

Toronto Centre Publications Monitoring Report

June 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
June 2019	Toronto Centre	<p>How Can Supervisory Authorities Contribute to Meeting the UN SDGs?</p> <p>This TC Note discusses ways in which financial sector supervisory and regulatory authorities could promote financial inclusion and gender equality and address climate change-related risks, as part of broader national initiatives to meet the UN Sustainable Development Goals (SDGs). Some of these steps could be taken by supervisory authorities under their current mandates and objectives, but others may depend on their mandates being revised to reflect better the SDGs and broader national priorities. A greater emphasis on climate change, financial inclusion and gender equality in the principles and standards issued by international standard setters could also provide impetus for national supervisory authorities to take additional steps in these areas.</p>

Standard Setting Bodies

Date	Organization	Title & Abstract
June 21, 2019	BCBS	<p><u>Overview of Pillar 2 Supervisory Review Practices and Approaches</u></p> <p>The report describes key concepts of Pillar 2 and supervisory review practices in use across Basel Committee member jurisdictions. It covers key areas of the Pillar 2 supervisory review process, including the risk assessment process, risk appetites, board and senior management roles and supervisory practices adopted to enhance transparency, and bank disclosure practices. The report further describes a number of selected Pillar 2 risks, including business risk and interest rate risk in the banking book and presents a range of actions that are taken under Pillar 2.</p>
June 17, 2019	FSB	<p><u>FSB Publishes Compensation Progress Report</u></p> <p>The FSB published a progress report on the implementation of its principles and standards for sound compensation practices in financial institutions. The report confirms the finding of the previous progress report in June 2017 that all FSB jurisdictions have implemented the principles and standards for sound compensation for all banks considered significant for the purposes of the principles and standards.</p>
June 7, 2019	FSB	<p><u>FSB Publishes Consultation on SME Financing Evaluation</u></p> <p>The FSB released for public consultation an <i>Evaluation of the Effects of Financial Regulatory Reforms on Small and Medium-sized Enterprise (SME) Financing</i>. This evaluation examines the effects of the post-crisis financial regulatory reforms on the financing of SMEs.</p>
June 6, 2019	FSB	<p><u>FSB Report Considers Implications of Decentralised Financial Technologies</u></p> <p>The FSB published a report on <i>Decentralised Financial Technologies</i>. This report considers the financial stability, regulatory and governance implications of the use of decentralized financial technologies such as those involving distributed ledgers and online peer-to-peer, or user-matching, platforms.</p>
June 5, 2019	FSB	<p><u>TCFD Report Finds Encouraging Progress on Climate-related Financial Disclosure, But Also Need for Further Progress to Consider Financial Risks</u></p> <p>The Task Force on Climate-related Financial Disclosure published the <i>2019 Status Report</i>, which provides an overview of the extent to which companies in their 2018 reports included information aligned with the core TCFD recommendations published in June 2017. While the Task Force found some of the results of its disclosure review and survey encouraging, it has concerns that not enough companies are disclosing decision-useful climate-related financial information.</p>
June 4, 2019	FSB	<p><u>FSB Publishes Report on Market Fragmentation</u></p> <p>The report looks at some examples of financial activities where supervisory practices and regulatory policies may give rise to market fragmentation. It discusses potential trade-offs that authorities have considered between the benefits of increased cross-border activity and a need to tailor domestic regulatory frameworks to local conditions and mandates.</p>
June 4, 2019	FSB	<p><u>FSB Publishes User Guide for Overnight Risk-free Rates</u></p> <p>The guide provides an overview of risk-free rates (RFRs), details of how they are calculated, and options on how overnight RFRs can be used in cash products.</p>

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June 3, 2019	FSB	<p><u>FSB Publicly Consults on Resolution-related Disclosures and on the Operationalisation of Bank Recovery and Resolution</u></p> <p>The FSB published for public consultation two discussion papers that consider measures to improve the resolvability of global systemically important banks (G-SIBs): <i>Public Disclosure of Resolution Planning and Resolvability</i>, and <i>Solvent Wind-down of Derivatives and Trading Portfolios</i>.</p>
June 25, 2019	EBA	<p><u>EBA Issues 2020 EU-wide Stress Test Methodology for Discussion</u></p> <p>The EBA published the 2020 EU-wide stress test draft methodology, templates and template guidance, which will be discussed with the industry. The 2020 exercise will assess EU banks' resilience to an adverse economic shock and inform the 2020 Supervisory Review and Evaluation Process (SREP). The methodology covers all risk areas and builds on the methodology prepared for the 2018 exercise, while improving some aspects based on the lessons learnt.</p>
June 19, 2019	EBA	<p><u>EBA Consults on Draft Guidelines on Loan Origination and Monitoring</u></p> <p>The EBA launched a consultation on its draft guidelines on loan origination and monitoring. The draft guidelines aim to ensure that institutions have robust and prudent standards for credit risk taking, management and monitoring, and that newly originated loans are of high credit quality and also aim to ensure that the institutions' practices are aligned with consumer protection rules and AML requirements.</p>
June 17, 2019	EBA	<p><u>EBA Updates Data on Deposit Guarantee Schemes Across the EU</u></p> <p>The EBA published 2018 data relating to two key concepts in the Deposit Guarantee Schemes Directive (DGSD): available financial means, and covered deposits.</p>
June 13, 2019	EIOPA	<p><u>EIOPA, ECB and National Authorities Agree on Common Minimum Standards for Supervisory and Statistical Reporting by (Re)insurance Undertakings</u></p> <p>EIOPA and the ECB published <i>Common Minimum Standards for Data Revisions</i> agreed between the ECB, EIOPA, the National Central Banks (NCBs) and the National Competent Authorities (NCAs). Given the integrated reporting approach followed for supervisory and statistical reporting to EIOPA and the ECB, a common understanding of the minimum level of data quality is required as well as of when a revision of data is considered necessary.</p>
June 3, 2019	EIOPA	<p><u>EIOPA Launches Consultation on Opinion on Sustainability Within Solvency II</u></p> <p>EIOPA launched a consultation on a draft opinion on sustainability within Solvency II. The draft opinion aims at integrating sustainability risks, in particular those related to climate change, in the investment and underwriting practices of (re)insurers.</p>
June 3, 2019	ESMA	<p><u>ESMA Publishes a Supervisory Briefing on Pre-Trade Transparency Requirements in Commodity Derivatives</u></p> <p>ESMA has published a supervisory briefing to ensure compliance with the MiFIR pre-trade transparency requirements in commodity derivatives. It clarifies that NCAs should ensure that trading venues do not operate trading functionalities which allow the formalization of negotiated trades in the absence of a compliant waiver.</p>

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June 4, 2019	ESRB	<p><u>Report of the Advisory Scientific Committee on Regulatory Complexity</u> The ESRB has published a report, <i>Regulatory Complexity and the Quest for Robust Regulation</i>, that discusses how excessive regulatory complexity can contribute to systemic risk and possible ways to address the issue, in view of the existing significant complexity and uncertainty in the financial system.</p>
June 21, 2019	IOSCO	<p><u>IOSCO Examines Liquidity in Corporate Bond Markets under Stressed Conditions</u> IOSCO published a report that examines the factors affecting liquidity in secondary corporate bond markets under stressed conditions. It examines how liquidity in secondary corporate bond markets tends to evolve when those markets experience stress. The report seeks to increase understanding of how stressed conditions may affect both bond and other financial markets and the financial system more broadly.</p>
June 18, 2019	IOSCO	<p><u>IOSCO Urges Authorities to Use Existing Standards to Address Cyber Risk</u> IOSCO issued <i>Cyber Task Force: Final Report</i>, that provides an overview of three internationally recognized cyber standards and frameworks used by IOSCO members. It also identifies potential gaps in the application of these standards and seeks to promote sound cyber practices across the IOSCO membership.</p>
June 5, 2019	IOSCO CPMI	<p><u>CPMI and IOSCO Publish for Public Comment a Paper on CCP Auctions</u> CPMI and IOSCO published for public comment <i>A Discussion Paper on Central Counterparty Default Management Auctions</i>. It focuses on five key aspects of a CCP's default management auctions: i) governance; (ii) considerations for a successful default management auction; iii) operational considerations; iv) client participation; and v) default of a common participant across multiple CCPs.</p>
June 5, 2019	IOSCO	<p><u>Emerging Market Regulators Issue Recommendations Related to Sustainable Finance</u> IOSCO published the report <i>Sustainable Finance in Emerging Markets and the Role of Securities Regulators</i>, which provides 10 recommendations for emerging market member jurisdictions to consider when issuing regulations or guidance regarding sustainable financial instruments.</p>
June 4, 2019	IOSCO	<p><u>IOSCO Examines Regulatory-driven Market Fragmentation and Considers How to Enhance Cross-border Cooperation</u> IOSCO published a report, <i>Market Fragmentation and Cross-border Regulation</i>, that examines instances of regulatory-driven fragmentation in wholesale securities and derivatives markets and considers what actions regulators can take to minimize its adverse effects.</p>
June 28, 2019	IAIS	<p><u>IAIS Publishes Public Roadmap as Part of Commitments under its Stakeholder Engagement Plan</u> The IAIS has published its first-ever <i>Public Roadmap</i> – a key commitment under its Stakeholder Engagement Plan. The <i>Public Roadmap</i> informs stakeholders of the IAIS' key activities and facilitates greater awareness and engagement in these activities.</p>
June 14, 2019	IAIS	<p><u>IAIS Embarks on New Strategic Direction</u> The IAIS's new <i>Strategic Plan</i> and financial outlook sets out the high level goals and strategies that will guide the association in its work for the next five-year period beginning 1 January 2020.</p>

National Regulators

Date	Organization	Title & Abstract
June 21, 2019	OSFI	<p><u>Internal Model Oversight Framework</u> OSFI is issuing for comment draft guideline, E-25 <i>Internal Model Oversight Framework</i>, for federally regulated property and casualty insurance companies (insurers). The guideline establishes OSFI's expectations for insurers when they establish and maintain an oversight framework for internal models used to determine regulatory capital requirements.</p>
June 12, 2019	OSFI	<p><u>Draft Revised Guideline B-3: Sound Reinsurance Practices and Procedures</u> OSFI is issuing proposed revisions to Guideline B-3: <i>Sound Reinsurance Practices and Procedures</i>. The proposed revisions to the guideline reflect proposals from OSFI's June 2018 <i>Discussion Paper on OSFI's Reinsurance Framework</i> as well as comments received in response to the Discussion Paper.</p>
June 17, 2019	PRA	<p><u>Pillar 2 Liquidity: Updates to the Framework - PS13/19</u> This policy statement provides feedback to responses to CP 6/19 <i>Pillar 2 Liquidity: Updates to the Framework</i>. It also contains the PRA's final policy as follows: i) updates to the Regulatory Reporting Part of the PRA Rulebook (Appendix 1); ii) updates to SoP <i>Pillar 2 Liquidity</i> (Appendix 2); iii) updates to SS 24/15 <i>The PRA's Approach to Supervising Liquidity and Funding Risks</i> (Appendix 3); iv) updates to SS 34/15 <i>Guidelines for Completing Regulatory Reports</i> (Appendix 4); and v) updates to PRA110 template and reporting instructions.</p>
June 7, 2019	PRA	<p><u>Strengthening Individual Accountability: Resolution Assessments and Reporting Amendments – CP 12/19</u> The PRA sets out its proposal to amend the prescribed responsibility for recovery plans and resolution packs that forms part of the Senior Managers and Certification Regime for strengthening individual accountability. It also sets out consequential changes to SS 28/15 <i>Strengthening Individual Accountability in Banking</i> and the form <i>Senior Managers Regime: Statement of Responsibilities</i>, together with other administrative changes to this form.</p>
June 4, 2019	FCA	<p><u>FCA Confirms New Rules for P2P Platforms</u> The FCA is introducing rules designed to prevent harm to investors without stifling innovation in the peer-to-peer (P2P) sector. These new rules are designed to help better protect investors and allow firms and fundraisers to operate in a long-term, sustainable manner.</p>
June 28, 2019	APRA	<p><u>APRA Consults on its Proposed Approach to Product Responsibility under the Banking Executive Account</u> APRA has outlined its proposed approach to implementing the Royal Commission recommendation on product responsibility for authorized deposit-taking institutions (ADIs) under the Banking Executive Accountability Regime (BEAR).</p>
June 25, 2019	APRA	<p><u>APRA Finalizes Updated Guidance on Information Security</u> APRA has released updated prudential guidance to all APRA-regulated entities on managing information security risks, including cyber-crime. <i>Prudential Practice Guide CPG 234 Information Security</i> replaces <i>CPG 234 Management of Security Risk in Information and Information Technology</i>. The updated guide will assist regulated entities to embed and comply with the requirements of APRA's new cross-industry prudential standard, <i>CPS 234 Information Security</i>, which comes into force on 1 July.</p>

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June 24, 2019	APRA	<p><u>APRA Prepares for New Laws Granting Approval Powers for Changes in Control of Super Licensees</u> APRA has released for consultation a draft form and guide for applications to acquire a controlling stake in a registrable superannuation entity (RSE) licensee.</p>
June 12, 2019	APRA	<p><u>APRA Finalises Its Approach to Apportionment of Variable Remuneration for Medium and Small ADIs Under the BEAR</u> APRA has released a response letter and the final wording of the schedule in relation to how the Banking Executive Accountability Regime (BEAR) applies to variable remuneration arrangements for medium and small authorized deposit-taking institutions (ADIs).</p>
June 12, 2019	APRA	<p><u>APRA Responds to First Phase of Consultation on Revisions to ADI Capital Framework</u> APRA has released its response to the first round of consultation on proposed changes to the capital framework for authorized deposit-taking institutions (ADIs). The response paper details revised capital requirements for residential mortgages, credit risk and operational risk requirements under the standardized approaches, as well as a simplified capital framework for small, less complex ADIs.</p>
June 21, 2019	Reserve Bank of Australia	<p><u>The Reserve Bank's Approach to Supervising and Assessing Clearing and Settlement Facility Licensees</u> The Reserve Bank of Australia has released a policy statement setting out its approach to overseeing and supervising clearing and settlement facilities.</p>
June 21, 2019	Reserve Bank of Australia	<p><u>Policy Statement on the Supervision and Oversight of Systemically Important Payment Systems</u> The Reserve Bank of Australia has released a policy statement setting out its approach to overseeing and supervising systemically important payment systems.</p>
June 21, 2019	Federal Reserve Board	<p><u>Federal Reserve Board Releases Results of Supervisory Bank Stress Tests</u> The nation's largest and most complex banks have strong capital levels that would allow them to stay well above their minimum requirements after being tested against a severe hypothetical recession, according to the results of supervisory stress tests released Friday.</p>
June 21, 2019	SEC	<p><u>SEC Adopts Capital, Margin, and Segregation Requirements for Security-Based Swap Dealers and Major Security-Based Swap Participants and Amends the Capital and Segregation Requirements for Broker-Dealers</u> The SEC took another significant step toward establishing the regulatory regime for security-based swap dealers today by adopting a package of rules and rule amendments under Title VII of the <i>Dodd-Frank Act</i>. These and other rules previously adopted by the Commission are designed to enhance the risk mitigation practices of firms that stand at the center of our security-based swap market, thereby protecting their counterparties and reducing risk to the market as a whole.</p>
June 5, 2019	SEC	<p><u>SEC Adopts Rules and Interpretations to Enhance Protections and Preserve Choice for Retail Investors in Their Relationships With Financial Professionals</u> The SEC adopted a package of rulemakings and interpretations designed to enhance the quality and transparency of retail investors' relationships with investment advisers and broker-dealers, bringing the legal requirements and mandated disclosures in line with reasonable investor expectations, while preserving access (in terms of choice and cost) to a variety of investment services and products.</p>

Date	Organization	Title & Abstract
June 2019	Monetary Authority of Singapore	<p><u>Proposed Payment Services Notices on Prevention of Money Laundering and Countering the Financing of Terrorism</u> MAS is proposing to issue new notices to payment services providers on anti-money laundering and countering the financing of terrorism, pursuant to the <i>Monetary Authority of Singapore Act</i>.</p>

International Organizations

Date	Organization	Title & Abstract
June 23, 2019	BIS	<p><u>Big Tech in Finance: Opportunities and Risks</u> The BIS notes that the entry of large technology firms into financial services, including payments, savings and credit, could make the sector more efficient and increase access to these services, but also introduces new risks.</p>
June 2019	FinDev	<p><u>Digitize, Direct, Design (D3): Can These Three Principles Help Close the Gender Gap?</u> The Bill & Melinda Gates Foundation's approach to enhancing women's economic empowerment.</p>
March 2019	GIZ	<p><u>Partnering With the Private Sector to Extend Digital Financial Services to the Unbanked</u> The purpose of this evaluation report is to recommend ways in which GIZ can continue to drive impact in this space. The evaluation also looks at general challenges with mobile money usage by refugees and low-income Jordanians, and puts forward recommendations for ways in which the sector can increase mobile wallet uptake and usage across the country.</p>
April 2019	IFC Mastercard Foundation	<p><u>A New Banking Model for Africa: Lessons on Digitization From Four Years of Operations</u> This report presents findings from a longitudinal study conducted by the IFC and the Mastercard Foundation between 2014 and 2018 with nine partner financial institutions (FIs) in seven sub-Saharan African countries to understand best practices to scale digital financial services (DFS) and expand financial inclusion. By analyzing the experiences of these FIs over time, the study yields valuable lessons and benchmarks for the industry and helps to differentiate salient DFS issues faced by FIs versus mobile network operators.</p>
June 2019	IMF	<p><u>From Basel I to Basel III: Sequencing Implementation in Developing Economies</u> This paper provides guidance on how non-Basel Committee member countries could incorporate banks' capital and liquidity standards into their framework. It builds on the experience gained by the authors in the course of their work in providing technical assistance on—and assessing compliance with—international standards in banking supervision.</p>

Date	Organization	Title & Abstract
June 2019	IMF	<p><u>Review of Implementation of IMF Commitments in Support of the 2030 Agenda for Sustainable Development</u></p> <p>The paper reviews the implementation of the initiatives the IMF committed to in 2015 to support developing countries in pursuing the 2030 agenda for sustainable development, including: i) strengthening national tax systems; ii) tackling large infrastructure gaps; iii) promoting economic inclusion; iv) development of domestic financial markets; v) intensifying engagement in fragile and conflict-affected states; vi) improving economic statistics; vii) expanding the financial safety net for developing countries; and viii) addressing macroeconomic aspects of climate change.</p>

Industry

Date	Organization	Title & Abstract
March 2019	GSMA	<p><u>The Impact of Data Localisation Requirements on the Growth of Mobile Money-Enabled Remittances</u></p> <p>This paper explores the implications of data localization rules on the mobile money business and argues that such regulatory requirements may dramatically hamper the growth of mobile money in general, and of mobile money-enabled international remittances in particular.</p>

Other

Date	Organization	Title & Abstract
2019	Ernst & Young	<p><u>Global FinTech Adoption Index 2019</u></p> <p>This report draws upon data from surveys and interviews conducted over consumers, medium-sized enterprises and a wide range of FinTechs, including stand-alone challengers, financial incumbents and non-financial services companies. The report examines current consumer and medium-sized enterprises FinTech adoption trends and explores key attributes of successful international expansion of FinTech, such as encouraging customer engagement and delivering value in different markets, building and professionalizing operations, and assembling complex multi-party data ecosystems.</p>