

Toronto Centre Publications Monitoring Report

October 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
October 15, 2020	Toronto Centre	Supervision of Money Laundering and Terrorist Financing Toronto Centre Note provides guidance for the supervision of the implementation by financial institutions of their obligations to implement measures to combat money laundering and terrorist financing. The Note focuses on the actions to be taken by supervisors to ensure implementation of these obligations.
October 8, 2020	Toronto Centre	Exit Policy: Taking Supervisory Action to Deal with Non-Viable Financial Institutions Toronto Centre Note pulls together the most significant principles related to exit decisions, including those providing the foundation for an exit decision that may ultimately be required. It is intended to help supervisory authorities, especially in jurisdictions where in-house resources are not extensive, to put in place an exit policy that will serve as a pragmatic guide to taking action to deal with failing financial institutions efficiently and confidently when the need arises. The Note also discusses the challenges of determining when an institution may be approaching a state of non-viability or be non-viable.

TC Podcasts/Webcasts/Videos

Date	Organization	Title & Abstract
October 29, 2020	Toronto Centre	State Bank of Pakistan's Response to the COVID-19 Crisis Podcast discusses the impact of COVID-19 in Pakistan, the State Bank of Pakistan's policy response, and future risks.

Standard Setting Bodies

Date	Organization	Title & Abstract
October 29, 2020	FSB	Task Force on Climate-related Financial Disclosures: 2020 Status Report The TCFD has published its <i>2020 Status Report</i> . Reviewing 1,700 companies' reports using artificial intelligence technology, the Task Force found that disclosure of climate-related financial information aligned with the TCFD recommendations has steadily increased since the recommendations were published in 2017. The largest increases relate to companies disclosing how they identify, assess, and manage climate-related risk. Industries considered most exposed to material climate risk have led with the highest levels of TCFD disclosure.
October 19, 2020	FSB	FSB Encourages Use of Cyber Incident Response and Recovery Toolkit The FSB published a toolkit of effective practices for financial institutions' cyber incident response and recovery. The toolkit includes 49 practices for effective cyber incident response and recovery across seven components: i) governance; ii) planning and preparation; iii) analysis; iv) mitigation; v) restoration and recovery; vi) coordination and communication; and vii) improvement.
October 16, 2020	FSB	FSB Publishes Global Transition Roadmap for LIBOR The FSB published a global transition roadmap for LIBOR. The roadmap sets out a timetable of actions for financial and non-financial sector firms to take in order to ensure a smooth LIBOR transition by end-2021.
October 14, 2020	FSB	FSB Updates on Work to Address Market Fragmentation The FSB published an update on its work, in collaboration with the international standard setting-bodies, to address market fragmentation. This latest progress report provides an update on work in these areas: i) deference; ii) pre-positioning of capital and liquidity; iii) regulatory and supervisory coordination and information sharing; and iv) "too-big-to-fail" evaluation.
October 13, 2020	FSB	FSB Delivers a Roadmap to Enhance Cross-border Payments The FSB published a roadmap to enhance cross-border payment that addresses the key challenges often faced by cross-border payments and the frictions in existing processes that contribute to these challenges.
October 13, 2020	FSB	FSB Publishes High-level Recommendations for Regulation, Supervision and Oversight of "Global Stablecoin" Arrangements The FSB published the final version of its high-level recommendations for the regulation, supervision and oversight of "global stablecoin" arrangements following an earlier public consultation..

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October 12, 2020	FSB	<p><u>FSB Report Considers Financial Stability Implications of BigTech in Finance in Emerging Market and Developing Economies</u> The FSB published a report, <i>BigTech Firms in Finance in Emerging Market and Developing Economies</i>, that discusses market developments and financial stability implications from the provision of financial services by BigTech firms in emerging markets and development economies (EMDEs).</p>
October 9, 2020	FSB	<p><u>FSB Report Highlights Increased Use of RegTech and SupTech</u> The FSB published a report, <i>The Use of Supervisory and Regulatory Technologies by Authorities and Regulated Institutions</i>. The report finds that technology and innovation are transforming the global financial landscape, presenting opportunities, risks and challenges for regulated institutions and authorities alike.</p>
October 7, 2020	FSB IMF	<p><u>FSB and IMF Publish 2020 Progress Report on G20 Data Gaps Initiative</u> The FSB and IMF published the <i>Fifth Progress Report – Countdown to 2021 in Light of COVID-19</i> on the implementation of the second phase of the G20 Data Gaps Initiative (DGI-2). This report provides an overview of the progress since the previous report in September 2019. It sets out the challenges encountered by participating economies during this pandemic and the remaining steps to implement the DGI-2 recommendations in 2021.</p>
October 30, 2020	EBA	<p><u>EBA Launches Consultation on Revised Guidelines on Sound Remuneration Policies</u> The EBA launched a public consultation on revised guidelines on sound remuneration policies. This review 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 those remuneration policies should be gender neutral.</p>
October 29, 2020	EBA	<p><u>EBA Issues First Monitoring Report on TLAC-MREL Instruments Accompanied by 15 Recommendations</u> The EBA published its first monitoring report on minimum requirement for own funds and eligible liabilities (MREL) and total loss absorbing capacity (TLAC) instruments.</p>
October 23, 2020	ESMA	<p><u>ESMA Consults on CCP Supervisory Reviews and Evaluation Processes</u> ESMA has launched today a consultation on guidelines addressing the consistency of supervisory reviews and evaluation processes of CCPs under Article 21 of EMIR.</p>
October 13, 2020	IAIS	<p><u>IAIS Issues Draft Application Paper on the Supervision of Climate-related Risks in the Insurance Sector for Public Consultation</u> The IAIS has developed a draft <i>Application Paper on the Supervision of Climate-related Risks in the Insurance Sector</i> jointly with the Sustainable Insurance Forum (SIF). The draft Application Paper provides background and guidance on how the IAIS supervisory material can be used by supervisors to manage the challenges and opportunities arising from climate-related risks.</p>
October 30, 2020	IOSCO	<p><u>IOSCO Recommendations Aim to Help Develop Emerging Capital Markets</u> IOSCO published a report, <i>Development of Emerging Capital Markets: Opportunities, Challenges and Solutions</i>, examines the challenges and opportunities that Emerging Markets jurisdictions (EMs) face when developing their capital markets as key drivers of economic growth and financial resilience and inclusion. The report makes five key recommendations that EMs should consider when seeking to strengthen their capital markets.</p>

National Regulators

Date	Organization	Title & Abstract
October 28, 2020	PRA	<p><u>Operational Continuity in Resolution: Updates to the Policy – CP 20/20</u> This consultation paper sets out the PRA’s proposals to revise its operational continuity in resolution (OCIR) policy. The purpose of the proposals is to improve firms’ resolvability and support the Bank of England’s approach to resolution as set out in the statement of policy <i>The Bank of England’s Approach to Assessing Resolvability</i>.</p>
October 28, 2020	PRA Bank of England	<p><u>Updates to the Bank of England’s Approach to Assessing Resolvability</u> The Bank of England and the PRA are consulting in parallel on a package of proposals relating to operational continuity in resolution (OCIR) policy. The proposals in this consultation include: i) changes to the OCIR section of the <i>Approach to Assessing Resolvability</i> SoP; and ii) changes to resolution measures, first announced in May 2020, aimed at alleviating operational burdens on PRA-regulated firms in response to the COVID-19 outbreak.</p>
October 12, 2020	Bank of England	<p><u>Credit Risk: The Approach to Overseas Internal Ratings Based (IRB) Models – CP 16/20</u> This consultation paper sets out the PRA’s proposed approach in respect of firms’ use of overseas Internal Ratings Based (IRB) credit risk models built to non-UK regulatory requirements, in the calculation of UK group consolidated capital requirements. The proposals in this CP would result in changes to SS 11/13 <i>Internal Ratings Based (IRB) Approaches</i> (Appendix) to include the PRA’s approach to overseas IRB models.</p>
October 16, 2020	FCA	<p><u>FCA Proposes Additional Measures to Help Insurance Customers in Financial Difficulty Because of Coronavirus</u> The FCA has published proposals on how firms should continue to seek to help customers who hold insurance and premium finance products and may be in financial difficulty because of coronavirus, after 31 October 2020.</p>
October 30, 2020	Federal Reserve FDIC OCC	<p><u>Agencies Release Paper on Operational Resilience</u> Federal bank regulatory agencies today released a paper, <i>Sound Practices to Strengthen Operational Resilience</i>, outlining sound practices designed to help large banks increase operational resilience.</p>
October 29, 2020	Federal Reserve FDIC OCC CFPB NCUA	<p><u>Agencies Propose Regulation on the Role of Supervisory Guidance</u> Five federal financial regulatory agencies invited comment on a proposal outlining and confirming the agencies’ use of supervisory guidance for regulated institutions. The proposal would codify the statement, as amended, that was issued in September 2018 by the agencies that clarified the differences between regulations and guidance.</p>
October 20, 2020	Federal Reserve FDIC OCC	<p><u>Agencies Finalize Rule to Reduce the Impact of Large Bank Failures</u> The federal bank regulatory agencies finalized a rule to limit the interconnectedness and reduce the impact from failure of the largest banking organizations. The final rule is substantially similar to the proposal announced last year and complements other measures that the agencies have taken to limit interconnectedness among the largest banking organizations.</p>

International Organizations

Date	Organization	Title & Abstract
October 9, 2020	BIS	<p><u>Central Banks and BIS Publish First Central Bank Digital Currency (CBDC) Report Laying Out Key Requirements</u></p> <p>A group of seven central banks together with the BIS published a report, <i>Central Bank Digital Currencies: Foundational Principles and Core Features</i>, that identifies the foundational principles necessary for any publicly available CBDCs to help central banks meet their public policy objectives. The report was compiled by the Bank of Canada, the Bank of England, the Bank of Japan, the European Central Bank, the Federal Reserve, Sveriges Riksbank, the Swiss National Bank and the BIS.</p>
October 2020	CGAP	<p><u>Consumer Protection and COVID-19: Borrower Risks as Economies Reopen</u></p> <p>This briefing offers preliminary recommendations for policy makers, regulators, and financial services providers (FSPs) on how to keep borrower financial needs front and centre without putting excessive stress on FSPs. These include suggestions on how to treat moratoria and other restructuring and how to provide new credit responsibly.</p>
September 2020	CGAP	<p><u>Microfinance and COVID-19: Principles for Regulatory Response</u></p> <p>CGAP briefing develops five guiding principles for regulating microfinance institutions in ways that mitigate the impacts of COVID-19 and examines responses in India, Pakistan, Peru, and Uganda.</p>
October 2020	FSI	<p><u>Stress-testing Banks During the COVID-19 Pandemic</u></p> <p>In response to the COVID-19 pandemic, a number of authorities that regularly conduct stress tests on individual banks adjusted their approach. This FSI paper: i) discusses design options for stress tests during the pandemic; ii) provides examples of three ad hoc stress tests; and iii) sets out conclusions.</p>
October 2020	IMF	<p><u>Digital Money Across Borders: Macro-Financial Implications</u></p> <p>Rapid ongoing progress with digital technologies has increased the prospects for adoption of new forms of digital money for both domestic and international transactions. These include central bank digital currencies (CBDCs) and the so-called global stable coins (GSCs) proposed by large technological companies or platforms. This paper explores the complex interactions between the incentives to adopt and use CBDCs and GSCs across borders and discusses the potential macro-financial effects.</p>
August 2020	IMF	<p><u>Financial Inclusion: What Have We Learned So Far? What Do We Have to Learn?</u></p> <p>The past two decades have seen a rapid increase in interest in financial inclusion, both from policymakers and researchers. This paper surveys the main findings from the literature, documenting the trends over time and gaps that have arisen across regions, income levels, and gender, among others. It points out that structural, as well as policy-related, factors, such as encouraging banking competition or channeling government payments through bank accounts, play an important role, and describes the potential macro and microeconomic benefits that can be derived from greater financial inclusion. It argues that policy should aim to identify and reduce frictions holding back financial inclusion, rather than targeting specific levels of inclusion. It suggests areas for future research.</p>
October 2020	World Bank	<p><u>Leveraging Islamic Fintech to Improve Financial Inclusion</u></p> <p>The purpose of this report is to evaluate the global developments in the area of FinTech solutions by Islamic financial institutions and its impact on financial inclusion within its core markets.</p>

Date	Organization	Title & Abstract
March 2020	World Bank	<p><u>Developing Insurance Markets: Use of Financial Health and Stability Indicators in Insurance Supervision</u> This report is part of a larger effort to understand the key drivers of development in insurance sectors in a range of jurisdictions, especially including the role of policy and project interventions.</p>

Other

Date	Organization	Title & Abstract
September 2020	A2ii	<p><u>Evolving Insurance Supervisory Mandates in Sub Saharan Africa - Implications for Data Practices</u> This paper is the first part of a project by the Access to Insurance Initiative (A2ii), Cenfri together with a Steering Group comprising supervisors from seven jurisdictions: Ghana, Kenya, Malawi, Mauritius, Uganda and West and Central Africa (CIMA), chaired by South Africa. The project aims to develop a consolidated reference list of KPIs covering the different 'pillars' of insurance supervisors' objectives: i) prudential; ii) market conduct; iii) insurance market development (including inclusive insurance); and iv) the contribution of the insurance sector to sustainable development.</p>