

Toronto Centre Publications Monitoring Report

July 2021

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' websites. Toronto Centre does not hold the copyright to these abstracts.

TC Notes

Date	Organization	Title & Abstract
July 2021	Toronto Centre	Supervision of Bank Model Risk Management Toronto Centre Note discusses the supervision of model risk management by bank supervisors. The principles presented in this Note apply to models and to the supervision of model risk in both developed and developing countries.

TC Podcasts/Webcasts/Videos

Date	Organization	Title & Abstract
July 23, 2021	Toronto Centre	Principles-Based Approach to Regulation This podcast discusses the Financial Services Regulatory Authority of Ontario's principles-based approach to regulation, as well as collaboration and cooperation among regulators.

Date	Organization	Title & Abstract
July 21, 2021	Toronto Centre	<u>Perspectives on How Regulators Use Sex-Disaggregated Data and RegTech to Enhance Financial Inclusion</u> The authors of TC's recent report share the perspectives and insights they have gained from the research and analysis they conducted. They share their views and recommendations about the role regulators and RegTech can play to expand the financial inclusion of women.
July 16, 2021	Toronto Centre	<u>Building Back Better IV</u> This podcast discusses how central bankers and supervisors can support green finance and manage risks.
July 16, 2021	Toronto Centre	<u>Building Back Better III</u> This podcast looks at the role of supervisors in supporting national climate change strategies.
July 16, 2021	Toronto Centre	<u>Building Back Better II</u> This podcast discusses how to help to sustain financial stability and inclusion in the digital era.
July 16, 2021	Toronto Centre	<u>Building Back Better I</u> This podcast discusses various considerations in the interplay between climate change and financial institutions within the global conversation about the net-zero transition.

Standard Setting Bodies

Date	Organization	Title & Abstract
July 20, 2021	BCBS	<u>Basel Committee Consults on an Amendment to the Process for Reviewing the G-SIB Methodology</u> The BCBS has issued for consultation a proposal for a technical amendment to the Basel Framework. The amendment describes a new process that will be used to review the assessment methodology for global systemically important banks (G-SIBs).
July 6, 2021	BCBS	<u>Early Lessons from the COVID-19 Pandemic on the Basel Reforms</u> The report indicates that the banking system would have faced greater stress during this period had the Basel III reforms not been adopted, and in the absence of extraordinary support measures taken by public authorities to mitigate the impact of the pandemic.
July 13, 2021	FSB	<u>FSB Identifies Preliminary Lessons for Financial Stability from the COVID-19 Experience</u> The FSB published its <i>Interim Report on the Lessons Learnt from the COVID-19 Pandemic from a Financial Stability Perspective</i> . The report identifies preliminary lessons for financial stability and aspects of the functioning of the G20 financial reforms that may warrant attention at the international level.
July 6, 2021	FSB	<u>FSB Urges Action to Complete the Transition Away from LIBOR by End-2021</u> The FSB published a progress report to the G20 on LIBOR transition and remaining issues.
June 30, 2021	FSB	<u>FSB Seeks Feedback on its Policy Proposals to Enhance Money Market Fund Resilience</u> The FSB published a consultation report with policy proposals to enhance money market fund (MMF) resilience. The proposals form part of the FSB's work program on non-bank financial intermediation (NBFi).

Date	Organization	Title & Abstract
July 30, 2021	EBA	<p><u>EBA Publishes the Results of its 2021 EU-wide Stress Test</u> The EBA published the results of its 2021 EU-wide stress test, which involved 50 banks from 15 EU and EEA countries, covering 70% of the EU banking sector assets.</p>
July 22, 2021	EBA	<p><u>EBA Launches Discussion on Proportionality Assessment Methodology</u> The EBA published a discussion paper aiming at gathering some preliminary input on how to standardize the proportionality assessment methodology for credit institutions and investment firms.</p>
July 21, 2021	EBA	<p><u>EBA Publishes a Methodological Guide to Mystery Shopping</u> The EBA has published a methodological guide to mystery shopping (MS). This guide aims to support NCAs in the design and implementation of MS activities.</p>
July 5, 2021	EBA	<p><u>EBA Publishes Final Draft Technical Standards to Improve Supervisory Cooperation for Investment Firms</u> The EBA published final draft regulatory technical standards (RTS) and Implementing Technical Standards (ITS) on cooperation and information exchange between competent authorities involved in prudential supervision of investment firms. These draft standards provide a solid framework for: i) cooperation in the supervision of investment firm groups through colleges of supervisors; and (ii) for information exchange for investment firms operating within the EU through branches or the free provision of services.</p>
July 2, 2021	EBA	<p><u>EBA Publishes its Final Revised Guidelines on Sound Remuneration Policies</u> The EBA published its revised guidelines on sound remuneration policies. This update takes into account the amendments introduced by the fifth <i>Capital Requirements Directive</i> (CRD V) in relation to institutions' sound remuneration policies and, in particular, the requirement that remuneration policies should be gender-neutral.</p>
July 2, 2021	EBA	<p><u>EBA Publishes its Final Guidelines on Internal Governance</u> The EBA published its revised guidelines on internal governance. The update takes into account the amendments introduced by the fifth <i>Capital Requirements Directive</i> (CRD V) and the <i>Investment Firms Directive</i> (IFD) in relation to credit institutions' sound and effective governance arrangements.</p>
July 2, 2021	EBA/ESMA	<p><u>EBA and ESMA Publish Final Guidance on Fit and Proper Requirements</u> The EBA and ESMA published their revised final joint guidelines on the assessment of the suitability of members of the management body and key function holders. These Guidelines take into account the amendments introduced by the revised <i>Capital Requirements Directive</i> (CRD V) and the <i>Investment Firms Directive</i> (IFD), and their effect on the assessment of the suitability of members of the management body, in particular with regard to money laundering and financing terrorism risks, and gender diversity.</p>
July 8, 2021	ECB	<p><u>ECB Presents Action Plan to Include Climate Change Considerations in its Monetary Policy Strategy</u> The ECB has decided on a comprehensive action plan with an ambitious roadmap to further incorporate climate change considerations into its policy framework.</p>
July 1, 2021	ECB/ESRB	<p><u>Joint ECB/ESRB Report Shows Uneven Impacts of Climate Change for the EU Financial Sector</u> The ECB and the ESRB published a joint report that takes a closer look at how a broadened set of climate change drivers affects millions of global firms and thousands of financial firms in the EU. It maps out prospective financial stability risks and contributes by further developing the analytical basis for more targeted and effective policy action.</p>

Date	Organization	Title & Abstract
July 26, 2021	IOSCO	IOSCO Consults on ESG Ratings and Data Providers IOSCO has published a consultation report, <i>Environmental, Social and Governance (ESG) Ratings and Data Providers</i> , to assist IOSCO members to understand the implications of the activities of ESG ratings and data providers and in establishing frameworks to mitigate risks stemming from these activities.
July 21, 2021	CPMI IOSCO	Implementation Monitoring of the PFMI: Level 3 Assessment of Financial Market Infrastructures' Business Continuity Planning IOSCO and CPMI published a report on financial market infrastructures' (FMIs') business continuity planning. The report finds that all the surveyed FMIs have operational reliability objectives, focusing on system availability and recovery time.

National Regulators

Date	Organization	Title & Abstract
July 26, 2021	PRA	International Banks: The PRA's Approach to Branch and Subsidiary Supervision – SS 5/21 This supervisory statement sets out the PRA's expectations for receiving information concerning the risks in the wider group and cooperation from other supervisory authorities concerned with the firm or its wider group.
July 9, 2021	PRA	Liquidity and Funding Permissions This statement of policy sets out the PRA's approach to granting selected regulatory permissions that are relevant to the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) requirements.
July 28, 2021	FCA	FCA Consults on Proposals to Boost Disclosure of Diversity on Listed Company Boards and Executive Committees The FCA is consulting on changes to its Listing Rules to require listed companies to publish annually: i) a 'comply or explain statement' on whether they have achieved certain proposed targets for gender and ethnic minority representation on their boards; and ii) data on the make-up of their board and most senior level of executive management in terms of gender and ethnicity.
July 7, 2021	FCA PRA Bank of England	FCA, PRA and Bank of England Set Out Plan to Improve Diversity and Inclusion in Regulated Firms The FCA, PRA and Bank of England are seeking views on regulatory plans to improve diversity and inclusion in financial services.
July 15, 2021	Hong Kong SFC	Cross-Agency Steering Group Announces Next Steps to Advance Hong Kong's Green and Sustainable Finance Strategy The Green and Sustainable Finance Cross-Agency Steering Group announced the next steps to advance its collaborative strategy to bolster Hong Kong's position as a leader in green and sustainable finance and help transition the financial ecosystem towards carbon neutrality.

Date	Organization	Title & Abstract
July 8, 2021	Hong Kong SFC	<p><u>SFC and Canadian Securities Regulators Establish Fintech Cooperation Agreement</u> The SFC has entered into an agreement with eight members of the Canadian Securities Administrators (CSA) to establish a financial technology (FinTech) cooperation framework. Under the agreement, the SFC and these CSA members will cooperate on information sharing and referrals between their innovation functions.</p>

International Organizations

Date	Organization	Title & Abstract
July 2021	CGAP	<p><u>Global Microfinance Recovery Continues, Especially in Africa, but Pandemic's Long-Term Impact Remains Uncertain</u> This report analyzes data on the performance of the more than 300 microfinance institutions (MFIs).</p>
July 2021	CGAP	<p><u>Small but Mighty: CGAP and the Future of Financial Inclusion</u> Essay discusses the post-pandemic future of financial inclusion.</p>
July 9, 2021	CPMI BIS IMF World Bank	<p><u>International Cooperation is Essential for Central Bank Digital Currencies to Improve Cross-border Payments</u> The report analyzes how central bank digital currencies could facilitate enhanced cross-border payments, and how practical efforts are taking these considerations forward. The analysis highlights both the need for multilateral collaboration on macrofinancial consequences as well as the importance of interoperability between CBDCs.</p>
July 14, 2021	FSI	<p><u>Stress-testing Banks for Climate Change – A Comparison of Practices</u> This paper discusses the challenges that emerge when trying to adapt traditional stress tests to banks' climate-related risks. These challenges relate to: i) data availability and reliability; ii) the adoption of very long time horizons; iii) uncertainty around future pathways of key reference variables covering physical risks (e.g. floods, temperature increases and rising sea levels); and iv) uncertainty relating to transition risks (e.g. changes in climate policies, technologies or consumer preferences).</p>
July 5, 2021	FSI	<p><u>Fintech and Payments: Regulating Digital Payment Services and E-money</u> This paper explores how non-bank payment service providers (NBSPs) are regulated and provides a cross-country overview of the regulatory requirements for digital payment and e-money services offered by NBSPs.</p>