

MARCH 2023

Horizon Scanner: Finance

A glance ahead at legal and regulatory developments expected over the next month

This month...

IAF/SEAR

Culture and conduct are at the heart of the Central Bank of Ireland's supervisory agenda, and at the core of the new Individual Accountability Framework. Our experienced, multidisciplinary team is focused on guiding clients through the implementation of the IAF and, in particular, the Senior Executive Accountability Regime.

[Read more here](#)

ESG

ESG considerations have risen to the top of the agenda for investors and businesses concerned about sustainability and doing business responsibly. Our dedicated multi-disciplinary ESG lawyers work seamlessly together to assist clients with the identification and integration of ESG priorities at all levels of their business.

[Read more here](#)

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THOUGHT LEADERSHIP

Financial Regulation

- [Central Bank keeps CCyB rate at 1%](#)
- [Central Bank 'Dear CEO' letter to all regulated firms, reconfirming 2023 priorities](#)
- [AML Update: Access rights to database of bank accounts](#)
- [New Client Asset Regulations published in the Irish Statute Book](#)

Individual Accountability Framework

- [Individual Accountability Framework: Bill finalised](#)
- [Individual Accountability Framework: Bill completes Seanad Committee Stage](#)

Financial Sanctions

- [Tenth Package of EU Sanctions against Russia](#)

Payments

- [T2 \(replacing TARGET2\) will go-live on 20 March 2023](#)

Insurance

- [EIOPA publishes report on impact underwriting](#)
 - [EIOPA publishes supervisory statement on use of third country branches](#)
 - [CBI finalises guidance on intra-group transactions and exposures](#)
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“We now know the final shape of the Central Bank (Individual Accountability Framework) Bill”

IRISH DEVELOPMENTS

Individual Accountability Framework/Senior Executive Accountability Regime

We now know the final shape of the Central Bank (Individual Accountability Framework) Bill, following completion of Report Stage in Seanad Éireann on 22 February 2023. The Bill is substantially in the same form as when it was first published on 28 July 2022, save for some minor Government-led amendments made at Committee Stage in both Dáil Éireann and the Seanad. The amendments made to the Bill at Committee Stage in the Seanad are due to be approved by the Dáil on 1 March, following which the Bill will be sent to the President for signature. We expect the Central Bank's consultations on its draft regulations and guidance to be published shortly.

For a reminder of the key elements of the Bill, read our briefing on the Bill as published [here](#), our updates on the minor changes made at Committee Stage in Dáil Éireann in December 2022 ([here](#) and [here](#)), our update on the minor change made at Committee Stage in Seanad Éireann last month ([here](#)) and our latest update [here](#). For more information and resources, visit the dedicated section of our website: www.arthurcox.com/iaf.

Credit Servicers Directive – Irish Transposition

The Department of Finance's consultation on the exercise of national discretions as part of the transposition of the Credit Servicing Directive closes for responses on 8 March 2023. Industry feedback to that consultation is likely to focus on the prospect of parallel frameworks. For more information on the consultation, read our recent insights here: [NPL / Credit Servicing Update: Department of Finance consults on transposition of Credit Servicing Directive](#).

Consumer Protection Code – Reform

The Central Bank's Discussion Paper on its planned reforms to the Consumer Protection Code closes for responses on 31 March 2023. For more information on that discussion paper, read our insights here: [Consumer Protection Code: Central Bank publishes Discussion Paper](#). For a reminder of the Central Bank's supervisory and regulatory priorities for 2023, read our recent insights here: [Central Bank 'Dear CEO' letter to all regulated firms, reconfirming 2023 priorities](#).

AML – Safe Deposit Box, Bank and Payment Accounts Register (ISBAR)

In updates made by the Central Bank to its [ISBAR FAQ](#) in February 2023, it indicated that it would be providing onboarding timelines to banks in February 2023, with initial data collection starting on 27 February 2023. We expect to see more information on how onboarding will work during March 2023. For more information on ISBAR, read our recent insights [AML Update: Access rights to database of bank accounts](#).



Looking Ahead: ESG

“We hope to see further movement on the proposed EU Green Bond Standard in March 2023.”

ESG

Corporate Sustainability Reporting Directive

Following publication of the Corporate Sustainability Reporting Directive (**CSRD**) in the Official Journal on 16 December 2022, EU member states must transpose that Directive by 6 July 2024. The CSRD will be phased in, with the obligations applying to the first group of reporting companies in respect of financial years commencing from 1 January 2024 (reporting 2025).
The consultation launched by the Department of Enterprise, Trade and Employment on 30 January 2023 looking for industry feedback on the national discretions set out in the CSRD closes for comments on 9 March 2023.

EU Green Bond Standard

At the time of writing, the EU Council had just announced that provisional agreement was reached in trilogues on the proposed EU Green Bond Standard late on 28 February 2023. Confirmation is awaited on what agreement was reached on some of the open points – keep an eye out for further insights on this development from us when the provisionally-agreed text is published.

Green Loans and Mortgages

The European Banking Authority’s recent industry survey seeking input from credit institutions on their green loans and mortgages, together with market practices relating to such loans, closes for feedback on 7 April 2023. Credit institutions that wish to participate have been asked to contact their national competent authority to receive the survey templates and information on the process – those steps should be taken as soon as possible this month for those planning to respond to the consultation.

Sustainability-Linked Loans

The updated versions of the Green Loan Principles (and related Guidance), Sustainability-Linked Loan Principles (and related Guidance) and Social Loan Principles (and related Guidance), launched by the Loan Market Association in conjunction with the LSTA and APLMA in February 2023, are relevant to transactions completed after 9 March 2023.

Taxonomy Regulation

We have still not seen a delegated act from the European Commission on technical screening criteria for determining whether particular economic activities contribute substantially to the four remaining environmental objectives (sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; and protection and restoration of biodiversity and ecosystems) following the publication, by the Platform on Sustainable Finance, of its March 2022 Report, and its Supplementary October 2022 Report. While the delegated act was originally expected by the end of Q4 2022, it may now instead be published in March 2023, or in Q2 2023.

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CAPITAL MARKETS

TARGET2

The ECB's Governing Council has confirmed that the launch of T2, its new real-time gross settlement system which will replace TARGET2, will go ahead as planned on 20 March 2023. For more information, read our recent insights here: [T2 \(replacing TARGET2\) will go-live on 20 March 2023](#).

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Looking Ahead: EU Financial Regulation

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EU FINANCIAL REGULATION

AML – High Risk Third Countries

[Commission Delegated Regulation \(EU\) 2023/410](#) has been published in the Official Journal and comes into force on 16 March 2023. It adds the Democratic Republic of the Congo, Gibraltar, Mozambique, Tanzania and the United Arab Emirates to Table I of the Annex to Delegated Regulation (EU) 2016/1675 and deletes Nicaragua, Pakistan and Zimbabwe. The updated Table 1 list from that Annex is now as follows: Afghanistan, Barbados, Burkina Faso, Cambodia, Cayman Islands, Democratic Republic of the Congo, Gibraltar, Haiti, Jamaica, Jordan, Mali, Morocco, Mozambique, Myanmar, Panama, the Philippines, Senegal, South Sudan, Syria, Tanzania, Trinidad and Tobago, Uganda, United Arab Emirates, Vanuatu, Yemen.

Bank Recovery and Resolution Directive

The EBA's [consultation on its draft guidelines on overall recovery capacity \(ORC\) in recovery planning](#) closes for feedback on 14 March 2023. The aim of the draft EBA guidelines is to establish a consistent framework for the determination of the ORC by institutions in their recovery plans and the assessment by competent authorities. The guidelines are divided into two sections: one is addressed to institutions and aims to give guidance on the relevant steps to set-up a reliable ORC framework; the second is addressed to competent authorities, and is designed to complement the framework by harmonising the core elements of the competent authorities' assessment of the ORC from both a quantitative and qualitative perspective.

Benchmarks Regulation

ESMA's [consultation](#) on its review of the regulatory technical standards (RTS) on the information to be provided in an application for authorisation and registration under the Benchmarks Regulation closes for feedback on 14 March 2023. In reviewing the RTS, ESMA's aim is to safeguard equal treatment between EU and non-EU benchmark administrators by aligning the information requested in applications from EU administrators with the information requested in recognition applications from non-EU administrators.

Credit Institutions

[Commission Implementing Regulation \(EU\) 2023/313](#) comes into force on 6 March 2023. It amends the implementing technical standards (ITS) in Implementing Regulation (EU) 2016/2070 regarding benchmark portfolios, reporting templates and reporting instructions under Article 78(2) of the Capital Requirements Directive (which requires competent authorities to conduct an annual assessment of the quality of internal approaches used for the calculation of own funds requirement), following the EBA's [May 2022 Final Report](#).

FinTech – DLT Pilot Regime

The remaining aspects of [Regulation \(EU\) 2022/858](#) on a pilot regime for market infrastructures based on distributed ledger technology (DLT) apply from 23 March 2023. This Regulation provides a regulatory sandbox framework within which DLT solutions can be tested, and provides a legal framework for the trading and settlement of transactions in tokenised securities.

Investment Firms – Supervisory Disclosures

The EBA's [public consultation on its draft ITS on supervisory disclosures](#) closes on 9 March 2023. The amended draft ITS reflect changes to the EU legal framework under the revised Capital Requirements Regulation and the revised Capital Requirements Directive, in particular those relating to supervisory reporting for investment firms. The consultation period has been short (only one month) – in the EBA's view this was sufficient given that the information specified in the ITS is to be disclosed by competent authorities only (who were already consulted on these reporting changes).

MiFID – Best Execution

ESMA's [no-action letter](#) in respect of best execution reports now applies. Under the MiFID II 'Quick Fix' Directive (read our briefing on that Directive here: [MiFID II: Quick Fix Directive transposed into Irish law](#)) publication of best execution reports by trading venues, systematic internalisers and other execution venues was temporarily suspended until the end of last month (28 February 2023). In light of the Commission's [legislative proposal on the MiFID II/MiFIR review](#) which includes a proposal to delete the obligation to publish these reports, ESMA's no-action letter confirmed its expectations that, following 28 February 2023, national competent authorities do not prioritise supervisory actions towards execution venues in relation to these reports until such time as the legislative proposal to amend MiFID II and to delete that obligation is transposed into national law.

MiFID II – Post-Trade Transparency

ESMA's [consultation on its planned manual on post-trade transparency](#) closes for comments on 31 March 2023.



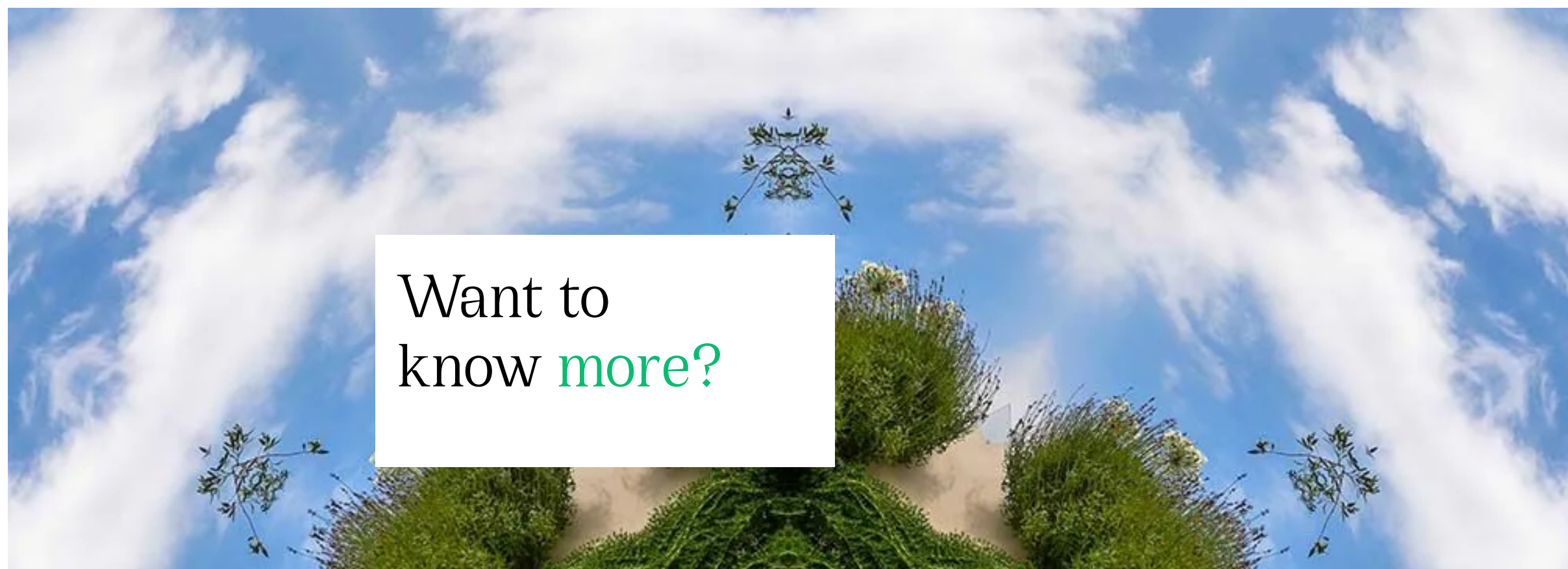
INSURANCE

Prudential Treatment of Sustainability Risks

EIOPA's [consultation paper on the prudential treatment of sustainability risks](#) closes for feedback on 5 March 2023.

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Please contact us if you would like to know more about anything in this Horizon Scanner or if you have a matter you would like to discuss. Please click [here](#) to view recent editions of our Horizon Scanner.

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