

Toronto Centre Publications Monitoring Report

June 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
June 2020	Toronto Centre	<p><u>Pillar 2 and Beyond: Issues for Supervisors in Implementing Basel II and Basel III</u> This Toronto Centre Note focuses on the main supervisory issues arising from the implementation of Basel II or Basel III. It offers guidance on the choices that supervisors need to make on supervisory intensity and proportionality, Pillar 2, model approval, impact assessment, and resourcing.</p>
June 2020	Toronto Centre	<p><u>Stress Testing and Climate Change</u> Toronto Centre Note assists supervisors to: i) understand the key aspects of stress testing and how they might need to be applied differently in dealing with climate-related risks; ii) understand how climate change scenarios can be developed and their potential effects analyzed; iii) understand how the potential effects of climate change scenarios can be translated into assumptions that can be used in stress testing; iv) identify how financial institutions might use stress testing and scenario analysis in dealing with climate-related risks; and v) identify steps that supervisors can take to use stress testing and scenario analysis, and to promote their use by the financial institutions they supervise.</p>

TC Podcasts/Webcasts/Videos

Date	Organization	Title & Abstract
June 2020	Toronto Centre	<u>Advancing Zambia's Financial Inclusion Strategy During a Crisis</u> TC podcast focuses on how financial supervisors and regulators are navigating the current global pandemic crisis while continuing and leveraging opportunities for the national financial agenda, and in particular in Zambia.
June 2020	Toronto Centre	<u>Climate Risks to the Financial System: Lessons from the Pandemic</u> Toronto Centre podcast discusses the risks to the financial system posed by climate change and what supervisors can learn from the COVID-19 pandemic to better address climate change disruptions.
June 2020	Toronto Centre	<u>Post-COVID-19 Crisis: Implications for Financial Stability, Financial Inclusion, Gender Equality, and International Development</u> TC webinar discusses how policymakers can maintain financial stability, keep markets functioning, preserve the financial system's ability to finance growth, and address the risk of reversal in the Sustainable Development Goals, in particular financial inclusion and gender equality, amid the current economic downturn.
June 2020	Toronto Centre	<u>Securities Regulation: Risks and Approaches to the New Normal</u> Toronto Centre podcast discusses the implications of COVID-19 and climate risk for securities regulators, the usefulness of international standards, and "staying the course" in the new normal.

Standard Setting Bodies

Date	Organization	Title & Abstract
June 28, 2020	FSB	<u>FSB Evaluation Finds Too-big-to-fail Reforms Made Banks More Resilient and Resolvable, But Gaps Need to be Addressed</u> The FSB published for public consultation an evaluation of too-big-to-fail reforms for systemically important banks. The evaluation examines the extent to which the reforms are reducing the systemic and moral hazard risks associated with systemically important banks as well as their broader effects on the financial system.
June 23, 2020	BCBS	<u>Basel Committee Proposes Amendment to Capital Rules for Non-performing Loan Securitizations</u> The BCBS published the technical amendment <i>Capital Treatment of Securitizations of Non-performing Loans</i> . This proposal addresses a gap in the regulatory framework and sets out a prudent treatment for securitizations of non-performing loans.
June 29, 2020	EBA	<u>The EBA Supports the Commission's Proposal for a New Digital Finance Strategy for Europe</u> The EBA published its response to the European Commission's consultation on a new Digital Finance Strategy for Europe. The EBA is committed to securing technology neutrality in regulatory and supervisory approaches and strongly supports the Commission's initiative towards a new Digital Finance Strategy.

Date	Organization	Title & Abstract
June 26, 2020	EBA	<p><u>EBA Launches Discussion on Further Enhancing Supervisory Powers of Competent Authorities</u> The EBA published a discussion paper exploring ways on how to enhance the <i>Bank Recovery and Resolution Directive</i> (BRRD) framework on early intervention measures. The objective is to further enhance crisis management tools available for competent authorities in addition to well-established and widely used supervisory powers laid down in the <i>Capital Requirements Directive</i> (CRD) and in the <i>Single Supervisory Mechanism Regulation</i> (SSMR).</p>
June 24, 2020	EBA	<p><u>EBA Publishes Final Draft Comprehensive ITS on Institutions' Pillar 3 Disclosures and Revised Final Draft ITS on Supervisory Reporting (Framework 3.0)</u> The EBA published new Implementing Technical Standards (ITS) on public disclosures by institutions and revised final draft ITS on supervisory reporting that implements changes introduced in the revised <i>Capital Requirements Regulation</i> (CRR2) and the <i>Prudential Backstop Regulation</i>.</p>
June 17, 2020	EBA	<p><u>EBA Publishes its First Peer Review of the Stress Tests and the Resilience of Deposit Guarantee Schemes</u> The EBA published its first peer review of stress tests and the resilience of Deposit Guarantee Scheme (DGSs). The purpose of the peer review was to assess the resilience of DGSs based on the results of the DGS stress tests, and to identify good practices and areas for improvement.</p>
June 15, 2020	EBA	<p><u>EBA Calls for Input to Understand Impact of De-risking on Financial Institutions and Customers</u> The EBA issued a call for input to understand the scale and drivers of 'de-risking' at EU level and its impact on customers. It aims to understand why financial institutions choose to de-risk instead of managing the risks associated with certain sectors or customers.</p>
June 9, 2020	EBA	<p><u>EBA Launches Consultation on Technical Standards Specifying the Prudential Treatment of Software Assets</u> The EBA launched a consultation on draft Regulatory Technical Standards (RTS) specifying the prudential treatment of software assets. The aim of these draft RTS is to achieve an appropriate balance between the need to maintain a certain margin of conservatism in the prudential treatment of software assets and their relevance from a business and an economic perspective.</p>
June 4, 2020	EBA	<p><u>EBA Starts Delivering on the Implementation of the New Regulatory Framework for Investments Firms</u> The EBA outlined its roadmap for the implementation of the new regulatory framework for investment firms and launched a public consultation on its first set of regulatory deliverables on prudential, reporting, disclosures and remuneration requirements.</p>
June 4, 2020	EBA	<p><u>EBA Publishes Opinion on Obstacles to the Provision of Third Party Provider Services Under the Payment Services Directive</u> The EBA published an opinion on obstacles to the provision of third party provider services (TPPs) under the Regulatory Technical Standards (RTS) on strong customer authentication (SCA) and common and secure communication (CSC).</p>

Date	Organization	Title & Abstract
June 2, 2020	EBA	<p><u>EBA Issues Guidelines to Address Gaps in Reporting Data and Public Information in the Context of COVID-19</u></p> <p>The EBA published its guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis. The guidelines have been developed to address data gaps associated with such measures to ensure an appropriate understanding of institutions' risk profile and the asset quality on their balance sheets both for supervisors and the wider public.</p>
June 3, 2020	ESMA	<p><u>ESMA Consults on Cloud Outsourcing Guidelines</u></p> <p>ESMA has published a consultation paper on guidelines on outsourcing to cloud service providers. The purpose is to provide guidance on the outsourcing requirements applicable to financial market participants when they outsource to cloud service provider and to identify, address and monitor the risks and challenges that arise from cloud outsourcing arrangements.</p>
June 26, 2020	IOSCO	<p><u>IOSCO Publishes Good Practices on Processes for Deference</u></p> <p>IOSCO published a series of eleven good practices on processes for deference to assist regulatory authorities in mitigating the risk of unintended, regulatory-driven market fragmentation and to strengthen international cooperation.</p>
June 25, 2020	IOSCO CPMI	<p><u>CPMI-IOSCO Publish a Report on CCP Auctions</u></p> <p>CPMI and IOSCO have published a report entitled <i>Central Counterparty Default Management Auctions – Issues for Consideration</i>. The report outlines certain issues that central counterparties (CCPs) should consider regarding default management auctions processes. It also identifies practices that CCPs could consider in the development and improvement of default management auctions to address those issues.</p>
June 25, 2020	IOSCO	<p><u>IOSCO Consults on AI/ML Guidance for Market Intermediaries and Asset Managers</u></p> <p>IOSCO is requesting feedback on proposed guidance to help its members regulate and supervise the use of artificial intelligence and market learning by market intermediaries and asset managers.</p>

National Regulators

Date	Organization	Title & Abstract
June 29, 2020	FCA PRA	<p><u>The Climate Financial Risk Forum Publishes its Guide to Help the Financial Industry Address Climate-related Financial Risks</u></p> <p>The Climate Financial Risk Forum has published a guide written by industry for industry to help firms approach and address climate-related financial risks. The guide provides: i) practical recommendations to firms of all sizes on disclosure of climate-related financial risks; ii) effective risk management; scenario analysis; and iii) opportunities for innovation in the interest of consumers.</p>

Date	Organization	Title & Abstract
June 23, 2020	FCA	<u>FCA Seeks Industry Views on a New Prudential Regime for UK Investment Firms</u> The FCA has today published a discussion paper on a prudential regime for UK investment firms. This marks the first step in introducing a set of prudential rules for investment firms to better reflect their business models and the risk of harm they pose to consumers and markets.
June 3, 2020	FCA	<u>FCA Confirms Guidance for Insurance Firms on Assessing Product Value</u> The FCA is confirming guidance for insurance firms to consider the impact of COVID-19 on the value of their insurance products. The guidance sets out what the FCA considers firms should be doing to identify any material issues that affect the value of the general insurance and protection products they offer, and their ability to deliver good customer outcomes, during this unprecedented time.
June 25, 2020	MAS	<u>MAS Consults on Environmental Risk Management Guidelines for Financial Institutions</u> MAS has issued a set of three consultation papers on its proposed <i>Guidelines on Environmental Risk Management</i> for banks, insurers and asset managers. The guidelines aim to enhance financial institutions' resilience to environmental risk, and strengthen the financial sector's role in supporting the transition to an environmentally sustainable economy, in Singapore and in the region.

International Organizations

Date	Organization	Title & Abstract
June 30, 2020	BIS FSI	<u>ICS – Credit Risk Charges – Executive Summary</u> This executive summary sets out: i) general methodology and scope; ii) other exposure classes; and iii) stress factor examples.
June 23, 2020	BIS	<u>BIS Encourages Central Banks to Continue Adapting to the Challenge of Digital Payments</u> In a special chapter on central banks and payments in the digital era in its <i>Annual Economic Report</i> , the BIS analyses the implications of the radical transformation of payment systems over recent years. It also looks at the impact of Covid-19 on payment behaviour.
May 2020	FSI	<u>Financial Crime in Times of Covid-19 - AML and Cyber Resilience Measures</u> This note outlines official responses to the increasing levels of financial crime during the global lockdown. The report: i) highlights the financial crime observed so far during the current crisis; ii) summarizes official approaches to strengthening financial institutions' cyber resilience; and iii) describes the main AML measures taken by selected authorities worldwide.
June 2020	NGFS	<u>NGFS Publishes a First Set of Climate Scenarios</u> The NGFS has published a first set of climate scenarios for forward looking climate risks assessment alongside a user guide, and an inquiry into the potential impact of climate change on monetary policy aimed at fostering the integration of climate-related risks into the work of central banks and supervisors.

Industry

Date	Organization	Title & Abstract
June 2020	Institute of International Finance	<p><u>Cloud Computing: A Vital Enabler in Times of Disruption</u></p> <p>This paper explores how cloud architecture represents a key element to effectively manage the new scenario generated by the pandemic, supporting a resilient infrastructure and overcoming the bandwidth limitations of traditional architectures.</p>

Other

Date	Organization	Title & Abstract
May 2020	Alliance for Financial Inclusion	<p><u>Lessons on Enhancing Women's Financial Inclusion Using Digital Financial Services (DFS)</u></p> <p>The objective of this study is to underscore the role of DFS (including FinTech solutions) in enhancing and sustaining the access, use and overall quality of financial services by women.</p>
June 2020	Alliance for Financial Inclusion	<p><u>Policy Framework for Leveraging Digital Financial Services to Respond to Global Emergencies – Case of COVID-19</u></p> <p>This policy framework aims to provide policy guidance to regulators within the AFI network and beyond, in developing relevant policy/regulatory responses to mitigate the effects of global pandemics by leveraging on DFS.</p>
June 2020	FinDev Gateway	<p><u>COVID-19 and the Future of Microfinance: Evidence and Insights from Pakistan</u></p> <p>This publication focuses on implications for local microfinance institutions in Pakistan. The study reports results from "rapid response" phone surveys of about 1,000 microenterprise owners, a survey of about 200 microfinance loan officers, and interviews with regulators and senior representatives of microfinance institutions. The research builds from the results to argue that COVID-19 represents a crisis for microfinance in low-income communities and suggests insights for policy reform.</p>
June 2020	FinDev Gateway	<p><u>Microfinance and COVID-19: A Framework for Regulatory Response</u></p> <p>A review of current practice in a range of countries suggests six key steps at the regulation and policy level.</p>