

Toronto Centre Publications Monitoring Report

May 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
May 2020	Toronto Centre	<p>The COVID-19 Pandemic: Supervisory Implications and Priorities for Islamic Finance</p> <p>Toronto Centre Note discusses seven potential implications and priorities for supervisors regulating Islamic banks in response to the COVID-19 pandemic in dual banking systems: i) ensuring supervisory transparency, clarity in regulatory interventions, and a level playing field for Islamic banks; ii) navigating a tricky trade-off between regulatory capital requirements and economic growth; iii) managing Islamic banks' asset quality and the treatment of moratoria and non-performing financing; iv) dealing with a liquidity crunch and providing <i>Shari'ah</i>-compliant liquidity support and lender-of-last-resort facilities; v) providing supervisory support for issuing sovereign <i>Sukuk</i> for fiscal deficits; vi) evaluating stress testing and credit quality; and vii) reviewing financial safety nets and insolvency regimes for Islamic banks.</p>

TC Webinars

Date	Organization	Title & Abstract
May 2020	Toronto Centre	<u>Incorporating Outside Risks in Financial Supervisory Tools</u> Toronto Centre podcast highlights the importance of broadening existing financial supervisory tools to incorporate risks outside the financial sector such as COVID-19, climate change and other events as they have material impact on the economy and the financial industry.
May 2020	Toronto Centre	<u>Pandemics and Financial Inclusion</u> Toronto Centre webinars provide insights on how financial supervisors and regulators can help to mitigate the impact of COVID-19 and its impact on the global financial system.
May 2020	Toronto Centre	<u>Supervising the New Normal</u> Toronto Centre webcast series discusses how central bankers, health experts, and financial sector supervisors are dealing with the new normal.

Standard Setting Bodies

Date	Organization	Title & Abstract
May 4, 2020	FSB	<u>FSB Consults on Guidance on Assessing the Adequacy of Financial Resources for CCP Resolution</u> The FSB published a public consultation report on <i>Guidance on Financial Resources to Support CCP Resolution and on the Treatment of CCP Equity in Resolution</i> . The guidance will assist central counterparty (CCP) resolution authorities.
May 29, 2020	EBA	<u>EBA Seeks to Future Proof Loan Origination Standards Taking into Consideration Significant Transition Periods to Facilitate Implementation</u> The EBA published its guidelines on loan origination and monitoring that expect institutions to develop robust and prudent standards to ensure newly originated loans are assessed properly. The guidelines also aim to ensure that the institutions' practices are aligned with consumer protection rules and respect fair treatment of consumers.
May 29, 2020	EBA	<u>EBA Sees Considerable Achievements in Supervisory Convergence and Good Level of Engagement in Supervisory Colleges Across the EU</u> The EBA published its report on convergence of supervisory practices in 2019. The report finds that the key topics for supervisory attention identified in the EBA 2019 convergence plan have been largely implemented in supervisory work across the EU.
May 25, 2020	EBA	<u>COVID-19 is Placing Unprecedented Challenges on EU Banks</u> The EBA published a preliminary assessment of the impact of COVID-19 on the EU banking sector.

Date	Organization	Title & Abstract
May 20, 2020	EBA	<p><u>EBA Publishes Report on Interlinkages Between Recovery and Resolution Planning</u> The EBA published a report which assesses interlinkages between recovery and resolution planning under the <i>Bank Recovery and Resolution Directive</i> (BRRD), with the aim of enhancing synergies between the two phases and ensuring consistency in their potential implementation.</p>
May 15, 2020	EBA	<p><u>EBA Consults on Technical Standards for Contractual Recognition of Stay Powers Under the BRRD</u> The EBA launched a public consultation on its draft Regulatory Technical Standards (RTS) for contractual recognition of stay powers laid down in the <i>Bank Recovery and Resolution Directive</i> (BRRD). These standards are the first EBA mandate stemming from the revised BRRD and aim at promoting the effective application of recovery and resolution powers to banks and banking groups and to foster convergence of practices between relevant authorities and institutions across the EU.</p>
May 12, 2020	EBA	<p><u>EBA Updates Data on Deposit Guarantee Schemes Across the EU</u> The EBA published 2019 data relating to two key concepts in the Deposit Guarantee Schemes Directive (DGSD): i) available financial means and; ii) covered deposits.</p>
May 6, 2020	EBA	<p><u>EBA Proposes Framework for STS Synthetic Securitisation</u> The EBA published its proposals for developing a simple, transparent and standardized (STS) framework for synthetic securitization. This proposal, which is limited to balance-sheet securitization, includes a list of criteria to be considered when labelling the synthetic securitization as 'STS' and provides the pros and cons of a potential differentiated capital treatment for this type of securitization.</p>
May 20, 2020	ECB	<p><u>Public Consultation on the Draft ECB Guide on Climate-related and Environmental Risks</u> The draft Guide outlines the ECB's understanding of the safe and prudent management of climate-related and environmental risks under the current prudential framework. It describes how the ECB expects institutions to: i) consider climate-related and environmental risks when formulating and implementing their business strategy and governance and risk management frameworks; and ii) become more transparent on their exposure to such risks by enhancing their climate-related and environmental disclosures.</p>
May 28, 2020	IOSCO	<p><u>IOSCO Consults on Outsourcing Principles to Ensure Operational Resilience</u> IOSCO is requesting feedback on <i>Principles on Outsourcing</i>, its proposed updates to its principles for regulated entities that outsource tasks to service providers.</p>

National Regulators

Date	Organization	Title & Abstract
May 27, 2020	PRA	<p><u>Solvency II: Prudent Person Principle – SS 1/20</u> This SS sets out the PRA's expectations of firms in accordance with the requirements under the Prudent Person Principle (PPP) under the Solvency II Directive regarding: i) their development and maintenance of an investment strategy; ii) their management of risks arising from investments and their internal governance within the investment function; and iii) their investment in assets not admitted to trading on a regulated market and intragroup loans and participations.</p>
May 21, 2020	HKIRM	<p><u>Report on Fintech Adoption and Innovation in the Hong Kong Banking Industry</u> The Hong Kong Institute for Monetary and Financial Research has released a report titled <i>Fintech Adoption and Innovation in the Hong Kong Banking Industry</i>. The report is based on an industry-wide survey carried out by the HKMA Market Research Division, which aims to assess the current status of Fintech adoption in the Hong Kong banking industry and understand banks' views on the prospect of Fintech development in the next ten years.</p>

International Organizations

Date	Organization	Title & Abstract
May 2020	BIS	<p><u>The Drivers of Cyber Risk</u> Cyber incidents are becoming more sophisticated and their costs difficult to quantify. Using a unique database of more than 100,000 cyber events across sectors, we document the characteristics of cyber incidents. Cyber costs are higher for larger firms and for incidents that impact several organizations simultaneously. The financial sector is exposed to a larger number of cyber attacks but suffers lower costs, on average, thanks to proportionately greater investment in information technology (IT) security. The use of cloud services is associated with lower costs, especially when cyber incidents are relatively small. As cloud providers become systemically important, cloud dependence is likely to increase tail risks. Crypto-related activities, which are largely unregulated, are particularly vulnerable to cyber attacks.</p>
May 2020	FSI Briefs	<p><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 note: i) highlights the financial crime seen 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.</p>
May 2020	FSI	<p><u>The Holistic Framework – Executive Summary</u> Brief summary of the IAIS's holistic framework.</p>
May 2020	FSI	<p><u>ICS – Market-adjusted Valuation – Executive Summary</u> Brief summary of market-adjusted valuation.</p>

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May 2020	FSI	<p><u>ICS – Non-life Insurance Risk Charges – Executive Summary</u> Brief summary of non-life insurance risk charges.</p>
May 2020	NGFS	<p><u>Integrating Climate-related and Environmental Risks into Prudential Supervision</u> This guide sets out five recommendations for members of the NGFS as well as the broader community of banking and insurance supervisors to integrate climate-related and environmental risks into their work. Its aim is to offer supervisors the inspiration needed to accelerate their own efforts in this area, while giving them the flexibility to accommodate their own specific needs, tailor actions to their mandates and make progress at their own pace.</p>
May 2020	IMF	<p><u>COVID-19: The Regulatory and Supervisory Implications for the Banking Sector</u> This note provides a set of high-level recommendations that can guide national regulatory and supervisory responses to the COVID-19 pandemic and offers an overview of measures taken across jurisdictions to date.</p>
May 2020	IMF	<p><u>Stress Testing in Sub-Saharan Africa: Practices, Communications, and Capacity Development</u> The paper finds that supervisory stress tests are conducted in more than half of sub-Saharan African countries, particularly in western and southern Africa, and that the number of individual stress tests has grown exponentially since the early 2010s.</p>