

Toronto Centre Publications Monitoring Report

December 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
December 2019	Toronto Centre	<p><u>Supervising FinTech to Promote Financial Inclusion</u> Toronto Centre Note discusses how financial regulation and supervision can enhance the benefits of FinTech for financial inclusion and gender equality, taking into consideration the roles of incumbent financial institutions and new entrants, the roles of supervisors and regulators, and the varying experiences of different jurisdictions.</p>

Standard Setting Bodies

Date	Organization	Title & Abstract
December 16, 2019	BCBS	<p><u>Launch of the Basel Consolidated Framework</u> The framework brings together all of the Basel Committee's global standards for the regulation and supervision of banks.</p>
December 12, 2019	BCBS	<p><u>Basel Committee Invites Comments on the Design of a Prudential Treatment for Crypto-assets</u> The BCBS has published a report, <i>Designing a Prudential Treatment for Crypto-assets</i>, for comment by stakeholders.</p>

Date	Organization	Title & Abstract
December 19, 2019	FSB	<p><u>FSB Report Assesses Vulnerabilities of Leveraged Loans and CLOs</u> The FSB published a report on <i>Vulnerabilities Associated with Leveraged Loans and Collateralised Loan Obligations</i> (CLOs). The report assesses the financial stability implications of developments in the leveraged loan and CLO markets. It provides a global perspective by combining available data and analyses from FSB members.</p>
December 18, 2019	FSB	<p><u>FSB Report Sets Out Need to Reduce Risks to Financial Stability from LIBOR Transition</u> The FSB published its annual progress report on implementation of recommendations to reform major interest rate benchmarks. The report emphasizes that the continued reliance of global financial markets on LIBOR poses risks to financial stability. It calls for significant and sustained efforts by the official sector and by financial and non-financial firms across many jurisdictions to transition away from LIBOR by end-2021.</p>
December 9, 2019	FSB	<p><u>FSB Reports Consider Financial Stability Implications of BigTech in Finance and Third Party Dependencies in Cloud Services</u> The FSB today published two reports that consider the financial stability implications from an increasing offering of financial services by BigTech firms, and the adoption of cloud computing and data services across a range of functions at financial institutions. The first report is <i>BigTech in Finance: Market Developments and Potential Financial Stability Implications</i> and the second is <i>Third-party Dependencies in Cloud Services: Considerations on Financial Stability Implications</i>.</p>
December 19, 2019	EBA	<p><u>EBA Updates List of CET1 Instruments</u> The EBA published an updated list of capital instruments that Competent Authorities across the European Union have classified as Common Equity Tier 1 (CET1).</p>
December 19, 2019	EBA	<p><u>EBA Consults to Revise Standards to Identify Staff with a Material Impact on the Institution's Risk Profile</u> The EBA launched a public consultation on its draft Regulatory Technical Standards (RTS) on the criteria to identify all categories of staff whose professional activities have a material impact on the institutions' risk profile ("risk takers"). The aim of these standards is to define and harmonize the criteria for the identification of such staff and to ensure a consistent approach across the EU.</p>
December 18, 2019	EBA	<p><u>EBA Calls on Banks to Consider Long-term Horizons in their Strategies and Business Activities</u> The EBA published its report on undue short-term pressures from the financial sector on corporations, which presents its analysis on the extent to which short-termism is present in the banking sector. This assessment responds to a call for advice from the European Commission as part of its Action Plan "Financing Sustainable Growth" and will inform on policy actions that could be taken to ensure that long-term perspectives are adequately considered in the financial sector.</p>
December 18, 2019	EBA	<p><u>EBA Publishes Final Draft Standards on Key Aspects Related to the Implementation of the Standardised Approach for Counterparty Credit Risk</u> The EBA published final draft Regulatory Technical Standards (RTS) on the Standardised Approach for Counterparty Credit Risk (SA-CCR). These draft RTS specify key aspects of the SA-CCR and represent an important contribution to its smooth harmonized implementation in the EU.</p>

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December 9, 2019	EBA	<p><u>EBA Updates its Guidelines for the Reporting of Funding Plans</u> The EBA published updated guidelines on harmonized definitions and templates for the reporting of funding plans. The changes include additional details of forecasted market-based funding, alignment to FINREP reporting and additional proportionality for small and non-complex credit institutions.</p>
December 6, 2019	EBA	<p><u>EBA Pushes for Early Action on Sustainable Finance</u> The EBA published its action plan on sustainable finance, outlining its approach and timeline for delivering mandates related to environmental, social and governance factors. The action plan explains the EBA's sequenced approach, starting with key metrics, strategies, risk management and moving towards scenario analysis and evidence for any adjustments to risk weights.</p>
December 4, 2019	EBA	<p><u>EBA Updates the Estimates of the Impact of the Implementation of Basel III and Provides an Assessment of its Effect on the EU Economy</u> The EBA published the second part of its advice on the implementation of Basel III in the EU, which complements the report published on 5 August 2019. Today's publication includes an assessment of the impact of the revisions to the credit valuation adjustment (CVA) and market risk frameworks, and the corresponding policy recommendations. It also provides a macroeconomic impact assessment of the full Basel III package.</p>
December 3, 2019	EBA	<p><u>EBA Raises Awareness on Key Steps Consumers Should Consider When Choosing Online or Mobile Banking Services</u> The EBA published a fact sheet addressed to European consumers to raise awareness on key steps they should consider when choosing financial services through digital means. This document will help consumers make better and more informed choices.</p>
December 18, 2019	ESMA	<p><u>ESMA Proposes Strengthened Rules to Address Undue Short-termism in Securities Markets</u> ESMA has published its findings on potential undue short-term pressures in securities markets. The EC had asked the three ESAs to investigate potential sources of undue short-termism on corporations and provide advice on areas which regulators should address.</p>
December 5, 2019	ESMA	<p><u>ESMA Publishes Proposals on CRAS Internal Control Function</u> ESMA has launched a consultation on proposed <i>Guidelines on Internal Controls for CRAs</i>, which sets out the systems and controls that credit rating agencies (CRAs) should have in place to meet the requirements of the CRA Regulation (CRAR) on internal controls.</p>
December 16, 2019	EBA EIOPA ESMA	<p><u>ESAs Transform the Way Competent Authorities Cooperate With Each Other on AML/CFT Matters</u> The three European Supervisory Authorities published joint guidelines on cooperation and information exchange, establishing colleges of anti-money laundering and countering the financing of terrorism (AML/CFT) supervisors for the first time in the EU to ensure effective cooperation and information exchange between competent authorities.</p>
December 19, 2019	IAIS	<p><u>IAIS Launches Public Consultation on Issues Paper on TCFD Recommendations</u> The IAIS has published a draft Issues Paper on the Implementation of the Recommendations of the Task Force on Climate-related Financial Disclosures for public consultation.</p>

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December 16, 2019	IOSCO	<p><u>IOSCO Consults on Measures to Reduce Conflict of Interests in Debt Capital Raising</u> IOSCO has published a proposed guidance, <i>Conflicts of Interest and Associated Conduct Risks During the Debt Capital Raising Process</i>, to help IOSCO members address potential conflicts of interest and associated conduct risks arising from the role of market intermediaries in the debt capital raising process.</p>
December 13, 2019	IOSCO	<p><u>IOSCO Launches Framework for Monitoring Leverage in Funds that May Pose Stability Risks</u> IOSCO unveiled a two-step framework designed to facilitate monitoring of leverage in investment funds that could potentially pose risks to financial stability. The framework is outlined in the report <i>Recommendations for a Framework Assessing Leverage in Investment Funds</i>. The recommendations aim to achieve a balance between precise leverage measures and simple, robust metrics that regulators can apply consistently to the wide range of funds offered in different jurisdictions.</p>
December 10, 2019	IOSCO CPMI	<p><u>CPMI and IOSCO Share Authorities' Experiences in Cooperation to Increase FMI Safety and Efficiency</u> CPMI and IOSCO published a report outlining ways in which financial authorities cooperate to promote the safety and efficiency of financial market infrastructures (FMIs). The new report, which comes against a backdrop of increasingly globalized markets and growing central clearing of trades, shares the lessons learned from this cooperation.</p>

National Regulators

Date	Organization	Title & Abstract
December 5, 2019	OSFI	<p><u>OSFI Releases Final Guideline to Deposit-taking Institutions on Liquidity Risk Management</u> OSFI released the final version of Guideline B-6: <i>Liquidity Principles</i>, which sets out OSFI's expectations for how deposit-taking institutions should manage liquidity risk and ensures that OSFI's expectations are current and appropriate for the scale and complexity of these institutions.</p>
December 4, 2019	OSFI	<p><u>OSFI Releases Final Guidelines on Foreign Bank Branch Deposit Requirements</u> This guideline addresses OSFI's expectations with respect to the minimum deposit, to be held in trust, which authorized foreign banks must maintain in respect of their business in Canada.</p>
December 18, 2019	Bank of England	<p><u>Bank of England Consults on its Proposals for Stress Testing the Financial Stability Implications of Climate Change</u> The Bank of England has published a discussion paper which sets out its proposed framework for the 2021 Biennial Exploratory Scenario exercise.</p>
December 16, 2019	Bank of England FCA	<p><u>Financial Conduct Authority and Bank of England Statement on Joint Review of Open-ended Funds</u> The Financial Policy Committee has set out initial findings of a joint review by the FCA and the Bank of England on open-ended investment funds and the risks posed by their liquidity mismatch.</p>

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December 16, 2019	Bank of England	<p><u>Stress Testing the UK Banking System: 2019 Results</u> The 2019 stress test shows the UK banking system is resilient to deep simultaneous recessions in the UK and global economies that are more severe overall than the global financial crisis, combined with large falls in asset prices and a separate stress of misconduct costs.</p>
December 5, 2019	Bank of England	<p><u>Bank of England Consultation papers: Operational Resilience of FMIs</u> This consultation sets out the Bank's proposals for improving the operational resilience of Financial Market Infrastructures (FMIs). The proposals set out policies designed to improve the operational resilience of FMIs and protect the wider financial sector and UK economy from the impact of operational disruptions. The draft requirements and expectations in the policies seek to embed the concepts of the July 2018 Discussion Paper 1/18 <i>Building the UK Financial Sector's Operational Resilience</i>.</p>
December 5, 2019	Bank of England PRA FCA	<p><u>Building Operational Resilience: Impact Tolerances for Important Business Services</u> The Bank of England, Prudential Regulation Authority and Financial Conduct Authority have published a shared policy summary and coordinated consultation papers on new requirements to strengthen operational resilience in the financial services sector.</p>
December 17, 2019	FCA	<p><u>FCA Asks for Proposals on How Open Finance Could Transform Financial Services</u> The FCA has launched a Call for Input (Cfi) on the opportunities presented by so-called 'open finance'.</p>
December 18, 2019	APRA	<p><u>APRA Releases Second Consultation Package on its Superannuation Data Transformation</u> APRA has released a second consultation package on its Superannuation Data Transformation. The project will make it easier to scrutinize and reliably compare fund and product performance, especially in the choice segment of the market.</p>
December 12, 2019	APRA	<p><u>APRA Modernises Prudential Standard on Banking Credit Risk Management</u> APRA has released an updated prudential standard on credit risk management requirements for authorized deposit-taking institutions (ADIs).</p>
December 11, 2019	APRA	<p><u>APRA Finalises Updated Prudential Standard on Operational Risk Requirements for ADIs</u> APRA has released an updated prudential standard setting out operational risk requirements for authorized deposit-taking institutions (ADIs).</p>
December 5, 2019	APRA	<p><u>APRA Proposes Major Uplift in Transparency Around Banking Data</u> APRA has proposed substantially increasing the volume and breadth of data it makes publicly available on authorized deposit-taking institutions, including banks, credit unions and building societies. The move towards greater transparency and scrutiny of the banking sector is aimed at increasing accountability, supporting competition and lifting overall industry standards.</p>
December 6, 2019	MAS	<p><u>Guidance to Enhance Operational Controls in Payments and Electronic Funds Transfer Operations</u> This guidance sets out the key findings of MAS's recent thematic review of banks operational controls in their payments and electronic funds transfer operations and recommends how banks should implement effective controls to address the operational risks.</p>
December 5, 2019	MAS	<p><u>Guidelines on Fit and Proper Criteria</u> These guidelines set out the fit and proper criteria that apply to all relevant persons carrying out any activity regulated by MAS.</p>

International Organizations

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December 12, 2019	CPMI	<u>CPMI Report Sets Out Considerations for Developers of Wholesale Digital Tokens</u> <i>Wholesale Digital Tokens</i> , a new report by the CPMI, sets out a list of criteria for developers and market participants to consider when designing digital tokens for use in wholesale transactions.
December 19, 2019	FSI	<u>Basel III: Securitisation Framework - Executive Summary</u> The Basel III securitization framework is part of the Basel Committee on Banking Supervision's efforts to increase the resilience of the banking sector. In effect since January 2018, the framework addresses weaknesses that became apparent during the Great Financial Crisis. As a result, the revised framework is simpler, more risk-sensitive, more prudently calibrated and more broadly consistent with the underlying framework for credit risk. It also provides incentives to improve risk management and seeks to enhance transparency and comparability across banks and jurisdictions.
December 6, 2019	IMF	<u>The Spending Challenge for Reaching the SDGs in Sub-Saharan Africa: Lessons Learned from Benin and Rwanda</u> This paper documents the additional spending that is required for sub-Saharan Africa to achieve meaningful progress in SDGs by 2030. Benin and Rwanda are presented in detail through case studies. The main lessons are: i) average additional spending across SSA is significant, at 19 percent of GDP in 2030; ii) countries must prioritize their development objectives according to their capacity to deliver satisfactory outcomes, iii) financing strategies should articulate multiple sources given the scale of additional spending, and iv) strong national ownership of SDGs is key and should be reflected in long-term development plans and medium-term policy commitments.

Industry

Date	Organization	Title & Abstract
December 2019	ASBA	<u>Global FinTech Regulation and Supervision Practices</u> Report compiles and analyzes global practices regarding the regulation and supervision of Fintech business models, products and services.

Other

Date	Organization	Title & Abstract
August 2019	ADA Cerise	<p><u>Social Performance Management in Microfinance: Practices, Results and Challenges in Sub-Saharan Africa</u></p> <p>The aim of this study is to shed light on the type of financial service providers which carry out a social performance audit, to identify the main strengths and weaknesses of these actors in terms of SPM, and to analyze the potential complementarities of social and financial performances. While the original study covers all of the audits submitted to Cerise1, this document will focus exclusively on the sub-Saharan Africa region.</p>
November 2019	UKAID	<p><u>Improving Operational Efficiency of MFIs Through Tablet Banking</u></p> <p>This document outlines how digitization has helped microfinance institutions (MFIs) bring operational efficiency and provide better services to their clients.</p>