

# Toronto Centre Publications Monitoring Report

## July 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
July 2019	Toronto Centre	<b>Climate Change: Issues for Banking Supervisors</b> This Note explores the possible supervisory and regulatory responses in the banking sector to climate change-related risks, and to climate change more generally.

### Standard Setting Bodies

Date	Organization	Title & Abstract
July 23, 2019	BCBS IOSCO	<b>Margin Requirements for Non-centrally Cleared Derivatives</b> The BCBS and IOSCO have revised the framework for margin requirements for non-centrally cleared derivatives.
July 2, 2019	FSB	<b>FSB Publishes Review of TLAC Standard</b> The FSB published a technical review of the implementation of the Total Loss-Absorbing Capacity (TLAC) Standard for Global Systemically Important Banks (G-SIBs) in resolution. When fully implemented, the TLAC standard will promote financial stability by providing confidence that G-SIBs have appropriate capacity to absorb losses and, if necessary, to achieve an orderly resolution and to maintain the continuity of critical functions.

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July 24, 2019	EBA	<p><b><u>EBA Calls for Communication to Credit Institutions about the Relevance of AML/CFT Concerns from a Prudential Perspective</u></b></p> <p>The EBA published an opinion on the link between money laundering and terrorist financing concerns and prudential objectives. This opinion forms part of the EBA's ongoing work to strengthen the fight against money laundering and terrorist financing in Europe and responds to a request in the Council Anti Money Laundering Action Plan of 2018.</p>
July 23, 2019	EBA	<p><b><u>EBA Publishes Its Roadmap on IFRS 9 Deliverables and Launches IFRS 9 Benchmarking Exercise</u></b></p> <p>The EBA published its IFRS 9 roadmap providing a comprehensive overview of planned monitoring activities on IFRS 9 implementation. The EBA also launched an IFRS 9 benchmarking exercise on a sample of institutions aimed at analyzing the different modelling practices followed by institutions and how IFRS 9 implementation impacts the amount of expected credit losses in terms of own funds and regulatory ratios.</p>
July 19, 2019	EBA	<p><b><u>EBA Publishes Report on Regulatory Perimeter, Regulatory Status and Authorisation Approaches in Relation to FinTech Activities</u></b></p> <p>The EBA published the findings of its analysis on the regulatory framework applicable to FinTech firms when accessing the market. The report illustrates the developments on the regulatory perimeter across the EU, the regulatory status of FinTech firms, and the approaches followed by competent authorities when granting authorization for banking and payment services.</p>
July 16, 2019	EBA	<p><b><u>EBA Amends Implementing Technical Standards on Supervisory Reporting With Regard to Financial Information (FINREP)</u></b></p> <p>The EBA published amendments to the Implementing Technical standards (ITS) on supervisory reporting with regard to FINREP. The amendments concern the reporting requirements on non-performing exposures (NPE) and forbearance to allow monitoring of reporting institutions' NPE strategies, the reporting requirements on profit and loss items and the implementation of the new International Financial Reporting Standard on leases (IFRS 16).</p>
July 12, 2019	EBA	<p><b><u>EBA Reports on the Monitoring of the LCR Implementation in the EU</u></b></p> <p>The EBA published its first report on the monitoring of liquidity coverage ratio (LCR) implementation in the EU. The EBA's monitoring of the LCR contributes to a consistent application of EU law and promotes common supervisory approaches and practices in this area. The EBA intends to regularly monitor the implementation of the LCR for EU banks and update this report on an ongoing basis to set out its observations and provide further guidance, where necessary.</p>
July 9, 2019	EBA	<p><b><u>EBA Publishes Report on Progress Made on its Roadmap to Repair IRB Models</u></b></p> <p>The EBA published a progress report on the roadmap set out in 2016 to repair internal models used to calculate own funds requirements for credit risk under the Internal Ratings Based (IRB) approach. The roadmap aims to address the concerns about undue variability of own funds requirements and to restore trust in IRB models by ensuring comparability of the estimates of risk parameters, while retaining their risk sensitivity. This report marks the finalization of the IRB regulatory review and provides clarity on the next steps.</p>

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July 8, 2019	EBA	<p><b><u>EBA Assesses Impact of FinTech on Payment Institutions' and E-money Institutions' Business Models</u></b>  The EBA published a thematic report on the impact of FinTech on payment institutions' (PIs) and electronic money institutions' (EMIs) business models. This report points out the EBA's key observations on PIs' and EMIs' strategies and business model changes, in particular focusing on the current trends and drivers, the different approaches to FinTech, including their interaction with BigTech firms, and the level of implementation of innovative technologies.</p>
July 5, 2019	EBA	<p><b><u>EBA Publishes Report on Implementation of the its Guidelines on Product Oversight and Governance (POG) Arrangements</u></b>  The EBA published its first report on the way industry has implemented the EBA requirements aimed at protecting consumers across the EU. The report focuses on the <i>Guidelines on Product Oversight and Governance Arrangements</i> (POG), which the EBA issued in 2015 to address large-scale retail conduct failure and mis-selling that was observed in the banking sector at the time. The report identifies a number of good and bad practices and outlines the next steps the EBA will take to fulfil its supervisory convergence mandate.</p>
July 4, 2019	EBA	<p><b><u>Profitability Challenges the Sector, Asset Quality Still Improving but Requires Constant Monitoring</u></b>  The EBA published its Risk Dashboard, which summarizes the main risks and vulnerabilities in the EU/EEA banking sector. The Risk Dashboard includes for the first time IFRS 9 related data on asset quality and banks' fair valued positions, as well as information about their sovereign exposures.</p>
July 2, 2019	EBA	<p><b><u>EBA Basel Assessment Sees Impact Driven by Large Banks</u></b>  The EBA presented the results of its Basel III implementation assessment, which includes a quantitative impact study based on data from 189 EU banks, and a comprehensive set of policy recommendations in the area of credit and operational risk, output floor and securities financing transactions.</p>
July 8, 2019	ECB	<p><b><u>ECB Finalizes Guide to Harmonize Rules on Banks' Internal Models</u></b>  The ECB published the final chapters of its guide to internal models. These three risk type-specific chapters cover credit risk, market risk and counterparty credit risk.</p>
July 25, 2019	EIOPA	<p><b><u>EIOPA Consults on the Draft Opinion on the Supervision of Remuneration Principles in the Insurance and Reinsurance Sector</u></b>  The draft opinion addressed to national supervisory authorities aims to enhance supervisory convergence by focusing on a set of remuneration principles. It provides guidance on how to challenge the application of the principles and focuses on a reduced scope of staff identified as potential higher profile risk-takers to promote a proportionate approach. It identifies benchmarks that should trigger the supervisory dialogue and should not be seen as hard targets for the practical implementation of the remuneration principles.</p>
July 22, 2019	EIOPA	<p><b><u>EIOPA Publishes Discussion Paper on Methodological Principles of Insurance Stress Testing</u></b>  The discussion paper sets out methodological principles and guidelines required for the conduct and assessment of a EU-wide stress test exercise with the aim to enhance EIOPA's methodology for bottom-up supervisory stress testing. These principles and guidelines will be the toolbox to facilitate both the design and execution phase of future EIOPA stress test exercises.</p>

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July 12, 2019	EIOPA	<p><b><u>EIOPA Consults on Increased Proportionality of Supervisory Reporting and Public Disclosure</u></b>  EIOPA has launched a consultation package on supervisory reporting and public disclosure in the context of its work linked with the 2020 Solvency II Review. This first consultation covers the following areas: i) general issues on supervisory reporting and public disclosure; ii) individual Quantitative Reporting Templates (QRTs) and Annexes; iii) Solvency and Financial Condition Report (SFCR) and Narrative Supervisory Reporting; and iv) financial stability reporting.</p>
July 12, 2019	EIOPA	<p><b><u>EIOPA Consults on the Harmonisation of National Insurance Guarantee Schemes</u></b>  EIOPA launched a consultation on its advice on the harmonization of national insurance guarantee schemes across the member states of the EU.</p>
July 11, 2019	EIOPA	<p><b><u>EIOPA Issues Opinions on Governance and Risk Management of Pension Funds</u></b>  EIOPA has published four opinions to assist National Competent Authorities in the implementation of <i>the Institutions for Occupational Retirement Provisions - the IORP II Directive</i>: i) opinion on the use of governance and risk assessment documents in the supervision of IORPs; ii) opinion on the practical implementation of the common framework for risk assessment and transparency for IORPs; iii) opinion on the supervision of the management of operational risks faced by IORPs; and iv) opinion on the supervision of the management of environment, social and governance risks faced by IORPs.</p>
July 7, 2019	EIOPA	<p><b><u>EIOPA Consults on Guidelines on Outsourcing to Cloud Service Providers</u></b>  These guidelines will provide guidance to market participants on how the outsourcing provisions set forth in the Directive 2009/138/EC, in the Commission's Delegated Regulation 2015/35 and in EIOPA's <i>Guidelines on System of Governance</i> need to be applied in the case of outsourcing to cloud service providers.</p>
July 18, 2019	ESMA	<p><b><u>ESMA Advises on Credit Rating Sustainability and Sets Disclosure Requirements</u></b>  ESMA has published its technical advice on sustainability considerations in the credit rating market and its final guidelines on disclosure requirements applicable to credit ratings.</p>
July 12, 2019	ESMA	<p><b><u>ESMA Publishes Report on the Licencing of FinTech Firms Across Europe</u></b>  The report is based on two surveys conducted by ESMA since January 2018, which gathered evidence from national competent authorities on the licensing regimes of FinTech firms in their jurisdictions.</p>
July 12, 2019	ESMA	<p><b><u>ESMA Consults on Disclosure Guidelines Under the Prospectus Regulation</u></b>  ESMA has launched a public consultation concerning its draft guidelines on disclosure requirements under the <i>Prospectus Regulation</i>. The purpose of the draft guidelines is to ensure that market participants have a uniform understanding of the relevant disclosure requirements and assist national competent authorities when they assess the completeness, comprehensibility and consistency of information in prospectuses.</p>
July 9, 2019	EBA EIOPA ESMA	<p><b><u>ESAs Publish Recommendations on the Supervision of Retail Financial Services Provided Across Borders</u></b>  In this report, the ESAs identified the main issues that national competent authorities (NCAs) face when supervising financial institutions that provide cross-border retail financial services within the EU and make recommendations to both NCAs and EU institutions on how to address them. The report calls for more clarity on when activities carried out through digital means fall under passporting rules, and for considering the identified high-level principles on cooperation as the basis for any new legislation or possible amendment to current legislation.</p>

Date	Organization	Title & Abstract
July 31, 2019	IOSCO	<b><u>IOSCO Issues Statement on Benchmarks Transition</u></b> IOSCO published the <i>Statement on Communication and Outreach to Inform Relevant Stakeholders Regarding Benchmarks Transition</i> . It seeks to inform relevant market participants of how an early transition to Risk Free Rates (RFRs) can mitigate potential risks arising from the expected cessation of LIBOR.
July 18, 2019	IOSCO	<b><u>Statement on IOSCO Liquidity Risk Management Recommendations for Investment Funds</u></b> IOSCO statement about whether its recommendations on the liquidity management of open-ended investment funds (OEFs) adequately address risks in OEFs which could disadvantage investors or lead to broader financial system contagion.

## National Regulators

Date	Organization	Title & Abstract
July 18, 2019	OSFI	<b><u>Proposed Changes to the Guideline B-6 – Liquidity Principles</u></b> OSFI is issuing proposed revisions to its <i>Guideline B-6 – Liquidity principles</i> for consultation. It sets out OSFI's expectations around the management of liquidity risk for banks, bank holding companies and federally regulated trust and loan companies. Together with the <i>Liquidity Adequacy Requirements Guideline</i> , which outlines a set of quantitative liquidity standards and metrics, it forms the framework under which OSFI assesses the liquidity adequacy of the institutions it supervises.
July 11, 2019	OSFI	<b><u>Advancing Proportionality: OSFI Releases Discussion Paper on Capital and Liquidity Requirements for Smaller Deposit-Taking Institutions</u></b> OSFI has released a discussion paper titled <i>Advancing Proportionality: Tailoring Capital and Liquidity Requirements for Small and Medium-Sized Deposit-Taking Institutions</i> . The discussion paper seeks input on possible changes to capital and liquidity requirements for small and medium-sized deposit-taking institutions, and outlines OSFI's initiative to develop more tailored requirements that take into account their unique nature.
July 30, 2019	PRA	<b><u>The Bank of England's Approach to Assessing Resolvability</u></b> The Resolvability Assessment Framework is designed to make resolution more transparent, better understood, and more successful. It builds on the work done since the financial crisis, ensuring that firms are, and are able to demonstrate that they are, resolvable.
July 30, 2019	PRA	<b><u>Resolution Assessment and Public Disclosure by Firms – SS 4/19</u></b> This supervisory statement is relevant to the UK banks and building societies to which the rules in the Resolution Assessment Part of the PRA Rulebook apply. It sets out the PRA's expectations on how these firms should comply with the rules.
July 23, 2019	PRA	<b><u>Credit Risk Mitigation: Eligibility of Financial Collateral – PS 14/19, CP 1/19</u></b> This policy statement provides feedback to responses to CP 1/19 <i>Credit Risk Mitigation: Eligibility of Financial Collateral</i> . It contains the updated SS 17/13 <i>Credit Risk Mitigation</i> .

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July 2, 2019	PRA	<p><b><u>Joint Statement on Climate Change</u></b>  This joint statement from the PRA, FCA, Financial Reporting Council, and The Pension Regulator supports the launch of the UK government's Green Finance Strategy.</p>
July 31, 2019	FCA	<p><b><u>FCA Provides Clarity on Current Cryptoassets Regulation</u></b>  The FCA has published final guidance which sets out the cryptoasset activities it regulates. The guidance will help firms understand whether their cryptoasset activities fall under FCA regulation. This will allow firms to have a better understanding of whether they need to be authorized and what they need to do to ensure they are compliant.</p>
July 26, 2019	FCA	<p><b><u>Optimising the Senior Managers and Certification Regime: PS 19/20 and Feedback to CP 19/4</u></b>  The FCA has published final rules on the extension of the Senior Managers and Certification Regime (SM&amp;CR) to FCA solo-regulated firms, including claims management companies.</p>
July 23, 2019	FCA	<p><b><u>FCA Launches Consultation Guiding Firms on the Fair Treatment of Vulnerable Customers</u></b>  The FCA has launched a consultation on proposed guidance for firms on the fair treatment of vulnerable customers. The guidance sets out the FCA's view of what the FCA Principles require of firms to ensure that vulnerable consumers are consistently treated fairly across financial services sectors.</p>
July 3, 2019	FCA	<p><b><u>FCA Proposes Ban on Sale of Crypto-derivatives to Retail Consumers</u></b>  The FCA is proposing rules to address harm to retail consumers from the sale of derivatives and exchange traded notes (ETNs) referencing certain types of cryptoassets.</p>
July 2019	Banque de France NGFS Secretariat	<p><b><u>Macroeconomic and Financial Stability: Implications of Climate Change</u></b>  Research paper sets out distinctive characteristics of climate change.</p>
July 22, 2019	FRB FDIC OCC	<p><b><u>Federal Bank Regulatory Agencies and FinCEN Improve Transparency of Risk-focused BSA/AML Supervision</u></b>  The statement outlines common practices for assessing a bank's money laundering/terrorist financing risk profile, assisting examiners in scoping and planning the examination and initially evaluating the adequacy of the BSA/AML compliance program.</p>
July 9, 2019	FRB	<p><b><u>Federal Reserve System White Paper Examines the Effects of Synthetic Identity Payments Fraud</u></b>  The white paper provides information on the current state of synthetic identity fraud, including the scope of the issue, causes, contributing factors, and its impact on the payments industry.</p>
July 9, 2019	FDIC FRB OCC	<p><b><u>Agencies Simplify Regulatory Capital Rules</u></b>  The federal bank regulatory agencies today issued a final rule that reduces regulatory burden by simplifying several requirements in the agencies' regulatory capital rules. The final rule is intended to simplify and clarify a number of the more complex aspects of the agencies' existing regulatory capital rules.</p>

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July 23, 2019	APRA	<b><u>APRA Proposes Requirements on Remuneration to Enhance Conduct, Risk Management and Accountability</u></b> APRA has released a draft prudential standard aimed at clarifying and strengthening remuneration requirements in APRA-regulated entities. It will better align remuneration frameworks with the long-term interests of entities and their stakeholders, including customers and shareholders.
July 5, 2019	Monetary Authority of Singapore	<b><u>Consultation Paper on Proposed Payment Services Notices and Guidelines</u></b> This consultation sets out MAS' proposed notices and guidelines applicable to entities regulated under the <i>Payment Services Act 2019</i> .

## International Organizations

Date	Organization	Title & Abstract
July 2019	BIS	<b><u>Is the Financial System Sufficiently Resilient: A Research Programme and Policy Agenda</u></b> The paper discusses why the financial system is not as resilient as policymakers currently claim - despite extensive regulatory reforms from a very weak starting point.
June 2019	CGAP	<b><u>The Role of Financial Services in Youth Education and Employment</u></b> This paper presents key insights for policy makers on the role of financial services in youth education and employment. It begins with an overview of youth financial inclusion and the surrounding context, focusing on the period of adolescence from 15 to 24 years old. This paper then examines the role that financial services can play in enabling youth education and employment, outlines the existing evidence base, and highlights future directions for both research and interventions.
July 2019	IMF	<b><u>Drivers of Cross-Border Banking in Sub-Saharan Africa</u></b> Using data collected from pan-African banks' balance sheets and other sources, this study identifies some key patterns of cross-border investment in bank subsidiaries by key banking groups in sub-Saharan Africa and discusses some of the determinants of this investment. The analysis finds that cross-border banking is in part driven by a search for yield, diversification, and expansion for strategic reasons.
June 2019	IMF	<b><u>FinTech: The Experience So Far</u></b> The paper finds that while there are important regional and national differences, countries are broadly embracing the opportunities of FinTech to boost economic growth and inclusion, while balancing risks to stability and integrity.

## Other

Date	Organization	Title & Abstract
July 2019	Carnegie Endowment for International Peace	<p><b><u>Capacity-Building Tool Box for Cybersecurity and Financial Organizations</u></b></p> <p>This report offers a package of easy-to-use, action-oriented one-page guides detailing how institutions can enhance their own security as well as that of their customers and third parties, information about cyber incidents, and a comprehensive, supplementary report.</p>
July 2019	Gates Foundation Group of Seven	<p><b><u>A G7 Partnership for Women's Digital Financial Inclusion in Africa</u></b></p> <p>This document is part of the G7's agenda to fight inequality. Essential to efforts to expand digital financial inclusion to women in Africa are five pillars that fall into three categories: infrastructure, regulation, and planning.</p>