

Toronto Centre Publications Monitoring Report

January 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
January 2020	Toronto Centre	Supervisory Responses to Retail Misconduct Toronto Centre Note: i) alerts supervisors to the structural and behavioural triggers of retail misconduct, considering the context of their own economies, industries and portfolios of supervised institutions; ii) explores the institutional causes that contribute to retail misconduct and the need to identify and respond to these as early as possible; iii) considers the role of whistle-blowers and how they might be enlisted in preventing and addressing retail misconduct; iv) explains the responses to date and their limited usefulness; v) lists possible supervisory actions; and v) discusses the likely emerging future scenario.

Standard Setting Bodies

Date	Organization	Title & Abstract
January 19, 2020	FSB	FSB Publishes Annual Report on Non-bank Financial Intermediation The FSB published the <i>Global Monitoring Report on Non-Bank Financial Intermediation 2019</i> . The report presents the results of the FSB's annual monitoring exercise to assess global trends and risks from non-bank financial intermediation (NBFIs).

Date	Organization	Title & Abstract
January 31, 2020	EBA	<p><u>EBA Releases its Annual Assessment of the Consistency of Internal Model Outcomes</u> The EBA published two reports on the consistency of risk weighted assets (RWAs) across all EU institutions authorized to use internal approaches for the calculation of capital requirements. The reports cover credit risk for high and low default portfolios, as well as market risk. The results confirm that the majority of risk-weights variability can be explained by fundamentals.</p>
January 22, 2020	EBA	<p><u>EBA Updates its Guidelines on Fraud Reporting Under PSD2</u> The EBA published an amendment to its 2018 guidelines on fraud reporting under the revised Payment Services Directive (PSD2). The changes reflect some consequential amendments to the reporting templates under the guidelines as a result of clarifications provided more recently by the EC on the application of strong customer authentication to certain type of transactions.</p>
January 22, 2020	EBA	<p><u>EBA Consults on the Future of the EU-wide Stress Test Framework</u> The EBA launched a public consultation on possible future changes to the EU-wide stress test. This discussion paper aims to present the EBA's vision of the future of the EU-wide stress test and to collect comments and feedback from the different users. The proposal envisages two components owned by supervisors and banks respectively: the supervisory leg and the bank leg.</p>
January 13, 2020	EBA	<p><u>EBA Report Identifies Key Challenges in the Roll Out of Big Data and Advanced Analytics</u> The EBA published a report on the recent trends of BD&AA in the banking sector and on the key considerations in the development, implementation and adoption of BD&AA.</p>
January 28, 2020	ECB	<p><u>ECB Keeps Capital Requirements and Guidance for Banks Stable and Increases Transparency</u> The European Central Bank published the outcomes of its 2019 Supervisory Review and Evaluation Process (SREP). The overall SREP requirements and guidance for Common Equity Tier 1 (CET1) capital remained stable at 10.6% in 2019, the same level as in 2018.</p>
January 9, 2020	ESRB	<p><u>ESRB Publishes Report on Mitigating the Procyclicality of Margins and Haircuts in Derivatives Markets and Securities Financing Transactions</u> The ESRB has published a report on mitigating the procyclicality of margins and haircuts in derivatives markets and securities financing transactions. The report provides analysis and sets out possible policy options to address systemic risks arising from the procyclicality associated with margin and haircut practices.</p>
January 30, 2020	IOSCO	<p><u>IOSCO Publishes Annual Work Program</u> The work program calls for IOSCO to continue its efforts on five specific priorities identified by the Board for 2019 while undertaking work on a new priority concerning rising levels of corporate debt and leveraged loans and the potential resulting risks in capital markets. The five specific priorities 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>
January 16, 2020	IOSCO	<p><u>IOSCO Consults on Measures to Reduce Conflict of Interests in Debt Capital Raising</u> IOSCO is requesting feedback on proposed guidance to help members address potential conflicts of interest and associated conduct risks arising from the role of market intermediaries in the debt capital raising process. To help regulators identify and address these risks, IOSCO published the consultation report <i>Conflicts of Interest and Associated Conduct Risks During the Debt Capital Raising Process</i>.</p>

National Regulators

Date	Organization	Title & Abstract
January 23, 2020	PRA	<u>Implementing CRD IV: Capital Buffers – SS 6/14</u> This supervisory statement was updated following PS 2/20 <i>Pillar 2 Capital: Updates to the Framework</i> .
January 17, 2020	PRA	<u>How Reliant Are Banks and Insurers on Cloud Outsourcing?</u> Results of a survey to understand how banks and insurers use the cloud.
January 7, 2020	Bank of England FCA	<u>FCA and Bank of England Announce Proposals for Data Reforms Across the UK Financial Sector</u> The FCA and the Bank of England outlined their plans to develop their data and analytics capabilities.
January 9, 2020	FCA	<u>FCA Acts to Help Customers Get Better Rates for Cash Savings</u> The FCA is proposing to reform the easy access cash savings market. Under new rules all firms will have to set a single easy access rate (SEAR) across all easy access accounts. Firms will have flexibility to offer multiple introductory rates for up to 12 months, then they will need to choose one SEAR for their easy access cash savings accounts, and one for their easy access cash savings ISAs.
January 30, 2020	APRA	<u>APRA Publishes Its Policy and Supervision Priorities</u> APRA has set out its policy and supervision priorities for the next 12 to 18 months with an emphasis on fulfilling the four strategic goals of its Corporate Plan: i) maintaining financial system resilience; ii) improving outcomes for superannuation members; iii) improving cyber-resilience in the financial sector; and iv) transforming governance, culture, remuneration and accountability (GCRA) across all APRA-regulated institutions.
January 20, 2020	APRA	<u>APRA Publishes Submission on FinTech and RegTech</u> APRA has published its submission to the Senate Select Committee on Financial Technology and Regulatory Technology. The submission outlines how APRA is evolving its regulatory framework and approach to support the developing FinTech and RegTech sector, while ensuring risks are appropriately managed in line with APRA's mandate of financial soundness and stability.
January 16, 2020	BaFin	<u>Sustainability Risks: BaFin Publishes Guidance Notice</u> The Guidance Notice provides a detailed description of possible risk identification, management and control processes together with traditional methods and procedures related to sustainability risks.
January 31, 2020	Banco Central do Brazil	<u>Central Bank Enhances Regulation on Prevention of Money Laundering and Terrorism Financing</u> The Central Bank of Brazil improved the regulation regarding the framework to be adopted by the Supervised Entities in order to prevent the use of the National Financial System for the practice of crimes of money laundering or concealment of assets, rights, and values; as well as the financing of terrorism.
January 15, 2020	Monetary Authority of Singapore	<u>Consultation Paper on the Proposed AML/CFT Notice for Variable Capital Companies</u> This consultation sets out MAS' proposed regulations relating to anti-money laundering and countering the financing of terrorism, applicable to variable capital companies incorporated under the <i>Variable Capital Companies Act</i> .

Date	Organization	Title & Abstract
January 27, 2020	US SEC	<p><u>SEC Office of Compliance Inspections and Examinations Publishes Observations on Cybersecurity and Resiliency Practices</u> The Securities and Exchange Commission Commission's Office of Compliance Inspections and Examinations (OCIE) issued examination observations related to cybersecurity and operational resiliency practices taken by market participants.</p>

International Organizations

Date	Organization	Title & Abstract
January 21, 2020	BIS	<p><u>Central Bank Group to Assess Potential Cases for Central Bank Digital Currencies</u> The Bank of Canada, the Bank of England, the Bank of Japan, the European Central Bank, the Sveriges Riksbank and the Swiss National Bank, together with the Bank for International Settlements, have created a group to share experiences as they assess the potential cases for central bank digital currency (CBDC) in their home jurisdictions.</p>
January 20, 2020	BIS	<p><u>The Green Swan: Central Banking and Financial Stability in the Age of Climate Change</u> Climate change poses new challenges to central banks, regulators and supervisors. This book reviews ways of addressing these new risks within central banks' financial stability mandate.</p>
October 2019	FSD Africa	<p><u>Insurance for Inclusive and Sustainable Growth: Imperatives for Action from a Four-country Synthesis</u> This paper synthesizes cross-cutting themes from the study countries and beyond and draws conclusions and recommendations on how to further develop insurance markets.</p>
January 2020	FSI	<p><u>Cross-border Resolution Cooperation and Information-sharing: An Overview of Home and Host Authority Experience</u> This paper examines cross-border cooperation and information-sharing arrangements for G-SIBs and other systemic banks, with a particular focus on arrangements other than CMGs. The study finds there has been some progress in establishing a range of arrangements, but there are also instances where the information needs of host authorities on resolution planning continue to be unmet.</p>
January 2020	FSI	<p><u>Policy Responses to Fintech: A Cross-country Overview</u> Based on survey responses from around 30 jurisdictions, this paper provides a cross-country overview of policy responses to fintech developments. In addition, building on the work by global standard-setting bodies and other international organizations, the paper proposes a conceptual framework through which to analyse policy responses to fintech, referred to as the "fintech tree". The fintech tree identifies three categories: fintech activities, enabling technologies and policy enablers.</p>
January 2020	IMF	<p><u>Tech in Fin before FinTech: Blessing or Curse for Financial Stability?</u> Motivated by the world-wide surge of FinTech lending, we analyze the implications of lenders' information technology adoption for financial stability.</p>

Industry

Date	Organization	Title & Abstract
January 2020	Geneva Association	<p><u>Promoting Responsible Artificial Intelligence in Insurance</u></p> <p>The Geneva Association analyzed a selection of the many ethics guidelines issued by governmental and non-governmental organizations and private companies. Of the five core principles for the responsible use of AI identified, this report takes a close look at two: i) transparency and explainability; and ii) fairness — that are particularly complex for insurers to interpret and implement. It also explores how to address the key trade-offs that arise in applying these principles.</p>
January 2020	IIF	<p><u>IIF/EBF Global Climate Finance Survey: A Look At How Financial Firms Are Approaching Climate Risk Analysis, Measurement, And Disclosure</u></p> <p>The survey of 70 financial firms around the world, with total assets of nearly \$40 trillion, finds that the streamlining of measurement and disclosure frameworks, and increased international collaboration, are key to strengthening the climate-related risk analysis and reporting toolkit.</p>

Other

Date	Organization	Title & Abstract
December 2019	Sustainable and Inclusive Digital Financial Services	<p><u>Digital Financial Services in Nigeria: State of the Market 2019</u></p> <p>The 2019 <i>Digital Financial Services in Nigeria State of Market Report</i> presents consumer and gender profiles with contextual relevance and linkages. It contains key insights from analysis of disaggregated data on banked, under-banked and unbanked adult Nigerians and also the widening gender gap. There is also a high-level review of the progress of market-enabling policy recommendations made in 2017. The section explores how much progress has been made so far, which recommendations have been implemented and which ones are outstanding.</p>