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Solvency 2 News, March 2021

Dear members and friends,

The European Insurance and Occupational Pensions Authority (EIOPA) has published its 2021 Supervisory Convergence Plan.

In 2021 EIOPA intends to complete the priorities stemming from the previous plan, while allowing for flexibility to continue monitoring and mitigating the impact from the Covid-19 pandemic.

Similarly to the previous plan, the priority areas fall within the following building blocks:

- Practical implementation of the common supervisory culture and further development of supervisory tools;
- Risks to the internal market and the level playing field which may lead to supervisory arbitrage; and
- Supervision of emerging risks.

In the area of practical implementation of the common supervisory culture, EIOPA will, amongst other priorities, continue working on common benchmarks for the supervision of internal models, supervisory assessments of conduct risks but also work on the areas where the need for further development was identified, for example the application of proportionality in Solvency II.

Furthermore, EIOPA intends to continue working on supervisory convergence tools such as assessing internal models outcomes or promoting supervisory convergence in Technical Provisions' calculation.

The work related to the supervision of emerging risks will advance for example by developing a set of principles of digital responsibility, by establishing a system for the exchange between National Competent Authorities of information regarding cybersecurity and cyber-attacks as well as by implementing objectives and goals set in the Cyber Underwriting Strategy defined in February 2020.

EIOPA also identified three new priorities for 2021 and will take the following actions:

1. Take step-by-step measures for integrating the environmental, social and governance risks into prudential and conduct supervision;

2. Address supervisory concerns arising from the recent market development of multi-employer IORP providers; and

3. Further analyse and identify potential risks to the internal market following the identification of inconsistencies in the way national competent authorities treat reinsurance undertakings with the head office located in third countries.

Further information about a common supervisory culture and EIOPA's supervisory convergence tools, including the list of all priorities is available in the plan.

To read more:
https://www.eiopa.europa.eu/sites/default/files/publications/eiopa_supervisory-covergence-plan-2021.pdf

ESAs issue recommendations on the application of the Regulation on sustainability-related disclosures

eiopa
European Insurance and Occupational Pensions Authority

The three European Supervisory Authorities (EBA, EIOPA and ESMA – ESAs) have published a joint supervisory statement on the effective and consistent application and national supervision of the Regulation on sustainability-related disclosures in the financial services sector (SFDR).

The statement aims to achieve an effective and consistent application and national supervision of the SFDR, promoting a level playing field and protecting investors.

In the statement, the three ESAs recommend the draft RTS be used as a reference when applying the provisions of the SFDR in the interim period between the application of SFDR (as of 10 March 2021) and the application of the RTS at a later date.

The ESAs have also set out in an Annex more specific guidance on the application of timelines of some specific provisions of the SFDR, in particular on the application timeline for entity-level principal adverse impact disclosures and for financial products' periodic reporting.

In addition, the Annex includes a summary table of the relevant application dates of the SFDR, the Taxonomy Regulation and the related RTS.

Today's statement complements the recently released Final Report including the draft regulatory technical standards issued by the ESAs Joint Committee on 4 February 2021.

National competent authorities are encouraged to refer financial market participants and financial advisers to the requirements set out in the draft RTS of the final report that has been submitted to the European Commission.

To read more:
https://www.eiopa.europa.eu/sites/default/files/publications/supervisory_statements/jc-2021-06-joint-esas-supervisory-statement-sfdr.pdf

Next steps

The European Commission is required to endorse the RTS within 3 months of their publication. Subject to the non-objection by the European

Parliament and Council of the European Union – within 3 months following the Commission's endorsement – the RTS will be adopted by the Commission by means of a delegated regulation.

While financial market participants and financial advisers are required to apply most of the provisions on sustainability-related disclosures laid down in the SFDR from 10 March 2021, the application of the RTS will be delayed to a later date according to the European Commission's letter to the ESAs of 20 October 2020 on the application of the SFDR.

The ESAs have proposed in the draft RTS that the application date of the RTS should be 1 January 2022.

The ESAs will publish in March a consultation paper on taxonomy-related product disclosures under the Taxonomy Regulation which amends the empowerments in Articles 8(4), 9(6) and 11(5) of the SFDR.

esma European Securities and Markets Authority | EBA EUROPEAN BANKING AUTHORITY | eiopa EUROPEAN INSURANCE AND OCCUPATIONAL PENSIONS AUTHORITY | JOINT COMMITTEE OF THE EUROPEAN SUPERVISORY AUTHORITIES

JC 2021 06
25 February 2021

Joint ESA Supervisory Statement on the application of the Sustainable Finance Disclosure Regulation

International Association of Insurance Supervisors (IAIS)

IAIS Roadmap 2021-2022

IAIS

The IAIS' 2021-2022 Roadmap sets out an ambitious vision for the activities that will be undertaken in the coming years to support insurance supervisors and stable insurance markets. You may visit: https://www.iaisweb.org/page/about-the-iais/public-roadmap

Assessing and mitigating risks to the stability of the global insurance sector, while helping our Members to address accelerating risks and opportunities, sit at the heart of the IAIS Roadmap.

The 2021-2022 Roadmap presents a broad range of planned projects in four broad areas aligned with the High Level Goals (HLGs) as set out in our 2020-2024 Strategic Plan:

• Risk assessment and the maintenance of financial stability, including ongoing assessment of potential vulnerabilities arising from the impact of Covid-19;

• Delivering on key post-crisis reforms, including further refinement of the Insurance Capital Standard (ICS) during the current five-year monitoring period and the consistent implementation of the Holistic Framework;

• Supporting members in addressing the risks and opportunities of key trends, especially those accelerated by the Covid-19 crisis.

Activities include:

- work to address climate-related risk and sustainability;

- supervisory perspectives on the pandemic protection gap;

- measures to increase operational resilience of insurers;

- supervisory guidance on responding to digital innovation and cyber risk;

- supporting activities to implement risk-based solvency regimes in emerging markets and developing economies; and

- new endeavours in the area of diversity and inclusion.

• Implementation support and assessment, specifically reinforcing our extensive programme of Member support to help insurance supervisors understand and implement our standards, through training, peer exchange platforms and implementation assessment exercises.

IAIS

Public

1 Introduction

The IAIS Roadmap for 2021-2022 has been developed during a time of unprecedented uncertainty due to the Covid-19 pandemic. The pandemic has had a severe health and societal impact across the globe, while also causing significant economic disruption, the full extent of which remains unknown. At the time of writing, there is some cause for optimism with the initial rollouts of vaccines showing promise. However, the crisis continues to cause widespread disruption, the effects of which will be felt for many years to come.

To read more:
https://www.iaisweb.org/page/news/newsletter/file/95948/iais-newsletter-february-march-2021

Exchange of Letters on Co-operation in the area of Insurance Supervision between the Financial Services Agency and the European Insurance and Occupational Pensions Authority

Dear Mr Himino,

I believe that constructive dialogue and effective cooperation between the Financial Services Agency (FSA) and the European Insurance and Occupational Pensions Authority (EIOPA) with regards to strengthening the exchange of information on regulatory developments and enhancing the supervisory cooperation in relation to insurance companies would be mutually beneficial.

I also acknowledge that these steps are important in view of the globalisation of the insurance sector and the financial markets in which they operate.

In this context, this Exchange of Letters confirms our willingness to further enhance our regulatory and supervisory cooperation, in the interest of fulfilling our respective statutory objectives as further set out below in order to contribute to the protection of policyholders and to support the stability of the financial system.

The envisaged cooperation acknowledges the joint EU-Japan financial regulatory forum established under the Japan-EU Economic Partnership Agreement.

EIOPA and the FSA enter into the Exchange of Letters for the purpose of providing a framework for co-operation in the context of their respective tasks as well as mutual understanding, and exchanging information and technical assistance pertaining to the insurance sector on a reciprocal basis, to the extent permitted by the applicable laws, regulations, and requirements.

DEFINITIONS

For the purposes of these Letters, the terms set out below have the assigned meanings unless the context requires otherwise:

Authority means:

1. EIOPA is a European Supervisory Authority and an independent advisory body to the European Parliament, the Council of the European

Union and the European Commission, established under Regulation (EU) No. 1094/20101 ("The Regulation").

EIOPA's core responsibilities are as follows:

- to support the stability of the financial system, transparency of markets and financial products as well as contribute to the protection of policyholders, pension scheme members and beneficiaries. EIOPA is commissioned to monitor and identify trends, potential risks and vulnerabilities stemming from the micro-prudential level, across borders and across sectors;

- to ensure the orderly functioning and integrity of financial markets in the European Union, as well as to pursue a constructive dialogue and effective cooperation with supervisory authorities outside the European Union; and

- to contribute as a competent authority to colleges of supervisors ("EEA Colleges"), which may include third country subsidiaries and branches or financial groups having their headquarters in third countries and their subsidiaries or branches in the European Union.

2. The FSA was originally established in 2000 and became an external organ of the Cabinet Office under the Act for Establishment of the Financial Services Agency (Establishment Act) in 2001 as a result of the reorganisation of central government ministries. Under the Establishment Act, the FSA has statutory responsibility for regulation and supervision of financial institutions, including insurance companies in Japan;

3. EIOPA and the FSA shall be collectively referred to herein as the "Authorities";

Jurisdiction means the country, state or other territory, as the case may be, in which EIOPA or the FSA has legal authority, power, and/or jurisdiction by laws, regulations, and requirements;

Laws, regulations, and requirements means any laws, regulations, and requirements of the European Union in force, including those applying to EIOPA and those of Japan;

Requested Authority means the Authority to whom a request is made pursuant to these Letters;

Requesting Authority means the Authority that makes a request pursuant to these Letters; and

Insurance Company means:

- an insurance undertaking, captive insurance undertaking, third country insurance undertaking, reinsurance undertaking, captive reinsurance undertaking or a third country reinsurance undertaking as defined in Article 13 of Directive 2009/138/EC ("Solvency II") for EU companies;

- an insurance company, an insurance holding company, subsidiary of an insurance company or an insurance holding company, a foreigninsurance company, or other legal entity, that conducts insurance business or other activities related to insurance business, as stipulated in the Insurance Business Act (Act No. 105 of 1995), including those defined in Article 2, Paragraphs 2, 7, 16, and 18.

OBJECTIVES

These Letters set forth the basis upon which EIOPA and the FSA propose to provide for regulatory and supervisory co-operation, including the development and implementation of risk-based solvency frameworks, conduct of business supervision, mutual assistance, and the exchange of information.

The purpose of these Letters is to provide a framework for co-operation, increased mutual understanding, exchange of information, and technical assistance to the extent permitted by laws, regulations, and requirements which EIOPA and the FSA are subject to.

The Authorities confirm that they will continue to engage in dialogue to seek to identify areas for cooperation and may share information on regulatory developments of mutual interest, including the development of international standards.

The Authorities intend to use their best endeavours to ensure that the fullest mutual assistance is provided within the terms of these Letters and engage in consultations, as appropriate, on mutually agreeable approaches designed to enhance the integrity and the efficiency of their respective insurance markets, and the exercise of insurance market regulatory and supervisory functions within the framework.

These Letters do not modify or supersede any laws, regulations, and requirements in force in, or applying to, EIOPA, the FSA or the jurisdictions in which they are authorized to regulate or supervise the business of insurance and do not create any legally binding obligations on or confer any rights to, EIOPA or the FSA. These Letters are not intended to affect any arrangements in existence to which either of the Authorities is a participant.

To read more:
https://www.eiopa.europa.eu/sites/default/files/publications/letters/25_2_2021_eiopa-jfsa.pdf

https://www.eiopa.europa.eu/sites/default/files/publications/letters/letter-fsa-to-eiopa.pdf

FSB Chair's letter to G20 Finance Ministers and Central Bank Governors

For the past year, the imposition of containment measures across the globe (the "COVID Event") in response to the outbreak of COVID-19 has overshadowed the global economy.

At the outset of the COVID Event, the Financial Stability Board (FSB) focused on emergency measures and actions for what we hoped would be a short-term shock; however, the duration of the Event continues to test our resolve in many ways.

Although the FSB, like many others, faced unprecedented challenges, this year also highlighted certain strengths that the FSB has honed since its inception.

Building on this foundation, three key features of the FSB have characterized members' actions over the past year:

i) responsiveness to crisis;

ii) coordination in action; and

iii) adaptability.

These attributes will certainly help us tackle our most pressing needs going forward, which include addressing vulnerabilities in the global financial system exposed by the COVID Event, as well as ongoing vigilance and monitoring of new and emerging risks.

Through the resilience and adaptability already shown, we will meet our charge of identifying and addressing these risks.

Moving into 2021, the pathway to a post-COVID world is still uncertain. The responsiveness and coordination of the global regulatory community therefore remains as critical now as it was during the past year.

Against this backdrop, the FSB 2021 work program remains ambitious. It seeks to address vulnerabilities directly related to COVID-19 and to increase resilience of non-bank financial intermediation (NBFI).

It also aims to support strong, sustainable, balanced and inclusive growth in a post-COVID world, not least by improving efficiency and access to cross-border payments, and by enhancing our understanding of climate-related financial risks and measures to address these risks, among other key topics.

Addressing COVID-19 Related Vulnerabilities

We have seen some easing of financial market conditions, in part as a result of the significant policy actions taken by G20 members last year; however, challenges to financial stability persist.

The continual assessment of vulnerabilities in the global financial system, therefore, remains a priority and provides a robust basis for cataloging and assessing the impact of COVID-19 policy responses.

Our work to support international coordination on these policy responses includes examining factors needed to prepare for an orderly unwinding of COVID-19 support measures when it is appropriate to do so, including avoiding adverse cross-border spillovers.

Additionally, developing a better understanding of challenges that rising debt levels in the corporate sector may pose is another crucial area of focus. We will report to you on this work in April.

Further, the FSB will provide the G20 an assessment of initial lessons learned from the COVID Event for financial stability, with an interim report in July and a final report in October.

In coordination with other standard setting bodies (SSBs), we will look at financial institutions' use of capital and liquidity buffers and how well crisis management and operational resilience arrangements have functioned.

This work will also examine whether and how procyclicality has affected the financial system.

Any lessons learned at this stage will be preliminary due to the ongoing nature of the COVID Event, but we must begin developing those lessons now, including whether the reforms the G20 put in place following the 2008 Global Financial Crisis are working as intended, and where they may not be.

The FSB will also continue addressing issues identified by the evaluation of too-big-to-fail reforms for banks, the final version of which will be sent to you in April.

Increasing the Resilience of Non-bank Financial Intermediation

One area where we have already begun to draw lessons is NBFI. Our Holistic Review of the Market Turmoil in March 2020 is the basis for a comprehensive and ambitious work program for strengthening the resilience of NBFI.

My November 2020 letter to G20 Leaders highlighted the key areas of this work program, including: examining and addressing specific risk factors that contributed to amplification of the shock; enhancing understanding of systemic risks in NBFI; and investigating policies to address systemic risks in NBFI. This work remains a top priority.

To read more: https://www.fsb.org/wp-content/uploads/P250221.pdf

FSB FINANCIAL STABILITY BOARD

THE CHAIR

24 February 2021

To G20 Finance Ministers and Central Bank Governors

Financial stability implications of support measures to protect the real economy from the COVID-19 pandemic, February 2021

ESRB
European Systemic Risk Board
European System of Financial Supervision

The ESRB Working Group on monitoring financial stability implications of fiscal measures to protect the real economy in the context of the coronavirus (COVID-19) pandemic (henceforth, the WG) was established in June 2020 under the auspices of the General Board.

It builds on the work of a related ad hoc ESRB Steering Committee Workstream. It was mandated to develop a regular EU-wide monitoring of the financial stability implications arising from the temporary measures that governments have put into place in response to the COVID-19 pandemic, with a focus on cross-border and cross-sectoral implications.

This report summarises the work conducted and was approved by the ESRB General Board on 15 December 2020.

The pandemic has intensified risks and vulnerabilities in the real economy, but prompt action by governments has provided crucial relief to households and non- financial corporations (NFCs).

Fiscal measures such as loans with public guarantees and direct grants have helped to prevent the loss of viable businesses and contain the impact of the pandemic. Moratoria schemes have also been providing liquidity support during the health emergency.

So far, backed by government support, monetary policy and regulatory easing, the financial system has continued to provide funding to the real economy and losses in banking books have been contained. However, the financial stability implications still need to be monitored.

This Report provides a framework for monitoring financial stability implications of the measures and illustrates some initial results and policy findings.

The Working Group proceeded in four stages.

First, it developed a conceptual monitoring framework to analyse the financial stability implications of fiscal measures. Core to this framework are the transmission channels of the fiscal measures in terms of solvency and liquidity issues in the real economy and therefore the ability of these measures to shield the financial sector from the effects of the pandemic. Because these fiscal measures were mostly transmitted through the banking system, this channel was the focus of the report. Section 2 describes this framework.

Second, based on these transmission channels the Working Group derived a set of key indicators to monitor the financial stability implications of the fiscal measures put in place during the pandemic.

These will serve as a basis for the ESRB's quarterly monitoring. A longer list of supplementary indicators may complement this at national level.

The Working Group explored information collected directly by the ESRB, as well as from the EBA and the ECB. A description of these indicators is provided in Section 2 and Annex A. Section 3 describes the data sources used.

Third, the Working Group identified and started analysing key issues relevant to monitoring financial stability implications in more depth. It started to describe how the drivers of fiscal programmes are related to the structure and to the vulnerability of the real economy and the financial system to the COVID-19 pandemic.

Then it focused on the solvency and liquidity of borrowers and the implications for credit markets and the solvency of the financial sector. It also elaborated on the quality of balance sheet information, as there is a time lag before borrowers' vulnerabilities have an impact on banks' balance sheets.

The report further considered the potential cliff effects related to the expiry of fiscal measures that warrant attention from the authorities. Section 4 details these issues.

Fourth, key findings and policy priorities are summarised at the end of this report.

Based on this initial monitoring work, the WG has now completed its mandate. Going forward, the ESRB will continue with regular monitoring, based on the indicators and transmission channels identified.

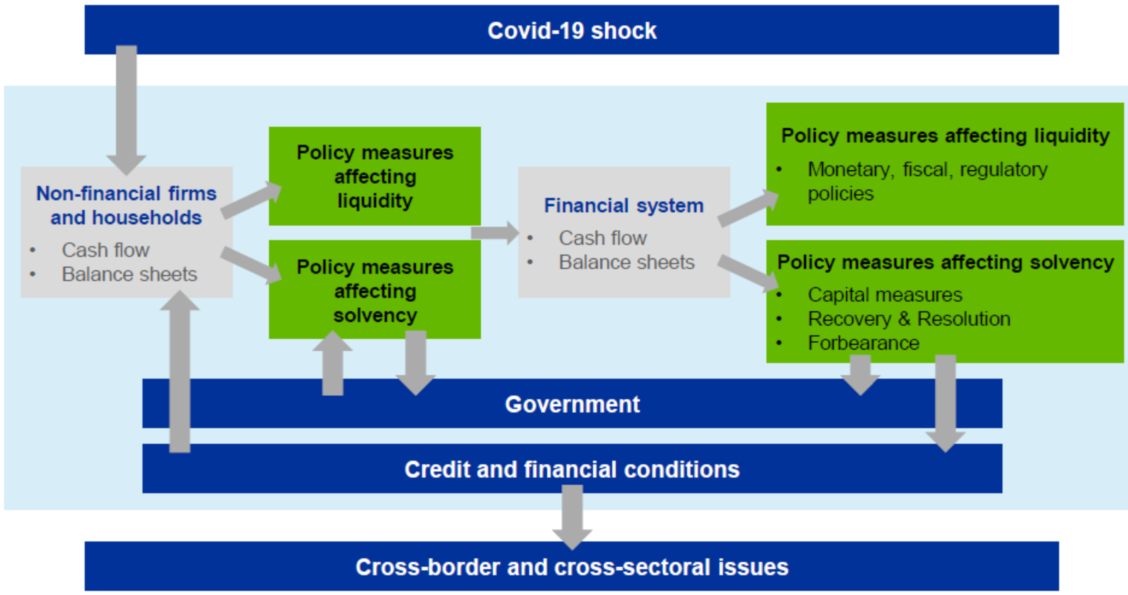
Relevant analytical topics will be addressed in future work including, in particular, the analysis of cross-sectoral and cross-country spillovers.

So far these have been contained by the fact that the COVID-19 shock has not been transmitted in full to the financial sector. However, such spillovers may become more important in future adverse scenarios.

To read more:
https://www.esrb.europa.eu/pub/pdf/reports/esrb.reports210216_FSI_covid19~cf3d32ae66.en.pdf

Figure 1

Transmission mechanisms of financial stability implications of fiscal measures



Source: ESRB.

Consultation Paper | CP5/21
Implementation of Basel standards, February 2021

BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

1.1 This Consultation Paper (CP) sets out the Prudential Regulation Authority's (PRA's) proposed rules in respect of the implementation of international standards through a new PRA Capital Requirements Regulations (CRR) rule instrument.

1.2 The purpose of these rules is to implement some of the set of international standards that remain to be implemented in the UK.

This CP also sets out the proposed new PRA CRR rules in full, including parts of the onshored CRR that are not changing but are being transferred into PRA rules (although, where these do not change, they do not form part of this consultation).

1.3 This consultation is relevant to banks, building societies, PRA-designated investment firms and PRA-approved or –designated financial or mixed financial holding companies (firms).

Background

1.4 In response to the financial crisis of 2007-8, the Basel Committee on Banking Supervision (BCBS) agreed a series of reforms to the financial services regulatory framework intended to enhance the resilience of internationally active banks.

These measures are known as 'Basel III' standards. Some of the standards were implemented into EU law2 and subsequently converted into UK law through:

• the CRR; and

• related onshored EU level 2 regulations that are made under the CRR (CRR level 2 Regulations).

1.5 However, some Basel III standards were not implemented in the EU before the end of the transition period and so remain to be implemented in the UK. 1.6 HM Government's Financial Services Bill (the FS Bill) proposes to enable the implementation of those standards.

The FS Bill proposes to give a power to the PRA to make rules that restate elements of the CRR and CRR level 2 Regulations revoked by HM Treasury and also to make new rules in those areas to give effect to the outstanding

Basel III standards and adapted versions of those standards where appropriate (these rules are referred to as 'CRR rules').

The proposed new rules therefore broadly correspond with the set of issues covered by the EU's Capital Requirements Regulation 2 (EU CRR II), which addresses the same set of outstanding Basel III standards.

1.7 The proposals in this CP have been designed in the context of the UK having now left the EU and the transition period having come to an end.

Unless otherwise stated, any references to EU or EU derived legislation refer to the version of that legislation which forms part of retained EU law.

The PRA will keep the policy under review to assess whether any changes would be required due to changes in the UK regulatory framework.

Approach to making CRR rules.

1.8 The PRA's proposed implementation of the Basel III standards in this CP has been determined in accordance with its statutory objectives and informed by the regulatory principles and the matters to which it must have regard in making policy.

In this specific case, the PRA used the implementation of the standards in the EU CRR II as an initial basis for developing many of the proposed draft rules.

1.9 This approach facilitates efficient and effective implementation. The EU CRR II was designed to implement the Basel III standards set out above and was proposed, negotiated and agreed between 2016 and 2019, before the UK's exit from the EU and the UK contributed significantly to its design.

1.10 Where replication of the standards set out in the EU CRR II would not be fully consistent with the PRA's objectives, a different approach has been taken to Basel III implementation.

The rationale for this approach is to:

- achieve closer alignment with Basel III standards;

- enhance proportionality; and

- enable the new PRA rules to interact clearly and effectively with the requirements that remain in the CRR, and to be supported by a consistent suite of the UK version of revised supervisory Common Reporting (COREP).

1.11 The PRA's proposed approach would enable these Basel III standards to be implemented by firms from Saturday 1 January 2022; provide sufficient time for firms to embed the related supervisory reporting; and build on the progress firms have already made towards implementation.

1.12 The proposed rules have been written in a style and structure that maintains consistency with the onshored regime, with Article numbers that, where possible, correspond to the CRR and CRR Level 2 Regulations.

To read more: https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2021/february/cp521.pdf?la=en&hash=430FBE3BF2D03AC61F86794BD9F09CDAE031E0E8

BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

Consultation Paper | CP5/21

Implementation of Basel standards

February 2021

EU Electronic Communications Security Authorities Discussion on Incident reports and Policy

ENISA hosted the 33rd meeting of European Competent Authorities for Secure Electronic Communications (ECASEC). The group is comprised of EU authorities on security of electronic communications, formerly known as the ENISA Article 13a group.

This 33rd meeting is dedicated to discussions about the incident reports of 2020, the results of the ENISA telecom security legislation assessment of 2020, the draft security profile for the Number-Independent Interpersonal Communication Service (NI-ICS) providers under the European Electronic Communications Code (EECC), the new EU telecom framework.

The group was informed about the ENISA work programme, the Body of European Regulators for Electronic Communications (BEREC) work programme and the European Commission's NIS2 proposal.

The Swiss telecom regulator informed the group about its work on power grid dependencies. The group also selected a Vice-Chair, Ahmet Yesilyurt, a representative of the German authority for telecom security, who will be supporting the Chair, Warna Munzebrock, a representative of the Dutch Radiocommunications Agency.

Details about the meeting

This 33rd meeting was held over 2 days, the first on 18th February and the second, today, the 3rd March. It was attended by 60 experts from national authorities, from EU, EFTA, EEA, and EU candidate countries, who are supervising the European telecom sector.

This is the first of the three regular meetings of the group in 2021. The group will meet again in mid-June 2021.

First day

On the first day of the meeting, the group received an update from BEREC on their present engagements. In the context of forming an opinion for the NIS 2 Directive proposal, BEREC reached the National Regulatory Authorities (NRAs) through a survey. BEREC presented the results of the survey on the NIS competences of the NRAs.

Boryana Hristova-Ilieva, from the European Commission's DG CONNECT, presented the NIS 2 proposal and answered questions.

Also, ENISA presented the results of the Assessment of the EU Telecom Security Legislation, based on an online survey and interviews of experts working in National Telecom Security authorities and national competent authorities for the NIS Directive.

The outcome of the assessment was overall positive, especially as far as the added value of the ECASEC Group and the role of ENISA are concerned. The need of building trust between authorities and providers was also concluded.

The Group discussed with great interest the upcoming 2021 projects led by ENISA. Getting input from authorities and providers, ENISA is going to analyse sim card swapping attacks and also research consumer outreach strategies on security threats and mitigation measures, which is provisioned in the new EECC.

Second day

Today, the discussions focused on the initial findings steering from the annual incident reports of 2020and the analysis of the 188 incidents reported in 2020. Also the Swiss Regulatory Authority gave an update on their work regarding proposed countermeasures to harden the networks against power problems.

ENISA presented the work on the security profile of the Number-Independent Interpersonal Communication Services (NI-ICS) providers, also known as Over The Top (OTT) providers.

Based on unanimous decision, Warna Munzebrock will continue to be Chair of the ECASEC Expert Group for the next 2 years starting from June 2021 and will be assisted by Ahmet Yesilyurt, a representative of the German authority for telecom security, who is appointed Group Vice-Chair.

Background on ECASEC Expert Group, formerly known as the ENISA Article 13a group

Established in 2010, the ENISA Article 13a Expert Group, now ECASEC EG, consists of more than 50 experts from national telecom security authorities from all EU countries, the EFTA countries, and EU candidate countries. The group is a forum for exchanging information and good practices on telecom security. It produces policy guidelines for European authorities on the implementation of EU telecom security rules, and publishes annual summary report about major telecom security incidents.

This group has been meeting 3 times per year since 2010, to discuss and agree on a common approach to telecom security supervision in the EU.

This work is done under ENISA's Annual work programme Output O.1.2.3 “Support incident reporting activities in the EU”.

Further Information: https://www.enisa.europa.eu/topics/incident-reporting

https://resilience.enisa.europa.eu/article-13

SOCIAL MEDIA MONITORING: A PRIMER

Methods, tools, and applications for monitoring the social media space, NATO Strategic Communications Centre of Excellence

For the last twenty years, the phenomenon of social media has cemented itself as the new nexus of social interaction. With billions of users across the world, hundreds of online platforms, and a myriad of digital technologies at its backbone, social media is fundamentally reshaping our understanding of the global information environment.

Today, social media is essential infrastructure for personal conversation, public debate, and commercial communication.

While social media provides many opportunities for unprecedented information sharing, the rapid adoption of limitless communication technologies with instant amplification and global reach has also created significant vulnerabilities.

Social media have, in many cases, become a conduit for unsubstantiated information, such as rumours, hoaxes, and conspiracy theories.

Even more worrisome from a national security perspective, hostile actors are deliberately exploiting social media to spread disinformation and to conduct information influence activities with the intent of deceiving and misleading audiences to achieve their strategic aims.

Contemporary conflicts, especially those that fall within the hybrid spectrum, increasingly play out over social media, and actors such as Russia, China, Iran, and Saudi Arabia have recently expanded their efforts to manipulate the social media space.

Malicious use of social media poses a clear security challenge. The opportunities provided by new digital technologies are exploited to undermine trust in democratic institutions and legitimate news sources, to distort public discourse and opinion formation, and to influence elections and short-circuit decision-making processes.

For this reason, it is important for a wide array of stakeholders to understand what is happening on social media.

Effectively listening to conversations online and monitoring and analysing social media content is crucial for both public and private sector actors, as well as for military organisations.

This, however, is easier said than done. The complex social and technical infrastructure of the online environment makes both seeing the big picture and identifying specific pieces of information challenging.

The speed at which information flows between social media users, and the ever-changing types of data generated further complicate the picture.

The deceptive nature of disinformation and information influence activities also make detection and attribution difficult.

It has quickly become clear that attaining perfect situational awareness of the online information environment is a tall order.

Still, while much of today's information environment is essentially characterised by perpetual chaos, it is possible to study and understand it, albeit momentarily.

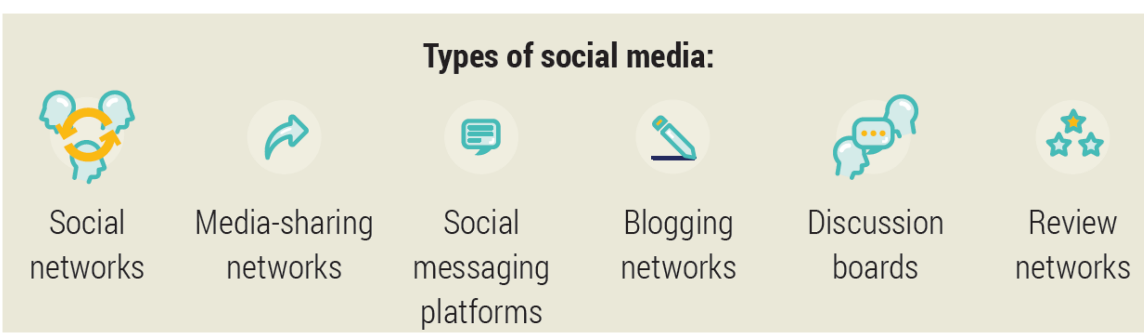
Even snapshots of a bigger picture are critical for operating successfully in this space.

The importance of understanding what is happening on social media has prompted the development of a wide range of tools to monitor, measure, and analyse metrics and content.

Oftentimes these tools are developed with either a commercial objective—monitoring brand engagement or customer discourse—or with a scholarly mindset— to understand wider patterns and trends.

However, these tools can also be leveraged to gain insights regarding disinformation and other security concerns.

To read more: https://www.stratcomcoe.org/social-media-monitoring-primer



Information influence activities

"Information influence activities are activities conducted by foreign powers to influence the perceptions, behaviour, and decisions of target groups to the benefit of foreign powers."

Pamment et al. (2018) Countering Information Influence Activities: The Start of the Art, MSB

"NATO views **disinformation** as the deliberate creation and dissemination of false and/or manipulated information with the intent to deceive and/or mislead. Disinformation seeks to deepen divisions within and between Allied nations, and to undermine people's confidence in elected governments."

NATO (2020) NATO's approach to countering disinformation: A focus on COVID-19

Final report, National Security Commission on Artificial Intelligence (756 pages)

NATIONAL SECURITY COMMISSION ON ARTIFICIAL INTELLIGENCE

The report emphasized that with the increased use of AI by foreign powers to spread disinformation online and launch cyberattacks, the U.S. is falling behind in guarding against such threats.

The report: https://assets.foleon.com/eu-west-2/uploads-7e3kk3/48187/nscai_full_report_digital.04d6b124173c.pdf

EBA issues new supervisory reporting and disclosures framework for investment firms

- The new reporting and disclosures framework reflects the prudential requirements for investment firms as defined in the Investment Firms Regulation (IFR).

- The final draft ITS take into account the different classes of investments firms to ensure requirements are proportionate to the nature, size and complexity of investment firms.

- Consistency and integration between both reporting and disclosures will facilitate the implementation of these new requirements.

The European Banking Authority (EBA) published today its final draft Implementing Technical Standards (ITS) on the supervisory reporting and disclosures of investment firms.

These final draft ITS, which are part of the phase 1 mandates of the EBA roadmap on investment firms, will ensure a proportionate implementation of the new prudential framework for investment firms taking into account the different activities, sizes and complexity of investments firms.
You may visit:
https://www.eba.europa.eu/sites/default/documents/files/document_library/Regulation%20and%20Policy/Investment%20firms/884436/EBA%20Roadmap%20on%20Investment%20Firms.pdf

Figure 1: Thematic areas covered by the EBA mandates

The implementing technical standards included in this package set out the main aspects of the new reporting framework in relation to the calculation of own funds, levels of minimum capital, concentration risk, liquidity requirements and the level of activity in respect of small and non-interconnected investment firms.

The ITS propose a different set of templates to cover small and non-interconnected investment firms, and to include information that is proportionate to their size and complexity.

In addition, the ITS includes a standardised set of templates for the disclosures of own funds. The EBA is issuing a single set of standards with integrated Pillar 3 disclosures and supervisory reporting requirements and standardised formats and definitions with a view to improving consistency between reporting and disclosures requirements, which will facilitate compliance with both requirements.

Implementation and remittance date

The disclosure requirements will be applicable from 26 June 2021.
The first reporting reference date is September 2021 (for quarterly reports) and December 2021 (for annual reports).

DOCUMENTS

- Final Draft ITS on Reporting and disclosures for investment firms
- Annex I - Reporting for Class 2 investment firms
- Annex II - Reporting for Class 2 investment firms
- Annex III - Reporting Class 3 investment firms
- Annex IV - Reporting for Class 3 investment firms
- Annex V - DPM and validation rules
- Annex VI - Disclosure of own funds
- Annex VII - Disclosure of own funds
- Annex VIII - Reporting on group capital test
- Annex IX - Reporting on group capital test

LINKS

- Reporting framework 3.1
- Regulatory Technical Standards on prudential requirements for investment firms
- Technical Standards on reporting and disclosures requirements for investment firms
- Investment firms
- Supervisory reporting
- Transparency and Pillar 3

Legal basis and background

The EBA has developed these draft ITS according to Article 54(3) and Article 49(2) of the IFR - (EU) 2019/2033 - which mandates the EBA to develop a reporting framework and a disclosure requirements for investment firms.

The Investment Firms Prudential Package consists of the Directive (EU) 2019/2034 and the Regulation (EU) 2019/2033, which were published in the Official Journal on 5 December 2019 and establish a new prudential framework for investment firms authorised under MIFID.

To read more: https://www.eba.europa.eu/eba-issues-new-supervisory-reporting-and-disclosures-framework-investment-firms

Announcements on the end of LIBOR

The FCA has announced the dates that panel bank submissions for all LIBOR settings will cease, after which representative LIBOR rates will no longer be available.

This is an important step towards the end of LIBOR, and the Bank of England and FCA urge market participants to continue to take the necessary action to ensure they are ready.

The FCA has confirmed that all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- immediately after 31 December 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and

- immediately after 30 June 2023, in the case of the remaining US dollar settings

Based on undertakings received from the panel banks, the FCA does not expect that any LIBOR settings will become unrepresentative before the relevant dates set out above.

Representative LIBOR rates will not, however, be available beyond the dates set out above.

Publication of most of the LIBOR settings will cease immediately after these dates.

As ISDA has confirmed separately, the 'spread adjustments' to be used in its IBOR fallbacks will be fixed today as a result of the FCA's announcement, providing clarity on the future terms of the many derivative contracts which now incorporate these fallbacks.

The Bank of England and the FCA have made it clear over a number of years that the lack of an active underlying market makes LIBOR unsustainable, and unsuitable for the widespread reliance that had been placed upon it.

Accordingly, both have worked closely with market participants and regulatory authorities around the world to ensure that robust alternatives to LIBOR are available and that existing contracts can be transitioned onto these alternatives to safeguard financial stability and market integrity.

Market-led working groups and official sector bodies, including the Financial Stability Board, have set out clear timelines to help market participants plan a smooth transition in advance of LIBOR ceasing.

Today's announcements confirm the importance of those preparations for all users of LIBOR.

Regulated firms should expect further engagement from their supervisors at both the Prudential Regulation Authority and the FCA to ensure these timelines are met.

Authorities have also recognised that there are some existing LIBOR contracts which are particularly difficult to amend ahead of the LIBOR panels ceasing, often known as the 'tough legacy'. The FCA is taking steps to help reduce disruption in these cases.

The FCA will consult in Q2 on using proposed new powers that the government is legislating to grant to it under the Benchmarks Regulation (BMR) to require continued publication on a 'synthetic' basis for some sterling LIBOR settings and, for 1 additional year, some Japanese yen LIBOR settings.

It will also continue to consider the case for using these powers for some US dollar LIBOR settings.

Any 'synthetic' LIBOR will no longer be representative for the purposes of the BMR and is not for use in new contracts. It is intended for use in tough legacy contracts only.

The FCA will also consult in Q2 on which legacy contracts will be permitted to use any 'synthetic' LIBOR rate.

The FCA has also published today statements of policy in relation to some of these proposed new BMR powers.

These statements of policy confirm its policy approach, explain its plans set out above and its intention to propose using, as a methodology for any 'synthetic rate', a forward-looking term rate version of the relevant risk-free rate plus a fixed spread aligned with the spreads in ISDA's IBOR fallbacks.

FCA CEO Nikhil Rathi said:

'Today's announcements provide certainty on when the LIBOR panels will end. Publication of most of the LIBOR benchmarks will cease at the same time as the panels end. Market participants must now complete their transition plans.'

Bank of England Governor Andrew Bailey said:

'Today's announcements mark the final chapter in the process that began in 2017, to remove reliance on unsustainable LIBOR rates and build a more robust foundation for the financial system. With limited time remaining, my message to firms is clear – act now and complete your transition by the end of 2021.'

You can see the FCA's announcement regarding the future cessation and loss of representativeness of the LIBOR benchmark settings at:
https://www.fca.org.uk/publication/documents/future-cessation-loss-representativeness-libor-benchmarks.pdf

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