

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

✓ MIFID II: CONSULTATION ON DRAFT RTS ON FIRM'S ORDER EXECUTION POLICIES

On 16 July 2024, ESMA launched a [consultation](#) on draft regulatory technical standards (RTS) specifying the criteria for how investment firms establish and assess the effectiveness of their order execution policies in order to foster investor protection.

The consultation asks input by stakeholder on:

- the establishment of an investment firm's order execution policy. This includes the classification of financial instruments in which firms execute client orders and the initial selection of venues for the order execution policy;
- the investment firm's procedures to monitor and regularly assess the effectiveness of its order execution arrangements and order execution policy;
- the investment firm's execution of client orders through own account dealing; and on
- how an investment firm should deal with client instructions.

The consultation runs until 16 October 2024.

✓ DORA: PUBLISHED THE SECOND PACKAGE OF TECHNICAL STANDARD AND GUIDELINES

On 17 July 2024, the three European Supervisory Authorities (EBA, EIOPA and ESMA – the “ESAs”) published the [second package of technical standards and guidelines](#) under the Regulation (EU) 2022/2554 on digital operational resilience for the financial sector (Digital Operational Resilience Act, so called Regulation DORA), related to cyber incident reporting and serious cyber threats and the surveillance framework between ESAs and competent Authorities.

Specifically, the package consists of the following technical standards:

- regulatory technical standards (RTS) and implementing technical standards (ITS) on the content, format, templates and timelines for reporting major ICT-related incidents and significant cyber threats;
- RTS on the harmonisation of conditions enabling the conduct of the oversight activities;
- RTS specifying the criteria for determining the composition of the joint examination team (JET); and
- RTS on threat-led penetration testing (TLPT).

The set of guidelines includes:

- guidelines on the estimation of aggregated costs/losses caused by major ICT-related incidents; and
- guidelines on oversight cooperation.

✓ **BRRD: EBA CONSULTS ON THE HANDBOOK CHAPTER ON INDEPENDENT VALUERS FOR RESOLUTION**

On 19 July 2024, EBA launched a [public consultation](#) on the draft Handbook on independent valuers for resolution purposes.

The draft Handbook aims at enhancing convergence by providing best practices, high-quality methodologies and processes for the selection and appointment of independent valuers for resolution purposes, as well as examples on the application of these methodologies under some scenarios.

The consultation runs until 19 September 2024.

✓ **CRR: EBA CONSULTS ON AMENDMENTS TO ITS ON THE JOINT DECISION PROCESS FOR INTERNAL MODEL AUTHORISATION**

On 16 July 2024, EBA launched a [public consultation](#) on amendments to implementing technical standards (ITS) on the joint decision process for internal model authorisation under Regulation (EU) 575/2013 (CRR).

The revised ITS incorporate changes to the EU legal framework, including the reduced scope of application for internal models under CRR III and the updated framework on the general functioning of supervisory colleges.

The consultation runs until 16 October 2024.

✓ **MiCAR: EBA CONSULTS ON DRAFT GUIDELINES ON ARTS AND EMTS REPORTING TEMPLATES**

On 16 July 2024, EBA launched a [public consultation](#) on draft Guidelines on templates to assist competent authorities in performing their supervisory duties regarding issuers' compliance under Titles III and IV of Regulation (EU) 2023/1114 (MiCAR).

In particular, the Guidelines specify templates that issuers of asset referenced tokens (ARTs) and/or e-money tokens (EMTs) should use to provide competent authorities and the EBA with the necessary information.

The consultation runs until 15 October 2024.

II. Italian regulation

✓ STS SECURITIZATIONS: CONSOB APPROVES THE WAIVER FOR ITALIAN BANKS

On 18 July 2024, Consob published [Resolution No. 23208 of July 17, 2024](#) on “CONSOB’s exercise of the national discretion provided for in article 26-sexies paragraph 10 of the Securitization Regulation (EU) 2017/2402.”

This resolution concerns simple, transparent and standardized synthetic securitizations (STS), for which, according to the European framework (provided in Regulation 2017/2402, laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation) the correlation between the rating of the banks themselves and that of their State is decisive.

Specifically, the resolution was issued in accordance with the favourable opinion - expressed by EBA last 7th of June at the reasoned request of CONSOB - on the regulatory exemption (so-called *waiver*) for the majority of Italian banks, which will be able to make use of the STS synthetic securitizations even if their rating is not in line with the level required by EU regulations.

Through Consob's authorization measure there is a facilitation of synthetic STS securitization transactions and financial resources are “unlocked,” making them available for other purposes with potential benefits for the economic system.

The resolution will enter into force the day after its publication in the Italian Official Journal.

Insurance companies

I. Italian regulation

✓ DUR: IVASS PUBLISHES A LETTER TO THE MARKET

On 15 July 2024, IVASS published a [letter to the market](#), in which it communicates, as part of its supervision of compliance with the rules on the information to be provided to life policyholders, the intention to initiate an audit on the procedures for drafting the so-called Single Reporting Document, under Article 25 of IVASS Regulation No. 41/2018 (*Documento Unico di Rendicontazione* - DUR).

In the same letter, IVASS requests the compliance functions of:

- insurance undertakings based in Italy that conduct life insurance business; and
- general representations of insurance undertakings with registered offices in States outside the E.E.S. that conduct life insurance business in Italy;

to verify, by 31 March 2025, that the information provided in the DUR is complete and clear, combining the necessary technical content with simple communication for policyholders. The results of the analysis, including any suggestions in case changes are needed, should be formalised and made available upon request issued by the Authority.