

Toronto Centre Publications Monitoring Report

July 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
July 2020	Toronto Centre	<p>How Supervisors Can Improve the Effectiveness of Financial Education</p> <p>Toronto Centre Note sets out how supervisors can improve the effectiveness of financial education and literacy initiatives to improve consumer outcomes. Globally, there are significant and long-standing gaps in consumer understanding of key financial concepts and products, and how to access and manage such products successfully. Large gaps exist in both developing and developed countries, so development alone will not solve the problem.</p>

TC Podcasts/Webcasts/Videos

Date	Organization	Title & Abstract
July 2020	Toronto Centre	<p>COVID-19 Crisis: Perspectives from the Standard Setters</p> <p>Part 3 of the New Normal podcast series provides insights on how central bankers, health experts, and financial sector supervisors are dealing with the new normal.</p>
July 2020	Toronto Centre	<p>Evaluation of Too-Big-to-Fail Reforms</p> <p>Toronto Centre webcast focuses on the recent FSB consultation on too-big-to-fail reforms.</p>

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July 2020	Toronto Centre	<u>Managing Supervisory Teams Remotely</u> Toronto Centre podcast discusses the how the world of work has changed in the COVID-19 pandemic as many financial supervisors now need to work from home and manage their teams remotely. The panelists discuss issues including: i) how to ensure that the work gets done effectively; ii) how to keep teams productive and efficient; and iii) how to stay connected as people and as functioning teams.
July 2020	Toronto Centre	<u>Returning to the Workplace – A New Beginning for Supervisors</u> Toronto Centre podcast shares information and practical tips to help supervisors and regulators survive and thrive as they transition back to the office.

Standard Setting Bodies

Date	Organization	Title & Abstract
July 9, 2020	BCBS FSB	<u>Supervisory Issues Associated with Benchmark Transition: Report to the G20</u> This report concludes that the continued reliance of global financial markets on LIBOR poses clear risks to global financial stability.
July 2, 2020	BCBS	<u>Basel Committee Finalises AML/CFT Guidelines on Supervisory Cooperation</u> The BCBS issued the updated version of its guidelines on <i>Sound Management of Risks Related to Money Laundering and Financing of Terrorism</i> , with guides on the interaction and cooperation between prudential and anti-money laundering and combatting the financing of terrorism supervisors. These guidelines are intended to enhance the effectiveness of supervision of banks' money laundering and financing of terrorism risk management, consistent with and complementary to the goals and objectives of the standards issued by FATF and principles and guidelines published by the Basel Committee.
July 13, 2020	CPMI	<u>Enhancing Cross-border Payments: Building Blocks of a Global Roadmap</u> The report sets out 19 building blocks for a global roadmap to improve cross-border payments.
July 22, 2020	EBA	<u>EBA Consults on Guidelines Specifying the Conditions for the Substitution Approach in the Context of “Tri-party Transactions” for Large Exposures Purposes</u> The EBA launched a consultation detailing on the three conditions institutions should comply with when they decide to make use of the alternative treatment with regard to tri-party repurchase agreements facilitated by a tri-party agent.
July 21, 2020	EBA	<u>EBA Publishes Overview of Public Guarantee Schemes Issued in Response to the COVID-19 Pandemic</u> The EBA published a list of the public guarantee schemes issued in response to the COVID-19 pandemic. This publication, which complements the information included in the <i>EBA Report on the Implementation of Selected COVID-19 Policies</i> , aims at providing transparency to the public on the existence of public guarantees, as well as responding to the EC’s request for a stock-take of such guarantees.
July 20, 2020	EBA	<u>EBA Supports EU Commission’s Actions Towards a More Sustainable European Economy</u> The EBA published its response to the EC’s consultation on a Renewed Sustainable Finance Strategy.

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July 7, 2020	EBA	<p><u>EBA Provides Clarity on the Implementation of the Prudential Framework in the Context of COVID-19</u> The EBA published a report, which provides clarifications on the application of the prudential framework that have been raised as a consequence of the COVID-19 pandemics.</p>
July 1, 2020	EBA	<p><u>EBA Publishes Final Guidelines on the Treatment of Structural FX Positions</u> The EBA published today its final guidelines on the treatment of structural FX positions. These guidelines aim to establish a harmonized framework for the application of the structural FX waiver, which will allow its consistent application going forward.</p>
July 13, 2020	ESMA	<p><u>ESMA Issues Second Report on Sanctions Under MiFID II</u> ESMA has published its second report on sanctions and measures imposed under the <i>Markets in Financial Instruments Directive</i> (MiFID II) by National Competent Authorities.</p>
July 31, 2020	EBA ESMA	<p><u>EBA and ESMA Launch Consultation to Revise Joint Guidelines for Assessing the Suitability of Members of the Management Body and Key Function Holders</u> The EBA and ESMA launched a public consultation on its revised joint guidelines on the assessment of the suitability of members of the management body and key function holders. This review reflects the amendments introduced by the fifth <i>Capital Requirements Directive</i> (CRD V) and the <i>Investment Firms Directive</i> (IFD) in relation to the assessment of the suitability of members of the management body.</p>
July 20, 2020	EBA EIOPA ESMA	<p><u>ESAs Notify the European Commission About the Outcome of the Review of the PRIIPs Key Information Document</u> The European Supervisory Authorities have informed the EC of the outcome of the review conducted by the ESAs of the key information document (KID) for packaged retail and insurance-based investment products (PRIIPs).</p>
July 22, 2020	FSB	<p><u>FSB Stocktake Considers Climate Risks and Financial Stability</u> The FSB published a stocktake of financial authorities' experience in including climate-related risks in financial stability monitoring. The stocktake finds that financial authorities vary in terms of whether – and to what degree – they consider climate-related risks as part of their financial stability monitoring. Around three-quarters of survey respondents consider, or are planning to consider, climate-related risks as part of their financial stability monitoring.</p>
July 15, 2020	FSB	<p><u>COVID-19 Pandemic: Financial Stability Implications and Policy Measures Taken</u> FSB's report to the G20 details COVID-related financial stability developments, policy measures taken and work to assess their effectiveness. It draws on the significant FSB work undertaken to assess vulnerabilities, consider policy responses under different recovery scenarios, and note where additional work may be necessary. This report also consolidates the extraordinary policy measures taken across the FSB's national membership and SSBs to address the financial fallout of the pandemic.</p>
July 9, 2020	IAIS	<p><u>Supervisory Issues Associated with Benchmark Transition from an Insurance Perspective</u> This report presents the findings from the survey on supervisory issues related to LIBOR transition distributed to IAIS members. Findings that are specific to the insurance sector arise particularly from the fact that insurers are exposed to transition risks on both sides of the balance sheet (for example, through the valuation of both their assets and liabilities).</p>

Date	Organization	Title & Abstract
July 2020	IOSCO	<p><u>Strengthening the International Audit and Ethics Standard-Setting System</u> This paper presents the Monitoring Group’s recommendations to strengthen the international audit-related standard-setting¹ system, including the Public Interest Framework, so that future development and oversight of international audit-related standards can be more responsive to the public interest.</p>

National Regulators

Date	Organization	Title & Abstract
July 27, 2020	PRA	<p><u>Recovery Planning – SS 9/17</u> This supervisory statement sets out the PRA’s expectations on the content of recovery plans and group recovery plans.</p>
July 23, 2020	PRA	<p><u>Simplified Obligations for Recovery Planning – CP 10/20</u> This consultation paper sets out a proposal to allow certain firms to benefit from simplified obligations for recovery planning, in light of the discretion the PRA has under 4(1) of the <i>Bank Recovery and Resolution Directive 2014/59/EU (BRRD)</i> as to whether to apply simplified obligations.</p>
July 22, 2020	PRA	<p><u>Non-systemic UK Banks: The Prudential Regulation Authority’s Approach to New and Growing Banks – CP 9/20</u> This consultation paper sets out the PRA’s proposed approach to supervising new and growing, non-systemic UK banks (collectively referred to as ‘banks’). The proposals in this CP would: i) create a new supervisory statement <i>Non-systemic UK Banks: The Prudential Regulation Authority’s Approach to New and Growing Banks</i>; ii) reference to the new SS in paragraph 5.25 of Pillar 2 capital policy in SS31/15 <i>The Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review and Evaluation Process (SREP)</i>; and iii) reference the new SS in paragraph 9.45 of the Statement of Policy <i>The PRA’s Methodologies for Setting Pillar 2 Capital</i>.</p>
July 7, 2020	PRA	<p><u>PRA Statement on Libor Transition and PRA Resolution-related Rules</u> This statement outlines the PRA’s view on the implications of Libor transition for contracts in scope of the Contractual Recognition of Bail-In and Stay in Resolution Parts of the PRA Rulebook.</p>
July 7, 2020	PRA	<p><u>PRA Statement to Insurers on the Application of the Matching Adjustment During COVID-19</u> This statement clarifies the PRA’s approach to the application of the matching adjustment during COVID-19.</p>
July 6, 2020	PRA	<p><u>Pillar 2A: Reconciling Capital Requirements and Macroprudential Buffers – PS 15/20, CP 2/20</u> This policy statement provides feedback to responses to CP 2/20 <i>Pillar 2A: Reconciling Capital Requirements and Macroprudential Buffers</i>. It also contains the PRA’s final policy in SS 31/15 <i>The Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review and Evaluation Process (SREP)</i>.</p>
July 6, 2020	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 the publication of PS 15/20 <i>Pillar 2A: Reconciling Capital Requirements and Macroprudential Buffers</i>, and takes effect from Monday 6 July 2020.</p>

Date	Organization	Title & Abstract
July 29, 2020	FCA	<u>New Guidance to Help Firms Do More for Vulnerable Consumers</u> The FCA has set out new best practice guidance for firms to do more to protect vulnerable consumers.
July 21, 2020	MAS	<u>Consultation Paper on the New Omnibus Act for the Financial Sector</u> This consultation seeks views on the harmonized and expanded power to issue prohibition orders, the regulation of virtual asset service providers created in Singapore for anti-money laundering and countering of financing of terrorism purposes, the harmonized power to impose requirements on technology risk management, and the provision of statutory protection from liability to mediators, adjudicators and employees of an operator of an approved dispute resolution scheme.
June 25, 2020	MAS	<u>Consultation Paper on Proposed Guidelines on Environmental Risk Management for Banks</u> This consultation sets out MAS' proposed <i>Guidelines on Environmental Risk Management</i> for all banks, merchant banks, and finance companies. MAS is proposing to issue the guidelines to enhance financial institutions' resilience to and management of environmental risk.
June 25, 2020	MAS	<u>Consultation Paper on Proposed Guidelines on Environmental Risk Management for Asset Managers</u> This consultation sets out MAS' proposed <i>Guidelines on Environmental Risk Management</i> for all fund management companies and real estate investment trust managers. MAS is proposing to issue the guidelines to enhance financial institutions' resilience to and management of environmental risk.
June 25, 2020	MAS	<u>Consultation Paper on Proposed Guidelines on Environmental Risk Management for Insurers</u> This consultation sets out MAS' proposed <i>Guidelines on Environmental Risk Management</i> for all insurers. MAS is proposing to issue the guidelines to enhance financial institutions' resilience to and management of environmental risk.

International Organizations

Date	Organization	Title & Abstract
June 2020	CGAP	<u>Microfinance and COVID-19: A Framework for Regulatory Response</u> CGAP's review of current practice in a range of countries suggests six key steps to be taken at the level of regulation and policy.
July 2020	CGAP	<u>Never Waste a Crisis: How Sub-Saharan African Insurers Are Being Affected By, and Are Responding To, COVID-19</u> This note takes stock of the impacts of the pandemic on insurers, based on interviews with 34 insurers, insurtechs, reinsurers and insurance and broker associations across 18 markets, looking at impacts on operations, impacts across the insurance product cycle, balance sheet impacts and the regulatory engagements and responses. The report identifies key opportunities for insurance and regulators.

Date	Organization	Title & Abstract
July 2020	FSI	<p><u>Bank Failure Management in the European Banking Union: What's Wrong and How to Fix It</u> The European banking union's current framework for bank failure management does not guarantee that bank failures can be handled without significant support from taxpayers. Reform efforts should focus on the inefficiency of current options for dealing with the failures of small and medium-sized banks and on the inconsistencies between national insolvency regimes and the EU resolution framework. Some benefits could be gained by facilitating greater use of resources from deposit guarantee schemes to fund transfer transactions (sale of business) in resolution and insolvency. A more robust approach, however, would require two more far-reaching changes. The first is the creation of a European Deposit Guarantee Scheme with (sensibly constrained) powers to provide financial support for the orderly market exit of failing banks. The second is to expand the remit of the Single Resolution Board to make it responsible for decision-making for all failing banks in the banking union, regardless of size and systemic importance.</p>
July 2020	FSI	<p><u>Accounting Standards and Insurer Solvency Assessment</u> The paper explores the use of accounting standards for insurer solvency assessment in the context of the implementation of IFRS 17.</p>
July 2020	FSI	<p><u>The Basel Core Principles – Executive Summary</u> Executive summary sets out: i) preconditions for effective banking supervision; ii) powers, responsibilities and functions of supervisors; and iii) prudential regulations and requirements for banks.</p>
July 2020	FSI	<p><u>Covid-19: Boon and Bane for Digital Payments and Financial Inclusion</u> This brief compares the approaches taken by authorities in different countries, examining the different drivers for supporting the FinTech industry during the pandemic.</p>
July 2020	FSI	<p><u>ICS – Market Risk Charges – Executive Summary</u> Executive summary sets out: i) general methodology and scope; and ii) components of market risk charges.</p>
July 2020	IMF	<p><u>Progress In Implementing The Framework For Enhanced Fund Engagement On Governance</u> This paper provides an interim update on implementation of the 2018 Framework for Enhanced Fund Engagement on Governance. This update is in advance of a comprehensive formal review of the Framework scheduled for mid-2021.</p>
July 2020	IMF	<p><u>The Promise of Fintech: Financial Inclusion in the Post COVID-19 Era</u> Technology is changing the landscape of the financial sector, increasing access to financial services in profound ways. These changes have been in motion for several years, affecting nearly all countries in the world. During the COVID-19 pandemic, technology has created new opportunities for digital financial services to accelerate and enhance financial inclusion, amid social distancing and containment measures. At the same time, the risks emerging prior to COVID-19, as digital financial services developed, are becoming even more relevant.</p>
June 2020	UNSGSA	<p><u>Collecting and Using Gender-Disaggregated Data for Financial Policymaking</u> The goal of this study is to gather evidence that can help regulators collect gender-disaggregated financial data, and design policies based on evidence. It focuses on 11 countries that have primarily collected supply-side gender-disaggregated data, although a few use solely demand-side data, featuring a range of experiences. The methodology used is a mix of desk research and interviews with policymakers.</p>

Other

Date	Organization	Title & Abstract
June 2020	ASBA	<p>Consumer Protection in the New Environment of Financial Technological Innovation This document focuses on the non-prudential analysis of FinTech's regulation and supervision.</p>
July 2020	European Microfinance Platform	<p>The COVID-19 Financial Inclusion Compass Results of a survey that asked: i) severity of the various challenges facing different stakeholder groups; ii) priorities of the sector in the medium-term (both how to recover from this crisis and measures to mitigate the next crisis); and iii) how this year will transform the sector.</p>