

# Toronto Centre Publications Monitoring Report

## February 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
February 2020	Toronto Centre	<b>Risk-Based Supervision for Securities Supervisors (and Other Supervisors of Small Firms)</b> TC note to help securities supervisors to develop and implement a risk-based, forward-looking and proactive approach to supervision.

### Standard Setting Bodies

Date	Organization	Title & Abstract
February 17, 2020	EBA	<b><u>EBA Shows Banks' Progress in Planning for Failure but Encourages Them to Issue Eligible Debt Instruments</u></b> The EBA published its first quantitative report on minimum requirements for own funds and eligible liabilities (MREL) under a new methodology. The report shows that authorities have made strong progress in agreeing resolution strategies and setting related MREL requirements but it also notes that banks need to issue MREL eligible debt to close their shortfall.

Date	Organization	Title & Abstract
February 12, 2020	EBA	<p><b><u>EBA Consults on Guidelines on the Appropriate Subsets of Exposures in the Application of the Systemic Risk Buffer</u></b></p> <p>The EBA launched a consultation on draft guidelines on the appropriate subsets of sectoral exposures to which competent or designated authorities may apply a systemic risk buffer (SyRB) in accordance with the <i>Capital Requirements Directive</i> (CRD). These guidelines aim at setting a common framework to harmonize the design of the appropriate subsets of sectoral exposures to which a systemic risk buffer may be applied, thus facilitating a common approach throughout the EU.</p>
February 11, 2020	EBA	<p><b><u>EBA Puts Forward Concrete Proposals to Improve the Current DGSD Legal Framework</u></b></p> <p>The EBA published its third and final opinion addressed to the EC on the implementation of the Deposit Guarantee Schemes Directive in the EU. The Opinion focuses on deposit guarantee schemes (DGSs) funding and uses of DGS funds and proposes a number of changes to the EU legal framework, aimed at strengthening depositor protection, enhancing financial stability and reinforcing financial resilience of DGSs.</p>
February 5, 2020	EBA	<p><b><u>EBA Consults on Revised Guidelines on Money Laundering and Terrorist Financing Risk Factors</u></b></p> <p>The EBA issued a public consultation on revised money laundering and terrorist financing (ML/TF) risk factors guidelines as part of a broader communication on AML/CFT issues. This update takes into account changes to the EU Anti Money Laundering and Counter Terrorism Financing (AML/CFT) legal framework and new ML/TF risks, including those identified by the EBA's implementation reviews.</p>
February 5, 2020	EBA	<p><b><u>EBA Acts to Improve AML/CFT Supervision in Europe</u></b></p> <p>The EBA published its first report on competent authorities' approaches to the anti-money laundering and countering the financing of terrorism (AML/CFT) supervision of banks.</p>
February 3, 2020	EBA	<p><b><u>EBA Calls for Measures to Ensure a More Balanced Composition of Management Bodies in Institutions</u></b></p> <p>The EBA issued a new benchmarking report on diversity practices in credit institutions and investment firms analyzing the development since its 2015 diversity benchmarking exercise. Based on data as of September 2018, still many institutions, 41.61% out of 834, have not adopted a diversity policy. The representation of women in management bodies is still relatively low and many institutions do not have a gender diverse board.</p>
February 19, 2020	ESRB	<p><b><u>ESRB Publishes Report on Systemic Cyberattacks</u></b></p> <p>The ESRB published a report on cyber incidents such as cyberattacks. The report shows that a cyber incident could indeed evolve into a systemic cyber crisis that threatens financial stability. The ESRB has therefore identified cyber risk as one of the sources of systemic risk to the financial system which could have serious negative consequences for the real economy.</p>
February 6, 2020	ESMA	<p><b><u>ESMA Sets Out Its Strategy on Sustainable Finance</u></b></p> <p>ESMA has published its <i>Strategy on Sustainable Finance</i>. The strategy sets out how ESMA will place sustainability at the core of its activities by embedding environmental, social, and governance (ESG) factors in its work.</p>

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February 26, 2020	ESRB	<b><u>ESRB Publishes Report on Macroprudential Policy for the Insurance Sector</u></b> The ESRB has published a report on macroprudential policy for the insurance sector. The ESRB believes that the review of the Solvency II regulatory regime for insurance in the EU, which is envisaged to be completed by the end of 2020, should result in a revised framework that better reflects macroprudential considerations. The revised framework should thereby contribute to reducing systemic risk in the financial sector.
February 19, 2020	ESRB	<b><u>ESRB Publishes Report on Systemic Cyberattacks</u></b> The ESRB published a report on cyber incidents such as cyberattacks. The report, which also summarizes the latest estimates of the costs of cyber incidents, shows that a cyber incident could indeed evolve into a systemic cyber crisis that threatens financial stability. The ESRB has therefore identified cyber risk as one of the sources of systemic risk to the financial system which could have serious negative consequences for the real economy.
February 11, 2020	ESRB	<b><u>Advisory Scientific Committee of ESRB Publishes a Report on Global Dimensions of Macroprudential Policy</u></b> The ESRB has published a report on the risk channels associated with international financial integration for EU economies. It also provides an overview of the macroprudential policy options that are available to address these risks.
February 27, 2020	IAIS	<b><u>Issues Paper on the Implementation of the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)</u></b> IAIS and Sustainable Insurance Forum (SIF) published <i>Issues Paper on the Implementation of the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)</i> .
February 12, 2020	IOSCO	<b><u>IOSCO Publishes Key Considerations for Regulating Crypto-asset Trading Platforms</u></b> IOSCO has published a report, <i>Issues, Risks and Regulatory Considerations Relating to Crypto-Asset Trading Platforms</i> , that describes the issues and risks associated with crypto-asset trading platforms (CTPs) and sets out key considerations to assist regulatory authorities in addressing these issues.

## National Regulators

Date	Organization	Title & Abstract
February 28, 2020	PRA	<b><u>Pillar 2A: Reconciling Capital Requirements and Macroprudential Buffers – CP2/20</u></b> The proposals in this consultation paper clarify the considerations relating to macroprudential buffers that the PRA takes into account when it carries out an overall assessment of the level of capital that would be sufficient to ensure the sound management and coverage of firms' risks.
February 24, 2020	PRA	<b><u>The PRA's Methodologies for Setting Pillar 2 Capital</u></b> This statement of policy sets out the methodologies that the PRA uses to inform the setting of Pillar 2 capital for firms to which CRD IV applies.
February 24, 2020	PRA	<b><u>Strengthening Individual Accountability in Banking – SS 28/15</u></b> This supervisory statement sets out the PRA's approach to strengthening individual accountability in banking.

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February 24, 2020	PRA	<b><u>Strengthening Individual Accountability in Insurance – SS 35/15</u></b> This supervisory statement sets out the PRA's approach to strengthening individual accountability in insurance.
February 24, 2020	APRA	<b><u>APRA Outlines Plans for Climate Risk Prudential Guidance and Vulnerability Assessment</u></b> APRA has published a letter to all APRA-regulated institutions outlining plans to develop a prudential practice guide focused on climate-related financial risks, as well as a climate change vulnerability assessment.

## International Organizations

Date	Organization	Title & Abstract
February 2020	BIS	<b><u>Stress Testing in Latin America: A Comparison of Approaches and Methodologies</u></b> This report describes how major Latin American central banks conduct and use stress tests in assessing the soundness of their banking systems.
February 2020	BIS	<b><u>The Economic Forces Driving FinTech Adoption Across Countries</u></b> This paper looks at how agents in different economies around the world are adopting financial technology.
February 2020	BIS	<b><u>Convergence in the Prudential Regulation of Banks - What is Missing?</u></b> This paper identifies three main sources of regulatory fragmentation in the banking sector, which can lead to different prudential outcomes across jurisdictions. These include heterogeneous practices in the measurement of assets, in particular loans and other assets that are heavily assumption-dependent; differences in the scope of application of Basel III's regulatory requirements in Pillar 1; and divergent approaches in the implementation of the supervisory review process under Pillar 2.
February 2020	IMF	<b><u>Competition, Competitiveness and Growth in Sub-Saharan Africa</u></b> This paper looks at whether greater product market competition improves external competitiveness and growth. It uses country- and firm-level data for a sample of 39 sub-Saharan African countries over 2000-17, as well as other emerging market economies and developing countries, and finds that an improvement in domestic competition is associated with a significant increase in real GDP per capita growth rate, achieved mainly through an improvement in export competitiveness and productivity growth.
February 2020	IMF	<b><u>Managing Systemic Banking Crises: New Lessons and Lessons Relearned</u></b> This paper updates the IMF's work on general principles, strategies, and techniques from an operational perspective in preparing for and managing systemic banking crises in light of the experiences and challenges faced during and since the global financial crisis.