Hansuke

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Newsletter

Hansuke's Financial Services Newsletter provides a weekly roundup of the latest regulatory news headlines from across the financial services industry.

FRC publishes review of judgements and estimates

The Financial Reporting Council (FRC) has published its thematic review of judgements and estimates update. The report identifies four areas that have room for improvement:
1.) "Companies should explicitly state whether estimates have a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next financial year."
2.) "Sensitivity disclosures should be provided more frequently and in the way that is most meaningful to readers."
3.) "Companies should assess whether disclosure of climate-related significant judgements or assumptions and sources of estimation uncertainty are required..."
4.) "Where additional estimate disclosures are provided…they should be clearly distinguished from those with a short-term effect."

Frc.org.uk. (2022, 26 July). *News | Financial Reporting Council.* [online] Available at:
https://www.frc.org.uk/news/july-2022/frc-publishes-review-of-judgements-and-estimates

Risk-based approach guidance for the real estate sector

The Financial Action Task Force (FATF) has released a report with guidance for a risk-based approach for the real estate sector. The report highlights the need for the sector to mitigate the risks of "money laundering and terrorist financing" and the vulnerabilities associated with these risks, including "exploitation by politically exposed persons, the purchase of luxury real estate, the use of virtual assets, the use of anonymous companies and gatekeepers as instruments to launder the proceeds of crime".

Fatf-gafi.org. (2022, 26 July). *Risk-based Approach Guidance for the Real Estate Sector.* [online] Available at:
https://www.fatf-gafi.org/publications/fatfrecommendations/documents/guidance-rba-real-estate-sector.html

EBA analyses the use of specific exemptions in the large exposures regime

The European Banking Authority (EBA) published a Report , which "analyses banks' use of the various exemptions from different perspectives and quantifies the impact of a potential removal of individual exemptions. Overall, the Report shows that some of the assessed exemptions are widely used across the EU and their removal would have a material impact while other exemptions are widely used across the EU but their removal would not have material impact. In addition, some exemptions are relevant only for some countries or appear to be rarely used."

European Banking Authority. (2022, 22 July). *EBA analyses the use of specific exemptions included in the large exposures regime - European Banking Authority.* [online] Available at:
https://www.eba.europa.eu/eba-analyses-use-specific-exemptions-included-large-exposures-regime

Joint statement on the UK-U.S. Financial Regulatory Working Group meeting

HM Treasury has published a policy paper following a meeting by the Working Group in which they covered the following topics: "(1) international and bilateral collaboration, (2) benchmark transition, (3) financial innovation, (4) sustainable finance, (5) non-bank financial intermediation, (6) operational resilience, and (7) cross-border regimes." Participants discussed their shared aim to advance multilateral collaboration on risk management in international derivatives markets and regulatory initiatives related to the regulation of crypto assets.

GOV.UK. (2022, 26 July). *Joint statement on the UK-U.S. Financial Regulatory Working Group meeting.* [online] Available at:
https://www.gov.uk/government/publications/uk-us-financial-regulatory-working-group--3/joint-statement-on-the-uk-us-financial-regulatory-working-group-meeting

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