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OGGETTO: EUF Monthly Monitoring Report - Luglio 2023

Si trasmette agli Associati il rapporto mensile predisposto da Euralia per l'EU Federation for the Factoring and Commercial Finance Industry (EUF). Il Monthly Monitoring Report (MMR) descrive lo stato di avanzamento dei principali processi legislativi in corso presso gli organismi dell'Unione Europea con particolare attenzione alle tematiche di interesse per il settore del factoring.

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Consultations

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30 June 2023 - Open Finance : the European Commission consults on the framework for data sharing in the financial sector

On June 30, 2023, the European Commission launched a [consultation](#) on the proposal for a [regulation](#) to establish a framework for Financial Data Access. Originally scheduled to close on August 25, 2023, the consultation has been extended to September 21, 2023. Until the legislative proposal has been translated, the end date is likely to be pushed back.

This legislative initiative builds on the [revised](#) Payment Services Directive (PSD2), which introduced data access of payment account ("Open banking"). This proposal enables the sharing of a broader set of financial services data. The proposal aims to set out the rules under which data sharing will take place, as well as the rules applicable to market players who engage in this process. Payment and credit institutions and investment firms fall within the scope of these new provisions.

Next steps:

Stakeholders have until August 25, 2023 to submit their comments to the [consultation](#). The consultation deadline is subject to change.

Under the ordinary legislative procedure, the co-legislators must now adopt their position on the text.

24 July 2023 - ECB consults on its guide to effective aggregation and reporting of risk data

On July 24, 2023, the European Central Bank (ECB) [opened](#) a consultation on its draft guide on effective risk data aggregation and reporting.

The draft guide prepared by the European Central Bank provides a framework for the effective collection of risk data in order to strengthen the resilience of European banks by highlighting identified best practices. The draft Guide submitted for consultation is part of the supervisory activities carried out since 2016 by the ECB aimed at strengthening the collection and aggregation of risk data by banks.

The Guide focuses on seven main areas: the responsibility of a bank's governing body; the scope of the data governance framework; key data governance roles and responsibilities; the implementation of an integrated group-wide data architecture; the effectiveness of data quality controls; the timeliness of internal risk reporting; and program implementation.

The European Central Bank thus believes that "*the effective management and aggregation of risk data is essential for sound decision-making and robust risk governance of banks.*"

Responses to the consultation should be made by filling in a [table](#) template.

Next steps:

Stakeholders have until October 6, 2023 to submit their response to the consultation by email to SSMPublicConsultation@ecb.europa.eu with "Public consultation on the Guide on effective risk data aggregation and risk reporting" in the subject line, or by mail.

In addition, on September 15, 2023, the European Central Bank will hold a meeting to present the guide and detail the purpose of the consultation. Participants must register by September 8, 2023 by email to bcbs239@ecb.europa.eu

20 July 2023 - EBA consults stakeholders on draft models for climate risk stress testing

On July 20, 2023, the European Banking Authority (EBA) [opened](#) a [consultation](#) to gather stakeholder views on the draft models and guidance for a future climate risk stress test.

As part of the organization of a climate stress test conducted in coordination with the other European Supervisory Authorities (ESAs), the European Central Bank and the European Systemic Risk Board (ESRB), EBA is therefore submitting for consultation a draft set of models and guidelines designed to structure the future stress test.

The draft [models](#) and [guidelines](#) submitted for consultation should enable key information on climate, credit and market risks to be collected from financial institutions. As the data will be transmitted in aggregate form, they will help assessing to which extent the banking sector is exposed to climate risk.

Next steps:

The deadline for responding to the [consultation](#) is October 11, 2023. Once the consultation has been finalized, EBA will proceed with the formal launch of the supervision exercise. EBA expects to publish a report in Q1 2025 detailing the results obtained during the test.

18 July 2023 - EFRAG opens a consultation on its draft opinion on the supply chain finance amendments to IFRS 7

On July 18, 2023, the European Financial Reporting Advisory Group (EFRAG) [opened](#) a consultation on its draft opinion concerning the adoption of amendments to IFRS 7 on supply chain finance.

As a reminder, the International Accounting Standards Board (IASB) had proposed amendments to IFRS 7 in order to enhance the transparency of supplier finance contracts. The amendments should make it easier for market participants to analyze the effects of these contracts on companies' balance sheets.

In its draft opinion [submitted](#) for consultation, EFRAG endorses the proposed amendments and recommends that the European Commission transpose them into European law as they stand. It invites stakeholders to share their comments on its draft opinion.

Next steps:

Stakeholders have until September 11, 2023 to submit their [response](#) to the [consultation](#).

7 July 2023 - European Banking Authority consultation on technical implementation standards for MREL and TLAC reporting

On July 7, 2023, the European Banking Authority [opened](#) a public consultation on its draft implementing technical standards (ITS) regarding the disclosure and reporting of the minimum capital requirement and eligible commitments (MREL) and the total loss absorption requirement (TLAC).

These amendments (see the [consultation](#) document) are intended to reflect changes to the prudential framework that have come or will soon come into force, and to clarify the disclosures to be made in the insolvency classification models. The consultation document also includes an update on the correspondence between information and reporting obligations.

The draft ITS standards introduce changes concerning:

- i) information on the obligation to deduct investments in eligible liability instruments of entities belonging to the same resolution group ("daisy chain"),
- ii) information on the prior authorization regime for the redemption of eligible liability instruments issued by reporting entities and groups,
- iii) a breakdown by insolvency rank.

The amendments are scheduled to apply from the June 2024 reference date.

Next steps:

The [consultation](#) is open until August 18, 2023.

6 July 2023 - Basel Committee consults on revision of Core Principles for Effective Banking Supervision

On July 6, 2023, the Basel Committee opened a consultation for the revision of the Core Principles for Effective Banking Supervision until October 6, 2023. The Core Principles are minimum standards for the regulation and prudential supervision of banking systems. They are used by authorities to assess their supervision, as well as by the International Monetary Fund (IMF) and the World Bank as part of the Financial Sector Assessment [Program](#) (FSAP).

Work on a new revision of the Core Principles began in April 2022 as the last [revision](#) dates back to 2012.

The proposed revision is designed to take account of developments in supervision and structural changes.

The revision is structured around several themes:

- Financial risks;
- Operational resilience;
- Systemic risks and macroprudential aspects of supervision;
- New risks, including climate-related risks and those linked to the digital transformation of the financial sector;
- **Non-banking financial intermediation;**
- Risk management practices.

It is against this backdrop that the Basel Committee is organizing a [consultation](#) to gather feedback on the proposed revision. The Committee is also publishing a [comparative document](#) between the 2012 version and the 2023 draft revision, and a [press release](#) accompanies the publication of the consultation.

Next steps :

The [consultation](#) is open until October 6, 2023.

Banking regulation

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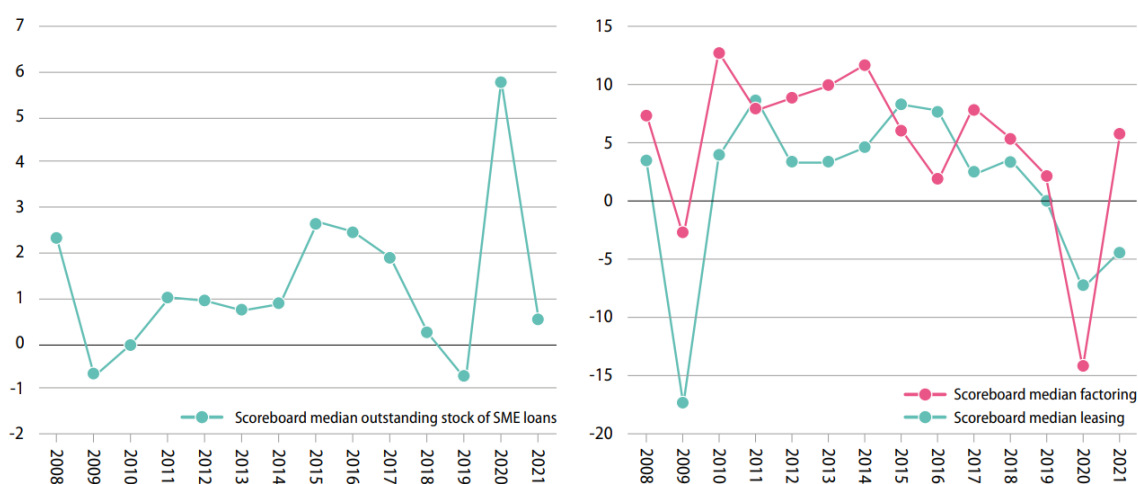
27 June 2023 - OECD publishes report on key issues facing SMEs

On June 27, 2023, the Organisation for Economic Co-operation and Development (OECD) [published](#) a report on the main challenges facing SMEs.

Particularly in terms of access to finance, the OECD highlights the difficulty SMEs face in obtaining credit lines from traditional banking activities. The report nevertheless highlights the progress made in giving SMEs access to alternative sources of financing such as factoring and leasing (see graph below).

Figure 3.1. SME financing trends 2008-21

Median growth, as a percent, outstanding stock of SME loans (left), leasing and factoring (right)



Source: OECD 2023 SME Financing Scoreboard Highlights,
https://www.oecd-ilibrary.org/finance-and-investment/oecd-financing-smes-and-entrepreneurs-scoreboard-2023-highlights_a8d13e55-en.

The report calls on governments to strengthen the diversification of SME financing, in particular to overcome the liquidity constraints often faced by SMEs.

Banking supervision

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24 July 2023 - EBA publishes report on interdependent assets and liabilities in the context of the structural long-term liquidity ratio (NSFR)

On July 24, 2023, the European Banking Authority (EBA) [published](#) a report on the treatment of interdependent assets and liabilities under the net stable funding ratio (NSFR).

The report assesses the extent to which assets, liabilities and certain activities can be considered interdependent for the purposes of the net stable funding ratio (NSFR).

The assets and liabilities considered as interdependent (and therefore not included in the NSFR calculation) are limited to transactions where the liquidity risk is zero. In this report, EBA therefore examines whether the definitions of interdependent assets and liabilities set out in the Capital Requirements Regulation (CRR) are appropriate and meet the objectives set.

In the context of this report, EBA makes only limited recommendations to the European Commission, which primarily concern covered bonds and indirect derivatives clearing activities on behalf of clients.

With regard to covered bonds, EBA suggests amending article 428 (6) of the CRR to ensure that covered bonds with a non-discretionary maturity extension clause base the activation of this mechanism on concrete, public and observable market criteria.

AML/CFT regulation

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27 July 2023 - European Commission publishes 2022 report on the protection of the European Union's financial interests and the fight against fraud

On July 27, 2023, the European Commission [published](#) the 2022 annual report on the protection of the European Union's financial interests and the fight against fraud.

By 2022, 24 Member States had put in place a strategy to protect the European Union's financial interests. In addition, the majority of member states have followed the European Commission's previous recommendations to strengthen risk analysis and improve the digitization of the fight against fraud. The number of irregularities reported by member states has risen slightly compared to 2021, but their financial impact has decreased.

The European Commission sets out its recommendations for 2023 along three main pillars:

- *"Understanding fraud in order to fight it more effectively"*. Detection, reporting and follow-up of suspected fraud can be improved, and national differences persist. The European Commission calls on member states with a low incidence of fraud to invest in fraud risk analysis *"in order to assess to what extent the low level of detection is due to a genuinely low level of fraud or to systemic weaknesses in detection or reporting systems"*.
- *"Innovation in the fight against fraud: the case for digitization"*. The digitization of the fight against fraud must be a priority for member states and must be at the heart of their strategy, which must focus on identifying the threats of new technologies and developing an IT architecture.
- *"Strengthen governance in the fight against fraud"*. Member States must develop national anti-fraud networks, and the Commission calls for the process to be extended to all stakeholders.

11 July 2023 - European Banking Authority welcomes progress made by national authorities in combating money laundering and terrorist financing

On July 11, 2023, the European Banking Authority (EBA) [published](#) the conclusions of its review of the supervisory work carried out by national competent authorities in the field of anti-money laundering and combating the financing of terrorism. As part of this assessment, EBA examined the approaches adopted by 12 competent authorities in 9 Member States.

In its conclusions, EBA considers that national supervisors have made progress in their approach to MLA/CFT risks, and that they have also greatly improved the channels for cooperation and information exchange in their supervisory process.

As in previous reviews (2020, 2022), national competent authorities reported difficulties in effectively supervising AML/CFT risks, and several competent authorities in the sample did not use their previous AML/CFT risk assessments to inform their supervisory strategy and inspection plans.

According to EBA, the general lack of formalized processes and targeted training for those responsible for combating money laundering and terrorist financing means that opportunities to intervene at an early stage, before risks materialize, have sometimes been missed.

In order to remedy the shortcomings observed, EBA recommends that competent authorities :

- identify information gaps and fill them as part of their own risk assessment. Risk assessment at national level – including products/services, transactions, geographical areas, customers and distribution channels - can help meet these information needs, but it must be comprehensive and regularly updated;
- establish and document a methodology for assessing sector-specific risks;
- define, in policies and procedural guides, the modalities of interaction and cooperation between prudential and anti-money laundering/combating the financing of terrorism authorities. Formalizing these policies and processes will enable them to be applied consistently and effectively over time, including in situations where the authorities' staff changes;
- put in place anti-money laundering and anti-terrorist financing policies and procedures that clearly define on which criteria the use of administrative measures and sanctions should be based on. These policies and procedures must be sufficiently detailed and methodologically sound to ensure that they can be referred to in the event of legal action. EBA invites national authorities to develop internal documents specifying the criteria used to determine the seriousness of a breach, the degree of seriousness of the breach and the duration of the sanction, and the emergency measures.

Taxation incl. VAT and Legal Affairs

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Tax issues

Spain must make progress on several key taxation texts during its Council presidency

Since July 1, 2023, Spain has held the Presidency of the Council. The main role of the rotating Presidency of the Council, which changes every six months, is to plan and chair meetings of the Council and its preparatory bodies, placing issues considered to be priorities on the agenda. Spain represents the Council in inter-institutional negotiations, in accordance with the Council's pre-established position.

The Spanish Presidency is also expected to deal with a number of tax-related issues before the end of 2023, and is committed to speeding up "*dossiers relating to company taxation, indirect taxation and customs taxation, with the aim of lightening the burden on individuals and companies and combating tax fraud and evasion*".

A number of tax-related legislative texts are still pending:

- The Spanish Presidency wants to make progress on the [proposal](#) for a Council Directive laying down rules to prevent the abuse of shell companies for tax purposes (UNSHELL), as no proposal has been made by the Swedish Presidency of the Council since March 2023. European Commissioner for Economic Affairs Paolo GENTILONI has stated that the European Commission's presentation of the initiative on tax avoidance and aggressive tax planning in the EU (SAFE) has been postponed in order to avoid an overload.
- The European Commission is due to [present](#) a new legislative initiative in September 2023 "Business in Europe: the framework for income taxation (BEFIT)".
- [Negotiations](#) on the first pillar of the OECD agreement on the taxation of multinationals continue.
- Work on the [proposal](#) for a regulation on VAT administrative cooperation arrangements for the digital age must continue before the Council can adopt its position.
- Work on the [proposal](#) for a Council Directive of June 19, 2023 on faster and more secure relief of excess withholding tax (FASTER) is due to start.
- In October, the lists of non-cooperative jurisdictions and of third countries and jurisdictions [committed](#) to good tax governance are due to be revised.

Sustainable Finance

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27 July 2023 - the International Sustainability Standards Board (ISSB) publishes its draft IFRS-based taxonomy

On July 27, 2023, the International Sustainability Standards Board (ISSB) [published](#) its [draft](#) taxonomy for sustainability disclosures. The proposed taxonomy will be based on IFRS standards, i.e. [IFRS S1](#) for sustainability-related financial disclosures and [IFRS S2](#) for climate-related financial disclosures that were adopted previously. The project is open to [consultation](#) until September 26, 2023.

According to ISSB, the aim of this draft [taxonomy](#) is to help users of financial reports put sustainability-related financial information in digital form, to enable regulators to require digital disclosure of sustainability-related financial information, and to enable preparers of information to implement sustainability-related financial disclosure in digital format.

Next step:

ISSB has [opened](#) a consultation on its draft taxonomy until September 26, 2023.

25 July 2023 - the International Organization of Securities Commissions (IOSCO) adopts the sustainable finance standards of the International Sustainability Standards Board (ISSB).

On July 25, 2023, the International Organization of Securities Commissions (IOSCO) [announced](#) the [endorsement](#) of the standards developed by the International Sustainability Standards Board (ISSB). These standards were published in June 2023 and comprise [IFRS S1](#) on sustainability-related financial reporting and [IFRS S2](#) on climate-related financial reporting. IOSCO has also [published](#) its standards analysis document.

Following its analysis of the ISSB standards, IOSCO concludes that they "*provide an effective and proportionate global framework for investor disclosure of climate-related issues*". IOSCO also concludes that these standards are appropriate to support financial markets in assessing sustainability risks and opportunities, and that they "*provide an appropriate basis for the development of a robust assurance framework applicable to such disclosures*".

IOSCO also welcomes the ISSB's forthcoming guidance to facilitate the adoption of the standards by jurisdictions.

Next step :

Following its adoption of the ISSB standards, IOSCO is calling on its 130 member jurisdictions to consider adopting the ISSB standards, or to allow companies to use them voluntarily in the absence of a similar regulatory framework.

18 July 2023 - EBA plans to set up an ESG risk monitoring system for the European banking sector

On July 18, 2023, the European Banking Authority (EBA) [published](#) its decision to proceed with the ad hoc collection of environmental, social and governance (ESG) data from financial institutions with a view to implementing an ESG risk monitoring system for the European banking sector.

This monitoring system will provide the competent authorities and the EBA with the data they need to monitor developments in ESG risks likely to affect European financial institutions. ESG data, derived from Pillar 3 disclosure obligations, will be collected via the competent national authorities.

EBA wishes to reinforce the monitoring of ESG risks and factors, given the novelty of the subject and the rapid evolution of risks in this area, as well as their importance for the sustainability strategies developed by financial institutions. EBA also wishes to ensure that undesirable risks and market distortions are detected at an early stage, and to guide policy development accordingly.

This decision to introduce a more effective system for monitoring ESG risks is also in line with the European Commission's Strategy on Financing the Transition to a More Sustainable Economy.

5 July 2023 – CSDD directive : rapporteur discusses upcoming trialogues in an exchange with stakeholders

On July 5, 2023, at a [conference](#) at the European Parliament, Lara WOLTERS (S&D ;NL), rapporteur on the proposal for a directive on the corporate sustainability due diligence (CSDD), intervened to emphasize that, while the trilogue negotiations had made little progress under the Swedish Presidency, the Spanish Presidency was prioritizing the adoption of a trilogue agreement on the proposal.

The rapporteur insists on the importance of keeping the financial services sector within the scope of the directive, so that the due diligence requirements apply as widely as possible, and that the introduction of a Europe-wide duty due diligence has the greatest possible impact, notably through the inclusion of the provision of financing tools for the real economy.

Lara WOLTERS also indicated that she did not wish, during the negotiations, to go back on the provisions relating to corporate transition plans, and that she felt that an obligation of result did not seem disproportionate in view of the urgency of climate change.

Next steps:

Following an initial introductory trialogue on June 8, another political trialogue is scheduled for the week of July 10.



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