

# Toronto Centre Publications Monitoring Report

## September 2019

*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.*

### Standard Setting Bodies

Date	Organization	Title & Abstract
September 25, 2019	EBA	<p><b><u>EBA Consults on its Proposals to create an STS Framework for Synthetic Securitisation</u></b>            The EBA launched today a public consultation on its proposals for a simple, transparent and standardized (STS) framework for synthetic securitization. This ground-breaking work on synthetic securitization unveils new data and insights into post-crisis market developments and trends, including data on historical default and loss performance. It also proposes a list of criteria to be considered when labelling the synthetic securitization as 'STS'.</p>
August 28, 2019	EBA	<p><b><u>EU Banks' Funding Plans Indicate Increased Appetite for Market-based Funding in the Coming Years</u></b>            The EBA published its annual update on EU banks' funding plans and asset encumbrance, which helps EU supervisors assess the sustainability of banks' main sources of funding. The results of the funding plans assessment show that banks plan to increase debt issuances over the next 3 years, in particular unsecured debt instruments.</p>
September 4, 2019	ESMA	<p><b><u>ESMA Publishes Stress Simulation Framework for Investment Funds</u></b>            ESMA has developed a framework to be used for stress simulations for the investment fund sector.</p>
September 2, 2019	ESMA	<p><b><u>ESMA Strengthens Liquidity Stress Tests for Investment Funds</u></b>            ESMA has published its final guidance regarding liquidity stress tests of investment funds – applicable to both Alternative Investment Funds (AIFs) and Undertakings for the Collective Investment in Transferable Securities (UCITS).</p>

Date	Organization	Title & Abstract
September 30, 2019	IOSCO	<b><u>IOSCO Publishes Framework to Help Members Enhance Investor Education Initiatives</u></b> IOSCO has published the <i>Core Competencies Framework on Financial Literacy</i> to assist members, investor education providers and other stakeholders in their efforts to develop and implement investor education initiatives. The Framework provides guidance to users on the content of investor education programs and indicates which areas could be assessed as part of an evaluation strategy.
September 26, 2019	IOSCO	<b><u>IOSCO Reviews Member Efforts to Deter Mis-selling of Complex Financial Products</u></b> IOSCO published a Thematic Review report (Report) indicating that most of the participating jurisdictions have implemented the necessary rules aimed at preventing the mis-selling of complex financial products, consistent with IOSCO standards.

## National Regulators

Date	Organization	Title & Abstract
September 30, 2019	PRA	<b><u>Asset Encumbrance – CP 24/19</u></b> This consultation paper sets out its proposed expectations of firms when managing the key prudential risks associated with asset encumbrance, specifically in the contexts of managing liquidity and funding risks, recovery planning, and resolution.
September 30, 2019	PRA	<b><u>Solvency II: Own Funds – SS 2/15</u></b> This supervisory statement is addressed to UK Solvency II firms and to Lloyd's, whether they are assessing the quality of their existing own funds and/or intending to issue new own fund items under Solvency II.
September 30, 2019	PRA	<b><u>Subordinated Guarantees and the Quality of Capital for Insurers – SS 8/14</u></b> This supervisory statement applies to all insurers (firms) authorized by the PRA and may also be relevant to insurance holding companies and other entities in the same group, together with their advisors. The statement also looks ahead to Solvency II (SII), and is aimed at firms and groups within the scope of the SII Directive.
September 27, 2019	PRA	<b><u>Strengthening Individual Accountability: Resolution Assessments and Reporting Amendments – PS 20/19, CP 12/19</u></b> This PRA policy statement provides feedback to responses to CP 12/19 <i>Strengthening Individual Accountability: Resolution Assessments and Reporting Amendments</i> .
September 27, 2019	PRA	<b><u>Strengthening Individual Accountability in Banking – SS 28/15</u></b> This SS has been updated as a result of the publication of policy statement 20/19 <i>Strengthening Individual Accountability: Resolution Assessments and Reporting Amendments</i> . The updated SS will take effect from Monday 9 December 2019.

Date	Organization	Title & Abstract
September 24, 2019	PRA	<p><b><u>Liquidity Risk Management for Insurers – SS 5/19</u></b>  This supervisory statement sets out the PRA’s expectations concerning the liquidity risk management framework an insurer must have in place pursuant to Conditions Governing Business 3.1(2)(c)(iv) and Group Supervision 17.1(1)(b) in the PRA Rulebook for Solvency II firms or to Insurance Company – Overall Resources and Valuation 2.5(3) in the PRA Rulebook for non-Directive firms, as applicable.</p>
September 18, 2019	PRA	<p><b><u>Credit Risk: Probability of Default and Loss Given Default Estimation – CP 21/19</u></b>  This consultation paper sets out the PRA’s proposed approach to implementing the EBA’s recent regulatory products relating to Probability of Default (PD) estimation, Loss Given Default (LGD) estimation and the treatment of defaulted exposures in the Internal Ratings Based (IRB) approach to credit risk.</p>
September 18, 2019	PRA	<p><b><u>Solvency II: Prudent Person Principle – CP 22/19</u></b>  This consultation paper sets out the PRA’s expectations for investment by firms in accordance with the Prudent Person Principle (PPP).</p>
September 3, 2019	PRA	<p><b><u>Insurance Special Purpose Vehicles: Updates to Authorisation and Supervision – CP 19/19</u></b>  The PRA sets out some proposed updates to its approach and expectations in relation to the authorization and supervision of insurance special purpose vehicles (ISPVs).</p>
September 27, 2019	Bank of England	<p><b><u>Bank of England Sector Resilience Exercise</u></b>  The Bank of England has today published the high-level findings of the recent financial sector cyber simulation exercise.</p>
September 19, 2019	FCA	<p><b><u>FCA Finds MiFID II Research Unbundling Rules Working Well for Investors</u></b>  The FCA published multi-firm review findings indicating the <i>Markets in Financial Instruments Directive’s</i> (MiFID II) research unbundling rules have improved asset managers’ accountability over costs, saving millions for investors.</p>
September 27, 2019	APRA	<p><b><u>APRA Proposes Directions to Integrate New Accounting Standard Into Insurers’ Prudential Framework</u></b>  APRA has released for consultation its proposed directions for integrating AASB 17 <i>Insurance Contracts</i> (AASB 17) into the prudential capital and reporting frameworks for APRA-regulated insurers in the life, general and private health insurance industries.</p>
September 17, 2019	APRA	<p><b><u>APRA Releases Key Observations from Thematic Review of Insurers’ Recovery Plans</u></b>  APRA has released key observations from a recent recovery planning thematic review of life and general insurers. APRA has outlined the main findings from the review with a group of large and medium-sized insurers to develop recovery plans, including areas of better practice.</p>
September 3, 2019	APRA	<p><b><u>APRA Commences a Second Consultation on the Framework for Interest Rate Risk in the Banking Book</u></b>  APRA has commenced a second consultation on the requirements in Prudential Standard APS 117 Capital Adequacy: Interest Rate Risk in the Banking Book (APS 117) that aims to strengthen the prudential framework for interest rate risk in the banking book (IRRBB), as well as implement the Basel standard.</p>
September 2, 2019	APRA	<p><b><u>APRA Updates Enforcement Approach to Provide Clarity Around Transparency and Data Reporting</u></b>  APRA has updated its Enforcement Approach to outline how it will increase transparency around the use of its formal enforcement powers. The revised document also sets out APRA’s intention to take stronger action against institutions that fail to meet their legal obligations to report data to APRA in full and on time.</p>

Date	Organization	Title & Abstract
August 29, 2019	APRA	<p><b><u>APRA Releases 2019-2023 Corporate Plan</u></b>            APRA has published its updated Corporate Plan. It identifies four areas of strategic focus aimed at strengthening outcomes for the Australian community: i) maintaining financial system resilience; ii) improving outcomes for superannuation members; iii) improving cyber-resilience across the financial system; and iv) transforming governance, culture, remuneration and accountability across all regulated financial institutions.</p>
September 26, 2019	Reserve Bank of India	<p><b><u>RBI Releases the Report of the Internal Working Group to Review the Liquidity Management Framework</u></b>            The report sets out the key recommendations that are based on guiding principles for an effective liquidity management framework.</p>
September 17, 2019	Reserve Bank of India	<p><b><u>Discussion Paper on Guidelines for Payment Gateways and Payment Aggregators</u></b>            The Reserve Bank released the discussion paper <i>Guidelines for Payment Gateways and Payment Aggregators</i> for public comments.</p>
September 24, 2019	BaFin	<p><b><u>BaFin's Guidance on Outsourcing to Cloud Service Providers</u></b>            The guidance is a joint assessment by BaFin and the Deutsche Bundesbank of outsourcing to cloud service providers.</p>
September 26, 2019	SEC	<p><b><u>SEC Proposes Amendments to Enhance Retail Investor Protections</u></b>            The SEC announced that it has voted to propose amendments to <i>Exchange Act</i> Rule 15c2-11, which sets out certain requirements with which a broker-dealer must comply before it can publish quotations for securities in the over-the-counter market. The proposed amendments would provide greater transparency to the investing public by requiring that information about the issuer and the security be current and publicly available before a broker-dealer can begin quoting that security.</p>
September 19, 2019	SEC	<p><b><u>SEC Adopts New Rules and Amendments under Title VII of Dodd-Frank</u></b>            The SEC has adopted a package of rules and rule amendments under Title VII of the <i>Dodd-Frank Wall Street Reform and Consumer Protection Act</i> (Dodd-Frank Act). These actions establish recordkeeping and reporting requirements for security-based swap dealers and major security-based swap participants and amend the recordkeeping and reporting requirements for broker-dealers. Under these rules, these companies will be required to create and retain fundamental business records to document and track their operations, facilitating the Commission's ability to monitor compliance and reducing risk to the market.</p>

## International Organizations

Date	Organization	Title & Abstract
August 2019	FSI	<p><b><u>SupTech Applications for Anti-money Laundering</u></b>            SupTech is used by financial authorities of advanced data collection and analytics tools enabled by new technologies. This paper dives deeper into these tools. It aims to explore the various data analytics tools used by authorities tasked with detecting potential anti-money laundering and combating the financing of terrorism; field where data analytics tools seem more advanced.</p>

Date	Organization	Title & Abstract
July 2019	CGAP	<p><b><u>Using Satellite Data in Financial Inclusion</u></b>            The guide discusses how service providers can use satellite data and advanced analytics techniques to reach customers. Financial services providers that see an opportunity to reach financially excluded people in rural areas can use new technology to remotely gather and analyze data on potential customers. The guide focuses on smallholder finance, but providers may find it useful for other applications as well, such as estimating local infrastructure, housing, and income levels; assessing the effectiveness of farming practices; crop insurance and risk calculations; and forecasting yields to combat food security problems.</p>
September 2019	IMF	<p><b><u>Cybersecurity Risk Supervision</u></b>            This paper highlights the emerging supervisory practices that contribute to effective cybersecurity risk supervision, with an emphasis on how these practices can be adopted by those agencies that are at an early stage of developing a supervisory approach to strengthen cyber resilience.</p>
September 2019	IMF	<p><b><u>Digital Connectivity in sub-Saharan Africa: A Comparative Perspective</u></b>            Higher digital connectivity is expected to bring opportunities to leapfrog development in sub-Saharan Africa. Experience within the region demonstrates that if there is an adequate digital infrastructure and a supportive business environment, new forms of business spring up and create jobs for the educated as well as the less educated.</p>
September 2019	IMF	<p><b><u>Macroeconomic and Financial Policies for Climate Change Mitigation: A Review of the Literature</u></b>            Climate change is one of the greatest challenges of this century. Mitigation requires a large-scale transition to a low-carbon economy. This paper provides an overview of the rapidly growing literature on the role of macroeconomic and financial policy tools in enabling this transition.</p>