



Leibniz Institute for Financial Research SAFE
Sustainable Architecture for Finance in Europe (<https://safe-frankfurt.de/>)

SAFE Finance Blog

The SAFE Regulatory Radar in March

03/31/2020

New rules on reporting of institutions under CRR, current developments in EU sustainable finance regulation and transfer of financial investment advisor supervision in Germany: a selection of financial regulatory developments from this month



At the end of each month, the SAFE Regulatory Radar highlights a selection of important news and developments on financial regulation at the national and EU level.

Capital Markets Union: Amended rules on reporting of institutions under CRR

On 14 February 2020, the European Commission laid down technical standards for institutions reporting to supervisory bodies according to the Capital Requirements Regulation (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32013R0575>) (CRR). The Implementing Regulation (https://ec.europa.eu/finance/docs/level-2-measures/crr-its-2020-704_en.pdf) is based on a draft about technical standards submitted by the European Banking Authority (EBA).

The Implementing Regulation introduces changes to supervisory reporting requirements to reflect the new securitisation framework (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32017R2402>) that established preferential treatment for simple, transparent and standardised securitisations (STS) and certain synthetic securitisations of small and medium-sized enterprises, as well as setting up a framework for more risk-sensitive regulatory treatment of exposures to securitisations. In detail, amendments cover the obligation relating to the reporting of the liquidity coverage requirements, defined by the framework on Common Reporting (COREP). Regarding the guidelines on Financial Reporting (FINREP) about non-performing exposures (NPE) and forbearance, the Implementing Regulation establishes uniform requirements for the monitoring of NPEs (Non-performing Exposures) strategies, reporting requirements on profit and loss items, and the implementation of International Financial Reporting Standard 16. An improved reporting framework aims to strengthen supervisors' ability to assess and monitor this kind of exposures by collecting more granular information on a recurring basis to close identified data gaps.

Provisions concerning liquidity reporting come into force on 1 April 2020 whereas other provisions apply from 1 June 2020.

Sustainable finance: EU expert group issues final report on taxonomy and guide on green bonds

On 9 March 2020, the European Commission Technical Expert Group on Sustainable Finance (TEG) published its final report on the taxonomy (https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy_en.pdf) and a proposal for an EU Green Bond Standard (https://ec.europa.eu/info/publications/sustainable-finance-technical-expert-group_en#greenbond). The TEG (Technical Expert Group on Sustainable Finance) consists of 35 members from civil society, academia, business, and the finance sector that have been working on recommendations for the development of the European framework for sustainable finance.

The final report covers a number of recommendations to the European Commission including the design of the taxonomy, the technical screening criteria for climate change mitigation objectives, climate change adaptation objectives and the 'do no significant harm' (DNSH) criteria, laid down in the Sustainable Finance Taxonomy Proposal (https://eur-lex.europa.eu/procedure/EN/2018_178). More precisely, the report contains an extended list of economic activities that can make a significant contribution to climate change adaptation, including the provision of non-life insurance, research and development, as well as engineering activities. A full evaluation of economic activities that can substantially contribute to the EU environmental objectives will be conducted by the forthcoming Platform on Sustainable Finance, a permanent body set up under the Taxonomy Regulation.

A delegated act based on this report, should be adopted by 31 December 2020. It includes technical screening criteria for the climate change mitigation and climate change adaptation objectives; technical screening criteria for the remaining environmental objectives has to be developed by 31 December 2021.

Alongside the final report on the taxonomy, the TEG (Technical Expert Group on Sustainable Finance) has published an EU Green Bond Standard Usability Guide (https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/200309-sustainable-finance-teg-green-bond-standard-usability-guide_en.pdf) with recommendations on the practical application of the EU Green Bond Standard that is a voluntary label for bonds, intending to align with best practices for green financial products in the market. A legislative proposal on the Green Bond Standard is expected by the third quarter 2020.

Financial supervision: Uniform supervision for investment brokers in Germany

On March 11, 2020, the German Federal Government passed a bill (https://www.bundesfinanzministerium.de/Content/DE/Gesetzestexte/Gesetze_Gesetzesvorhaben/Abteilung_12-23-FinAnIVUEG/1-Referentenentwurf.pdf?__blob=publicationFile&v=3) that gradually transfers supervision of financial investment brokers and fee-based financial investment advisors to the Federal Financial Supervisory Authority (BaFin). Following the draft of the Ministry of Finance, the BaFin should consistently run the material compliance requirement checks as of January 1, 2021. The BaFin's examination should no longer be carried out on an annual basis, instead the frequency of checks will be flexible and determined on a risk basis relying on the self-declaration by the financial investment service providers.

The activity of financial investment brokers and fee-based financial investment advisors is currently regulated in the the Code of Trade and Commerce (Gewerbeordnung, GewO) and the Financial Investment Brokers Ordinance (Finanzanlagenvermittlervverordnung, FinVermV). It is supervised by the trade offices or the chambers of industry and commerce (Industrie- und Handelskammer - IHK). The previous regulations are largely adopted in the Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

The new legal framework should contribute to a uniform and higher quality financial supervision.

Current public consultations

- European Commission: Public **consultation** (https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/mifid-2-mifir-review-consultation-document_en.pdf) on the EU classification system for green invest. The deadline is Monday, 20 April 2020.
- European Commission: Public **consultation** (<https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12167-Review-of-the-regulatory-framework-for-investment-firms-and-market-oper/MiFID-2-1-public-consultation>) for possible reforms of the Markets in Financial Instruments Directive ; Markets in Financial Instruments Regulation (MiFID und MiFIR). The deadline is Monday, 20 April 2020.
- ESMA: Public **consultation** (<https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12167-Review-of-the-regulatory-framework-for-investment-firms-and-market-oper/Climate-change-mitigation-and-adaptation-taxonomy>) on the review of the transparency regime for r instruments and the trading obligation for derivatives under the Market in Financial Instruments Regulat (MiFIR). The deadline is Sunday, 19 April 2020.
- ESMA: Public **consultation** (<https://www.esma.europa.eu/press-news/esma-news/esma-consults-transparency-regime-non-equity-instruments>) on new draft Regulatory Technical Standards (RTS) u Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contr measure the performance of investment funds (“**European Benchmark Regulation** (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02016R1011-20191210&from=EN>)”). The de Saturday, 9 May 2020.
- European Banking Authority: Public **consultation** (<https://eba.europa.eu/eba-launches-consultation-methodology-identify-g-siis>) to update the identification methodology of global systemically important institutions (G-SIIs) and related capital buffer rates. The deadline is Friday, 5 June 2020.
- European Central Bank: Public **consultation** (<https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200313~52d08d7256.en.html>) on recommendations to address specific issues for swaption products as a result of the proposed transitor Euro OverNight Index Average (EONIA) to the euro short-term rate (€STR). The deadline is Friday, 3 A

Anastasia Kotovskaia (<https://safe-frankfurt.de/policy-center/policy-center-team.html>) is Research Assistant at the SAFE Policy Center and currently pursuing a Ph.D. in Law at Goethe University.

Keywords: Financial Markets (https://safe-frankfurt.de/news-latest/safe-finance-blog/search-result-blog.html?tx_news_pi1%5BoverwriteDemand%5D%5Bcategories%5D=181&cHash=84faeb163d529c1d1097a1382efc4c)



Back (<https://safe-frankfurt.de/news-latest/safe-finance-blog.html>)


Comments

..

Name ***Email *****Comment ***

* These fields are required.

Want to get regular updates?

 [Subscribe to the Finance Blog RSS feed \(http://safe-frankfurt.de/home/rss-policyblog.xml\)](http://safe-frankfurt.de/home/rss-policyblog.xml)

 [Follow us on Twitter \(https://twitter.com/SAFE_Frankfurt\)](https://twitter.com/SAFE_Frankfurt)

Enter your email address to get regular blog updates.

* Please read our data protection statement (<https://safe-frankfurt.de/about-safe/data-protection.html>)(pdf version (https://safe-frankfurt.de/fileadmin/user_upload/editor_common/Files/Data_Protection_Statement_10Jan2020.pdf))

I agree to the data protection statement.*

Subscribe

RECENT POLICY PUBLICATIONS

Apr 2020

Corona-Bonds und ihre Alternativen (<https://safe-frankfurt.de/policy-center/policy-publications/policy-publicationdetailsview/publicationname/corona-bonds-und-ihre-alternativen.html>)

Marcel Thum, (https://tu-dresden.de/cdd/leitung_und_beteiligte/mitglieder/lebensraum-und-infrastruktur/Thum) Alfons J. Weichenrieder (<https://safe-frankfurt.de/research/researchers/researchers-details/showauthor/52-weichenrieder.html>)

Apr 2020

The Case for Corona Bonds (<https://safe-frankfurt.de/policy-center/policy-publications/policy-publ-detailsview/publicationname/the-case-for-corona-bonds.html>)

Matej Avbelj, (<https://www.eui.eu/DepartmentsAndCentres/Law/People/Fellows/FBF/Matej-Avbelj>) Antonia Baraggia, (<https://www.mmg.mpg.de/person/99018/2553>) Jürgen Bast, (https://www.uni-giessen.de/fbz/fb01/professuren-forschung/professuren/bast/team/prof_leitung) Bojan Bugarič, (<https://www.sheffield.ac.uk/law/staff/bbugaric/index>) Emanuel Castellarin, (<https://unistra.academia.edu/EmanuelCastellarin>) Francesco Costamagna, (<https://www.law.georgetown.edu/ctls/staff/francesco-costamagna/>) Anuscheh Faraha, (<https://www.oer5.rw.fau.de/prof-dr-anuscheh-farahat/>) Matthias Goldmann, (<https://safe-frankfurt.de/research/researchers/researchers-details/showauthor/549-goldmann.html>) Anna-Katharina Mangold, (<https://www.europeanstudies.info/en/about-ma-eus/our-team/administrative-team/prof-dr-anna-katharina-mangold-llm-cambridge/>) Mario Savino, (<https://unitus.academia.edu/MarioSavino>) Alexander Thiele, (<https://www.uni-goettingen.de/de/pd-dr-alexander-thiele/418590.html>) Annamaria Viterbo (<http://www.dg.unito.it/do/docenti.pl/Alias?anna.viterbo#profilo>)

Apr 2020

Emerging Evidence of a Silver Lining: A Ridge Walk to Avoid an Economic Catastrophe in Italy and Spain (<https://safe-frankfurt.de/policy-center/policy-publications/policy-publ-detailsview/publicationname/emerging-evidence-of-a-silver-lining-a-ridge-walk-to-avoid-an-economic-catastrophe-in-italy-and-spa.html>)

Christopher Busch, (<https://safe-frankfurt.de/research/researchers/researchers-details/showauthor/468-busch.html>) Alexander Ludwig, (<https://safe-frankfurt.de/research/researchers/researchers-details/showauthor/112-ludwig.html>) Raül Santaaulàlia-Llopis (<https://www.barcelonagse.eu/people/santaaulalia-llopis-raul>)

All Policy Publications (<https://safe-frankfurt.de/policy-center/policy-publications.html>)

Contact

Leibniz Institute for Financial Research SAFE

Theodor-W.-Adorno-Platz 3
60323 Frankfurt am Main

Phone: +49 69 798 30080
Fax: +49 69 798 30077
Email: info@safe-frankfurt.de

Find the right contact person (<https://safe-frankfurt.de/about-safe/contact.html>)

 Follow us on Twitter (https://twitter.com/SAFE_Frankfurt)

SAFE →

- About SAFE (<https://safe-frankfurt.de/about-safe.html>)
- Job Offers (<https://safe-frankfurt.de/about-safe/career/job-offers.html>)
- How to find us (<https://safe-frankfurt.de/about-safe/how-to-find-us.html>)

Policy Center →

- SAFE Senior Policy Fellows (<https://safe-frankfurt.de/policy-center/safe-senior-policy-fellows.html>)
- Policy Publications (<https://safe-frankfurt.de/policy-center/policy-publications.html>)

Research →

- Research Departments (<https://safe-frankfurt.de/research/research-departments.html>)
- Researchers (<https://safe-frankfurt.de/research/researchers.html>)
- Data Center (<https://safe-frankfurt.de/data-center.html>)

News & Events →

- All News (<https://safe-frankfurt.de/news-latest/all-news.html>)
- Newsletter (<https://safe-frankfurt.de/news-latest/newsletter.html>)

- [SAFE Finance Blog \(https://safe-frankfurt.de/news-latest/safe-finance-blog.html\)](https://safe-frankfurt.de/news-latest/safe-finance-blog.html)
- [Policy Center Team \(https://safe-frankfurt.de/policy-center/policy-center-team.html\)](https://safe-frankfurt.de/policy-center/policy-center-team.html)

- [Expert List \(https://safe-frankfurt.de/press/expert-list.html\)](https://safe-frankfurt.de/press/expert-list.html)



[Home \(https://safe-frankfurt.de/footer-menu/home.html\)](https://safe-frankfurt.de/footer-menu/home.html) →

[About this site \(https://safe-frankfurt.de/footer-menu/about-this-site.html\)](https://safe-frankfurt.de/footer-menu/about-this-site.html) →

[Data Protection \(https://safe-frankfurt.de/footer-menu/data-protection.html\)](https://safe-frankfurt.de/footer-menu/data-protection.html) →

© 2020 SAFE