



## Weekly Bulletin for IOSCO Members – 7

16-23 February 2022

### I. G20 Finance Ministers and Central Bank Governors Meeting

*Communiqué: G20 Finance Ministers and Central Bank Governors Meeting*, 17-18 February 2022, Jakarta, Indonesia

*“We call on the FSB, working with the International Organization of Securities Commissions (IOSCO), to conduct, by the end of 2023, a stocktake of progress made by member jurisdictions in adopting reforms to enhance money market fund resilience, followed up, by 2026, with an assessment of the effectiveness of the measures adopted by jurisdictions in addressing financial stability risks.”*

<http://www.g20.utoronto.ca/2022/G20-FMCBG-Communique-Jakarta-17-18-February-2022.pdf>

### II. Member News

**A. FSMA launches specialized team for international relations**, *communiqué*, Financial Services and Markets Authority (FSMA), Belgium, February

*“The Financial Services and Markets Authority (FSMA) of Belgium announces that it is launching a new specialized team in charge of international relations. This team will play a leading role in the FSMA's participation in international activities. This new organizational structure responds to the increasing interaction of the FSMA with international bodies. It will also pay particular attention to projects on sustainable finance.*

*Mr. Antoine Van Cauwenberge, Head of International Relations & ESG Policy, who attends the IOSCO Board as alternate to the FSMA Chairman, Mr. Jean-Paul Servais, leads this team. The latter also supports the FSMA Chairman as Vice-Chair of IOSCO and Chair of the European Regional Committee, the Finance and Audit Committee and the SPAC Network, including his mandates at the international oversight bodies on the development of international financial and ESG reporting standards (IFRS Monitoring Board Chair) and audit standards (Monitoring Group co-chair).”*

**B. Call for evidence: An approach to Climate Risk Stress Testing of Central Counterparties**, press release and consultation report, European Securities and Markets Authority, 23 February

*“Following the 2020 review of its founding Regulation, ESMA is mandated to consider environmental, social and governance (ESG) related factors in all of ESMA’s tasks and powers. More specifically, ESMA shall integrate potential environment related risks in its stress testing regimes and methodologies for assessing the effect of adverse scenarios on the positions of participants in financial markets.*

*In this context, ESMA has developed an approach on climate risk stress testing of central counterparties (CCPs). ESMA has identified four different elements of climate risk that may adversely impact CCPs. The approach takes into account the objectives of the European Commission (EC), set out in its July 2021 Strategy for Financing the Transition to a Sustainable Economy, to develop coherent and relevant methodologies and scenarios to quantify sustainability risks and to stress test the resilience of the financial system, covering relevant financial sectors.”*

Press release: <https://www.esma.europa.eu/press-news/esma-news/esma-launches-call-evidence-climate-risk-stress-testing-ccps>

Report: <https://www.esma.europa.eu/press-news/consultations>

**C. Data Act: Commission proposes measures for a fair and innovative data economy** European Commission, 23 February 2022

*“The Commission proposes new rules on who can use, and access data generated in the EU across all economic sectors. The Data Act will ensure fairness in the digital environment, stimulate a competitive data market, open opportunities for data-driven innovation and make data more accessible for all.”*

[https://ec.europa.eu/commission/presscorner/detail/en/ip\\_22\\_1113](https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1113)

**D. Policy Options for Supporting and Restructuring Firms Hit by the COVID-19 Crisis**, paper, International Monetary Fund (IMF), 23 February 2022

*“This paper presents principles that could guide the design of more targeted policy support and facilitate the restructuring of firms adversely impacted by the COVID-19 pandemic. To this end, the paper takes stock of vulnerabilities and risks in the enterprise sector and assesses countries’ preparedness to handle a large-scale restructuring of businesses. Crisis preparedness of insolvency systems is measured according to a newly designed indicator that includes five dimensions of the insolvency and restructuring regime (out-of-court*

*restructuring, hybrid restructuring, reorganization, liquidation, and the institutional framework). Vulnerabilities tend to be more pronounced in jurisdictions with shortcomings in crisis preparedness, and those countries need to step up efforts to improve their insolvency systems.”*

<https://www.imf.org/en/Publications/Departmental-Papers-Policy-Papers/Issues/2022/02/18/Policy-Options-for-Supporting-and-Restructuring-Firms-Hit-by-the-COVID-19-Crisis-464871?cid=em-COM-123-44344>

- E. ASIC and RBA update MoU with European Securities and Markets Authority**, press release, the Australian Securities and Investments Commission (ASIC), 18 February

*“The Australian Securities and Investments Commission (ASIC) and the Reserve Bank of Australia (RBA) have updated the Memorandum of Understanding (MoU) with the European Securities and Markets Authority (ESMA) to reflect key amendments to the European Market Infrastructure Regulation (EMIR) 2.2 relating to central counterparties (CCPs).*

*The MoU establishes regulatory and supervisory cooperation arrangements between ASIC, ESMA and the RBA with respect to Australian CCPs that are recognised or seeking recognition in the EU (covered CCPs). Under the MoU, signatories agree to provide the fullest cooperation permissible under their laws and regulations in relation to all relevant information and supervisory activities.”*

<https://asic.gov.au/about-asic/news-centre/find-a-media-release/2022-releases/22-025mr-asic-and-rba-update-mou-with-european-securities-and-markets-authority/>

- F. Product intervention: BaFin seeks to better protect retail clients trading in futures**, press release, Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), 17 February

*“Retail clients in Germany should be protected against losing all of their assets in highly volatile market situations when trading in futures. The Federal Financial Supervisory Authority (BaFin) is therefore planning to restrict the marketing, distribution and sale of futures with additional payments obligations. Retail clients will no longer be able to trade in these products. Contracts for difference (CFDs) with additional payments obligations were banned in 2017.”*

[https://www.bafin.de/SharedDocs/Veroeffentlichungen/EN/Pressemitteilung/2022/pm\\_20\\_22\\_02\\_03\\_produkintervention\\_handel\\_mit\\_futures\\_en.html](https://www.bafin.de/SharedDocs/Veroeffentlichungen/EN/Pressemitteilung/2022/pm_20_22_02_03_produkintervention_handel_mit_futures_en.html)

**G. Capital Markets Union: Commission extends time-limited equivalence for UK central counterparties and launches consultation to expand central clearing activities in the EU**, press release, European Commission, 8 February

*“The European Commission has today adopted a decision to extend equivalence for UK central counterparties (CCPs) until 30 June 2025. This decision will ensure the European Union's financial stability in the short-term. In addition, the Commission has also launched today a targeted public consultation and a call for evidence on ways to expand central clearing activities in the EU and improve the attractiveness of EU CCPs in order to reduce the EU's overreliance on systemic third-country CCPs. The aim of this consultation is also to seek stakeholders' views on changes to supervisory arrangements for EU CCPs. More attractive, and better supervised, EU CCPs will enhance the benefits of the Single Market for EU financial market participants and EU businesses.”*

[https://ec.europa.eu/commission/presscorner/detail/en/ip\\_22\\_665](https://ec.europa.eu/commission/presscorner/detail/en/ip_22_665)

**Market begs EC for more time to mull euro clearing proposals**, article, Risk, 22 February

*“Firms given one month to respond on wide-ranging consultation around relocation of euro swaps.”*

<https://www.risk.net/risk-management/7931836/market-begs-ec-for-more-time-to-mull-euro-clearing-proposals>

### **III. Financial Stability Board/Bank for International Settlements**

**A. FSB seeks views on policy approaches and market practices to support a smooth transition out of debt overhang issues**, article, Financial Stability Board, 22 February

*“The Financial Stability Board (FSB) today published a discussion paper on debt overhang issues of non-financial corporates in the context of the COVID-19 pandemic.*

*This follows the FSB's report on COVID-19 support measures, published in April 2021, which noted the unprecedented level of debt of non-financial companies, resulting largely from massive credit provision by the public sector (both directly and through loan guarantees) during the pandemic. The report identified debt overhang as a significant risk that could arise from prolonged policy support measures.”*

<https://www.fsb.org/2022/02/fsb-seeks-views-on-policy-approaches-and-market-practices-to-support-a-smooth-transition-out-of-debt-overhang-issues/>

- B. *Crypto assets and financial stability***, FSB Secretary General Dietrich Domanski explains the FSB's assessment of risks arising from crypto-assets in an interview on Times Radio, 18 February 2022

<https://www.fsb.org/2022/02/crypto-assets-and-financial-stability/>

- C. *Navigating change in the global financial system - the role of the Financial Stability Board***, speech by Mr Klaas Knot, President of the Netherlands Bank and Chair of the Financial Stability Board, at the G20 meeting of Finance Ministers and Central Bank Governors, Bank for International Settlements, Jakarta, 17 February 2022.

*“At the same time as navigating our economies out of Covid, we need to strengthen resilience in the non-bank financial intermediation, or NBF, sector. The financial reform agenda after 2008 focused heavily on banks. Greater resilience of major banks at the core of the financial system has allowed the system to absorb, rather than amplify, the economic shock from the pandemic. But as a side-effect, risks in the financial system moved from the banking sector to the non-bank financial sector. This is what I have previously referred to as the 'waterbed effect'. Pressing down on one end of the financial system causes risks to pop up elsewhere. And, indeed, since 2008 NBF has grown much faster than bank intermediation. It now accounts for about half of all financial assets worldwide. So, we now have some catching up to do when it comes to reducing systemic risk in non-bank financial markets. This is a top priority for the FSB, as reflected in our ambitious NBF work programme.”*

<https://www.bis.org/review/r220218e.htm>

- D. *The regulatory response to climate risks: some challenges***, FSI Briefs, Bank for International Settlements, 17 February

*“There is a need for authorities to review their prudential frameworks with a view to taking full account of the implications of climate-related financial risks for financial stability. Given the longer time horizons and the higher degree of uncertainty associated with the materialisation of climate-related financial risks, standard Pillar 1 instruments might be suboptimal in addressing such risks. In contrast, the intrinsic flexibility of the Pillar 2 framework makes it the natural candidate for ensuring that banks effectively manage such risks and have sufficient loss-absorbing capacity against them. Applying the current macroprudential framework to contain systemic climate-related financial risks is likely to be ineffective and potentially counterproductive for financial stability. The same could be said of the introduction of a green supporting factor.”*

<https://www.bis.org/fsi/fsibriefs16.htm>

## IV. Other News

- A. *Greening Europe's post-COVID-19 recovery***, report, Bruegel Think Tank, 23 February  
*“This Blueprint includes some of the Group’s most prominent voices on the different aspects of the multidimensional issue of green recovery.”*  
<https://www.bruegel.org/2022/02/greening-europes-post-covid-19-recovery/>
- B. *Europe’s sustainable taxonomy is a sideshow***, blog, Bruegel Think Tank, 22 February  
*“The EU taxonomy grossly simplifies a complex and dynamic world. It might help prevent green-washing, but other tools are needed to guide green investment.”*  
<https://www.bruegel.org/2022/02/europes-sustainable-taxonomy-is-a-sideshow/>
- C. *ESG Ratings and ESG Data in Financial Services – A view from practitioners***, A joint report by Accenture UK and the International Regulatory Strategy Group (IRSG), press release and report, 21 February  
*“ESG and sustainability are becoming increasingly central to investment decisions around the world. COP26 in particular provided a big boost to sustainable finance and the shift in capital toward sustainable activities. ESG ratings are a vital component of this capital re-allocation so both demand for and reliance on these products is only expected to grow. It is therefore crucial that market users and investors have confidence in ESG ratings when making investment decisions. However, with the ESG Ratings market still in its infancy and demand increasing at a rapid rate, it is unsurprising that significant challenges are emerging.”*  
<https://www.irsg.co.uk/resources-and-commentary/irsg-report-2/>
- Financial think tank calls for regulated ESG ratings in Britain – Reuters***, article, Reuters, 21 February  
*“The IRSG, sponsored by TheCityUK and the City of London Corporation, called for a set of proportionate and principled rules that dovetail with global efforts to bring consistency and standardization to data and protect investors.”*  
<https://oltnews.com/financial-think-tank-calls-for-regulated-esg-ratings-in-britain-reuters>
- C. *Non-bank financial institutions pose significant systemic risk: A regulatory overhaul is long overdue***, commentary, Official Monetary and Financial Institutions Forum, 17 February 2022



*“Despite being hit by the largest exogenous shock in its history in March 2020, the global financial system appears to have weathered the Covid-19 storm. It seems that the regulatory framework introduced after the 2008 financial crisis has passed its first major test. Yet, despite banks’ resilience, non-bank financial institutions – including insurers, pension funds and sovereign funds – were not subject to the same post-crisis regulatory overhaul. As a result, the most acute threats to financial stability stem not from the banking system, but the less regulated and often more highly leveraged NBFIs.”*

<https://www.omfif.org/2022/02/non-bank-financial-institutions-pose-significant-systemic-risk/>

- D. Cryptocurrencies – an assessment**, keynote address by Mr T Rabi Sankar, Deputy Governor of the Reserve Bank of India, at the Indian Banks Association 17th Annual Banking Technology Conference and Awards, virtual, 14 February, posted 17 February 2022

*“The basic purpose of blockchain, or more generally the distributed ledger, the technology on which these crypto-products run, is to make financial intermediation, and therefore banks, redundant.*

*What might have escaped the attention of the common man, is that cryptos might be more than just a technology, they appear to embody an ideology as well.”*

<https://www.bis.org/review/r220217d.pdf>

## **V. Annual Meeting 2022**

The Autorité Marocaine du Marché des Capitaux (AMMC) of Morocco will host of the 47<sup>th</sup> IOSCO Annual Meeting (AM) this year.

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](mailto:t.singh@iosco.org)) or the Secretariat’s Meeting and Events Team ([met@iosco.org](mailto:met@iosco.org)).



## **VI. IOSCO Capacity Building Activities 2021- 22**

### **IOSCO APRC TA Workshop on Developing Enforcement Manuals, Virtual, 22-23 March**

The IOSCO Technical Assistance Workshop on Developing Enforcement Manuals for the Asia-Pacific region will be delivered in a virtual format on 22 and 23 March 2022 (between 09:00 and 13:00 CET).

This two-day Workshop aims to be a practical discussion on the different approaches taken with respect to enforcement manuals and to constitute a venue for sharing experiences in implementing such manuals so far. The Workshop builds on the 2020 APRC targeted technical assistance on enforcement manuals and is addressed to growth and emerging markets jurisdictions in the Asia-Pacific region. Participating jurisdictions are expected to designate the Director/Head of the Enforcement Department (or similar) to attend the Workshop. Attached you can find the [draft agenda](#) which is subject to change.

Registration is now open. Please register online by 14 March 2022, using the following [link](#). There is no cost to attend the Workshop, but there are limited spaces available so please register soon. To properly manage the available spaces and ensure that staff from all GEM APRC member organizations have equal opportunities to attend, we would like to ask that each member organization register up to five staff in the first instance and subject to availability of space, additional participants may be admitted from member organizations. For questions, please contact [capacitybuilding@iosco.org](mailto:capacitybuilding@iosco.org)

### **IOSCO ERC TA Workshop on Developing On-site Inspection Manuals, Virtual, 5-6 April 2022**

The IOSCO Technical Assistance Workshop on Developing On-site Inspection Manuals for the European region will be delivered in a virtual format on 5 and 6 April 2022 (between 09:00 and 13:00 CEST).

This 2-day Workshop aims to be a practical discussion with respect to different approaches taken on on-site inspection manuals and to constitute a venue for sharing experiences in implementing such manuals so far. The Workshop builds on the 2020-2021 ERC targeted technical assistance on on-site inspection manuals and is addressed to growth and emerging markets jurisdictions in the European region. Participating jurisdictions are expected to designate the Director/Head of the Supervision or Inspection Department (or similar) to attend the Workshop. The draft agenda and information on how to register will be shared in due course. For questions, please contact [capacitybuilding@iosco.org](mailto:capacitybuilding@iosco.org)





## **IOSCO Asia Pacific Hub Webcast on Operational Resilience**

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 considerations for 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.

## **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](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](https://www.iosco.org/investor_protection/?subsection=investor_alerts_portal)

## **IX. Recommended Reading`**

- A. *Barbarians at the crossroads—how long can the private-markets party continue?*  
Podcast, the Economist, 23 February

*“Our podcast on markets, the economy and business. As scrutiny grows and alternative assets enter the mainstream, we ask how long until the music stops.”*

<https://www.economist.com/podcasts/2022/02/23/barbarians-at-the-crossroads-how-long-can-the-private-markets-party-continue>

- B. *Crypto industry makes push into regulated derivatives markets***, article, Financial Times, 22 February

*“Most futures and options trading currently takes place on offshore venues subject to minimal oversight.”*

<https://www.ft.com/content/364dee59-fb51-400b-acd2-808d4ec41ab3>

- C. *Can Crypto be Controlled?*** FT Film, Financial Times, 22 February

<https://next-media-api.ft.com/renditions/16367926036520/1280x720.mp4>

- D. *Crypto Scammers’ New Target: Dating Apps***, article, New York Times, 22 February

*“Everything was a lie,” said one woman lured into a recent scam.”*

[Crypto Scammers](#)

- E. *Who Regulates the ESG Ratings Industry?*** Article, Bloomberg Law, 22 February

*“Along that path, the SEC—perhaps, in cooperation with standards-setters like the International Sustainability Standards Board—must devise definitions, metrics, or methodologies for ESG ratings providers, and heed IOSCO’s call to monitor conflicts of interest and promote transparency.”*

<https://news.bloomberglaw.com/esg/who-regulates-the-esg-ratings-industry>

- F. *Green investing: the risk of a new mis-selling scandal***, the big read, Financial Times, 20 February

*“ESG funds are popular, but research has found the sector is rife with greenwashing. Lawyers warn a reckoning is coming.”*

<https://www.ft.com/content/ae78c05a-0481-4774-8f9b-d3f02e4f2c6f>

- G. *Xavier Rolet says ‘boat has sailed’ on London clearing amid Brexit battle for trillion-euro business***, article, Financial News, 23 February

*“The former London Stock Exchange boss says the EU wants clearing back, even if it hurts the bloc financially.”*

<https://www.fnlondon.com/articles/xavier-rolet-on-brexit-battle-for-london-clearing-20220223>