

Regulatory update

Banking, finance and insurance

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Banks, Investment Firms, Asset Managers
and non-bank financial institutions

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I. European regulation

✓ MiCAR: EBA PUBLISHES SOME NEW FINAL REPORTS OF RTS, ITS AND GUIDELINES

On 13 June 2024, EBA published some the package of technical standards and guidelines under Regulation (EU) 2023/1114 (MiCAR) on prudential matters, namely own funds, liquidity requirements, and recovery plans.

The package of EBA regulatory products comprises:

- [Final report of draft regulatory technical standards](#) (RTS) specifying adjustment of own funds requirement and minimum features of stress testing programmes of issuers of asset-referenced tokens (ARTs) and of e-money tokens (EMTs) subject to such requirements. These standards specify: i) the criteria for the assessment of 'higher degree of risk', ii) the procedure for competent authorities to determine the period of time considered appropriate for issuers to increase the own funds amount to the higher own funds requirements and the measures to be taken to ensure the timely compliance thereof and iii) a minimum set of requirements to issuers for the design and implementation of their stress-testing programmes;
- [Final report of draft RTS](#) specifying the procedure and timeframe for an issuer to adjust the amount of its own funds to 3% of the average amount of the reserve of assets when the relevant issuer is issuing an ART or EMT classified as 'significant';
- [Final report of draft RTS](#) further specifying the liquidity requirements of the reserve of assets. The draft RTS set specific minimum percentages of the reserve of assets according to daily and weekly maturities. They also establish the minimum amount of deposits in each official currency referenced. Furthermore, they envisage overall techniques of liquidity management to seek minimum creditworthiness, liquidity soundness and minimum diversification of bank deposits counterparties in the reserve of assets as well as to ensure minimum overcollateralisation to seek correlation between the reserve of assets and the assets referenced;
- [Final report of draft RTS](#) to specify the highly liquid financial instruments with minimal market risk, credit risk and concentration risk. These draft RTS set the highest quality liquid assets in the liquidity coverage ratio (LCR) as eligible highly liquid financial instruments. At the same time, in the case of ARTs referencing assets other than official currencies, financial instruments tracking the value of the assets referenced by the token or derivatives relating to them, are deemed eligible as highly liquid financial instruments. Furthermore, the draft RTS set concentration limits of highly liquid financial instruments by issuer;
- [Final report of draft RTS](#) to specify the minimum content of the liquidity management policy and procedures. These draft RTS envisage procedures for identifying, measuring and managing liquidity risk, a contingency policy and mitigation tools as well as minimum aspects of liquidity stress testing;
- [Final report of draft Guidelines](#) on recovery plans specifying the format and the content of the recovery plan that issuers need to develop and maintain. Considering the feedback received during the consultation period, the Guidelines further specify the content of the communication and disclosure plan. A number of targeted amendments were also made to streamline the wording and provide further clarity, inter alia by adding new definitions and by introducing a new paragraph to clarify that any provision regarding certain requirements applicable to the reserve of assets (e.g. certain recovery plan indicators and scenarios) does not apply to issuers of EMTs that are not subject to hold a reserve of assets in accordance with MiCAR.

II. Italian regulation

- ✓ [CIRCULAR 288: BANK OF ITALY CONSULTS ON AMENDMENTS TO ITS PROVISIONS REGARDING THE CREDIT RISK FOR FINANCIAL INTERMEDIARIES](#)

On 13 June 2024, the Bank of Italy published for [consultation](#) its [proposed amendments](#) to Title IV, Chapter 9 of its Circular n.288/2015 (Circular 288) on counterparty credit risk and market risk for financial intermediaries enrolled in the Bank of Italy Register under Article 106 of the Consolidated Banking Law.

The amendments are aimed at extending the provisions of Regulation (EU) 575/2013 (CRR) on counterparty credit risk and market risk to financial intermediaries

The deadline for comments and observations is set on 12 August 2024.

Insurance companies

III. Italian regulation

✓ AML: IVASS PROVISION 144/2024 PUBLISHED ON THE OFFICIAL JOURNAL

On 14 June 2024, [IVASS Provision 144/2024](#) on amendments and additions to IVASS Regulation No. 44 of 12 February 2019 on implementing provisions aimed at preventing the use of insurance undertakings and insurance intermediaries for the purposes of money laundering and terrorist financing with regard to organisation, procedures and internal controls and customer due diligence, pursuant to Article 7(1)(a) of Legislative Decree 231/2007 has been published on the Italian Official Journal.

The most significant amendments to IVASS Regulation No. 44/2019 made by the Provision regarding AML are the following:

- the introduction of the role of member of the Board of Directors responsible for the AML and the definition of its role;
- with regard to the AML function in respect of which :
 - rules have been introduced governing the relationship between the holder of the AML function and the member of the Board of Directors responsible for the AML;
 - a requirement has been introduced to consult the AML function in cases where the opening or continuation of an ongoing relationship with a high-risk customer is subject by law to the approval of a senior manager;
- with regard to outsourcing relating to the AML function, the same may only relate to the tasks of the AML function, while the person in charge of the function must be identified internally within the company and perform the tasks of monitoring and controlling the outsourced activities;
- with regard to Groups:
 - a member of the Board of Directors responsible for group AML must be identified from among the members of the body with management function of the last Italian parent company;
 - his tasks will have to be specified, and necessarily include:
 - coordination between the AML functions of the individual group components;
 - the drafting of a group-wide risk self-assessment and the submission of an annual report to the bodies of the last Italian parent company
 - the development of group-wide procedures, standards and methodologies;
 - group-wide control procedures are to be defined.

The Provision enters into force on 15 June 2024.