Secondary Market Principles</u> A report, <i>IOSCO Standards Implementation Monitoring (ISIM) on Secondary and Other Principle Markets</i> , indicates that the implementation of the IOSCO Secondary and Other Market Principles is generally high across most of the member jurisdictions that the committee reviewed.
February 7, 2019	IOSCO	<u>IOSCO Practices Aim to Create Robust Framework for Commodities' Storage and Delivery</u> IOSCO published a report, <i>Commodity Storage and Delivery Infrastructures: Good or Sound Practices</i> , to assist relevant storage infrastructures and their oversight bodies to identify and address issues that could influence the pricing of commodity derivatives and in turn affect market integrity and efficiency.
February 1, 2019	IOSCO	<u>Emerging Market Regulators Consult on Recommendations Related to Sustainable Finance</u> IOSCO's Growth and Emerging Market Committee published the consultation report <i>Sustainable Finance in Emerging Markets and the Role of Securities Regulators</i> , which proposes 11 recommendations for emerging market member jurisdictions to consider when issuing regulations or guidance regarding sustainable financial instruments.

National Regulators

Date	Organization	Title & Abstract
February 11, 2019	OSFI	<u>Draft Guideline – Net Stable Funding Ratio Disclosure Requirements</u> OSFI is issuing for comment a draft guideline on the Net Stable Funding Ratio (NSFR) disclosure requirements.
February 8, 2019	OSFI	<u>Proposed Changes to the Liquidity Adequacy Requirements Guideline</u> OSFI is issuing proposed revisions to the <i>Liquidity Adequacy Requirements (LAR) Guideline</i> .
February 20, 2019	PRA	<u>Solvency II: Adjusting for the Reduction of Loss Absorbency Where Own Fund Instruments Are Taxed on Write Down - PS 4/19, CP 27/18</u> This policy statement provides feedback on responses to CP 27/18 <i>Solvency II: Adjusting for the Reduction of Loss Absorbency Where Own Fund Instruments are Taxed on Write Down</i> . It also contains the PRA's final policy on updating SS 3/15 <i>Solvency II: The Quality of Capital Instruments</i> .
February 20, 2019	PRA	<u>Solvency II: The Quality of Capital Instruments – SS 3/15</u> This SS was updated following publication of Policy Statement 4/19 <i>Solvency II: Adjusting for the Reduction of Loss Absorbency Where Own Fund Instruments Are Taxed On Write Down</i> .

Date	Organization	Title & Abstract
February 5, 2019	Bank of England	<u>PRA Response to DWP Consultation Paper: Defined Benefit Pension Scheme Consolidation</u> The PRA sets out its response to the consultation response issued by the Department for Work and Pensions.
February 5, 2019	Bank of England	<u>Solvency II: Longevity Risk Transfers - Simplification of Pre-notification Expectations: CP 3/19</u> This consultation paper sets out the PRA's proposals to update SS 18/16 <i>Solvency II: Longevity Risk Transfers</i> . It proposes to change its expectations for pre-notification of longevity risk transfers and hedge arrangements, and update the key risks the PRA considers arise from longevity risk transfers.
February 28, 2019	FCA	<u>FCA Calls on Firms to Act Following Review of Costs and Charges Disclosure in the Investment Sector</u> The FCA has published the key findings of supervisory work to assess the effectiveness of disclosure by asset managers and intermediaries, such as wealth managers, to their retail customers. This work was prompted by new disclosure requirements on costs and charges introduced by MiFID II and PRIIPs, which came into effect in January 2018.
February 5, 2019	Federal Reserve Board	<u>Federal Reserve Board Finalizes Set of Changes That Will Increase the Transparency of its Stress Testing Program for Nation's Largest and Most Complex Banks</u> The FRB finalized a set of changes that will increase the transparency of its stress testing program for the nation's largest and most complex banks. The changes are intended to improve public understanding of the program while maintaining its ability to independently test large banks' resilience.
February 11, 2019	APRA	<u>APRA Update on Implementation of Royal Commission Recommendations</u> APRA has provided an update on its plans in relation to specific recommendations contained in the Final Report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.
February 28, 2019	Reserve Bank of Australia	<u>Consultation on the Operation of the Bank's Interchange Standards</u> The Reserve Bank issued a consultation paper seeking stakeholder views on some proposed variations to Standards No 1 and No 2 determined by the Bank in 2016. Both standards relate to the setting of interchange fees in designated card schemes and net payments to issuers in those schemes.
February 2019	MAS	<u>Proposed Amendments to the Banking Act</u> MAS proposed amendments to the <i>Banking Act</i> are mainly aimed at strengthening the licensing and regulation of banks and credit card or charge card licensees, formalizing existing supervisory requirements and clarifying other technical and administrative issues.

International Organizations

Date	Organization	Title & Abstract
January 2019	CGAP	<u>2017 Trends in International Funding for Financial Inclusion</u> The CGAP annual survey shows increased commitments and integration into the sustainable development agenda. For the first time in five years, public funding has grown faster than private funding.

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February 2019	IMF	<p>Review of the Fund's Strategy on Anti-Money Laundering and Combating the Financing of Terrorism Safeguarding financial integrity is a priority for the international community, including the Fund. Money laundering, related predicate crimes, terrorist financing, and the financing of the proliferation of weapons of mass destruction pose serious threats to the integrity and stability of some countries financial sector or to external stability and can also threaten the international financial system. It is increasingly recognized that effective anti-money laundering and combating the financing of terrorism (AML/CFT) frameworks, and financial integrity more broadly, are key to financial stability, and that efforts to this effect should be pursued. Strong AML/CFT policies and measures are therefore crucial to mitigate the attendant threats.</p>
February 2019	United Nations Capital Development Fund BFA	<p>Pathways to a Better Life: The Intricate Role of Digital Finance in Reaching the Sustainable Development Goals Under the Impact Pathways project, UNCDF set out to explore the connection between financial service use cases and the Sustainable Development Goals (SDGs), in the hope of illuminating the multiple ways that formal financial service users might be experiencing impact. This focus note discusses the logic, conceptual framework, caveats and detailed methodology behind this new approach to mapping the thorny trail between the use of financial services and the SDGs.</p>

Other

Date	Organization	Title & Abstract
January 2019	Campbell Systematic Reviews	<p>Impact of Financial Inclusion in Low- and Middle-Income Countries: A Systematic Review of Reviews This systematic review of reviews assesses the evidence on economic, social, behavioral and gender-related outcomes from financial inclusion. It collects and appraises all of the existing meta-studies – that is systematic reviews and meta-analyses – of the impact of financial inclusion. The review found that impacts are more likely to be positive than negative, but the effects vary, are often mixed, and appear not to be transformative in scope or scale, as they largely occur in the early stages of the causal chain of effects. Overall, the effects of financial services on core economic poverty indicators such as incomes, assets or spending, and on health status and other social outcomes, are small and inconsistent. Moreover, there is no evidence for meaningful behaviour-change outcomes leading to further positive effects.</p>
January 2019	Innovations for Poverty Action	<p>Building Resilience Through Financial Inclusion: A Review of Existing Evidence and Knowledge Gaps This paper reviews existing evidence on how financial services can build economic resilience, identifies areas where more research is needed, and makes the call for more evidence on this timely topic. The remainder of this review is divided into four sections, representing different applications for financial services solutions to improve resilience before, during, and after an adverse event. Specifically, it explores evidence on the impact of financial services in: i) increasing investment in the face of risk; ii) strategies for risk reduction; iii) facilitating risk preparedness; and iv) responding when a shock hits.</p>