



Weekly Bulletin for IOSCO Members – 6

9 -16 February 2022

I. IOSCO News

Credible Data for a Sustainable Future, op-ed by IOSCO Chair Ashley Alder in ESG Investor, 11 February

“Ashley Alder, Chair of IOSCO and CEO of the HK SFC, calls for greater consistency and transparency for ESG ratings and data.”

<https://www.esginvestor.net/credible-data-for-a-sustainable-future/>

II. Member News

A. *ESMA proposes reforms to improve resilience of Money Market Funds*, European Securities and Markets Authority (ESMA), 16 February 2022

“The European Securities and Markets Authority (ESMA), the EU’s securities markets regulator, is issuing an Opinion containing proposed reforms to the regulatory framework for EU Money Market Funds (MMFs) under the Money Market Funds Regulation (MMFR). The proposals will improve the resilience of MMFs by addressing in particular liquidity issues and the threshold effects for constant net asset value (CNAV) MMFs.”

<https://www.esma.europa.eu/press-news/esma-news/esma-proposes-reforms-improve-resilience-money-market-funds>

Final Report: ESMA opinion on the review of the Money Market Fund Regulation

https://www.esma.europa.eu/sites/default/files/library/esma34-49-437_finalreportmmfreview.pdf

B. *World Development Report 2022: Finance for an Equitable Recovery*, World Bank, 2022

This report “examines the central role of finance in the economic recovery from the pandemic. It highlights the consequences of the crisis most likely to affect emerging economies and advocates a set of policies to mitigate the interconnected financial risks stemming from the pandemic and steer economies toward a sustainable and equitable recovery.”

<https://www.worldbank.org/en/publication/wdr2022>

C. ESMA's Report on Trends, Risks and Vulnerabilities (TRV) No. 1, 2022, and TRV Risk Analysis articles on environmental risk monitoring and ESG disclosures by rating agencies, European and Securities Markets Authority, February 2022

Risk Monitoring: Risks remain very high amid geopolitical tensions. The pandemic's resurgence at the end of 2021 and an uncertain economic and monetary policy outlook are leading market participants to revisit their growth and market expectations.

Going forward, we continue to see high risks to investors of further – possibly significant – market corrections as markets remain nervous and geopolitical tensions are rising. There is scope for a reduction in risk levels if past improvements in the economic environment and the comparatively low volatilities in the market prove to be resilient. This resilience will critically depend, in particular, on the ability of markets to deal with geopolitical tensions building up in eastern Europe and to withstand a reduction in public policy support on the monetary or fiscal sides without material disruptions.

***New features: Monitoring environmental risks and structural market indicators.** We are for the first time including environmental risk as a dedicated category in our risk assessment framework. Our approach to monitoring environmental risks in EU securities markets is outlined in detail in a separate TRV Risk Analysis article. In addition, new risk indicators on climate-related disclosures, reputational risk and carbon markets in the EU are covered in the TRV Statistical Annex.*

We are also publishing for the first time our TRV Structural Market Indicators (SMIs), a selection of statistics from our proprietary data systems that provide structural indicators on securities, markets, market participants and infrastructures for the EEA and EU, and by Member State.

TRV Risk Monitoring

- TRV Risk Monitor No. 1, 2022: [Link](#)
- TRV Statistical Annex No. 1, 2022: [Link](#)
- TRV Structural Market Indicators No. 1, 2022: [Link](#)

TRV Risk Analysis

- Monitoring environmental risks in EU financial markets: [Link](#)
- Text mining ESG disclosures in rating agency press releases: [Link](#)

D. ICMA makes proposals to address usability concerns over the EU Taxonomy, press release and paper, International Capital Market Association, 14 February

“ICMA has published a paper which identifies challenges for the financial and corporate sector in providing information on the alignment of their activities with the EU Taxonomy as required by existing and proposed future regulatory reporting. The paper makes five key recommendations EU co-legislators and regulators to address these usability concerns. The objective is to ensure the availability of Taxonomy information to help guide market participants and policy makers alike in their decisions relating to sustainable strategy and policy making.”

<https://www.icmagroup.org/News/news-in-brief/icma-makes-proposals-to-address-usability-concerns-over-the-eu-taxonomy>

- E. *Securities Markets Risks Outlook: A changing Landscape***, report, Central Bank of Ireland, February 2022

“The contents of the report will aid securities markets participants to assess the risks they face and inform their risk mitigation planning. We will take appropriate supervisory action in instances where securities market participants have not considered the risks outlined in this report or where we identify behaviour that falls short of our expectations.”

<http://www.centralbank.ie/docs/default-source/regulation/industry-market-sectors/securities-markets/risk-outlook-reports/securities-markets-risk-outlook-report-2022.pdf?sfvrsn=4>

- F. *ESMA prioritises the fight against greenwashing in its new Sustainable Finance Roadmap***, press release and roadmap, European Securities and Markets Authority, 11 February

“The European Securities and Markets Authority (ESMA), the EU’s securities markets regulator, has today published its [Sustainable Finance Roadmap 2022-2024](#) (Roadmap). ESMA identifies three priorities for its sustainable finance work:

- 1. Tackling greenwashing and promoting transparency;
 - 1. Building National Competent Authorities’ (NCAs) and ESMA’s capacities in the sustainable finance field; and*
 - 2. Monitoring, assessing and analysing ESG markets and risk”**

<https://www.esma.europa.eu/press-news/esma-news/esma-prioritises-fight-against-greenwashing-in-its-new-sustainable-finance>

- G. *FRA Egypt signed today three Cooperation Protocols to improve financial literacy of NBFS***, press release, Financial Regulatory Authority (FRA), Egypt, 10 February

“In light of the continuous efforts exerted by the Financial Regulatory Authority (FRA), Egypt towards improving financial literacy of Non-Banking Financial Services (NBFS) through its strategy 2022 – 2026, FRA today signed three cooperation protocols, with the Ministry of Education and Technical Education, the Ministry of Higher Education and Scientific Research, and the Ministry of Youth and sports. These cooperation protocols are aiming to spread culture and awareness of non-banking financial activities for school students, university youth, sports clubs and youth centers.

The signing ceremony comes within the framework of implementing the initiative of His Excellency Egyptian President Abdel Fattah El-Sisi, to raise the levels of financial literacy and capacity building of money management for students and youth, and to introduce them to all non-banking financial activities. Consequently, this will stimulate youth entrepreneurship, create job opportunities, and improve their ability to own various methods of project financing.”

link for the signing ceremony: <https://youtu.be/8j2nBHmEvV0>

H. ESMA finds high level of divergence in disclosure of ESG factors in credit ratings, press release and report, European Securities and Markets Authority (ESMA), 10 February

“The European Securities and Markets Authority (ESMA), the EU’s securities markets regulator, today publishes an article assessing the implementation of ESMA’s Guidelines on the disclosure of environmental, social, and governance (ESG) factors in credit rating agency (CRA) press releases. ESMA finds that the overall level of disclosures has increased since the introduction of the Guidelines, but that a high level of divergence across CRAs means there is still room for further improvement.”

<https://www.esma.europa.eu/press-news/esma-news/esma-finds-high-level-divergence-in-disclosure-esg-factors-in-credit-ratings>

Report:

https://www.esma.europa.eu/sites/default/files/library/esma80-195-1352_cra_esg_disclosures.pdf

I. Finalising LIBOR transition – achievements in sterling markets and what remains to be done, joint Press Release from the Bank of England, Financial Conduct Authority (FCA) and the Working Group on Sterling Risk-Free Reference Rates, 9 February

“The Bank of England, FCA and Working Group are now able to reflect on achievements in sterling markets, set out what more needs to be done and provide an update on how the Working Group will operate in the future.”

<https://www.bankofengland.co.uk/news/2022/february/sterling-risk-free-reference-rates-finalising-libor-transition>

III. Financial Stability Board/Bank for International Settlements

A. FSB Chair outlines work priorities for 2022 to G20 Finance Ministers and Central Bank Governors, press release, Financial Stability Board, 17 February

The Financial Stability Board (FSB) today published a [letter from its Chair, Klaas Knot, to G20 Finance Ministers and Central Bank Governors](#) ahead of their meeting on 17-18 February.

“The letter notes that the COVID-19 pandemic continues to weigh on the global economy. The global financial system has been able to support the recovery to date, thanks to its greater resilience – supported by the G20’s post-2008 crisis reforms – and a determined policy response. However, the transition to a post-pandemic world poses its own challenges. The letter lays out the FSB’s policy work during 2022 to promote global financial resilience.”

<https://www.fsb.org/2022/02/fsb-chair-outlines-work-priorities-for-2022-to-g20-finance-ministers-and-central-bank-governors/>

B. Martin J. Gruenberg appointed as Chair of the FSB’s Resolution Steering Group, press release, Financial Stability Board, 15 February

“The Financial Stability Board (FSB) has appointed Martin J. Gruenberg, Acting Chairman of the US Federal Deposit Insurance Corporation (FDIC), as Chair of the FSB’s Resolution Steering Group (ReSG), effective today.”

<https://www.fsb.org/2022/02/martin-j-gruenberg-appointed-as-chair-of-the-fsbs-resolution-steering-group/>

C. FSB warns of emerging risks from crypto-assets to global financial stability, press release and report, Financial Stability Board, 16 February

“Crypto-asset markets are fast evolving and could reach a point where they represent a threat to global financial stability due to their scale, structural vulnerabilities and increasing interconnectedness with the traditional financial system. This is the Financial Stability Board’s (FSB’s) updated assessment of risks to financial stability from crypto-assets, published today.”

<https://www.fsb.org/2022/02/fsb-warns-of-emerging-risks-from-crypto-assets-to-global-financial-stability/>

IV. Other News

- A. ***Economic Policy Lessons from Covid-19: The Big Picture***, occasional paper by Bernanke, Ben S.; Carstens, Agustín; Geithner, Timothy F.; Shanmugaratnam, Tharman; Shirakawa, Masaaki, Yale Program on Financial Stability, 2022

“Economic Policy Lessons from Covid-19: The Big Picture is an occasional paper examining institutional responses to the pandemic caused economic crisis, priorities that should have had precedence, and lessons learned for policy makers moving forward. This paper is based on a panel discussion hosted by the Yale Program on Financial Stability (YPFS) and published in coordination with the YPFS at the Yale School of Management.”

https://group30.org/images/uploads/publications/G30_Economic_Policy_Lessons_from_Covid-19-The_Big_Picture.pdf

- B. ***A resilient financial system***, speech by Andrew Bailey, governor Bank of England, at the City UK Annual Dinner 10 February 2022

“Andrew Bailey talks about the resilience of the global financial system to shocks. He says having an open international system, and the right regulation in place, are key.”

<https://www.bankofengland.co.uk/speech/2022/february/andrew-bailey-speech-at-the-city-uk-annual-dinner>

- C. ***Learning from the Dash for Cash – findings and next steps for margining practices***, keynote address by Sir Jon Cunliffe, Deputy Governor, Financial Stability, Bank of England, at the FIA & SIFMA Asset Management Derivatives Forum 2022 9 February

“Sir Jon Cunliffe talks about the lessons learned following the ‘dash for cash’ observed at the onset of the Covid pandemic. He focuses on the role of margin payments building on relevant international work on this topic.”

<https://www.bankofengland.co.uk/speech/2022/february/jon-cunliffe-keynote-address-fia-sifma-asset-management-derivatives-forum>

V. Annual Meeting 2022

The IOSCO Board elected the Autorité Marocaine du Marché des Capitaux (AMMC) of Morocco as the host of the 47th IOSCO Annual Meeting (AM).



The 2022 AM is planned to be held on 18-20 October 2022 in Marrakesh and will be preceded by an AMMC Public Conference on 17 October 2022.

Please pencil these dates into your diaries. The 2022 AM is planned to be held as an in-person meeting; however, we will monitor developments of the pandemic worldwide, and a confirmation on the format of the 2022 AM will be communicated in April 2022.

Should you have any questions, please contact Tajinder Singh (t.singh@iosco.org) or the Secretariat's Meeting and Events Team (met@iosco.org).

VI. IOSCO Capacity Building Activities 2021- 22

IOSCO Asia Pacific Hub Webcast on Operational Resilience is available for viewing. In conjunction with the publication (13 January) of IOSCO's consultation report on the *Operational resilience of trading venues and market intermediaries during the COVID-19 pandemic*, the webcast discusses challenges faced by trading venues and intermediaries during the COVID-19 pandemic, key operational risks arising, and guidance on the operational resilience of trading venues and market intermediaries.

The discussants in this webcast are Tracey Stern, Vice Chair of IOSCO's Committee 2 on Regulation of Secondary Markets (at the time of recording), and Calissa Aldridge, Vice Chair of IOSCO's Committee on Regulation of Market Intermediaries (Committee 3). The webcast is moderated by Giles Ward, Senior Policy Advisor at the IOSCO General Secretariat.

The webcast is available at <https://www.iosco.org.my/news-media/webcasts-podcasts>. This webcast has been made publicly available to reach a broader audience, and we encourage IOSCO members to share the webcast with relevant stakeholders in their jurisdictions as they deem appropriate.

IOSCO WIW Webcast on *Regional Developments in Investor Education and Protection: Frauds and Scams Prevention*

IOSCO Asia Pacific members from the Investor and Financial Education Council of Hong Kong, the Securities and Exchange Board of India, Securities Commission Malaysia and the Monetary Authority of Singapore discuss observations on investment scams, financial education initiatives and other measures undertaken to address some of the challenges, and areas of focus going forward for investor education and protection in relation to frauds and scams prevention.

The webcast is available for viewing at www.iosco.org.my/news-media/webcasts-podcasts.



5th IOSCO/PIFS – Harvard Law School Global Certificate Program for Regulators of Securities Markets – more information to be available in due time.

- **Phase I**, hosted by IOSCO, consists of three components: online learning materials; an in-person module on regulation; and an in-person module on compliance. Under normal circumstances, the in-person modules are conducted at IOSCO’s premises in Madrid (Spain) and cover the fundamentals and intricacies of securities regulation and compliance.
- **Phase II**, hosted by PIFS-HLS, consists of a one week-long in-person module that, under normal circumstances, is conducted on campus at the Harvard Law School in Cambridge (Massachusetts, US).

VII. The 2022 Work Calendar:

https://www.iosco.org/members_area/events/?subSection=event-calendar&p=event-calendar-print

VIII. Latest Investor Alerts

https://www.iosco.org/investor_protection/?subsection=investor_alerts_portal

IX. Recommended Reading

- A. *ESG Explainer: Regulating Ratings***, article quoting IOSCO SG Martin Moloney, ESG Investor, 16 February

“With various regulatory bodies globally initiating consultations on ESG ratings and data, regulation is definitely on the way. This explainer considers whether new rules will help investors to better understand what is behind ESG ratings and use them effectively to implement sustainable investment strategies.”

<https://www.esginvestor.net/explainer-regulating-esg-ratings/>

- B. *BlockFi, a crypto firm, reaches a \$100 million settlement for failing to register loan products***, article, New York Times, 14 February

“The threat of S.E.C. scrutiny already had scuttled plans by Coinbase, the largest U.S.-based cryptocurrency exchange, to launch a loan product.”

<https://www.nytimes.com/2022/02/14/business/blockfi-sec-crypto-loans.html?searchResultPosition=1>

- C. *Divorcing Couples Fight Over the Kids, the House and Now the Crypto***, article, New York Times, 14 February

“Dividing the family’s Bitcoin stash has become a major source of contention in divorce cases.”

<https://www.nytimes.com/2022/02/13/technology/divorce-bitcoin-crypto.html>

- D. *Digital currencies carry threats as well as promises***, op-ed, Financial Times, 14 February

“The proliferation of new financial technologies calls for better cross-border regulation and supervision.”

<https://www.ft.com/content/0ba1da77-cbec-48a3-84d2-9682a5d2f1c9>

- E. *Beijing is ahead in the race for establishing a global digital currency standard***, Euroasia Review, 13 February

“The Chinese government—being often on the receiving end of U.S. pressure—has sought to undermine Washington’s soft power by promoting its own currency, technological infrastructure, and technology standards. Over the past year, China has made substantial progress toward this goal by advancing and internationalizing the e-CNY.”

<https://www.eurasiareview.com/13022022-the-us-is-facing-a-sputnik-moment-in-the-international-economy-analysis/>

- F. *Is the modern high-tech, bank-light financial system better than the old one?***

Brace for a stress test, article, the Economist, 12 February

“The big vulnerability of the new financial system is that chaos can be self-fulfilling: more participants are exposed to market swings, and those swings have become potentially more violent. The banks themselves are certainly much more resilient than they were before the global financial crisis. Yet it is difficult to know whether the high-tech, market-based financial system that has been created is sturdier than the more bank-based system of 15 years ago. Those still in for the ride may not have to wait long to find out.”

<https://www.economist.com/finance-and-economics/2022/02/12/is-the-modern-bank-light-financial-system-better-than-the-old-one>

- G. *New Carbon Emissions Accounting Initiative Launched by Microsoft, Leading Organizations***, article ESG Today, 11 February

“Climate action-focused platform Climateworks Foundation announced today the launch of Carbon Call, a new initiative aimed at addressing the need for a reliable and interoperable global carbon emissions accounting system. The initiative is being founded with participation from over 20 companies and organizations including Microsoft, United Nations Environment Programme, Linux Foundation and United Nations Foundation.”*

<https://www.climateworks.org/press-release/carbon-call/>

Leading organizations form the Carbon Call to address reliability and interoperability in carbon accounting for the planet, press release, Climateworks, 11 February

“Participating organizations and signatories to focus on solving companies’ carbon emissions and removal accounting challenges for a net zero future.”

<https://www.esgtoday.com/new-carbon-emissions-accounting-initiative-launched-by-microsoft-leading-organizations/>

H. *Statement on Rules Regarding Clearing and Settling*, by US SEC Chair Gary Gensler, 9 February

“Today, the Commission is proposing several amendments to the securities clearing and settling process — what one might call the “market plumbing.” I support this release because, if adopted, I believe it could lower risk to the financial system and drive greater efficiencies in the markets.”

<https://www.sec.gov/news/statement/gensler-statement-rules-regarding-clearing-settling-020922>

I. *UK seeks ‘investment big bang’ with Solvency II reform*, article, Financial Times, 10 February

“Boris Johnson aims to prove post-Brexit regulatory changes can boost the British economy.”

<https://www.ft.com/content/b537f67a-2466-443f-becb-0b3406929d29>

J. *German financial regulator probes Adler over its accounting*, article, Financial Times, 10 February

“The investigation is the first time the watchdog has used new powers granted after the Wirecard scandal.”

<https://www.ft.com/content/2509becc-d0e8-47e0-864c-124245822bca>