

Regulatory update Banking, finance and insurance

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

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

I. European regulation

✓ *CRR AND CRD IV: BASEL III UPDATES PUBLISHED IN THE OFFICIAL JOURNAL OF THE EU*

On 19 June 2024, [Regulation \(EU\) 2024/1623](#) amending Regulation (EU) no. 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (CRR III Regulation) and [Directive \(EU\) 2024/1619](#) amending Directive (EU) 2013/63 as regards supervisory powers, sanctions, third-country branches and environmental, social and governance risks (CRD IV Directive) were published in the Official Journal of the EU.

In particular, a major innovation of the CRD IV Directive is the introduction of Article 21(c), which imposes an obligation on third-country firms to establish a branch for the provision of banking services and to apply for authorisation in the relevant Member State.

Other changes include further provisions to regulate the procedure for establishing a branch in a third country, as well as provisions on the recognition of the supervisory independence of competent authorities, the regulation of the acquisition or divestiture of a material holding, material transfers of assets and liabilities, mergers and divisions.

On the other hand, in order to increase the resilience of the banking sector, the CRR III Regulation, through the instrument of the output floor, sets a minimum floor for the own funds requirements generated by institutions' internal models equal to 72.5 per cent of the own funds requirements that would apply if these institutions used standardised approaches. As one of the key measures of the Basel III reform, the output floor is intended to limit the unwarranted variability of the capital requirements produced by internal models and the excessive reduction in capital that an institution using internal models can achieve compared with an institution using standardised approaches.

The CRR III Regulation and the CRD IV Directive will enter into force on the 20th day following their publication in the Official Journal of the European Union.

Member States shall adopt and publish, by 10 January 2026, the laws, regulations and administrative provisions necessary to comply with CRD IV Directive.

The CRR III will apply from 1 January 2025.

✓ *SECURITISATION: DELEGATED REGULATION ON SUSTAINABILITY FACTORS PUBLISHED IN THE OFFICIAL JOURNAL OF THE EU*

On 18 June 2024, Commission Delegated [Regulation \(EU\) 2024/1700](#) (Delegated Regulation) was published, supplementing Regulation (EU) 2017/2402 with regard to regulatory technical standards (RTS) specifying, for simple, transparent and standardised non- ABCP traditional securitization, and for simple, transparent and standardised on-balance-sheet securitisation, the content, methodologies and presentation of information related to the principal adverse impacts of the assets financed by the underlying exposures on sustainability factors.

In particular, originators shall publish a statement of material adverse impacts on sustainability factors in a prominent, simple, concise, comprehensible, fair, clear, and not misleading.



The Delegated Regulation will enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

✓ AML: THE AML PACKAGE IS PUBLISHED IN THE OFFICIAL JOURNAL OF THE EU

On 19 June 2024, the so-called "AML Package" was published in the Official Journal of the European Union, i.e. the package amending the regulation of anti-money laundering and combating the financing of terrorism.

In particular, the AML Package comprises:

- [Direttiva \(UE\) 2024/1640](#) (the "AMLD VI") on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Directive (EU) 2019/1937, and amending and repealing Directive (EU) 2015/849. AMLD VI will enter into force on the 20th day following its publication in the Official Journal of the European Union; member states will have to transpose it by July 10, 2027, with the exception of (i) Articles 11, 12, 13 and 15 (i.e., the rules on the register on beneficial owners), which will have to be transposed by July 10, 2026; and (ii) Article 18 (i.e., the single point of access to information on immovable property), which will have to be transposed by July 10, 2029.
- [Regolamento \(UE\) 2024/1624](#) (the AMLR or the "single rulebook") on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing. AMLR will enter into force on the 20th day following its publication in the Official Journal of the European Union, but will apply as from 10 July 2027, with the exception of the obliged parties referred to in Article 3(3)(n) and (o) (football agents and professional football clubs), to whom it will apply as from 10 July 2029.
- [Regolamento \(UE\) 2024/1620](#) establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA) and amending Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010. This regulation will enter into force on the 7th day following its publication in the Official Journal of the European Union, but will apply from 01 July 2025.

Among the main innovations of the AML Package are the following:

- the right for stakeholders with a legitimate interest (journalists, civil society organisations, competent authorities and supervisory bodies) to immediate, unfiltered, direct and free access to information on beneficial owners in national register;
- additional powers to Financial Intelligence Units (FIUs);
- additional due diligence measures, enhanced customer identity checks and additional reporting requirements for obliged parties;
- the definition of high value assets (set out in Annex VI of the AMLR);
- the extension to professional football clubs of customer identity checks, transaction monitoring and suspicious transaction reports to the FIU;
- additional supervisory provisions for individuals with total assets of at least EUR 50,000,000, excluding main residence;
- inclusion of a EUR 10,000 limit for cash payments in the EU, except between private individuals, in a non-professional context.

✓ SFDR: ESAS PUBLISH A JOINT OPINION

On 18 June 2024 the three European Supervisory Authorities (EBA, EIOPA and ESMA – "ESAs") published a [joint Opinion](#) on the assessment of the Sustainable Finance Disclosure Regulation (SFDR).

The ESAs call for a coherent regulatory sustainable finance framework that caters for both the green transition and enhanced consumer protection, taking into account the lessons learned from the functioning of the SFDR.

The ESAs focus on ways to introduce simple and clear categories for financial products. The simplifications consist of two voluntary product categories, “sustainable” and “transition”, that financial market participants should use to ensure consumers understand the purpose of the products. The rules for the categories should have a clear objective and criteria to reduce greenwashing risks.

In addition, the ESAs recommend that the European Commission considers the introduction of a sustainability indicator that would grade financial products such as investment funds, life insurance and pension products.

Finally, the Opinion also covers the following areas:

- appropriate disclosures for products outside the above two categories to reduce greenwashing;
- improvements to the definition of sustainable investments;
- simplification to the way disclosures are presented to investors;
- other technical suggestions including on which products should fall under the scope of SFDR and on how to improve disclosures regarding the negative impact of investments on people and the environment;
- the need for consumer testing before putting forward any policy proposals to review the SFDR, such as to introduce a categorisation system and/or an indicator.

✓ [CRR: NEW RTS REGARDING GROUPS OF CONNECTED CUSTOMERS PUBLISHED IN THE OFFICIAL JOURNAL OF THE EU](#)

On 18 June 2024, [Regulation \(EU\) 2024/1728](#) supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to Regulatory Technical Standards (RTS), specifying under which circumstances the conditions for the identification of connected customer groups are met, was published in the Official Journal of the EU.

The Regulation enters into force on 8 July 2024.

✓ [CRR: EBA PUBLISHES A DRAFT ITS ON THIRD PILLAR DISCLOSURE](#)

On 21 June 2024, the EBA published a [Final Report](#) containing draft Implementing Technical Standards (ITS) on public disclosure by institutions of the information referred to in Titles II and III of Part VIII of Regulation (EU) 575/2013 (CRR), which finalises the implementation of the Basel III Pillar 3 disclosure requirements.

In particular, the ITS specify disclosure requirements on credit risk, market risk, CVA risk, operational risk, output floor and include a transitional disclosure regime with respect to exposures to crypto-assets.

✓ [CRR: EBA PUBLISHES A DRAFT RTS ON ALTERNATIVE INTERNAL MODELS AND MODELLABLE RISK FACTORS](#)

On 21 June 2024, EBA published a [Final Report](#) containing draft Regulatory Technical Standards (RTS) on the conditions for assessing the materiality of extensions and changes to the use of alternative internal models and changes to the subset of the modellable risk factors under Regulation (UE) 575/2013 (CRR).

The final draft RTS differentiate between material extensions and changes under the internal models approach (IMA), to be approved by competent authorities (CA), and non-material extensions and changes, to be notified to CAs four weeks in advance. This last category is further divided into two sub-categories: extensions and changes notified with additional information, and extensions and changes with basic information. For the categorisation of extensions and changes to the relevant categories and sub-categories, the final draft RTS set out a combination of qualitative and quantitative conditions. In particular, the quantitative conditions aim at assessing the effect of the extension or change on the IMA own funds requirements and on the relevant components of the FRTB IMA (Expected Shortfall, Stress Scenario Risk Measure and Default Risk Charge), before and after the planned extension or change. The final draft RTS also include guiding principles that institutions should follow in the categorisation process, provisions on the implementation of extensions and changes and documentation requirements.

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

On 19 June 2024, EBA published the package of technical standards and guidelines under Regulation (EU) 2023/1114 (MiCAR) on reporting, liquidity stress testing and supervisory colleges. The package includes:

- [Final draft Regulatory Technical Standards \(RTS\)](#) on the use of asset-referenced tokens (ARTs) and electronic money tokens (EMTs) denominated in a non-EU currency as a means of exchange. The draft RTS specify the methodology to be applied by issuers of ARTs and of EMTs denominated in a non-EU currency for estimating the number and value of transactions associated to uses of these tokens “as a means of exchange”, for the purpose of the reporting under MiCAR. The draft RTS aim at contributing to the objective of MiCAR of monitoring and preventing risks that the wide use of ARTs and of EMTs denominated in a non-EU currency as a means of exchange may have on monetary policy transmission and monetary sovereignty within the EU;
- [Final draft Implementing Technical Standards \(ITS\)](#) on the reporting obligations of issuers of ARTs and EMTs denominated in a non-EU currency, and of crypto-asset service providers (CASPs). The final draft ITS provide specific templates and related instructions for the issuers of ARTs and of EMTs denominated in a non-EU currency to comply with their reporting obligations. These reporting templates will assist the significance assessment of the tokens; provide information on whether the threshold defined in Article 23 of MiCAR has been met, therefore restricting the issuance of a token; and being the only reporting obligation set out in MiCAR for the issuer, the ITS serve general supervisory reporting purposes as well. The draft ITS also provide templates and related instructions that CASPs must provide to issuers of ARTs and of EMTs denominated in a non-EU currency;
- [Guidelines on liquidity stress testing](#). The Guidelines lay out the risks to be covered in the liquidity stress testing and identify the common reference parameters of the stress test scenarios to be included in the liquidity stress testing to be applied. Following application of the Guidelines, the supervisor may strengthen the liquidity requirements of the relevant issuer to cover those risks based on the outcome of the liquidity stress testing;
- [Final draft RTS on supervisory colleges](#). The draft RTS specify the conditions under which certain entities, such as custodians of the reserve of assets, trading platforms and crypto-asset service providers (CASPs) providing custody and administration of crypto-assets on behalf of clients, are to be deemed “the most relevant” in their category, and the conditions under which a significant ART or EMT is to be deemed to be “used at large scale”, for the purpose of determining the composition of a supervisory college under MiCAR. The EBA is required to establish such a college in accordance with MiCAR for each significant ART and significant EMT. In addition, the RTS specify the general conditions for the functioning of supervisory colleges, including aspects related to participation in college meetings, voting procedures, exchange of information and the entrustment of tasks among college members.

II. Italian regulation

✓ CIRCULAR 285: BANK OF ITALY PUBLISHES THE FORTY-EIGHT UPDATE

On 20 June 2024, the Bank of Italy published the [forty-eighth update](#) to its Circular No. 285/2013 containing supervisory provisions for banks (Circular 285).

The amendments implement the EBA Guidelines (EBA/GL/2022/14), issued under of Article 84(6) of Directive 2013/36/EU (CRD IV), which specify the criteria for the identification, assessment, management and mitigation of risk arising from potential changes in interest rates as well as for the assessment and monitoring of risk arising from potential changes in credit spreads, on institutions' non-trading book activities.

The update includes the following main amendments:

- in the perimeter of risk assessment, in order to align with European regulations, explicit indications have been included regarding the treatment of specific positions (pension bonds and small transactions pertaining to the trading book);
- the assessment of the materiality of risk components was aligned with the new regulatory framework that defines quantitative thresholds, valid for all banks and for any measurement methodology adopted. When these thresholds are exceeded, banks are required to make specific refinements in the measurement of risk exposure (e.g. inclusion of basis risk, behavioural modelling of certain items);
- for all items subject to materiality assessment, an implementation solution has been provided, either by refining the modelling already contained in the Annexes (e.g. for deposits without specific repricing dates) or by introducing new provisions to provide the parameters to be used (e.g. for loans subject to early repayment risk);
- the parameters contained in the methodology in the annexes have been differentiated according to scenarios, in order to reflect the regulatory expectation of adjusting cash flows to the assumed interest rate scenario.

The update becomes effective on 21 June 2024.

✓ BORSA ITALIANA: AMENDMENTS TO THE BIT GEM MARKET

On 19 June 2024, Borsa Italiana published the [press release no. 26261](#) by which it informs that the BIT GEM Market has been renamed to Euronext GEM Market.

The changes will enter into force on 24 June 2024.

The updated texts of the Rules will be made available on Borsa Italiana's website.



Insurance companies

III. Italian regulation

✓ CAP: IVASS PUBLISHES PROVISION 147/2024

On 20 June 2024, IVASS published [Provision No. 147/2024](#) on amendments and additions aimed at simplifying and streamlining the pre-contractual information on the distributor referred to in Regulation 40/2018 and the pre-contractual information on the product referred to in Regulation 41/2018, and its annexes, as well as on sustainable finance.

The Provision comes into force on the day following its publication in the Italian Official Journal. Within 12 months from the date of entry into force, companies and distributors shall draw up the Single Pre-contractual Form (*modello unico precontrattuale* - MUP) for insurance products and insurance investment products provided for by the Provision, as well as the additional pre-contractual Information Documents Life, Multi-risk, IBIP, Non-Life and Third Party Motor Liability in accordance with Articles 1 and 2 of the same Provision.