

Toronto Centre Publications Monitoring Report

March 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
March 20, 2019	BCBS	<p>Basel III Monitoring Report</p> <p>This report presents the results of the Basel Committee's latest Basel III monitoring exercise, based on data as of 30 June 2018. 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. However, it does not yet reflect the finalization of the market risk framework published in January 2019. Data are provided for a total of 189 banks, including 106 large internationally active banks.</p>
March 19, 2019	BCBS	<p>Proportionality in Bank Regulation and Supervision - A Survey on Current Practices</p> <p>The BCBS published the results of a survey it conducted on proportionality practices in bank regulation and supervision. In brief, the majority of respondents to the survey currently apply proportionality measures in their jurisdictions. In most cases, such measures are applied to banks that represent a relatively small share of total banking assets in the relevant jurisdiction, although there is a fair degree of heterogeneity.</p>
March 5, 2019	BCBS IOSCO	<p>BCBS/IOSCO Statement on the Final Implementation Phases of the Margin Requirements for Non-centrally Cleared Derivatives</p> <p>Significant progress has been made to implement the framework for margin requirements for non-centrally-cleared derivatives. Based on monitoring of the implementation of the framework across products, jurisdictions and market participants, the BCBS and IOSCO provided guidance to support timely and smooth implementation of the framework and clarify its requirements.</p>

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March 29, 2019	EBA	<p><u>Updated EBA Risk Dashboard Confirms Continued Improvements in EU Banks Asset Quality But Also Low Profitability Levels</u></p> <p>The EBA published its Risk Dashboard, which summarizes the main risks and vulnerabilities in the EU banking sector based on end 2018 data. In comparison with 2017, the Dashboard confirms improved asset quality, stable capital ratios, but profitability still below long-term sustainable levels.</p>
March 20, 2019	EBA	<p><u>EBA Updates Methodological Guidance on Risk Indicators and Analysis Tools</u></p> <p>The EBA published an updated methodological guide on how to compile risk indicators and detailed risk analysis tools. This guidance, which describes how risk indicators are computed in EBA publications, allows competent authorities and users of EBA data to interpret key bank figures in a consistent fashion when conducting their risk assessments.</p>
March 20, 2019	EBA	<p><u>EBA Publishes Updated Impact of the Final Basel III Reforms on EU Banks Capital and Updates on the Compliance with Liquidity Measures in the EU</u></p> <p>The EBA published two reports which measure the impact of implementing the final Basel III reforms and monitor the current implementation of liquidity measures in the EU. The EBA Basel III capital monitoring report includes a preliminary assessment of the impact of the Basel reform package on EU banks, assuming its full implementation. The report on liquidity measures monitors and evaluates the liquidity coverage requirements currently in place in the EU.</p>
March 19, 2019	EBA	<p><u>EBA Updates List of Other Systemically Important Institutions (O-SIIs)</u></p> <p>The EBA updated the 2018 list of Other Systemically Important Institutions (O-SIIs) in the EU. This list also reflects the additional capital buffers that the relevant authorities have set for the identified O-SIIs.</p>
March 14, 2019	EBA	<p><u>EBA Notes Good Progress in Convergence of Supervisory Practices Across the EU</u></p> <p>The EBA published its annual report on the convergence of supervisory practices in the EU. The EBA's work in supervisory convergence aims at fostering comparable supervisory approaches across the single market. This is necessary to ensure a level playing field, effective supervision of cross border groups, and to promote supervisory best practices.</p>
March 11, 2019	EBA	<p><u>EBA Publishes Clarifications to the First Set of Issues Raised by its Working Group on APIs Under PSD2</u></p> <p>The EBA published clarifications to the first set of issues that had been raised and discussed by participants of its Working Group on APIs under PSD2. The issues relate the practical aspects regarding the reliability of testing platforms, the alignment of functionalities between API schemes, and the identification for testing purposes of entities that have not been authorized yet.</p>
March 8, 2019	EBA	<p><u>EBA Issues Revised List of Validation Rules</u></p> <p>The EBA issued a revised list of validation rules in its Implementing Technical Standards (ITS) on supervisory reporting, highlighting those which have been deactivated either for incorrectness or for triggering IT problems.</p>
March 6, 2019	EBA	<p><u>EBA Publishes Final Guidelines on the Estimation of LGD Under an Economic Downturn</u></p> <p>The EBA published its final guidelines specifying how institutions should quantify the estimation of loss given default (LGD) appropriate for conditions of an economic downturn. The guidelines focus on requirements for the quantification of the calibration target used for downturn LGD estimation.</p>

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March 5, 2019	EBA	<p><u>EBA Launches Consultation to Update Guidelines on Harmonised Definitions and Templates for Funding Plans of Credit Institutions</u> The EBA launched a consultation on the updated guidelines on harmonized definitions and templates for the reporting of funding plans. This update is the result of the experience gained through the EBA's assessment of banks' funding plans in 2017 and 2018 as well as the questions raised via the EBA Single Rulebook Q&A tool.</p>
March 22, 2019	ECB	<p><u>Transparency Requirements of EU Securitisation Regulation to be Incorporated into Eurosystem Collateral Framework</u> The ECB has decided that the loan-level data reporting requirements of the Eurosystem collateral framework will converge towards the disclosure requirements and registration process for securitization repositories specified in the <i>Securitisation Regulation</i>. The ECB has taken this decision with a view to promoting efficiency and standardization in the securitization market.</p>
March 27, 2019	EIOPA	<p><u>EIOPA Calls for Principle Based Regulation of Cloud Computing</u> EIOPA has published its report <i>Outsourcing to the Cloud: EIOPA's Contribution to the European Commission Fintech Action Plan</i>.</p>
March 26, 2019	EIOPA	<p><u>EIOPA Determines Principles for Transparent, Timely and Clear Information Provision on Pensions</u> In the context of the implementation of the IORP II Directive, EIOPA published a second <i>Report on Other Information to be provided to Prospective and Current Members: Guidance and Principles based on Current Practices</i>. It analyzes national practices existing prior to the implementation of the IORP II Directive on the activities and supervision of institutions for occupational retirement provision (IORPs).</p>
March 29, 2019	ESMA	<p><u>ESMA Clarifies Format for Disclosure of Risk Factors in Prospectuses</u> ESMA has published its final guidelines on how national competent authorities (NCAs) should review risk factors, as required by the new <i>Prospectus Regulation</i>.</p>
March 28, 2019	ESMA	<p><u>ESMA Provides Guidance on the New EMIR Refit Regime for the Clearing Obligation</u> ESMA has published a statement on the implementation of the new EMIR Refit regime for the clearing obligation for financial and non-financial counterparties.</p>
March 21, 2019	ESMA	<p><u>ESMA Adds New Venues to Register of Derivatives to be Traded On-Venue Under MiFIR</u> ESMA has updated the public register of those derivative contracts that are subject to the trading obligation under the <i>Markets in Financial Instruments Regulation (MiFIR)</i>.</p>
March 14, 2019	ESMA	<p><u>RegTech and SupTech – Change for Markets and Regulators</u> The ESMA has carried out an analysis of the regulatory and supervisory technologies currently being developed in response to various demand and supply drivers.</p>
March 14, 2019	ESMA	<p><u>ESMA Includes MiFID II/MiFIR in its Interactive Single Rulebook</u> The ESMA has updated its <i>Interactive Single Rulebook</i>, an online tool allowing a comprehensive overview of and an easy access to all level 2 and level 3 measures adopted in relation to a given level 1 text.</p>

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March 8, 2019	EBA EIOPA ESMA	<p><u>ESAs Propose Amendment to PRIIPs Key Information Document to Clarify Application to Investment Funds</u></p> <p>The European Supervisory Authorities submitted to the European Commission draft regulatory technical standards to amend the delegated regulation covering the rules for the <i>Key Information Document (KID)</i> for <i>Packaged Retail and Insurance-based Investment Products (PRIIPs)</i>.</p>
March 25, 2019	IOSCO	<p><u>IOSCO Publishes First Annual Work Program to Enhance the Efficacy of Its Work</u></p> <p>IOSCO published its first annual work program to enhance the effectiveness of IOSCO and the impact of its policy work on global securities markets. The priorities identified for 2019 are: i) crypto-assets; ii) artificial intelligence and machine learning; iii) market fragmentation; iv) passive investing and index providers; and v) retail distribution and digitalization.</p>
March 14, 2019	IOSCO	<p><u>Jurisdictions Move Forward Towards Implementing Standards for Payment, Clearing and Settlement</u></p> <p>According to a recent update to the Level 1 information made available by the CPMI and IOSCO, jurisdictions are making progress on implementing international standards for payment systems, central securities depositories, securities settlement systems, central counterparties and trade repositories.</p>

National Regulators

Date	Organization	Title & Abstract
March 27, 2019	OSFI	<p><u>Guide to Foreign Branch Banking</u></p> <p>This guide outlines the process to establish a foreign branch bank as well as on the ongoing operation and supervision of the bank.</p>
March 19, 2019	PRA	<p><u>Pillar 2 Liquidity: Updates to the Framework – CP 6/19</u></p> <p>This consultation paper sets out proposals for regulatory reporting amendments and clarifications to the Pillar 2 liquidity framework.</p>
March 14, 2019	PRA	<p><u>Solvency II: Group Own Fund Availability – PS 9/19, CP 15/19</u></p> <p>This policy statement provides feedback on the responses to CP 15/18 <i>Solvency II: Group Own Fund Availability</i>. SS 9/15 <i>Solvency II: Group Supervision</i> sets out the PRA's updated expectations for group supervision, and incorporates the PRA's expectations for assessments of the availability of own funds to cover the group Solvency Capital Requirement (SCR) as set out in CP15/18.</p>
March 14, 2019	PRA	<p><u>Solvency II: Group Supervision – SS 9/15</u></p> <p>The SS was amended in Chapter 5A following PS 9/19 <i>Solvency II – Group Own Fund Availability</i> to clarify that in assessing group own funds availability, the solo Solvency Capital Requirement should no longer be presumed to be a barrier to availability. The SS clarifies that the PRA expects such availability analysis to be provided only where a group insurer is based in a jurisdiction that is not subject to a regime that is similar to, and not built on the same principles in relation to capital requirements and quality of capital at solo level as, the UK solvency regime.</p>

Date	Organization	Title & Abstract
March 13, 2019	PRA	<p><u>The Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review and Evaluation Process (SREP) – SS 31/15</u> This supervisory statement was updated following publication of PS 8/19 <i>Credit Risk Mitigation: Eligibility of Guarantees as Unfunded Credit Protection</i>.</p>
March 13, 2019	PRA	<p><u>Pillar 2 Capital: Updates to the Framework – CP 5/19</u> The PRA proposes to update the Pillar 2 capital framework to reflect continued refinements and developments in setting the PRA buffer (also referred to as Pillar 2B). It also proposes to clarify its approach to assessing weaknesses in risk management and governance, explain the process for updating the benchmarks used to calculate the Pillar 2A requirement for credit risk and correct some minor drafting errors that have been identified in previous publications.</p>
March 13, 2019	PRA	<p><u>Credit Risk Mitigation: Eligibility of Guarantees as Unfunded Credit Protection – PS 8/19, CP 6/18</u> This policy statement provides feedback to responses to CP 6/18 <i>Credit Risk Mitigation: Eligibility of Guarantees as Unfunded Credit Protection</i>. It also contains the PRA’s final policy in updated: i) SS 17/13 <i>Credit Risk Mitigation</i> (Appendix 1); and SS 31/15 <i>The Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review and Evaluation Process (SREP)</i> (Appendix 2).</p>
March 13, 2019	PRA	<p><u>Credit Risk Mitigation – SS 17/13</u> This supervisory statement was updated following publication of PS8/19 <i>Credit Risk Mitigation: Eligibility of Guarantees as Unfunded Credit Protection</i>.</p>
March 6, 2019	PRA	<p><u>Credit Risk: The Definition of Default – PS 7/19</u> This policy statement provides feedback to responses to CP 17/18 <i>Credit Risk: Definition of Default</i>. It also contains the PRA’s final policy, as follows: i) an amendment to the Credit Risk Part of the PRA Rulebook to set thresholds for determining whether a credit obligation is material for the purpose of the <i>Capital Requirements Regulation’s</i> definition of default; and ii) an update to the PRA’s expectations in SS 11/13 <i>Internal Ratings Based (IRB) Approaches</i> to implement the EBA’s regulatory products that relate to the definition of default.</p>
March 6, 2019	PRA	<p><u>Internal Ratings Based (IRB) Approaches – SS 11/13</u> This SS was updated following PS 7/19 <i>Credit Risk: The Definition of Default</i>. This supervisory statement sets out the PRA’s expectations regarding firms’ use of internal ratings based approaches.</p>
March 5, 2019	PRA	<p><u>Liquidity Risk Management for Insurers - CP 4/19</u> The PRA seeks views on a draft supervisory statement <i>Liquidity Risk Management for Insurers</i> and the consequential supersession of a legacy supervisory statement on collateral upgrade transactions.</p>
March 5, 2019	PRA	<p><u>The PRA’s Approach to Enforcement: Statutory Statements of Policy and Procedure</u> This SoP was updated following PS 6/19 Responses to Chapters 3-7 of CP 24/18 <i>Occasional Consultation Paper</i>.</p>

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March 5, 2019	PRA	<p><u>Written Reports by External Auditors to the PRA – SS 1/16</u> This supervisory statement sets out the PRA's expectation of auditors in relation to the requirement to provide written reports to the PRA concerning the audit of major banks and building societies as laid out in Chapter 8 of the Auditors Part of the <i>PRA Rulebook</i>. It is published alongside PS 1/16 <i>Engagement Between External Auditors and Supervisors and Commencing the PRA's Disciplinary Powers Over External Auditors and Actuaries</i>, and an update to <i>The Prudential Regulation Authority's Approach to Enforcement: Statutory Statements of Policy and Procedure</i>.</p>
March 5, 2019	Bank of England	<p><u>Key Elements of the 2019 Stress Test</u> The Bank of England has published the annual cyclical scenario that it will be stress testing banks against in 2019.</p>
March 5, 2019	Bank of England	<p><u>Further Enhancements to the Bank of England's Liquidity Insurance Facilities</u> The Bank of England announced a new Liquidity Facility in Euros (LiFE), under which it will offer to lend euros on a weekly basis.</p>
March 15, 2019	FCA	<p><u>FCA Puts the Spotlight on Debt Management Firms</u> The FCA has published its second thematic review of the debt management sector, looking at commercial and not-for-profit firms that provide debt advice and administer debt management plans to help customers deal with their debts.</p>
March 14, 2019	FCA	<p><u>FCA Acts to Improve Competition in the Investment Platforms Market</u> The FCA has set out a package of measures to help consumers who invest through investment platforms more easily find and switch to the right one for them. The package - set out in the final report of its Investment Platforms Market study - includes proposed FCA rules and actions industry is taking forward.</p>
March 7, 2019	FCA	<p><u>FCA Reveals Findings From First Cryptoassets Consumer Research</u> The FCA has published two pieces of research looking at UK consumer attitudes to cryptoassets, such as Bitcoin or Ether. The research includes qualitative interviews with UK consumers and a national survey.</p>
March 28, 2019	Federal Reserve Board	<p><u>Federal Reserve Board Releases Document Providing Additional Information on its Stress Testing Program</u> The document is intended to improve public understanding of the Federal Reserve's stress tests. The additional information consists of: i) ranges of loss rates, projected using the Federal Reserve's models, for loans that are grouped by distinct risk characteristics; ii) portfolios of hypothetical loans with loss rates projected by the Federal Reserve's models; and iii) enhanced descriptions of the Federal Reserve's models.</p>
March 24, 2019	APRA	<p><u>APRA Seeks to Modernise Prudential Standard on Credit Risk Management</u> APRA has proposed updating its prudential standard on credit risk management requirements for authorised deposit-taking institutions (ADIs). It has released a discussion paper proposing changes to <i>Prudential Standard APS 220 Credit Quality</i> (APS 220), which requires ADIs to control credit risk by adopting prudent credit risk management policies and procedures.</p>

Date	Organization	Title & Abstract
March 24, 2019	APRA	<p>APRA Consults on Updated Guidance for Managing Information Security Risks APRA has released for consultation updated guidance on protecting against the rise in information security risks, including cyber-crime. It is seeking feedback on the proposed cross-industry <i>Prudential Practice Guide 234 Information Security</i> (CPG 234), which will replace the existing <i>CPG 234 Management of Security Risk in Information and Information Technology</i>.</p>
March 20, 2019	APRA	<p>Climate Change: Awareness to Action APRA released the key findings from its first climate risk survey of regulated entities. Key findings include: i) APRA will increase its scrutiny of how banks, insurers and superannuation trustees are managing the financial risks of climate change to their businesses; ii) a third of respondents believed climate change was a material financial risk to their businesses now and a further half thought it would be in future; iii) a majority of banks considered climate-related financial risks as part of their risk management frameworks; and iii) reputational damage, flooding, regulatory changes and cyclones were nominated as the top climate-related financial risks.</p>
March 4, 2019	APRA	<p>Offshore Reinsurers and the Review of Prudential Standard LPS 117 Capital Adequacy: Asset Concentration Risk Charge APRA is seeking input on its review of Prudential Standard LPS 117 <i>Capital Adequacy: Asset Concentration Risk Charge</i> (LPS 117). The review is being undertaken to ensure the standard remains fit for purpose and in line with the objectives of APRA's mandate.</p>
March 7, 2019	Monetary Authority of Singapore	<p>MAS Consults on Proposed Enhancements to Technology Risk and Business Continuity Management Guidelines MAS has released two consultation papers on proposed changes to the <i>Technology Risk Management (TRM) Guidelines</i> and the <i>Business Continuity Management (BCM) Guidelines</i>. The changes will require financial institutions to put in place enhanced measures to strengthen operational resilience. These take into account the rapidly changing physical and cyber threat landscape.</p>

International Organizations

Date	Organization	Title & Abstract
March 2019	IMF	<p>Fintech in Latin America and the Caribbean: Stocktaking This paper documents the evolution of FinTech in Latin America and the Caribbean. In particular, the paper focuses on financial development, FinTech landscape for domestic and cross border payments and alternative financing, cybersecurity, financial integrity and stability risks, regulatory responses, and considerations for central bank digital currencies.</p>

Date	Organization	Title & Abstract
January 2019	UN Capital Development Fund	<p><u>Blended Finance in the Least Developed Countries</u> Through a rich evidence base, data analysis, and detailed case studies, this report explores how to implement and adapt blended finance approaches to least developed countries (LDCs) to maximize their effectiveness in crowding in private capital while minimizing risks. It also summarizes UNCDF's proposed action agenda to improve the effectiveness and efficiency of blended finance in LDCs, address risks flagged in the report, fill data and information gaps and consider some future avenues of research and analysis.</p>
February 2019	Women's World Banking	<p><u>Acquisition and Engagement Strategies to Reach Women With Digital Financial Services</u> Women's World Banking applied different approaches in Nigeria and Pakistan to increase both the acquisition of women customers as well as women's engagement with digital financial services. The lessons from the use of behavioral and design techniques in Nigeria and Pakistan can lead to addressing barriers to digital financial services for low-income women around the globe.</p>

Other

Date	Organization	Title & Abstract
2019	Oliver Wyman	<p><u>Climate Change: Managing a New Financial Risk</u> This presents key takeaways and industry perspectives from a global survey recently conducted by Oliver Wyman in partnership with the International Association of Credit Portfolio Managers (IACPM): i) banks should treat climate risk as a financial risk, not just as a reputational one; and ii) banks should integrate climate considerations into financial risk management.</p>